

**MINTAILS LIMITED**  
**ABN 45 008 740 672**

**EXPLANATORY MEMORANDUM**

**1. INTRODUCTION**

This Explanatory Memorandum (“EM”) accompanies and forms part of the Notice of Meeting for the Extraordinary General Meeting of Shareholders of Mintails Limited ABN 45 008 740 672 (“Mintails or “the Company”) to be held on the 24th day of July 2006 at 9.30am (“the Meeting”). The purpose of this Explanatory Memorandum (which is included in and forms part of the Notice of Meeting dated 19 June 2006) is to provide shareholders with an explanation of the business of the Meeting and the resolutions to be proposed and considered at the Meeting.

**2. GENERAL BUSINESS**

Shareholders of the Company are being requested to consider seven resolutions relating to the placement that was announced by the Company on 6 June 2006 and the proposed issue of options to the directors of the Company. An explanation of the reasons for these proposed allotments and the requirements for the resolutions is provided as follows:

**Resolution 1: Approval of prior Placement**

Resolution 1 is proposed to obtain shareholder approval for the prior issue of 20,000,000 Shares pursuant to the first stage of the placement that was announced by the Company on 6 June 2006.

The first stage of the placement was undertaken to raise funds which, together with the funds that will be raised by the second stage of the placement (refer to Resolution 2) are to be applied towards the final satisfaction of judicial management obligations, to take advantage of potentially favourable early repayment of pre-existing debt opportunities, to commence the acquisition of new plant and equipment as a precursor to the Company’s stage 2 development plans, to pursue opportunities to secure additional new tailings projects within the region and for working capital purposes.

The Shares the subject of Resolution 1 were issued at a price of \$0.25 each and were issued on the same terms as existing ordinary listed shares of the Company.

The first stage of the placement was managed by Bell Potter Securities Limited. The Shares the subject of this Resolution were issued to Australian and international institutions and sophisticated investors.

Under ASX Listing Rule 7.4 an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if shareholder approval is subsequently obtained. Under ASX Listing Rule 7.1 an entity must not issue, or agree to issue, more than fifteen percent (15%) of its capital in any 12 month period without the approval of its shareholders.

By obtaining Shareholder approval for the issue of the Shares the subject of Resolution 1, the Company retains the ability to issue up to fifteen per cent (15%) of its capital to take advantage of any future capital raising opportunities.

**Resolution 2: Approval of proposed Placement**

Shareholder approval in accordance with the provisions of the ASX Listing Rules is required before the second stage of the placement that was announced by the Company on 6 June 2006 can be implemented.

Resolution 2 has been prepared to obtain authority for the issue of up to 40,000,000 Shares pursuant to the second stage of the placement.

The Shares the subject of Resolution 2 will have an issue price of \$0.25 and will be issued on the same terms as the existing ordinary listed shares of the Company.

The amount raised pursuant to the proposed placement will vary depending on the number of applications received however, if the placement is fully subscribed \$10,000,000 will be raised before the costs of the placement.

The funds raised by the proposed placement will be applied towards achieving the objectives described in the commentary concerning Resolution 1 (refer above).

The second stage of the placement will be managed by Bell Potter Securities Limited. The Shares the subject of the Resolution 2 will be placed with Australian and international institutions and sophisticated investors.

Chapter 7 of the ASX Listing Rules requires the prior approval of shareholders in general meeting to issue securities if the number of those securities exceeds fifteen percent (15%) of the number of the same class of securities at the commencement of the relevant twelve (12) month period. The proposed allotment of Shares under the proposed placement involves an increase in the issued capital of the Company. As such, authority for that increase is sought in order to ensure compliance with the provisions of Chapter 7 of the ASX Listing Rules. Also, by obtaining shareholder approval for the placement, the Company retains the ability to issue further shares or options up to fifteen percent (15%) of its ordinary shares under Chapter 7 to take advantage of opportunities to obtain further funds if required and available.

Subject to Shareholder approval being obtained, the Shares the subject of Resolution 2 shall be issued by the day no later than three (3) months after the date of the Meeting.

### **Resolution 3: Grant of options to Mr Diederik van der Walt**

Resolution 3 proposes that for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, shareholders approve the issue to Mr Diederik van der Walt of a total of 5,000,000 options to acquire one ordinary share in the capital of the Company at an exercise price of \$0.20 (20 cents) each expiring 31 March 2011 and otherwise in accordance with those terms described in this Explanatory Memorandum. These options are proposed to be issued pursuant to the terms of Mr van der Walt's terms of employment with the Company

Mr van der Walt was appointed as Chief Executive Officer of the Company in November 2005. Mr van der Walt has considerable experience and background in law, international taxation, investment banking and Black Economic Empowerment issues and provides the Company with a solid platform to successfully operate within the South African mining environment. Following his appointment as Chief Executive Officer Mr van der Walt was appointed as a Director of the Company on 21 February 2006.

The options proposed to be issued in accordance with Resolution 3 are being provided as part of the negotiated remuneration arrangements between the Company and Mr van der Walt which were negotiated prior to Mr van der Walt commencing his services as a director of the Company. In addition to his option entitlement Mr van der Walt receives a cash salary of R1.2m per annum (approximately AUD \$260,000) which is paid in equal monthly instalments on the last business day of each month. Annual reviews of the cash component of Mr van der Walt's salary will be conducted. Mr van der Walt will be entitled to receive a cash bonus of R400,000 (approx. AUD \$87,000) subject to:

- commencement of mineral processing operations at the Mogale Project no later than 30 April 2006; and

- minimum production of 40,000 ounces of gold during the first 12 months after production has commenced.

As announced by the Company mineral processing operations at the Mogale Project commenced on 21 April 2006.

Mr van der Walt is also entitled to allowances and reimbursements in relation to travel costs, entertainment costs, computer allowance and mobile phone costs. The service contract is for a period of 3 years and thereafter terminable upon one months notice.

The options proposed to be issued to Mr van der Walt as part of his remuneration arrangements are comprised of three categories as follows:

a. 2,500,000 Twelve Months Deferred Exercise Options

These options will not be exercisable until 1 January 2007 (provided Mr van der Walt remains an officer or employee of the Company or a subsidiary at that date) being a date approximately 12 months following Mr van der Walt's commencement of executive duties with the Company. The full terms and conditions of these options are described in Annexure A to this Explanatory Memorandum.

b. 1,250,000 Twenty Four Month Deferred Exercise Options

These options do not become exercisable until 1 January 2008 (provided Mr van der Walt remains an officer or employee of the Company or a subsidiary at that date). In addition, these options will not become exercisable unless the Company achieves of the following performance criteria:

- Commencement of mineral processing operations at the Mogale Gold Project by no later than 30 April 2006, and
- The Company achieving minimum production of 40,000 ounces of gold during the first 12 months after production has commenced.

As noted above, mineral processing operations at the Mogale Project commenced on 21 April 2006.

The full terms and conditions of the 24 Month Deferred Exercise Options are described in Annexure B to this Explanatory Memorandum.

c. 1,250,000 Thirty Six Month Deferred Exercise Options

These options will be issued on the same terms and conditions as those described in sub paragraph (a) above (as described in Annexure A to this Explanatory Memorandum) except that the options shall not become exercisable until 1 January 2009, provided Mr van der Walt remains an officer or employee of the Company or a subsidiary at that date.

In accordance with ASX Listing Rule 10.11 an entity must not issue or agree to issue equity securities (including options) to a related party, without the approval of shareholders. As such, the Company is seeking shareholder approval for Resolution 3. If approval is given by shareholders pursuant to Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The securities the subject of Resolution 3 will, subject to approval, be issued on a date which is not more than one month after the date of the Meeting.

No application will be made to apply for quotation of the options the subject of Resolution 3. The issue of options pursuant to Resolution 3 will not raise funds and no cash will be received. Funds

received if the options are exercised will be applied to the working capital requirements of the Company at that time.

### **Resolutions 4, 5, 6 & 7: Issue of Directors Options to Directors**

Resolutions 4, 5, 6 & 7 propose that shareholders approve the issue of in aggregate 8,000,000 incentive options to the directors of the Company other than Mr van der Walt. Each Resolution relates to the allotment of 2,000,000 options to acquire one ordinary share at an exercise price of \$0.25 (25 cents) each expiring 31 March 2011. These Directors Options are proposed to be issued to the relevant directors as part of their remuneration arrangements with the Company.

The terms of the Directors Options are set out in Annexure C attached to this Explanatory Memorandum. Subject to approval of shareholders to the relevant resolutions, the Directors Options shall be issued by a day no later than one month after the date of the Meeting. Application will not be made to the ASX for Official Quotation of the Directors Options. Pursuant to ASX Listing Rule 10.11 an entity must not issue or agree to issue equity securities (including options) to a related party without the approval of shareholders. As such the Company is seeking shareholder approval for Resolutions 4, 5, 6 & 7 in order to comply with Listing Rule 10.11. If approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1. The issue of the Directors Options will not raise funds as no cash will be received. Funds received if the options are exercised will be applied to the working capital requirements of the Company at that time.

### **3. SUMMARY OF CAPITAL STRUCTURE**

As at the date of this Explanatory Memorandum the capital structure of the Company is as follows:

#### **CAPITAL STRUCTURE**

##### **Ordinary Shares**

##### **Number of Securities**

126,977,628	Existing Listed Fully Paid Ordinary Shares (MLI)
40,000,000*	Listed Fully Paid Ordinary Shares to be issued pursuant to the Resolution 2
12,900,000	Existing Unlisted Fully Paid Restricted Shares (MLIAI) (restricted until 18 July 2006)
26,600,000	Existing Unlisted Fully Paid Restricted Shares (MLIAK) (restricted until 23 December 2007)

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**206,477,628**

**Total**

\* If the second stage of the placement is not fully subscribed then fewer Shares will be issued depending on the number of subscriptions received.

**B Class Shares****Number of Securities**

**20,000,000** Existing Unlisted Fully Paid Restricted B Class Performance Shares (MLIAM) (restricted until 23 December 2007)

**Options****Number of Securities**

20,202,788 Existing Listed Options (MLIO) exercisable at \$0.15 each on or before 1 July 2006

5,000,000 Options to be Issued pursuant to Resolution 3

8,000,000 Directors' Options to be Issued pursuant to Resolutions 4, 5, 6 & 7

**33,202,788**

**Total**

**4. ACTION TO BE TAKEN**

Shareholders are requested to either attend personally the forthcoming Meeting or otherwise to forward their Proxy Form duly completed to be received at the registered office of the Company at Suite 2, 1233 High Street, Armadale Vic 3143 at least 48 hours before the time for holding of the Meeting.

Dated: 19/06/2006




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By order of the Board

Phillip Hains  
Company Secretary

## ANNEXURE A

### MINTAILS LIMITED

ABN 45 008 740 672

#### TERMS AND CONDITIONS OF OPTIONS

- (a) The 12 Month Deferred Exercise Options (“the Options”) shall expire at 5.00 pm Australian Eastern Standard Time on 31 March 2011 (“the Expiry Date”) and may not be transferred unless to one of the following with the prior consent of the Company:
- (i) the holder’s spouse, children or other immediate family member;
  - (ii) a corporation controlled by the holder and/or a person identified at (i) above; or
  - (iii) a trust, the trustee of which is the holder and/or one or more of the persons identified in (i) and the beneficiaries are the holder and/or one or more of the persons or corporation identified in (i) and/or (ii).

Transfer of the Options will also be subject to any restrictions (escrow) that may be imposed by the Australian Stock Exchange Limited (“the ASX”).

- (b) Subject to any restrictions (escrow) that may be imposed by ASX in relation to the Options, and subject to Mr Diederik van der Walt being an officer or employee of the Company or a subsidiary on 1 January 2007, the Options may be exercised at any time from 1 January 2007 up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company notice of the exercise of the Options (“an Exercise Form”) and payment of the exercise price of twenty cents (\$0.20) for each Option exercised. The Options shall lapse and automatically be cancelled if for any reason Mr Diederik van der Walt ceases to be an officer or employee of the Company or a subsidiary before 1 January 2007.
- (c) There are no participating rights or entitlements inherent in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, subject to sub-clause (b), Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.
- (d) In the event of any reorganisation of the capital of the Company (including a reduction or return of capital, or a consolidation or sub-division of ordinary shares), the rights of an option holder will be amended to the extent necessary to comply with the Listing Rules of ASX applying to a reorganisation of capital at the time of the reorganisation, and these terms and conditions (including the exercise price) shall be deemed amended accordingly. In all other respects the terms and conditions of the Options shall remain unchanged. Other than as provided for above upon a reorganisation of capital, the option holder has no rights to a change in the exercise price of an Option or to a change to the number of shares in respect of which an option can be exercised.
- (e) Shares allocated and issued pursuant to the exercise of the Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed Exercise Form and the receipt of the exercise monies applicable thereto at the exercise price for each Option.

Note: The Thirty Six Month Deferred Exercise Options proposed to be issued to Mr van der Walt as part of his remuneration arrangements described in the Explanatory Memorandum will be issued on the same terms and conditions as above, except that the date “1 January 2009” is substituted for the date “1 January 2007” in sub-clause (b).

## ANNEXURE B

### MINTAILS LIMITED

ABN 45 008 740 672

#### 24 MONTH DEFERRED EXERCISE OPTIONS TERMS AND CONDITIONS

- (a) The 24 Month Deferred Exercise Options (“the Options”) shall expire at 5.00 pm Australian Eastern Standard Time on 31 March 2011 (“the Expiry Date”) and may not be transferred unless to one of the following with the prior consent of the Company:
- (i) the holder’s spouse, children or other immediate family member;
  - (ii) a corporation controlled by the holder and/or a person identified at (i) above; or
  - (iii) a trust, the trustee of which is the holder and/or one or more of the persons identified in (i) and the beneficiaries are the holder and/or one or more of the persons or corporation identified in (i) and/or (ii).
- Transfer of the Options will also be subject to any restrictions (escrow) that may be imposed by the Australian Stock Exchange Limited (“the ASX”).
- (b) Subject to sub-paragraph (f) and any restrictions (escrow) that may be imposed by ASX in relation to the Options, and subject to Mr Diederik van der Walt being an officer or employee of the Company or a subsidiary on 1 January 2008, the Options may be exercised at any time from 1 January 2008 up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company notice of the exercise of the Options (“an Exercise Form”) and payment of the exercise price of twenty cents (\$0.20) for each Option exercised. The Options shall lapse and automatically be cancelled if for any reason Mr Diederik van der Walt ceases to be an officer or employee of the Company or a subsidiary before 1 January 2008.
- (c) There are no participating rights or entitlements inherent in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, subject to sub-clause (b), Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.
- (d) In the event of any reorganisation of the capital of the Company (including a reduction or return of capital, or a consolidation or sub-division of ordinary shares), the rights of an option holder will be amended to the extent necessary to comply with the Listing Rules of ASX applying to a reorganisation of capital at the time of the reorganisation, and these terms and conditions (including the exercise price) shall be deemed amended accordingly. In all other respects the terms and conditions of the Options shall remain unchanged. Other than as provided for above upon a reorganisation of capital, the option holder has no rights to a change in the exercise price of an Option or to a change to the number of shares in respect of which an option can be exercised.
- (e) Shares allocated and issued pursuant to the exercise of the Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed Exercise Form and the receipt of the exercise monies applicable thereto at the exercise price for each Option.
- (f) The Options will lapse and automatically be cancelled unless both the following are achieved:
- Commencement of mineral processing operations at the Mogale Gold Project by no later than 30 April 2006, and
  - The Company achieving minimum production of 40,000 ounces of gold from the Mogale Project during the first 12 months after production has commenced.

## ANNEXURE C

**MINTAILS LIMITED**  
**ABN 45 008 740 672**

### **DIRECTORS OPTIONS**

#### **TERMS AND CONDITIONS**

- (a) The Directors Options (“the Options”) shall expire at 5.00 pm Australian Eastern Standard Time on 31 March 2011 (“the Expiry Date”) and may not be transferred unless to one of the following with the prior consent of the Company:
- (i) the holder’s spouse, children or other immediate family member;
  - (ii) a corporation controlled by the holder and/or a person identified at (i) above; or
  - (iii) a trust, the trustee of which is the holder and/or one or more of the persons identified in (i) and the beneficiaries are the holder and/or one or more of the persons or corporation identified in (i) and/or (ii).
- Transfer of the Options will also be subject to any restrictions (escrow) that may be imposed by the Australian Stock Exchange Limited (“the ASX”).
- (b) Subject to sub-paragraph (f) and any restrictions (escrow) that may be imposed by ASX in relation to the Options, the Options may be exercised at any time from 1 January 2008 up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company notice of the exercise of the Options (“an Exercise Form”) and payment of the exercise price of twenty five cents (\$0.25) for each Option exercised.
- (c) There are no participating rights or entitlements inherent in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, subject to sub-clause (b), Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.
- (d) In the event of any reorganisation of the capital of the Company (including a reduction or return of capital, or a consolidation or sub-division of ordinary shares), the rights of an option holder will be amended to the extent necessary to comply with the Listing Rules of ASX applying to a reorganisation of capital at the time of the reorganisation, and these terms and conditions (including the exercise price) shall be deemed amended accordingly. In all other respects the terms and conditions of the Options shall remain unchanged. Other than as provided for above upon a reorganisation of capital, the option holder has no rights to a change in the exercise price of an Option or to a change to the number of shares in respect of which an option can be exercised.
- (e) Shares allocated and issued pursuant to the exercise of the Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed Exercise Form and the receipt of the exercise monies applicable thereto at the exercise price for each Option.
- (f) The Options will lapse and automatically be cancelled if before 1 January 2007 the director to whom the Options were issued (or to a nominee of whom the Options were issued) if the director;
- (i) is removed, becomes ineligible to act or resigns as a Director of the Company due to misconduct; or
  - (ii) resigns as a director of the Company voluntarily,

# MINTAILS LIMITED

ABN 45 008 740 672

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Mintails Limited ("the Company") will be held at Suite 2, 1233 High Street, Armadale, Victoria on Monday 24 July 2006 at 9.30am.

### AGENDA

To consider and if thought fit, to pass the following resolutions as ordinary resolutions:

#### **Resolution 1: Approval of Prior Placement**

"THAT the Company approves the prior issue of 20,000,000 Shares that were issued pursuant to the first stage of the placement that was announced to the ASX on 6 June 2006 and further described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting."

#### **Voting Exclusion Statement:**

*The Company will disregard any votes cast on Resolution 1 by:*

- *persons who participated in the issue ; and*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolution 1 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

#### **Resolution 2: Approval of proposed Placement**

"THAT the Company approves the issue of up to 40,000,000 Shares by the Company pursuant to the second stage of the placement that was announced to the ASX on 6 June 2006 and further described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting."

#### **Voting Exclusion Statement:**

*The Company will disregard any votes cast on Resolution 2 by:*

- *persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; or*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolution 2 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

#### **Resolution 3: Grant of Options to Diederik van der Walt**

"That the Company approves the issue to Mr Diederik van der Walt, the Chief Executive Officer and a Director of the Company, of the following tranches of options to acquire one ordinary share in the capital of the Company at an exercise price of \$0.20 (20 cents) each expiring 31 March 2011:

- a. 2,500,000 twelve-month deferred exercise options as described above and otherwise as described in relation to twelve-month deferred exercise options in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.

- b. 1,250,000 twenty-four month deferred exercise options on the terms as described above and otherwise as described in relation to twenty-four month deferred exercise options in the Explanatory Memorandum.
- c. 1,250,000 thirty-six month deferred exercise options on the terms as described above and otherwise as described in relation to thirty-six month deferred exercise options in the Explanatory Memorandum.

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on Resolution 3 by:*

- *persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *persons who are to receive securities in relation to the Company; or*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolution 3 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 4: Grant of Options to Bryan Frost**

“That the Company approves the issue to Mr Bryan Frost, a Director of the Company, of 2,000,000 options to acquire one ordinary share at an exercise price of \$0.25 (25 cents) each expiring 31 March 2011 and otherwise on such terms regarding deferral of exercise rights and conditions concerning right to exercise as specified in relation to Directors Options in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting”.

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on Resolution 4 by:*

- *persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *persons who are to receive securities in relation to the entity; or*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolution 4 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 5: Grant of Options to Richard Revelins**

“That the Company approves the issue to Mr Richard Revelins, a Director of the Company, of 2,000,000 options to acquire one ordinary share at an exercise price of \$0.25 (25 cents) each expiring 31 March 2011 and otherwise on such terms regarding deferral of exercise rights and conditions concerning right to exercise as specified in relation to Directors Options in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting”.

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on Resolution 5 by:*

- *persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *persons who are to receive securities in relation to the entity; or*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolution 5 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 6: Grant of Options to Peter Chapman**

"That the Company approves the issue to Mr Peter Chapman, a Director of the Company, of 2,000,000 options to acquire one ordinary share at an exercise price of \$0.25 (25 cents) each expiring 31 March 2011 and otherwise on such terms regarding deferral of exercise rights and conditions concerning right to exercise as specified in relation to Directors Options in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting".

***Voting Exclusion Statement:***

*The Company will disregard any votes cast on Resolution 6 by:*

- *persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *persons who are to receive securities in relation to the entity; or*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolution 6 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 7: Grant of Options to Richard Potts**

"That the Company approves the issue to Mr Richard Potts, a Director of the Company, of 2,000,000 options to acquire one ordinary share at an exercise price of \$0.25 (25 cents) each expiring 31 March 2011 and otherwise on such terms regarding deferral of exercise rights and conditions concerning right to exercise as specified in relation to Directors Options in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting".

***Voting Exclusion Statement:***

*The Company will disregard any votes cast on Resolution 7 by:*

- *persons who may participate in the respective proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or*
- *persons who are to receive securities in relation to the entity; or*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolution 7 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By the order of the Board



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**Phillip Hains**  
**Company Secretary**

Dated: 19/06/ 2006

The accompanying Explanatory Memorandum and the Proxy and Voting Instructions form part of this Notice of Meeting.

## **PROXY AND VOTING INSTRUCTIONS**

### **Proxy Instructions**

A member who is entitled to vote at a meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; and
- (b) one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at or sent by facsimile transmission to the registered office of the Company at Suite 2, 1233 High Street, Armadale Vic 3143 or facsimile (03) 9824 8161 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

### **Corporate Representatives**

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

### **Voting Entitlement**

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 5.00 pm (Melbourne time), 23 July 2006 are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

**MINTAILS LIMITED**  
**ABN 45 008 740 672**  
**PROXY FORM**

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box:

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

The Chairman intends voting undirected proxies in favour of the resolutions.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member(s) of Mintails Limited and entitled to

\_\_\_\_\_ shares appoint:

Name of Proxy: \_\_\_\_\_

Address of Proxy: \_\_\_\_\_

or in his/her absence, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at Suite 2, 1233 High Street, Armadale, Victoria, 3143 on 24 July 2006 at 9.30am and at any adjournment of that meeting.

If two proxies are appointed, complete the following sentence:

This proxy is authorised to exercise ..... votes/ ..... % of my/our total voting rights.

**Proxy Instructions**

To instruct your proxy how to vote, insert 'X' in the appropriate column against each resolution set out below. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting.

I/We direct my/our proxy to vote as indicated below:

		For	Against	Abstain
Resolution 1.	Approval of Prior Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.	Approval of Proposed Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3.	Grant of options to Diederik van der Walt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4.	Grant of Options to Bryan Frost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5.	Grant of Options to Richard Revelins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6.	Grant of Options to Peter Chapman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7.	Grant of Options to Richard Potts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

