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Taranis Resources Announces Strategic Alliance with Royal Gold, Inc. in Finland & Joint Venture on Kettukuusikko Property

Lakewood, Colorado, August 25, 2005 – Taranis Resources Inc. ("Taranis") [TSX.V: TRO], a Colorado-based resource company with a number of gold and silver projects in Nevada and Finland, is pleased to announce its negotiation of a strategic alliance with Royal Gold, Inc. ("Royal Gold"), of Denver, Colorado.

John Gardiner, President and CEO of Taranis states "we are very pleased to have Royal Gold Inc. as an exploration partner in Finland. Our initial drilling program at Kettukuusikko has demonstrated that this property is capable of hosting a large gold deposit, and it will require additional exploration to ascertain the size and tenor of the gold-bearing zones on the property. Taranis has a unique set of qualifications that make it highly effective in exploring the type of geologic terrains found in Finland."

The terms of the negotiations, which are subject to the completion by Royal Gold of due diligence investigation in respect of Taranis and its properties, the preparation and execution of formal documentation, approval by each of Taranis' and Royal Gold's Boards of Directors and regulatory acceptance, provide as follows:

1. Royal Gold will advance \$375,000 (Cdn.) to Taranis by way of private placement, to consist of 937,500 units at a price of \$0.40 (Cdn.) per unit, each unit to consist of one common share and one-half (1/2) of a share purchase warrant, with each whole warrant to entitle the holder to purchase one additional common share at a price of \$0.55 (Cdn.) for a period of 2 years from closing.
2. Taranis will expend \$285,000 (Cdn.) of the private placement proceeds over a three-year period for general exploration operations in Finland targeting precious metal deposits. At such time as Taranis acquires any mineral property or rights in Finland (other than the Kettukuusikko property, which is already held by Taranis), Taranis will own 100% of the mineral property or rights acquired, subject to:
 - (a) a 2% net smelter return royalty in favour of Royal Gold; and
 - (b) Royal Gold having the following earn-in rights:
 - (i) Royal Gold will have the right to elect to earn an undivided 51% interest in any such mineral property or rights acquired by expending 200% of the amount expended thereon by Taranis, including Taranis' acquisition costs, with Royal Gold to make such expenditures over a period not greater than twice as long as the period from when Taranis acquired the property through the time Royal Gold gives its notice of election to earn this 51% interest;
 - (ii) if Royal Gold has not exercised its right to earn this 51% interest by the time Taranis has expended \$500,000 (U.S.) on the property, of which at least 60% (\$300,000 U.S.) has been expended on new hard data generation and physical work, Taranis may require Royal Gold either to exercise or forfeit this right;
 - (iii) if Royal Gold does not exercise its right to earn the 51% interest described above, it will retain only a 2% net smelter return royalty;

- (iv) if Royal Gold earns a 51% interest in the property, Taranis and Royal Gold will enter into a joint venture agreement for the further exploration and development of the property; in such case, Royal Gold will contribute its 2% net smelter return royalty to the joint venture. If either party's interest in the joint venture is diluted to 10% or less, its interest will be converted to a 2% net smelter return royalty;
- (v) if Royal Gold earns a 51% interest in the property, it will have the further right and option to earn an additional 24% interest therein by funding 100% of the costs of operations through completion of a bankable feasibility study and arranging financing for 100% of the cost necessary to bring the property into commercial production, with such right and option to be exercisable at any time after Royal Gold earns a 51% interest in the property until completion of said bankable feasibility study. In the event Royal Gold exercises this right and option, Taranis will repay its 25% share of the total of the additional costs, plus interest at prime plus 2%, from 75% of what otherwise would be its 25% share of net cash flow from the joint venture in respect of the property.

3. Regarding Taranis' Kettukuusikko property in Finland:

- (a) Royal Gold has made a firm commitment to fund \$500,000 (U.S.) of further exploration of the property, with an option to fund up to an additional \$600,000 (U.S.) of further exploration, at which point it will have earned an undivided 51% interest in the property; provided that in the event Royal Gold does not exercise the option to fund this additional \$600,000 (U.S.), it will receive only a 2% net smelter return royalty in respect of the property;
- (b) in the event Royal Gold earns a 51% interest in the property, Taranis and Royal Gold will enter into a joint venture agreement having the same terms as disclosed in 2.(b)(iv) above;
- (c) in the event Royal Gold earns a 51% interest in the property, it will also have the further right and option to earn an additional 24% interest therein by funding 100% of the costs of operations necessary to bring the property into commercial production on the terms disclosed in 2.(b)(v) above.

About Taranis Resources Inc.:

Taranis is a Colorado-based resource company actively pursuing multiple gold and silver projects in Nevada and Finland (Kettukuusikko). Taranis is actively exploring projects in Nevada that include the following 100% owned properties: Needles, Midway East, Tybo West, and Caselton East.

TARANIS RESOURCES INC.

Per: John J. Gardiner (P. Geol.),
President and CEO

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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