

MAGNUM GOLD N.L.

ABN 70 003 170 376

11 May 2006

Company Announcements Office
Australian Stock Exchange
By electronic transmission

Dear Sirs,

Announcement to ASX – Tantalite Valley Project, Namibia

Magnum Gold NL (“Magnum”) is pleased to announce it has reached agreement (subject to further due diligence and shareholder approval) to purchase an advanced tantalum project in southern Namibia (“the Project”).

Namibia is situated on the south west coast of Africa and bordered by South Africa, Angola and Botswana. The Project is located near Karasburg and Warmbad, within the Magisterial District of Karas in the south of Namibia, adjacent to the northern border of South Africa in an area known as Tantalite Valley (see Figures 1 and 2).

The Project is located on Mining License 77 (“the Mining License”) which was granted in February, 2001, and is valid for the life of the mine or an initial period of 25 years, renewable up to 15 years at a time. The Mining License is held in conjunction to separate Title Deeds to the associated land, situated on the farms Kinderzitt 132 and Umeis 110.

As part of the due diligence Magnum will conduct an extensive review of the existing geological, mining and metallurgical data, along with ground inspection and an evaluation for the Project’s potential for further development.

At the same time Magnum will be progressing the ongoing gold/copper exploration project, Bunawan, in the Philippines. The company is currently reviewing recent exploration data with the intent of identifying targets for a drilling program to be conducted later this year.

The Project

Tantalum was discovered at Tantalite Valley in the 1940’s and this was followed by intermittent episodes of small scale mining.

Registered Office and Share Registry

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The tantalum minerals are hosted by numerous pegmatite veins that occur within an area measuring approximately 1.5km x 1.0km. These veins are reputed to pinch and swell, averaging 10m in thickness and varying in length from 10m to 500m.

The major pegmatite veins are known as the White City vein and the Homestead group of veins. Previous mining activities at Tantalite Valley are reported to have successfully recovered tantalite concentrate. Several evaluations of the Project have included geological mapping, percussion and diamond drilling, bulk sampling and metallurgical test work. Resource estimates have been made by previous parties but these estimates are not JORC Code compliant. Therefore a key part of Magnum's due diligence study will be to bring these up to accepted standards and evaluate the further work required.

Acquisition Terms

Subject to a successful due diligence Magnum will acquire the Project on the following terms:

1. Magnum will acquire 100% interest in Tameka (Pty) Ltd ("Tameka") which owns the Mining License. Tameka is a Namibian company controlled by the vendor, Mr Steen Severin, a Danish citizen who is a long time resident of Namibia.
2. The purchase price to be paid to Mr Severin and his companies totals N\$8 million (approx AU\$1.7 million) which will relate to the purchase of the Mining License and the remaining equity in Tantalite Valley Estates (Pty) Ltd ("TVE"). This remaining equity relates to the Title Deeds of the farms Kinderzitt 132 and Umeis 110 including the land upon which the Mining License is situated, buildings and associated infrastructure. Magnum will initially acquire 49% equity and 51% will be attributable to Warmbad Investment Holdings Pty Ltd, a Namibian registered company, representing the local Khoi-Khoi people who have historically provided the majority of the work force for the area.

Magnum, in addition to the above, will acquire the rights regarding access, water and electricity to the Mining License and surrounding areas without further payment or compensation.

3. Magnum will acquire 100% interest in Namibian Tantalite Investments (Pty) Ltd ("NTI") which has the operating rights to the Project for a price of AU\$1.5 million to be satisfied by the issue of 15 million Magnum shares at a price of Ten Cents (10c) per share credited as Fully Paid to the shareholders of NTI.

NTI's assets comprise mining equipment and plant along with buildings presently located on the Mining License together with management and operating rights to the Mining License which NTI acquired in 2001.

4. Completion of these agreements is subject to due diligence and a wide range of conditions precedent for the benefit of Magnum as well as the approval of shareholders of Magnum at a proposed General Meeting to be held not later than mid September, 2006.
5. Magnum proposes to fund these acquisitions by the issue to investors of 30 million shares at a price of 10 cents per share. After acquisition costs the company anticipates it will have approximately AU\$1.5 in working capital to fund future development work on Magnum's projects in an effort to increase shareholder equity in the company.

Requests for information clarifying this proposal should be directed to the Directors of the Company, Mr John Rodger (02) 9360 0080 or Mr Grant Button (08) 9324 2955.

Yours faithfully,



Steven J. Danielson
Company Secretary

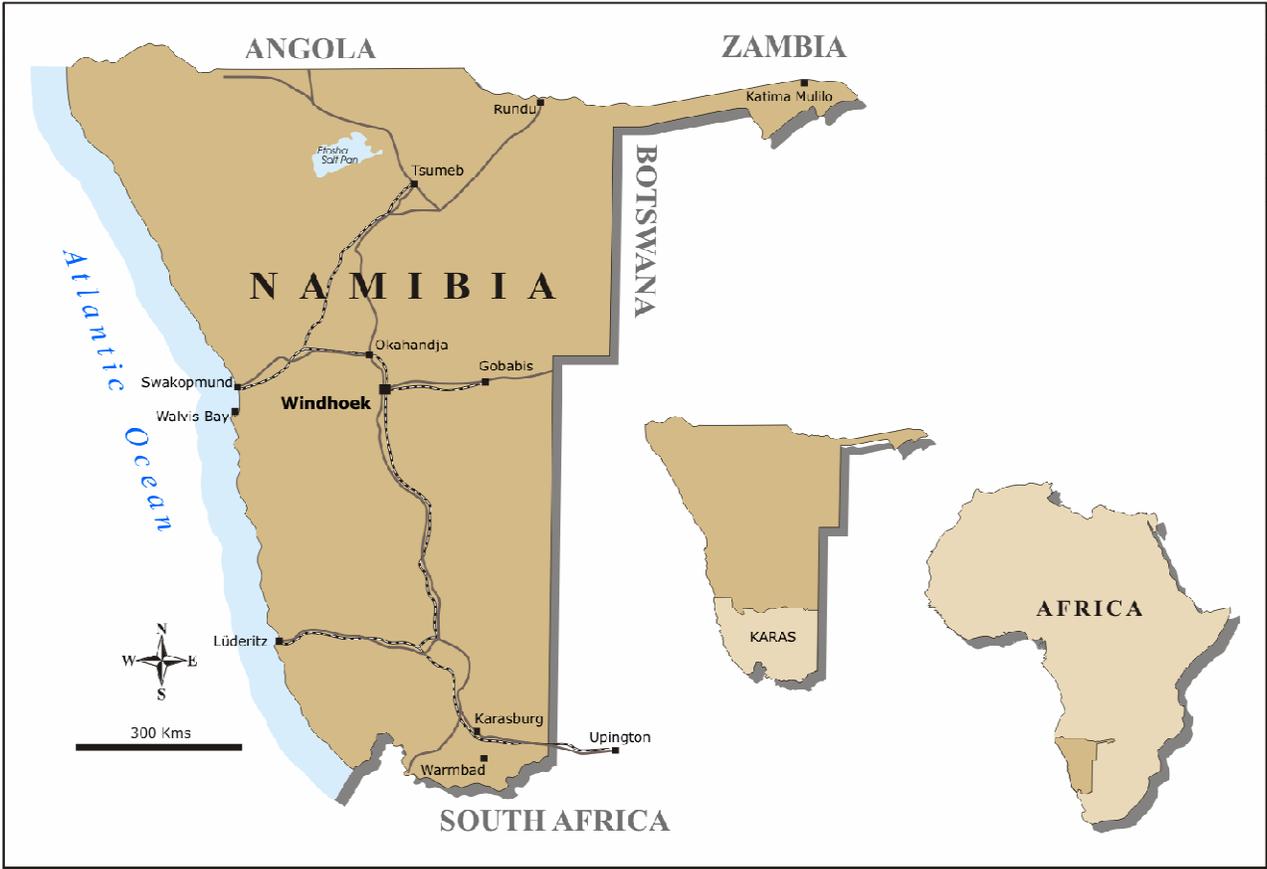


Figure 1. Overview of Namibia



Figure 2. Location of Tantalite Valley Project