



**MINTAILS**  
LIMITED

## **Merger With Skeat Gold Mining (SGM)**

**\$50 million Institutional Placement**

*“Building Value Through Consolidation and Innovation”*

*“How The West Rand Was Won!”*

**November 06**

**MINTAILS**  
LIMITED

## **Summary**

- ◆ **Merger with SGM will create a major force in gold production**
- ◆ **Calendar 2007 (e) 112,000 oz Au**  
– EBITDA AUD 45m / £ 18m
- ◆ **Calendar 2008 (e) 157,000 oz Au**  
– EBITDA AUD 68.5m / £ 27.4m
- ◆ **Combined Resources of approx. 325 mt, Sand, Slime & Rock**
- ◆ **Combined Ounces Estimated – 3,757m ounces**
- ◆ **Life of Mine – Combined Operations Span 16 Years**
- ◆ **WERGO – Brakpan and East Dagga Plants acquired**

**MINTAILS**  
LIMITED

**1**

## Mintails Group

- ◆ Listed ASX December 2005
- ◆ Mintails owns Mogale Gold Plant and rights to treat 305 mt of gold tailings
- ◆ Mogale Plant recommissioned in April 06
- ◆ First gold production July 06
- ◆ Mogale Plant predicting 42,500 oz Au for 2006 - 7
- ◆ Previously proposed Stage 2 expansion designed to produce 120,000 oz Au p.a. through construction of second leach circuit and beneficiation plant

*“Merger with SGM allows an increase in gold production to 112,000 ozs for calendar year 2007 and 157000 ozs for 2008 and delivers plant and infrastructure for future”.*

MINTAILS  
LIMITED

2

## Skeat Gold Mining Group

- ◆ Founded by well known and highly credentialed South African mining specialist Peter Skeat
- ◆ One of the largest owners of Mining Earthmoving Fleet and Equipment in Africa
- ◆ Built and operates HVH. New Heap Leach Operation on East Rand
- ◆ Owns East Dagga Gold Plant (Ergo)  
Contract to purchase Brakpan Gold Plant (Ergo)
- ◆ Industry experts in open cast and heap leach gold mining with proven track record of success and performance

MINTAILS  
LIMITED

3

## Rationale For Merger

- ◆ The merged entity consolidates immense synergies of strategic plant and resource ownership
- ◆ SGM has large fleet and plant but limited resource base (5 – 8 years)
- ◆ Mintails has existing gold plant limited to 3.6m tpa capacity but large resource base (305 mt and growing)
- ◆ Only 30% of SGM fleet employed in current HVH Heap Leach Operations
- ◆ Mintails high grade sands resources can be quickly and cost effectively processed by Heap Leach (30 mt sand resource)
- ◆ SGM owns East Dagga and agreement to buy Brakpan (i.e. ownership of historic Ergo – world’s most successful tailings operation)

*“Combining Mintails with SGM allows the creation of a fully integrated significant gold producer with the infrastructure, resources and expertise to become a dominant force in gold production.”*

MINTAILS  
LIMITED

4

## Post Merger Operations

	<u>M</u> <u>Tonnes</u>	<u>Au (000s)</u> <u>ozs</u>	<u>Average Cost</u> <u>Per Oz USD</u>
<b>2007 Calendar Year</b>			
◆ Mintails (Mogale)	3.0	42.5	367.0
◆ New Heap Leach (West Rand)	3.5	31.5	246.3
◆ HVH (Rock Heap Leach)	1.0	38.0	168.4
	<u>7.5</u>	<u>112.0</u>	<u>269.0</u>
<b>2008 Calendar Year</b>			
◆ Mintails (Mogale)	3.0	42.5	367.0
◆ New Heap Leach (West Rand)	6.0	50.5	246.3
◆ HVH	1.5	64.0	168.4
	<u>10.5</u>	<u>157.0</u>	<u>247.2</u>

\* For Calendar 2007 Mintails expects to process 7.5m tonnes of tailings and extract 112,000 ozs Au

Average cost                      USD 269.0 per oz  
EBITDA                                AUD 45m

\* For Calendar 2008 Mintails expects to process 10.5m tonnes of tailings and extract 157,000 oz Au

Average cost                      USD 247.2 per oz  
EBITDA                                AUD 68m

MINTAILS  
LIMITED

5

## Post-Merger Resource Summary

- ◆ 305 mt of Sand and Slime Reserves comprising West Rand Operations
  - ◆ 145 mt JORC-Compliant
  - ◆ 160 mt part of resource verification programme
- ◆ 19,4 mt of Rock, Run of Mine reserve comprising East Rand operations
  - ◆ 14,4 mt CPR verified – Camden Smith Report
  - ◆ 5 mt being acquired
  - ◆ Resource verification programme in respect of approx. 9 mt
- ◆ Total Estimated Ounces = 3.757m ounces (*Snowdens Report and Camden Geoserve Report*)

MINTAILS  
LIMITED

6

## Earnings Per Share

	<u>2007 (e)</u>	<u>2008 (e)</u>
EBITDA (AUD)	45m	68m
Shares (m)	515.8	538.8
EBITDA ratio per share	9 cents	13 cents

\* Mintails anticipates it should have sufficient tax losses to offset against tax for first 1 – 2 years of operations

MINTAILS  
LIMITED

7

## Capital Structure

	<u>Shares</u>
Existing Issued Shares	225.7
Performance Shares	<u>20.0</u>
	<u>245.7</u>
Initial SGM allotment	103.4
Institutional Placement	<u>166.7</u>
	<u>515.8</u>

- ★ An additional 69m shares are allotted to Peter Skeat Interests over 3 years post acquisition as deferred consideration
- ★ After 3 years total expanded capital will be 584.8m shares

MINTAILS  
LIMITED

8

## Fundraising – Proposed Allocation

- ◆ Shareholder approval being sought on 11<sup>th</sup> December for Institutional Placement of 167m shares @ 30 cents raising AUD 50m (£20m)

- ◆ Use of funds

<u>AUD</u>	
23.0m	Cash payment to SGM vendors
4.5m	Costs of raising and merger
4.0m	Acquisition of Brakpan Gold Operations (7m less 3m resale)
4.7m	Expansion to HVH Heap Leaching (SGM)
7.9m	New Heap leaching of North Sands (West Rand)
<u>5.9m</u>	Working capital for expansion of West Rand operations
<u>50.0m</u>	

MINTAILS  
LIMITED

9

## Growth Initiatives

- ◆ Mintails to increase production to + 100,000 oz p.a. produced
- ◆ SGM merger and fundraising accelerate Stage 2 expansion of “WERGO”
- ◆ Former ERGO plant decommissioned and relocated to West Rand
- ◆ Mintails to produce 200,000 to 300,000 ozs Au after next 2 – 3 years as WERGO commences operations and reaches capacity
- ◆ Strong growth in gold production revenues and profits

MINTAILS  
LIMITED

10

## GROWTH INITIATIVES - WERGO

- ◆ Execution of PHASE 2 Slime Treatment Operation (West Rand)
- ◆ Ownership of East Dagga and Brakpan Plants secured
- ◆ Modular Capacity to Build up to 3 mt per month – Wergo Plant by 2009 with estimated Capex Saving of ZAR 1,4bn
  - ◆ 1 mt Plant at ZAR 135m
  - ◆ 3 mt Plant at ZAR 318m
- ◆ Capex of WERGO planned to be funded from CashFlow
- ◆ Mining Fleet Capacity to support Super Dump Construction
- ◆ Substantial Skilled Workforce available for re-Employment following ERGO closure.
- ◆ WERGO Production at 2 mt per month – 218,000 ounces per annum from 2009

MINTAILS  
LIMITED

11

## Board

- ◆ Bryan Frost - *Chairman*
- ◆ Dick van der Walt - *CEO*
- ◆ Jaco Schoeman - *Technical Director*
- ◆ Richard Revelins - *Executive Director*
- ◆ Dick Potts - *Non-executive Director*
- ◆ Peter Chapman - *Non-executive Director*