



Quarterly Activities Report for the period ended September 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 September 2014

- Total tonnes mined during the quarter 369,652 tonnes (Tailings: 189,567 tonnes, Hard Rock: 180,085 tonnes)
- Head Grade recovered for the quarter was at 0.88g/ton
- Total gold produced for the quarter was 8,484.30 ounces
- Net cashflow for the period was positive AUD \$ 1,429,000



Review of Operations		Quarter Ending Sep-14	Quarter Ending Jun-14	% Change Quarter on Quarter Q1 2015 vs. Q4 2014	Quarter Ending Sep-13	% Change Quarter prior year Q1 2015 vs. Q1 2014
Resource Mined	Tonnes	369,652	377,180	-2.0%	290,873	27.1%
Gold Head Grade per Ton	grams per ton	0.88	0.86	2.4%	0.93	-4.9%
Gold Production *	Oz	8,484	8,736	-2.9%	8,468	0.2%
	Kg	264	272		263	
Gold Production Sold **	Oz	8,113	8,631	-6.0%	7,294	11.2%
	Kg	253	269		227	
Gold Price Received	US\$ per Oz	1,279	1,288	-0.7%	1,324	-3.4%
	ZAR per Kg	441,924	435,190	1.5%	424,799	4.0%
Nett Cashflow	AUD\$ '000	1,429	-434	429.3%	-875	263.3%
	ZAR '000	14,244	-4,289		-8,014	
Capital Expenditure ***	AUD\$ '000	325	642	-49.4%	228	-42.6%
	ZAR '000	3,236	6,316		2,085	

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

Operational Overview

Mining operations for the quarter continued to be limited by available mining strike due to the specific developed mining areas currently still subject to the stop notices issued by the Department of Mineral Resources. Additionally, the availability of mining contractors' equipment was reduced due to an increased rate of breakdowns during the quarter. Total tonnes processed for the quarter were 369,651 tonnes (Prior Quarter: 377,180 tonnes) at an average head grade coming in at 0.88g/ton (Prior Quarter: 0.86g/ton).

Contractor fleet availability has been a significant impediment to our efficiency in mining. At the beginning of the quarter, there was major strike action from the workers supporting the National Union of Metal Workers of South Africa ("NUMSA") which lasted approximately 3 weeks. Due to the strike action major machine components required for the servicing of core fleet equipment were not available. This in turn led to lower than average machine availabilities from our mining contractors.

Machine availability was identified during the quarter as a significant impediment in meeting the forecasted targets of tonnes as budgeted within the Life of Mine plan. The impact was not only from key machines, such as excavators and articulated dump trucks, but in key supporting equipment such as bulldozers, which are critical for efficient movement of waste. Mintails has been working closely with its key contractors to ensure that their accounts are managed to support fleet availability, which in turn supports fleet productivity and production targets. As such machine availability has improved towards the end of the quarter and hopefully this trend will continue for the remainder of the year at the planned targets.

Total gold production during the quarter was 8,484 ounces (Prior Quarter: 8,736 ounces). The average gold price received in ZAR for the quarter was R441,924 per kilogram of gold sold, circa 1.5% up on the previous quarter. The average USD gold price for the quarter was down 0.7% at USD 1,279.3 per ounce.

Loan from Shareholder

Mintails advised on 1 August 2014 that it had agreed the terms of an unsecured loan from Paige Limited, an associate of its major shareholder in July 2014. An immediate draw down against the loan was done for value AUD 1,000,000. The loan was secured to fund working capital requirements.

The key terms of the loan are:

Facility: Up to AUD 5,000,000 with an initial draw down of AUD 1,000,000 and further drawdowns at the discretion of the lender

Term: 6 months, callable by lender with 30 days' notice.

Interest: 15.1111% pa

Facility fee: 2% of amount drawn

Under the facility agreement, the Company agrees to lodge a prospectus for a rights issue within 30 days of releasing its financial accounts for the year ended 30 June 2014. Further details regarding the proposed rights issue will be released in due course.

A second draw down to the loan facility of £750,000 was completed in September. Subsequent to the end of the quarter a further US\$1,794,190 was drawn against the facility in October which brought the total draw down to circa AUD 4,346,000.

Toll Treatment Arrangements

The company continued to process material on behalf of Central Rand Gold ("CRG") during the quarter although overall the tonnes processed were 6,335 tonnes compared to 3,739 tonnes for 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

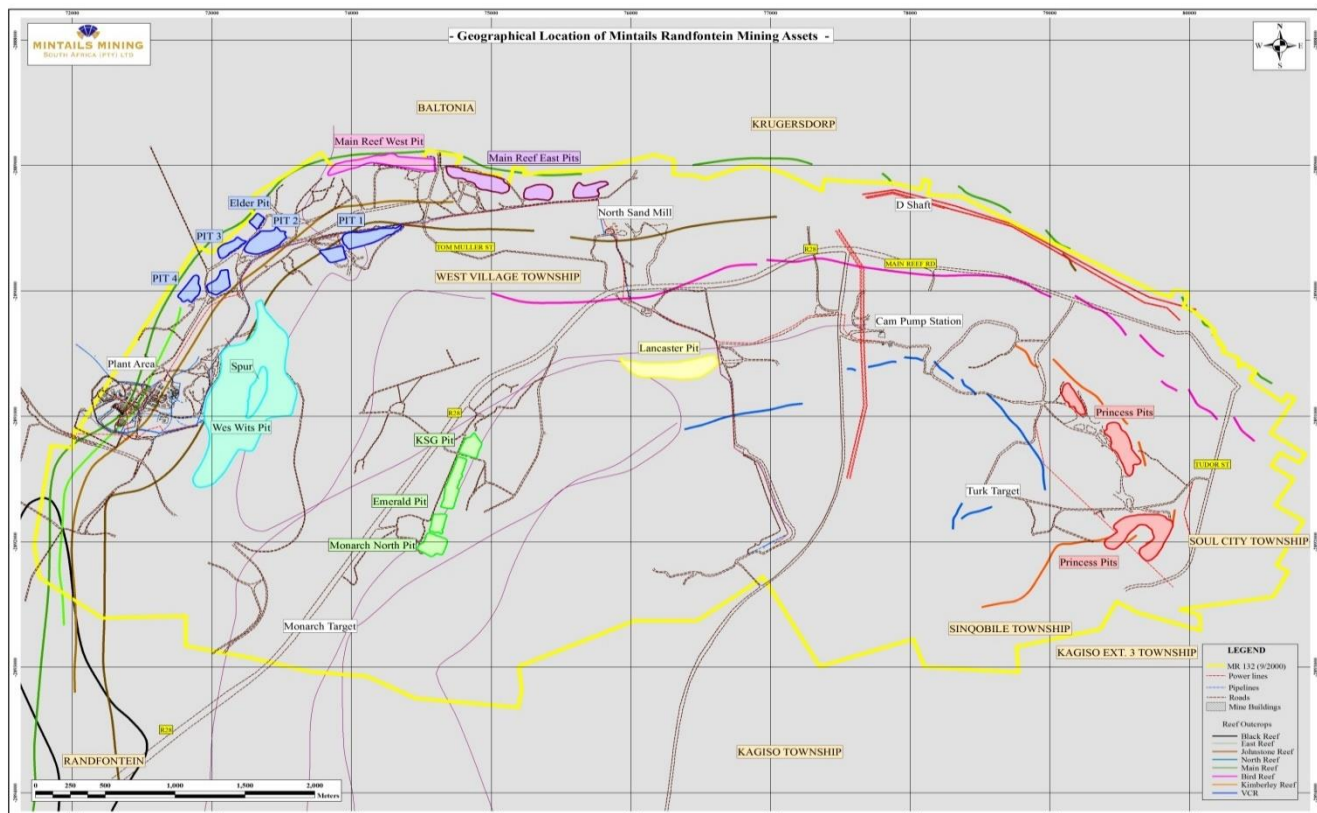
Over the period, open pit mining took place in 4 major areas. These being:

- Emerald Open Pit
- Lancaster Open Pit
- East Champ d'Or Open Pit
- Monarch Open Pit

Mining within the East Champ d'Or area is a new operation on the Mining Right MR 133GP (Mining Right acquired from West Wits Mining Limited in May 2012, and is being held by the company Minerals and Mining Reclamation Services (Pty) Ltd a subsidiary of Wets Wits Mining SA (Pty) Ltd). MR 133GP lies on the eastern boundary of Mining Right 132GP, which contains all of the current open pit and underground activity. Rehabilitative mining was started at East Champ D'Or to address significant illegal mining being conducted within the area. The opening up of the Main Reef conglomerate, targeting the crown pillar within the specific mining area removes access for illegal miners to the remaining underground resource. The intention is to do reclamation mining at sustainable tonnes but at higher grade Main Reef grades and blend the ore into the plant supporting an increase to the overall recovered grade. The mining of the area will continue for circa 8 months with remediation of the area happening concurrent to mining.

Mining within Emerald, Monarch and Lancaster continued at the same levels as reported within the previous quarter due to the limitations as described above on machine availabilities.

At the end of the quarter, mining activities were consolidated into a three pit sequence to mitigate the impact of fleet breakdowns across the wider mining area. Mining is continuing in the East Champ D'Or, Lancaster and Monarch South pits and the Boltonia, Emerald and Princess pits will be sequenced into production as the active pits are depleted.



Map of the various mining areas

Underground: D-shaft

In June a new contractor was appointed to supply labour specifically to focus on opening up reef drives and installing support in order to make the targeted old workings safe. The contractor started their work in mid-July. The ground conditions close to surface are very challenging due to the length of time since mining operations were last conducted within this shaft. Progress in opening up and extra supporting has been slow in order to undertake these activities in a manner that ensures the safety of all involved in the process.

A second escape way to the mining area is currently being supported and opened up. Once this has been completed in early November, stoping and production will be increased to planned levels.

Exploration

Underground

The Central East Shaft (approx. 1 km east along strike from D Shaft – target historic Main and South Reef workings) has been reopened and the winch and generator installation is complete. Clearing of blockages has commenced and the shaft is clear down to 38.0m from surface. The 1 level breakaway has not yet been exposed. Work continues in this regard but has slowed somewhat due to the emphasis being placed on achieving our second escape way at the D Shaft complex. Further exploration drilling will only be warranted when the ore body can be inspected from an underground position to confirm the channelisation model as interpreted based on the initial drilling program.

Drilling

Drilling has commenced within the MR 133 mining area which is targeting the Bird Reef conglomerate on East Champ D'Or. A total of 505.0m has been drilled and the majority of holes drilled have had successful intersects.

Grades have been received for 5 intersects, with 2 intersects pending. Two holes failed to intersect the Bird Reef due to structural disturbances. Potential exists for a shallow open pit cut due to the narrow channel width, followed by an underground conventional mining operation.

On completion of the first phase of strike line drilling, an infill drilling pattern will follow to define the structurally contained ore blocks.



Figure 1: Bird Reef exposed in trenching



Figure 2: Bird Reef intersected in boreholes

Safety & Health

The total Lost Time Injury free (“LTI”) statistics for the quarter were as follows:

- LTI Free man hours were 544, 767, with LTI Free days being 209;
- There was no Lost Time Injuries during the quarter.

During the quarter, the DMR conducted a full investigation into the death (by secondary infection during recovery) of a driver injured in a tipper truck driver accident in September 2013. The Company is still awaiting the final report from the Department concluding their investigation.

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

The Company's Annual Report which was due to be released on the 30 September was held back by the Board to enable them to finalise the Life of Mine Plan for the Company, specifically focussing on the mining operations of the Company over the next 24 months. The report was published on the 22 October 2014.

On 1 October 2014, Mr Anthony Ehlers, CEO, resigned from the Company with immediate effect. The role of CEO will be filled in the interim by Mr Mark Brune and Mr Bukhosi Ndimande collectively.

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 – 1st 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 September 2014

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	11,765	11,765
1.2	Payments for (a) exploration & evaluation	(86)	(86)
	(b) development	-	-
	(c) production	(10,081)	(10,081)
	(d) administration	(876)	(876)
	(e) contract services	(80)	(80)
	(f) staff costs	(2,314)	(2,314)
	(g) other working capital	(86)	(86)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(1,753)	(1,753)
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	(700)	(700)
	(b) equity investments	-	-
	(c) other fixed assets	(27)	(27)
	(d) capital upgrade to assets	(298)	(298)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(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		(1,025)	(1,025)
1.13	Total Operating and Investing Cash Flows	(2,778)	(2,778)

		Current Quarter \$A'000	Year to Date (3 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(2,778)	(2,778)
Cash Flows Related to Financing Activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	4,346	4,346
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(2)	(2)
Net Financing Cash Flows		4,344	4,344
Net Increase / (Decrease) in Cash Held		1,566	1,566
1.20	Cash at beginning of quarter/year to date	1,230	1,230
1.21	Exchange rate adjustments to item 1.20	(59)	(59)
1.22	Cash at end of quarter	2,737	2,737

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	66
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	61
4.2	Development	-
4.3	Production	10,049
4.4	Administration	832
4.5	Contract Services	107
4.6	Staff Costs	2,082
Total		13,131

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	2,737	1,230
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		2,737	1,230

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	-	-	-	-
	(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>	-	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
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 October 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

31 October 2014