



ARAFURA RESOURCES LTD

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 December 2009

Highlights

- ▲ Successful optimisation work for the chemical flow sheet has continued with the aim to reduce CAPEX and OPEX.
- ▲ Location study for Chemical processing facility completed, discussions regarding short listed sites in progress.
- ▲ Chemical supply study to reduce operating costs and minimise the potential liability of an emissions trading scheme well progressed with significant upside identified.
- ▲ Nolans Project BFS scheduled for completion by the end of 2010.
- ▲ Dr. Stephen Ward appointed MD and CEO.
- ▲ Arafura attends the International Rare Earths conference in Hong Kong.
- ▲ Rare earth market outlook is improving with prices rising.
- ▲ AGM held November 2009, all resolutions passed.



CORPORATE

Executive Management

During the quarter, the board was pleased to announce the appointment of Dr. Stephen Ward as Managing Director and Chief Executive Officer effective 1st January 2010.

Dr. Ward joined Arafura in August 2007 as a non-executive director and his appointment follows an extensive global search for suitable candidates.

He has an extensive mining and chemical background with a range of operational and technical management experience and brings a proven track record of bringing projects from junior development stage into full revenue producing operations.

Having served on the board of Arafura since 2007, Dr. Ward is able to minimize normal role transition delays and ensure Arafura remains on track to deliver its Bankable Feasibility Study as soon as possible in 2010.

Annual General Meeting

The company's AGM was held on 24th November, with all resolutions being passed by shareholders. One of these resolutions gave approval for a share capital issue of up to 15% of the issued capital of the company at a price no less than 80% of the 5 day volume weighted average of the share price. This approval is valid for a period of 3 months from the AGM.

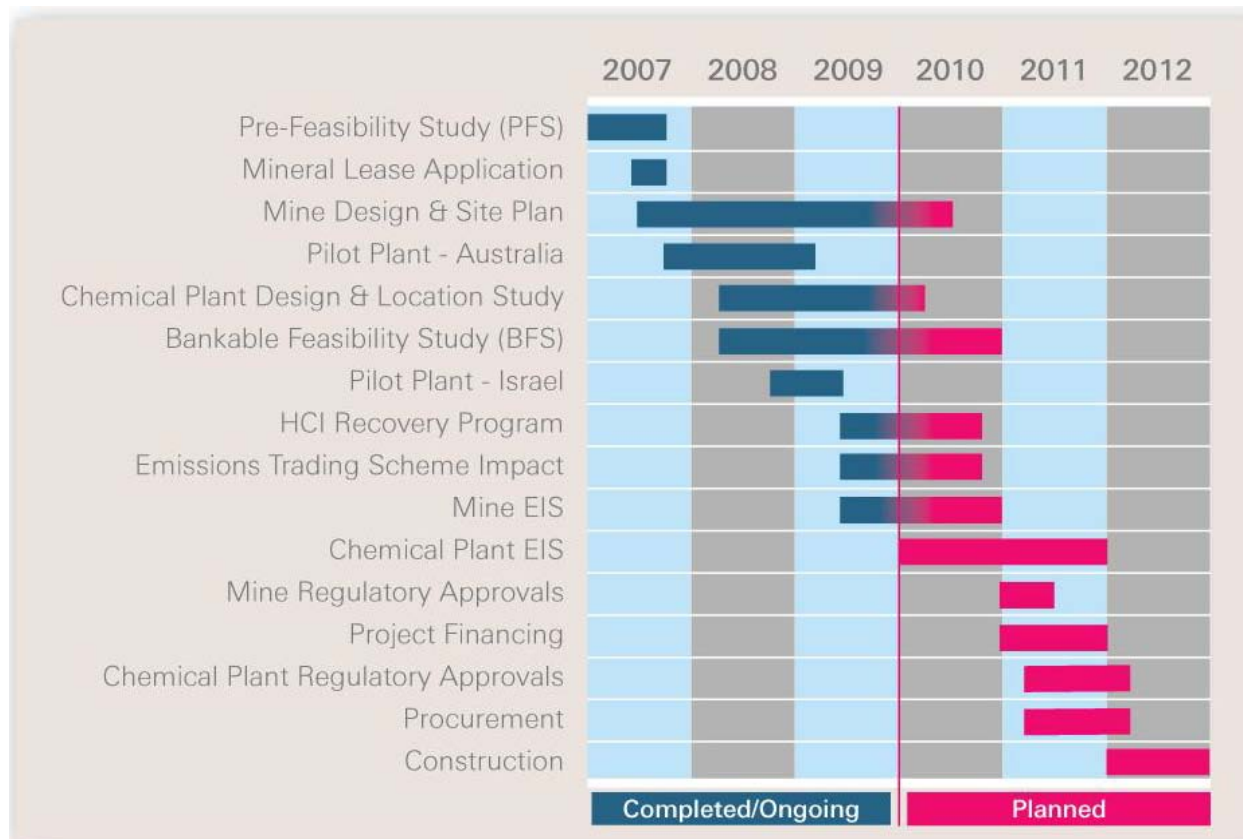
In 2010, Arafura remains focussed on completing the bankable feasibility study. This will include the Nolans mine site, transport and chemical processing facility and enable project financing decisions to be made early in 2011. In addition and in part complimentary to the BFS, Arafura intends to:

- Commence an extensive drill out program at the Nolans deposit with the aim of increasing both resource size and confidence. Larger overall resources and improved categorisation into higher confidence levels significantly reduces resource risk, which inherently makes project financing easier;
- Expand the Nolans chemical facility feasibility studies to include chemical feed optimisation with chlorine recycling with the aim to reduce operating and capital costs; and
- Execute exploration programs on existing tenements with the aim of maintaining the Company's long term development and growth.



NOLANS PROJECT

Program Timeline



Bankable Feasibility Study (BFS)

The current technical program continues to focus on the chemical plant feasibility study. This study is progressing on schedule with the front end engineering expected to be completed by the middle of 2010.

Site location studies for the chemical facility have been completed and a short list is now being assessed in much greater detail. Further discussions with key stakeholders will be undertaken in the first quarter of 2010 to identify the most appropriate location in early 2010.

Mine site engineering and environmental studies have commenced, with tender packages placed and detailed environmental studies underway. These will be completed during 2010.

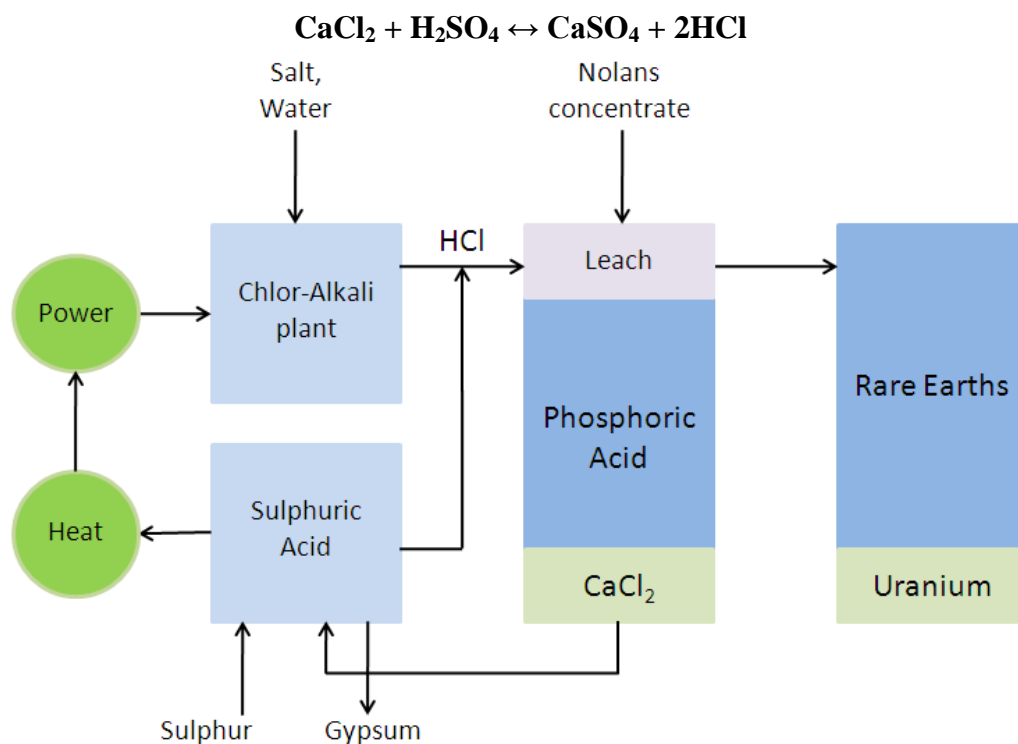


Consultation continued with traditional indigenous owners and the Central Land Council on the terms of the proposed mining agreement.

Project development

Arafura has completed a scoping study and test work to consider treating calcium chloride with sulphuric acid to produce gypsum and recirculated hydrochloric acid. The aim of this study was to create efficiencies in the chlorine recycle process to minimise front end raw material costs and improve chemical efficiencies. Resulting operating and capital costs have shown promising results and will be further refined in 2010.

Further, the test work would indicate that a significant reduction in the size of a chlor-alkali plant for hydrochloric acid supply and the construction of a sulphuric acid plant are warranted to provide reagents for the recycling of chlorine valves from by-product calcium chloride. The heat generated by the sulphuric acid plant could be used to generate electrical power and process steam for operating plants. This reduces the total plant's power draw and significantly reduces the operation's carbon footprint. The simplified flow sheet for this design is shown below.





MARKETING

Industry activity

Below is a collection of events from the rare earths and related industries for the quarter:

- The Chinese government has allocated the first batch of export quotas for rare earths in 2010. The quotas total 16,304 tonnes, representing an increase of 1,261 tonnes compared with 15,043 tonnes allocated in the corresponding period of 2009. China normally allocates rare earth export quotas twice a year. The second batch of export quotas in 2009 were 16,267 tonnes. (Metal Pages December 31 2009). However despite this announcement prices are set to rise, as outlined under *Pricing* most likely attributable to an increase in demand from global consumers.
- Metal Pages is predicting that the next 12 months for the rare earths industry will be dominated by price rises amid supply issues in China and rapidly growing demand. Material flows out of China are expected to be constrained further in 2010 as the government cracks down on environmentally hazardous operations and more material is consumed domestically. The rapid consolidation among Chinese producers is also expected to further hamper supply as merging companies take time to bed down. Demand for rare earths is expected to continue growing as end-user sectors such as automotive and renewable energy increasingly turn to technologies heavily dependent on rare earths. Prices for many of the rare earths are expected to be propelled upwards, particularly among the heavy rare earths that are in great demand. These are mainly extracted from the ionic clays of South China, a region under pressure to address environmental and illegal mining issues. Supply could be an issue if the government is successful in enforcing tighter environmental controls.
- Rechargeable batteries containing lanthanum hold greater near-term promise than those based on lithium-ion technology for large scale use in electric and hybrid vehicles, according to a high-profile rare earths and minor metals researcher and analyst. Honda and Ford also are making vehicles using NiMH batteries, production of which requires significant amounts of lanthanum. Supply of this rare earth element is seen as problematic in the future—a factor that will constrict market growth for vehicles dependant on NiMH batteries unless significant new production comes on stream in the near future, (Metal Pages October 30 2009). This represents an excellent opportunity to Arafura Resources for future sales.
- The Chinese Ministry of Foreign Trade and Economic Cooperation is reported to be planning a new strategy to control exports of key industrial minerals. In 2010, any companies wishing to export material will require capital investment in China of a reported \$20m., which would rule out a number of smaller players, according to the source. The actual investment figure is estimated to be between US\$20m to \$30m. This follows a speech given by Chao Ning, director of Dept. of



Foreign Trade at China's Ministry of Commerce at the 8th Chinese Industrial Minerals Conference in Qingdao, when in his last item he mentioned that "export qualification conditions" look set to involve stricter application procedures for those wishing to export minerals, and especially "processed" minerals from China. (Industrial Minerals November 11 2009).

- China should use its reserves of foreign currency to buy rare earths for stockpiling in a bid to protect strategic resources, said a senior Chinese researcher on rare earths. Mr. Xu Guangxian, professor at Peking University has been critical of Japan and South Korea's strategy in accumulating rare earth materials. "Japan and South Korea have built up stockpiles which are enough for 20 years of consumption by taking advantage of low market prices before 2008 when China began to restrict production but China hasn't set up a stockpiling system yet," Xu criticized. "We must set up a stockpiling system for rare earths and thorium and support leading domestic producers like Baogang, Minmetals and Jiangxi Copper to implement the stockpiling," Mr. Xu, also an academician at the Chinese Academy of Sciences said. He is regarded as the "Father of Rare Earths" in the industry in China. (Metal Pages November 2 2009).
- The US government has ordered a report on rare earths as they apply to the military's defense supply chain. The report, which must be completed by April 1, 2010, was part of the US National Defense Authorization Act for the government's 2010 fiscal year, which was recently signed into law by President Barrack Obama. Key to the report will be an analysis of projected availability of rare earth materials, approximately 95% of which are currently produced by China. The US military is said to be particularly concerned about the continued availability of neodymium for use in neodymium iron boron magnets. (Metal Pages November 6 2009).
- The Japanese Government is working on a "growth blueprint" that would exploit the prolonged weakness of the US dollar and mount a state-backed resource grab for rare technology metals around the world. As China has hardened its stance on exports, Japan has begun a frantic search for supplies elsewhere. The Government's new plan will allow the Japan Oil, Gas and Metals National Corporation (Jogmec) to funnel capital towards Japanese companies wanting to pounce on rare metal mines around the world. The plan extends an existing arrangement, whereby Jogmec was able only to back companies involved in the energy sector. The proposal is expected to lead to government money being offered to companies that want to join in the capital intensive business of downstream processing of rare metals. (Times Online December 9 2009).
- A recent Times and Channel 4 (UK) report and television story describe the damage caused by the processing of rare earths in China and the conditions that workers work under. While some of the story could be interpreted as journalistic creativity, it highlights the fact that sustainable production methods will be the focus of the next generation of rare earths producers – a point of differentiation that Arafura should use to its advantage. (Times Online December 6 2009).



- An expert group set up by the European Commission has begun screening a list of forty-nine "potentially critical" raw materials whose availability to industry could come under threat as global competition for natural resources intensifies. A first batch of raw materials – cobalt, lithium and rare earths – was examined by the expert group during its first meeting in November, with the objective of testing the Commission's proposed methodology on the raw materials' "criticality". EU industries, and particularly those active in telecoms, aerospace and other hi-tech sectors, are facing fierce competition for natural resources from emerging economies, the Commission pointed out last year, outlining its draft raw materials strategy. The new strategy, to be fully fleshed out next year, should aim to lower the consumption of primary natural resources by increasing resource efficiency and recycling (EurActiv December 2009).
- China Rare Earth (CRE) and Osram (Germany) have commenced construction of a JV phosphor factory in Yixing City, Jiangsu Province. Total investment in the project is EUR 43.5 million and Osram have a 50.1% share of the project. The factory is planned to produce red/green/blue phosphor for lighting and to commence production in December 2010. 30% of production is understood to be allocated to external customers. (Mitsubishi Corp Unimetals November 2009).
- The market for lithium-ion batteries in transportation has been forecast to increase to \$8,000m. in annual sales by 2015 from about \$878m. in 2010, driven by the growth of plug-in hybrid and allelectric vehicles, according to a new report. These vehicles contain much larger battery packs than conventional hybrids, creating higher demand for battery components suppliers, including the lithium industry. However, it remains to be seen whether the electric vehicles sector will continue its rise without the help of government incentives and production goals, largely aimed at reducing carbon emissions and enhancing energy security. "2012 will be the make or break year for the electric vehicle market," said John Gartner, senior analyst at USA-based Pike Research. Japan's Nissan Motor Company Ltd. revealed earlier in the year that its 24kWh battery for the new Leaf electric vehicle will use 4kg of lithium (metal equivalent). Demand for lithium carbonate is currently lagging however, as shown by the world's largest producer, SQM SA, cutting prices by 20%. The cuts on all of SQM's new contracts and renewals from 1 January 2010 will see lithium carbonate fall to \$2.5/lb, a price which was last seen on bulk contracts in 2005. (Industrial Minerals December 3 2009).

Arafura Marketing Activities

During November the Metal Events Roskill International Rare Earths Conference was held in Hong Kong. The conference was attended by Arafura representatives Mr. Mick Muir, Ms Shasha Lu and Mr Robert Sills. This year there was a focus on debate over China's rare earth export policies and their predicted direction as the supply/demand margin narrows towards 2014 where there will be no surplus without additional suppliers.



The conference was also an excellent opportunity for the Arafura Representatives to meet and discuss future opportunities with well-established companies in the rare earths and greater industrial minerals industry and discussions will continue into 2010.

With improvement in REO prices and general improving market sentiment Arafura will progressively seek to engage with strategic partners during 2010 as the BFS comes to completion.

Rare earth prices

Prices for most rare earth oxides saw an improvement during Q4 and are expected to continue to improve into 2010 on the basis of increased demand and a slower pick-up in supply.

Higher prices for rare earth carbonate were being reported from mid-October on the back of increasing demand for rare earth carbonate from downstream consumers due to the recent sharp rise in prices for praseodymium/neodymium. Market players reported that transactions for the carbonate with some 15% neodymium content have been taking place at Rmb 9,200-9,300/tonne (\$1,553-1,570/tonne), with even higher prices of Rmb 9,500/tonne (\$1,604/tonne) also reported, while a few days back some consumers reported having purchased material at close to Rmb 9,000/tonne (\$1,519/tonne). “The market supply has been so tight that more consumers have been unable to obtain enough rare earth carbonate to meet the needs of their operations,” said an executive of a Baotou-based rare earth oxides producer, reporting that offer prices of about Rmb 9,300-9,400/tonne (\$1,570-1,587/tonne) have been visible in the market recently. According to the source, it has become somewhat difficult to obtain the carbonate at about Rmb 9,200/tonne (\$1,553/tonne) at present, as many market players are expecting prices to head further north in the days to come.

REO pricing during the November and December 2009 started to pick up especially for magnet and glass applications – Nd, Pr, Ce, and La.

The market for rare earth used in glass making is stable but gaining momentum. Prices for high purity cerium oxide (CeO₂ 99%) sourced from the Baotou region in northern China are expected to remain stable over the coming quarter. Cerium oxide is widely used in glass, ceramics and catalyst manufacturing. In glass manufacturing, it is used to produce a polishing compounds for flat glass (beveling and mirror making), optical, crystal, precision and display (CRT and LCD) products. A major processor of polishing compounds based in the UK has been quoted as saying: “The market for cerium oxide is slowly strengthening but we do not anticipate any major change in volume supply from mines or separators in China over the coming two to three months, and we expect prices to remain stable.”

Over the past year alone, prices for the CeO₂ >99%, which were around RMB 12/kg (\$1.76/kg) in November 2007, have gained 50% to a level of over RMB 18/kg (\$2.64/kg) by December 2009.

Prices for CeO₂ >99.995%, which were RMB 48/kg (\$7.03/kg) in November 2007, now stand at RMB 44/kg (\$6.44/kg). (Industrial Minerals December 2 2009).



Below is a table of rare earth oxide prices comparing Q4 prices over the last 5 years. Despite dropping in Q1 the table indicates that prices have begun to improve and return to pre-GFC levels.

Source: Industrial Minerals, Metal Pages October-December 2009

REO	Q4 Average REO Prices 2004-2008					Quarterly Average REO Prices 2009			
	Q4 2004	Q4 2005	Q4 2006	Q4 2007	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Lanthanum Oxide	\$1.54	\$1.85	\$2.15	\$4.63	\$8.17	\$6.88	\$5.77	\$5.48	\$5.43
Cerium Oxide	\$1.43	\$1.45	\$1.67	\$3.65	\$4.55	\$4.53	\$4.55	\$3.62	\$3.95
Praseodymium Oxide	\$7.69	\$9.58	\$19.54	\$29.95	\$17.62	\$14.25	\$14.25	\$14.25	\$20.00
Neodymium Oxide	\$5.85	\$9.79	\$20.60	\$30.28	\$17.78	\$14.25	\$14.28	\$14.17	\$19.33
Samarium Oxide				\$3.70	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Europium Oxide	\$300.00	\$245.33	\$240.00	\$338.00	\$490.00	\$436.67	\$460.00	\$483.33	\$490.00
Gadolinium Oxide				\$10.00	\$8.75	\$6.92	\$6.75	\$6.48	\$6.30
Dysprosium Oxide	\$34.67	\$50.33	\$77.00	\$89.33	\$110.00	\$92.33	\$105.00	\$108.33	\$112.33
Terbium Oxide	\$320.67	\$326.00	\$512.00	\$596.33	\$498.33	\$358.33	\$350.00	\$350.00	\$350.00
Yttrium Oxide			\$4.00	\$9.80	\$15.35	\$15.25	\$15.25	\$13.42	\$10.50
Lanthanum Metal	\$3.52	\$4.05	\$4.25	\$7.58	\$12.25	\$11.08	\$9.78	\$9.65	\$9.88
Neodymium Metal	\$8.20	\$12.67	\$28.12	\$38.74	\$23.75	\$17.50	\$18.58	\$19.63	\$26.23
Mischmetal (Low Zn/Mg)	\$3.50	\$3.65	\$4.50	\$14.44	\$14.25	\$11.25	\$11.25	\$11.25	\$11.25
RE Carbonate	\$0.56	\$0.74	\$1.92	\$3.33	\$4.27	\$3.63	\$3.63	\$3.55	\$3.75

Note: Source for prices is metal pages© Prices have been rounded.

Phosphoric acid

The most recent industry data for phosphate based fertilisers indicate more stable and sustainable prices are being achieved in the light of the largest contraction of sales for phosphate fertiliser in 75 years. The extract from The Industrial Minerals publication below gives a positive outlook for medium term phosphate prices;

Activity has been picking up slightly in the phosphate market, and producers are hopeful that these are signs that a recovery in monoammonium phosphate (MAP) and diammonium phosphate (DAP) pricing is underway. Phosphate rock prices have remained steady throughout 2009, at \$80-90 per tonne, FOB North Africa, for large contracts.

The signs for 2010 are promising. Grain and oil seed prices have rallied in North America. In India, there is a strong demand for fertilisers, due in part to government subsidies. In China, price controls on food producers, which had fixed grain and oil seed prices that limited farmers' income, have been lifted. Chinese farmers, now able to take advantage of price increases, which should see them enter the fertilizer market in greater numbers. Although China is self sufficient in phosphate production, an increase in domestic demand would reduce exports to other markets.



Looking to 2010, the major global fertiliser companies are predicting that the farmers will need to replenish nutrients in the ground, which will boost sales. According to the latest ANZ Agribusiness Report on December 15, DAP prices reached a low of FOB US\$280 in the first half of November, but have since risen to US\$345 per tonne, a 23% increase in 4 weeks. Could this be the first step in better prices for 2010?

Uranium Industry Update

The European Commission has unveiled details of how a new trade agreement between South Korea and the European Union (EU) will benefit the nuclear energy sector. The deal should boost trade in equipment and fuel inputs in both Europe and South Korea.

Notably, upon ratification of the agreement, 5.7% duties on EU imports of South Korean nuclear reactors will disappear, as will 3.7% tariffs on machinery and apparatus for isotopic separation; fuel elements and nuclear reactor parts; and 2.7% duties on a wide range of water boilers that could be fitted into EU nuclear power plants.

Thorium cermet (composite materials composed of ceramic and metallic materials) imported into the EU from South Korea currently attract 5.5% duties. Under the new agreement, these would be scrapped, as would 5.5% duties on heavy water, deuterium and compounds; hydrogen and compounds thereof, enriched in deuterium; and mixtures and solutions containing these products, strontium and barium. (World Nuclear News October 22 2009).

A combination of electric vehicles and nuclear baseload power generation will solve America's climate and energy security problems, according to testimony from a senior utility chief. David Crane of NRG Energy, which has some 24,000 MWe of generating capacity, spoke in front of the US Senate's Committee on Climate Change Legislation recently stating: "We need to build a zero carbon baseload foundation under our wind farms and solar fields. That foundation is new advanced nuclear power." (World Nuclear News October 29 2009).

The Copenhagen Climate talks did not provide the necessary impetus expected to improve the awareness of uranium's role in reducing carbon dioxide emissions with no major nation committing to quantifiable emission levels. However the industry predicts that demand will improve from 2010 as more nuclear facilities are announced and nations such as South Korea look to secure strategic sources of uranium for nuclear fuel.



EXPLORATION

AILERON-REYNOLDS PROJECT (REE-P-U)

The reconnaissance program which commenced in September was completed in November. The primary target for this program is apatite-hosted rare earths mineralization, similar to the Nolans deposit.

Preliminary geochemical assays have now been received. Six sites on SEL 23671 returned anomalous results in one or more of rare earths, yttrium, uranium, thorium and phosphorous. Follow-up exploration at each of these sites is a priority for the 2010 field season. A number of sites on EL 23571 returned anomalous assays in tin, tungsten, tantalum and bismuth. These sites will be re-visited during 2010. Negative results elsewhere on EL 23571 provided justification to effect a 50% statutory reduction of the tenement.

Arafura applied for five new ELs during the Quarter in the Aileron-Reynolds region: ELs 27290, 27291, 27335, 27336 and 27337.

HAMMER HILL NICKEL PROJECT

BHP Billiton Minerals Ltd (BHPB) has withdrawn from the Hammer Hill Joint Venture between Mithril, BHPB and Arafura Resources Ltd. From the date of withdrawal BHPB will not hold any residual interest in the tenements, but Mithril has the right to continue the exploration and earn an initial 51% interest in the tenements. Mithril is in the process of completing a comprehensive review of all exploration targets on the project.

FUTURE ACTIVITIES

Arafura considers the following are priority activities for the next quarter:

- Finalise the optimum chemical plant location and commence EIS.
- Progress rare earth separation test work to individual rare earth oxides
- Continue relationships with equipment and chemical reagent providers.
- Enhance discussions with potential financiers and customers.
- Progress joint venture negotiations on non rare earth tenements.
- Investor update and road show underway in January.



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BOARD

Ian Laurance	Chairman
Stephen Ward	Managing Director
Irvin (Mick) Muir	Director
Ian Kowalick	Director
Terry Jackson	Director
Shasha Lu	Director
Alex Losada-Calderon	Director
Gavin Lockyer	Company Secretary

MANAGEMENT

Stephen Ward	Chief Executive Officer
Gavin Lockyer	Chief Financial Officer
Steven Mackowski	GM – Project Development
Richard Brescianini	GM – Strategy & Exploration
Brian Fowler	GM – Sustainability
Shasha Lu	EM – Chinese Operations

SHARES & OPTIONS

Shares 259.2 million ordinary shares

ASX CODE

ASX: ARU

STRATEGY

Arafura has an exploration and development program to grow its position in rare earth projects that are consistent with additional growth beyond the Nolans Project. The Company will focus on the identification and development of rare earth projects and specialise in rare earths products and their markets.

GROWTH – DEVELOPMENT

Arafura's primary focus is the development of its Nolans rare earths-phosphate-uranium project. The deposit has a resource to sustain a mine life of over 30 years and Arafura has developed a processing flowsheet that optimises the extraction of rare earths, phosphoric acid and uranium.

GROWTH – EXPLORATION

Long term sustainable development and the creation of shareholder wealth can also be realised through exploration success. Arafura has exploration projects in rare earths, gold, base metals and iron-vanadium, and will assess other exploration opportunities that are consistent with additional growth beyond the Nolans Project.



Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

ARAFURA RESOURCES LTD

ACN or ARBN

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Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

	Current Qtr \$A'000	Year to Date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation	(3,765)	(7,714)
(b) development	(422)	(933)
(c) production	-	-
(d) administration	(1,841)	(3,800)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	146	203
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
Net Operating Cash Flows	(5,883)	(12,247)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(104)	(185)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to/from other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net Investing Cash Flows	(104)	(185)
1.13 Total operating and investing cash flows (carried forward)	(5,987)	(12,432)



1.13 Total operating and investing cash flows (brought forward)	(5,987)	(12,432)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.	-	14,440
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	(24)	(26)
Net financing cash flows	(24)	14,414
Net increase (decrease) in cash held	(6,011)	1,982
1.20 Cash at beginning of quarter/year to date	19,107	11,114
1.21 Exchange rate adjustments	(40)	(40)
1.22 Cash at end of quarter	13,056	13,056

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	(256)
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, salaries & superannuation

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

Nil



- 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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position

- 3.1 Loan facilities

- 3.2 Credit standby arrangements

Amount available \$A'000	Amount used \$A'000
Nil	Nil
20,000	Nil

Estimated cash outflows for next quarter

- 4.1 Exploration and evaluation

- 4.2 Development

	\$A'000
4.1 Exploration and evaluation	7,312
4.2 Development	245
Total	7,557

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.

- 5.1 Cash on hand and at bank

- 5.2 Deposits at call

- 5.3 Bank Overdraft

- 5.4 Other (provide details)

Total: cash at end of quarter (Item 1.22)

Current Quarter \$A'000	Previous Quarter \$A'000
13,006	157
50	18,950
-	-
-	-
13,056	19,107



Changes in interests in mining tenements

	Tenement Reference	Nature of interest	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL 23571	Lease	72 blocks	36 blocks
6.2 Interests in mining tenements acquired or increased	EL 27335	Lease	Nil	50 blocks
	EL 27336	Lease	Nil	37 blocks
	EL 27290	Lease	Nil	3 blocks
	EL 27291	Lease	Nil	3 blocks

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.

	Number Issued	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference securities (description)				
7.2 Issued during Quarter				
7.3 Ordinary securities	259,213,979	259,213,979		
7.4 Issued during Quarter	-	-		
7.5 Convertible debt securities (description)				
7.6 Issued during quarter				
7.7 Options				
ARUAB exp 30-6-10 (75c)	500,000	-		
ARUAC exp 30-6-11 (\$1.60)	100,000	-		
ARUAI exp 31-12-13 (85c)	4,425,000	-		
ARUAM exp 30-6-11 (\$1.72)	820,000	-		
ARUAO exp 31-12-12 (\$1.19)	9,140,000	-		
ARUAS exp 30-06-11 (\$1.31)	300,000	-		
ARUAZ exp 30-06-11 (\$1.70)	200,000	-		



7.8 Issued during Quarter

-	-	-	-
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7.9 Exercised during

-	-	-	-
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7.10 Expired during

50,000	-	\$0.85	-
2,500,000	-	\$1.19	-

7.11 **Debentures**

(totals only)

7.12 **Unsecured notes**

(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:

Gavin Lockyer
Company Secretary

Date: 29/01/10

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.
