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HADDINGTON IN $2.1 MILLION CAPITAL RAISING - DIVERSIFIED TANTALUM GROWTH FOCUS

RIGHTS ISSUE TO FUND TANTALUM EXPANSION AND EXPLORATION

Perth based tantalum producer **Haddington Resources Ltd (ASX:HDN)** has announced a 1 for 4 renounceable rights share issue to shareholders to raise $1.6 million. This is in addition to the $500,000 raised last week as a result of a private placement of 3,333,333 shares at $0.15 cents per share.

Haddington currently mines tantalum at its Bald Hill operation in Western Australia's Eastern Goldfields, selling its product to Sons of Gwalia Ltd, one of the world's largest producers, under a take or pay licence agreement that runs through to 31 March 2006. This agreement gives Haddington the exclusive rights to develop the Bald Hill and Cattlin Creek tantalite deposits.

The uncertainty in the global tantalum market caused by the recent voluntary administration of Sons of Gwalia has changed the focus of Haddington's growth strategy. Restructuring the Sons of Gwalia business and its possible effect on the global supply of tantalum raw materials provides an exciting opportunity for Haddington, which includes the potential to enter the market in its own right as a tantalum supplier.

All of the tantalum Haddington produces is currently sourced from tenements currently held by Sons of Gwalia. However, the company holds extensive tantalum exploration projects areas in its own right.

"We will be using some of the funds raised by the rights issue to expedite an aggressive exploration program to establish our own independent tantalite resources while continuing our production commitments to Sons of Gwalia from the Bald Hill Mine," Haddington Managing Director Colin McCavana said.

"We now have over 1,000 km^2 of under-explored tantalite areas with numerous targets identified and ready for drilling. These include 185 km^2 at Bald Hill, 650 km^2 in the Pilbara and tenements at Shoebridge in the Northern Territory."

Initially, a total of 120 RC holes will be drilled on Haddington's tenements, which are adjacent to the Sons of Gwalia leases. The proximity of these targets to the current Bald Hill operations ensures that ore can easily be transported for treatment to the Bald Hill located treatment plant.

"Haddington's Directors believe that the time is right to establish the company as a tantalum raw materials supplier in its own right. Global demand for tantalum is strong and selling direct to the market will enable Haddington to capitalise on this market strength," Mr McCavana added.

"To establish Haddington as an independent supplier, we need to upgrade our tantalum concentrate for sale into the global market and we recently acquired equipment for this purpose. We will install and re-commission the equipment using part of the funds raised by the rights issue."

As part of Haddington's diversification and growth strategy considerable investment has been made in interests held in north-west Queensland, including the Wallace Gold Project, which is being developed by wholly owned subsidiary Haddington Gold Pty Ltd.

The Project lies within the highly sought after and prospective Eastern Mount Isa Block, and is located about 30km east of Cloncurry. Exploration to date has established significant gold/copper anomalies and an infill drilling program is being developed further prove this highly prospective area.

Haddington also has entered into two new farm-in/joint ventures with leading international mining houses, Rio Tinto and Xstrata to explore significant parts of the Wallace Project.

Under the farm-in arrangements with Rio Tinto Exploration Pty Limited, Rio Tinto have an option to earn a 70% interest in five of the exploration permits held by Haddington at Wallace by spending $3 million over five years (excluding prospective gold areas retained by Haddington).

Xstrata has taken an option over Haddington Gold Pty Ltd's Jasper copper deposit also located close to Cloncurry. Under the option Xstrata can earn a 75% interest in Haddington's two sub blocks over a two-year period and will spend a minimum of $400,000 on geophysical and geological work, including at least 2,000 metres of drilling.

"Haddington is looking forward to an exciting and diverse future as a mining, production and exploration company." Mr McCavana said. "This rights issue to our shareholders will enable us to undertake the necessary expansion to take advantage of the opportunities in the tantalum market without compromising our strong financial position."

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