Quarterly Report For The Period Ended

30 September 2009

MINTAILS LIMITED

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	: 925.8m shares
	: 998.7m shares (fully diluted)

Major Shareholders

: HSBC Custody Nominees	23.40%
: Citicorp Nominees Pty Limited	16.43%
: Kintara Ltd	8.21%
: JP Morgan Nominees Australia	6.63%
: HSBC Custody Nominees	4.07%

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**

Highlights

- Upgrades at the Mogale Gold 1 operation resulted in an above target tonnage throughput and gold production
- Construction of Mogale Gold 2 gains momentum with full commissioning set for early December 2009.
- Pre-feasibility launched for Gold 3.
- DRDGold Limited makes offer for South African Operations.
- Company receives shareholder support to reject offer.
- Company receives shareholder support for new capital raising of total 333 million shares at AUD 4.5 cents each to raise a maximum of AUD $14,985,000.

The Company received an offer from DRDGold Limited for its South African Operations excluding its investment in West Wits Mining Limited.

The Company presented the offer to shareholders because it considered it prudent to ensure that shareholders were fully informed given the material changes related to the funding requirements of the Company, notwithstanding the recorded view of the Board that it considered the embedded value of the assets to significantly exceed the value implied by the offer.

The Company furthermore, obtained support for a new capital raising to support its funding needs going forward. Consequently, the Company rejected the DRDGold offer and announced a planned new capital raising of a total of 333,000,000 shares at AUD 4.5 cents each to raise at maximum a total of AUD $14,985,000.

At the date of this report, the Company has issued a total of 230,654,854 shares and has raised AUD $10,379,468.

The outcome of these actions has placed the Company in the position to complete its gold production expansion objectives for Mogale Gold 2. The commissioning of the expanded plant in early December 2009 will increase the production capacity of Mogale by an additional 350 000 tonnes per month. The resultant stronger cash flow position envisaged for the period post-commissioning of the Mogale Gold Plant 2 will initially position the company with a positive cash flow for the next quarter and substantially increase its positive cash flow from thereon. The completion of the project also has a resultant cash flow saving in that the associated costs of the project team ceases. Furthermore, capital expenditure requirements associated with this project have substantially been met. All these factors, place the Company in an ideal position to also unlock the potential of its remaining assets, held both on the West and East Rand.

WEST RAND OPERATIONS

Overview

The Mogale Gold 1 operation previously referred to as the Mogale Sands operation has progressed within expectations. Tonnage throughput and gold production were above target. Unlike the previous quarter however, a cash contribution was not generated due to a lower gold price and higher than expected expenditure on engineering upgrades and water treatment. A steadily improving trend in metallurgical and cost performance was apparent during the course of the quarter.

Construction on Mogale Gold 2 project (which aims to process an additional 350,000 tonnes per month), and previously referred to as the Mogale Slimes project, has gone well. The hydro-sluicing reclamation station, excluding the final electrical requirements, has been completed. Commissioning is scheduled for December 2009. The resultant stronger cash flow position envisaged for the period post-commissioning of the Mogale Gold Plant 2 will initially position the company with a positive cash flow for the next quarter and substantially increase its positive cash flow from thereon. Furthermore, capital expenditure requirements associated with this project have substantially been met. The completion of the project also has a resultant cash flow saving in that the associated costs of the project team ceases. All these factors, place the Company in an ideal position to also unlock the potential of its remaining assets, held both on the West and East Rand.

Pre-feasibility activity has commenced on the Gold 3 project. This study will evaluate the Mintails SA (Pty) Limited resources located in the Durban Deep/ Rand Leases area and the Randfontein area on the West Rand.

Mining Rights

The Mogale application to convert their existing ‘old order’ mining licence, ML12/2003, to a ‘new order’ right in terms of the required legislation was submitted to the Department of Minerals and Energy (DME) in August 2008.

Simultaneously, an application was submitted by Mogale to secure ‘new order’ rights to mine the Mintails acquired resource, from DRDGOLD Limited, in the DRDGOLD licence area, ML9/2000.

The outcomes of these applications are awaited. No time frames can be provided by the DME on these matters. Mintails have been advised however that all necessary requirements have been submitted.

Gold 1 Operations (Previously referred to as the Mogale Sands Operation)

No lost time injuries were recorded in the quarter.

The Gold 1 operation processed 408,000 tonnes during the quarter and produced 4,083 ounces of gold. Whereas tonnage throughput and gold production were above budget, profitability of the operation was affected by higher operating costs.

The higher operating costs were incurred in engineering work to expedite the program of upgrading the Gold 1 plant to safer and more efficient operation. Reagent costs were also higher however and particularly those associated with the water treatment operation.

Management remains optimistic with the positive trends shown by the Gold 1 operation. There has been a steadying operation for Gold 1 which has set the foundation for the commissioning of the adjacent Gold 2 operation at Mogale.

Gold 2 Construction Project (Previously the Mogale Slimes Project or CIL 2)

Construction progress on this project (to process 350,000 tonnes per month of slimes material for gold recovery) is well on track. Slurry commissioning is now set for December 2009.

Construction of the hydro-sluicing reclamation station at the 60 million tonne 1L23-25 deposit has progressed particularly well. All civil and mechanical work at the reclamation station has been completed. The delivery pipeline to the plant was delayed pending the authorisations for a pipe bridge across the R28 highway. This Regulatory approval has now been granted and both the civil engineering requirements and mechanical fabrication (predominantly off-site) are progressing well.

Civil construction at the plant itself is seventy-five percent complete. There were delays in this area and were mostly brought about by scope changes to accommodate particularly stringent civil engineering requirements. These were found to be necessary to ensure full confidence in the structures they will support, particularly in the reagent and carbon management areas. Ninety-five percent of all mechanical equipment for the plant has now been delivered to site.

This is proving to be a particularly visible project to the surrounding community and to environmentalists. Their needs are being accommodated via organised presentations and site visits.

Deposition

West Wits Pit Deposition

Mogale tailings from Gold 1 are deposited into the northern section of the West Wits Pit. In December 2009 Gold 2 tailings will also be introduced. The north section of the Pit has limited deposition capacity (roughly 8 million tonnes capacity remaining). The immediate deposition priority has therefore been to secure approval to deposit tailings into the southern section of the West Wits Pit. This will extend Mogale deposition capacity by a further 20 million tonnes. This approval is needed from two sources, first from the Department of Water Affairs and Forestry (DWAF) and then from the DME. The DME Regional Manager has advised that DWAF must first consent to the operation and then the DME will evaluate.

To this end a south Pit tailings deposition study was recently concluded by a specialist geotechnical engineering company. The study effectively defines the link between historical underlying mine workings and their intersections and relationships to the Pit with emphasis on the physical and chemical behaviour of tailings when deposited into the Pit.

Mintails management have been encouraged by the findings of the study. Rehabilitation, geotechnical, environmental and safety benefits were highlighted provided the tailings are deposited in a defined and responsible manner.

At quarter end the findings were presented to relevant DWAF regulators. The matter is now under DWAF consideration.

Deposition above and around the Pit is also now being explored by a professional tailings consulting company at the pre-feasibility level. Provisional findings are encouraging and reveal that the West Wits Pit area will be able to hold 95 million tonnes of tailings. A deposition rate varying between 500,000 to 700,000 tonnes per month can be achieved with a cycloning operation and so matches the output from the Gold 1 and Gold 2 operations. The capital cost is currently being determined.

Witfontein TDF

Despite the good progress made in terms of maximising West Wits Pit deposition, the proposed Witfontein TDF still remains a strategically important deposition site for Mintails.

Mintails have defined what they perceive as further Specialist studies that must be undertaken to secure Regulatory approval but need to pursue a communication strategy with Regulators that ensures that the project is viewed from a holistic perspective. Professional assistance is being sought in this regard. The defined negative components of the project (predominantly related to groundwater contamination) need to be balanced against the positive benefits of removing existing dumps that currently pollute urban areas.

Mogale Water Treatment

Mogale operations are located above the Western Basin Mining Void. This Void contains a vast volume of deleterious acidic water created by historical mining operations. Regulators, particularly the Department of Water Affairs and Forestry (DWAF), and the current operating mines are constantly looking for ways to mitigate the impacts of these acidic waters. The laws on these predominantly legacy matters are sometimes open to different interpretations and so the Mines are periodically required to seek legal assistance on such matters.

In this context, on 24 July 2009 Mogale received a DWAF Directive stipulating that they must fulfil the following requirements:

i. Mines must collectively extract 15 megaliters per day of Western Basin Mining Void water. The proportion assigned to Mogale is 0.4% of this amount, i.e. 0.6 megaliters per day

ii. This water must be treated and discharged to the natural water course (Tweeloopiespruit) at near potable standards as from1 November 2009.

iii. The optimum elevation of the environmental critical level (ECL) must be determined and Void water extracted to this level

iv. Downstream impacts from past discharges from the Void must be evaluated and remediated

The existing technology of the Mogale Water Treatment operation is unable to meet these quality standards. Currently there is no facility of this nature in the Region to meet these quality standards with the volumes stipulated.

The Mogale water treatment plant has, in the past, been operated on behalf of other Mines in the Region, and beyond its allocated apportionment. Mogale have therefore sought legal assistance to preserve its rights to only contribute to a solution at its allocated portion. In the interim, Mogale have reduced their water treatment operation to a throughput sufficient to prevent the decant of raw acidic water from the Void to the natural environment. DWAF have been notified accordingly.

Collectively, the Mines in the Region have come up with a longer term solution to the matter. They formed WBEC who contracted WUC to design, construct and operate a central water treatment operation that will cost effectively achieve the requirements of the Directive.

Mogale has a current water use licence but is required to obtain new licences for their expansion programmes. This matter is well in hand with a specialist consulting company. The applications are scheduled for submission to DWAF in December 2009. The application process requires public participation and so extends the timeframe for submission.

Mogale FUG (Flotation, Uranium, Gold) Pre-Feasibility Project

This Pre-Feasibility Project has been completed. The financial model and sensitivity studies have revealed that the project is not feasible in the studied configuration of generating a Flotation concentrate from processing 600,000 tonnes per month Randfontein Resource material, milling this product and following up with gold and uranium leaching.

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

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Rule 5.3

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')

30th September, 2009

Consolidated Statement of Cash Flows

	Cash Flows Related to Operating Activities	**Current Quarter $A'000**	**Year to Date (3 months) $A'000**
1.1	Receipts from product sales and related debtors	5,854	5,854
1.2	Payments for: (a) exploration and evaluation	(227)	(227)
	(b) development	-	-
	(c) production	(6,320)	(6,320)
	(d) administration	(657)	(657)
	(e) contract services	(155)	(155)
	(f) staff costs	(2,156)	(2,156)
	(g) other working capital	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	50	50
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(154)	(154)
	Net Operating Cash Flows	**(3,765)**	**(3,765)**
	Cash Flows Related to Investing Activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(67)	(67)
	(c) other fixed assets	-	-
	(d) capital upgrade to assets	(8,035)	(8,035)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	704	704
	(c) other fixed assets	2	2
1.10	Loans to other entities	-	-
1.11	Loans repaid to other entities	(2,147)	(2,147)
1.12a	Other – Acquisition of Subsidiary	-	-
1.12b	Other (provide details if material)	-	-
	Net Investing Cash Flows	**(9,543)**	**(9,543)**
1.13	**Total Operating and Investing Cash Flows**	**(13,308)**	**(13,308)**

+ See chapter 19 for defined terms.

		Current Quarter $A'000	Year to Date (3 months) $A'000
1.13	**Total Operating and Investing Cash Flows (Carried Forward)**	**(13,308)**	**(13,308)**
	Cash Flows Related to Financing Activities		
1.14	Proceeds from issues of shares, options, etc.	10,840	10,840
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)	(28)	(28)
	Net Financing Cash Flows	**10,812**	**10,812**
	Net Increase / (Decrease) in Cash Held	**(2,496)**	**(2,496)**
1.20	Cash at beginning of quarter/year to date	7,363	7,363
1.21	Exchange rate adjustments to item 1.20	(63)	(63)
1.22	**Cash at End of Quarter**	**4,804**	**4,804**

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	299
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

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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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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	150
4.2	Development	-
	Total:	**150**

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	3,714	4,877
5.2	Deposits at call	615	142
5.3	Bank overdraft	-	-
5.4	Funds held in trust	475	2,344
	Total: Cash at End of Quarter (item 1.22)	**4,804**	**7,363**

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	Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

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	**Preference +Securities** *(Description)*	-	-	-	-
7.2	Changes During Quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	**+Ordinary Securities**	935,967,262	935,967,262	-	-
7.4	Changes during quarter (a) Increases through issues	240,787,610	240,787,610	0.045	0.045
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	**+Convertible debt securities** *(Description)*	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	**Options** *(Description and Conversion Factor)*	57,500,000	-	Exercisable @ $0.20 to $0.80	-
7.8	Issued during quarter	2,500,000	2,500,000	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	15,426,000	15,426,000	-	-
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ 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: 30th October, 2009

Print Name: ……………………
Dick van der Walt

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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