



Quarterly Activities Report

for the period ended June 2014

Australian Securities Exchange code: MLI

Issued Capital

Number of ordinary shares (listed):
268,894,893
Options on issue (un-listed): 9,550,000

GROUP RESULTS

Key Highlights for the Quarter to 30 June 2014

- Total tonnages mined during the quarter increased by 27%
- Head grade through the plant increased to 0.86g/tonne, up 7.4% on the previous quarter
- Total gold ounces produced for the quarter up 14.2% on the previous quarter
- Total CAPEX invested on the re-commissioning of the underground D-Shaft for the quarter was \$642,000



Review of Operations		Quarter Ending Jun-14	Quarter Ending Mar-14	% Change Quarter on Quarter Q4 2014 vs. Q3 2014	Quarter Ending Jun-13	% Change Quarter on Quarter prior year Q4 2014 vs. Q4 2013
Resource Mined	Tonnes	377,180.0	296,694.0	27.1%	256,437.0	47.1%
Gold Head Grade per Ton	grams per ton	0.86	0.80	7.4%	1.21	-28.8%
Gold Production *	Oz	8,736.5	7,652.6	14.2%	9,812.2	-11.0%
	Kg	271.7	238.0		305.2	
Gold Production Sold **	Oz	8,630.8	7,401.6	16.6%	7,815.7	10.4%
	Kg	268.6	230.2		243.2	
Gold Price Received	US\$ per Oz	1,287.8	1,287.6	0.0%	1,414.7	-9.0%
	ZAR per Kg	435,189.9	446,664.5	-2.6%	429,587.3	1.3%
Nett Cashflow	AUD\$ '000	(433.9)	(2,534.2)	484.1%	725.0	-159.8%
	ZAR '000	(4,269.0)	(24,667.4)		9,371.6	
Capital Expenditure ***	AUD\$ '000	642.0	784.6	-18.2%	272.8	135.4%
	ZAR '000	6,316.5	7,636.7		2,561.3	

* Inclusive of Toll Treating Agreements ** Exclusive of Toll Treating Agreements *** Excluding payments to West Wits

Operational Overview

After the challenges faced in the previous quarter on community relations, regulatory compliance, stop notices and continued inclement weather, Mintails Mining stepped up its mining activities during the final quarter of the financial year. Although the Company does still not have full access to all of its mining areas, development of the Emerald Pit continued during the quarter, with the majority of all hard rock material mined during the quarter coming from this pit.

The total tonnage processed for the quarter was 377,180 tonnes (Q3: 296,694 tonnes), with total gold inclusive of toll gold produced being 8,736.5 ounces (Q3: 7,652.6 ounces). This is an increase of material mined of 27% compared to the prior quarter.

The loss of the Princess Pit operations, which were a major contributor to the delivery of circa 50,000 tonnes of hard rock material per month, impacted significantly on the available open pit strike length available to the Company in balancing grade across all resources.

There was relatively no movement in the USD gold price received during the quarter, although the South African Rand ("ZAR") did strengthen against the USD, resulting in a 2.6% decline in the ZAR value received for all gold sales.

The performance for the year compared to the prior two financial years is detailed below:

Year on Year: Review of Operations			% Change Year on Year		
		2014	2013	2012	2014 vs. 2013
Resource Mined	Tonnes	1,305,853.0	1,398,403.0	1,506,835.0	-6.6%
Gold Head Grade per Ton	grams per ton	0.89	1.05	0.73	-15.3%
Gold Production *	Oz	34,743.3	39,137.0	28,666.6	-11.2%
	Kg	1,080.6	1,217.3	891.6	
Gold Production Sold **	Oz	32,929.5	33,912.7	21,155.0	-2.9%
	Kg	1,024.8	1,054.9	658.0	
Gold Price Received	US\$ per Oz	1,294.2	1,604.9	1,676.4	-19.4%
	ZAR per Kg	431,212.2	453,588.1	418,327.2	-4.9%
Nett Cashflow	AUD\$ '000	(109.4)	617.0	(303.0)	-663.8%
	ZAR '000	(1,041.0)	61,244.4	2,959.4	
Capital Expenditure ***	AUD\$ '000	2,034.3	1,037.8	1,000.7	49.0%
	ZAR '000	19,351.3	9,420.3	8,135.9	

* Inclusive of Toll Treating Agreements ** Exclusive of Toll Treating Agreements *** Excluding payments to West Wits

Head grade delivered through the plant declined by 15.3% as a result of the challenges faced in not having sufficient access to higher grade resources from early in the 3rd quarter of the year. Overall, the performance achieved for the year consolidated to a certain extent the performance as reported the prior year, specific focus on increasing mining opportunity in hard rock resources and the development of new mining opportunities for the future.

The challenges faced with community unrest within the Princess Pit area and the stop notices issued to the Company by the Department of Mining ("DMR") did, and continue to, impact materially on performance.

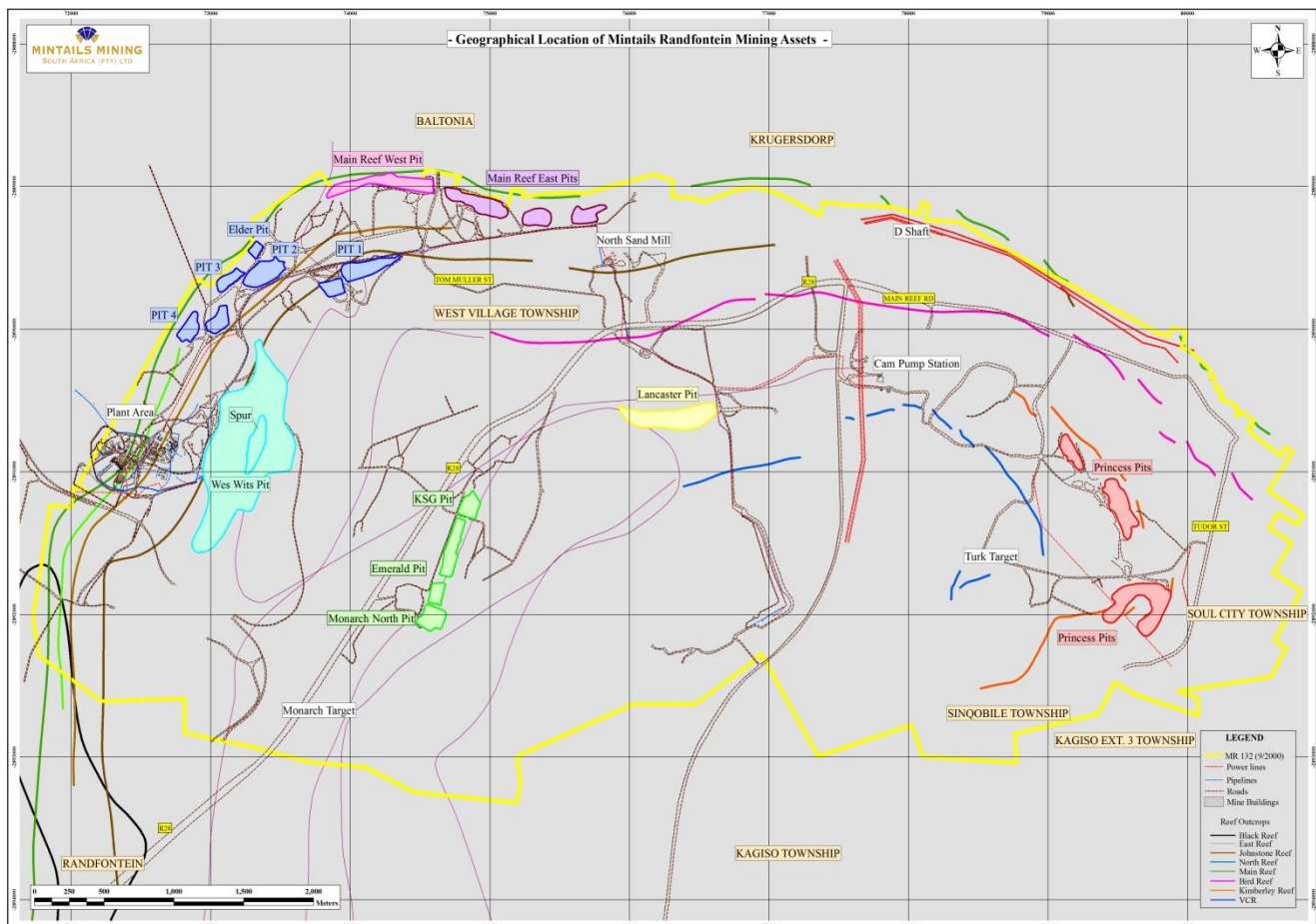
Toll Treatment Arrangements

The company continued to process material on behalf of Central Rand Gold (“CRG”) during the quarter although overall the tonnages processed were very small, at 3,739 tonnes vs 10,163 tonnes the previous quarter. The processing of CRG material takes place as and when gold bearing ore is received under the normal off-take agreement entered into with CRG, and only when capacity exists within the Mintails plant to process this material without limiting Mintails’ capacity to process its own material.

Production

Production of hard rock material during the quarter focussed predominantly from the Emerald Pit. The DMR’s notices to cease all mining operations within the Princess Pit as well as the Main Reef Pit have as yet not been lifted, and as such, the availability of extended minable strike length has been limited. As previously reported, a section of the Emerald Pit which was closed due to mining taking place within 500 meters of a power line structure without the required approvals, was approved for mining within 100 meters of the structure during the quarter. Subsequent to receiving permission to mine up to 100 meters of the structure, a further application was submitted requesting that mining be allowed up to 50 meters from the structure. Management is still awaiting a decision on this application from the DMR.

Mining on extensions of the Emerald Pit scaled up significantly during the quarter, with strike both to the north and south of the Emerald Pit being developed. The total pit strike length is approximately 700 meters, with the majority of the mining fleet working within this area. (Please see map below for further reference.)



Map of the various mining areas

Underground Project

Mining operations at D-Shaft were suspended for a period of 4 weeks due to inadequate contractor performance. In June, a new contractor was appointed with the initial focus of operations being that of opening up reef drives and supports in order to make the old workings safe. The ground conditions close to surface are challenging due to the length of time since mining operations were last conducted within this shaft and additional support is required to allow access to all of the resource identified. Previously, the Company reported that underground mining operations were planned to scale up to 3,000 tonnes per month by the end of May. However, due to the above problems, the commencement of any mining is now planned for early October 2014, with the planned peak sustainable production of 3,000 tonnes per month being scheduled for November 2014.

Exploration

Drilling continued as planned within the Luipaardsvlei Mining area focussing on the Main and South reef target conglomerates. A total of 1507m of exploration drilling was completed during the quarter. No further reef intersections were declared during this period as the majority of new drill holes intersected historical mining voids (sand filled cavities), fault zones, and zones where no reef development was observed. These mining voids were not reflected on any of the historical underground plans the Company obtained from the Surveyor General's office.

The geology of this block of ground has been reinterpreted regarding the depositional environment, sedimentology and structure. On completion of the technical work, a detailed report will follow. Figure 1 reflects the drill holes drilled to date as well as the provisional structure.

Despite the disappointing drilling results, where the reef has been exposed, the grades have been very encouraging and these areas are still being pursued.

Two immediate targets exist:

1. Central Shaft East – this surface raise has been opened and examined. Preparation is underway to install a winch for further cleaning, which will facilitate much easier and quicker access to the historic workings.
2. Windsor Shaft West – this surface raise has also been opened but is unfortunately blocked within 5m from surface. This raise intersects the previously identified and as yet still difficult-to-reach historical 6 level cross-cut which links the identified fault blocks to which management has been seeking access to evaluate the historical mining operations undertaken within this area

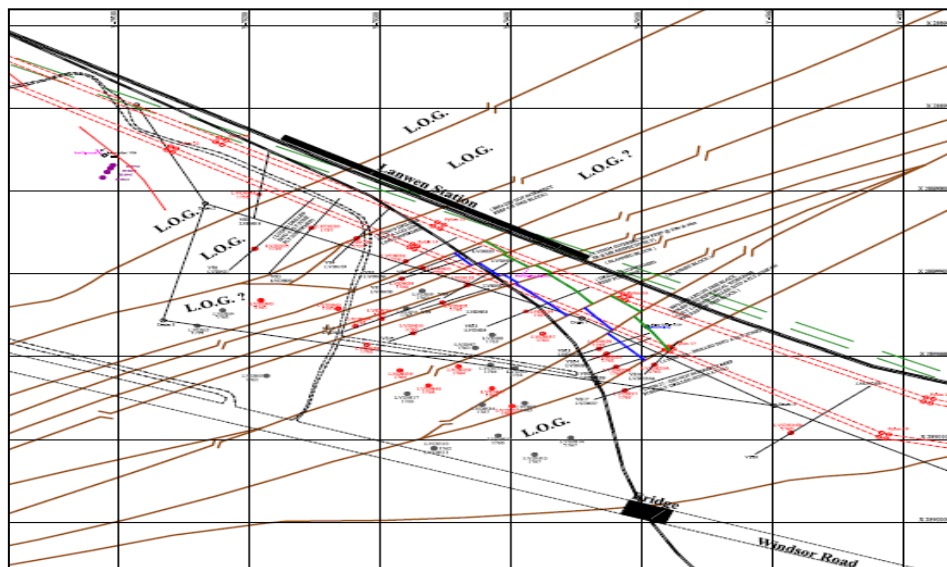


Figure 1: LVE BH plan and projected structure

Safety & Health

The total Lost Time Free ("LTI") injury statistics for the quarter were as follows:

- LTI Free man hours were 41,040, with LTI Free days being only 8;
- the total number of Lost Time Injuries over the period was 1.

On the 22 June 2014, a driver of a tipper truck carrying material from the Emerald Pit to the crusher plant reversed into position to off load. Due to the gradient on the offloading point, the truck with its raised load tumbled over to one side.

The incident with the truck was one of a number of recent incidents with vehicles and, as such, management have implemented a process of evaluating and inducting all drivers of equipment on the mine with refresher training.

Mining Tenements held by the Company

Mintails, through its subsidiaries, holds a 74% interest in the following mining rights:

- GP206MR – Mogale Gold (Pty) Ltd for surface reclamation of tailings within the Randfontein cluster (Minerals: Gold, Silver)
- GP183PR – Durban Roodepoort Deep (Pty) Ltd for prospecting surface reclamation of tailings within the Soweto cluster (Minerals: Gold, Silver). This right is under appeal for extension with the Department of Mineral Resources due to the Department not granting an extension application for the prospecting right.
- GP641PR – Witsand (Pty) Ltd for prospecting sand resources within the Witfontein Farming area (Minerals: Sand)
- GP417PR – Autumn Star (Pty) Ltd for prospecting tailings within the Randfontein Cluster (Minerals: All other minerals apart from Gold and Silver)

Mintails has commercially acquired a 74% interest in the following mining rights which are still awaiting Section 11 Ministerial consent for the transfer of the rights from West Wits Mining Limited to Mintails:

- GP132MR – Mintails SA Randfontein Cluster (Pty) Ltd for the mining of hard rock material through open pit and or underground mining operation on the Randfontein Cluster area. (Minerals: Gold, Silver)
- GP133MR – Mintails SA Randfontein Cluster (Pty) Ltd for the mining of hard rock material through open pit and or underground mining operation on the East Champ D'or area. (Minerals: Gold, Silver) (Mintails acquired the option to take possession of this right should investigations show that it is sufficiently economically attractive; as yet, however, these investigations have not been completed.)

Events Subsequent to Quarter End

Mr Andrew Cranswick resigned from the Boards of Mintails SA (Pty) Ltd and Mintails Mining SA (Pty) Ltd on 8 July 2014 due to an increase in his personal work load. Mr Anthony Ehlers were appointed from 1 June as the new CEO of the Company. Mr Ehlers has significant mining experience in senior positions across Southern Africa and Russia.

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 from both hard rock and surface tailings resources which are present on the West Rand of South Africa's historic Witwatersrand Basin. To find out more, visit Mintails at: www.mintails.co.za

Appendix 5B – 4th Quarter

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

MINTAILS LIMITED (ASX: MLI)

ABN

45 008 740 672

Quarter Ended ("Current Quarter")

30th June 2014

Consolidated Statement of Cash Flows

Cash Flows Related to Operating Activities		Current Quarter \$A'000	Year to Date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	12,107	48,035
1.2	Payments for (a) exploration & evaluation	(76)	(274)
	(b) development	-	-
	(c) production	(8,123)	(36,991)
	(d) administration	(735)	(3,007)
	(e) contract services	(109)	(383)
	(f) staff costs	(1,934)	(8,058)
	(g) other working capital	(75)	(296)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	42
1.5	Interest and other costs of finance paid	-	(139)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		1,064	(1,071)
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	(841)	(2,230)
	(b) equity investments	-	-
	(c) other fixed assets	(120)	(210)
	(d) capital upgrade to assets	(522)	(1,824)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	106
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing Cash Flows		(1,483)	(4,158)
1.13	Total Operating and Investing Cash Flows	(419)	(5,229)

		Current Quarter \$A'000	Year to Date (12 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(419)	(5,229)
Cash Flows Related to Financing Activities			
1.14	Proceeds from issues of shares, options, etc.	-	6,277
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	2,091
1.17	Repayment of borrowings	-	(3,156)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(15)	(92)
Net Financing Cash Flows		(15)	5,120
Net Increase / (Decrease) in Cash Held		(434)	(109)
1.20	Cash at beginning of quarter/year to date	1,663	1,393
1.21	Exchange rate adjustments to item 1.20	1	(54)
1.22	Cash at end of quarter	1,230	1,230

Payments to Directors of the Entity, Associates of the Directors, 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	80
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 and 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
	-
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
	-

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	115
4.2	Development	-
4.3	Production	9,748
4.4	Administration	742
4.5	Contract Services	107
4.6	Staff Costs	1,973
Total		12,685

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	1,230	1,663
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		1,230	1,663

Changes in Interests in Mining Tenements and Petroleum Tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

Issued and Quoted Securities at End of Current Quarter

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference ⁺securities <i>(description)</i>	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	268,894,893	268,894,893	-	-
7.4	Changes during quarter				
	(a) Increases through issues	245,000	245,000	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	9,550,000	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	245,000	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Non-Executive Director

Date: 31st July 2014

Print name:

Murray Rose

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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The CFO Solution

30 June 2014