

9th November 2006

The attached Notice of 2006 Annual General Meeting
and the Information Memorandum was dispatched to shareholders today.

MINTAILS LIMITED

ACN: 008 740 672

NOTICE OF 2006 ANNUAL GENERAL MEETING Incorporating **Explanatory Notes, Information Memorandum and** **Proxy Form**

To Be Held On:

Monday 11 December 2006

At:

9:30am

(Registration commencing at 9:20am)

At:

Giorgios, 1235 High Street

Armadale

VICTORIA 3143

NOTICE OF 2006 ANNUAL GENERAL MEETING

NOTICE IS HEREBY given that the 2006 Annual General Meeting (**AGM**) of Mintails Limited (**Company**) is to be held at Giorgios, 1235 High Street, Armadale, Victoria, 3143 on Monday 11 December 2006 at 9.30am.

The Explanatory Notes, Information Memorandum and Proxy Form accompanying this Notice of Annual General Meeting are hereby incorporated in and comprise part of this Notice of Annual General Meeting.

BUSINESS

Financial Reports

To receive and consider the Annual Financial Report of the Company comprising the Annual Financial Report, the Directors Report and the Audit Report for the year ended 30th June 2006.

RESOLUTIONS – ORDINARY BUSINESS

1. **Re-Election of Mr. Richard Revelins to serve as a Director**

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That, Mr. Richard Revelins who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

2. **Election of Mr. Peter Chapman as a Non-Executive Director**

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That Mr. Peter Chapman, a director appointed to fill a casual vacancy and being eligible for election, be elected as a Director of the Company.”

3. **Election of Mr. Richard Potts as a Non-Executive Director**

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That Mr. Richard Potts, a director appointed to fill a casual vacancy and being eligible for election, be elected as a Director of the Company.”

4. **Election of Mr. Dietrich van der Walt as an Executive Director**

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That Mr. Dietrich van der Walt, a Director appointed to fill a casual vacancy and being eligible for election, be elected as Director of the Company.”

5. **Election of Mr. Wilhelm Schoeman as an Executive Director**

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That Mr. Wilhelm Schoeman, a Director appointed to fill a casual vacancy and being eligible for election, be elected as a Director of the Company.”

6. **Change of Company Auditor**

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That Webb Audit Pty Ltd, a registered audit company with ASIC be hereby appointed external auditor of the Company, replacing the incumbent auditor, Webb Callaway Paton”.

<p>This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.</p>
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7. Non-Binding Adoption of 2006 Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

“That, Members hereby adopt the 2006 Remuneration Report as published in the Directors Report section of the Company’s 2006 Annual Report.”

8. Grant of Options to Mr. Wilhelm Schoeman

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That the Company approves the issue to Mr Wilhelm Schoeman, a Director of the Company, the following tranches of options to acquire one ordinary share in the capital of the Company at an exercise price of \$0.25 (25 cents) each expiring 31 March 2011:

- a. 2,500,000 twelve-month deferred exercise options as described above and otherwise as described in relation to twelve-month deferred exercise options in the Explanatory Notes which accompanies and forms part of the Notice of Meeting.
- b. 1,250,000 twenty-four month deferred exercise options on the terms as described above and otherwise as described in relation to twenty-four month deferred exercise options in the Explanatory Notes.
- c. 1,250,000 thirty-six month deferred exercise options on the terms as described above and otherwise as described in relation to thirty-six month deferred exercise options in the Explanatory Notes.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 8 by:

- *persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *the person who is to receive securities in relation to the Company pursuant to this resolution; or*
- *a director of the Company; or*
- *an associate of those persons.*

However, the Company need not disregard a vote on Resolution 8 if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

9. Grant of Options to Bryan Frost

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That the Company approves the issue to Mr. Bryan Frost, a Director of the Company, of 4,000,000 options to acquire one ordinary share at an exercise price of \$0.30 (30 cents) each expiring 31 March 2011 and otherwise on such terms regarding deferral of exercise rights and conditions concerning right to exercise as specified in relation to Directors Options in the Explanatory Notes which accompanies and forms part of the Notice of Meeting”.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 9 by:

- persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or
- the person who is to receive securities in relation to the Company pursuant to this resolution; or
- a director of the Company; or
- an associate of those persons.

However, the Company need not disregard a vote on Resolution 9 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

10. Grant of Options to Richard Revelins

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That the Company approves the issue to Mr Richard Revelins, a Director of the Company, of 2,000,000 options to acquire one ordinary share at an exercise price of \$0.30 (30 cents) each expiring 31 March 2011 and otherwise on such terms regarding deferral of exercise rights and conditions concerning right to exercise as specified in relation to Directors Options in the Explanatory Notes which accompanies and forms part of the Notice of Meeting”.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 10 by:

- persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or
- a person who is to receive securities in relation to the Company pursuant to this resolution; or
- a director of the Company; or
- an associate of those persons.

However, the Company need not disregard a vote on Resolution 10 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTIONS – SPECIAL BUSINESS

11. Skeat Gold Mining (Proprietary) Limited Acquisition – Issue of Shares

To consider, and if thought fit, to pass, with or without amendment, the following as ordinary resolution:

“That, Members approve the Company issuing 103,421,050 ordinary shares in the capital of the Company deemed fully paid at an issue price of thirty cents (AUD\$0.30) each as part of the consideration for the Company’s acquisition of 70% of the issued shares in the capital of Skeat Gold Mining (Proprietary) Limited as described in the Information Memorandum which accompanies and forms part of the Notice of Meeting. The shares the subject of this Resolution shall be issued in the manner and to the entities described in Section 6 of the Information Memorandum.”

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 11 by:

- *persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *an associate of those persons.*

However, the Company need not disregard a vote on Resolution 11 if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

12. Skeat Gold Mining (Proprietary) Limited Acquisition – Issue of Shares

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

If ASX grants a waiver permitting the shares referred to in this resolution to be issued as provided for in the Information Memorandum, to consider, and if thought fit, to pass, with or without amendment, the following as ordinary an resolution:

“That, Members approve the Company issuing 68,947,370 ordinary shares in the capital of the Company deemed fully paid at an issue price of thirty cents (AUD\$0.30) each as part of the consideration for the Company’s acquisition of 30% of the issued shares in the capital of Skeat Gold Mining (Proprietary) Limited as described in the Information Memorandum which accompanies and forms part of the Notice of Meeting. The shares the subject of this Resolution shall be issued in the manner and to the entities described in Section 6 of the Information Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 12 by:

- *persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *an associate of those persons.*

However, the Company need not disregard a vote on Resolution 12 if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

13. Placement of Shares

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That the Members approve the issue of up to 166,700,000 ordinary shares in the capital of the Company (deemed fully paid) at an issue price of 30 cents (AUD\$0.30) each to raise up to AUD\$50,000,000, with the ability to reduce the allotment price of the ordinary shares by up to fifteen percent (15%) in which case up to 188,680,000 Placement Shares would be issued to raise AUD\$50,000,000 pursuant to the Placement described in Section 5 of the Information Memorandum which accompanies and forms part of the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 13 by:

- persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the respective resolution is passed; or
- an associate of those persons.

However, the Company need not disregard a vote on Resolution 13 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

14. Change of Activities

To consider, and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That subject to Resolution 11 and 13 being passed, for the purpose of ASX Listing Rule 11.1.2, and all other purposes, Members approve the Company implementing the Acquisition of Skeat Gold Mining (Proprietary) Ltd described in the Information Memorandum which accompanied and formed part of the Notice of Annual General Meeting and the resultant change to the Company’s activities”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 14 by:

- a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or
- an associate of those persons.

However, the Company need not disregard a vote on Resolution 14 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Date: Friday 3rd November 2006

BY ORDER OF THE BOARD



Phillip Hains
Company Secretary
Mintails Ltd

The accompanying Explanatory Notes, Information Memorandum and the Proxy and Voting Instructions form part of this Notice of Annual General Meeting.

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

Voting Instructions

Corporate Representatives

If a representative of the corporation is to attend the AGM the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Voting Instructions

For the purposes of determining voting entitlements at the AGM, shares will be taken to be held by persons who are registered as holding shares at 7.00pm (Melbourne, Victoria Time) on 8 December 2006.

Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

Proxy Instructions

Instructions in respect of the appointment of proxies accompany the Proxy Form attached.

The Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 9:30 am (Melbourne, Victoria time), 9 December 2006 being not later than 48 hours before the commencement of the AGM. Any Proxy Form received after that time will not be valid for the scheduled AGM.

Documents may be lodged by posting, delivery or facsimile to:

Registered Office Suite 2 1233 High Street Armadale Victoria 3143 PO Box 8046 Armadale Victoria 3143 Ph: 03 9824 8166 Fx: 03 9824 8161	Share Registry Security Transfer Registrar 770 Canning Highway Applecross Western Australia 6153 Ph: 08 9315 2333 Fx: 08 9315 2233
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This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

Shareholder's Name

Please write you name(s) above

Shareholder's Address

Appointment of Proxy

I/We being members/s of Mintails Ltd and entitled to vote hereby appoint

"A"		the Chairman of the Meeting (mark with an "X")	OR		Write here the name and address of the person you are appointing if this person is someone other than the Chairman of the Meeting.
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or failing the person named, or if no person is named, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy to act generally at the AGM on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the AGM of Mintails Ltd to be held at Giorgios, 1235 High Street, Armadale Victoria 3143 at 9.30 am on 11 December 2006 and at any adjournment of that AGM.

By marking box "A" you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairman intends voting undirected proxies in favour of the resolutions in which he is permitted to vote.

Voting directions to your proxy – please mark x to indicate your directions

		<i>For</i>	<i>Against</i>	<i>Abstain**</i>
<u>Resolution 1:</u>	Re-election of Mr. Richard Revelins to serve as a Director			
<u>Resolution 2:</u>	Election of Mr. Peter Chapman as a Director			
<u>Resolution 3:</u>	Election of Mr. Richard Potts as a Director			
<u>Resolution 4:</u>	Election of Mr. Dietrich van der Walt as a Director			
<u>Resolution 5:</u>	Election of Mr. Wilhelm Schoeman as a Director			
<u>Resolution 6:</u>	Change of Company Auditor			
<u>Resolution 7:</u>	Non-Binding Adoption of Remuneration Report			

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

		<i>For</i>	<i>Against</i>	<i>Abstain**</i>
<u>Resolution 8:</u>	Grant of Options to Wilhelm Schoeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 9:</u>	Grant of Options to Bryan Frost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 10:</u>	Grant of Options to Richard Revelins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 11:</u>	Skeat Gold Mining (Proprietary) Limited Acquisition – Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 12:</u>	Skeat Gold Mining (Proprietary) Limited Acquisition – Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 13:</u>	Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 14:</u>	Change of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

** If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE - This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security holder 1

Security holder 2

Security holder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Telephone Number

Contact Name

Contact Daytime Telephone

Date

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

How to complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please contact the Company's share registry to arrange for changes to be made.

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Annual General Meeting ("AGM") as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the AGM please write the name of that person. If you leave this section blank, or your named proxy does not attend the AGM, the Chairman of the AGM will be your proxy. A proxy need not be a security holder of the Company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be noted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the AGM and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: were the holding is in one name, the holder must sign.
- Joint Holding: where the holding is more than one name, all the security holders should sign.
- Power of Attorney: to sign under a Power of Attorney, you must have already lodged this document with the share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, that person must sign this form. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise a Director must sign this form jointly with either another Director or Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the AGM the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 9:30 am (Melbourne, Victoria time), 9 December 2006 being not later than 48 hours before the commencement of the AGM. Any Proxy Form received after that time will not be valid for the scheduled AGM.

Documents may be lodged by posting, delivery or facsimile to:

Registered Office Suite 2 1233 High Street Armadale Victoria 3143 PO Box 8046 Armadale Victoria 3143 Ph: 03 9824 8166 Fx: 03 9824 8161	Share Registry Security Transfer Registrar 770 Canning Highway Applecross Western Australia 6153 Ph: 08 9315 2333 Fx: 08 9315 2233
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EXPLANATORY NOTES TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

These Explanatory Notes accompanies Mintails Limited Notice of 2006 Annual General Meeting to be held on Monday, 11 December 2006. These Explanatory Notes form part of the Notice of 2006 Annual General Meeting and relate to the Ordinary Business to be considered at the Meeting comprising of Resolutions 1-10 (inclusive). The Notice of 2006 Annual General Meeting should be read together with these Explanatory Notes. A separate Information Memorandum in respect of the subject matter of Resolutions 11 to 14 (inclusive) also accompanies the Notice of 2006 Annual General Meeting.

Resolution 1: Re-election of Mr. Richard Revelins to Serve as a Director

At each Annual General Meeting of the Company, one third of the directors of the Company (except a Managing Director) must retire from office by rotation, in accordance with the Company's Constitution. No director (except a Managing Director) shall retain office for a period in excess of three years without submitting him or herself for re-election. A director who retires from office by rotation and is eligible for re-election may offer him or herself for re-election.

Mr. Revelins has held senior executive positions in merchant banking and stock broking firms and has acted as an advisor to a number of public companies in such matters as takeovers, mergers and acquisitions, sale of businesses, debt and equity raisings and strategic financial advice.

Resolution 2: Election of Mr. Peter Chapman as a Non-Executive Director

Mr Peter Chapman was appointed Director of the Company to fill a casual vacancy during the year. In accordance with the company's constitution, his appointment is to be confirmed at the first AGM following his appointment.

Mr Chapman's career in the stockbroking and financial services industry spans 30 years during which time he has held positions as Chief Executive, Senior Partner and Director.

Mr Chapman is a former Affiliate of The Australian Stock Exchange Limited and a previous Director of The Australian Stock Exchange (Melb) Limited, an Associate of The Securities Institute of Australia and a Fellow of The Australian Institute of Company Directors.

Resolution 3: Election of Mr. Richard Potts as a Non-Executive Director

Mr. Richard Potts was appointed Director of the Company to fill a casual vacancy during the year. In accordance with the company's constitution, his appointment is to be confirmed at the first AGM following his appointment.

Mr. Potts holds a BSc (Mining Engineering) from Imperial College, U.K; is a Chartered Engineer (UK); an Associate of the Royal School of Mines; a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Institute of Mining and Metallurgy.

Mr Potts has also held a number of senior positions with major international mining companies including MIM, Rio Tinto, Pasminco and Tigor. He is currently a non-executive director of Riverside Mining Limited and Albidon Limited. He provides consulting advice to a number of mining groups including Rio Tinto, Albidon, IndoPhil Resources and Lion Selection Group. Mr Potts' extensive worldwide mining experience and strong technical background provides the board of Mintails with a high level of hands on operating experience.

Resolution 4: Election of Mr. Dietrich van der Walt as Chief Executive Officer

Mr. Dietrich van der Walt was appointed a Director of the Company to fill a casual vacancy during the year. In accordance with the company's constitution, his appointment is to be confirmed at the first AGM following his appointment.

Mr van der Walt also acts as Chief Executive Officer. His experience and background in law, international taxation, investment banking and Black Economic Empowerment (BEE) issues have provided the Company with a solid platform to successfully operate within the South African mining environment.

Mr van der Walt was born and educated in South Africa. After completing compulsory military service in 1988 Mr van der Walt became a Senior Tax Advocate within the South African Department of Finance. He subsequently became an Associate Director of Deloitte and Touche Tax Consultants before working as Manager Tax and Legal for Gensec Bank (South Africa) as part of the Special Projects and Structured Products team.

Mr van der Walt founded the Acorn/Isibizo Group of Companies which constitute a Broad Based Benefit Scheme as defined by the Black Economic Empowerment (BEE) Code of Practice.

Resolution 5: Election of Mr. Wilhelm Schoeman as Technical Director

Mr. Wilhelm Schoeman was appointed a Director to fill a casual vacancy during the year. In accordance with the company's constitution, his appointment is to be confirmed at the first AGM following his appointment.

He holds a Bachelor of Technology (Analytical Chemistry) from Pretoria Technicon.

Prior to joining Mintails Ltd, Mr Schoeman was General Manager of Atomaer SA and over the past 12 months has been chiefly responsible for the technical and gold recovery aspects of the West Rand Gold initiative.

Mr Schoeman has also been appointed Managing Director of Mintails SA Pty Ltd.

Resolution 6: Change of Company Auditor

Webb Callaway Paton, the current auditor of the Company has advised the Audit Committee that it has established Webb Audit Pty Ltd, a company registered with ASIC as a Registered Audit Company, the sole purpose being to conduct audit and assurance services. This company and all of its activities are currently regulated by ASIC.

The appointment of Webb Audit Pty Ltd effects a change of auditor in accordance with the Corporations Act 2001. Subject to the approval of ASIC firstly and then members of the Company at the AGM, the Company has received formal resignation from Webb Callaway Paton, effective as at the date of the AGM, with appointment of the new entity Webb Audit Pty Ltd. The current lead and review partners and staff will continue in their roles with Webb Audit Pty Ltd. The Audit Committee have made a recommendation, endorsed by the Board, that Webb Callaway Paton be replaced as external auditor of the company by Webb Audit Pty Ltd. Webb Audit Pty Ltd has been nominated in writing by a member of the Company to be external auditor. A copy of the nomination is attached to Annexure C set out in the Explanatory Notes.

In the event ASIC approval is not received by the date of the AGM, Webb Callaway Paton will continue in office and the proposed resolution will lapse. If ASIC approval is received subsequent to the AGM, Webb Audit Pty Ltd will be appointed by the directors pursuant to the Corporations Act 2001. Appointment of Webb Audit Pty Ltd by the directors will be subject to confirmation by shareholders at the next AGM.

Resolution 7: Non-Binding Adoption of Remuneration Report

Pursuant to the Corporations Act 2001 the Annual General Meeting of a listed company must propose a resolution that the Remuneration Report be adopted. Also pursuant to the Corporations Act 2001, the vote on this Resolution is advisory only and does not bind either the directors or the Company.

The Remuneration Report is included in the Annual Report distributed to Shareholders and the financial statements to be laid before the AGM. Shareholders will be given the opportunity to ask questions about or make comments on the Remuneration Report at the AGM.

Resolution 8: Grant of options to Mr. Wilhelm Schoeman

Resolution 8 proposes that for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, shareholders approve the issue to Mr Wilhelm Schoeman of a total of 5,000,000 options to acquire one ordinary share in the capital of the Company at an exercise price of \$0.25 (25 cents) each expiring 31 March 2011 and otherwise in accordance with those terms described in this Explanatory Memorandum. These options are proposed to be issued pursuant to the terms of Mr Schoeman's terms of employment with the Company.

Mr Schoeman was appointed technical director of the Company during the year. Prior to joining Mintails Ltd, Mr Schoeman was General Manager of Atomaer SA and over the past 12 months has been chiefly responsible for the technical and gold recovery aspects of West Rand Gold initiative. Mr Schoeman is also Managing Director of Mintails SA Pty Ltd.

The options proposed to be issued in accordance with Resolution 8 are being provided as part of the negotiated remuneration arrangements between the Company and Mr Schoeman which were negotiated prior to Mr Schoeman commencing his services as a technical director of the Company.

The options proposed to be issued to Mr Schoeman as part of his remuneration arrangements are comprised of three categories as follows:

a. 2,500,000 Twelve Months Deferred Exercise Options

These options will not be exercisable until 1 January 2007 (provided Mr Schoeman remains a Director of the Company at that date) being a date approximately 12 months following Mr Schoeman's commencement of executive duties with the Company. The full terms and conditions of these options are described in Annexure A to these Explanatory Notes.

b. 1,250,000 Twenty Four Month Deferred Exercise Options

These options do not become exercisable until 1 January 2008 (provided Mr Schoeman remains a director of the Company at that date). In addition, these options will not become exercisable unless the Company achieves of the following performance criteria:

- The Company achieving minimum production of 40,000 ounces of gold during the first 12 months after production has commenced.

The full terms and conditions of the 24 Month Deferred Exercise Options are described in Annexure B to these Explanatory Notes.

c. 1,250,000 Thirty Six Month Deferred Exercise Options

These options will be issued on the same terms and conditions as those described in sub paragraph (a) above (as described in Annexure A to the Explanatory Notes) except that the options shall not become exercisable until 1 January 2009, provided Mr Schoeman remains a director of the Company at that date.

In accordance with ASX Listing Rule 10.11 an entity must not issue or agree to issue equity securities (including options) to a related party, without the approval of shareholders. As such, the Company is seeking shareholder approval for Resolution 8. If approval is given by shareholders pursuant to Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The securities the subject of Resolution 8 will, subject to approval, be issued on a date which is not more than one month after the date of the Meeting.

No application will be made to apply for quotation of the options the subject of Resolution 8. The issue of options pursuant to Resolution 8 will not raise funds and no cash will be received. Funds received if the options are exercised will be applied to the working capital requirements of the Company at that time.

Resolutions 9 & 10: Issue of Directors Options to Directors

Resolutions 9 & 10 propose that shareholders approve the issue of 4,000,000 options to acquire one ordinary share at an exercise price of \$0.30 (30 cents) to Mr. Bryan Frost and 2,000,000 options to acquire one ordinary share at an exercise price of \$0.30 (30 cents) to Mr. Richard Revelins. These Directors Options are proposed to be issued to the relevant directors as part of their remuneration arrangements with the Company.

The terms of the Directors Options are set out in Annexure D attached to the Explanatory Notes. Subject to approval of shareholders to the relevant resolutions, the Directors Options shall be issued by a day no later than one month after the date of the Meeting. Application will not be made to the ASX for Official Quotation of the Directors Options. Pursuant to ASX Listing Rule 10.11 an entity must not issue or agree to issue equity securities (including options) to a related party without the approval of shareholders. As such the Company is seeking shareholder approval for Resolutions 9 & 10 in order to comply with Listing Rule 10.11. If approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1. The issue of the Directors Options will not raise funds as no cash will be received. Funds received if the options are exercised will be applied to the working capital requirements of the Company at that time.

ANNEXURE A

MINTAILS LIMITED
ABN 45 008 740 672

12 MONTH DEFERRED EXERCISE OPTIONS & 36 MONTH DEFERRED EXERCISE OPTIONS TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 8)

- (a) The 12 Month Deferred Exercise Options ("the Options") shall expire at 5.00 pm Australian Eastern Standard Time on 31 March 2011 ("the Expiry Date") and may not be transferred unless to one of the following with the prior consent of the Company:
- (i) the holder's spouse, children or other immediate family member;
 - (ii) a corporation controlled by the holder and/or a person identified at (i) above; or
 - (iii) a trust, the trustee of which is the holder and/or one or more of the persons identified in (i) and the beneficiaries are the holder and/or one or more of the persons or corporation identified in (i) and/or (ii).

Transfer of the Options will also be subject to any restrictions (escrow) that may be imposed by the Australian Stock Exchange Limited ("the ASX").

- (b) Subject to any restrictions (escrow) that may be imposed by ASX in relation to the Options, and subject to Mr. Schoeman being a director of the Company on 1 January 2007, the Options may be exercised at any time from 1 January 2007* up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company notice of the exercise of the Options ("an Exercise Form") and payment of the exercise price of twenty five cents (\$0.25) for each Option exercised. The Options shall lapse and automatically be cancelled if for any reason Mr. Schoeman ceases to be a Director of the Company or a subsidiary before 1 January 2007*.
- (c) There are no participating rights or entitlements inherent in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, subject to sub-clause (b), Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.
- (d) In the event of any reorganisation of the capital of the Company (including a reduction or return of capital, or a consolidation or sub-division of ordinary shares), the rights of an option holder will be amended to the extent necessary to comply with the Listing Rules of ASX applying to a reorganisation of capital at the time of the reorganisation, and these terms and conditions (including the exercise price) shall be deemed amended accordingly. In all other respects the terms and conditions of the Options shall remain unchanged. Other than as provided for above upon a reorganisation of capital, the option holder has no rights to a change in the exercise price of an Option or to a change to the number of shares in respect of which an option can be exercised.
- (e) Shares allocated and issued pursuant to the exercise of the Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed Exercise Form and the receipt of the exercise monies applicable thereto at the exercise price for each Option.

*Note: *The Thirty Six Month Deferred Exercise Options* proposed to be issued to Mr Schoeman as part of his remuneration arrangements described in the Explanatory Notes will be issued on the same terms and conditions as above, except that the date "1 January 2009" is substituted for the date "1 January 2007" in sub-clause (b).

ANNEXURE B

MINTAILS LIMITED
ABN 45 008 740 672

24 MONTH DEFERRED EXERCISE OPTIONS TERMS AND CONDITIONS (RESOLUTION 8)

- (a) The 24 Month Deferred Exercise Options ("the Options") shall expire at 5.00 pm Australian Eastern Standard Time on 31 March 2011 ("the Expiry Date") and may not be transferred unless to one of the following with the prior consent of the Company:
- (i) the holder's spouse, children or other immediate family member;
 - (ii) a corporation controlled by the holder and/or a person identified at (i) above; or
 - (iii) a trust, the trustee of which is the holder and/or one or more of the persons identified in (i) and the beneficiaries are the holder and/or one or more of the persons or corporation identified in (i) and/or (ii).

Transfer of the Options will also be subject to any restrictions (escrow) that may be imposed by the Australian Stock Exchange Limited ("the ASX").

- (b) Subject to sub-paragraph (f) and any restrictions (escrow) that may be imposed by ASX in relation to the Options, and subject to Mr Wilhelm Schoeman being a Director of the Company on 1 January 2008, the Options may be exercised at any time from 1 January 2008 up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company notice of the exercise of the Options ("an Exercise Form") and payment of the exercise price of thirty cents (\$0.30) for each Option exercised. The Options shall lapse and automatically be cancelled if for any reason Mr Wilhelm Schoeman ceases to be a Director of the Company before 1 January 2008.
- (c) There are no participating rights or entitlements inherent in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, subject to sub-clause (b), Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.
- (d) In the event of any reorganisation of the capital of the Company (including a reduction or return of capital, or a consolidation or sub-division of ordinary shares), the rights of an option holder will be amended to the extent necessary to comply with the Listing Rules of ASX applying to a reorganisation of capital at the time of the reorganisation, and these terms and conditions (including the exercise price) shall be deemed amended accordingly. In all other respects the terms and conditions of the Options shall remain unchanged. Other than as provided for above upon a reorganisation of capital, the option holder has no rights to a change in the exercise price of an Option or to a change to the number of shares in respect of which an option can be exercised.
- (e) Shares allocated and issued pursuant to the exercise of the Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed Exercise Form and the receipt of the exercise monies applicable thereto at the exercise price for each Option.
- (f) The Options will lapse and automatically be cancelled unless both the following are achieved:
- Commencement of mineral processing operations at the Mogale Gold Project by no later than 30 April 2006, and
 - The Company achieving minimum production of 40,000 ounces of gold from the Mogale Project during the first 12 months after production has commenced.

ANNEXURE C

LILLIS SERVICES PTY LTD

A.C.N: 076 379 265

Thursday 28th September 2006

The Directors
Mintails Limited
Suite 2
1233 High Street
Armadale
VICTORIA 3143

Dear Sirs,

I write on behalf of Lillis Services Pty Ltd, as a Member of **Mintails Limited**.

I nominate Webb Audit Pty Ltd, a Registered Audit Company with the Australian Securities & Investments Commission, to assume the role of Company Auditor for **Mintails Limited** from Webb Callaway Paton, noting that there is no effective change of auditors as the lead and review partners and associated staff will continue their roles from Webb Callaway Paton to Webb Audit Pty Ltd.

Yours faithfully



Phillip Hains
Sole Director / Principal
LILLIS SERVICES PTY LTD

ANNEXURE D

MINTAILS LIMITED
ABN 45 008 740 672

DIRECTORS OPTIONS

TERMS AND CONDITIONS (RESOLUTIONS 9 & 10)

- (a) The Directors Options ("the Options") shall expire at 5.00 pm Australian Eastern Standard Time on 31 March 2011 ("the Expiry Date") and may not be transferred unless to one of the following with the prior consent of the Company:
- (i) the holder's spouse, children or other immediate family member;
 - (j) a corporation controlled by the holder and/or a person identified at (i) above; or
 - (iii) a trust, the trustee of which is the holder and/or one or more of the persons identified in (i) and the beneficiaries are the holder and/or one or more of the persons or corporation identified in (i) and/or (ii).
- Transfer of the Options will also be subject to any restrictions (escrow) that may be imposed by the Australian Stock Exchange Limited ("the ASX").
- (b) Subject to sub-paragraph (f) and any restrictions (escrow) that may be imposed by ASX in relation to the Options, the Options may be exercised at any time from 1 January 2008 up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company notice of the exercise of the Options ("an Exercise Form") and payment of the exercise price of thirty cents (\$0.30) for each Option exercised.
- (c) There are no participating rights or entitlements inherent in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, subject to sub- clause (b), Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.
- (d) In the event of any reorganisation of the capital of the Company (including a reduction or return of capital, or a consolidation or sub-division of ordinary shares), the rights of an option holder will be amended to the extent necessary to comply with the Listing Rules of ASX applying to a reorganisation of capital at the time of the reorganisation, and these terms and conditions (including the exercise price) shall be deemed amended accordingly. In all other respects the terms and conditions of the Options shall remain unchanged. Other than as provided for above upon a reorganisation of capital, the option holder has no rights to a change in the exercise price of an Option or to a change to the number of shares in respect of which an option can be exercised.
- (e) Shares allocated and issued pursuant to the exercise of the Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed Exercise Form and the receipt of the exercise monies applicable thereto at the exercise price for each Option.
- (f) The Options will lapse and automatically be cancelled if before 1 January 2007 the director to whom the Options were issued (or to a nominee of whom the Options were issued) if the director;
- (i) is removed, becomes ineligible to act or resigns as a Director of the Company due to misconduct; or
 - (ii) resigns as a director of the Company voluntarily.