

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Reefton Mining NL

ABN

68 010 546 675

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Options (Incentive Options to Technical Director) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | As per attached Appendix "D" |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>N/A</p>	
<p>5 Issue price or consideration</p>	<p>Nil</p>	
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Approval at Annual General Meeting of Shareholders for the issue of Incentive Options to Mr George Katchan (Technical Director)</p>	
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>29th December 2006</p>	
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>Number</p>	<p>+Class</p>
	<p>364,616,677</p>	<p>Ordinary</p>
	<p>38,940,000</p>	<p>Contributing Shares (6 cents payable)</p>
<p>269,494,234</p>	<p>2009 Options</p>	

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	5,000,000	Contributing shares (8 cents payable)
		24,000,000	Unlisted options
		1,500,000	Unlisted options
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company's dividend policy remains unchanged.	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	

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- | | | |
|----|---|--|
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

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- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

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Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

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39 Class of +securities for which
 quotation is sought

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40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

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41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 28 December 2006
(Company Secretary)

Print name: John Cooke

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APPENDIX D

Terms and Conditions of Incentive Options

1. Each Incentive Option entitles the Employee to subscribe for and be allotted one Share, at an exercise price of 5 cents per Share ("**Exercise Price**") on or before the Expiry Date.
2. The Company must, as soon as it is reasonably practicable to do so, allot shares on exercise of the Incentive Option in accordance with the Listing Rules and register the Employee as a shareholder in the register of members in respect of the Shares so allotted. No Incentive Option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.
3. An Incentive Option is exercisable by the Employee lodging a notice of exercise of option together with, subject to the Incentive Options terms, the Exercise Price for each Share to be issued on exercise, at the Company's registered office. The exercise of some Incentive Options only does not affect the Employees right to exercise other Incentive Options at a later time. Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
4. The following number of Incentive Options may be exercised in whole or in part and from time to time at any time on or before 5pm WST within the number of years set out below from the date of the Incentive Options being granted to the Employee ("**Expiry Date**") upon the occurrence of the following events:
 - (a) Within 2 years - 500,000 Incentive Options will be exercisable upon the price of the Shares equaling a trading price that is 50% greater than the Exercise Price (i.e. 7.5 cents) for 10 consecutive trading days on the ASX;
 - (b) Within 2 years - 500,000 Incentive Options will be exercisable upon the price of the Shares equaling a trading price that is 100% greater than the Exercise Price (i.e. 10 cents) for 10 consecutive trading days on the ASX; and
 - (c) Within 2 years - 500,000 Incentive Options will be exercisable upon the price of the Shares equaling a trading price that is 150% greater than the Exercise Price (i.e. 12.5 cents) for 10 consecutive trading days on the ASX.

For the avoidance of doubt, the Incentive Options may be exercised notwithstanding that at some later time the trading price may have subsequently fallen below the relevant trading prices set out above.
5. An Incentive Option not exercised by the Expiry Date lapses. There is no obligation to exercise the Incentive Options.
6. The Incentive Options are non-transferable.
7. The Company must apply to the ASX for official quotation of the Shares issued on any exercise of an Incentive Option.
8. Shares issued on any exercise of an Incentive Option will rank pari passu with all existing Shares from the date of issue and will be entitled to each dividend for which the books closing date for determining entitlements falls after the date of issue.
9. There are no participating rights or entitlements inherent in the Incentive Options and the Employee will not be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Incentive Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give the Employee the opportunity to exercise his Incentive Options prior to the date for determining entitlements to participate in any such issue.

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10. There will be no change to the Exercise Price of an Incentive Option in the event of the Company making a pro rata issue of Shares or other securities to shareholders (other than a bonus issue).
11. If there is a bonus issue to shareholder ("**Bonus Issue**"), the number of Shares over which an Incentive Option is exercisable will be increased by the number of Shares which the holder would have received if the Incentive Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
12. The rights of the Employee will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation. The Company must give notice to the Employee of any adjustment to the number of Shares that the Employee is entitled to subscribe for or be issued on exercise of the Incentive Option or the exercise price per Share in accordance with the Listing Rules.
13. If the Employment Agreement terminates and, prior to termination or within 3 months of termination, the Incentive Options would have been exercisable had the Agreement not been terminated, then the Employee shall continue to be entitled to exercise such Incentive Options until the Expiry Date notwithstanding the termination of the Employment Agreement.
14. In the event that a takeover bid is made for the Company in accordance with the Corporations Act, or the Company enters into a transaction that results in it's full board of directors changing the Employee will automatically be entitled to exercise all of the Incentive Options granted to him at his sole and absolute discretion whether or not the share trading price conditions referred to in Paragraph 4 shall have been met, but otherwise upon the terms and within the time and in the manner referred to in Paragraph 4.

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