



RESOURCES
LIMITED

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28 April 2016

ASX ANNOUNCEMENT
(ASX: AJR)

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2016

Spirit Telecom Acquisition Highlights:

- Acquisition of a fast growing profitable telecommunications business in a high growth industry
- The Company has completed its due diligence investigations in respect of the proposed acquisition of Spirit and is proceeding with the implementation process
- Shareholder approval for the acquisition received post quarter end
- Prospectus for capital raising to raise a minimum of \$2 million and a maximum of \$3 million at an issue price of \$0.02 per share issued post quarter end
- Acquisition will allow Spirit to expand its sales & marketing activities, invest further in infrastructure and fulfil substantial growth
- Election of Mr James Joughin, Mr Geoff Neate and Mr Terry Gray to replace the existing Board with effect upon completion of the acquisition, post quarter end

Davenport Demerger:

- Completed in-specie distribution to Arunta shareholders for nil-consideration

Hatches Creek Highlights:

- Limited activity during the quarter

Share Issue and Consolidation:

- Share placement raising \$250,000 completed
- A consolidation of issued capital on a 23:1 basis completed post quarter end



ACQUISITION OF SPIRIT TELECOM

In June 2015, the Company announced that it had entered into a binding term sheet to acquire 100% of Spirit Telecom. The AJR Board is progressing the finalisation of the acquisition and believes the proposed transaction with Spirit is an excellent opportunity for the Company. Due to the delays in completing the Spirit transaction, the parties agreed to extend the completion date.

ABOUT SPIRIT

Spirit is a modern telecommunications provider, utilising the infrastructure of key carriers and cloud service providers, to provide superfast internet services to a range of residential and commercial buildings in Sydney, Melbourne and Brisbane.

It is currently an Australian private company which commenced operations in 2005 and has evolved to become a recognised brand in the telecommunications industry.

Spirit was recently recognised as Australia's fastest Internet Service Provider (ISP) for 2015¹, offering speeds into residential and commercial buildings exceeding 200Mbps. The symmetrical speed, where the upload is as fast as the download, benefits the uploading of photos and videos to social networks, cloud storage, audio/video calls and gaming.

In addition to its superfast internet products, Spirit is able to offer a suite of cloud based products to its growing list of commercial and residential customers.

In 2012 Spirit made a strategically focused restructure by acquiring internet service provider (ISP) Voxcom and began to evolve the business to its current operating model which is marketing superfast internet access and telephony services, by utilising the infrastructure of key carriers and cloud service providers. Voxcom provides Spirit with its ISP architecture, in the form of a Layer 2 network.² This has allowed Spirit to improve its gross margin, work more strategically with suppliers and provide scale that has enabled a further acquisition of 'My Telecom', which is currently being migrated onto the Voxcom/Spirit network.

To ensure positive gross margin is established at onset of a fibre-to-the-building (FTTB) opportunity, Spirit establishes an 'anchor' in each building.

Such an 'anchor' is a business (or businesses) that ensure costs are covered, with a modest margin. In the event of a purely residential establishment, it is based on pre-marketing and partnering with building management and owners' corporations and bodies corporate to ensure each tenant's awareness of Spirit's product offering.

Once established in a building, Spirit is able to offer its services to other businesses/residents within the same premises. This is achieved through local marketing, avoiding the high cost of mass market channels.

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

¹ PCMag Australia. 'Fastest ISP's 2015: Australia'. 25th August 2015.

² Layer 2 network refers to the OSI model of computer networking and enables the transfer of data between multiple (carrier) networks.



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.

TRANSACTION OVERVIEW

The consideration payable for the acquisition of 100% of the issued share capital of Spirit will comprise 611,250,000 New Shares at a price of \$0.02 cents per share and 197,594,357 New Options, having the same terms as the Company's AJRO Options, to the Vendors and/or their respective nominee(s).

Arunta will become the 100% owner of Spirit. Arunta's activities will be solely Spirit's telecommunications business.

SHAREHOLDER APPROVAL OBTAINED

The Company received approval from its Shareholders for the resolutions described below at the Second General Meeting of Shareholders, which was held on 18 April 2016.

The Second General Meeting Notice included an independent expert's report relating to the issue of shares to the Spirit Vendors.

Passing the following resolutions at the Second General Meeting was a condition of the acquisition of Spirit under the Share Sale Agreement:

- The change in the nature and scale of the activities of the Company resulting from completion of the acquisition of Spirit (Resolution 2);
- Consolidation of Arunta's existing Shares and options on a 23 for 1 basis. (Resolution 3);
- Approval for issue to Spirit Vendors (or their respective nominees) of a total of 611,250,000 New Shares and 197,594,357 New Options as consideration for the acquisition of 100% of the issued shares of Spirit (Resolutions 4, 5 and 6);
- The election of the new Proposed Directors to the Board of the Company subject to and with effect upon completion of the acquisition of Spirit (Resolutions 7, 8 and 9).
- The issue of a minimum of 100,000,000 and maximum of 150,000,000 New Shares at the Offer Price of \$0.02 (2 cents) per New Share to investors, being the New Shares offered pursuant to the Equity Offer made under the released Prospectus (Resolution 10); and
- Changing the Company's name to "Spirit Telecom Limited", subject to completion of the acquisition of Spirit (Resolution 13).

The Company also obtained Shareholder approval for the following (which are not conditions of the acquisition under the Share Sale Agreement):

- Ratification of the issue of Placement Shares (Resolution 1);
- Participation in the Equity Offer by an Existing Director, Mr Angus Edgar (and/or his nominee(s)) by subscribing for up to 12.5 million New Shares (being up to \$250,000) and a Proposed Director, Mr James Joughin (and/or his nominee(s)) by subscribing for up to 5 million New Shares (being up to \$100,000) (Resolutions 11 and 12). Accordingly, Mr Edgar and Mr Joughin have the right, but not the obligation, to subscribe under the Equity Offer up to the respective approved limits. Mr Edgar and Mr Joughin (and/or their respective nominee(s)) would participate in the Capital Raising on the same terms as other, non-related party investors.



- The adoption of the Employee Security Ownership Plan to provide a mechanism to reward and incentivise Management, other key employees and (subject to further Shareholder approval) Directors in the future (Resolution 14).

PROSPECTUS ISSUED

The proposed capital raising is subject to the following conditions being satisfied (unless waived):

- receipt of subscriptions for a minimum of \$2 million under the Equity Offer made under a Prospectus lodged with ASIC on 26 April 2016;
- ASX conditionally confirming that it will re-instate the Company's securities to quotation;
- the Company completing the acquisition of Spirit; and
- the non-occurrence of any event having an unremedied material adverse effect on Arunta or Spirit prior to completion of the acquisition of Spirit.

RE-INSTATEMENT OF OFFICIAL QUOTATION ON ASX

The acquisition of Spirit will substantially change the nature and scale of the Company's activities. The change in scale of the Company's activities requires:

- The approval of the Company's Shareholders (which has been obtained, as referred to above).
- The Company to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

The Company's Shares are suspended from trading (quotation). In accordance with ASX guidelines, the Company's Shares will remain suspended until such time as it completes the Equity Offer and acquisition of Spirit and re-complies with the requirements of Chapters 1 and 2 of the ASX Listing Rules. Key requirements of Chapters 1 and 2 of the ASX Listing Rules which are applicable to the Company's re-quotation are:

- satisfying the Shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders.
- satisfying the assets test as set out in Listing Rule 1.3.

It is expected that the acquisition of Spirit and the completion of the Equity Offer pursuant to the Prospectus will enable the Company to satisfy the requirements for re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

CHANGE OF NAME AND ASX CODE

As referred to above, the Company will change its name to "**Spirit Telecom Limited**" and its ASX code is expected to be changed to ST1 following completion of the acquisition of Spirit.

DAVENPORT DEMERGER

In August 2015, Arunta Resources Limited's then wholly owned subsidiary Davenport Resources Pty Ltd ("Davenport") entered a binding terms sheet with East Exploration Pty Ltd ("East Exploration") to acquire all the shares of East Exploration. A summary of the proposed acquisition is detailed in the announcement to the ASX on 20 August 2015.

The demerger of Davenport from Arunta was approved by shareholders at the general meeting held on 19 February 2016. Arunta implemented the Davenport Spin Out with effect on 26 February 2016 via a pro-rata in-specie distribution of the shares of Davenport to its shareholders at a record date of 21 February 2016. Davenport intends to seek to list on the ASX as a condition of the proposed acquisition of East Exploration.



As a result of the divestment of Davenport to Arunta shareholders referred to above, as at 26 February 2016 Arunta ceased to hold an interest in the exploration activities in Australia. The information below relates to the quarter only until 26 February 2016.

HATCHES CREEK TUNGSTEN PROJECT

As announced on 19 January 2015, GWR Group Limited (ASX: GWR) signed a binding Heads of Agreement with Arunta Resources Limited and agreed to sole fund \$1,500,000 of Joint Venture Expenditure to earn a 50% Joint Venture interest in the Hatches Creek tungsten project, which is located 375km north east of Alice Springs in the Northern Territory of Australia.

Work Completed in March Quarter

GWR have advised there was limited activity during the quarter.

Southern Cross Bore Project

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

SHARE ISSUE AND CONSOLIDATION

On 4 March 2016, Arunta issued 333,333,334 pre-Consolidation Shares (14,492,754 Shares on a post-Consolidation basis) after the demerger of Davenport, at an issue price of 0.075 cents (\$0.00075) per Share on pre-Consolidation (equal to 1.725 cents (\$0.0175) on a post-Consolidation basis) raising \$250,000 to be applied to working capital including for administrative expenses and expenses in connection with the proposed Capital Raising and acquisition of Spirit, including ongoing administrative costs pending completion of the acquisition.

Subsequent to the quarter end, on 18 April 2016, shareholders approved the consolidation of Arunta's existing Shares and Options on a 23 for 1 basis.

~ END ~

For further information: Investors:

Arunta Resources Limited

Tel: +61 (3) 8610 8633



Arunta Resources Limited

As a result of the demerger of the former subsidiary, Davenport Resources, the Group disposed of all of its tenement interests during the quarter ending 31 March 2016.

The following changes occurred during the quarter:

NORTHERN TERRITORY

Title Number	Interest held at start of quarter	Change in interest during the quarter	Interest held at end of quarter	Renewal Date	Annual Exp Req	Status (G - Grant, A - Applcn)	Area sq kms
EL 28045	100	(100)	-	29/08/2016	149,500	G	73
EL 22912	100	(100)	-	24/07/2016	141,450	G	25
EL 23463	100	(100)	-	24/07/2016	89,700	G	6
EL 29827	100	(100)	-	28/05/2019	12,500	G	16
EL 30090	100	(100)	-	27/11/2020	36,000	G	557

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")

31 MARCH 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(7)	(26)
(b) development	-	-
(c) production	-	-
(d) administration	(197)	(484)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Rental income	3	29
Rent expense prepayment	-	(101)
Research and development claim	-	118
Net Operating Cash Flows	(201)	(460)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(36)	(136)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments		
- Total Face Group shares	58	58
- demerger of Davenport Resources	(2)	(2)
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - deposits	-	(126)
Net investing cash flows	20	(206)
1.13 Total operating and investing cash flows (carried forward)	(181)	(666)

+ 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)	(181)	(666)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	250	250
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	-	-
	Net financing cash flows	250	250
	Net increase (decrease) in cash held	69	(416)
1.20	Cash at beginning of quarter/year to date	112	597
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	181	181

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	43
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

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	-
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	100

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	181	112
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	181	112

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	Refer to attached schedule.		
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	2,160,289,380	2,160,289,380		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	333,333,334 26	333,333,334 26	0.075 0.2	0.075 0.2
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)	15,000,000 590,586,803	- 590,586,803	<i>Exercise price</i> 2.9712 0.1712	<i>Expiry date</i> 18/12/2016 31/07/2019
7.8 Issued during quarter				
7.9 Exercised during quarter	26	26	0.2	0.2
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.



28 April 2016

Sign here: Date:
Director

Angus Edgar

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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