

**EXPLORE MIN**

**PTY.**

**LTD.**

**EXPLOREMIN PTY. LTD.**  
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19 February 2003

**CR 20030046**

The Director of Titles  
NT Department of Business Industry & Resource Development  
GPO Box 3000  
**DARWIN 0801**

Dear Sir

**Re: Annual Report Year Ended 22 January, 2003**  
**Exploration Licences 9709 - Supplejack/Elkedra - Arafura Resources NL**

On behalf of our client, Arafura Resources NL, the current holder of this licence, we advise that no on-ground exploration was conducted on the licence area during the past year.

This is a result of delays in Arafura's attempt to finalise an IPO to raise exploration funds. We can report that near the end of 2002 the Company successfully raised additional working capital to meet the administrative costs of the IPO. This is now planned for completion toward the end of April, 2003, subject of course to a favourable investment climate at that time.

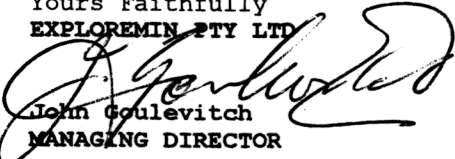
As part of the IPO process the Company has had an Independent Consulting Geologists Report completed for all of its projects including this title. This process included a brief visit to the Elkedra area by the Independent Geologist accompanied by a Director of the Company.

We further advise that during the past year Arafura has conducted extensive negotiations with the Central Land Council in respect of a Native Title Exploration Compensation Agreement and several ILUAs covering all of its titles and applications in areas administered by the CLC. All conditions of these agreements were finalised in December, 2002, and execution of final documents with the CLC is planned for late March to coincide with the AGES Seminar in Alice Springs. The agreements will then be registered with the National Native Title Tribunal.

We estimate that some \$10,000 of the costs involved in preparing the ICGR and of the administrative costs of Arafura over the past year, and some \$3,000 (out of a total of \$17,832) of legal and consultants costs incurred by Arafura on the CLC agreements can be allocated to EL 9709. The total of \$13,000 does not satisfy the Expenditure Covenant for Year 1 of the title which was set at \$65,000. As a consequence, in accordance with Section 45 of the Mining Act, we hereby apply to the Minister for a variation of the covenant to whatever amount was actually spent on the title during the term. Please find attached our cheque for \$50.00 being in respect of the fees applicable to this request.

We propose that the same exploration program and expenditure covenant as was detailed in the application for the title now apply for the second year.

Yours Faithfully  
**EXPLOREMIN PTY LTD**

  
**John Goulevitch**  
**MANAGING DIRECTOR**

Cc: Arafura Resources NL, Perth

