

COMPANY ANNOUNCEMENT

FURTHER DETAIL CONCERNING PROPOSED MERGER

Friday, 29th September 2006 : The following information is provided for the consideration of Mintails shareholders in respect of the current voluntary suspension in the trading of Mintails shares.

The company has entered into a Heads of Agreement to merge its operations with a significant South African gold producer. This will result in Mintails substantially increasing its asset base, gold production and profitability whilst diversifying risk over a larger number of South African based gold projects.

Due diligence investigations are at an advanced stage and shareholders will be provided with an information memorandum including an independent experts report so that they may properly assess the proposed transaction.

Our team of lawyers, accountants and industry specialists, both here in Australia and in South Africa are completing this document to ensure that all regulatory and financial matters are covered over the two jurisdictions.

Further information will be released when it is commercially feasible to do so.

On Behalf Of The Board



Bryan J. Frost
Chairman

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