

TANTALUM

A U S T R A L I A N L



31 May 2004

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

By ASX Online Transmission

Dear Sir

Please find attached ASX/Media release regarding Brockman JV and feasibility study.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long, horizontal tail that tapers to the right.

Peter Farrah
Company Secretary

31 May 2004



ASX ANNOUNCEMENT/MEDIA RELEASE

TANTALUM AUSTRALIA COMMENCES FEASIBILITY STUDY
ON THE MAJOR BROCKMAN RARE METAL PROJECT
KIMBERLEY REGION, WA

TAA and Aztec Resource Limited (ARL) executed a joint venture agreement with ARL granting TAA the right to earn up to a 78% interest in the Brockman project over the next five years. The Joint Venture is part of TAA's medium term strategy aimed at favourably positioning the Company in an environment of rising tantalum prices.

TAA will commence an initial due diligence programme at a cost of approximately \$150,000 to assess metallurgy and expects to complete the feasibility programme within the next six months. TAA will use its Balcatta mineral processing facility to undertake bulk sampling test work that will be necessary to complete the metallurgical assessment.

TAA is keen to fast track the metallurgical assessment in light of the improving tantalum market and leverage from the global supply chains it has built over the last three years. TAA's feasibility study will investigate the potential for a 750,000 tpa mining and processing operation producing about 300,000 lbs per annum of Ta₂O₅ and 5 million lbs per annum Nb₂O₅.

At the completion of the metallurgical study, TAA may elect to withdraw from the joint venture agreement without penalty, however would only expect to do so if its due diligence programme delivered unfavourable results.

Upon completing a favourable due diligence programme, TAA may commit to spending a further \$1.5 million on exploration and development within a three year period to earn a 60% interest the tenements and project. TAA may earn an additional 18% by committing to a third funding tranche of \$2 million within five years from the joint venture being exercised. If TAA elects to earn 78% it will then fund the next \$2.5 million of expenditure to be repaid out of 100% of the production profits from the project. Joint Venture partner Aztec Resources Limited will then retain 18% of the project.

TAA through its strategic partnerships with leading industry players has positioned itself to quickly benefit from the current upswing in the tantalum industry and has been acquiring tantalum resources since 2001. TAA has established a significant and independent supply source of tantalum and niobium raw materials which has been embraced by a number of global end users who have operated in a market dominated by a single supplier.

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KEMET Electronics Corporation (NYSE:KEM) is a 9% equity holder of TAA and has demonstrated continued support for TAA to develop an independent supply chain of tantalum raw materials.

KEMET is the world's largest manufacturer of solid tantalum capacitors and has recently commissioned a second manufacturing plant in China. KEMET has also moved its Asian distribution centre from Singapore to Shanghai.

The recent signing of concentrate supply agreements with customers has vindicated TAA's commitment to the tantalum industry despite a period of market weakness during 2002 and 2003. As noted above, demand now recovering in the electronics market (consumer and corporate) and the emergence of China's strong demand for raw materials to satisfy its growing export and domestic electronics market, volume and pricing is increasing for tantalum products. Industry forecasts for electronics demand going forward in 2004 are for growth in the high teens.

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