

MLI.AU

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 Uranium, Gold
 South Africa
 Advanced Exploration, Production (gold)
 Exchanges: ASX:MLI

Mintails Limited

A\$ 0.20

MLI holds a large portfolio of mine tailings in the Witwatersrand basin, South Africa - with upside to ~50mlbs U₃O₈ and 6moz Au. Strategic shift will accelerate gold production at East Rand (commissioning Oct '08). Gold production is expected at WERGO 1Q09 and uranium 4Q11.

Capital Profile

Share price (A\$)	0.20
52 week range (A\$/share)	0.16 to 0.75
Number of shares (m)	695
Options and warrants (m)	79
Deferred share allotment (m)*	46
Fully diluted (m)	821
Market capitalisation (undiluted) (A\$m)	135.6
Debt (A\$m) - Sep 08F	50.0
Enterprise value (A\$m)	185.6
Major shareholders: Kintara (11.5%), JP Morgan Chase (9.4%), Merrill Lynch (8.4%), Henderson Global (6.2%)	
Avg monthly volume (m)	17
Cash (A\$m) - Sep 08F	32.9
Price/Cash (x)	4.1
Price/Book (x)	1.1
Listed company options:	No

* Contractual obligations: Shares to be issued 23m Dec '08, 23m Dec '09.

Investment Points

MLI is focused on developing and producing gold and uranium from 2bt of tailings in South Africa.

Anticipated strategic shift to gold reflects relative strength of the price of Au versus U₃O₈.

Planned gold production to increase at ERGO from 75kozpa (2Q09) to 150kozpa (2011).

Low cost production: ERGO opex avg US\$2.75/t (US\$550/oz excl uranium credit), capex US\$68m.

Mid term JORC resource targets: WERGO - 50mlbs U₃O₈ and 6moz Au; ERGO >135mlbs U₃O₈ and >15moz Au. Upgrades expected Aug-Oct '08.

MLI's priority is near-term gold production and revenue generation rather than proving resources.

MLI owns significant mining plant equipment.



Production and Financial Forecasts

YEAR END: June	Jun-09a	Sep-08F	2007a	2008F	2009F
Exploration and evaluation (A\$m)	0.17	0.11	0.00	0.54	0.46
Corporate (A\$m)	1.52	1.40	1.11	5.21	5.60
Exploration/(Expl.+ Corporate) (%)	10	8	0	9	8
Funding duration at current burn (years)			11.8	3.9	3.9
Shares on issue (pr end) (m shares)	695.2	695.2	495.8	695.2	695.2
Drilling - RAB (m)	na	na	na	na	na
Drilling - Other/Diamond (m)	na	na	na	na	na
Land holding ('000 ha)	na	na	na	na	na
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.0	0.0	60.8	101.7	0.0
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	22.6	32.9	13.0	22.6	23.8
Cash backing (Ac/share)	3.3	4.7	2.6	3.3	3.4
Net asset backing (Ac/share)	25.7	17.2	26.5	25.7	16.6

Quarters stated on calendar year basis.

Company Comment

Overview: MLI listed on the ASX in 2005. The company owns substantial gold and uranium bearing mine tailings in the East and West Witwatersrand basin, mining plant, and land in South Africa.

East Rand Gold Operation (ERGO): Announced Nov '07, the **ERGO JV** with DRD Gold (JV 50% MLI and BEE partner) will produce gold, uranium and sulphuric acid from ~1,700mt of tailings on the East/Central Rand, using refurbished Brakpan gold/uranium plant. Phase 1 (ramp-up Oct. '08 - 2Q09) 15mt/annum tailings for 75kozpa Au from slimes and sands, Phase 2: 150kozpa Au with potential 0.66mlbspa U₃O₈ and 855ktpa sulphuric acid, commissioning 2011, dependent on results of feasibility study. Initial gold JORC resource on 10% of tailings (Aug '08) is 171.1mt @ 0.3 g/t for 1.7moz Au and 0.004% U₃O₈ for 14.9mlbs. If similar uranium grades to West Rand (see below), 1.7bt could contain >135mlbs U₃O₈ + >15moz Au. Resource upgrades to bring total to 81% of tailings (1.4bt) anticipated Aug-Oct '08 (CoffeyRSG). The project currently contains a sulphur resource of 1.76mt.

West Rand Gold Operation (WERGO): (MLI 100%, acquired '05) Historic tailings (>300mt of slimes and sands) in West Rand. Conversion to JORC resource status is ongoing - currently 2moz Au (grading 0.42g/t) and 30.5mlbs U₃O₈ (grading 33-51ppm), with potential expansion to 4moz Au. Upgrade expected Aug '08. Module 1 production from 1Q09 for gold (Phase 1) and 4Q11 for uranium (Phase 2). Initial 9.7mtpa, ramping up to Module 2 (subject to feasibility) with 20mtpa of tailings in 2011. This includes the current 2.25mtpa Mogale Gold Plant. Expected 2010 production 62-65koz Au, plus 0.85-0.86mlbs U₃O₈ when uranium circuit is commissioned. Module 1 capex A\$86m, opex (hydraulic mining) ~ US\$7.30/t if running gold and uranium circuits, recovery of 52-55% Au and 53-55% U₃O₈, 20 year life. Waste will be stored at 0.8-1bt "Superdump".

West Wits Mining (ASX:WVW): (MLI 27.7%) West Rand hard rock gold, spun-off on ASX Dec '07.

Investment Comment: MLI's enterprise value has pulled back in the past several months from ~A\$420m to A\$185m - in part reflecting ongoing turbulence and liquidity issues in the equity markets. MLI's strategic focus has shifted from WERGO to the 1.7bt resource at ERGO, and to expediting gold production with the potential to produce sulphuric acid. Management is very experienced in South African operations. With EV of A\$185m for MLI, compared to the similar (MLI has higher gold grade, lower uranium grade) but more advanced First Uranium (TSX:FIU) tailings project with NPV value of US\$413m (Mincon 1Q08), suggesting upside for MLI as the gold price bottoms into 4Q08.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)							
Uranium (U ₃ O ₈)	Classification	Project Equity	Ore Mt	U ₃ O ₈ %	Cut Off ppm	U ₃ O ₈ kt	U ₃ O ₈ mlb	U ₃ O ₈ mlb	Eqty mlb
Reserves									
Resources									
West Rand	Indicated	100%	138.0	0.005	-	6.7	14.7	14.7	
West Rand	Inferred	100%	185.0	0.004	-	7.1	15.6	15.6	
Total West Rand uranium assets			323.0			13.7	30.3	30.3	
East Rand*		50%	171.1	0.004	-	6.7	14.9	14.9	
Total Resources			323.0			20.4	45.2	45.2	
Mineralised Material (est., non compliant with JORC)			56.0			0.0	0.0	0.0	
Gold Resources									
Au g/t									
Au t									
moz									
Eqty									
West Rand	Measured	100%	7.1	0.680	-	4.8	0.2	0.2	
West Rand	Indicated	100%	8.4	0.440	-	3.7	0.1	0.1	
West Rand	Inferred	100%	130.0	0.408	-	53.0	1.7	1.7	
Total West Rand gold assets			145.5			61.6	2.0	2.0	
East Rand	Indicated	50%	171.1	0.300	-	53.6	1.7	0.8	
*Includes ERGO sulphur resource 1.76mt (announced 20 August 2008).						113.0	3.7	2.8	

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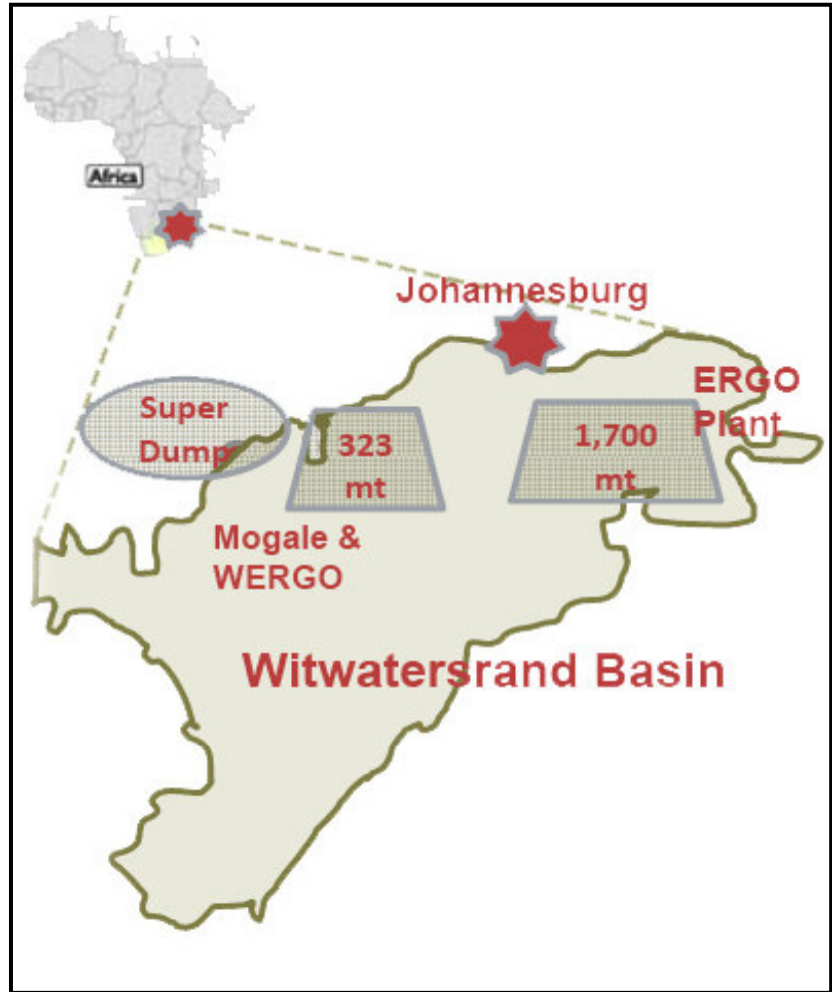
Directors

B Frost (Chairman)
 D van der Walt (CEO)
 R Revelins (Exec)
 P Chapman (Non Exec)
 L Birrell (Spec. Projects)
 B Swanepoel (Non Exec)
 D Potts (Non Exec)
 B Maree (Exec)
 C Scorer (Non Exec)

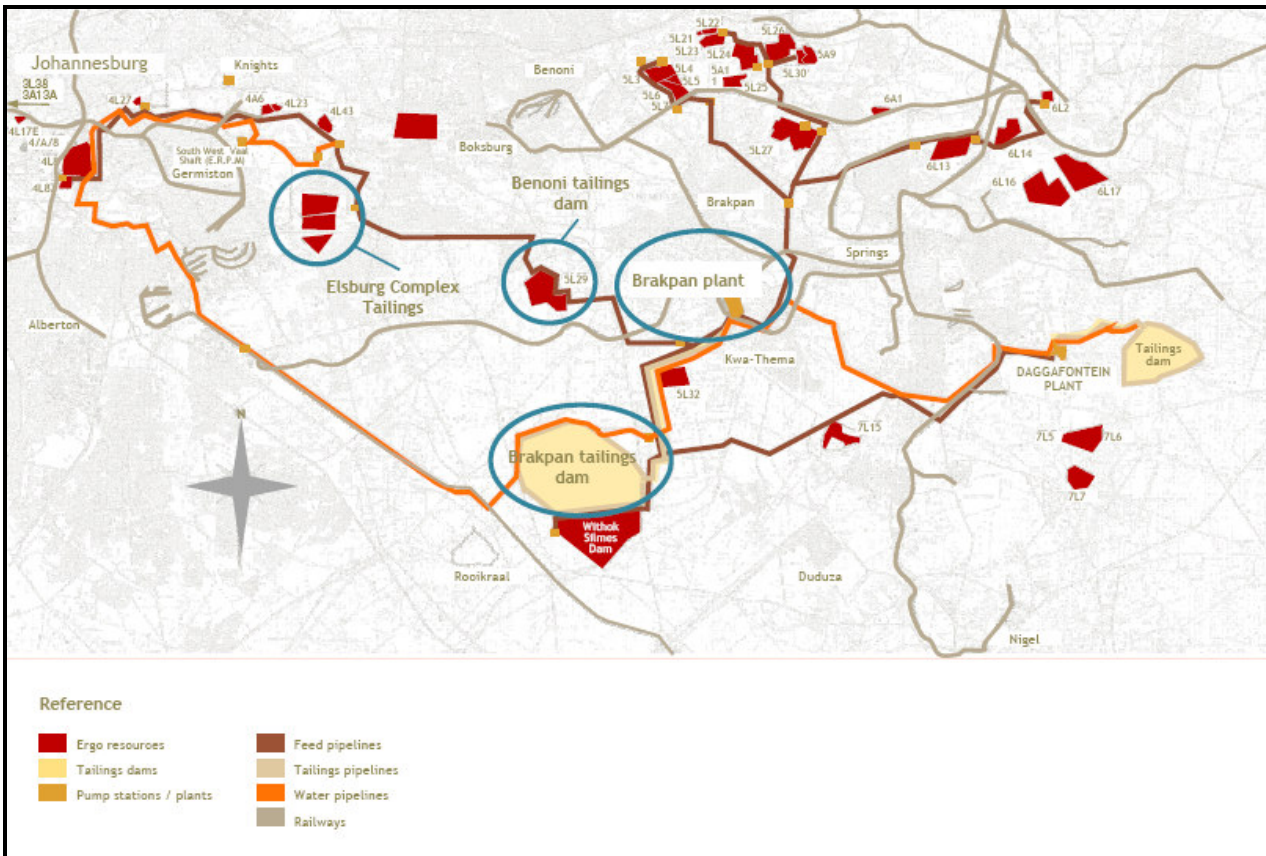
Key Projects

Project	Ownership/		JV	Target	Process	Project	
	Option	Metal	Partner	Type	Route	Status	Location
WERGO/Mogale	100%	U, Au	none	Tailings	Acid Leach	Production	Sth Africa
ERGO	50% incl. BEE	U, Au	DRD Gold	Tailings	-	Adv. Expl	Sth Africa
West Wits	27.7%	U, Au	DRD Gold	Reef/vein	-	Adv. Expl	Sth Africa
East Rand	100%	Au	none	Tailings	-	Production	Sth Africa

Right: Distribution of MLI holdings in Witwatersrand: the company owns four processing plants, a large fleet of mining and construction equipment, and more than 2 billion tonnes of uranium and gold-bearing mine tailings.



Below: ERGO location, resources and pipelines – Mintails plans to commission Phase 1 of the project Oct '08 with ramp-up through 2Q09 to 75kozpa Au production. Potential production (Phase 2, 2011) is 150kozpa Au with 0.66mlbspa U_3O_8 and 855ktpa sulphuric acid.



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