

UPDATE ON EAST RAND JOINT VENTURE

18 July 2008

EAST RAND OPERATIONS

Mintails' East Rand Operations comprise:

- 1) ERGO – Gold and Potential Uranium Joint Venture
- 2) HVH Heap CIL Operation - Gold

ERGO Mines Joint Venture – Gold and Potential Uranium

On 7 June 2007 Mintails and DRD Gold announced the formation of a 50/50 Joint Venture (JV) to process significant gold bearing tailings materials on the East Rand. At the date of formation of the JV the partners believed, based on historical production, that these tailings may host uranium mineralization. However the initial ERGO Mines Joint Venture was positioned to extract gold only from the Elsburg Tailings Complex and was therefore limited to a resource of approximately 195 million tonnes.

On 26 November 2007 Mintails announced an expansion of the ERGO Mines JV from 195m tonnes to approximately 1.7 billion tonnes. Not only did this expansion include a significant increase in the volume of tailings materials, but the scope of the ERGO Mines JV was extended to include the potential uranium and sulphur mineralisation of these dumps. The Elsburg Complex, which was initially introduced to the ERGO Mines JV by DRD Gold, now only represents approximately 10% of the total 1.7 billion tonnes of tailing materials forming the JV. The ongoing programme of resource evaluation and upgrade, resulted in a JORC measured resource of 1.67 million ounces of gold from for the Elsburg Complex being announced on 17 December 2007. At this stage no evaluation of uranium or sulphur content has been undertaken.

The expansion of the JV significantly extends the amount of refurbishment being undertaken from only one CIL circuit at the Brakpan Plant initially, to all infrastructure at Brakpan over the next 36 months. This refurbishment will increase the capacity at the plant, from one CIL gold recovery circuit, to a plant capable of processing tailings for the recovery of gold, and if found feasible, uranium and sulphuric acid.

Through this expansion the JV partners have endorsed the strategy to consolidate their available and unexploited surface uranium and gold assets on the Central and East Rand.

This expanded focus follows:

- The acquisition by the ERGO Mines JV of additional tailings properties and the Witkop deposition complex from AngloGold Ashanti for a payment of ZAR 45 million (approx. AUD \$7.6m) and assumption of rehabilitation obligations.
- Acquisition by Mintails of an option to acquire tailings properties (the "Grootvlei Properties") (comprising some 105 million tonnes) from Pamodzi Gold Limited. These properties will form part of Mintails' contribution to the expanded JV.

Following the contribution made by DRDGold of additional tailings materials to the ERGO Mines JV and the potential for those materials to contain uranium and sulphuric acid, Mintails maintained its 50% JV status by contributing the remaining parts of the Brakpan Plant facility, which were originally excluded from the JV announced on 7 June 2007.

Mintails also contributed resources secured following the Option Agreement finalised with Pamodzi Gold, announced on 26 November 2007.

The expanded JV will undertake feasibility studies to refurbish and reopen the entire Brakpan plant which was acquired by Mintails in 2006. Over its 25-year history, the Brakpan Plant (Ergo Mines JV), and the East Dagga Plant (refurbished and relocated to WERGO), while operated by AngloGold Ashanti, processed more than 890 mt of tailings material and produced approximately 8.3 million ounces of gold and 5.5 million pounds of uranium.

The acquisition of the Withok deposition site from AngloGold Ashanti will provide the expanded JV with extensive additional deposition capacity commensurate with the substantial increases in tailings material and processing capacity.

Phase 1 of the JV will still involve the refurbishment of one CIL circuit at the Brakpan Plant with the capacity to treat an estimated 15 mt of tailings per annum, for the recovery of some 75,000 ounces of gold per annum. Phase 1 will be executed in two stages and will commence with 7.2 mt per annum scheduled for commissioning in October of 2008. The completion of Stage 2 will increase production capacity to 1.24 mt per month (i.e. 15mt per annum) and is scheduled for commissioning in the second quarter of 2009.

Phase 2 of the ERGO Mines JV, now under investigation, envisages the expansion of the gold plant by refurbishing the second CIL circuit and the development of uranium and acid plants, which are envisaged to have a design capacity to produce an estimated 150,000 ounces of gold per annum from a throughput of 30mt of tailings.

The parties intend to commission a Feasibility Study prior to full implementation of Phase 2 of the JV. The uranium and sulphuric acid capacity of Phase 2 will be determined by the detailed feasibility study. The arrangements between the JV partners have been structured to provide for the contribution of assets to the JV operation on a 50:50 basis. Further Capex contributions for full implementation of both Phase 1 and Phase 2 of the JV are likely, and the quantification of those amounts will be part of the commissioned feasibility process.

The JV is subject to regulatory review, completion of definitive agreements and other approvals. In the normal course of business the envisaged timelines to commissioning are dependent on completion of the regulatory approval process which is already underway.

Background

Phase 1 of the J.V. with DRD Gold SA will see the treatment of tailings for gold. The refurbishment of one stream of the CIL plant at Brakpan is on time and on budget.

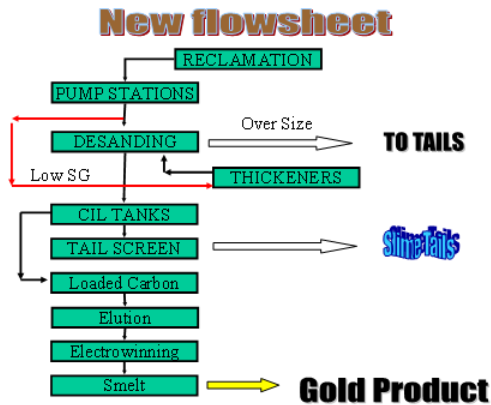
1 Operating Philosophy

The Mining reclamation, thickening, CIL, elution and tailings disposal for phase 1 has been designed at 1 375 000 tpm to ensure that the monthly target of 1 200 000 tpm is achieved. This allows for a plant availability of 90 percent. This facility may be expanded in future years by refurbishing and incorporating the second CIL stream.

A detailed drilling, exploration programme and feasibility study into the production of Uranium and Acid by RSG, Bateman and Autotec has commenced.

2 Plant Description

The diagram below indicates the planned flow.



The total budget for phase 1 has been split into the different sections, Mintails is responsible for 100 % of the plant refurbishment budget which amounts to R62 million. The remainder is split equally between the JV partners.

Ergo contains the following divisions:

- Slime Reclamation
- Plant Reception/De-sanding
- Thickening
- Leach/CIL
- Acid/Elution/Regeneration
- Gold Room
- Carbon Screening/Tailings
- Reagents
- Tailings Dam

2.1 Slime Reclamation

Slime will be reclaimed from two sources, namely the Elsburg and Benoni Sands complex. The mode of reclamation will be in the form of high pressure water monitoring using six inch water canons. High pressure water will be pumped from the Brakpan return water dams inside the plant which are filled from the tailings return water dams and later to Elsburg from the ERPM water treatment plant. The monitored slurry at both sites will then report to pump stations which consist of primary in line finger screens to remove grass and trash and then secondary vibrating screens which remove the plus 2 mm size fraction. Screened slurry will report to a pump box whereafter it will be mechanically moved to the Brakpan plant using D frame Envirotech pumps along the existing servitudes.

Progress to date is:

- Acquisition of the right to mine the Benoni dam;
- Completion of the design for the Benoni pump station;
- Purchase and planning of the slurry line;
- Delivery and stockpiling of pipes in the pipe yard at Brakpan plant
- Installation of the first slurry line has commenced, the majority of the slurry and water pipelines have been installed to Benoni, road crossings still need to be completed.
- The installation of the second line and the pipelines out to the tailings dam have commenced.
- The civil work at the Benoni pump station are nearing completion. All mechanical equipment including screens, pumps, silo's and sumps are available for installation

The part of the project is on schedule to commence mining in the last quarter of 2008.



2.2 Plant Reception Area /De-sanding

Material from the sites will be pumped directly to the tertiary screen reception area, termed de-sanding screens on the ERGO process flow diagrams. Slime will arrive from the sites and be split via the distribution box to 25 m² linear screens. (one screen required for phase 1.1, two for phase 1.2 and 1.3, and four screens for Phase 2 which would double the tonnage to 2.5 million tons per month). The product under size measured at 650 micron will report to D frame pumps which will move the material to the absorption tanks distribution tanks. The tramp over size material will be discharged off the screen cloth and then get pumped directly to tailings. If the slurry reporting to the plant is low in density due to low water pressure at the face or heavy rainfall, bypass valves situated in close proximity to thickener 4 will be remotely opened to allow the low density slurry to report to the thickener feed launders for further density control. In this area lime will be added directly to the screen boxes for pH control via a lime ring main system.

Progress to date is:

- 98 % complete;
- Introduction of double suction, shear reactors, Z configuration pump bases;
- A decision was taken to replace all the steel structures supporting the screens which meant 4 screens have been re-built as opposed to the 2 that are required for this phase. Installation of these extra screens and pump boxes will allow for flexibility.
- To date R4.6 million against a budget of R4.5 has been spent on the refurbishing of 4 screens and associated equipment. Over expenditure is due to the installation of one extra screen and all the associated steel and mechanical structures.



2.3 Thickening

The concrete thickeners which are 138 meters in diameter, peripheral driven with plastic lined floors will only be used in the case of low density or in the case of an emergency, such as complete plant power failure. Thickener underflow will be pumped to the reception plant area for screening, or with the option of putting the thickener on recirculation until required. Clarified thickener overflow will flow by gravity along launders into the process water tanks situated adjacent to the existing thickener pump house.

Progress to date:

- Number 2 and 4 thickeners have been commissioned and the peripheral rakes allowed to run to ensure their reliability;
- Thickener 2 and 4 have been filled with water to test for leaks, this water will be used for commissioning and start up;
- The underflow pumps at number 4 and in the flotation tailings pumphouse have been replaced;
- The gland service reticulation pumps and pipelines have been replaced and re-designed.
- 98 % complete, the outstanding work comprises unblocking delivery pipes to the de-sanding section and re installing repaired overflow launders;

This section has spent R 1.9 m against a budget of R 3.4 m and will be under spent



2.4 New Leach / CIL Circuit

Screened slurry will be pumped to the absorption distribution box and will report to the north side stream for pre-conditioning and leaching. The leach feed slurry will pass through shear reactors on the way to the leach.

Cyanide solution will be added from a ring main to a header tank and from there to the first leach tank, with the facility to add cyanide to the next two subsequent tanks, should it be required. Cyanide control will be via a TAC 2000 cyanide controller supplied by Process Automation. Oxygen will be injected into the bottom of the leach tanks, to ensure sufficient oxygen for the cyanidation reaction.

Each CIL tank will be equipped with an inter-stage screen mechanism. The screen is a Kemix MPS 1700, with a cylindrical stainless steel wedge-wire screen surface. The purpose of the screen is to retain the loaded carbon in each tank reactor.

Tower cranes cover the CIL section for maintenance purposes.

Progress to date:

- Cutlaw construction has completed replacing the top of the CIL tanks.
- Afromix has been given the order for the gear boxes and agitators; they are on schedule to commence delivery the end of July
- Cutlaw Construction has commenced with the manufacturing of the MPS screen support structures.
- The new screen maintenance building to maintain the MPS screens is complete.
- Eighteen MPS screens have arrived from Kemix.
- Modification of pipe supports, by pass boxes on top of the tanks has commenced.
- Sandblasting of the steel structure have commenced, tank 11 was completed end June 2008
- 50 % complete.

To date R 10.2 m has been spent against a budget of R 16.6 m. This section is expected to run over budget due to the replacement of the gearboxes and agitators. The budget allowed for a repair of the original units at a cost of R 3.85 mil, while the purchase of new units and electrical panels will cost in the region of R 9 mil.



2.5 Acid, Elution, Regeneration

Loaded carbon from CIL will be received in the loaded carbon measuring vessel. Once a batch has been accumulated it is dropped into the acid wash column where it will be washed with dilute hydrochloric acid to remove scale prior to elution. Once complete, the acid washed carbon will be neutralised and transferred into the elution column. The elution section will use a pressurised AARL system. The elution circuit heater will be a gas fired thermal fluid system (Thermopac) with the thermal fluid being circulated round the heater and the primary heat exchanger. These heaters are situated opposite the elution building in a redundant thickener for safety reasons. On completion of the elution, within a 7-8 hour period, the eluted carbon will be transferred hydraulically from the elution column to the eluted carbon tank for regeneration.

Carbon will be withdrawn from the eluted carbon tank by screw feeder, which discharges the carbon to an electric fired rotary kiln for thermal regeneration. Regenerated carbon will be quenched in the quench pan and passed over a screen to remove fines, before discharging into the regenerated quenched carbon tank. To date all the old kilns have been removed and sold for scrap in preparation for the new kilns and gold room. Kemix has been given the order for the kiln which will arrive the end of May. MAED is currently designing the structure which will house the new kiln.

Work has commenced on this section. Progress to date is:

- Removal of all the old gas fired kilns from the building
- Remove the two carbon spillage tanks from the system
- Replace structural steel and install new steel where the kilns used to stand.
- Re-furbish all the loaded carbon vibrating screens
- Service the over head cranes

- Reposition the heat exchanger expansion tank.
- Construction of a new steel structure to house the kiln is 90 % complete
- Two new eluant tanks have been installed.
- Sandblasting of the existing steel work has commenced.

This section needs to be completed by end November in order to strip the gold from the carbon for the first pour. This section will be on time and under budget.

To date R 4.1 mil has been spent against a budget of R 8.8 mil

2.6 Gold Room

Eluate will be pumped from the eluate storage tanks to the electro-winning cells which will be fed in parallel. Gold will be removed from the stainless steel cathodes in a wash tank using a high pressure water gun. The sludge will be collected in a storage tank from which excess water will be drained by pumping through a filter press. The settled sludge will be placed into calcining trays for calcining and smelting.

The calcine will be smelted with fluxes into gold doré bullion in an electric-fired furnace or induction furnace. The molten furnace charge will be poured into moulds and air cooled. Provision will be made for storage of fluxes in the gold room before mixing with the furnace charge.

A vault will hold bullion bars awaiting dispatch, bullion samples and other high value items. Bullion bars will be cleaned, weighed, stamped, sampled and then stored in a bullion safe while awaiting dispatch.

Progress to date:

- The old Duval building has been cleared of redundant equipment to make way for the new gold room;
- Construction of the gold room building has commenced and the first floor is complete;
- Equipment for the gold room has been ordered; the calciners have arrived on site and the induction furnace has been commissioned at LH Power premises
- Construction of two new eluate tanks is almost complete;
- 50 % complete.

This section is expected to be under budget even with the construction of numerous steel floor levels which were not in the budget. To date R 1 mil against a budget of R 10 .6 has been spent.



2.7 Tailings Circuit

Tailings slurry from the last CIL tank will gravitate to tailings linear screens via a distribution box for carbon recovery, in the event of damage, wear or incorrect installation CIL inter stage screens. Carbon recovered on the screen will be delivered to the screen tower and then to a bulk bag for re-use.

CIL tails and trash from the de sanding building will be pumped to the tailings dam. Three lines of 6 D frame pumps will pump the slurry to the Brakpan tailings site. At the tailings site a booster station will be available to pump the slurry at pressure to the top of the dam.

Progress to date:

- The building which houses the pumps has been demolished and backfilled to remove all the underground sumps;
- All the required pumps have been re-furbished and reinstalled;
- The above ground handling system has been designed;
- Construction will commence in July 2008;
- One linear screen required for 600 000 ton is complete; two new screens need to be ordered.
- The new gland service pumps are on site;
- The MCC has been stripped of all redundant cable and prepared for the installation of new electrical and instrumentation cable
- Progress 50%.

2.8 Reagent Circuit

- Bulk storage of cyanide, caustic soda and hydrochloric acid will be in a secure area away but adjacent to the main process plant. Oxygen generation and bulk storage will also be available.

Progress to date:

- Fast Launching Bridges has commenced construction of 10 new reagent tanks;
- 90 % complete.
- Decision has been taken to install Lime silos at the mining site and in the plant. Fast Launching Bridges has been given the order to construct these silos. Construction has commenced.



2.9 Tailings Dam

Ergo has two tailings/deposition sites.

The Daggafontein dam is under care and maintenance. KLT has replaced WRPH as the preferred contractor to rock clad the outer wall of the dam. Storm water control drains have been installed and surrounding trenches and paddocks have been cleared and repaired to contain spillages and run off.

The Brakpan dam which is now the preferred deposition site, is out on enquiry for the selection of a new contractor to clad the side walls.

Progress to date:

- Repairs to the return water dam pump stations done;
- Refurbishment of the carbon columns for water treatment complete;
- Installation of pipe lines up to the booster station complete;
- Fraser Alexander commenced with re-commissioning of tailings facility;
- 40% complete.



3 Schedule/Costs

The project commenced in August 2007 and is ahead of schedule according to the current project control sheet.

The plant refurbishment is well within budget with R31 million spent, R18 committed against a budget of R63 million.

Start up for phase 1 will be in the last quarter of 2008

Project/Item Description	Total Budget	Total Cost	Comments
Desanding			
Backfill, concrete slabs and leveling of existing sumps	53,172.00	85,447.00	Extra screen, D frames, motors electric to cater for 2.4 million tons per month installed
Hand Rails, repairs to screen sumps and walkways	1,018,360.00	752,370.11	
Refurbish linear screens and pumps	1,046,134.00	1,033,452.87	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	508,933.36	
Refurbish valves and removal and installation of piping	126,830.00	357,319.68	
Construction teams, man hours	1,254,000.00	1,894,037.71	
Cranes and Lifting Equipment			
	4,564,148.00	4,871,660.78	
Thickeners			
Minor repairs to concrete	53,172.00	16,563.28	Two thickeners repaired, new over flow launders installed which was not in the budget, all the D frames have been replaced and new gland service pumps installed
Minor repairs to steel structures, walkways	659,772.00	672,016.48	
Minor repairs Mechanical Equipment, and pumps	136,000.00	83,496.38	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	34,511.39	
Refurbish valves and removal and installation of piping	209,000.00	130,046.50	
Construction teams, man hours	1,254,000.00	899,154.32	
Cranes and Lifting Equipment		55,217.00	
	3,887,696.00	1,891,006.32	
CIL			
Screening Plant Bases, pump bases	53,172.00	137,171.00	New gearboxes, agitators which were not budgeted for.
Steel work for interstage screens and for screen sumps	821,078.00	538,577.46	
2 x linear screens, 18 x interstage screens and pumps	13,172,026.00	6,308,243.00	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	1,773,716.00	
Refurbish valves and removal and installation of piping	246,730.00	203,100.96	
Construction teams, man hours	1,254,000.00	1,116,427.74	
Cranes and Lifting Equipment		72,771.62	
	16,602,658.00	10,160,007.78	
Tailings/Carbon screening			
Pump bases	53,172.00	1,190.91	New concrete sumps and structure, no budget suggestion by Crown to save power by modifying the building, no budget for this
Minor repairs to steel structures, walkways	350,512.00	81,598.18	
Refurbish D frame Pumps and gland service pumps	3,005,502.00	1,316,789.69	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	165,000.00	
Refurbish valves and removal and installation of piping	117,568.00	36,227.00	
Construction teams, man hours	1,254,000.00	218,842.15	
Cranes and Lifting Equipment		0.00	
	6,886,408.00	1,619,647.98	
Elution			
Minor repairs to concrete	0.00	0.00	Repairs to all columns and building for 4 columns Budget calls for 2 columns Major repair to structural steel floor, no budget
Minor repairs to steel structures, walkways, tanks	2,553,086.00	910,664.63	
Repairs to Mechanical Equipment, pumps and screens and purchase new Kiln	3,579,758.00	2,356,484.00	
Rewiring, connecting and cable jointing, switch gear, instrumentation and PLC	1,055,652.00	88,290.00	
Refurbish valves and removal and installation of piping	407,440.00	30,789.30	
Construction teams, man hours	1,254,000.00	734,702.93	
Cranes and Lifting Equipment		5,820.00	
	8,849,896.00	4,126,760.90	
Gold Room			
Backfill, brick and concrete and office(control room)	1,339,372.00	93,232.50	New building
Minor repairs to steel structures, walkways	1,689,872.00	181,040.30	
New Mechanical Equipment, and pumps	5,188,220.00	524,143.00	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	0.00	
Refurbish valves and removal and installation of piping	129,560.00	0.00	
Construction teams, man hours	1,254,000.00	20,595.00	
Cranes and Lifting Equipment		0.00	
	10,647,676.00	819,010.80	
Reagents			
Minor repairs to concrete	141,792.00	11,750.00	New lime silos, budget was for repair to old concrete silos
Minor repairs to steel structures, walkways, and tanks	1,542,577.00	2,553,204.91	
Minor repairs Mechanical Equipment, and pumps	415,428.00	154,535.00	
Floc plant	68,398.00	0.00	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	0.00	
Refurbish valves and removal and installation of piping	866,360.00	0.00	
Construction teams, man hours	1,254,000.00	34,641.91	
Cranes and Lifting Equipment			
	6,944,207.00	2,764,131.82	
Process Water			
Minor repairs to concrete	33,600.00	0.00	
Minor repairs to steel structures, walkways	299,544.00	23,480.72	
Minor repairs Mechanical Equipment, and pumps	900,661.00	0.00	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	66,854.00	
Refurbish valves and removal and installation of piping	159,830.00	107,441.58	
Construction teams, man hours	1,254,000.00	208,386.86	
Cranes and Lifting Equipment		0.00	
	3,703,287.00	406,168.16	
Auxiliary			
Minor repairs to concrete	88,620.00	16,800.00	Repairs to areas around the plant to support infrastructure. Admin building, security, flotation, training centre, fences are some examples
Minor repairs to steel structures, walkways	277,051.00	5,682.12	
Minor repairs Mechanical Equipment, and pumps and compressors	219,300.00	190,996.86	
Rewiring, connecting and cable jointing, switch gear and instrumentation	1,055,652.00	98,589.81	
Refurbish valves and removal and installation of piping	0.00	23,245.00	
Construction teams, man hours	1,254,000.00	1,064,716.35	
Refurbish Brakpan Plant General		1,929,291.71	
Purchase of AGA Light vehicles		512,000.00	
Repair of Tower Cranes		538,244.88	
Security access control		0.00	
Pump refurbishment		3,277.51	
IT equipment and office communication		211,984.90	No budget
Security office refurbishment		0.00	
Purchase AGA office furniture		125,000.00	
Cranes and Lifting Equipment			
	2,894,623.00	4,720,979.14	
Security			
Access controls etc	180,000.00	256,174.00	
	180,000.00	256,174.00	
EPCM			
CDM, MAED	12,156,680.00	2,006,602.40	Mostly in house
	12,156,680.00	2,006,602.40	

61,980,637.00 31,515,431.61

About Mintails Limited

Mintails Limited (ASX Code : MLI) is an Australian listed company with management and operations in South Africa. Mintails processes and recovers gold and proposes to recover uranium from surface tailings resources which are present on the West Rand and East Rand of South Africa's historic Witwatersrand Basin. Mintails has a joint venture with DRDGold on the East Rand and is in the process of recommissioning the former AngloGold Ashanti-owned ERGO (East Rand Gold and Uranium Operations) and has commenced construction of WERGO on the West Rand of South Africa. To find out more, visit Mintails at: www.mintails.com

Or contact:**Dick van der Walt - CEO**

Telephone: +27 (12) 346 4406

Fax: +27 (12) 346 4409

Bryan Frost – Chairman

Telephone: 61 3 9824 8166

Fax: 61 3 9824 8161