

9 March 2005

Christine Panetta  
Senior Companies Advisor  
Australian Stock Exchange Limited  
Level 8  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Sir/Madam

***PRICE AND VOLUME QUERY***

We refer to your letter dated 9 March 2005 regarding changes in the price and volume of trading in the Company's securities, and provide the following update on the Company's activities and responses to your specific questions.

The directors wish to advise that the Company is continuing to proceed toward the delineation of a resource at its Skeleton Coast Diamond Project, Namibia.

The Company has now recovered a marketable parcel of 500 carats of diamonds that were recently valued at US\$219 per carat by internationally respected diamond industry valuer, Mr Peter Talbot-Ponsonby. As announced to ASX on 10 February 2005, Mr Talbot-Ponsonby commented that "Reefton's diamonds are of good quality and superior to other Namibian productions, and therefore command an above average price". He also commented that "the colour of Reefton's diamonds is definitely superior" and said that "these diamonds would attract a premium to the valuation if sold under tender in Europe at the moment".

The Company is continuing to pursue the inclusion of mining rights for industrial minerals (mineral sands) covering the Skeleton Coast Diamond Project. The Company considers that the inclusion of these mining rights will have a significant impact on the projects economics.

In addition to the Company's activities on the Skeleton Coast Diamond Project, it has also planned an RC drill programme at its Erongo Polymetallic Project, Namibia. This drill programme is expected to be completed by the end of April 2005.

The Erongo Polymetallic Project is host to an array of mineral occurrences and deposits including uranium, tantalite, tungsten, gold, rutile and graphite. The project is situated amongst some of the world's largest mines including the Uis Tin Mine, the Rossing Uranium Mine (the world's fifth largest uranium producer) and the large Navachab Gold Mine. Additionally, the Langer Heinrich Uranium deposit presently being developed by Paladin Resources Limited is located approximately 50 kilometres to the south.

Other than the foregoing observations:

- 1) The Company is not aware of any information concerning it that has not been announced, which, if known, would be an explanation for recent trading in the securities of the Company.
- 2) Not applicable.
- 3) The Company advises that it is not aware of any other reason for the increase in the price and trading volume of the Company's securities.
- 4) The Company advises that it is in compliance with the listing rules and in particular, listing rule 3.1.

Should you require any further information, please contact me at your convenience.

Yours faithfully

**BS MOORE**  
*Chairman*

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