

# MINTAILS

L I M I T E D

ABN 45 008 740 672

## Quarterly Report For The Period Ended 30 September 2007

### About Mintails

- Mintails owns substantial uranium and gold bearing tailing resources located in South Africa's historic Witwatersrand Basin.
- Through its ownership of extensive plant, equipment and infrastructure Mintails is in the process of becoming a significant producer of uranium and gold with processing facilities being constructed on both its West and East Rand locations.

Issued Capital : 659.6m shares  
794.9m shares  
(fully diluted)

Major shareholders  
: Kintara 12.7%  
: Merrill Lynch 10.7%  
: JP Morgan 9.4%

Monthly Trading : 34.5m (shares)  
: \$26.7m (value)

Directors  
: Bryan J. Frost, Executive Chairman  
: Dick van der Walt, CEO  
: Lloyd Birrell, Special Projects Director  
: Jaco Schoeman, Technical Director  
: Richard Revelins, Executive Director  
: Robert Croll, Non-executive Director  
: Dick Potts, Non-executive Director  
: Peter Chapman, Non-executive Director

Website: [www.mintails.com.au](http://www.mintails.com.au)

This report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with estimation of uranium and gold resources, the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

Mintails accepts no responsibility to update any person regarding any error or omission or change in the information in this presentation or any other information made available to a person or any obligation to furnish the person with further information.

### Highlights

- Upgrade of West Rand JORC uranium resources from 21m lbs to 30.5m lbs. Significant increase in JORC Indicated resources from 3.5m lbs to 17.59m lbs.
- Sale and Take-off Agreement with Nufcor (AngloGold Ashanti) for sale of uranium rich slurries.
- WERGO construction on time and on budget scheduled for commissioning October 08 as expected.
- ERGO Joint Venture with DRD Gold on East Rand to process substantial tailings resources.
- New mini CIL plant commissioned and operating at HVH operation.
- Rob Croll (former AngloGold Ashanti senior executive) joins Mintails board.
- 20 million B Class Performance Shares lapse.
- Mintails acquires 49% interest in BEE company Di Kgosi.
- Acquisition of new site for deposition

### Overview

Mintails has significant gold and uranium tailings recovery operations based on the West and East Rand regions of South Africa's historic Witwatersrand Basin near Johannesburg.

### WEST RAND OPERATIONS

Mintails' West Rand operations comprise:

- 1) WERGO – gold and uranium operations (under construction)
- 2) Mogale Gold Plant – gold production
- 3) Underground Joint Venture – gold and uranium joint venture with DRDGold

#### WERGO – Uranium and Gold

WERGO stands for the West Rand Gold and Uranium Operations which is currently under construction near Randfontein approximately 70 kms west of Johannesburg. Phase 1 of WERGO is scheduled for completion in October next year and is expected to operate at a mining rate of 800,000 tonnes of tailings slimes per month in the short term until the commissioning of the Super Dump.

During the quarter Mintails' technical management reassessed the WERGO Phase 1 feasibility study and concluded that the rate of deposition may be a limiting factor initially in the operation of WERGO. Mintails is currently working on securing additional deposition capacity prior to operation of the Super Dump

The current status of the WERGO construction is as follows:

| <u>Activity</u>         | <u>Completion Level</u> |
|-------------------------|-------------------------|
| Conceptual design       | completed               |
| Metallurgical test work | 90%                     |
| Bulk Earthworks         | 75%                     |
| Detailed Design         | 70%                     |
| Procurement             | 60%                     |
| Concrete Works          | 20%                     |

The water treatment plant, which is an essential element of the WERGO design, anticipates completion of Clarifier 1 by the end of October and Clarifiers 2 and 3 by the end of December 2007 and January 2008 respectively.

During August the Department of Water Affairs and Forestry (DWAF) in principle approved Mintails' proposal for deposition in the northern section of the open pit. The application for a water license has been submitted and formal approval is believed to be imminent. Management are currently also finalising the required reports and approvals for submission to DWAF to enable deposition in respect of the entire open pit.

In respect of WERGO's long term deposition requirements 3 farms have been purchased in a geologically suitable region (granite based) within a 32 km radius of the plant for the construction of a Super Dump (with an estimated capacity of 800m – 1 billion tonnes of tailings). It is planned to have this additional deposition capacity available for the commissioning of WERGO Phase 2.

During the quarter Mintails announced that it had concluded agreements with the Nuclear Fuels Corporation of South Africa (Proprietary) Limited ("Nufcor") a 100% held subsidiary of AngloGold Ashanti Ltd for the purchase, and subsequent toll treatment of uranium rich slurries. Nufcor holds all the necessary regulatory approvals to accredit and calcine Mintails uranium rich slurries product into saleable yellow-cake; the end product for sale to the uranium market.

The initial agreement entails an off-take agreement whereby Nufcor will acquire Mintails uranium rich slurries product in the calendar year of 2008. This off-take agreement will be superseded by a toll treatment agreement that will apply from the calendar year 2009 onwards, whereby Nufcor will no longer purchase material but will continue to toll treat the Mintails uranium rich slurries. These arrangements provide an essential part of the framework which will allow Mintails to proceed with its long term uranium plans.

#### Mogale Gold Plant – Gold

During the quarter the Mogale Gold plant processed 454,000 tonnes of tailings and recovered 5,465.6 ozs of gold. The Mogale Plant is running in line with expectations although production remains susceptible to ongoing power outages which affect much of the region. Production during the period was also interrupted by mill repairs in the ordinary course of production. In general the Mogale Plant is running efficiently with grades and recoveries in line with budget and providing a modest cash operating profit.

It is planned that certain sections of the Mogale infrastructure will be integrated into the larger WERGO Phase 1 project as it nears commissioning in October 2008.

Resources – (West Rand Only)

Subsequent to the end of the quarter Mintails announced a substantial increase to its JORC uranium resources. The previous announcement in July 07 reported an effective doubling of the JORC uranium resource from approximately 10.4m lbs to 21m lbs of U<sub>3</sub>O<sub>8</sub>. Of this resource 3.5m lbs was classified as JORC Indicated resources and 17.6m lbs was classified as JORC Inferred resources. On 12 October the Company announced that not only had it increased its total JORC uranium resources to approximately 30.5m lbs but it had elevated the status of these resources with 14.71m lbs now classified as JORC Indicated resources and 15.59m lbs classified as JORC Inferred resources.

**TABLE 1 – Mintails Ltd. West Rand Surface Uranium Resources (October 2007)**

| <b>Current JORC Resources</b> |                   |             |                |                        |
|-------------------------------|-------------------|-------------|----------------|------------------------|
| JORC Category                 | Tonnes (millions) | Grade (g/t) | Uranium Tonnes | Uranium Lbs (millions) |
| Indicated                     | 138               | 48          | 6674           | 14.71                  |
| Inferred (Tailings Dumps)     | 131               | 33          | 4348           | 9.59                   |
| Inferred (Additional) **      | 54                | 51          | 2723           | 6.0                    |

\*\* Additional- includes vleis, silts and dam paddocks and uraniferous dumps on East Champ D'Or where the conversion of the existing mining licence as well as a prospecting right is under application. Tonnages and grades are from historical sampling and tonnage estimation from DRD (SA) Ltd. Inferred (additional) resources will be verified by drilling, trenching and pitting over the next eighteen months. It is noted that to date reasonable reconciliation exists between the historically quoted uranium grades and tonnages and that verified by recent drilling and assaying.

Table 1 and the information contained below Table 1 is based on information compiled by Mr. Peter Camden – Smith M. Sc(UCT), G.D. Eng( Wits), M.B.L. ( Unisa); Pr Sci Nat, a member of the Geological Society of South Africa being a Recognised Overseas Professional Organisation included in a list promulgated by ASX from time to time.

When assessing Mintails' uranium resources it is important to note that these resources have already been mined and milled and are all on surface in surveyed and quantified dumps. Accordingly the uranium that is planned to be processed and recovered will be produced at a substantially lower cost per pound than traditional underground mining operations.

As previously announced Mintails has also established a JORC measured, indicated and inferred gold resource of approximately 1.9m ozs Au.

**TABLE 2 – Mintails Gold Resource Inventory – West Rand only**

Total Tailings Materials 305m tonnes of which approximately 48% is currently JORC classified)

| <b>Current JORC Resources</b> |                        |              |             |
|-------------------------------|------------------------|--------------|-------------|
| Dump                          | JORC Resource Category | Tonnes(m)    | g/t AU      |
| LVE Sand (Cam Sand)           | Measured               | 7.1          | 0.68        |
| North Sand Dump               | Indicated              | 8.4          | 0.44        |
| IL24 (n1,N2, N2A & N3)        | Inferred               | 66.0         | 0.40        |
| Eskom Slimes                  | Inferred               | 4.9          | 0.38        |
| IL24                          | Inferred               | 59.1         | 0.42        |
| <b>Total</b>                  |                        | <b>145.5</b> | <b>0.42</b> |

Additional drilling and evaluation work is continuing with a view to increasing and upgrading the existing gold and uranium resources.

### Underground Joint Venture – Gold and Uranium

The Underground Joint Venture with DRD Gold and Mining and Reclamation Services (Pty) Ltd was announced in April 2007. The joint venture was formed to evaluate, explore and potentially mine gold and uranium by open cast and underground mining methods on the West Rand.

The tenements comprise Rand Leases, Durban Roodepoort Deep, East Champ D'Or, Luipaardsvlei and West Rand Consolidated (including West Wits). Historical production from the constituent leases exceeds 30 million ounces of gold and 17,000 tonnes of uranium.

The joint venture is to be named West Wits Mining and is planning to raise a minimum of \$10 million and list on the Australian Securities Exchange and subsequently the Johannesburg Stock Exchange.

During the quarter significant progress was made in respect of the proposed Initial Public Offering ("IPO") with a number of regulatory hurdles having been satisfied.

## **EAST RAND OPERATIONS**

Mintails' East Rand Operations comprise:

- 1) ERGO – gold and potential uranium joint venture
- 2) HVH Heap Leach – gold

### ERGO Joint Venture – Gold and Potential Uranium

On 7 June 2007 Mintails and DRD Gold announced the formation of a new 50/50 joint venture to process significant gold bearing tailings materials on the East Rand. It is also believed that these tailings may host uranium mineralisation however Phase 1 of the ERGO Joint Venture will only seek to extract gold at this stage and further agreement with DRD Gold would be required in respect to the extraction of any potential uranium.

The joint venture will be managed by Crown Gold Recoveries, a subsidiary of DRD Gold. DRD Gold has contributed its Elsburg Tailings Complex comprising approximately 180 million tonnes of tailings materials and Mintails' is currently refurbishing one of the CIL (gold) circuits at Brakpan which is estimated will have the capacity to treat up to 1.25 million tonnes of tailings materials per month as Phase 1 of the project.

During the quarter Mintails continued with refurbishments of the gold circuit at ERGO. Significant evaluation work on the Elsburg Tailings Complex has been undertaken and the Company is awaiting these results. At this stage because of capacity constraints at reputable South African laboratories the tailings have only been analyzed for gold content. It is the joint ventures intention to reanalyze the samples for uranium at a later stage.

HVH Heap Leach – Gold

During the quarter the HVH Heap Leach operation processed 59 720 tonnes of rock and grit materials and extracted 346.19 ozs of gold. The previous quarter and the majority of this quarters' activities were severely constrained by metallurgical problems causing a gold lock up. During the quarter the company commissioned a mini CIL plant to overcome the metallurgical difficulties. The CIL plant commenced operations during October and it is envisaged that this should have a positive affect on recoveries and gold production going forward. As with the Mogale Plant country wide power outages affected production. It is not anticipated that these power outages will effect production at ERGO or WERGO as both facilities will be directly connected to the main power grid rather than linked via often unreliable service providers.

It is expected that HVH will improve it's contribution during the December quarter.

Corporate

During the quarter the Company welcomed the appointment to the board of Mr Rob Croll.

Mr Croll is an Associate Member of the Mine Managers Association of South Africa and a Fellow and Council Member of the South African Institute of Mining and Metallurgy (SAIMM). Until recently, Mr Croll was Manager, Business Development of AngloGold Ashanti Limited based in Johannesburg. Mr Croll's extensive experience covers due diligence, valuation, acquisition and disposal of various resource opportunities and company's, and the listing of AngloGold Ashanti Limited on a number of international stock exchanges. Mr Croll has held a number of senior roles within the South African mining industry and has been responsible for the publication of a number of technical papers associated with the mining and valuation of mining projects.

Mr Croll's appointment provides Mintails with substantial international business and mining expertise and an intimate knowledge of the South African Mining landscape.

During the quarter Mintails completed a significant fundraising via a successful private placement to international mining funds and institutions. The placement comprised 150 million new shares at a subscription price of 60 cents each and raised \$90 million before allowing for issue costs. The funds raised are being predominantly applied towards the completion of Phase 1 of WERGO (West Rand) and Mintails' obligations in respect of the ERGO Tailings Joint Venture with DRD Gold.

Subsequent to the end of the quarter Mintails announced that 20 million B Class preference shares had lapsed. The overall effect to the Company is that there are now 20 million less shares on issue than would otherwise have been had the relevant performance criteria been satisfied within the specified period.

Mintails also recently announced that it has reached agreement with Di Kgosi Gold (Pty) Ltd ("Di Kgosi") to acquire a 49% interest in Di Kgosi.

Di Kgosi is a broad based economic empowerment entity commonly referred to as a BEE entity. Mintails SA Pty Limited ("Mintails SA") and Di Kgosi hold 74% and 26% respectively of Durban Roodepoort Deep (Pty) Ltd which in turn holds the rights to exploit approximately 170 m tonnes of gold and uranium bearing tailings materials on the West Rand.

The transaction will enable Mintails to acquire a 49% interest in Di Kgosi (i.e. 49% of the 26% direct interest in the tailings) in exchange for ZAR 2,293,000 cash (approx. \$328,000) and the allotment of up to 15.6 million new shares in Mintails. The acquisition provides substantial value to the Company represented by the intrinsic value of the additional resources that accrue directly to Mintails through commercial exploitation. The Company will seek approval at its forthcoming Annual General Meeting for the allotment of shares required to complete this transaction. Full details of the terms on which those shares will be issued are contained in the explanatory memorandum accompanying the Company's Notice of Annual General Meeting.

## Appendix 5B – 1st Quarter

### Mining Exploration Entity Quarterly Report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

**Name of Entity:**

MINTAILS LIMITED

**ABN:**

45 008 740 672

**Quarter Ended ('Current Quarter')**

30<sup>th</sup> September, 2007

#### Consolidated Statement of Cash Flows

|   | Current Quarter<br>\$A'000 | Year to Date<br>(3 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b><u>Cash Flows Related to Operating Activities</u></b>  |                            |                                       |
| 1.1 Receipts from product sales and related debtors       | 4,560                      | 4,560                                 |
| 1.2 Payments for: (a) exploration and evaluation          | -                          | -                                     |
| (b) development   | (7,353)                    | (7,353)                               |
| (c) production  | (3,912)                    | (3,912)                               |
| (d) administration  | (1,074)                    | (1,074)                               |
| (e) contract services                                     | (155)                      | (155)                                 |
| (f) staff costs   | (657)                      | (657)                                 |
| (g) other working capital                                 | -                          | -                                     |
| 1.3 Dividends received                                    | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received | 931                        | 931                                   |
| 1.5 Interest and other costs of finance paid              | -                          | -                                     |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Other (provide details if material)                   | -                          | -                                     |
| <b>Net Operating Cash Flows</b>                           | <b>(7,661)</b>             | <b>(7,661)</b>                        |
| <b><u>Cash Flows Related to Investing Activities</u></b>  |                            |                                       |
| 1.8 Payment for purchases of:                             | -                          | -                                     |
| (a) prospects   | -                          | -                                     |
| (b) equity investments                                    | (1,426)                    | (1,426)                               |
| (c) other fixed assets                                    | (10,108)                   | (10,108)                              |
| 1.9 Proceeds from sale of:                                | -                          | -                                     |
| (a) prospects   | -                          | -                                     |
| (b) equity investments                                    | 374                        | 374                                   |
| (c) other fixed assets                                    | -                          | -                                     |
| 1.10 Loans to other entities                              | -                          | -                                     |
| 1.11 Loans repaid to other entities                       | -                          | -                                     |
| 1.12a Other – Acquisition of Subsidiary                   | -                          | -                                     |
| 1.12b Other (provide details if material)                 | -                          | -                                     |
| <b>Net Investing Cash Flows</b>                           | <b>(11,160)</b>            | <b>(11,160)</b>                       |
| <b>1.13 Total Operating and Investing Cash Flows</b>      | <b>(18,821)</b>            | <b>(18,821)</b>                       |

+ See chapter 19 for defined terms.

|  |   | Current Quarter<br>\$A'000 | Year to Date<br>(3 months)<br>\$A'000 |
|--|---|----------------------------|---------------------------------------|
| 1.13   | <b>Total Operating and Investing Cash Flows<br/>(Carried Forward)</b> | <b>(18,821)</b>            | <b>(18,821)</b>                       |
| <b><u>Cash Flows Related to Financing Activities</u></b> |   |                            |                                       |
| 1.14   | Proceeds from issues of shares, options, etc.                         | 91,345                     | 91,345                                |
| 1.15   | Proceeds from sale of forfeited shares                                | -                          | -                                     |
| 1.16   | Proceeds from borrowings  | -                          | -                                     |
| 1.17   | Repayment of borrowings   | -                          | -                                     |
| 1.18   | Dividends paid  | -                          | -                                     |
| 1.19   | Other (provide details if material)                                   | (6,542)                    | (6,542)                               |
| <b>Net Financing Cash Flows</b>                          |   | <b>84,803</b>              | <b>84,803</b>                         |
| <b>Net Increase / (Decrease) in Cash Held</b>            |   | <b>65,982</b>              | <b>65,982</b>                         |
| 1.20   | Cash at beginning of quarter/year to date                             | 13,098                     | 13,098                                |
| 1.21   | Exchange rate adjustments to item 1.20                                | (412)                      | (412)                                 |
| 1.22   | <b>Cash at End of Quarter</b>   | <b>78,668</b>              | <b>78,668</b>                         |

**Payments to Directors of the Entity and Associates of the Directors**  
**Payments to Related Entities of the Entity and Associates of the Related Entities**

|      |  | Current Quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 280                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

Salaries, directors' fees, corporate advisory & consulting fees at normal commercial rates

**Non-Cash Financing and Investing Activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

### Financing Facilities Available

Add notes as necessary for an understanding of the position.

|                                 | Amount Available<br>\$A'000 | Amount Used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated Cash Outflows for Next Quarter

|                                | \$A'000       |
|--------------------------------|---------------|
| 4.1 Exploration and evaluation | 3,342         |
| 4.2 Development                | 8,620         |
| <b>Total:</b>                  | <b>11,962</b> |

### Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current Quarter<br>\$A'000 | Previous Quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 12,391                     | 1,565                       |
| 5.2 Deposits at call                             | 66,277                     | 11,533                      |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: Cash at End of Quarter (item 1.22)</b> | <b>78,668</b>              | <b>13,098</b>               |

### Changes in Interests in Mining Tenements

|     | Tenement<br>Reference | Nature of Interest<br>(note (2))                              | Interest at<br>Beginning<br>of Quarter | Interest at<br>End of<br>Quarter |
|-----|-----------------------|---|--|----------------------------------|
| 6.1 | Nil                   | Interests in mining tenements relinquished, reduced or lapsed |  |                                  |
| 6.2 | Nil                   | Interests in mining tenements acquired or increased           |  |                                  |

+ See chapter 19 for defined terms.

### Issued and Quoted Securities at End of Current Quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|      |  | Total<br>Number | Number Quoted | Issue Price Per<br>Security (cents)<br><br>(see note 3) | Amount Paid<br>Up Per<br>Security (cents)<br><br>(see note 3) |
|------|--|-----------------|---------------|---|---|
| 7.1  | <b>Preference +Securities</b><br><i>(Description)</i>  | -               | -             | -   | -   |
| 7.2  | Changes During Quarter<br>(a) Increases through<br>issues<br>(b) Decreases through<br>returns of capital, buy-<br>backs, redemptions | -               | -             | -   | -   |
| 7.3  | <b>+Ordinary Securities</b>  | 659,622,515     | 633,022,515   | -   | -   |
| 7.4  | Changes during quarter<br>(a) Increases through<br>issues<br>(b) Decreases through<br>returns of capital, buy-<br>backs              | 163,840,000     | -             | -   | -   |
| 7.5  | <b>+Convertible debt<br/>securities</b> <i>(Description)</i>   | -               | -             | -   | -   |
| 7.6  | Changes during quarter<br>(a) Increases through<br>issues<br>(b) Decreases through<br>securities matured,<br>converted               | -               | -             | -   | -   |
| 7.7  | <b>Options</b> <i>(Description and<br/>Conversion Factor)</i>  | 48,000,000      | -             | Exercisable @<br>\$0.25 to \$0.50                       | -   |
| 7.8  | Issued during quarter  | 10,000,000      | -             | Exercisable @<br>\$0.40                                 | -   |
| 7.9  | Exercised during quarter   | (4,500,000)     | -             | Exercised @<br>\$0.30                                   | -   |
| 7.10 | Expired during quarter   | -               | -             | -   | -   |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>  |                 |               |   |   |
| 7.12 | <b>Unsecured notes</b> <i>(totals<br/>only)</i>  |                 |               |   |   |

+ See chapter 19 for defined terms.

## Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign Here:



Director

Date: 31st October, 2007

Print Name:

**Richard Revelins**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.