



## About Mintails

- Mintails owns substantial gold, uranium and sulphur bearing tailing materials 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 gold and potentially uranium and sulphuric acid with processing facilities being constructed on both its West and East Rand locations.

**Issued Capital** : 695.2m shares  
: 820.9m shares  
(fully diluted)

### Major Shareholders

: Kintara	11.5%
: JP Morgan	9.4%
: Merrill Lynch	8.4%
: Henderson Global	6.2%

### Directors

: Bryan J. Frost, Executive Chairman  
: Dick van der Walt, CEO  
: Lloyd Birrell, Special Projects Director  
: Basie Maree, Executive Director  
: Richard Revelins, Executive Director  
: Bernard Swanepoel, Non-executive Director  
: Charles Scorer, 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

- Substantial increase in JORC resources on West Rand
- New JORC Measured Gold, Uranium and Sulphur Resources at Elsburg Joint Venture on East Rand
- Proposed restructuring of WERGO Project
- Disposal of 15% interest in Elsburg Gold Project to DRD for R100m
- Encouraging exploration results for West Wits Mining

## Overview

The September Quarter has been a challenging period for the Company wherein it has sought to restructure some activities and finalise new equity and debt funding facilities in the context of the ongoing global financial crisis. Against this background the Company sought a voluntary suspension in the trading of its securities on 18 September to enable the proper management of these matters. The Company also has taken the decision to defer the commissioning of the WERGO Gold and Uranium Plant on the West Rand ("WERGO Project") pending the provision of additional funding and importantly the resolution of regulatory matters with the Department of Water and Forestry (DWAFF) and the Department of Minerals and Energy (DME) in South Africa. Essentially new conditions imposed by the South African regulatory authorities in respect to water pumping obligations and cyanide destruction will impact heavily upon the anticipated cash cost of production at the WERGO Project and Mogale and until the Company receives regulatory approval for a new deposition site at Witfontein a decision to proceed with commissioning at the WERGO Plant may be imprudent. These new conditions were not known to the Company at the time construction commenced and represent an impediment to the profitable recovery of gold, uranium and other minerals.

To action the above initiatives Mintails has halted all project commissioning activities and placed the WERGO Project on care and maintenance until the required funding and regulatory approval for the new Witfontein Deposition site is granted.

The Company is continuing to operate the Mogale Gold Plant which is contributing to cashflow but would become significantly more profitable if current discussions with DWAFF and DME are positively resolved.

The Elsburg Gold Joint Venture is proceeding as planned and the pumping and transfer of tailings slurry to the CIL tanks has been initiated on schedule. Whilst the Joint Venture parties are using their best efforts to advance the regulatory process with DME in respect to the granting of new order mining rights, activities may continue on the basis of the Joint Venture's existing rights whilst awaiting formal approval of applications. It is the Joint Venture Parties' intention to comply with the requirements of the DME once new order mining rights are granted.

## **EAST RAND OPERATIONS**

Mintails' East Rand Operations are contained within the ERGO Mines Joint Venture which is a 50/50 Joint Venture with DRD Gold Limited ("DRD Gold"). The Company's East Rand joint venture activities with DRD Gold also include the smaller Elsburg Gold Joint Venture which represents approximately 180 million tonnes of the overall 1.7 billion tonnes of tailings material available for processing. Subsequent to the end of the quarter Mintails reached agreement with DRD Gold for DRD Gold to acquire an additional 15% interest in the Elsburg Gold Joint Venture for the provision of R100m (approx. AUD \$15m) in funding.

In addition, DRD Gold has been granted an option to acquire a further 11.4% in the Elsburg Gold Joint Venture ("the Option"). The Option is exercisable between 1 January 2009 and 15 January 2009 at an exercise price of ZAR75 million (circa AUD\$12m). The Option is only exercisable in circumstances where the Company has insufficient funds to complete its funding arrangements in respect of the ERGO Project. Funds obtained through the exercise of the Option would be applied by the Company in meeting its funding requirements for those projects.

Mintails is currently in the process of completing arrangements in respect to meeting this further funding requirement so that further dilution in the Elsburg Gold Joint Venture will not be necessary.

The majority third quarter was spent in preparation for commissioning on the 6th of October 2008. Activities were focussed on the rebuilding of the plant, performed by over 450 contract workers, and preparation for commissioning, which will be performed by 150 full time ERGO Employees. The activities were as follows:

### **Staffing**

The full staff complement was sourced, employed and deployed. Staff were sourced from Crown Gold Recoveries, Mintails and former Ergo employees in readiness for commissioning.

### **Desanding**

The shear reactors were installed, rendering the desanding building and reception area 100% complete.

### **CIL Circuit**

The CIL circuit has been rebuilt, with upgraded agitators, gearboxes and motors. MPS 1700 screens have been installed into tanks 3,5,7,9 and 11 in preparation for the commissioning.

### **Gold Room and Elution**

Construction continued and the completion date of 30 November 2008 remains the target, in order for the first gold pour, scheduled for December 2008, to take place.

### **Reclamation and Pipelines**

The reclamation station and pipelines to Benoni are complete, with only the electrical connection to the MCC's still to be done.

### **Tailings**

Fraser Alexander have completed all work on the tailings dam, which is ready to receive material.

### **Resources**

During the quarter the Company released the results from RSG Global Consulting Pty Ltd ("RSG") in the form of a Competent Person's Report in respect to the Elsburg Tailings Dam Complex. The Elsburg

Resource of 171.1 million tonnes represents approximately 10% of the total 1.7 billion tonnes of tailing materials available to the ERGO Mines Joint Venture.

The RSG Report defined under the SAMREC Code 171.6 million in the Measured Category containing approximately 1.7 million ounces of gold, 14.9 million pounds of U<sub>3</sub>O<sub>8</sub> and 1.76 million metric tonnes of sulphur. These resources are stated in terms consistent with definitions under the JORC Code.

### Summary

The initial pumping of tailings slurries to the CIL circuit 1 occurred as scheduled on 6 October 2008.

## WEST RAND OPERATIONS (100% MLI / BEE)

Mintails' West Rand operations comprise:

- 1) Existing Operations
  - Mogale Plant – Gold in production from tailings
  - Interim deposition site
  - Water Treatment Plant
- 2) WERGO (development deferred)
  - Gold and Uranium Operations
  - Witfontein Tailings Deposition Facility
  - Resources
- 3) West Wits Mining Limited (West Wits) – Gold and Uranium Underground Exploration Joint Venture with DRDGold
- 4) HVH Rock Reclamation Operation – East Rand – Closed

### Mogale Gold Plant

Production for the quarter was 531,336 tonnes versus a target of 600,000 tonnes producing 169.26kg of gold (target 226.5 kg). The primary factor influencing lower gold production was the lower volume treated as a result of mechanical failure in respect to the mills and electrical failures caused mainly by attempted theft and damage to the electrical infrastructure.

Deposition into the North side of the pit commenced on the 4<sup>th</sup> July 2008. A Process Analytical Systems WAD cyanide analyzer was installed to monitor CNwad levels leaving the plant and has operated successfully to date. CNwad levels in the residue tank have varied from around 5ppm to 28ppm, but sampling of the slurry depositing into the North pit, as well as the water at the pit pumps indicate levels of 1ppm to 12ppm. It should be noted that these levels of cyanide actually deposited onto the tailings dump are well below the minimum levels required by the regulatory authorities in terms of cyanide content.

Several engineering projects were completed successfully during the period in an attempt to curb the high numbers of breakdowns, as well as adding some flexibility to the mining operations.

Management are continuing discussions with DWAF and DME in order to gain valuable concessions in respect to cyanide destruction and water pumping which have a major impact upon the cash cost of production. If the outcome of these discussions is positive this would have a significant impact upon the profitability of the Mogale Gold Plant and the future commercial exploitation of the larger WERGO Gold and Uranium Plants.

### Interim Deposition

During the quarter Mintails deposited its tailings into the Northern section of the West Wits open pit. Environmental compliance costs associated with this process under current conditions are high and, in the Company's view, unnecessarily onerous. Discussions are continuing with the regulatory authorities in an attempt to reach an acceptable commercial solution.

### **Water Treatment Plant**

Commissioning of the acid mine drainage water treatment plant was completed during the previous quarter. The plant is operating efficiently however Mintails management are exploring methods aimed at decreasing the cost of water treatment.

### **WERGO: Gold and Uranium**

During the quarter the Company reached a decision to defer the commissioning of the WERGO Gold and Uranium Plants ("WERGO").

As a consequence of the current financial and economic climate restricting access to capital and delays in receiving regulatory approval for the proposed new major deposition site at Witfontein the Company decided it was necessary to delay commissioning of WERGO until these conditions change. The majority of the major construction items for WERGO are complete and this facility could be brought into production within a relatively short period once regulatory and funding requirements are satisfied. The decision to delay commissioning is designed to bring commissioning into line with the approval for the Witfontein deposition site which should greatly improve the economic viability of WERGO.

As a consequence of the decision to defer commissioning of WERGO Mintails has recently retrenched the project construction team and instituted a process of existing and potential creditor management. The surplus assets held by the Company on the West Rand far exceed the existing and predicted amounts owed and / or potentially accruing to future creditors. The Company is confident that through a managed process of new equity, debt and disposal of non-core assets that it can adequately manage its existing and future obligations to creditors whilst preserving the value of its resources, plant and infrastructure at the WERGO Project. Over recent weeks Mintails management has sought agreement from existing creditors and has reached an understanding in respect to creditor repayment from the rationalisation of non-core, surplus assets. This was a necessary outcome once the decision to defer the commissioning of WERGO was reached. In agreement with creditors Mintails has undertaken to satisfy creditor obligations on a structured basis from new equity, debt and asset realisation. The Company's aim is to maintain the value of existing gold, uranium and sulphur tailings, preserve the WERGO Plant for short term commissioning and satisfy existing creditors without impacting on core operations.

### **Witfontein Tailings Deposition Facility**

The Witfontein Tailings Deposition Facility ("TDF") project study was completed during July and represents the culmination of three years of technical evaluation and diligence. The facility is designed to accommodate 725 million tonnes of tailings deposition within an environmentally sustainable and geological stable location. A number of large South African based companies hold tailings resources within the immediate vicinity and are limited in terms of plant availability and most importantly tailings deposition. Accordingly this will limit the ability of these deposits to be profitably exploited and presents significant future opportunity for Mintails. Over the next quarter Mintails will continue to explore corporate participants for the TDF and has already received approaches from a number of parties.

### **Resources**

During September the Company significantly upgraded its West Rand resources from 1.66 to 3.19 million ounces of gold. The Company made announcements regarding its JORC uranium resources which now total 25.65 million pounds as a consequence of introducing a lower cut off grade of 20 g/t as would be required for commercial exploitation.

### **HVH Reclamation Operation – East Rand**

The HVH operations were mothballed during the previous quarter. The Company has remaining resources and plant which it intends to dispose of as part of its non-core asset realisation process. Despite representations to the contrary by the former owners of HVH the operation has been highly disappointing and consumed significant capital. In fact over the 2007 – 2008 financial year the HVH operations consumed approximately AUD15 million of valuable capital and produced no return. The time, effort and cost associated with HVH has had a major detrimental effect upon the Company and its budgeted cashflow and the closure of activities should prevent any further drain on capital and management.

**West Wits Mining Limited (ASX Code : WWI)**

A total of 11,127m of drilling was completed in the September quarter which contained a number of high grade intersections.

Subsequent to the end of the quarter West Wits Mining Limited ("WWI") received encouraging results from a shallow RC programme on its Emerald Gold Target.

Significant shallow gold intersections indicate near surface gold mineralisation with the potential to be extracted by open pit mining methods.

Significant gold intersections included:

- 1m @ 5.68g/t Au from 31.5m (WRCKP014)
- 2.5m @ 3.39g/t Au from 20.5m (includes 0.5m @ 14.15g/t) (WRCKP015)
- 4m @ 7.21g/t Au from 47m (includes 0.5m @ 47.5g/t) (WRCKP016)
- 3m @ 2.83 g/t Au from 53m (includes 1m @ 5.77g/t) (WRCKP018)
- 4m @ 6.24 g/t Au from 46m (includes 2m @ 10.10g/t) (WRCKP041)

Mintails currently holds approximately 27% of the issued capital of the company.

**CORPORATE**

Over the past 10 months the Company has been highly cognisant of and focused upon the funding requirements imposed by the consummation of the expanded ERGO Joint Venture. In late 2007 Mintails announced that it had reached agreement with DRD Gold Limited to expand the ERGO Joint Venture from the original 180 million tonnes (i.e. Elsburg Gold Joint Venture) to 1.7 billion tonnes. This agreed expansion had significant funding implication as certain assets that were earmarked for cash disposal to third parties were no longer available for sale and other plant and equipment that was earmarked to be reallocated to the WERGO Project (West Rand) was no longer able to be transferred.

The Company has actively pursued various methods of funding including new issues of equity, debt facilities, Black Economic Empowerment Transactions and transactions with other companies. As at the date of this report negotiations in respect to all the above matters are continuing however in the context of the current market environment the consummation of these has proven slower and more difficult to achieve.

Mintails' management remain confident that the above matters remain on course and should reach fruition shortly which together with the proposed sale of non-core assets should provide sufficient cash to ensure the normal operation of the Company in spite of severe financial and economic conditions.

The board has resolved that the Company's securities should remain in voluntary suspension until such time as the Company can provide a clear and sustainable outlook to investors and shareholders. It is proposed that such a position is likely to be achievable within the next few weeks.

During the quarter the Company announced with sadness the passing of Dick Potts after a long battle with cancer. Dick Potts was a highly experienced mining engineer and his passing is a significant loss to the Company.

## 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 (ASX: MLI)

**ABN:**

45 008 740 672

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

30<sup>th</sup> September, 2008

#### Consolidated Statement of Cash Flows

	Current Quarter \$A'000	Year to Date (3 months) \$A'000
<b><u>Cash Flows Related to Operating Activities</u></b>		
1.1 Receipts from product sales and related debtors	6,420	6,420
1.2 Payments for: (a) exploration and evaluation	(226)	(226)
(b) development	(5,260)	(5,260)
(c) production	(7,881)	(7,881)
(d) administration	(2,744)	(2,744)
(e) contract services	(135)	(135)
(f) staff costs	(2,191)	(2,191)
(g) other working capital	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	576	576
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>(11,441)</b>	<b>(11,441)</b>
<b><u>Cash Flows Related to Investing Activities</u></b>		
1.8 Payment for purchases of:	-	-
(a) prospects	-	-
(b) equity investments	(5,346)	(5,346)
(c) other fixed assets	(2,167)	(2,167)
1.9 Proceeds from sale of:	-	-
(a) prospects	-	-
(b) equity investments	-	-
(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>(7,513)</b>	<b>(7,513)</b>
<b>1.13 Total Operating and Investing Cash Flows</b>	<b>(18,954)</b>	<b>(18,954)</b>

+ See chapter 19 for defined terms.

		Current Quarter \$A'000	Year to Date (3 months) \$A'000
1.13	<b>Total Operating and Investing Cash Flows (Carried Forward)</b>	<b>(18,954)</b>	<b>(18,954)</b>
<b><u>Cash Flows Related to Financing Activities</u></b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
<b>Net Financing Cash Flows</b>		<b>-</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash Held</b>		<b>(18,954)</b>	<b>(18,954)</b>
1.20	Cash at beginning of quarter/year to date	22,624	22,624
1.21	Exchange rate adjustments to item 1.20	471	471
1.22	<b>Cash at End of Quarter</b>	<b>4,140</b>	<b>4,140</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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	664
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
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**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

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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

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+ See chapter 19 for defined terms.

### Financing Facilities Available

Add notes as necessary for an understanding of the position.

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

### Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	
<b>Total:</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 \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	1,110	14,059
5.2 Deposits at call	3,030	8,565
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: Cash at End of Quarter (item 1.22)</b>	<b>4,140</b>	<b>22,624</b>

### Changes in Interests in Mining Tenements

	Tenement Reference	Nature of Interest (note (2))	Interest at Beginning of Quarter	Interest at End of 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 Number	Number Quoted	Issue Price Per Security (cents)  (see note 3)	Amount Paid Up Per Security (cents)  (see note 3)
7.1	<b>Preference +Securities</b> <i>(Description)</i>	-	-	-	-
7.2	Changes During Quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions	-	-	-	-
7.3	<b>+Ordinary Securities</b>	695,179,652	695,179,652	-	-
7.4	Changes during quarter (a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy- backs	-	-	-	-
7.5	<b>+Convertible debt securities</b> <i>(Description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> <i>(Description and Conversion Factor)</i>	79,926,000	-	Exercisable @ \$0.25 to \$0.81	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals 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:

Date: 31<sup>st</sup> October, 2008

Print Name: Director  
**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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