

8 December 2006

Dear Shareholder

**Report to shareholders and invitation for nominations to Board**

1. Reefton Mining NL held its annual general meeting on 29 November 2006.
2. Prior to the AGM, the Company had 3 directors: Bradley Moore (chairman and non-executive director), Anthony Ogilvie Thompson (non-executive director) and George Katchan (technical director).
3. At the AGM, Mr Moore and Mr Katchan retired and stood for re-election. Mr Katchan was re-elected, but the motion to re-elect Mr Moore was defeated.
4. This now leaves the Company with only 2 directors, one short of the minimum number required by clause 13.1 of the Constitution and section 201A(2) of the *Corporations Act*.
5. The continuing directors, Messrs Ogilvie Thompson and Katchan, propose to deal with this situation by holding a general meeting of shareholders to elect new directors, as soon as possible. It is expected that the meeting will be held in late January 2007.
6. Two nominations for election to the Board have already been received. The nominated candidates are Mr Peter Elliott and Mr Ennio Tavani. They will be proposed for election at the general meeting.
7. **The Company now invites other nominations for election to the Board.** Anyone properly nominated will be added to the list of candidates for election at the general meeting.
8. Candidates are not required to be shareholders. Nominations must be in writing, and signed by the nominated candidate signifying consent to the nomination. Candidates can nominate themselves, or they can be nominated by any shareholder.
9. Candidates are invited to provide a statement of not more than 200 words setting out details of their qualifications and relevant experience, and outlining the contribution they expect to be able to make to the governance of the Company as a director. These statements will be circulated to shareholders with the notice of meeting.
10. The continuing directors wish to finalise the list of candidates for inclusion in the notice of meeting **by 20 December 2006**, so nominations should be lodged with the Company by that date.

11. Nominations may be delivered by hand or sent by mail to the Company's registered office at Level 1, 47 Ord Street, West Perth 6005, Australia. Alternatively they may be sent by fax to 08 9322 7823 (from within Australia) or +61 8 9322 7823 (from outside Australia).
12. Mr Ogilvie Thompson has advised that he will retire at the general meeting, and stand for re-election along with the candidates nominated as above. Mr Katchan's present intention is to continue in office, as he was re-elected at the AGM on 29 November 2006.
13. The Constitution provides that the Company may have a maximum of 9 directors. The number of directors to be elected at the general meeting will depend on the number of nominations received. The first item of business at the meeting will be a resolution to determine the number of places to be filled on the Board. Given the size and financial position of the Company, the continuing directors propose to recommend that the number of directors on the Board should be 5, or such lesser number as shareholders may see fit to nominate and elect.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Cooke', with a long horizontal flourish extending to the right.

John Cooke  
Company Secretary