Quarterly Activities Report and Appendix 5B

For the period ending 31 December 2016

ASX: ARU

ARAFURA RESOURCES LIMITED

HIGHLIGHTS

- **Beneficiation pilot plant successfully completed**
- **Nolans Project infrastructure delivers operational and cost benefits**
- **Nolans regulatory approvals process advances to next significant milestone**
- **Unfunded mine closure costs in China escalates regulator focus on illegal production and unsustainable operations**
- **Neodymium demand set to grow through new technology applications**
- **Tax refund of A$1.8 million received in December for eligible R&D expenditure**
- **Cash balance at end of reporting period $9.8 million**

NOLANS PROJECT

PILOT PLANT & VERIFICATION PROGRAMS

Beneficiation Pilot Scale Program

The Company's beneficiation piloting program was completed in December at ALS Metallurgy's Balcatta facility in Perth. The program consisted of 4 days' continuous operation of four stages of rougher flotation fed at a rate of 150 kilograms of milled material (25% solids) per hour. The aim of the beneficiation pilot operation was to selectively reject gangue minerals and recover rare earths ("REs") and phosphate to produce a high phosphate concentrate ("HPC") containing valuable REs, especially Neodymium. The operation of the pilot program provided data to assess the processing performance of the flotation circuit, being the major unit operation of the beneficiation plant, and to obtain data for the engineering definition study and final feasibility. The program has resulted in the production of a HPC from approximately 14 tonnes of phosphate-rich feed to be used in the piloting of the phosphoric acid pre-leach ("PAPL"; see below Figure 1 and "Next Steps Downstream").

The program was completed using material collected from the 2010 Bauer drill campaign and was representative of the first ten years of the mine schedule at the planned nameplate production of 14,000 tonnes of total RE oxide ("TREO") per annum. The operation of the beneficiation pilot program included the collection of data for radionuclide deportment and chemistry, and slurry samples have also been provided to selected vendors to assist with further tests for thickeners and filtration.

The Company engaged an independent engineering consultant to review the processing conditions and operation of the beneficiation pilot to validate and define the program's performance and operating data for the purposes of detailed engineering. The Company has now received the operating data and performance results, including assays, from the beneficiation pilot and is currently completing a report for the program. The consultant will also review and validate an internally produced report and the confirmatory data relating to grade and recovery of REs and phosphate, and impurities rejection. The Company will report validated results in Q1 CY2017, and expects the results from the beneficiation pilot plant will be aligned with previous beneficiation bench-scale results which focussed on producing a HPC suitable for the downstream PAPL process as presented by the Company in the Nolans Review (ASX: ARU 28/6/16).

Next Steps Downstream

The Company is now directing its attention to using the beneficiation concentrate as feed for piloting of the PAPL process. A final bench-scale test work program has commenced on 20 kilograms of HPC from the beneficiation pilot to confirm key parameters prior to the commencement of the PAPL pilot. Identification of the optimum operating conditions will de-risk the operating aspects of the flowsheet prior to the commencement of the continuous pilot scale PAPL program which is scheduled to commence at SGS in Perth in Q1 CY2017.

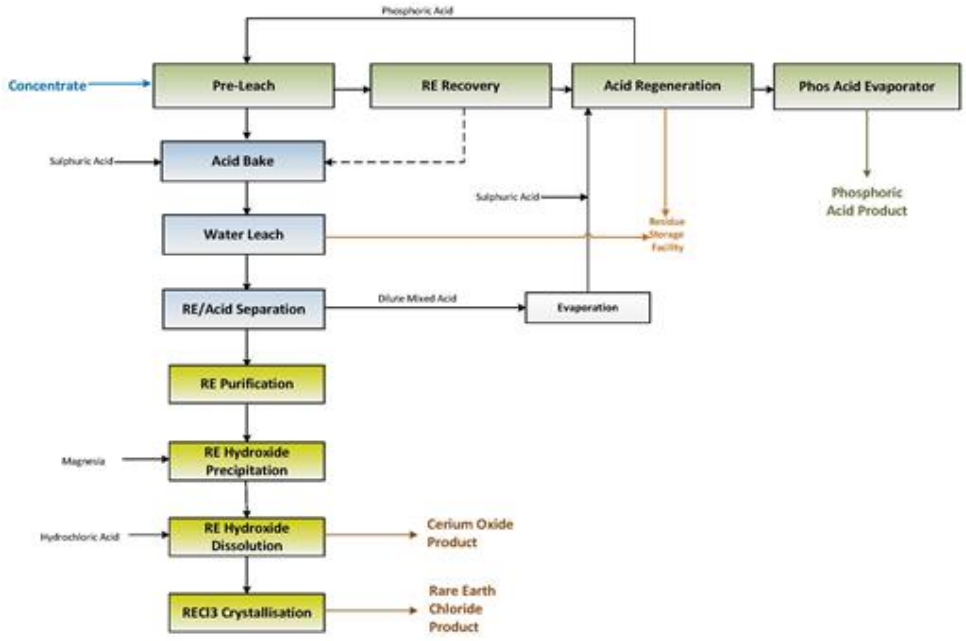


Figure 1: RE Extraction Flowsheet

PROJECT UPDATE – INFRASTRUCTURE ACCESS DELIVERS OPERATIONAL AND COST BENEFITS

As the demand for key magnet-feed REs Neodymium and Praseodymium ("NdPr") is forecast to increase, many manufacturers will look to diversify a proportion of their supply to non-Chinese sources. Based on the Company's engagement with potential offtake partners and financiers, a key project risk is access to infrastructure. Mining projects are typically located in remote regions and RE projects generally require significant infrastructure to support complex downstream chemical processing. Access to existing infrastructure for an emerging project delivers significant operational and cost benefits. From the Company's engagement process with potential customers and financiers it has become apparent the Nolans Project access to infrastructure is a key point of difference with other RE projects in the development phase.

The Nolans Project site is located 135 kilometres north of Alice Springs in the Northern Territory. It has access to significant infrastructure elements including a natural gas pipeline, groundwater bore field, the all-weather Stuart Highway, and the regional transport hub of Alice Springs (Figure 2). Access to quality infrastructure is critical and will assist the Company in positioning Nolans as an ultra-low cost NdPr magnet feed producer.

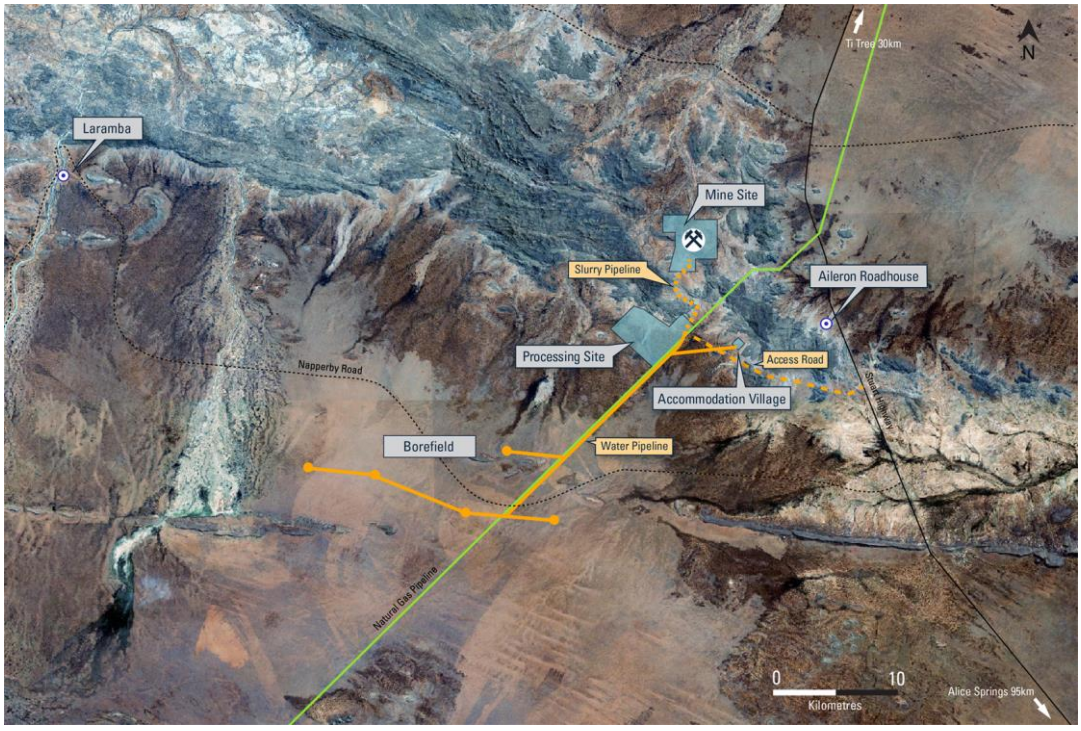


Figure 2: Nolans Site Project Infrastructure

Gas Pipeline

As with most remote mining and processing sites there is no local grid supply electricity in the region surrounding the Nolans Project site and there is a need to rely on power

generated at site. Fortunately, the Amadeus Basin to Darwin high pressure natural gas pipeline passes through the Nolans site. This existing facility provides long-term gas supply significantly in excess of the operation's total requirements. The proximity to the facility also removes the need for the establishment of expensive infrastructure for a connection offtake pipeline. The natural gas fired power generation will supplement waste heat from the onsite sulfuric acid plant steam turbine generator.

Water Supply

The Nolans Project onsite processing including the mine, beneficiation plant and extraction plant has significant water requirements. The decision by the Company to locate the extraction plant at site drove the need to identify a significant and sustainable high quality water source in Central Australia, this being one of the most arid locations in the country. A substantial groundwater resource exists to the north of Nolans at the Ti Tree Basin. Water resources in the Ti Tree Basin are well defined, have been studied in detail over a long period, and are used extensively for horticulture, viticulture and domestic purposes. Due to the significant existing use of the Ti Tree Basin the Company was hesitant to be reliant on the Ti Tree Basin to support the water requirements of the Nolans Project.

The Company recognised the operational and environmental benefits of locating the extraction plant at Nolans and in 2012 the Company identified a previously unexplored aquifer system south-west of Nolans. To assist in defining the extent of this aquifer system the Company acquired and reinterpreted airborne geophysical data sets from the region. In 2014 the Company utilised the data set to conduct a targeted second stage water drilling program that successfully identified several groundwater basins stretching in a south westerly direction from Nolans ("Southern Basins"). The Company invested more than $2 million in drilling, establishing monitoring bores and collecting baseline data to identify a water resource and develop a significant dataset. From this dataset, the Company has created a numerical groundwater flow model which has been used to understand the potential impact on the aquifer under the influence of the project operating conditions.

Based on the information and the hydrological data base created by the Company the modelled drawdown from the Southern Basins for the Nolans Project demonstrates the proposed extraction of water will be within the sustainable limit of the aquifers to support the project's requirements over the predicted life-of-operation, without causing adverse environmental or social impacts. The work completed by the Company to identify this water resource mitigates a major operational risk, should see broad stakeholder acceptance, and is a fundamental project enabler.

Arafura's research and exploration for water in the region has had flow-on benefits to several remote communities who now have permanent access to potable water for the first time.

Transport & Logistics

Nolans is located only 10 kilometres west of the Stuart Highway and 135 kilometres north of the major service town of Alice Springs which includes rail and airport facilities.

The Stuart Highway (National Route 1 / National Route 87) is one of Australia's major transcontinental highways and runs from Darwin in the Northern Territory via Aileron Roadhouse and Alice Springs to Port Augusta in South Australia. The Stuart Highway is a two-lane, all-weather single carriageway and provides excellent access, linking the Nolans site to Alice Springs. Reagents and consumables will be transported from the Alice Springs rail freight terminal to Nolans along the Stuart Highway, and workers will also use the Stuart Highway from Alice Springs and other nearby communities. RE intermediate products and phosphoric acid will also be exported via the Stuart Highway to the Alice Springs rail freight terminal, where they will be transported to Port of Darwin by freight trains.

A rail link runs from Alice Springs to Darwin and is part of the transcontinental railway line that operates between Darwin and Adelaide in South Australia. The railway line is located approximately 65 kilometres east of Nolans but better road services along the Stuart Highway and existing rail terminal infrastructure at Alice Springs make this the preferred option for incoming and outgoing infrastructure. Genesee Wyoming Australia ("GWA") operates the rail corridor under a long-term lease agreement with the AustralAsia Railway Corporation who are the government owners of the infrastructure. GWA maintains and operates the track and provide rail access to other rail companies, including the Great Southern Railway. GWA also operates regular freight trains on the network. The northern end of the rail corridor connects to the Port of Darwin at Berrimah with direct access onto the port for unloading of containerised freight.

Alice Springs

The nearest sizeable population centre to Nolans is Alice Springs which provides Nolans with excellent access to significant infrastructure. Alice Springs has a population of 28,700 people and is a major regional centre with a large service economy. Due to its isolated nature Alice Springs has facilities that would ordinarily be expected in an Australian capital city. Alice Springs is the supply base for the population of Central Australia and supports government services, mining, agriculture, tourism and the Joint Defence Facility at Pine Gap. The town supports nearly 2,300 local businesses including those in construction, transport and logistics, food and accommodation and financial services. The Company will be keen to leverage local business and infrastructure during the construction and operational phases of the Nolans Project.

Alice Springs is a logical regional business hub with access to excellent infrastructure due to its location on the Stuart Highway and having rail handling facilities on the Darwin to Adelaide railway. Importantly Alice Springs also hosts the major airport for the region providing air links to all mainland Australian capital cities and some regional centres.

Workers at Nolans will be based on site in an accommodation village, and would rotate shifts per a fly-in/fly-out ("FIFO") or bus-in/bus-out ("BIBO") roster. The Company anticipates that FIFO workers will be flown into Alice Springs and taken by bus to the Nolans site via the Stuart Highway. Other local BIBO workers could come from a range of locations in the surrounding area, but generally no further away than Alice Springs and will likely also be bussed to the project site.

REGULATORY APPROVALS – ENVIRONMENTAL IMPACT STATEMENT STUDIES

The Company is currently working through its responses to adequately address the matters raised in the public review phase of the Environmental Impact Statement ("EIS") and is on track for lodgement of the Supplement to the EIS with the Northern Territory Environmental Protection Authority in Q1 CY2017. The key areas of focus from the EIS public review include ground and surface water, radiation, biodiversity, waste/tailings management, and social and cultural heritage.

EXPLORATION

AILERON – REYNOLDS (Rare Earths)

The Department of Primary Industry and Resources ("DPIR") offered, and the Company accepted, the grant of exploration licences ("ELs") 31224 and 31284 in the December quarter. The offer and grant for these ELs along with ELs 31095, 31096 and 31097 in the September quarter form part of the Company's ongoing strategic review of its exploration activities, targeting areas within its Aileron-Reynolds Project it considers to be prospective for REs.

JERVOIS (Base and Precious Metals; Iron-Vanadium)

Rox Resources Ltd (ASX: RXL, or "Rox") holds a 51 per cent interest in the base and precious metal rights on EL 29701, and has elected to earn 70 per cent by spending an additional $1 million on the tenement. Rox and the Company recently agreed a 12-month extension, to December 2017, for this earn in expenditure target.

CORPORATE

STRATEGY AND OUTLOOK

RARE EARTHS MARKET UPDATE

In December, the Japanese media reported that China had escalated its environmental surveillance at a number of RE plants. Surveillance activities were undertaken in eight provinces including Inner Mongolia, Heilongjiang and Jiangsu. Inspections were completed at smelting and RE extraction plants with several operations suspended after tests were completed for waste water management and pollution management systems.

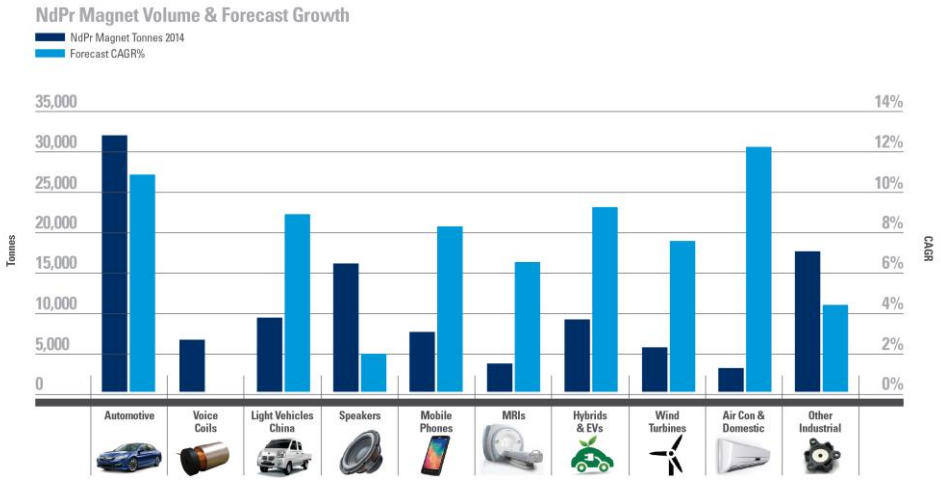
China has an emerging legacy from illegal and unsustainable RE operations, and the contingent rehabilitation cost from environmental damage from RE production in China is becoming a significant theme. In 2012 the Ministry of Industry and Information Technology of China ("MIIT") estimated US$6 billion was needed to rehabilitate RE mines in Ganzhou city in the Jiangxi province. The cost estimate is significant when one considers the Jiangxi province at the time accounted for less than 9% of China's total production quota. The lower RE price levels in 2014 to 2016 have resulted in lower margins and in many instances losses for Chinese RE companies. The Shanghai-listed China Northern Rare Earth High-tech Co Ltd ("China Northern"), China's largest RE producer, signalled in January its 2016 profit would be 90% lower than that achieved in 2015. The dramatic fall in profit was attributed to higher costs and lower RE prices. With what is understood to be a reference to illegal production, China Northern noted "unfair competition exacerbated the situation".

Respected RE industry advisor Industrial Minerals Company of Australia ("IMCOA") noted in November at Metal Events' 12th International Rare Earths Conference "the cost of rehabilitating RE mines, tailings and disused processing facilities (in China) could well be ten times the current gross revenue of the industry". At current RE prices, producers would be unable to fund the rehabilitation costs and the Chinese Government will potentially be left to manage the unfunded rehabilitation expense. There appears to be growing momentum for the Chinese Government to add further attention to illegal and unsustainable RE mining and processing operations. Downstream manufacturers of critical technology applications appear to be the immediate beneficiaries of lower RE prices, but in the medium term there is the potential for significant reputational damage from growing concern over unfunded closure costs and lack of traceability for supply of critical materials.

NdPr DEMAND – NEW TECHNOLOGY APPLICATIONS

RE prices remained stable in 2016 but at levels not seen since 2009. Demand for NdPr from magnet feed applications was strong but supply was supplemented with stockpiled and material sourced from illegal RE production. There were modest NdPr price increases, however these were not sustained. With strong demand drivers for NdPr magnet feed applications and increased focus on sustainable production in China, most industry commentators are forecasting an NdPr supply shortfall over the next five years.

Figure 3 shows the current NdPr magnet production tonnes and the forecast growth rate by application. NdPr permanent magnets have significant and established applications, the most substantial being in the conventional automotive, hybrid electric, plug-in hybrid electric and battery electric vehicles, personal electronic devices, and industrial applications. Significant growth in existing applications is forecast through greater use in the automotive industry, and emerging technologies will drive increased utilisation in clean energy applications for electric vehicles, wind turbines, air conditioning and refrigeration.



Source: Adamus Intelligence, Arnold Magnetic Technologies, Japanese industry participants, Roskill

Figure 3: NdPr Magnet Volume & Forecast Growth

Improvements in lithium battery technology is a key enabler for electric vehicles and other clean energy applications. As shown in Figure 4, regulatory support and consumer intent to adopt energy efficient technology have existed for some time. The recent improvement in battery technology combined with improved cost competitiveness are key enablers for the electric vehicle industry. Automotive manufacturers have the choice of two drive train technology platforms in electric vehicles, these being permanent (NdPr) magnet synchronous motors ("PMSM") and asynchronous AC induction motors ("AACIM"). The significant performance benefits of the PMSM motor and (NdPr)

permanent magnets is evidenced by the high utilisation rate amongst the sample of global automotive manufacturers shown in Figure 5.

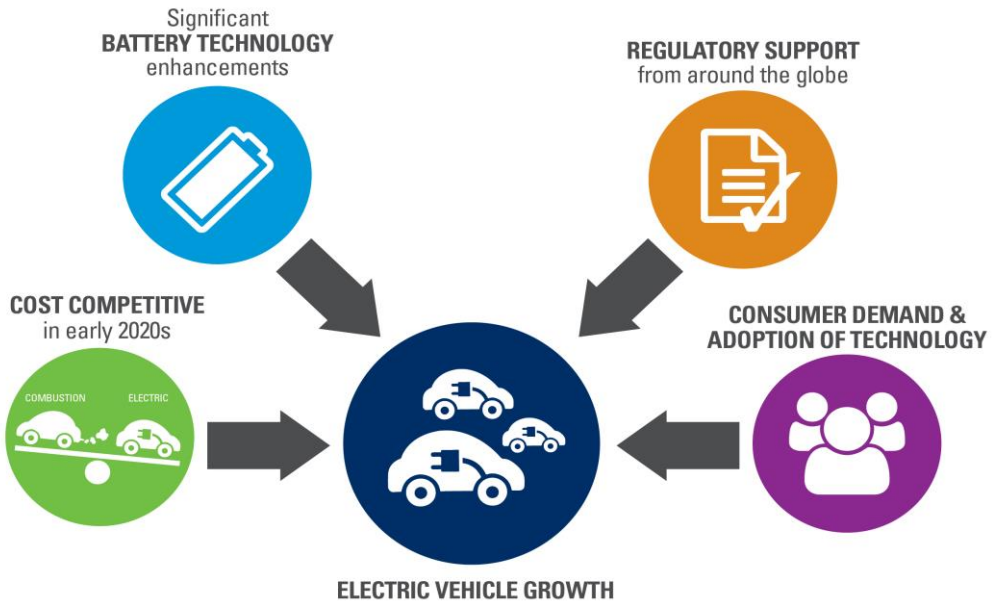


Figure 4: Electric Vehicle Market Enablers

MANUFACTURER	PMSM	AACIM	NOTES
AUDI	✓		25% of US sales from EVs by 2025
BMW	✓		EV range to extend to Series 3 and X4 for next generation of models
BYD	✓		World's largest manufacturer of EVs
FORD	✓		40% EVs by 2020
GENERAL MOTORS	✓	✓	Alliance with Lyft to create an integrated network of on-demand autonomous vehicles. China accounts for one-third of GM's total production
HONDA	✓		Targeted two-thirds of sales by 2020. Honda Daido Steel heavy Dy free magnets
HYUNDAI	✓		26 hybrid, plug-in, fuel cell and EV models by 2020
MITSUBISHI	✓		Electric powered SUVs
NISSAN/RENAULT	✓		10% EVs by 2020
TESLA		✓	Independent manufacturer – disruptive technology?
TOYOTA	✓		Gasoline to hydrogen fuel by 2050
VOLKSWAGON	✓		25% EVs by 2025

PMSM = Permanent Magnet Synchronous Motor
AACIM = Asynchronous AC Induction Motor

Figure 5: Electric Vehicle Technology Platform by Manufacturer

ANNUAL GENERAL MEETING

The Company held its Annual General Meeting ("AGM") in Perth on 19 November 2016. All resolutions were passed at the AGM. Mr Zhang Quansheng was successfully elected as a new Director, filling the vacancy arising from Mr Cungen Ding's retirement.

Mr Zhang holds a Doctoral degree in Engineering and a Masters degree in Geophysical Prospecting. He is the General Manager of Hong Kong East China Non-Ferrous Mineral Resources Co Ltd ("HKECE"), a subsidiary of East China Mineral Exploration and Development Bureau ("ECE").

Mr Zhang has significant experience in mineral prospecting and exploration, and expertise in mineral resource surveys and geophysics. The Company welcomes Mr Zhang on his appointment and extends its thanks for the assistance provided by Mr Ding during his term as a Director.

RESEARCH AND DEVELOPMENT REBATE BOOSTS CASH POSITION

During the period the Company received a tax rebate of A$1.8 million for eligible research and development ("R&D") expenditure incurred in the development of the Nolans Project. The R&D Tax Incentive program is jointly administered by the Australian Government's AusIndustry program and the Australian Taxation Office.

The ongoing support by the Australian Government in the form of the R&D Tax Incentive program brings the total cash receipts for the Company from the rebate incentive scheme to A$35.2 million. The continued eligibility of the Nolans Project for the R&D Tax Incentive program, together with the ongoing support of the Australian Government through the granting of Major Project Facilitation services to the Nolans Project highlights the strategic nature and the potential net economic benefit of the project to regional Australia.

Nameplate Production

The estimates in this document are based on a nameplate production target of 14,000 tonnes per annum of TREO equivalent from Measured and Indicated Mineral Resources at Nolans Bore. The Mineral Resources were estimated and reported by the Company (ASX: ARU 30/10/15) following the guidelines of the JORC Code 2012. Classification of total resources at Nolans Bore into Measured, Indicated and Inferred resources, using a 1.0% TREO cut-off grade ("COG"), is shown in the table below. Contained (in-situ) resources of REs are also shown.

RESOURCES	TONNES million	RARE EARTHS TREO %	TONNES TREO	PHOSPHATE P_2O_5 %	URANIUM U_3O_8 lb/t
Measured	**4.9**	**3.2**	**158,000**	**13**	**0.54**
Indicated	**30**	**2.7**	**816,000**	**12**	**0.44**
Inferred	**21**	**2.3**	**489,000**	**10**	**0.36**
TOTAL	**56**	**2.6**	**1,462,000**	**12**	**0.42**

Numbers may not compute exactly due to rounding. 1 lb/t U_3O_8 = 0.0454% U_3O_8.

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Kelvin Hussey, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Hussey is a full time employee of Arafura Resources Limited. Mr Hussey has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code 2012"). Mr Hussey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity	
Arafura Resources Ltd	
ABN	**Quarter ended ("current quarter")**
22 080 933 455	December 2016

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,198)	(2,187)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(393)	(763)
	(e) administration and corporate costs	(558)	(957)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	65	147
1.5	Interest and other costs of finance paid	(2)	(3)
1.6	Income taxes paid	-	-
1.7	R&D refund - Non Capitalised Portion	847	847
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,239)**	**(2,916)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(14)	(37)
	(b) tenements (see item 10)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	300
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (R&D Refund – Capitalised Portion)	906	906
2.6	**Net cash from / (used in) investing activities**	**892**	**1,169**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	10,142	11,543
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,239)	(2,916)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	892	1,169
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1	-
4.6	**Cash and cash equivalents at end of period**	**9,796**	**9,796**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,946	992
5.2	Call deposits	6,850	9,150
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**9,796**	**10,142**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(201)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salaries, fees and superannuation of Directors of the Company.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A.

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/A

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	1,274
9.2	Development	-
9.3	Production	-
9.4	Staff costs	390
9.5	Administration and corporate costs	342
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**2,006**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	See Appendix A below.			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	See Appendix A Below.			

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 30 Jan 2017.
(Company secretary)

Print name: Peter Sherrington

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

+Rule 5.5

Appendix A – Mining Tenements Held as at 31 December 2016

Tenement reference	Project	Holder	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	Notes
ML 26659	Nolans, NT	Arafura Rare Earths Pty Ltd	Mineral Lease	100%	100%	Application Lodged
ML 30702				100%	100%	Application Lodged
ML 30703				100%	100%	Application Lodged
ML 30704				100%	100%	Application Lodged
EMEL 30510			Extractive Mineral Exploration Licence	100%	100%	
EL 28473	Aileron–Reynolds, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	
EL 28498				100%	100%	
EL 29509				100%	100%	
EL 30160				100%	0%	Surrendered
EL 31095				100%	100%	
EL 31096				100%	100%	
EL 31097				100%	100%	
EL 31224				0%	100%	
EL 31284				0%	100%	
EL 29701	Jervois, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	Rox Resources Ltd (RXL) has acquired 51% of the base and precious metal rights. RXL has a right to acquire up to 70% of the base and precious metals rights.