

30 January 2015

Company Update

Mintails Limited (“MLI” or “the Company”) (ASX:MLI) provides the following update on its financial position and production.

MLI has agreed terms for a further loan facility of AUD\$3 million with Paige Limited, an associate of the Company’s major shareholder. The purpose of the facility is to provide project and working capital support while the Bankable Feasibility Study (BFS) on the Company’s Gold 2 350,000 tonne per month tailings processing plant is completed and verified. The terms of the facility, which are substantively the same as the previous Paige facility, are:

Amount: Up to AUD \$3 million
Availability: 3 months
Maturity: 3 months unless extended by lender
Purpose: To meet project and working capital costs
Interest Rate: 15.1111%
Funding fee: 2% of all funds drawn

These funds will be used to support the immediate working capital shortfall, the finalisation of the Gold 2 Bankable Feasibility Study and the verification of key study findings regarding project risks, mineralogy, metallurgical performance criteria of intended feed sources and the financial performance parameters. The completion of the BFS and the verification process is expected to take until the end of February.

Subsequent to placing the mining contracting subsidiary (CMD) into Business Rescue, which halted the Company’s open pit operations, management have pursued a number of short-term initiatives to replace the higher grade resources:

- Mining has re-commenced on a limited basis in the Monarch pit in cooperation with three contractors that had previously been providing services to CMD. This is with a reduced fleet from that previously operated across the three operational pits, but is expected to produce approximately half of the tonnage that was previously achieved. This arrangement is temporary and is likely to be superseded by proposals to be put forward by the Business Workout Practitioner.
- The Company has reached agreement with one of our partner aggregate producers (from waste rock dumps) to undertake high rate fines screening of previously unscreened targeted rock dumps. The fines have sampled in excess of one gram per tonne. The screening of the rock dump is expected to provide fines feed for approximately three months.
- Several external parties have approached the Company with proposals for toll treating gold bearing material sourced from outside the Company’s mining rights area. Both proposals and proposed material are being reviewed for suitability.

In addition to the above sources of higher grade feed, the Company continued to process slimes from the 1L8 slimes dump at higher rates sufficient to meet target plant processing capacity. While there is approximately two years' worth of slimes remaining on the dump, the immediately available resource will be mined by the end of March. There are Eskom (South African monopoly power supplier) pylons on the remaining portion of the dump which will have to be moved prior to mining the remainder of the dump. The Company is commencing the extension of the current slimes circuit to the neighbouring 1L10 dump so this can be mined while the pylons are moved. The grades in 1L10 is recorded in the resource statement as being approximately 20% higher than 1L8, although the dump is small and will be mined out in approximately 10 months.

The Company has begun limited production from underground at D Shaft. There is still limited ability to mine and much of the removed material is from further on reef development taking place. While the increase in production is behind budget, the achieved grade has been meeting, and exceeding, planned production grade.

The Business Workout Practitioner has met, in accordance with the statute, with the affected creditors of CMD. He has explained the process and timetable to the creditors and that he believes there is potentially a viable work-out. Mintails has put forward its views for the workout process and is working closely with the Practitioner to support him in working through the process. The Practitioner is obliged to put a plan forward to the creditors and is expected to do so on 13 February. Once presented, the creditors can comment on the plan and then are expected to vote on it ten days after presentation. Mintails Mining SA, the group company of which CMD is a 100% subsidiary, is the largest creditor and will have the opportunity to make representations to the plan and vote on its acceptance. The Company will provide further details once the plan details are announced by the Practitioner.

On behalf of the board

Mark Brune
Chairman
Mintails Limited

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 tailings and surface 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