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29 July 2015

ASX ANNOUNCEMENT
(ASX: AJR)

QUARTERLY REPORT FOR THE PERIOD
ENDING 30 JUNE 2015

Spirit Telecom acquisition Highlights:

- Acquisition of a fast growing profitable telecommunications business in a high growth industry
- Spirit is a provider of Ultra-Fast Internet into Multi-Dwelling Units (MDU's)
- Providing internet speeds up to 200/200Mbps into residential buildings
- Servicing approximately 150 buildings at present
- Large corporate development pipeline
- Spirit has a robust network infrastructure and highly experienced, successful and long standing management
- Acquisition will allow Spirit to expand its sales & marketing activities, invest further in infrastructure and fulfil substantial growth.

Additional Information

- 100% acquisition of Spirit Telecom - \$12.225 million purchase value
- Capital raising (Capital Raising) of approximately \$2.75 million at a deemed issue price of 2 cents (\$0.02) on a post 20:1 capital consolidation (unless otherwise agreed by the parties)
- Pro rata in-specie distribution of the shares of Davenport to existing AJR shareholders for nil cash consideration
- Re-compliance with Chapter 1 and 2 of ASX Listing Rules, including 20:1 capital consolidation
- Transaction subject to shareholder and regulatory approvals which AJR expects will be provided

Hatches Creek Highlights:

- An investigative metallurgical test work program on 2 bulk samples of Hatches Creek Pioneer and Treasure material has been completed at Nagrom.



- The test work program has demonstrated the amenability of the Pioneer and Treasure material to the recovery of WO₃ at a saleable WO₃ grade.
- The test work has upgraded WO₃ from a calculated combined Pioneer/Treasure head grade of 0.77% WO₃ to 42.7% WO₃ concentrate with an overall circuit recovery of 66%. A super-concentrate grading 66.3% WO₃ and 27% circuit recovery resulted from preliminary flotation test work.

During the June Quarter Arunta Resources Ltd's (ASX: AJR) ("Arunta" or "the Company") joint venture partner GWR Group Limited (ASX: GWR) completed the initial metallurgical test work program and continued with development studies.

Sacred Site Clearance meeting with the Hatches Creek traditional owners was completed on site in June, together with a representative from the Central Land Council. All sites were cleared for future exploration work.

In 2014, Arunta secured a near-term development pathway for its **Hatches Creek Tungsten Project** in the Northern Territory after signing a binding Heads of Agreement with GWR. GWR has agreed to sole fund \$1.5 million of Joint Venture Expenditure from the execution date to earn a 50% Joint Venture Interest. GWR funds are directed to the completion of metallurgical test work, preparation of a scoping study and receipt of all relevant approvals to conduct mineral processing activities.

HATCHES CREEK PROJECT (100% AJR)

An investigative metallurgical test work program on 2 bulk samples of Hatches Creek Pioneer and Treasure material has been completed at Nagrom. The aim of the program was determine the amenability of the samples to upgrade WO₃ using gravity, magnetic characterisation and flotation test work.

The test work has upgraded WO₃ from a calculated combined Pioneer/Treasure head grade of 0.77% WO₃ to 42.7% WO₃ concentrate with an overall circuit recovery of 66%. A super-concentrate grading 66.3% WO₃ and 27% circuit recovery resulted from preliminary flotation test work.

In summary, Table 1 shows the test work has produced the following WO₃ concentrate grade and recovery.

WO₃ Summary	WO₃ %	Circuit yield WO₃ %
Super Concentrate	66.30	27
Concentrate	36.50	39
Concentrate - Total	42.70	66
Middlings	4.30	9
Tailings	0.10	25
calc head	0.77	100

Table 1: WO₃ concentrate grade and recovery

The test work has also produced significant grades of Cu, Mo, and Au in the pre-float sulphide concentrate, having potential to be recovered as saleable by-products.



Bi levels in the concentrate (1.5%) are above the industry standard for APT production of 0.15%. The upper limits on Bi for WO₃ concentrates for APT production is 0.5%. Due to sample mass constraints, the number of tests, including flotation were inadequate to investigate the best way to reduce Bi to industry standard levels.

No flotation test work was conducted on the tailings despite it containing 25% of the overall circuit WO₃. This means that the overall result of the test work program is indicative only, with upside potential. The test work results have however provided enough information to have confidence that there is sufficient WO₃ grade and recovery to progress to a scoping level study at Hatches Creek

Depending upon the outcome of the scoping study and nature of the project moving forward, it is recommended that any metallurgical test work required should include, but not limited to;

1. Establishing a full set of physical characteristics including hardness, crushability and abrasion indices that will feed into a process design.
2. Increasing the recovery of WO₃ from the middlings and tailings by;
 - Targeting increased depression of Si in the middlings to improve the WO₃ concentrate grade.
 - Optimisation of WO₃ collector in the middlings to maximise WO₃ recovery.
 - Developing a test work plan aimed at increasing recovery of WO₃ from the tailings.
 - Optimisation of the roughing and cleaning stages for the -50% concentrate.
3. Cleaning of the final concentrate to a standard specification grade for a WO₃ concentrate (~65%).
4. Reduction of Bi in the intermediate and/or final concentrate to an APT production specification.
5. Recovery of potentially valuable by-products including Au, Cu and Mo.

Further Work Underway

The upcoming next phase will consist of;

- Detailed UAV (unmanned aerial vehicle) and specific gravity testwork survey to accurately determine volume and tonnages.
- A further 5 bulk samples that will enable further metallurgical testwork to be undertaken. Future work may include recovery of WO₃ from tailings via wet tabling and flotation and progressing test work on the Green Diamond sample through an agreed test work regime based on the results of the current program.



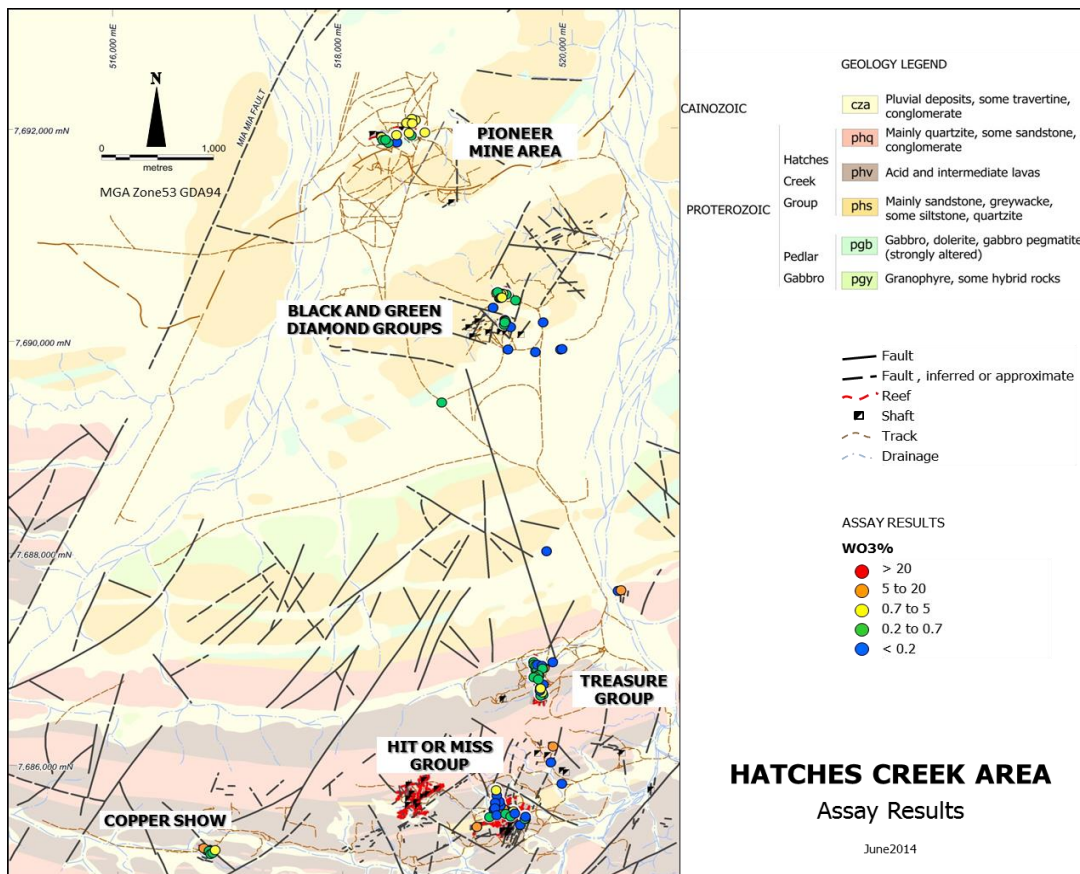


Figure 3 – Main Groups of Historical Mine areas at Hatches Creek

SOUTHERN CROSS BORE PROJECT (AJR 100%)

No field work was completed at Southern Cross Bore during the June quarter.

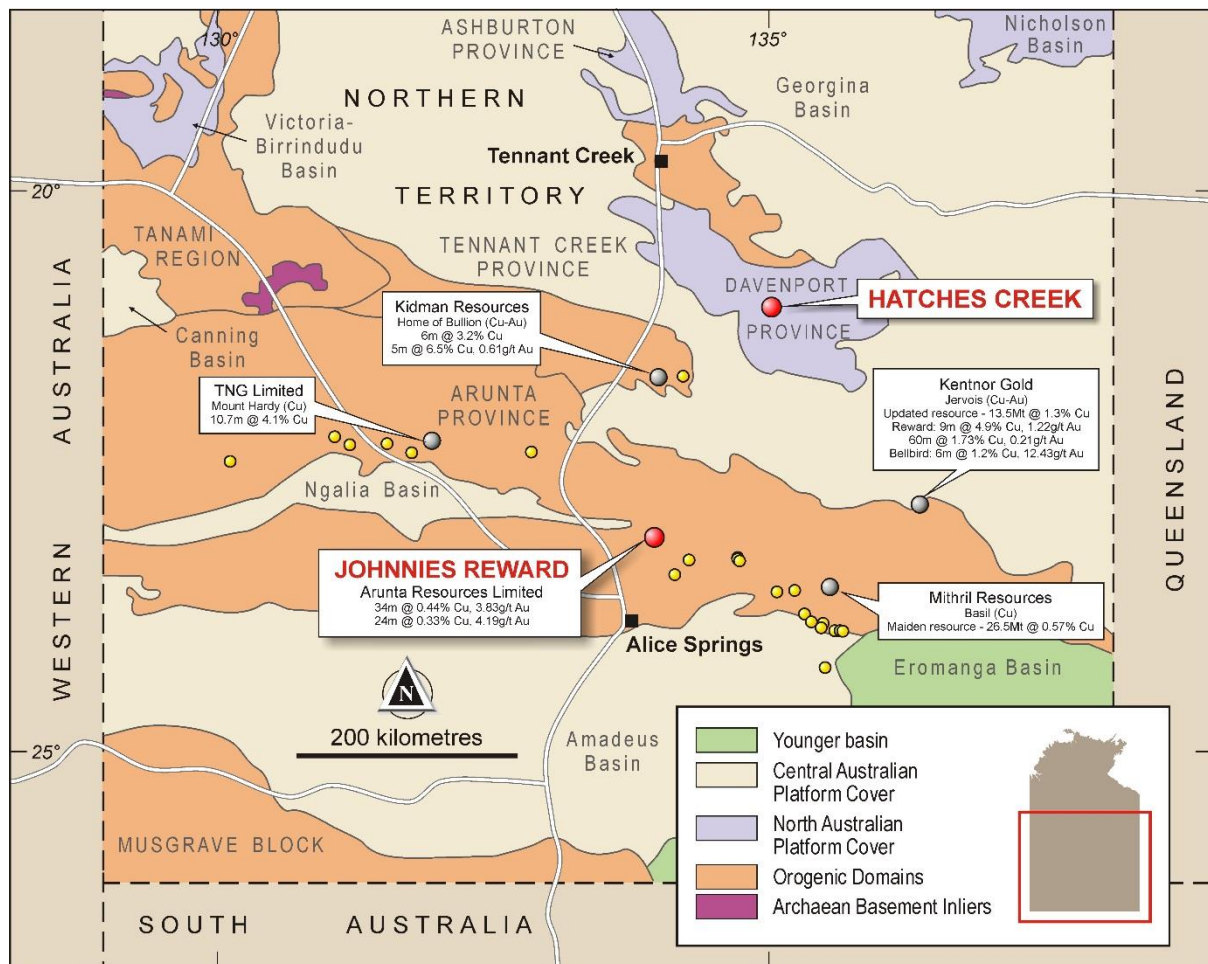


Figure 4 – Arunta’s Project Location Map

CORPORATE

ACQUISITION OF SPIRIT TELECOM

In June, the Company announced that it had entered into a binding term Sheet to acquire 100% of Spirit Telecom. AJR has assessed a number of opportunities in the past six months with a view to seeking to enhance shareholder value. The AJR Board believes the proposed transaction with Spirit is an excellent opportunity for the Company.

ABOUT SPIRIT

Spirit is a modern telecommunications provider, utilising the infrastructure of key carriers and cloud service providers, to market ultra-fast Internet access and telephony services.

Spirit is an Australian private company which commenced operations in 2005 and has evolved to become one of the more exciting brands in the Telecommunications sector. Spirit has recognised the ever growing demand for better Internet services and has seized the opportunity to provide Ultra-Fast Internet, through the popular Spirit *Ufi* offering.

Spirit *Ufi* comfortably coexists with other NBN, ADSL and/or PSTN technologies residents may utilise.

Spirit provides one of Australia's fastest residential Internet, with speeds in selected buildings reaching 200/200Mbps. The symmetrical speed, where the upload is as fast as the download, provides not only a better user experience, when accessing the Internet, but also delivers the important integration with cloud services for the growth areas of productivity and entertainment. In addition to residential services, Spirit also provides Ultra-Fast Fibre based Internet to small business and corporates. Through the combined residential and commercial offerings, Spirit currently supplies Internet into approximately 150 Multi-Dwelling Units in Victoria, New South Wales and Queensland.

Spirits' recent history has seen it sell off divisions at the end of their life cycle, acquire new and EBITDA accretive companies to expand and diversify. Most recently the acquisition of 'My Telecom' has brought a solid customer base as well as new technical capabilities, utilising radio communications to transfer Ultra-Fast Internet, thereby extending fibre points of interconnect, improving gross margin, and enabling service reach across the suburbs to connect buildings.

Spirits' 'Anchor & Expand' in-building distribution strategy, in both commercial and residential markets, has seen it acquire on-net buildings at a fast rate with a positive ROI and subsequently exploiting the long term expansion opportunity, within those buildings.

Spirit's entire network has been designed and built with speed and reliability as the main priority.

Spirit offers an expanding suite of cloud based products to its commercial and consumer customer base.

Spirit's network peers with most major content providers such as Google, Microsoft, Yahoo, Apple, Amazon and Akamai to ensure super-fast direct access to vast volumes of on-demand applications and content.

Spirit has been recognised by BRW & Deloitte, as one of Australia's fastest growing companies.



Spirit Management Team

Geoff Neate

Mr Neate is founding Managing Director of Spirit and has enjoyed over 20 years in the telecommunications sector. Prior to Spirit, he championed the then Primus Telecom into a profitable entity, through his running of the consumer divisions 500+ staff and \$360M in revenues. Outside of telecommunications Mr Neate has worked for Lend Lease, NCR and RACV, where he launched and ran the successful RACV Home Security division.

Joe Tigel

Mr Tigel is founding General Manager – Product & Sales and, along with Mr Neate, a major shareholder of Spirit. He is responsible for customer acquisitions and channel development and has successfully demonstrated his significant experience in technical sales. Prior to Spirit Mr Tigel managed Wizard's Business development for Southern Region, developed SME portfolio with Westpac and held management positions with Lend lease and National Mutual.

Alan Dib

Mr Dib is Spirit's Chief Technology Officer and came to Spirit via the acquisition of Voxcom in 2012. His understanding of future technology and business trends has enabled him to start, grow and successfully exit multiple technology start-ups. His first business was a pioneer in the IT space and one of Australia's first true IT managed service providers. He exited this business in 2008 and started Voxcom. In 2011 Voxcom was named by BRW magazine as one of Australia's fastest growing companies and in 2012 was acquired by Spirit Telecom. Mr Dib now heads product development and core network operations at Spirit, continuing to build the Spirit network and suite of services.

TRANSACTION OVERVIEW

The transaction with Spirit will proceed on the basis of a valuation of the Company of \$1.826 million and a valuation of Spirit of \$12.225 million.

The acquisition of Spirit will, among other things, be conditional upon: each party completing due diligence investigations; shareholder, regulatory and third-party approvals; the execution of formal documentation with the Spirit shareholders (as vendors); completion of the Capital Raising ; and ASX conditionally confirming that it will re-instate the Company to quotation following completion of the transaction.

The Company has completed its due diligence investigations in respect of the proposed acquisition of Spirit and is proceeding with the implementation of the acquisition process.

As part of its due diligence, and as a condition of the transaction, Spirit will seek advice (to its satisfaction) regarding the taxation implications of the transaction and AJR will seek confirmation (to its satisfaction) that Spirit has all necessary approvals or exemptions required to enable it to continue to operate its retail services business.

Upon completion of the transaction Spirit shall be entitled to appoint 3 suitably qualified directors to the AJR Board. It is intended that all existing members of the AJR Board will resign on completion



of the transaction other than Angus Edgar. Further details regarding the qualifications of the proposed directors will be set out in a forthcoming notice of meeting.

As part of the transaction AJR intends to complete a consolidation of its issued share capital on a 20:1 basis and thereafter conduct a capital raising by way of a placement of ordinary AJR shares to raise not less than \$2.75 million at an issue price of \$0.02 per share. Assuming a 20:1 consolidation, the consideration payable to the Spirit vendors would be satisfied through the issue of:

- 611,250,000 post-consolidation AJR shares; and
- 197,594,357 post-consolidation AJRO options.

The indicative post-transaction capital stature of AJR, assuming the transaction proceeds on the above basis, is set out on page 5 of this announcement.

Funds raised through the Capital Raising (after costs) are intended to be applied in part to reduce secured borrowings of Spirit and otherwise as working capital for the development of the Spirit business.

The consolidation ratio and capital raising proposal are subject to AJR obtaining appropriate waivers and shareholder approvals and consultation with ASX. The consideration payable to the Spirit vendors, and the issue price and the number of shares to be issued under the Capital Raising will be adjusted in the event that the consolidation ratio is revised by the ASX.

The transaction is also conditional upon AJR divesting itself of its wholly owned subsidiary Davenport Resources Limited (**Davenport**) which holds the Company's Hatches Creek Tungsten project and Southern Cross Bore (SXB) gold/copper Project, both located in Northern Territory, Australia (**Davenport Spin Out**). Subject to shareholder and regulatory approval, AJR intends to implement the **Davenport Spin Out via a pro-rata in-specie distribution of the shares of Davenport to its shareholders at a record date to be determined in consultation with ASX.** AJR and Spirit have agreed that, other than as set out below, all cash, receivables and other liquid assets of AJR will be transferred to Davenport as part of the Davenport Spin Out. An amount equal to the anticipated costs of legal and other advisors and experts engaged by AJR in connection with implementation the Spirit transaction will be retained in AJR together with an additional sum of \$50,000.

Completion of the acquisition of Spirit is conditional upon there being no breach of agreed financial warranties given by Spirit and there otherwise being no event or circumstance which has a material adverse effect on AJR or Spirit prior to completion.

RE-COMPLIANCE WITH CHAPTERS 1 & 2 OF ASX LISTING RULES

The Company anticipates that the transaction with Spirit will constitute a significant change in the nature and scale of the Company's activities which will require the Company to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules. The Company therefore intends to seek approval for the transaction from shareholders under ASX Listing Rule 11.1.2. The Company will, however, consult with ASX regarding the structure of the proposed transaction.



ANTICIPATED TIMELINE

The Terms Sheet contemplates that the transaction will proceed in accordance with the following indicative timeline, however the parties have agreed to act reasonably to extend the dates below to accommodate delays experienced in the course of implementation of the transaction.

Event	Indicative Date for Satisfaction
Completion of due diligence.	27 July 2015
Execution of formal sale contracts with Spirit shareholders.	3 August 2015
AJR and Spirit obtaining all necessary shareholder, regulatory and third-party consents.	7 October 2015
ASX conditionally confirming that it will re-instate the Company to quotation following completion of transaction.	No later than 29 December 2015
Completion of the capital raising and completion of acquisition of Spirit.	No later than 29 December 2015

EFFECT ON THE COMPANY

Set out below is a summary of the approximate impact that the transaction will have on the issued capital, assets and liabilities of AJR. The indicative capital structure and pro-forma statement of financial position each assume the transaction proceeds on the basis of a 20:1 consolidation and a capital raising of \$2.7 million at an issue price per share of \$0.02. As noted earlier in this announcement, the consolidation ratio and capital raising proposal are subject to consultation with ASX.

INDICATIVE CAPITAL STRUCTURE

SHARES	
Existing	91,347,801 (10.87%)
Spirit Vendor Consideration	611,250,000 (72.76%)
Capital Raising	137,500,000 (16.37%)
TOTAL:	840,097,801 (100%)

AJRO LISTED OPTIONS	
Existing	29,529,342
Spirit Vendor Consideration	197,594,357
TOTAL:	227,123,699

Notes:

- All shares and options are presented in the tables above on a post-consolidation basis.

- *Following a 20:1 consolidation the exercise price of the Company's existing listed AJRO options will be adjusted to \$0.04 per AJRO option.*
- *AJR would also have 750,000 unlisted post-consolidation options exercisable at \$0.60 on issue at completion of the transaction.*

OTHER CORPORATE

The Company completed the sale of unmarketable parcels. In total 1,403 minority holders holding an aggregate of 32,727,537 shares in the Company, participated in the Sale. The holdings were sold for a price of \$0.001 per share, with the transfer taking effect in the coming weeks.

~ END ~

For further information: Investors:

Arunta Resources Limited

Tel: +61 (3) 8610 8633

Competent Person Statement: The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr John A Young (A consultant of Arunta Resources Limited). Mr Young is a shareholder of Arunta Resources Limited. Mr Young is a Corporate Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Young consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.



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, 01/05/2013

Name of entity

ARUNTA RESOURCES LIMITED

ABN

73 089 224 402

Quarter ended ("current quarter")

30 JUNE 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	64
1.2 Payments for (a) exploration & evaluation	(19)	(147)
(b) development	-	-
(c) production	-	-
(d) administration	(160)	(783)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Rental and office service income	15	110
- Research & development claim	-	284
- Refund for past exploration costs	-	32
- Consulting services	30	30
Net Operating Cash Flows	(132)	(397)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(154)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(154)
1.13 Total operating and investing cash flows (carried forward)	(132)	(551)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(132)	(551)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,096
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	(92)
	Net financing cash flows	-	1,004
	Net increase (decrease) in cash held	(132)	453
1.20	Cash at beginning of quarter/year to date	729	144
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	597	597

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.2	Aggregate amount of payments to the parties included in item 1.2	78
1.2	Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Wages or consultancy fees paid to directors and director related entities during the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	40
4.2 Development	-
4.3 Production	-
4.4 Administration	250
Total	290

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	547	679
5.2 Deposits at call	50	50
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	597	729

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,826,956,020	1,826,956,020		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	15,000,000 590,586,829	- 590,586,829	<i>Exercise price</i> 3.0 0.2	<i>Expiry date</i> 18/12/2016 31/07/2019
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

29 July 2015

Sign here:  Date:

Company Secretary

ADRIEN WING

Print name:

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Arunta Resources Ltd
Tenement schedule for the quarter ending June 2015

Northern Territory, Australia

EL 28045	Davenport Resources Limited	100	Nil	100	29/08/2016	149,500	G	73
EL 29062	Davenport Resources Limited	100	Nil	100			A	61
EL 22912	Davenport Resources Limited	100	Nil	100	24/07/2015	83,375	G	25
EL 23463	Davenport Resources Limited	100	Nil	100	24/07/2015	71,875	G	6
EL 29827	Davenport Resources Limited	100	Nil	100	28/05/2019	11,250	G	16
EL 30090	Davenport Resources Limited	100	Nil	100	27/11/2020	36,000	G	557

No changes during the quarter.