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PRESS RELEASE

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ARAFURA INCREASES MT PORTER GOLD RESOURCE

Arafura Resources NL (Arafura) today announced an increase in resources at their Mt Porter prospect 165 km south east of Darwin. Details are listed below.

The increase in resources is primarily due to positive results from the drill program in November 2003 which showed improved continuity of high grade mineralised zones. Contained gold increased by 27% with only a minor lowering of resource grade to 3.0g/t Au.

Arafura's Chairman Peter Walker said, "this increased resource will enhance the Company's progress to a gold producer through development of an open pit mine at Mt Porter".

At a 1.7g/t cutoff grade, the Identified Mineral Resource in the 10400 Zone has been increased by 27% from the previously reported estimate. The updated estimate is summarised in Table 1 below.

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

The reported resource at Mt Porter encompasses the 85m vertical interval from 525mRL (surface) to 440mRL. Mineralisation occurs in a complexly folded cherty iron formation within the Middle Koolpin Formation host to the Cosmo Howley ore bodies.

The block model resource estimate was prepared in accordance with current JORC requirements by Resource Evaluations Pty Ltd using inverse distance squared (ID²) grade interpolation constrained by mineralisation envelopes prepared using a nominal 0.5g/t cut-off grade and a minimum downhole length of 2m. A high grade cut of 20g/t was used. Gold assays were determined by the fire assay method on core (21 holes) and RC percussion (51 holes) samples. Bulk density values were derived from determinations on drill core.

The total Identified Mineral Resource at the project using a 0.5g/t cutoff is 878,000T at 1.9g/t for 53,100 ounces which includes Indicated Mineral Resource of 694,000T at 2.0g/t for 44,000 ounces and Inferred Mineral Resource of 184,000T at 1.55g/t for 9,100 ounces.

Pit optimisation studies using the new Mineral Resource estimate will be carried out during April. The results of the optimisation will assist with the assessment of development options for the Mt Porter Project.

Further geological evaluation is planned to explore for additional resources along strike and at other nearby prospects, including the 10800 Zone where past drilling has returned intersections of 4 metres @ 43g/t and 8m @ 8.4g/t in dolerite host rocks.

The Company also advises that the drill program at its Nolans Bore rare earths project 130 kms north of Alice Springs has been further delayed by rain in the project area. Drilling will commence as soon as roads and tracks are sufficiently dry to allow heavy vehicle movement. This is expected within 7-10 days.

The information in this report that relates to drilling and geological interpretation is based on information compiled by Mr John Goulevitch of Exploremin Pty Ltd who is a Fellow of the Australian Institute of Geoscientists. Information that relate to the Mineral Resource estimate was prepared by Mr Paul Payne of Resource Evaluations Pty Ltd who is a Chartered Professional Member of the Australian Institute of Mining and Metallurgy. Mr Goulevitch and Mr Payne have sufficient experience relevant to this style of mineralisation to qualify as Competent Persons as defined in the 1999 edition of Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) and consent to the inclusion in this report of the matters based on their information in the form and context in which it appears. Mr Goulevitch is Exploration Manager of Arafura Resources.

For further details contact Mick Muir (0417 942 818) or Peter Walker (0411 714 142).