



ASX ANNOUNCEMENT - 8 JUNE 2005

ARAFURA RESOURCES TO INCREASE URANIUM TENEMENT HOLDINGS

Yalyirimbi Exploration Licence Application

- Arafura Resources has lodged an application for an exploration licence over the potentially uraniferous Yalyirimbi area in the Northern Territory.
- The application area contains a uranium source rock (a granite rock) anomalous in uranium (20-30ppm U_3O_8).
- Initial exploration of the tenement has identified a number of prospects assaying 800 to 975 ppm U_3O_8 .
- The project area contains a number of uranium mineralisation targets similar in feature to the Mary Kathleen, Yeelerrie and Beverly uranium deposits

Arafura Resources NL (ASX:ARU) today announced that it has applied for an exploration licence (covering 1560 km²) in the uraniferous Reynolds Range district of the Northern Territory.

The Yalyirimbi application area is considered to be prospective because of the extensive accumulation of sediments directly derived from the erosion of a granite rock (Napperby Gneiss). This granite, exposed over an area of 250 km², is believed to be the primary source of the uranium and contains mineralisation with assays of 20 to 30 ppm U₃O₈.

Initial exploration of the Yalyirimbi tenement has identified a number of individual prospects in the intrusive complex which contain significant grades of uranium mineralisation. The results include 940 ppm U₃O₈ at Gidyea Creek, 800 ppm U₃O₈ at Day Creek and 975 ppm U₃O₈ at Napperby Creek prospect.

The presence of uranium bearing source rocks, uranium mineralisation in prospects near the granite, and the composition and proximity of the eluvial sediments, all indicate that the tenement is highly prospective for a number of uranium targets including red-ox and calcrete styles in sedimentary rocks as well as a Mary Kathleen style uranium mineralisation.

Yalyirimbi will complement the Company's adjacent Nolans Bore phosphate-hosted rare earths and uranium deposit which has an inferred resource with identified grades of 0.68lb/tonne U₃O₈.

"Adding to and developing Arafura's uranium projects is a natural growth of our current asset mix, particularly as uranium is a commodity with rapidly growing demand that can deliver strong returns for investment," Arafura's Managing Director, Alistair Stephens said.

"Australia, and particularly the Northern Territory, is viewed as the most prospective region in the world for the discovery and development of world class uranium mines and Arafura is aggressively pursuing opportunities to capitalise on this," he added.

Arafura intends to proceed with preliminary on-ground reconnaissance at Yalyirimbi while the application is in progress. Exploration of this highly prospective application area is planned for 2005/06 once full title has been granted.

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Company Background

Arafura Resources NL holds a number of tenements in the Northern Territory, principally prospective for uranium and rare earths. The Company's key assets include the Lagoon Creek tenement on the Northern Territory - Queensland border which contain uranium and the Nolans Bore tenements which include rare earths and uranium.

The Company's primary objective is to become a significant producer of rare earth and uranium commodities, based on an aggressive strategy of growth and production.

Figure 1
Yalyirimbí Tenement Location

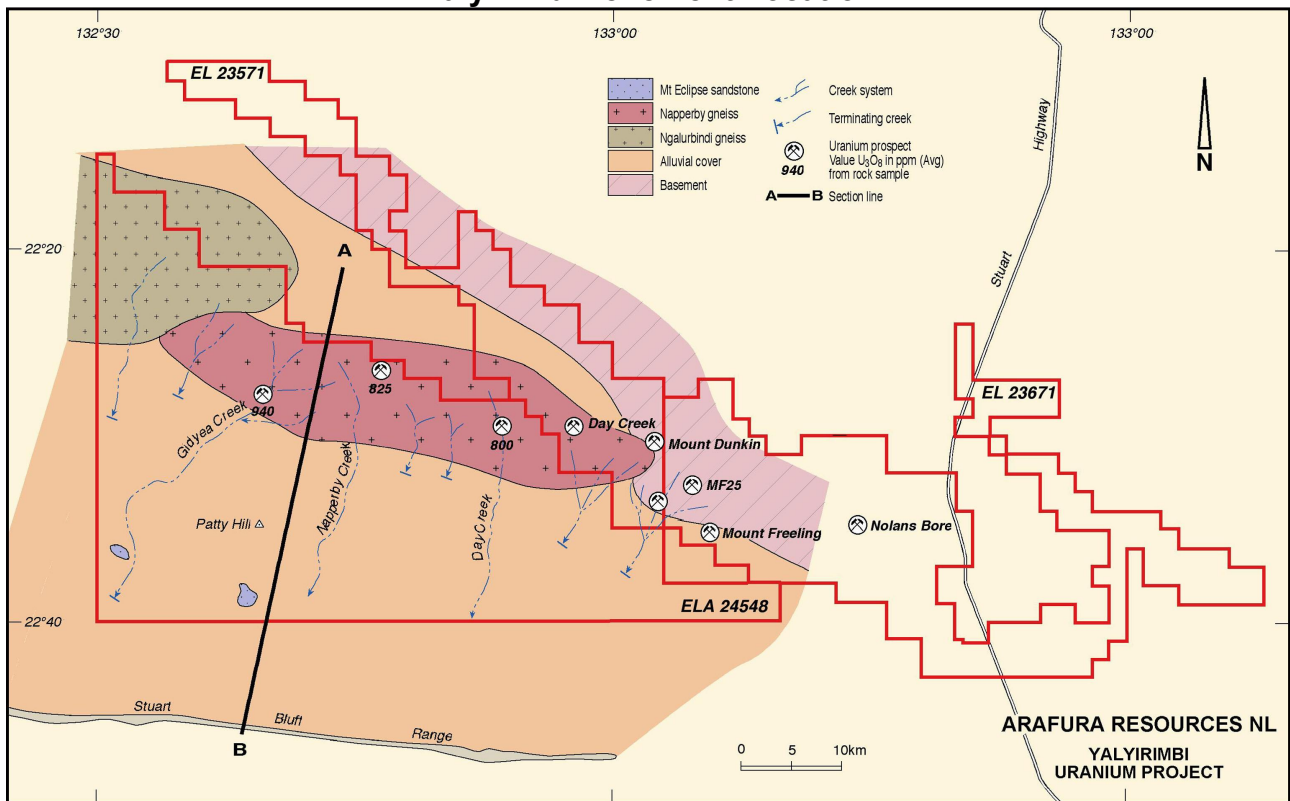


Figure 2
Uranium Targets

