

COMPANY ANNOUNCEMENT

PROPOSED MERGER FOR MINTAILS

Tuesday, 26 September, 2006 : On 21 September 2006 Mintails Limited executed a confidential Heads of Agreement to merge its activities with those of a significant South African based mining entity. The proposed merger is anticipated to deliver substantial benefits to Mintails shareholders in terms of a major increase to immediate gold production, diversification of risk and integration of additional highly skilled and experienced mining specialists. A detailed information memorandum is being prepared and will be dispatched to shareholders as soon as practical. It is intended that the shares in Mintails Limited will remain suspended pending the outcome of the meeting to approve the merger.

For And On Behalf Of The Board



Bryan J. Frost
Chairman