

16 June 2006

Company Announcements Office
Australian Stock Exchange Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

FARM-IN SIGNED FOR EXPLORATION LICENCES IN TANZANIA

The Directors of Reefton Mining N.L. are pleased to announce that in accordance with investigating uranium exploration opportunities worldwide, a farm-in agreement has been signed with the holders of two prospecting licences covering a potentially uranium bearing sandstone in proximity to the town of Ngwale in Tanzania.

Project Information:

The Liwale Project, as it is known, is composed of two contiguous Prospecting Licences - Reconnaissance (PLR 3723/2005 & PLR 3743/2005) that together cover approximately 1566km² in the Liwale District of Southern Tanzania.

The owners of the licences have advised that the licences may progress from reconnaissance to unrestricted prospecting licences by the payment of the initial annual licence fees. The accuracy and status of their representations, together with any further restrictions on the PLR's will be determined during the due diligence period.

The Liwale Project is situated 60km to the southwest of the Liwale township, which in turn is located 350km to the southwest of Dar Es Salaam, the capital of Tanzania.

The Liwale Project sits along the southern margin of the Karoo basin, a unit that has become the target of uranium exploration by several companies including Western Metals Ltd and their JV partner Uranium Resources Plc, Sabre Resources Ltd, and Pan African Mining Corp.

Previous exploration in the Liwale area has been restricted to the work of Geosurvey International, and Uranerzbergbau on behalf of the Tanzanian Government in the late 1970's and early 1980's. During this earlier exploration work a number of anomalies were discovered which have become the focus of the current uranium exploration programs being conducted in Tanzania.



The uranium in sandstone model is the principal target within the Liwale project area. This model currently accounts for 30% of the known uranium deposits in Africa, and includes the Kayelekera deposit (Paladin Resources Ltd), in Malawi 400km to the west. Simplified, the uranium in sandstone model requires:

- A uranium source (usually granite-gneiss terrain or acid volcanics);
- A weathering and erosional event to release uranium under oxidising conditions;
- Accumulation of porous sediments in an adjacent basin, usually a fluvial sandstone;
- Sedimentation that occurs quickly enough to preserve the reduced facies including pyrite, and carbonaceous material; and
- Precipitation of uranium along the redox front – where oxidised and reduced facies meet.

The Liwale Project fulfils the uranium in sandstone model requirements in the following ways:

- Basement rocks to the east of the tenement area consist of a tectono-metamorphic terrane, a potential uranium bearing source;
- The exploration target is the prospective Karoo sandstone which is a porous sandstone unit that is interpreted to directly overlie the basement, and palaeo channels that cut into the basement; and
- Channel sampling by Uranerzbergbau of Germany between 1978 and 1982 collected 117 samples from the Karoo System. Assay of samples taken from Salous, SW of Liwale township, returned values with an average of 2,066 ppm U₃O₈ over 1.6m, highlighting that uranium mineralisation is well known to occur in proximity to the Prospecting Licences to be farmed into by the Company.

Planned Activity:

The Company plans to engage a South African based mineral exploration consultant to conduct the initial due diligence and reconnaissance work on the Liwale Project. This stage will include a review of the status of the prospecting licences, obtaining regional geology and radiometric data sets, conducting preliminary reconnaissance exploration programmes and reporting on the same.

Preliminary reconnaissance will have an emphasis on identifying favourable factors relevant to the uranium in sandstone model and thus confirm the potential of uranium mineralisation and enrichment within the project areas.

The Transaction:

The Company has entered into two separate farm-in agreements. The first agreement is with Baldwin & Company Limited, Mr Matiri and Ms Mambo in relation to PLR 3743/2005; and the second is with Baldwin & Company Limited, Mr Matiri and Mr Bariki in relation to PLR 3723/2005.



Both farm in agreements allow the Company to obtain a 100% interest in the respective prospecting licences on the following identical commercial terms:

1. A data review term of 1 month following the provision of all available data on the licences in consideration for the reimbursement of the costs of providing such data;
2. Payment of a US\$12,500 option fee that provides for 6 month due diligence period during which the Company may conduct preliminary geological evaluations ("Farm-in Option");
3. Payment of a US\$17,500 upon exercise of the Farm-in Option that provides the Company with the ability to earn an 80% interest in the licence by spending US\$125,000 on exploration over 3 years; and
4. Upon the Company earning its 80% interest in the licence it shall have the right to acquire the balance of the licence from the licence holders within 3 years of earning the 80% interest in consideration of the payment of US\$125,000.

The agreements are subject to the receipt of all necessary approvals and consents from the Commissioner of Mineral Resources of Tanzania.

The Company may withdraw from the farm-in agreement at any time following the exercise of the Farm-in Option provided that it has met the minimum expenditure, rent and outgoings related to the respective licence for the relevant year.

In addition to the consideration outlined above, the Company has agreed to pay a finder's fee to Mr Paul Lloyd or his nominee for introducing these opportunities to the Company. For each prospecting licence, Mr Lloyd or his nominee will be issued a total of 1 million 2009 Options (ASX Code: RTMO) in the event that the Company proceeds with the Farm-in Option and a further 1 million 2009 Options in the event the Farm-in Option is exercised.

Yours faithfully

BS MOORE
Chairman

This report accurately reflects information compiled by Mr G.R. Hemming, MAusIMM.,MAIG., a Director of Roscoria Pty Ltd, 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 a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Mr Hemming consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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