

TANTALUM

A U S T R A L I A N L



7 April 2005

The Announcements Office
Australian Stock Exchange Ltd
Level 3, 20 Bridge Street
SYDNEY NSW 2000

By ASX Online Transmission

Dear Sir,

Please find attached ASX/Media release regarding Erayinia JV Agreement with Great Gold Mines NL.

Yours faithfully

Peter Farrah
Company Secretary



7 April 2005

ASX Code: TAA

ASX ANNOUNCEMENT/MEDIA RELEASE

TANTALUM & BASE METAL FARM IN AND JV AGREEMENT – ERAYINIA PROJECT

HIGHLIGHTS

- Joint venture agreement signed whereby TAA can earn 80% interest in base metal (excluding nickel and cobalt) and rare metal discoveries.
- Review of past exploration confirms project area prospective for base metals (Zn-Pb-Cu-Ag) and rare metals (TA-Nb-Sn)
- Previous limited exploration identifies Archaean VMS massive sulphide potential similar to Golden Grove and Teutonic Bore
- Ground magnetics over 5 kilometre strike extent delineates several magnetic anomalies
- EM over one magnetic anomaly defines an adjacent anomaly (E1)
- Soil and RAB assisted bedrock geochemistry identifies footwall alteration adjacent to E1 over 1000 metres of strike, anomalous in Cu, Pb and Zn and hangingwall chert anomalous in Zn and Pb consistent with VMS model
- Limited shallow RC drilling (2 holes) of periphery of E1 target intersected massive sulphides with best intercepts:

ERC 8 4 metres of 1.34 % Zn, 1600 ppm Pb and 26 ppm Ag
1 metre of 2.65% Zn, 2050ppm Pb and 48 ppm Ag
ERC 9 4 metres of 0.54%Zn,

- Core of E1 target remains untested
- Diamond drilling of E1 expected to commence during May

Tantalum Australia NL (TAA) is pleased to announce that it has finalised a farm in and joint venture agreement (TAA earning 80%) with Great Gold Mines NL (Great) to explore for base metals (excluding nickel and cobalt) and rare metals including tantalum/niobium on the Erayinia project area located approximately 130 km south east of Kalgoorlie. The Erayinia project comprises two granted exploration licences covering an area of 275km².

The Erayinia project is located within the poorly outcropping Erayinia greenstone belt which is located at the extreme (south) east of the Yilgarn Block – adjacent to the Albany-Fraser tectonic zone. TAA is targeting Archaean volcanic-hosted massive base metal sulphide (VMS) deposits and pegmatite hosted tantalum-niobium-tin mineralisation.



Previous exploration work completed in the early 1990s included soil/bedrock geochemistry, air/ground magnetic surveys, ground EM and limited RC drilling. The magnetometry identified 35 kilometres long and 0.5 to 1.0 kilometre wide north striking sequence of metamorphosed sediments, mafic and felsic volcanic rocks thought to be prospective for VMS. In addition lithium bearing pegmatites prospective for tantalum were identified. Detailed evaluation however was limited to a relatively small area (refer Plan 1 - attached).

Base Metals

Soil and bedrock geochemistry defined a 2200 metres long and 200 metres wide zinc and copper RAB geochemical anomaly hosted by felsic volcanics thought to represent a footwall alteration zone. The zinc anomaly has a peak value of 3600ppm (0.36%) and the parallel copper anomaly to the east has a peak value of 2950ppm (0.29%). In addition a banded chert unit located to the west of the anomaly returned zinc and lead values up to 0.49% and 0.34%.

Ground EM over an area of 1.0 by 0.8 kilometres outlined a significant transient electromagnetic (TEM) anomaly (E1 – refer Plan 2 attached) between 100 and 150 metres depth caused by an excellent conductor with a strike length of 200 metres. To the south and continuous with this conductor there is evidence of a less conductive and perhaps deeper section that extends the strike length of the TEM anomaly to 400m. E1 is interpreted to be situated stratigraphically above the footwall alteration and below the anomalous chert unit.

Subsequent limited RC drilling testing (4 holes) only partially tested the up dip extension above the E1 target in unweathered rocks (40 metres vertical depth – refer attached cross section) and returned **massive sulphides** (50 to 80%) including sphalerite and pyrrhotite with very encouraging zinc results including:

4 metres of 1.34 % Zn, 1600 ppm Pb and 26 ppm Ag
1 metre of 2.65% Zn, 2050ppm Pb and 48 ppm Ag
4 metres of 0.54%Zn,

The sulphides are considered to be of hydrothermal origin and contain traces of lead, copper, indium, tin, antimony and selenium, among other elements, producing a suite similar to other Archaean VMS deposits. There is alteration (sericitic-chloritic) of the country rock adjacent to the sulphidic zone including fine grained lithic fragments (lapilli). These characteristics are indicative of a mineralised VMS hydrothermal system. The RC programme was abandoned after the drill rig failed to reach target depth and was unable to drill deeper than 70 metres down hole. The results were not followed up.

There are some geological and geochemical similarities with the Golden Grove (Scuddles-Gossan Hill deposits) in the Murchison District and Teutonic Bore in the Eastern Goldfields, Western Australia. Trace element analysis of the massive sulphides at Erayinia displayed a signature similar to Golden Grove. It is considered that the Erayinia project represents an excellent brown-fields base metal exploration target.



Planned Base Metal Exploration

TAA has already completed an extensive review of the previous exploration data. A program of field exploration work will commence in the June quarter 2005 which will include diamond drilling targeted at the existing EM anomaly and down dip extension of the shallow massive sulphides, geophysical surveys consisting of ground EM and airborne magnetics and RAB assisted bedrock geochemistry to further refine the anomaly outlined previously. The diamond drilling will be funded utilising the existing pre paid facility with Colby Drilling.

Tantalum/Niobium

Elsewhere within the project area lepidolite-bearing pegmatites with large quartz "veins" (quartz-core) have also been observed which are considered prospective for tantalum and niobium mineralisation. Initial exploration will focus on rock chip sampling of the pegmatites followed by RC drilling.

Terms of Farm in and JV agreement

1. TAA can acquire an 80% interest in a "Specified Metals" discovery including base metals (excluding nickel and cobalt) and rare metals within 5 years by sole funding all exploration on the project and meeting the minimum expenditure requirements which are \$88,200 per annum and complying with the DIR rental and Shire rates commitments within the 5 year period.
2. Upon TAA making a "Specified Metals" discovery, Great will apply for a Specified Metal tenement comprising a Mining Lease which will be beneficially owned as follows:

Tantalum Australia NL	80%
Great Gold Mines NL	20%

3. Great may elect to convert its 20% interest to a Net Smelter Royalty of 2%.

"Specified Metals" includes copper, lead, zinc (and any associated precious metals), tantalum, niobium and tin. A Specified Metals discovery is a discovery of minimum resource size of severally 15,000 tonnes contained copper metal, 50,000 tonnes contained copper-lead-zinc metal or 500,000 pounds of contained tantalum pentoxide.

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