



Highlights

- **Bulk pre-leach Phase 3 pilot program successfully completed**
- **First stage of Phase 4 pilot completed, batch paddle dryer equipment successfully demonstrates acid bake**
- **Mine planning establishes Nolans underpinned by a world-class NdPr resource which will support a mine life in excess of 30 years**
- **NdPr oxide price increases by 75% in the period from December to September 2017. Solid price rises stimulate investor interest in the sector**
- **NdPr supply deficit appears likely on the back of tightening China supply and incremental demand as the EV revolution gains momentum and China announces plans to move to a total EV fleet**
- **Cash position improved to \$12.2 million at 30 September 2017, boosted by R&D rebate**

Nolans Project

Completion of Bulk Pre-Leach Piloting (Phase 3) and Confirmatory Test for Phosphate Extraction (Phase 2)

During the quarter Arafura completed Phase 3 bulk pre-leach piloting for its 100 per cent-owned Nolans Neodymium-Praseodymium (NdPr) Project in the Northern Territory. The bulk pre-leach pilot plant was run over a five-day period during July at SGS Australia's Perth facilities. The broad objectives of the program were to demonstrate its technical and operational viability, to process all available high-phosphate concentrate (HPC) to generate pre-leach residue (PLR) for downstream piloting, and to obtain process and mechanical engineering design data for incorporation into the Nolans definitive feasibility study (DFS). A data package and final report detailing the all the process outcomes from the bulk pre-leach is expected in the coming weeks.

The program also incorporated a small pilot of the phosphoric acid regeneration circuit to revisit the deportment of rare earths (RE) to gypsum waste. This pilot work was successful in demonstrating a

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24% reduction in the overall total rare earth oxide (TREO) losses to gypsum relative to the previous guidance of 4% (*refer to ASX announcement 10 July 2017*).

Piloting work was also completed by phosphoric acid experts Prayon Technologies (Prayon) in Belgium during the quarter to demonstrate the final step in Arafura's Phase 2 phosphate extraction process, the goal of which was to produce merchant grade phosphoric acid (MGA). Using a sample of dilute phosphoric acid from the Phase 2 pilot, Prayon successfully generated a good quality MGA product that is suitable for higher grade fertilizers such as diammonium phosphate (DAP).

Acid Bake Piloting (Phase 4) Underway

The first stage of the Phase 4 pilot (acid bake) was successfully completed with advice and oversight from a representative of equipment vendor ANDRITZ Gouda. The tests were undertaken at a small scale (Figure 2) to evaluate the applicability of Gouda paddle dryer equipment for Arafura's acid bake process. The ANDRITZ Gouda representative concluded the paddle dryer would be appropriate to meet Arafura's piloting objectives.

Whilst confident in the success of the acid bake trials, the Company believes it to be prudent to expand the scope of Phase 4 piloting to:

- Gather further operational and design data;
- Provide the opportunity to test alternative equipment to diversify supplier reliance; and
- De-risk future commissioning and operation of the extraction plant flow sheet.

Arafura now intends to demonstrate this process at a larger scale which will consume all of the PLR (two tonnes) generated in the Phase 3 pilot.

Phase 4 is now expected to be completed in the first quarter of 2018, with a final investment decision (FID) on development of the Nolans project still expected to be made by the end of 2018.

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Figure 1: Nolans Pilot Program

Each phase is operated on a continuous basis

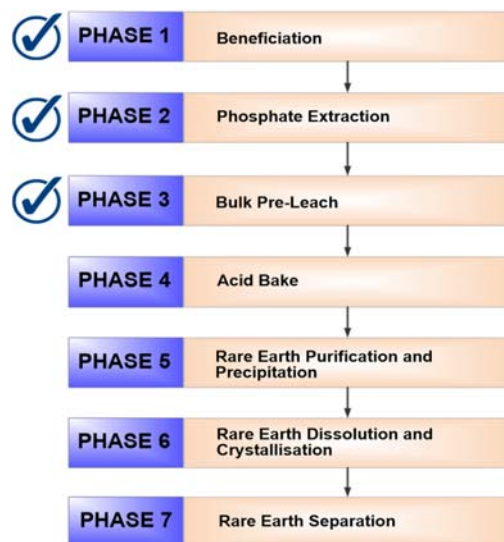
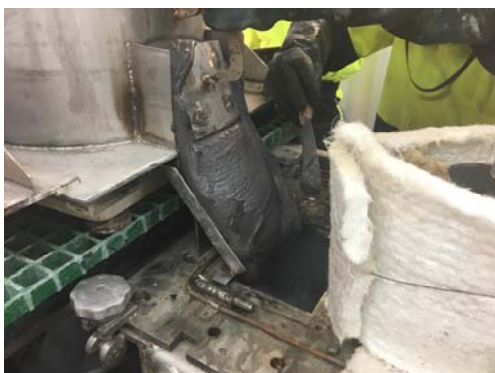


Figure 2: Acid Bake Circuit

Gouda Paddle Dryer Setup



Pre-Leach Residue (PLR) Feed to Acid Mix



Acid Mix to Acid Bake



Mixing during Acid Bake showing visible Paddles

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Extension of OCI MoU

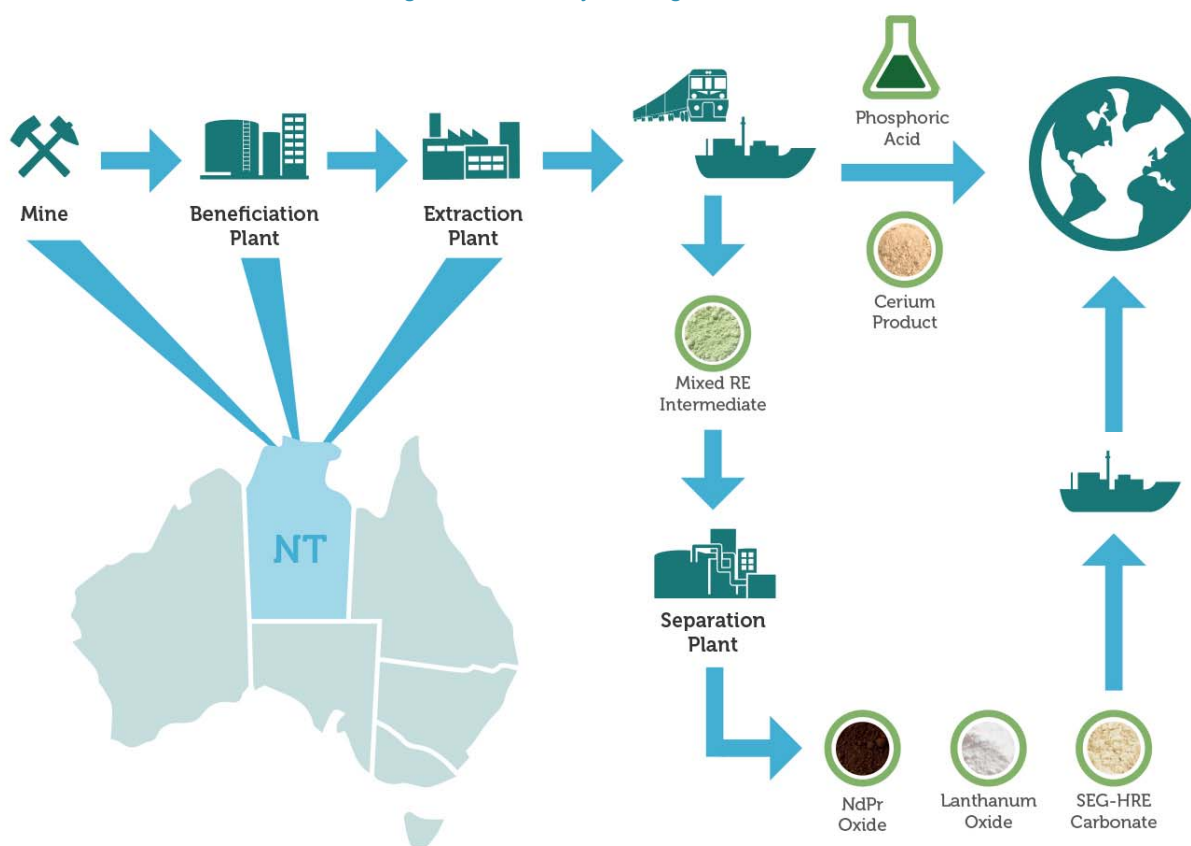
During the quarter Arafura reached an agreement to extend the 2015 Memorandum of Understanding (MoU) with Korean multinational chemical manufacturer OCI Company Ltd (OCI) in regard to the development of a Rare Earths Separation Plant in South Korea.

Arafura's Nolans project in the Northern Territory consists of the units of operation for mining, beneficiation and extraction (see Figure 3). The MoU outlines both party's roles and responsibilities to negotiate definitive agreements for the creation of a special purpose vehicle for a Joint Venture (JV) Separation Plant, to toll process the mixed RE intermediate feedstock from Nolans.

Arafura and OCI will work together over the coming months to complete a number of technical and commercial arrangements to align their interests more closely ahead of negotiating the definitive agreements.

The MoU is non-binding on both parties and expires at the earlier of December 2018 or the execution of an agreement formalising the JV.

Figure 3: Nolans Project Configuration



Regulatory Approvals – Environmental Impact Assessment

In February 2017, Arafura submitted the Environmental Impact Statement Supplementary Report (EIS Supplement) for the Nolans project to the Northern Territory Environment Protection Authority (NTEPA).

The NTEPA reviewed the information provided in the EIS Supplement and to further assist with its assessment, requested additional information primarily in relation to the impact of flowsheet changes, and the management of surface water, groundwater, waste rock and tailings/process residues. Examples of work commissioned by Arafura to address the additional information requirements of the NTEPA are shown in Figures 4 and 5.

Figure 4: Groundwater Modelling showing the Drawdown Impact (Blue 0.1m, Red 1m) on the Southern Basins and Mine Site Aquifers at the end of Mining Operations

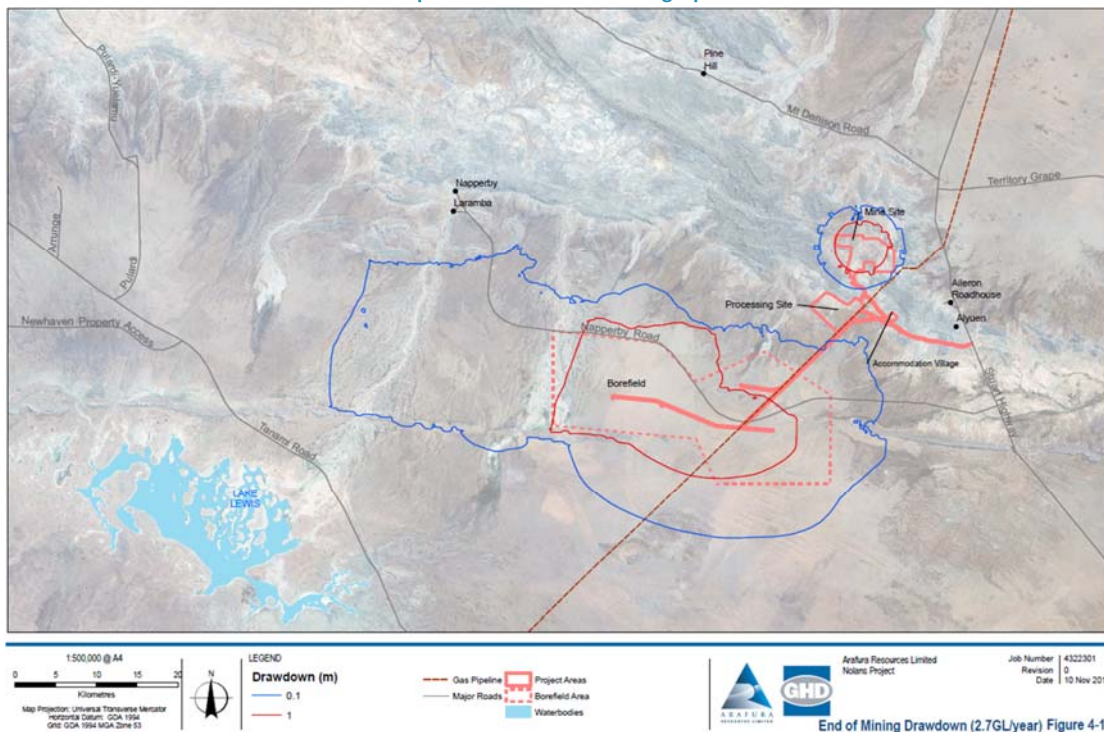
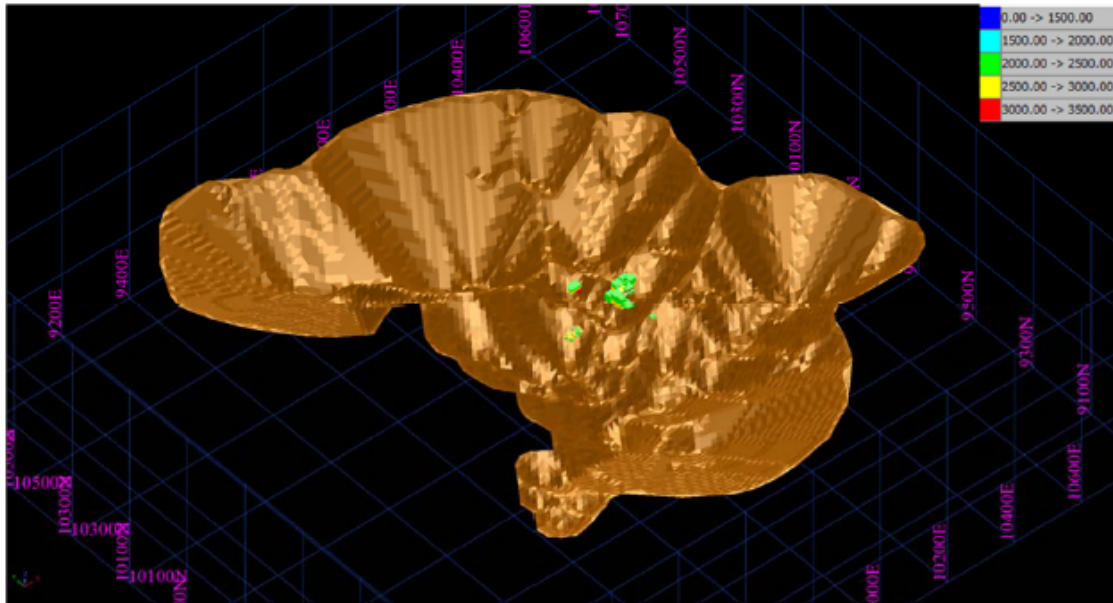


Figure 5: Nolans Life-Of-Mine Pit Shell showing isolated zones where Waste Rock exceeds 0.2% Sulfur, representing 0.07% of all Waste Rock mined



Exploration

Aileron – Reynolds (Rare Earths)

Significant Extension to Nolans Mine Life

During the Quarter Arafura announced that mine planning work undertaken in advance of the Nolans DFS has established a mining inventory that could support more than 30 years of mining and processing at the project.

Arafura commissioned AMC Consultants (AMC) to undertake a mine planning study to understand the impact on the development of the project, after successes in the company's beneficiation, phosphate extraction and bulk pre-leach pilot plants demonstrated that processing of phosphate-rich material types in the Nolans Bore resource achieves high recoveries of NdPr and phosphate (P_2O_5). The study by AMC reported a mining inventory and annual strategic (production) schedules that could allow Arafura to produce 14,000 tonnes of TREO per annum, including 3,600 tonnes of NdPr oxide annually, for a period in excess of 30 years.

Study outcome highlights include:

- 34-year indicative life of operation (mining and processing) in seven pit scheduling stages;
- Maximum annual mining rate of 5 million tonnes for the majority of the mine life;
- Average mining strip ratio of 6:1 over the life of mine; and
- Steady-state beneficiation plant feed rate of 525,000 tonnes per annum for the first 11 years of operation (including preproduction).

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The study did not consider 21 million tonnes of Inferred Mineral Resources in the analysis, nor did it consider approximately nine million tonnes of RE mineralisation from which lower metallurgical recoveries are predicted using the high-phosphate metallurgical process being piloted. Considering the abundance of phosphate-rich plant feed available, Arafura plans to prioritise this material for processing and recovery of NdPr.

Figure 6: Distribution and proportion Phosphate-rich Mineralised Material Types (PAPLP) in Measured and Indicated Resources at Nolans Bore

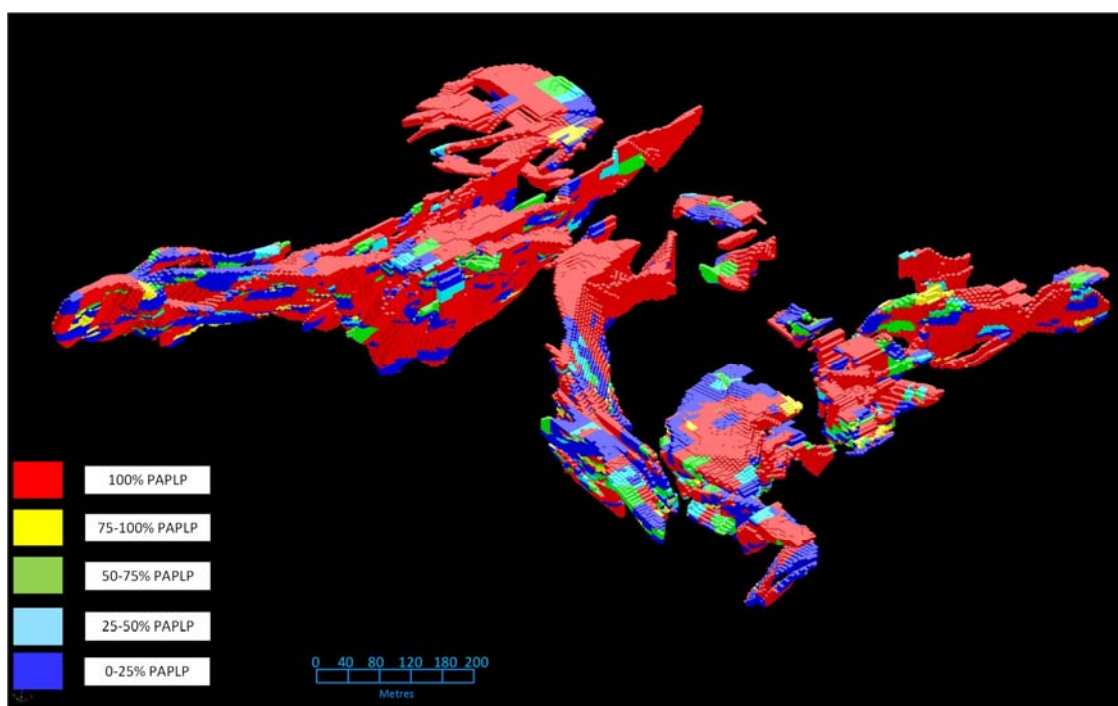
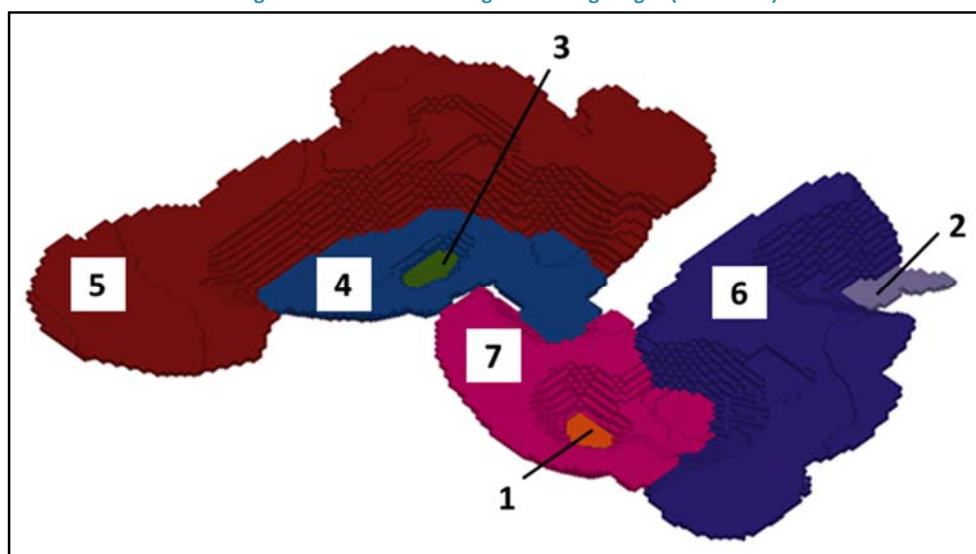


Figure 7: Pit Shells showing Scheduling Stages (at Year 10)



Jervois (Base and Precious Metals; Tungsten; Iron-Vanadium)

Rox Resources Ltd (Rox) holds a 51 per cent interest in the base and precious metal rights on Arafura's EL 29701, located 280 kilometres north-east of Alice Springs. Arafura holds the residual 49 per cent interest, and Rox had previously elected to earn 70 per cent by spending an additional \$1 million on the tenement to December 2017. Rox has informed Arafura that it will not complete the Stage 2 earn-in expenditure and in accordance with the Farm-in Agreement a joint venture (Rox 51%; Arafura 49%) will be formed.

Corporate

Supply Reform Drives NdPr Recovery

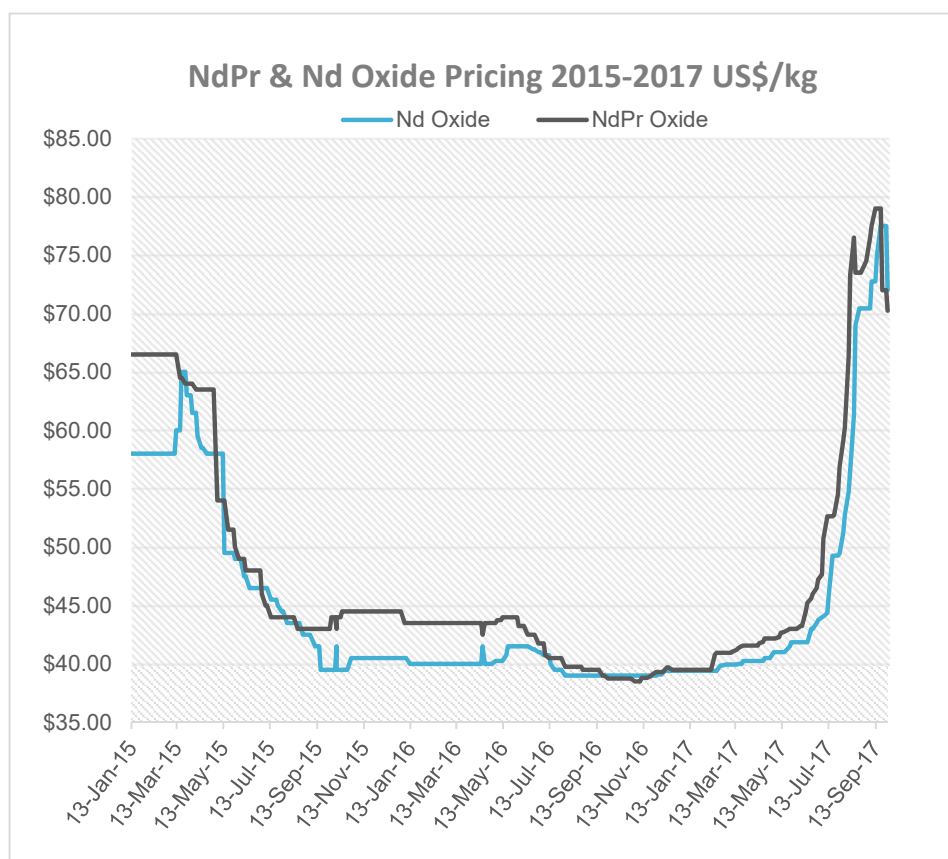
The NdPr price has achieved significant gains during 2017 and this upward trend continued in the period July through to September. During September the NdPr oxide price reached a high of US\$72/kg but pulled back to US\$69/kg at the end of the month. In the period since December 2016, the NdPr oxide price has increased by 75%.

Figure 8 shows the NdPr oxide and Nd oxide price in the period from January 2015 to September 2017. In January 2015 China announced the removal of quotas for RE exports in response to a ruling by the World Trade Organisation, followed by the removal of export tariffs for REs in April 2015. For China-based producers this signalled a series of sweeping reforms for the RE industry. RE prices including NdPr trended downwards from April 2015 in anticipation of supply being less restricted because of the tariff removal.

In the period since June 2015, China began to implement supply side structural changes that have been instrumental in providing greater credibility and sophistication for the RE supply chain. The consolidation of the country's RE producers under six regional based hubs has also taken place, with the major partner of each hub being a state-owned enterprise. This initiative has facilitated significantly improved traceability for NdPr production. In unison with this activity China also commenced an extensive process of closing environmentally unsustainable or economically unsustainable "zombie" operations, and producers that were not operating with a valid operating licence. These initiatives were significant and by no means token. Sensing the change in policy was going to seriously impact their businesses, illegal RE producers swiftly bought their RE products to market, to liquidate supply while traceability measures were still being implemented.

In December 2016 the world's largest RE producer China Northern RE Group, announced its 2016 net profit would be 90% lower compared with the previous year. This sent a clear signal to the market that low NdPr prices were not sustainable. As illegal production exited the market, supply appeared to contract from December 2016 resulting in NdPr prices increasing substantially from a low base. Historically as RE prices increased, illegal production would swing into the market to make the most of the volatility, the eventual effect being the additional supply would create a drag on prices. The swing production effect of the illegal NdPr does not appear to be present based on recent market movements.

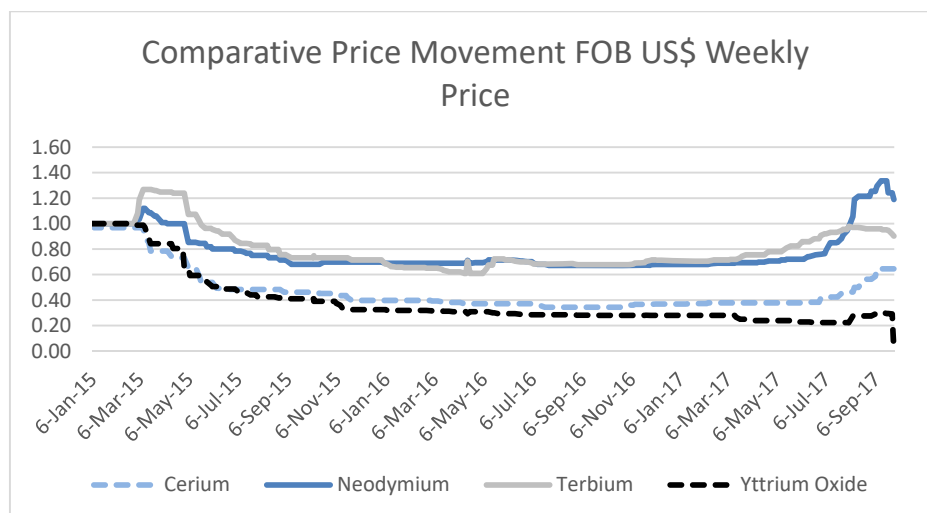
Figure 8: NdPr Oxide Price FOB US\$/kg



“Rare Earths are not Rare Earths”

The removal of export tariffs, quotas and the crackdown on illegal production have collectively driven a fundamental change in the market for REs and has allowed the market and ultimately price to operate as a function of demand and supply. Across all the RE products there have been winners and losers. Figure 9 shows comparative movement of RE prices in the period commencing January 2015 when the removal of export tariffs and quotas were announced through to September 2017. On a comparative basis Neodymium (Nd) and Terbium (Tb) have recently achieved superior price performance - 1.2x and 0.9x respectively – with reference back to the zero-based price point in January 2015. In contrast to the Nd and Tb price performance, Cerium (Ce) and Yttrium (Y) prices have experienced sustained low prices – 0.65x and 0.30x respectively. Arafura’s view is that the contrasting performances of Nd and Tb versus Ce and Y are being determined by underlying demand and supply drivers, not China’s policy. The Company qualifies this view by noting future demand for NdPr will be significantly impacted by China policy, but what are the current drivers?

Figure 9: Comparative Price Movement 2015-17



On the demand side, Nd (usually sold as NdPr) and Tb are both magnet-feed materials. Nd has no substitute in the production of neodymium-iron-boron (NdFeB) permanent magnets. Tb is a heavy RE and whilst it can be substituted with Dysprosium (Dy), it is also used in small quantities in the production of magnets. NdFeB magnet demand is growing at a forecast rate of 8% which is being driven by growth in existing applications plus incremental demand for clean technology applications including electric vehicles (EV).

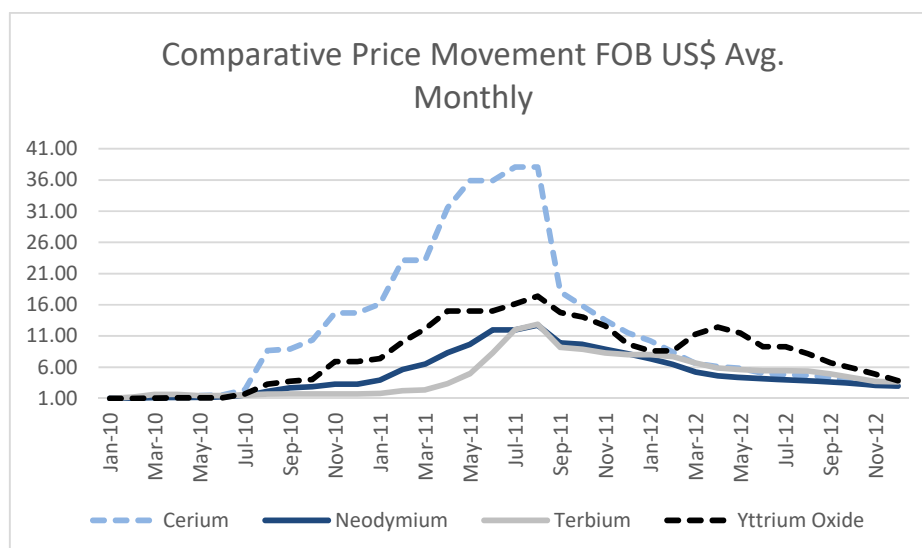
On the supply side, China production is contracting through the effective surveillance to weed out illegal and unsustainable producers. Some of the illegal supply that has been removed from the market is being substituted with increased output from the Lynas Corporation's (Lynas) Malaysia plant. Why has the reduction in supply resulted in the price of Nd and Tb outperforming Ce and Y? Light RE producers are targeting the extraction of NdPr, and for every tonne of NdPr produced there could be two tonnes of Ce produced. For heavy RE producers targeting the production of Tb, for every tonne of Tb there could be 45 tonnes of Y produced. Ce and Y may eventually be by-products of the world's demand for NdFeB magnets. The recent modest price improvements for Nd and Tb are a function of demand and supply forces, not China policy. A quick review of comparative price performance in the period when RE prices spiked in 2011 and 2012 provides a contrasting price scenario that reinforces this view.

Figure 10 shows the comparative performance for RE prices in the period commencing January 2010 to 2012, in this period there was a territorial dispute between China and Japan over islands in the East China Sea. An unofficial embargo was imposed on the export of REs to Japan. During this period, trade records showed exports of RE oxides and metals to Japan decreased dramatically and free on board (FOB) prices increased accordingly. Interestingly during this period all RE prices increased dramatically but prices for materials in relatively abundant supply, for example Ce and Y, performed significantly better than Nd and Tb. This price outcome was driven largely by a change in China Government policy. The events in 2010-12 contrast markedly with the more modest price movements in 2017 for Nd and

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Tb. The 2017 price increase for Nd is driven by underlying tightening of supply for all REs and continued steady growth in demand for NdPr.

Figure 10: Comparative Price Movement 2010-12



EV Policy and Automaker Strategy

September was an important month for EV policy development globally. Significantly, China announced its plans to transition to a total EV fleet through the eventual banning of diesel and petrol vehicles. Similar policy is being implemented in other countries, including a UK ban on the sale of internal combustion engine (ICE) vehicles by 2040, and Norway moving to all EV by 2025. The governments of France, India and the state of California have all indicated they will follow suit to some degree.

Moves in policy have a flow-on effect to the business plans and strategy of the automakers. Over the past three months there has been considerable activity to align procurement with Government policy and the automakers stated EV strategy. This has seen the automakers move further along the supply chain for some critical raw materials. Examples include:

- Volkswagen (VW) announces a direct tender to secure long-term supply for cobalt, a critical battery making raw material. VW is also looking to deal direct with lithium producers for lithium supply;
- China's Great Wall makes an upstream investment in Pilbara Minerals' Pilgangoora lithium project to secure long term offtake;
- Benz announces plans for a direct investment of US\$1 billion to produce EVs and a battery plant in the USA; and

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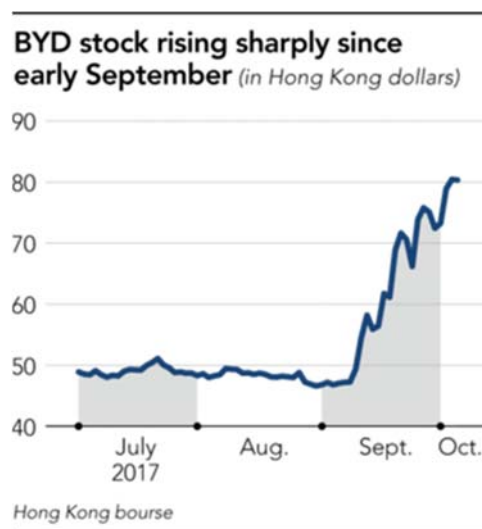
- Shenzhen-listed magnet maker Zhong Ke San Huan announces it has reached an agreement to supply Tesla with NdFeB permanent magnets for the Tesla Model 3. This information was reported in China by Zhong Ke San Huan some time ago and now appears to be validated by documents lodged with the US Environmental Protection Agency indicating the Tesla Model 3 will use permanent magnets in its drivetrain. This is a departure from the induction motor drivetrain currently used in the Tesla Model X.

Impact of China EV Policy

On September 9 the Chinese Government signalled it was creating a timeline for a complete ban of ICE vehicles. China is the world's largest automotive market and accounts for a third of global vehicle sales. The centralist nature of government in China means the implementation of policy is likely to be more successful and expansive than in other countries. The policy change is also enabled through significant popular support for EVs in China, attributed to heightened sensitivity around air quality. By 2020 China wants five million EVs on its roads. If successful, these initiatives will potentially provide China with global leadership in the manufacture of EVs.

The impact of a change in China policy and its ability to implement its strategy was evidenced by the recent share price movement for BYD Co Ltd (BYD), China's largest EV maker. BYD's share price moved from around HK\$50 to above HK\$80 in September in anticipation of the future benefits from the change in China policy.

Figure 11: Share Price BYD Co Ltd (1211: Hong Kong)



Source: Nikkei Asian Review

Strengthening Demand is an Opportunity for Non-China NdPr Supply

In the period from 2013 to 2016 global magnet production has continued to increase, and NdPr price movements for the year-to-date indicate continued growth for 2017. In 2016 China utilised 67% of its total magnet production in China. As China successfully implements its clean energy objectives, the country's domestic consumption of permanent magnets will rise. To maintain magnet production

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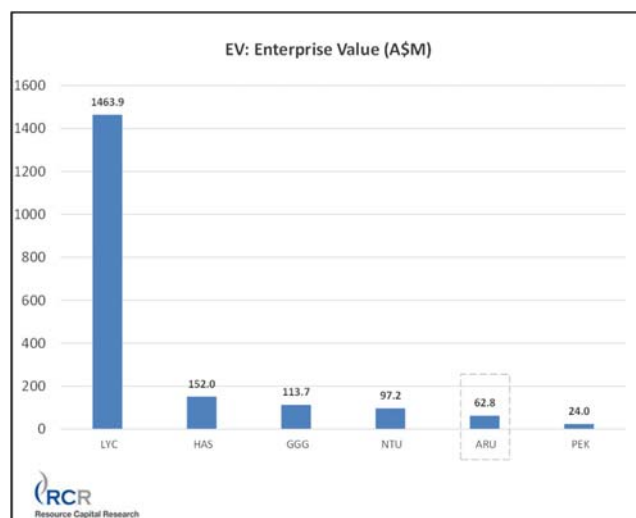
growth, China will require increased volumes of NdPr raw materials, and this demand is in direct conflict with the supply reforms currently being implemented. With NdPr demand growing, China-sourced supply will be constrained by sustainability hurdles and with Lynas being the only substantial NdPr producer outside of China, this creates the need for new supply sources.

Resource Capital Research (RCR) have recently prepared an equity research report comparing forecast operational and cost metrics for Arafura and four other Australian Securities Exchange (ASX) listed NdPr-focused development companies, as well as benchmarking against current producer Lynas. The Nolans NdPr project is a stand-out in this emerging producer group in relation to having the lowest projected operating costs (US\$/kg NdPr oxide), long mine life, low sovereign-risk mining jurisdiction, and low ratio of enterprise value to projected NdPr production.

Figure 12 shows Arafura's enterprise value appears relatively low compared with three of its NdPr emerging producer peers. By contrast the unit operating cost comparison in Figure 13 shows forecast operating expense for Arafura to be lower than the others in the emerging producer group and compares favourably with Lynas, an existing producer. The red data points show the operating costs per kilogram of NdPr (r.h. axis). Unit operating costs are adjusted for non-RE oxide by-product credits, for example Arafura with phosphoric acid by-product, and Greenland Minerals with uranium by-product.

Figure 14 shows the ratio of current enterprise value (in US\$ millions) relative to annual forecast NdPr production. For Lynas the enterprise value to NdPr factor is substantially higher reflecting its status as an existing producer with low exposure to risks such as permitting, resource, financing and commissioning. Arafura's enterprise value ranking (Figure 12) is relatively low compared with the emerging NdPr producer peers, and this outcome is further reinforced when compared with annual projected NdPr production. The red bars show mine life based on Measured and Indicated Mineral Resources. In its report RCR concluded, "The ratio of enterprise value to forecast NdPr production shows Arafura in a relatively undervalued position relative to its peers. The implied undervaluation is further reinforced by the long-projected mine life for Arafura."

Figure 12: EV Benchmarking – Arafura and ASX-Listed Peers



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Figure 13: Operating Cost Benchmarking – Arafura and ASX-Listed Peers

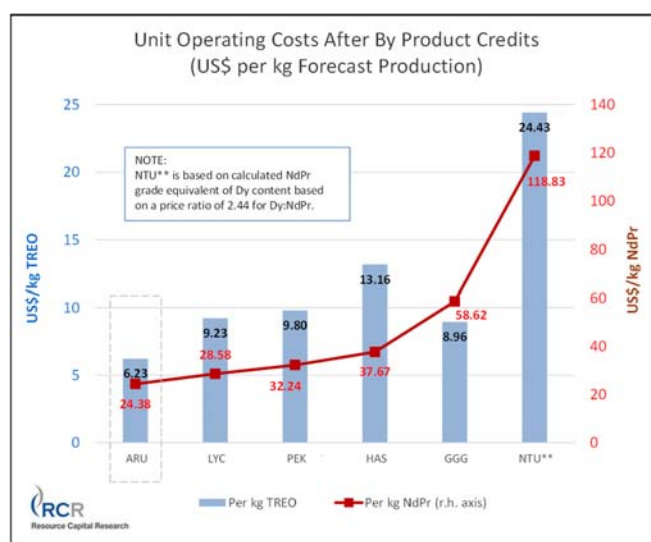
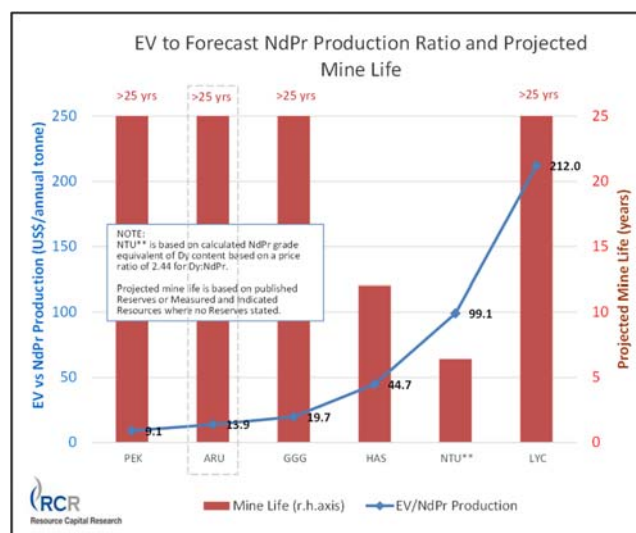


Figure 14: Enterprise Value and Forecast NdPr Production – Arafura and ASX-Listed Peers



Source: Resource Capital Research AFS Licence Number 325340

Notes and assumptions used in the preparation of the Peer Comparison by RCR

- Exchange rate of AUD1 = USD 0.78.
- Forecast operating data for development projects based on published company reports and project updates. ARU operating expense includes provision for staff and administration costs.
- Enterprise values based on closing share price on 17 October 2017.
- Contained NdPr (kt) and annual NdPr production is presented on a project basis. NdPr production has not been adjusted to reflect the relevant underlying project interest for PEK (75%) and HAS (91%).
- LYC NdPr annual production is based on "ready for sale production volumes" and operating costs based on total operating and staff (but not administration) cashflows reported in the last four quarters, up to and including the September 2017 quarter.
- The RCR equity research report can be accessed using the following link https://www.arultd.com/images/RCR_REPORT_3Q17.pdf

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- Refer Arafura ASX release 7 June 2017 for additional and qualifying information on the Measured and Indicated Mineral Resources that underpin the production target of 14,000 tpa TREO (Nameplate Production) and provides the material assumptions on which the production target is based for the RCR analysis.
- The Company confirms that all material assumptions underpinning the forecast financial information derived from its 14,000 tpa TREO production target and the production target itself, continue to apply and have not materially changed since the 7 June 2017 ASX release.

R&D Refund

In September, the Company received a tax rebate of \$1.8 million for research and development (R&D) expenditure incurred in the development of the Nolans project for the period ended 30 June 2017.

Arafura's total cash receipts from the rebate incentive now total \$37.0 million. The continued eligibility of the Nolans NdPr project for the R&D Tax Incentive program, together with the ongoing support of the Australian Government through the granting of Major Project Status, highlights the strategic and advanced nature of the Nolans project, and its potential net economic benefit to regional Australia.

Notice of Meeting and Annual General Meeting

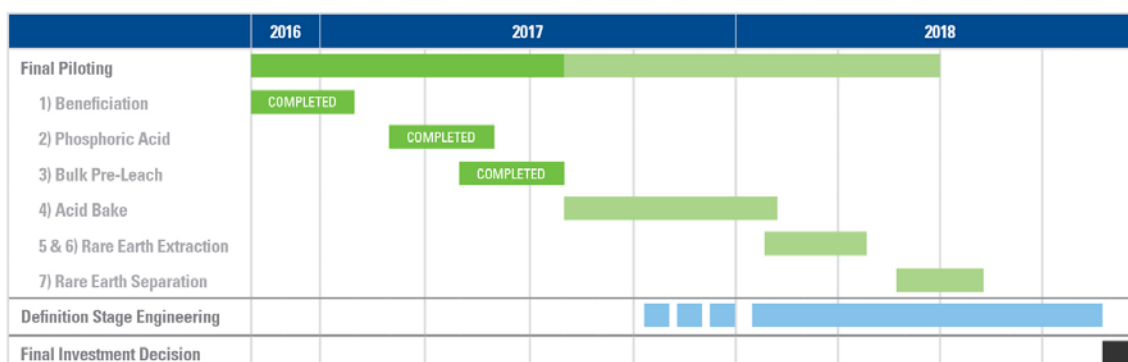
The Company has recently issued the 2017 Notice of Annual General Meeting (AGM) and Annual Report. The AGM will be held at 10.00am WST on Thursday 16 November 2017 at the Duxton Hotel, 1 St Georges Terrace, Perth.

Cash Position and Timetable

Arafura's cash position has been further improved through the receipt of the R&D tax incentive rebate. As at 30 September the Company's cash position was \$12.2 million.

The Company's final piloting programs are being completed in line with its budgets and the Company is in a strong position to complete the seven phases of piloting. Phase 4 has been expanded to demonstrate the acid bake process at a larger scale and is now scheduled to be completed in the first quarter of 2018 with a final investment decision (FID) anticipated by the end of 2018.

Figure 15: Nolans Pilot Program Timeline



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Nameplate Production

Measured and Indicated Mineral Resources at Nolans support the project's nameplate production target of 14,000 tonnes per annum of TREO equivalent. The Mineral Resources were estimated and reported by the Company (refer to ASX announcement 7 June 2017) following the guidelines of the JORC Code 2012. Classification of total Mineral Resources at Nolans into Measured, Indicated and Inferred, using a 1.0% TREO cut-off grade, is shown below.

Mineral Resources	Tonnes (Millions)	Rare Earths (% TREO)	Phosphate (% P ₂ O ₅)	NdPr Enrichment (%)
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
Total	56	2.6	11	26.4

Note: Numbers may not compute due to rounding. "NdPr Enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.

Competent Persons 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.

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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

22 080 933 455

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,458)	(1,458)
(b) development	-	-
(c) production	-	-
(d) staff costs	(384)	(384)
(e) administration and corporate costs	(364)	(364)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	77	77
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 R&D refund - Non Capitalised Portion	660	660
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,470)	(1,470)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22)	(22)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	31	31

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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)	1,174	1,174
2.6	Net cash from / (used in) investing activities	1,183	1,183
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	12,472	12,472
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,470)	(1,470)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,183	1,183
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	12,185	12,185

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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	10,800	1,322
5.2	Call deposits	1,385	11,150
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)	12,185	12,472

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	(210)
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 <i>Add notes as necessary for an understanding of the position</i>	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

Quarterly Activities Report and Appendix 5B

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	1,332
9.2	Development	-
9.3	Production	-
9.4	Staff costs	390
9.5	Administration and corporate costs	519
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	2,241

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:
(Company secretary)

Date: 30 October 2017.

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

Quarterly Activities Report and Appendix 5B

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.

Appendix A – Mining Tenements Held as at 30 September 2017

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
EL 28473 EL 28498 EL 29509 EL 31095 EL 31096 EL 31097 EL 31224 EL 31284	Aileron–Reynolds, NT	Arafura Resources Ltd	Exploration Licence	100% 100% 100% 100% 100% 100% 100% 100%	100% 100% 100% 0% 100% 100% 100% 100%	Surrendered
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. A joint venture (JV) to explore and develop the base and precious metal rights will now be formed between RXL (51%) and Arafura (49%). RXL will manage the JV.