

**QUARTERLY EXPLORATION  
ACTIVITY REPORT**



**FOR THE PERIOD ENDING  
31 March 2004**

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# QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 MARCH 2004

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## HIGHLIGHTS

Major activity for Arafura Resources NL ( "Arafura" or "Company") in the period ending March 31 included the resource calculations at the Mt Porter gold deposit and the commencement of a major drilling program at the Nolans Bore rare earth/phosphate deposit.

### ➤ MT PORTER GOLD PROJECT

As announced on April 1 the size of the Mt Porter resource has been increased following the inclusion of the December drilling results in the project data base.

At a 1.7 g/t Au cut-off, and a high grade cut of 20 g/t Au the estimated resource has been increased by 27% from previous figures to the following;

Category	Tonnes	g/t Au	Au(oz)
Indicated Resources	300,000	3.1	29,260
Inferred Resources	55,000	2.6	4,600
<b>Total</b>	<b>355,000</b>	<b>3.0</b>	<b>34,200</b>

The above resources are contained within a total Identified Mineral Resource at the project, using a 0.5 g/t Au cut-off of 878,000 tonnes at 1.9 g/t Au for 53,100 ounces.

Arafura has commissioned pit optimisation studies using the new mineral resource estimate and these will be used in development of mining plans.

As previously announced, the Company will further evaluate the strike potential for additional resources and at other nearby prospects, including the 10800 Zone where past drilling has returned intersections of 4 metres at 43g/t Au and 8 metres at 8.4 g/t Au.

### ➤ NOLANS BORE EARE EARTH/PHOSPHATE

The Company has now completed the RC percussion drilling program referred to in the report issued on April 15, 2004. A total of 20 holes were drilled for a total of 1525 metres.

Drilling continued to intersect significant intercepts of phosphate rock which, based on the results of previous drilling and costeaning at the prospect, are expected to return intervals with high REO (rare earth oxide) and phosphate grades.

Summary details of the latest substantive results are listed in the table below:

24 metres between	3-89.5 metres in hole	NBRC 032
22 metres between	10-76 metres in hole	NBRC 034
15 metres between	13.5-37 metres in hole	NBRC 031
14 metres between	19.5-43 metres in hole	NBRC 028
13.3 metres between	34-47 metres in hole	NBRC 036
12.8 metres between	29-83 metres in hole	NBRC 029

Summary details of substantive results reported on previously are listed in the following table:

40 metres	between 0-66 metres in hole	NBRC 017
39 metres	between 4-47 metres in hole	NBRC 013
33 metres	between 1-51 metres in hole	NBRC 020
29.5 metres	between 48.5 -78 metres in hole	NBRC 018
25 metres	between 15-78 metres in hole	NBRC 014
19 metres	between 3-43 metres in hole	NBRC 019
16 metres	between 48-78 metres in hole	NBRC 021

Samples have been dispatched to a commercial laboratory for analysis and results are expected by the end of May 2004.

Following the completion of the percussion program, Arafura has commenced a core drilling program of 4-5 holes which will drill to depths of between 80-100 metres. This drilling is intended to recover samples of fresh and oxidised REE/phosphate rock which will be used for metallurgical testing and collection of geotechnical data.

Arafura has confirmed with YARA International ASA (previously Hydro Agri, a subsidiary of the Norsk Hydro group), and now an independent company, that some laboratory testing will be undertaken at that Company's Norwegian facilities using technology developed for extraction of REE from similar material to Nolans Bore.

Arafura's Chairman, Mr Peter Walker, stated that "These substantial results enhance the prospects of Nolans Bore being of sufficient dimensions to support a mining operation for the production of REOs and fertilizer." Mr Walker added that "Two of the drill holes terminated in massive phosphate rock and this gives confidence that the deposit should continue to significant depth."

For further information contact either, Mr IG (Mick) Muir Managing Director (0417 942 818) or Mr Peter N Walker Chairman (0411 714 142).

Technical aspects of this report have been compiled by Arafura Resources NL Exploration Manager Mr John Goulevitch BSc (Hons), MSc, FAIG (Pending), who is a Competent Person in respect of ASX requirements. Mr Goulevitch consents to the inclusion in the report of the matters in the form and context in which they appear.

## NOLAN'S BORE 2004 DRILLING PROGRAMME - SUMMARY

HOLENO	GRDEAST	GRDNTH	RL	INCLN	AZIMGRD	EOH	LOGGED REE/PHOSPHATE ROCK		
COMPLETED RC PERCUSSION							FROM	TO	INTERVAL
							(m)	(m)	(m)
<b>NBRC013</b>	318729	7502052	659.9	-60	146	<b>78</b>	<b>4</b>	<b>10</b>	<b>6</b>
							<b>13</b>	<b>44</b>	<b>31</b>
							<b>45</b>	<b>47</b>	<b>2</b>
							<b>TOTAL</b>		<b>39</b>
<b>NBRC014</b>	318711	7502077	659.7	-60	146	<b>78</b>	<b>15</b>	<b>26</b>	<b>11</b>
							<b>63</b>	<b>70</b>	<b>7</b>
							<b>71</b>	<b>78</b>	<b>7</b>
							<b>TOTAL</b>		<b>25</b>
<b>NBRC015</b>	318725	7501987	660.0	-55	326	<b>72</b>	NO MINERALISATION		
<b>NBRC016</b>	318708	7502140	659.5	-60	146	<b>78</b>	<b>4</b>	<b>5</b>	<b>1</b>
							<b>15</b>	<b>17</b>	<b>2</b>
							<b>71</b>	<b>73</b>	<b>2</b>
							<b>TOTAL</b>		<b>5</b>
<b>NBRC017</b>	318791	7502100	659.6	-60	146	<b>84</b>	<b>0</b>	<b>16</b>	<b>16</b>
							<b>27</b>	<b>40</b>	<b>13</b>
							<b>55</b>	<b>66</b>	<b>11</b>
							<b>TOTAL</b>		<b>40</b>
<b>NBRC018</b>	318774	7502125	659.5	-60	146	<b>78</b>	<b>48.5</b>	<b>78</b>	<b>29.5</b>
							<b>TOTAL</b>		<b>29.5</b>
<b>NBRC019</b>	318808	7502075	660.5	-60	146	54	<b>3</b>	<b>7</b>	<b>4</b>
							<b>22</b>	<b>31</b>	<b>9</b>
							<b>37</b>	<b>43</b>	<b>6</b>
							<b>TOTAL</b>		<b>19</b>
<b>NBRC020</b>	318818	7502135	659.4	-60	146	<b>75</b>	<b>1</b>	<b>16</b>	<b>15</b>
							<b>19</b>	<b>30</b>	<b>11</b>
							<b>44</b>	<b>51</b>	<b>7</b>
							<b>TOTAL</b>		<b>33</b>
<b>NBRC021</b>	318798	7502160	659.4	-60	146	<b>90</b>	49.5	60	<b>10.5</b>
							63.5	65	<b>1.5</b>
							72	73	<b>1</b>
							75	78	<b>3</b>
							<b>TOTAL</b>		<b>16</b>
<b>NBRC022</b>	318692	7502106	659.6	-60	146	96	48.5	50.2	<b>1.7</b>
							60	64	<b>4</b>
							65.5	66	<b>0.5</b>
							70	72	<b>2</b>
							<b>TOTAL</b>		<b>8.2</b>
<b>NBRC023</b>	318652	7502023	658.3	-60	146	78	6	7	<b>1</b>

HOLENO	GRDEAST	GRDNTH	RL	INCLN	AZIMGRD	EOH	LOGGED REE/PHOSPHATE ROCK		
COMPLETED RC PERCUSSION							FROM	TO	INTERVAL
							(m)	(m)	(m)
<b>NBRC028</b>	318626	7502061	659.0	-60	146	72	19.5	21	1.5
							23.5	24	0.5
							25	27	2
							30	33	3
							36	43	7
<b>NBRC029</b>	318604	7502094	659.5	-60	146	94	29	33	4
							38.5	39	0.5
							41	41.5	0.5
							47	51.5	4.5
							56	58.5	2.5
							65.5	66	0.5
83	83.3	0.3							
							<b>TOTAL</b>	<b>12.8</b>	
<b>NBRC030</b>	318677	7502057	659.6	-55	326	84	63.5	64	0.5
<b>NBRC031</b>	318687	7502045	659.9	-60	152	48	13.5	14	0.5
							17.5	19.5	2
							22	24.5	2.5
							27	37	10
							<b>TOTAL</b>	<b>15</b>	
<b>NBRC032</b>	318657	7502091	658.0	-60	146	96	3	7.5	4.5
							21.5	24	2.5
							25	27.5	2.5
							31	31.5	0.5
							61	61.5	0.5
							72	84	12
88	89.5	1.5							
							<b>TOTAL</b>	<b>24</b>	
<b>NBRC033</b>	318838	7502174	660.0	-60	146	90	72	81	9
<b>NBRC034</b>	318839	7502102	660.0	-60	146	84	10	12	2
							14	15	1
							24	27	3
							40	46	6
							49	54	5
							64	67.2	3.2
							69	70.5	1.5
							76	76.3	0.3
							<b>TOTAL</b>	<b>22</b>	
<b>NBRC035</b>	318823	7502052	660.0	-60	146	36	2	8.2	6.2
							<b>TOTAL</b>	<b>6.2</b>	
<b>MBRC036</b>	318857	7502150	660.0	-60	146	60	34	47.3	13.3
							<b>TOTAL</b>	<b>13.3</b>	
<b>TOTAL</b>						<b>1525</b>			

## Appendix 5B

### MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

**ARAFURA RESOURCES NL**

ACN or ARBN

080 933 455

Quarter ended ("current quarter")

31 March 2004

#### Consolidated statement of cash flows

	Current Qtr \$A'000	Year to Date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation	(80)	(227)
(b) development		
(c) production		
(d) administration	(196)	(505)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	33	65
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Royalty received		375
GST Paid	(13)	(11)
<b>Net Operating Cash Flows</b>	<b>(256)</b>	<b>(303)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(24)	(24)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets	1	1
1.10 Loans to/from other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net Investing Cash Flows</b>	<b>(23)</b>	<b>(23)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(279)</b>	<b>(326)</b>

1.13 Total operating and investing cash flows (brought forward)	(279)	(326)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from the issue of shares, options, etc.		3,500
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from borrowings		
1.17 Repayment of borrowings		
1.18 Dividends paid		
1.19 Other – Capital Raising Expenses	(135)	(479)
<b>Net financing cash flows</b>	(135)	3,021
<b>Net increase (decrease) in cash held</b>	(414)	2,695
1.20 Cash at beginning of quarter/year to date	3,218	109
1.21 Exchange rate adjustments		
1.22 <b>Cash at end of quarter</b>	2,804	2,804

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current Qtr \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	58
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors Fees & Super (28), Salaries & Super (30)

**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

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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

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**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	450
4.2 Development	
<b>Total</b>	450

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	24	58
5.2 Deposits at call	2,780	3,160
5.3 Bank Overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (Item 1.22)	2,804	3,218

**Changes in interests in mining tenements**

Tenement Reference	Nature of interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL/22783	100%	Nil
6.2 Interests in mining tenements acquired or increased	Nil		

**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.*

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	Number Issued	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
<b>7.1 Preference securities</b> (description)				
7.2 Issued during Quarter				
<b>7.3 Ordinary securities</b>	43,957,508	26,748,336		
7.4 Issued during Quarter				
<b>7.5 Convertible debt securities</b> (description)				
7.6 Issued during quarter				
<b>7.7 Options</b> (description)	25,850,000	11,425,000	Exercise Price 20 cents	Expiry Date 30/6/2008
7.8 Issued during Quarter				
7.9 Exercised during Quarter				
7.10 Expired during Quarter				
<b>7.11 Debentures</b> (totals only)				
<b>7.12 Unsecured notes</b> (totals only)				

## 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 4).
2. This statement does give a true and fair view of the matters disclosed.



Sign here:

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Ross Arancini  
Company Secretary

Date: 29 /4 /04

## Notes

1. The quarterly report is to provide a basis for informing the market how the activities of the entity have been financed for the past quarter and the effect on its cash position. Any 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 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, 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 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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