

29 May 2018

ASX Announcement

ARUMA CONTINUES TO EXPAND SLATE DAM GOLD SYSTEM – INTERSECTION OF 18.1g/t Au

HIGHLIGHTS

- 2nd Phase drill program at Slate Dam Gold Project in WA's Eastern Goldfields has significantly extended the Project's gold mineralised footprint
- Stratabound gold mineralisation now confirmed over a total distance of at least 4km in the original anomaly
- >50% of holes in 23 hole-2,778m RC program intersected gold mineralisation including multiple zones of thick mineralisation
- Highlight results include;
 - 1m @ 18.1g/t from surface in hole SDRC48
 - 11m @ 1.05g/t from 27m in hole SDRC53; including
 - 4m @ 1.48g/t from 33m
- Drilling has continued to strengthen the exploration model for Slate Dam to host significant sediment-hosted gold deposits
- Next phase of drilling to commence in June - ~25 RC holes for 3,000m targeting extensions to the mineralised system and repetitions to the east

Aruma Resources Limited (ASX: AAJ) is pleased to announce the results of its Phase 2 drilling program at the Company's 100%-owned Slate Dam Gold Project in WA's Eastern Goldfields.

Aruma completed 23 holes of reverse circulation (RC) drilling for a total of 2,778 metres in this phase of drilling. The program was successful in expanding the footprint of the gold mineralised system at the Slate Dam Project, and also in confirming the significant sediment hosted gold mineralised shoots delineated in the Phase 1 drilling.

All assay results have now been received and have returned multiple intersections of anomalous gold mineralisation, with more than 50% of completed holes (12 of 23 holes) intersecting gold mineralisation. Significant intersections include;

- 1m @ 18.1g/t from surface in hole SDRC48
- 11m @ 1.05g/t from 27m in hole SDRC53
 - Including 4m @ 1.48g/t from 33m; and
- 5m @ 0.847g/t from 45m in hole SDRC53

Plus, zones of thick mineralisation intercepted included

- 20m @ 0.36g/t from 24m in hole SDRC50

ASX: AAJ

Capital Structure

514.8M Shares on Issue

12M Options on issue

Cash \$1.4M

Board of Directors

Non-Executive Chairman

Paul Boyatzis

Managing Director

Peter Schwann

Non-Executive Director

Mark Elliott

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The last result in Table 2, hole SDRC50, was from the southern-most line of drilling and is significant as it confirms and extends the presence of stratabound gold mineralisation now extending over a total distance of at least 4 kilometres (seen Figure 1).

The thicknesses of mineralisation intersected is also of key importance, with three intersections of 10m or more – including 11m @ 1.05g/t Au in the main shoot (see Table 2) and 20m @ 0.36g/t Au in the south-east extension of the drilled area (as shown in Figure 1).

The high grade result in hole SDRC48 was intersected in surface soil and outcrop material and can be considered a very strong soil sample, to be followed up in the next round of drilling. See Table 1 for significant assays (of more than 1.0g/t Au) and Table 2 for significant widths of intersected mineralisation (of 5 or more metres).

The results from the Phase 2 drill program, in conjunction with results of Aruma's first phase drilling and historic drill results from the Project, continue to strengthen the exploration model for Slate Dam to host significant sediment-hosted gold deposits.

Aruma managing director Peter Schwann said;

“We continue to be encouraged by the results from our two drilling programs to date at Slate Dam. To take the Project from concept to validation, and increase its potential to host significant sediment-hosted gold deposits with our first two drill programs completed in the space of just six months, is highly positive for the Company and shareholders. Drilling has continued to intersect gold mineralisation over a significant portion of our initial target area, and we will now immediately seek to pursue extensions and repetitions, plus higher grade zones, in our next phase of drilling. The appraisal of the full 250km² Slate Dam Project area will also be evaluated by geophysical methods successfully used in similar project areas.”

RC Hole	Easting GDA94	Northing GDA95	From m	To m	Width m Downhole	Au FA25 Avg g/t Au
SDRC48	395342	6603458	0	1	1	18.10
SDRC50	397304	6601622	35	36	1	1.04
SDRC53	395750	6602738	33	37	4	1.48
SDRC53	395750	6602738	27	38	11	1.05
SDRC53	395750	6602738	45	47	2	1.24

Note: All holes drilled at -60° inclination at 60° Azimuth

Table 1: Significant Assays (>1.0g/t Au)

RC Hole	Easting GDA94	Northing GDA95	From m	To m	Width m downhole	Au FA25 Avg g/t Au	Zone
SDRC50	397304	6601622	24	44	20	0.36	S Extension
SDRC53	395750	6602738	27	38	11	1.05	Main Shoot
SDRC50	397304	6601622	33	43	10	0.45	S Extension
SDRC53	395750	6602738	87	95	8	0.21	Main Shoot
SDRC50	397304	6601622	24	31	7	0.37	S Extension
SDRC53	395750	6602738	45	50	5	0.84	Main Shoot
SDRC41	395743	6603091	30	35	5	0.29	Main Shoot
SDRC41	395743	6603091	55	60	5	0.13	Main Shoot

Note: All holes drilled at -60° inclination at 60° Azimuth

Table 2: Significant Widths (>= 5m and >0.1g/t Au)

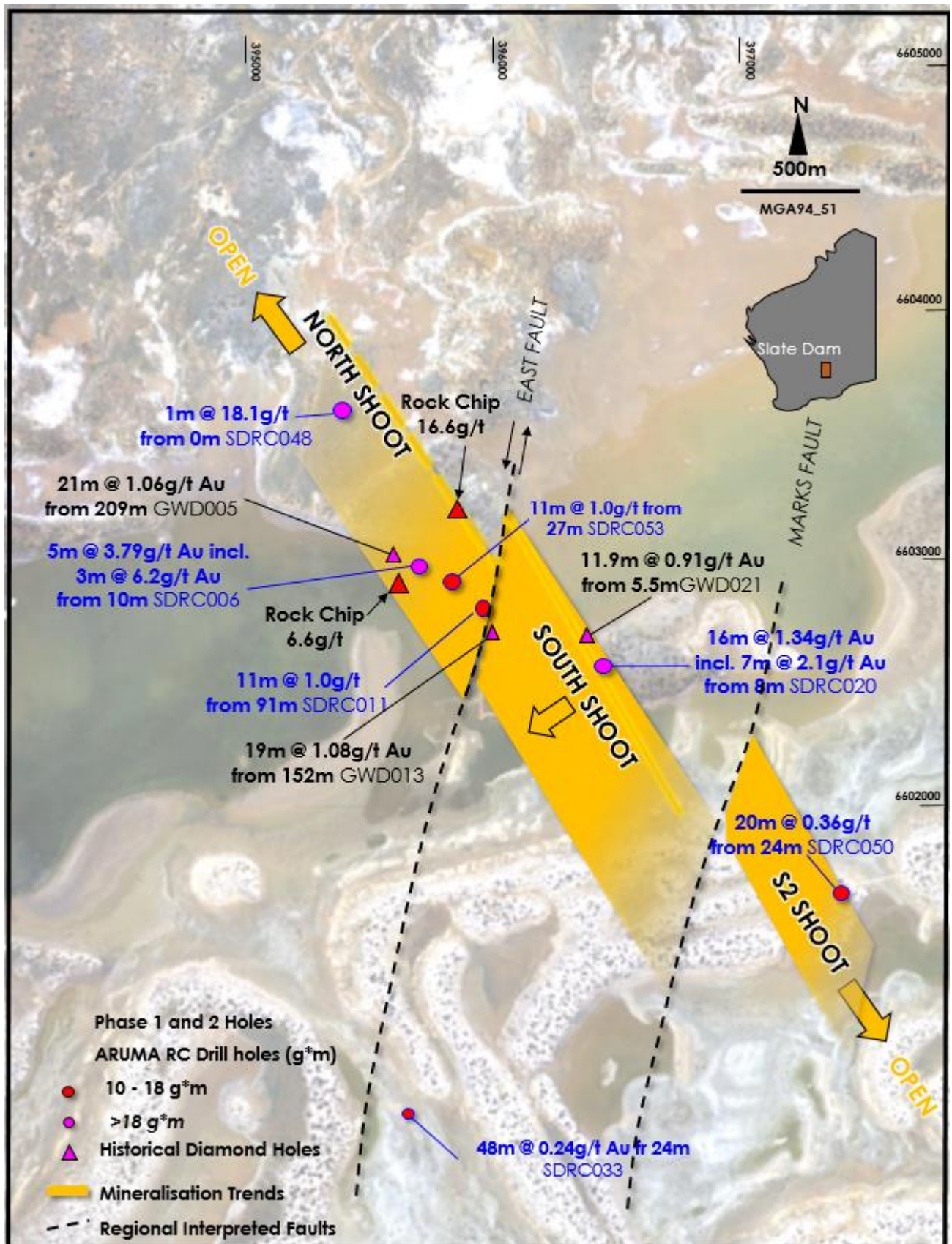


Figure 1: Phase 1 and 2 drilling (blue) and historical results with the interpreted mineralised shoots. The new S2 shoot has been intersected in SDR050 and is offset from South Shoot by Marks Fault.

The Phase 2 drilling follows Aruma's successful Phase 1 drilling program at Slate Dam (completed in the March 2018 quarter) which defined what is interpreted as two major, tabular 20 metre thick shoots dipping 30 degrees to the west. These are interpreted to host mineralised sediments grading >1g/t Au. These shoots are offset by the East Fault, and both currently extend for approximately 700 metres either side of the East Fault, and remain open in all directions.

Highlight results from the Phase 1 drilling program at Slate Dam included:

- 24m @ 1.04g/t Au from 8m SDRC020
 - Including 16m @ 1.35g/t Au from 11m
 - including 7m @ 2.05g/t Au from 11m
- 5m @ 3.79g/t Au from 10m SDRC006
- 11m @ 1.00g/t Au from 91m SDRC011
- 4m @ 2.19g/t Au from 91m SDRC017
- 5m @ 1.00g/t Au from 15m SDRC037

Details of results from Aruma's Phase 1 drill program are provided in ASX announcements, 1 February and 21st February 2018.

Background to Phase 2 drill program

The Company has completed 23 reverse circulation (RC) drill holes for a total of 2,778 metres in the latest phase of drilling, comprising;

- 10 extensional holes design to test the grade and dimensions of the 20 metre thick trend identified in the maiden drill program;
- 10 Repetition holes designed to discover stratigraphic repetitions of the gold mineralised system to the east; and
- 3 holes targeting the priority 440ppb gold anomaly, situated north of Aruma's previous drilling at Slate Dam (ASX announcement, 15 February, 2018).

The drilling sought to extend the dip and strike potential of the major gold shoots identified in the first phase of drilling, and also define higher grade lodes within these shoots (refer Figure 1 for Phase 2 drill hole locations).

Next Steps

The results of this phase of drilling have been utilised, in conjunction with Aruma's ongoing exploration activities, to define drill targets for the Phase 3 of drilling which is booked to commence in early June.

This RC program will consist of at least 3,000 metres designed to target priority areas to the north and south of the currently drill defined shoots at Slate Dam, also to test probable repetitions of gold mineralisation to the east of the current area of drilling. Further details on this program will be provided in due course.

In addition, the results of drilling completed to date by Aruma at Sate Dam, will be added to a detailed geological data base of Slate Dam being compiled by the Company. It will also include data from the recent Trojan and Transville Gold Project acquisitions and other available sources. The data base, once complete, will provide a fuller understanding of the project-wide geology and existing mineralisation, and will help significantly in Aruma's targeting for future exploration.

The Company also plans to embark on a detailed project-wide targeting program at Slate Dam (and the nearby Beowulf Gold Project) to identify further priority drill targets, and continue to unlock the value of these new gold belts. Details on this program will be provided in the near future.

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Competent Person's Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Schwann who is a Fellow of the AIG and Australasian Institute of Mining and Metallurgy. Mr Schwann is Managing Director and a full time employee of the Company. Mr Schwann 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 Reserve'. Mr Schwann consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. All exploration results reported have previously been released to ASX and are available to be viewed on the Company website www.arumaresources.com.au. The Company confirms it is not aware of any new information that materially affects the information included in the original announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

Forward Looking Statement

Certain statements contained in this document constitute forward looking statements. Such forward-looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. These estimates and assumptions while considered reasonable by the Company are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, achievements and performance of the Company to be materially different from the future results and achievements expressed or implied by such forward-looking statements. Forward looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. There can be no assurance that Aruma plans to develop exploration projects that will proceed with the current expectations. There can be no assurance that Aruma will be able to conform the presence of Mineral Resources or Ore Reserves, that any mineralisation will prove to be economic and will be successfully developed on any of Aruma's mineral properties. Investors are cautioned that forward looking information is no guarantee of future performance and accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

Aruma Resources Limited is a proud supporter and member of the Association of Mining and Exploration Companies, 2018.



Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • RC drill samples are taken from various depth holes and sampled in 1m intervals • Samples from depth down hole. • All samples were 25g charge assayed according to Fe and Cl content to ensure best accuracy. High Cl precludes FA and High Fe, S and CO3 is not recommended for AR.
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i> 	<ul style="list-style-type: none"> • Drilling was done with RC rigs using industry standard sampling methods.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • The best endeavors were used to ensure sample recovery and splitting gave the best quality possible.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical</i> 	<ul style="list-style-type: none"> • All samples were logged geologically and qualitatively. Quantitative logging is a waste of time due to smearing and SG differences of the different constituents

Criteria	JORC Code explanation	Commentary
	<p>studies.</p> <ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • All samples rotary split and noted wet or dry. Where sample quality precluded riffle splitting, the material was tube sampled. • The sample size satisfied the Gy size requirements.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • Laboratory standards and methods are industry standards. • Duplicate samples were taken every 30m
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • All significant intersections were inspected by at least two competent and relevant geologists. • No holes were twinned as this is not required in grass roots exploration.
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	<ul style="list-style-type: none"> • Initial hole layout was by GPS. Australian Standard licenced surveyors were used to position the drill holes where required.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • All locations are GDA94
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The spacing was chosen to give overlapping holes • No compositing was done
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • All holes drilled as close to tangential as possible.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • All samples logged and numbered on site and checked as drilled, as logged, as loaded to Laboratory and as submitted.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • The last program used internal standards and this program used duplicates

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • All tenements and issues required are detailed in the reports. • All work done under PoWs.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • Listed in Previous Work

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Detailed in exploration model.
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • Complete.
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • Drill holes are oriented to get intersections as close to true widths as possible. • Metal equivalents never used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • Sections are used but no estimates are made unless the angle of intersection is consistent.
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • As done

Criteria	JORC Code explanation	Commentary
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Null results are not reported and minimum intersection grades are reported and detailed in each table.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Hyvista Data and figures and the relationship with the Aruma exploration and genesis model are detailed.
<i>Further work</i>	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> As detailed in the report.