

14 February 2007

Dear Sir / Madam,

**SNOWDEN COMPLETE A JORC-COMPLIANT REPORT DETAILING A RESOURCE ESTIMATE ON REEFTON MINING'S SKELETON COAST MINERAL SAND PROJECT IN NAMIBIA**

**Highlights**

- Snowden Mining Industry Consultants Pty Ltd ("Snowden") has completed a JORC-compliant report detailing a resource estimate for the Skeleton Coast Mineral Sand Project owned by Reefton Mining N.L. (ASX: RTM).
- The Indicated Mineral Resource (using 1% total heavy mineral ("THM") cut-off grade) is 24.6 million tonnes at 9.9% THM and 3.1% slimes. Ilmenite and zircon grades, as a proportion of THM, are 11.9% and 1.5%, respectively.
- The Inferred Mineral Resource (1% THM cut-off) is 104.6 million tonnes at 5.7% THM and 2.2% slimes. Ilmenite and zircon grades, as a proportion of THM, are 10.7% and 1.3%, respectively.
- Exposed diamond-bearing gravel terraces cover an estimated surface area of up to two square kilometres.
- Sub-surface lenses of potentially diamondiferous gravel, intersected in drilling, have an estimated volume of up to six million cubic metres.

**Summary**

The Directors of Reefton are pleased to announce the completion of a JORC-compliant report detailing a resource estimate that was carried out on the company's Skeleton Coast mineral sand project by Snowden.

The Skeleton Coast Exclusive Prospecting Licences include precious stones (diamonds) and the industrial minerals group (heavy minerals: ilmenite, rutile, zircon, garnet etc). The licences stretch along a 220 kilometre length of Namibia's north western coastline and comprise significant volumes of marine and coastal alluvial deposits that extend up to 5 kilometres inland. Dune sands parallel the coast and contain visually abundant heavy minerals and gravels that locally contain diamonds. Valuable heavy minerals ("VHM") are those minerals that have a significant economic value and include zircon, rutile, and ilmenite.

In the first half of 2006 an air-core drilling program was completed on the Skeleton Coast Project. Using a Wallis Drilling Mantis 75 drill rig, a total of 674 holes were completed for 5,380 metres in a program that spanned over 115 kilometres of coastline within EPL/2699 and EPL/2700. The drill hole data form the basis for the resource estimate.

The resource estimate has been divided according to four geographical sectors: Möwe Bay, Rocky Point, Khumib and Sechomib, with estimates carried out for THM and VHM components.

The estimate has been classified by Snowden according to the JORC Code 2004 guidelines. A nominal cut-off grade of 1% THM has been applied to the resource in each sector.

Table 1 provides the classified resource figures for the Skeleton Coast mineral sand project, based on a 1% THM cut-off grade.

**Table 1**  
**Skeleton Coast Mineral Sands Project**  
**Summary Resource Estimate by Snowden**

INDICATED MINERAL RESOURCE	Sector	Tonnage (Mt)	THM (%)	Slimes (%)	Proportion of VHM in THM as %			
					Ilmenite	Leucoxene	Rutile	Zircon
	Mowe Bay	15.9	8.4	2.3	11.9	0.5	0.1	1.6
	Rocky Point	8.7	12.7	4.5	11.8	0.3	0.1	1.4
	<b>Total</b>	<b>24.6</b>	<b>9.9</b>	<b>3.1</b>	<b>11.9</b>	<b>0.5</b>	<b>0.1</b>	<b>1.5</b>
INFERRED MINERAL RESOURCE	Sector	Tonnage (Mt)	THM (%)	Slimes (%)	Proportion of VHM in THM as %			
					Ilmenite	Leucoxene	Rutile	Zircon
	Mowe Bay	70.1	5.8	1.9	9.7	0.8	0.2	1.2
	Rocky Point	1.3	7.1	4.5	12.8	0.4	0.1	1.3
	Khumib	15.2	6.8	2.8	12.8	0.4	0.1	1.6
	Sechomib	18.1	4.3	2.3	12.5	1.2	0.2	1.8
	<b>Total</b>	<b>104.6</b>	<b>5.7</b>	<b>2.2</b>	<b>10.7</b>	<b>0.8</b>	<b>0.2</b>	<b>1.3</b>
<b>INDICATED + INFERRED MINERAL RESOURCE</b>	<b>TOTAL</b>	<b>129.2</b>	<b>6.5</b>	<b>2.4</b>	<b>10.9</b>	<b>0.7</b>	<b>0.2</b>	<b>1.3</b>

Drilling targeted primarily the strand facies that hosts semi-continuous heavy mineral sands along the modern shoreline of the exploration licences and has also defined intersections of THM within the dune facies of the Möwe Bay sector. The resource modelling process was completed using Vulcan software.

### Resource Modelling

The Skeleton Coast drilling program, carried out in 2006 and comprising 674 drill holes, had drill lines planned on a 2,000m by 200m spacing with local areas in-filled to 1,000m by 200m and 500m by 50m. The holes were drilled to depths of between 1.5m and 60m with an average depth of 8.1m. Drill holes ended generally in the underlying basement but in areas of deep basement were limited to approximately 10m below sea level.

All holes were drilled vertically and sampled at 1.5m intervals down hole from surface. Samples that were collected were de-slimes and the heavy concentrate collected for analysis. Visual estimates of THM grade and characteristics such as the lithology, colour, slime/clay content, sediment grain size, sorting and heavy mineral estimation were recorded. THM samples were submitted to SGS Lakefield Research Laboratory in South Africa for quantitative analysis of the

THM component. Assay results, logging data and drill hole survey information were supplied to Snowden by Reefton.

Mineralogical domains were grouped and THM samples composited for assaying of the VHM component (ilmenite, zircon, rutile and leucoxene). Composite sample analysis was completed by Outokumpu Technologies. The compositing process grouped samples according to their geological facies (i.e. similar characteristics).

All drill hole collar positions were measured using a Differential Global Positioning System. Digital elevation data for the Skeleton Coast region was obtained by Snowden from the USGS Seamless Data Distribution website and converted into UTM coordinates for the project. These data were then triangulated using Vulcan software to create a digital terrain model. A density value of 1.7 t/m<sup>3</sup>, considered to be an industry average, was used for the resource estimation.

Snowden carried out a visual and statistical validation of the data supplied by Reefton.

Heavy mineral sands within the four major Skeleton Coast sectors were domained for estimation purposes using a nominal 1% THM cut-off grade. A number of constraints, such as mineralised zones not being extrapolated below existing drill hole data were used when interpreting the mineralised domains. THM and slimes grades were estimated using a geostatistical technique – “ordinary kriging”. The VHM data are based on the analytical results from the composited THM samples. A total of 54 composite samples were used for the global estimate of the VHM.

## **Gravels**

Snowden also interpreted a number of semi-continuous subsurface coarse gravel lenses and exhumed recent gravel terraces within the exploration licences. The coarse gravel units are considered to be potential diamond-bearing targets. As described in Reefton’s September 2005 Quarterly Report, the company had recovered some 2,713 diamonds weighing 503.8 carats with the largest stone being 2.7 carats based on test pitting conducted in Möwe Bay. Diamonds recovered up to the end of October 2004 (a parcel of 2,421 diamonds weighing 460 carats) had been valued at US\$219 per carat.

Coarse gravel areas were observed within the exploration licence as exhumed terraces that were mapped by Reefton and as subsurface lenses that were identified during drilling.

Based on Reefton’s mapping, the exposed gravel terraces are presented as a total surface area within the geographic sectors. As the depth of the terraces is highly variable, Snowden calculated a surface area rather than a volume estimate. Gravel terraces are exhumed in the Möwe Bay and Sechomib sectors and the conceptual surface area of these targets is in the order of two square kilometres.

Subsurface coarse gravel lenses that were intersected by drilling were domained during the geological interpretation and wire-framing process. An approximate volume was calculated for up to five coarse gravel lenses that were defined within the Mowe Bay sector. These lenses represent an exploration target in the order of six million cubic metres.

## Planning

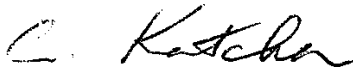
With the completion of the resource estimate on the Skeleton Coast Mineral Sand Project the company is now considering its options in taking the project forward.

Reefton is pleased to report that it has received about a quarter of the assay results from the gold and base metal geochemical sampling program completed in December 2006 over the company's Erongo licences, Namibia. Reefton will make an announcement once all the assay data are available.

With an initial review of the Liwale property in Tanzania now complete, the Board of Directors considers that the project does not meet its selection criteria and has elected not to pursue the opportunity. The owners of the licence have been advised that the farm-in agreement is terminated.

Work on the Badja uranium licence in Western Australia is expected to commence in late February with a ground spectrometer survey.

Yours faithfully



**G KATCHAN**  
*Technical Director*

*This report accurately reflects information compiled by Mr C. Mortimer, a Consultant of the Skeleton Coast Diamond and Mineral Sands Project, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Mr Mortimer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

For further information please visit the website - [www.reeftonmining.com.au](http://www.reeftonmining.com.au)