



311 West First Street
North Vancouver, BC
V7M 1B5

Phone: (604) 998-1250
Fax: (604) 998-1253

info@lamancharesources.com

News Release

June 2, 2006

For Immediate Release

TSX Venture Exchange Symbol: **LMA**

La Mancha and Areva NC Announce Gold Mining Transaction

Vancouver, Canada – La Mancha Resources Inc. ("La Mancha") today announced that it has entered into a definitive agreement dated May 19, 2006, (the "Agreement") with Compagnie Générale des Matières Nucléaires SA ("CFMM"), a wholly owned subsidiary of Areva NC, to create an international diversified gold company with gold producing and exploration assets in Australia, Ivory Coast, Sudan and Argentina. The Agreement will effect a reverse take-over (the "Transaction") under applicable securities law and TSX Venture Exchange policies, and is structured as an exchange whereby CFMM is to be issued 90 million common shares of La Mancha which will represent on the closing at least 60% (including common shares issued pursuant to the Private Placement described below) of the issued and outstanding share capital of La Mancha, and seven million warrants to purchase common shares at an exercise price of C\$2.00 per share, in exchange for the conveyance to La Mancha of all of the shares of Mines & Resources Australia Pty Ltd ("MRA") and Compagnie Minière Or SA ("Cominor"). Together MRA and Cominor own Areva NC's gold business (the "Gold Business"), with MRA holding all of Areva NC's gold assets in Australia, and Cominor holding all of Areva NC's gold assets in Africa. It is expected that the Transaction will close on August 8, 2006. Areva NC is an arm's length party to La Mancha and a state corporation of the Republic of France.

The board of directors of La Mancha has determined that the transaction effected by the Agreement is in the best interest of La Mancha and its shareholders.

Following the Transaction, La Mancha's gold assets will consist of the following:

- **40% interest in the only operating gold mine in Sudan**
- **51% interest in the only operating gold mine in Ivory Coast**
- **51% interest in the Frog's Leg underground mine in Australia**
- **51% interest in the White Foil open pit mine in Australia**
- **30 exploration projects in four countries**

La Mancha, in connection with the Transaction, announced today that it is scheduled to close by June 5, 2006, a private placement ("Private Placement") in the United Kingdom and Canada of 26,855,134 subscription receipts ("Subscription Receipts") of La Mancha at a price of C\$1.50 per Subscription Receipt for gross proceeds of C\$40,282,701. Each Subscription Receipt will be automatically exchanged for one common share of La Mancha, without payment of additional consideration, upon the closing of the



Transaction, but no later than September 30, 2006. The gross proceeds from the Private Placement will be held in escrow pending closing of the Transaction. The proceeds of the Private Placement will be used to further develop the Gold Business. With respect to the portion of the Private Placement in the United Kingdom, La Mancha will enter into a placing agreement with Ocean Equities Limited (“Ocean”) to act as its agent, on a reasonable endeavors basis, to place 25,331,667 Subscription Receipts. La Mancha will pay Ocean a fee representing 5% of the gross proceeds from the private placement in the United Kingdom plus 1,266,583 warrants to purchase common shares of La Mancha at a price of C\$2.00 per share for a period of two years from the date of closing of the Transaction. With respect to the portion of the Private Placement in Canada, 1,523,467 Subscription Receipts will be sold directly by La Mancha to one investor in Canada.

The Transaction is subject to, among other conditions, release of the escrowed proceeds of the Private Placement, approval of the Transaction by La Mancha shareholders at a special shareholders' meeting, and approval by requisite governmental and regulatory authorities. In accordance with the TSX Venture Exchange policies, La Mancha is preparing and finalizing the required documentation, including a management information circular that will contain disclosure of all material information in respect of the Transaction, the Private Placement and all related transactions, the whole in accordance with TSX Venture Exchange Policy 5.2.

The Gold Business

Per country breakdown of operations of La Mancha following the Transaction

The share of total production for 2005 attributable to the Gold Business is 119,839 ounces, and is expected to average approximately 105,000 ounces per year over the next five years, with average cash cost operating costs estimated to be US\$230 per ounce for the same period.

Sudan

Cominor owns a 40% interest in the Ariab Mining Company (“AMC”), and is the operator of the Hassaï mines in north-eastern Sudan. AMC is the only operating mining company in Sudan, and as such, holds a competitive advantage in the largest and relatively unexplored country in Africa. The remainder of AMC is held 56% by agencies of the Government of Sudan and 4% by French private entity.

AMC's total production for 2005 was over 152,000 ounces, 61,000 ounces of which are attributable to Cominor, at a cash operating cost of less than US\$250 per oz. From 1992 to 2005, over 1.9 million ounces of gold (100%) has been produced at the Hassaï mines, and current reserves total 657,000 ounces (100%) with 263,000 ounces attributable to Cominor. The current mine life, based only on the existing reserves, is four years. This figure excludes the gold-bearing tailings, which could extend the mine life for an additional seven years, and the potential for resource additions which have occurred in prior years. The mine is an open-pit heap leach operation with ore being drawn from several pits at any one time via an integrated road system which links all the pits with a central processing plant. The average life-of-mine grade is estimated to be just under five grams per tonne. The gold doré bars are sent by air to Khartoum and then to Toronto, Canada, for refining.

Sudan Reserves:

	Total Tonnes	Grade Au (g/t)	Gold Ounces Contained	Interest of Cominor	Gold Ounces Attributable to Cominor
Probable					
Sudan Hassai Pits	2,338,469	5.3	398,517	40%	159,407
Sudan Hassai Stockpiles	1,796,557	4.48	258,797	40%	103,519
Total Reserves			657,314	40%	262,926

Ivory Coast

Cominor holds a 51% interest in Société des Mines d'Ity ("SMI"), with the balance held by SODEMI, a company wholly owned by the Ivory Coast government. SMI operates the Ity gold mine in western Ivory Coast, plus contiguous exploration interests. Additionally, Cominor holds interests in five additional exploration concessions covering 3,591 km² in the Ivory Coast. SMI's principal assets are the Ity and Flotouo-Zia gold deposits. Both of these deposits are currently being mined, with production for 2005 totaling approximately 41,000 ounces, 21,000 ounces of which are attributable to Cominor. Approximately 600,000 ounces have been produced to date (100%) and the current reserve is 531,000 ounces, approximately 271,000 ounces of which is attributable to Cominor. The Ity Mine open pit is projected to produce an average of more than 60,000 ounces per year through to 2012, including approximately 31,000 ounces per year attributable to Cominor. The average life-of-mine grades are estimated to be over five grams per tonne. The gold doré bars are sent to Abidjan for shipment to Switzerland for refining.

Ivory Coast Reserves:

	Tonnes	Grade Au (g/t)	Gold Ounces Contained	Interest of Cominor	Gold Ounces Attributable to Cominor
Proven					
Ivory Coast Mont Ity Laterite	911,441	3.39	99,350	51%	50,668
Ivory Coast Mont Ity Laterite Additional	172,786	2.86	15,890	51%	8,104
Probable					
Ivory Coast Mont Ity Saprolite	1,540,317	6.61	327,379	51%	166,963
Ivory Coast Flotouo Saprolite	196,197	6.59	41,574	51%	21,203
Ivory Coast Zia Saprolite	334,528	4.39	47,221	51%	24,083
Total Reserves			531,414	51%	271,021

Australia

MRA owns interests in two proposed mines: 51% of Frog's Leg (Dioro Exploration NL holds the remaining 49%), and 51% of White Foil. MRA has exercised a pre-emptive right it holds under its joint-venture agreement in respect of White Foil for the purchase of the remaining 49% interest in the joint-venture, and expects to receive confirmation of such purchase. MRA also holds 20 exploration projects in Western Australia and one project in Queensland.

In late 2005, open pit mining at the Frog's Leg mine was completed. Based on a feasibility study completed by MRA in 2004, and updated in 2005, underground development is scheduled to start in 2006, with mining operations expected to commence in late 2007. At Frog's Leg, the total underground resource is 3,653,293 tonnes grading 5.70 g/t Au for a total of 669,000 ounces, 341,000 ounces of which are attributable to MRA. The current mine plan anticipates a transition from the open pit into an underground mine, with access via a decline from the west side of the pit. Drilling to date has focused on delineating resources to depths of no greater than 400m below surface and mineralization remains open at depth and along strike.

The White Foil open pit mine is expected to be restarted in 2007. The open-pit mine has a current resource of 1,455,792 tonnes grading 2.57g/t for 120,000 ounces as defined in the original mine plan done in 1999. The current resource at White Foil is approximately 400,000 ounces, 204,000 ounces of which are attributable to MRA. In addition to the foregoing, there is substantial exploration potential demonstrated by a number of significant intersections below the planned pit floor, which will be approximately 150 meters below surface. These include 18m of 5.10g/t Au from 306m, 9m of 5.16 g/t Au from 214m, 7m of 7.28 g/t Au from 289m, and 6m of 8.77 g/t Au from 199m. As a result, MRA intends to explore future potential for underground mining via an adit from near the bottom of the pit.

The Frog's Leg and White Foil mines are located within 3 km of each other in the highly prospective Kundana mining district in the Kalgoorlie mining camp in Western Australia. Close proximity of the two mines offers enhanced operating efficiencies.

Australia Resources:

	Tonnes	Grade Au (g/t)	Gold Ounces Contained	Interest of MRA	Gold Ounces Attributable to MRA
Measured Resources					
Frog's Leg	3,653,293	5.70	669,575	51%	341,483
White Foil	3,680,000	2.32	274,521	51%	140,006
Indicated Resources					
White Foil	1,981,000	1.97	125,485	51%	63,997
Total Measured & Indicated			1,069,580		545,486
Inferred Resources					
Frog's Leg	802,670	5.21	134,467	51%	68,578
White Foil	2,303,000	2.16	159,951	51%	81,575
Total Inferred			294,418	51%	150,153

Argentina

La Mancha has a portfolio of four exploration properties in western Argentina, and the Company retains a substantial geological team with significant experience in this region. In addition to an established resource at the Company's Hualilan property, the Company's Ortiguita and San Francisco properties are strategically situated along a world-class geological trend that hosts some of the world's largest gold deposits, including Veladero, Pascua-Lama and El Indio.

A comprehensive business plan is currently being developed in order to maximize the value of the existing gold assets and evaluate other opportunities. The business plan will include extensive drilling,

recommendations for optimizing production scenarios, and exploration of the prospective concessions.

Board of Directors

Further to completion of the Transaction, La Mancha will procure resignations and releases from its current directors, except Walter H. Berukoff. The number of La Mancha directors will be increased to seven, six of whom are to be nominated by Areva NC and one by Red Lion Management Ltd. ("Red Lion"). Upon the closing of the Transaction, the board of directors of La Mancha will consist of the following individuals:

- 1) Rémy Autebert: Senior Executive Vice President, Areva NC
- 2) Tim Gitzel: Executive Vice President Mining Business Unit, Areva NC
- 3) Dominique Delorme: Vice President Gold Production, Areva NC
- 4) Marc Quesnoy: Vice President Finance Mining Business Unit, Areva NC
- 5) Walter H. Berukoff: President Red Lion Management
- 6) Ross Glanville: President Ross Glanville & Associates Ltd.
- 7) Guy Gagnon: Partner McCarthy Tétrault LLP

In connection with the Transaction, pursuant to a transfer agreement dated February 2, 2006, and amended on May 17 and June 2, 2006, between La Mancha and Red Lion, a private company controlled by Walter H. Berukoff, who is also Chairman and Chief Executive Officer of La Mancha, and a 14.7% shareholder, Red Lion agreed to exchange all outstanding shares in Red Lion Acquisitions Corporation, a wholly owned subsidiary of Red Lion, in consideration for the issuance by La Mancha to Red Lion of four million common shares of La Mancha. Red Lion has provided La Mancha certain indemnities concerning this transaction. The issuance of four million common shares of La Mancha to Red Lion is conditional upon closing of the Transaction, and regulatory approval. Red Lion Acquisitions Corporation holds certain rights, title and interests in Red Lion's agreement with Areva NC in connection with the acquisition of the Gold Business. This transaction is a related-party transaction under OSC Rule 61-501 – *Insider Bids, Business Combinations and Related-Party Transactions* ("OSC Rule 61-501") and applicable rules of the TSX Venture Exchange. There has been no prior valuation relating to this transaction. The transaction is not subject to the formal valuation and minority approval requirements of OSC Rule 61-501 by virtue of subsections 5.5(2) and 5.7(2) as the 4 million common shares represent less than 25% of La Mancha's market capitalization. The unrelated members of the board of directors of La Mancha have determined that the transaction with Red Lion is in the best interest of La Mancha and its shareholders. La Mancha will seek approval of this transaction with Red Lion, together with approval of the Transaction, by majority of the disinterested shareholders of La Mancha.

Guy Chartier, an independent consultant, pursuant to a fee agreement entered into between La Mancha and Guy Chartier, will receive 1 million common shares of La Mancha and C\$250,000 for services rendered in connection with the Transaction. The payment of this fee to Guy Chartier is subject to regulatory approval.

National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* compliant technical reports will be filed with the TSX-Venture Exchange, and copies of these reports will be made available on La Mancha's website.

ON BEHALF OF THE BOARD

Walter H. Berukoff
Executive Chairman

For further information please visit our website at www.lamancharesources.com, or contact us by telephone at (604) 998-1250, or by email at info@lamancharesources.com.

Technical Note

Disclosure of the technical aspects of the Australian mining assets is the responsibility of both Thomas Schrimpf, MAusIMM, RPEQ, Principal Consultant, Underground Mining for SRK Consulting, who is the independent qualified person for La Mancha Resources, and John Jenks, P.Geo., who is a Director of the Company. Disclosure of the technical aspects of the African mining assets is the responsibility of Stephane Amireault, P.Geo, who is the independent qualified person for La Mancha Resources. The technical disclosure in this news release has been read and approved by the qualified persons responsible.

Completion of the Transaction is subject to a number of conditions, including Exchange acceptance and disinterested Shareholder approval. The Transaction cannot close until the required Shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Information Circular to be prepared in connection with the Transaction, any information released or received with respect to the Reverse Take-Over may not be accurate or complete and should not be relied upon. Trading in the securities of La Mancha Resources Inc. should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

This press release contains "forward-looking information" that is based on La Mancha's expectations, estimates and projections up to the date such information is disclosed. This forward-looking information includes, among other things, statements with respect to La Mancha's business strategy, plans, outlook and expectations as to the Transaction with Areva NC. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should" and similar expressions. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause La Mancha's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to:

- uncertainties related to unexpected judicial or regulatory proceedings;
- uncertainties relating to delays in the proposed Transaction with Areva NC and completion of the proposed concurrent private placement of subscription receipts;
- changes in, and the effects of, the laws, regulations and government policies affecting our mining operations, particularly laws, regulations and policies relating to: (i) mine expansions, environmental protection and associated compliance costs arising from exploration, mine development, mine operations and mine closures; (ii) expected effective future tax rates in jurisdictions in which our operations are located; (iii) the protection of the health and safety of mine workers; and (iv) mineral rights ownership in countries where our mineral deposits are located;
- changes in general economic conditions, the financial markets and the demand and market price for gold

- changes in mining costs such as diesel fuel, coal, petroleum, coke, steel, concrete, electricity and other forms of energy, mining equipment, operating supplies;
- fluctuations in exchange rates, particularly with respect to the value of the U.S. dollar, Canadian dollar, Australian dollar and the Euro;
- changes in accounting policies and methods used to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates;
- environmental issues and liabilities associated with mining including processing and stock piling of ore;
- geopolitical uncertainty and political and economic instability in countries in which we operate; and
- labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate mines, or extreme weather conditions, environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in our mines.

A discussion of these and other factors that may affect La Mancha's actual results, performance, achievements or financial position is contained in the filings by La Mancha with Canadian provincial securities regulatory authorities. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information.

INVESTORS AND SECURITYHOLDERS ARE URGED TO READ THE RELEVANT INFORMATION THAT WILL BE FILED WITH SEDAR WHEN IT BECOMES AVAILABLE BECAUSE THIS WILL CONTAIN IMPORTANT ADDITIONAL DISCLOSURE.