

COMPANY ANNOUNCEMENT

Sands Circuit Testing At West Rand Gold Project – First Gold Pour

Friday, 26 May 2006 : Mintails Limited (ASX : MLI) announced today that it completed commissioning and commenced final testing of the sands circuit at the company's West Rand Gold Project near Johannesburg South Africa. The company is targetting for the sands circuit to come on-stream by 10 June, 2006 with the effect that the company confidently predicts that both sands and slimes circuits to be in effective operation during the month of June.

On 21 April 2006 Mintails previously announced that it had commenced mining and treatment of gold tailings with the initial treatment of slimes tailings resources at Lancaster Vlei, approximately 5kms from the Mogale Gold Plant.

During the start-up phase the Mogale Gold Plant has processed approximately 30,000 tonnes of slimes to date since the recommissioning of the plant. Gold lock-up in the slimes circuit has taken place and an initial test gold pour is scheduled for next week. The slimes circuit is therefore fully functional and gold production will increase significantly over the following months with the sands circuit coming on-stream. The lock-up value of gold will vary from month to month with the majority of lock-up taking place within the first two weeks of production. Additional lock-up is expected for the sands circuit when it commences production on 10 June.

Due to the high recent increase in activity within the South African mining sector the company experienced delays in the delivery of some critical components of plant and equipment. This in turn has resulted in the commencement of commercial gold production being deferred by 3 to 4 weeks. All components of the plant have now been delivered and commissioned with no further delays anticipated. The company will initiate a test gold pour next week which will confirm gold extraction from the leach circuit.

Dick van der Walt, CEO of Mintails commented "By bringing the sands circuit into operation we have virtually completed the Stage 1 recommissioning phase of the Mogale Gold Plant. This sets the scene for full gold production commencing in late June having both sands and slimes circuits fully operational and working together".

It is estimated that once fully operational the Mogale gold plant will achieve average monthly gold production of approximately 3,750 ounces per month (45,000 oz Au per annum). Mintails has approximately 305 million tonnes of tailings materials (including 170 million tonnes under option) of which 145.5 million tonnes are measured, indicated and inferred resources with an average grade of 0.42 gpt Au containing 1.9 million ounces of gold estimated in accordance with the JORC code. Further surveying and drilling is proposed to enable upgrade of all remaining resources to measured category which in turn would be expected to significantly increase the gold inventory.

For And On Behalf Of The Board



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