



## 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 on both its West and East Rand locations.

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

### Major Shareholders

: Kintara Ltd	11.05%
: Rex Harbour & Associates	9.35%
: JP Morgan Chase & Co	7.93%
: Merrill Lynch & Co	7.11%
: Henderson Global Investors Ltd	6.24%

### Directors

: Pat Smyth, Chairman  
: Dick van der Walt, CEO  
: Basie Maree, Executive Director  
: George Beaumont, Non-executive Director  
: Peter Worland, 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

- Completion of the agreement to sell the remaining interest in Elsburg Gold Joint Venture, leaving Mintails with approximately AUD21m cash at 31 March 2009.
- The cash balance held at 31 March 2009 enabled the Company to complete its recapitalization objectives, providing a strong financial base going forward.
- Announcement of new Conceptual Targets for East Rand 1.7 billion tonnes of tailings targeting 14.36m ozs of gold, 184.35m lbs of uranium and 12.37m tonnes of sulphur.
- Completion of capital commitments to the Ergo Mining Joint Venture, thereby retaining its 50% Joint Venture interest in approximately 1.7 billion tonnes of East Rand surface deposits.
- Commencement of the construction of the Mogale Slime Phase1 Project, integrating constructed infrastructure and partially completed plant of the WERGO Project, to target an additional 20,000 ounces per year scheduled for commissioning September 2009.
- Complete a restructure of the Board of Directors to oversee the Company's refocus to prioritize gold production in the short term.

## Overview

The Company expected the sale of the remaining interest in the Elsburg Joint Venture to be completed during the quarter, and consequently major initiatives were undertaken to reposition and refocus the Company to benefit from the accompanying capital injection.

On 2 March 2009, the Company announced various initiatives that it commenced on the West Rand. These initiatives signalled the refocused direction of the Company to apply a portion of the anticipated capital injection towards optimizing the efficiency of its sand circuit that is in production, and to expand its gold production capacity through the completion of the Mogale Slime Phase1 Circuit.

A significant win from this initiative is the incorporation of a major portion of the partially completed "WERGO Plant" into the Mogale Slime Phase1 Gold Circuit. The time and capital spent during 2008 to establish the infrastructure and partially construct the WERGO Plant positioned the Company to limit the capital required for the completion of Mogale Slime Phase1 to a modest ZAR105.5m, and facilitated a short lead time to targeted commissioning during the last quarter of 2009.

On 16 March 2009, the Company furthermore, announced the restructuring of its Board of Directors, complimenting the Company with a set of skills to oversee strategic redirection, from fast track growth through asset accumulation, to a focus on cash generation through gold production.

The anticipated capital injection furthermore, positioned the Company to continue its secondary focus to mature its understanding of the potential of its uranium and sulphur bearing tailing deposits. This focus is pursued through its investment in the ERGO Mining Joint Venture and a feasibility study undertaken at its West Rand Operations.

Subsequent to the end of the quarter the Company released a Conceptual Target Statement for Surface Deposits on the East Rand. The Target Statement relates to the Company's ERGO Mining Joint Venture where it holds a 50% Joint Venture interest. The release described the existing 1.7 billion tonnes of tailings materials containing Conceptual Targets for approximately 14.36m ozs of gold, 184.35m lbs of uranium and 12.38m tonnes of sulphur.

## **WEST RAND OPERATIONS**

### **Resource Update**

Mintails last announced its JORC Resource Inventory in October 2008. This considered only gold and uranium content for the West Rand deposits.

A sulphide sulphur exploration and metallurgical test program was launched during the January – March 09 quarter on the 'Randfontein Cluster' deposits of 1L 23-25, 1L28 and 1L 13-15. This followed an earlier scouting program that revealed the potential for a sulphide sulphur flotation process to be used as the front-end process route for the recovery of gold and uranium into a flotation concentrate. More information related to this program is described below under the heading 'Mogale Slime Phase2 Project', the first phase of which comprises a pre-feasibility study.

The Competent Person's Report is targeted to be updated at the end of July 2009 when the pre-feasibility will be concluded. Information on the sulphide sulphur content of the 'Randfontein Cluster' Resource, however, will be available earlier in May 2009.

### **Mogale Sand Operation**

#### **Summary**

The Mogale Sand Circuit made a contribution ZAR3.5 million (approximately AUD538,000) for the quarter. Gold production was below the planned output but was offset by the stronger gold price and improved cost efficiencies.

#### **Production Results**

The total Mogale Sand treated tonnage was 377,000 tonnes for the quarter which is 54,000 tonnes (12.6%) below target. Two feed sources only were treated at the Mogale Sand Circuit during this period, namely the CAMS Sand Dump and clean-up material from the Lancaster Vlei area. The Mill only operated at a 72% utilization level. Pending upgrades will reduce future down times.

Gold produced was 3,976 ozs for the quarter which was 28.4% below the planned production. This variance was due to reduced tonnage throughput and lower recovery efficiency in March 09.

The combined grade from the feed sources remained slightly above the 0.6g/t level and is expected to remain unchanged for the next quarter.

#### **Financial Results**

The quarter ended March 2009 saw a significant turnaround in the operational performance of Mogale Gold from a negative contribution of ZAR4.3m (approximately AUD660,000) in the previous quarter to the positive contribution of ZAR3.5m (approximately AUD538,000). The improvement was not only the result of the higher gold price but also the outcome of various interventions that were structured to drive operational costs down and simultaneously focus on improved feed head grades and plant efficiencies.

The consequence was a reduced treated tonnage (quarter on quarter from 443,000 tonnes to 377,000 tonnes) and reduced gold production (quarter on quarter from 5,062 oz to 3,976 oz) but matched by the significant reduction in quarter on quarter costs from ZAR43.7 million (approximately AUD6.72 million) to ZAR33.9 million (approximately AUD5.21 million) and ZAR98 (approximately AUD15) to ZAR90 (approximately AUD13.8) per tonne treated.

### **Mogale Water Treatment**

The Mogale Water Plant received an average for the January – March 2009 quarter of 14.6 Ml/day (i.e. 14,600 kl/day) of the polluted 'Western Basin Mining Void' water of which an average 6.2 Ml/day treated water was discharged into the natural water course via the Tweelopies Spruit. The balance was used for process requirements.

This discharge of treated water was previously directed by the Department of Water Affairs and Forestry (DWAFF). This was instituted to prevent the uncontrolled decant of acidic waters to the natural water course from the rising water level within the abandoned underground workings of the 'Western Basin Mining Void'. Whereas the DWAFF directed discharge quota for Mogale is very low at 0.1Ml/day, Mogale treats and discharges the increased amount to assist DRD Gold in meeting their discharge commitment.

The quality of the discharge does not, despite water treatment, meet potable water quality standards. At quarter end, DWAFF had notified Mogale of their intent to issue an amended Directive stipulating more rigid quality standards for discharge. The matter is now under review with the likely outcome that Mogale will only treat sufficient water to meet their quota requirement and with DRD having to make alternative arrangements.

### **Mogale Slimes Phase1 Project**

This Project involves the construction of a hydraulic reclamation and pump transfer station at the 1L23-25 surface deposit site, the installation of a slurry transfer line to the Mogale plant, the utilisation of existing Mogale Gold infrastructure where possible, completing the construction of abandoned WERGO Gold infrastructure and constructing new plant to enable the additional treatment of 350,000 tonnes per month of gold bearing slurry.

Fraser and Alexander Tailings have been contracted to design and construct the hydraulic reclamation and slurry transfer station and the slurry delivery pipeline to the upgraded Mogale plant. The budget cost is ZAR28.6 million.

A specialist Engineering, Procurement, Construction and Management (EPCM) Company, Stelios, has been contracted to complete the metallurgical plant upgrades, excluding the electrical upgrade. The budget cost for this component is ZAR61.6 million (approximately AUD9.47 million) of which ZAR23million (approximately AUD3.53 million) has already been committed for long lead items.

Mogale has also commenced a program of Mill and Electrical upgrades to further stabilize production at a Capex budget of ZAR10 million.

The increased plant capacity is targeted to increase the gold production output of the West Rand Operations by a further 20,000 oz/year. The additional capacity will position the West Rand Operations for a targeted production output of approximately 40,000 oz's/year Au. The increased production capacity should also reduce the average production cost to below USD 670 per oz.

Electrical upgrade is required and will be managed by the Mogale plant team. The budget for this is ZAR5.3 million (approximately AUD815,000).

The total budget for this Mogale Slimes Project is therefore ZAR105.5 million (approximately AUD16.23 million). The commissioning is scheduled for September 2009. This entire amount will be funded from the proceeds of the sale of the 35% stake in the Elsburg JV.

### **Mogale Slimes Phase2**

The Mogale Slimes Phase2 Project is currently underway at pre-feasibility level. The Project deliverables include determining the sulphide sulphur grade in the 'Randfontein Cluster' surface deposits, metallurgical testwork to examine the recovery of gold and uranium minerals into a sulphide sulphur flotation concentrate from this Resource, an estimate of the downstream recovery of these minerals and finally determining the financial viability of the project.

The budget for the pre-feasibility is ZAR8.2 million (approximately 1.26 million) and is expected to be complete at end-July 2009. This feasibility study will also be funded from the cash at hand at 31 March 2009, received from the disposal of the 35% interest in the Elsburg JV. Depending on the outcome of this study, the required bankable feasibility study will be considered during the second half of 2009 at a provisionally estimated cost of ZAR20 million (approximately AUD3 million). Commencement of this study will depend on the Company's strategic direction and funding abilities at that time of allocating available capital.

By quarter end the status of the pre-feasibility project was as follows:

- i. The project work was 29% complete and expenditure was at R2.6 million.
- ii. Drilling of the 'Randfontein Cluster' Resource had been completed.
- iii. Analysis of the gold, uranium and sulphur content of the drill cores from this Resource was in progress.
- iv. Flotation testwork and mineralogical evaluation programs were about to be launched.
- v. The basic block flow diagrams for the planned Flotation, Uranium, Gold (FUG) plant, models for mass balances and the equipment lists had or were in the process of being set up.
- vi. The financial model had been set up and was ready for data entry and verification, and once all data is received, will give clearer understanding of the project.

## **Deposition Projects**

### ***Witfontein Tailings Disposal Facility***

The Feasibility, the Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) for the Witfontein Tailings Disposal Facility (TDF) were completed and were submitted to the Department: Mineral and Energy (DME) in August 2008. All relevant regulatory authorities have now been thoroughly briefed on this project including the Government Task Team which is a high level sitting of multi-discipline government regulators. Every effort has been made within the design of the Witfontein TDF to mitigate the negative impacts identified in the various specialist EIA/EMP studies, particularly those associated with the potential contamination of ground water.

Further to the announcement that DRDGold has purchased a fifty percent stake in the Witfontein deposition site, there exists a keen interest by other mining companies to potentially participate in this initiative, and support for the original approach taken by Mintails to promote Witfontein as a single, large regional tailings disposal facility.

### ***Pit Deposition***

The Regulator deliberations over the Witfontein TDF have prompted more detailed investigation into extending the existing approvals to dump into the southern side of the Pit and to also include the northern side, thereby potentially expanding the capacity of the West Wits Pit as an interim deposition site.

The impacts associated with South Pit deposition were explored during the quarter and mitigation measures determined where appropriate. Regulatory approval will now be sought for full West Wits Pit deposition which will provide a total deposition capacity to ground level of 30 million tonnes.

Conceptual work has also been undertaken to continue deposition over the Pit area to elevations above ground level. The deposition capacity can be increased to 50 million tonnes in this manner.

Further conceptual studies are now in progress to broaden the Pit footprint area which will allow for increased deposition rate and a further increase in deposition capacity.

## **New Order Mining Rights**

The application for the new order mining rights for the Mogale Slimes and Mogale FUG projects was submitted in August 2008. The Department of Minerals and Energy (DME) subsequently directed that an EIA/EMP must be conducted. This work was undertaken and considered all those impacts associated with the proposed mining areas, the plant expansions for uranium and gold extraction, alternative deposition sites (i.e. the West Wits Pit) and the proposed pipeline routes to the Witfontein TDF site. The EIA/EMP was submitted to the DME on 24 February 2009.

Within six weeks of the submission of the EIA/EMP, Mogale management had hosted a site visit by various relevant Government Regulators as convened by the DME Environmental Management office.

A Record of Decision for the Mogale Project (excluding the Witfontein TDF site which represents a separate submission) is expected by end-July 2009. The awarding of the new order mining licence to Mogale is expected to follow soon thereafter as key components such as the Mogale Social and Labour Plan (SLP), the Mining Work Program (MWP) and Black Economic Empowerment (BEE) requirements have been accepted by the DME.

## **EAST RAND OPERATIONS**

The disposal of the 25% interest in the Elsburg JV completed a successful project of refurbishment and commissioning undertaken by the Company. While this project was sold to DRDGold, the Company nevertheless can build on this track record with confidence and look forward to completing its revised project focuses.

## **ERGO Mining Joint Venture**

Mintails holds a 50% interest in the ERGO Mining Joint Venture which is comprised of the ERGO / Brakpan metallurgical complex, approximately 1.7 billion tonnes of East Rand surface deposits and appropriate deposition capacity and significant plant, equipment and infrastructure associated with the Joint Venture. Pre-feasibility studies, with the intent of moving to full bankable feasibility studies, are underway and are evaluating gold and uranium mineral recovery with consideration also given to sulphuric acid manufacture from the sulphide sulphur content of the various Resource deposits.

By quarter end the drilling program to evaluate the Resource was underway, metallurgical laboratory testwork was in progress and pilot plant metallurgical testwork (i.e. processing bulk samples) had been initiated.

Various process options are being explored. The financial models are being developed as and when assay and metallurgical test results are made available.

A budget of ZAR15 million has been approved for the project and at quarter-end the progressive expenditure was ZAR5.6 million. The outcome of this study will significantly contribute to the understanding of the potential uranium and sulphuric acid production potential of ERGO Mining.

Subsequent to the end of the quarter the Company announced a conceptual target for the 1.7 billion tonnes of tailings residing in the East Rand subject to the ERGO Mines Joint Venture. The Company announced Conceptual Targets of 14.35 million ounces of gold, 184.35 million pounds of uranium and 12.37 million tonnes of sulphur.

These targets should be read in context of the assumptions and information contained in the announcement to the ASX dated 28 April 2009.

## **Far East Rand Project**

Mintails has been examining, at pre-feasibility level, the options of treating 'orphan' tailings utilising available plant on the Far East Rand. The project is in the early stages of conceptual design. Activities during the quarter included the drilling of the deposits to measure the resource potential, preliminary negotiations for the re-purchase of a de-commissioned metallurgical plant, servitude investigations and preliminary financial studies of process options.

### **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 and East Rand of South Africa's historic Witwatersrand Basin. To find out more, visit Mintails at: [www.mintails.com](http://www.mintails.com)*

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