



Quarterly Activities Report for the period ended March 2015

Australian Securities Exchange code: MLI

Issued Capital

Number of ordinary shares (listed):
268,894,893
Options on issue (un-listed): 6,800,000

GROUP RESULTS Key Highlights for the Quarter to 31 March 2015

- Total tonnages processed during the quarter totaled 319,153 tonnes
- Average head grade recovered for the quarter was 0.87g/ton
- Total gold produced for the quarter was 6,638.2 ounces
- Business Rescue plan for Cream Magenta 171 (Pty) Ltd subsidiary of Mintails Group agreed by Creditors for implementation from April 1



Review of Operations		Quarter Ending Mar-15	Quarter Ending Dec-14	% Change Quarter on Quarter Q3 2015 vs. Q2 2015	Quarter Ending Mar-14	% Change Quarter on Quarter prior year Q3 2015 vs. Q3 2014
Total Resource Processed	Tonnes	319,153.5	399,069.1	-20.0%	296,694.0	7.6%
Gold Head Grade per Ton	grams per ton	0.87	0.69	26.8%	0.80	8.9%
Gold Production *	Oz	6,638.2	6,748.9	-1.6%	7,652.6	-13.3%
	Kg	206.5	209.9		238.0	
Gold Production Sold **	Oz	3,960.1	6,569.1	-39.7%	7,401.6	-46.5%
	Kg	123.4	204.5		230.2	
Gold Price Received	US\$ per Oz	1,219.2	1,198.2	1.7%	1,287.6	-5.3%
	ZAR per Kg	456,645.9	430,694.7	6.0%	446,664.5	2.2%
Nett Cashflow	AUD\$ '000	545.5	(2,212.0)	124.7%	(2,534.2)	121.5%
	ZAR '000	5,037.5	(22,191.0)		(24,667.4)	
Capital Expenditure	AUD\$ '000	128.0	132.0	-3.1%	784.6	-83.7%
	ZAR '000	1,181.7	1,268.3		7,636.7	

* Inclusive of Toll Treating Agreements ** Exclusive of Toll Treating Agreements

Operational Overview

It was reported during the previous quarter that Cream Magenta 171 (Pty) Ltd ("CMD") was placed into business rescue. The placement of CMD into business rescue ceased all open pit mining operations for the month of January whilst a business rescue plan was being prepared by the business rescue practitioners. In February management made a decision to continue mining the Monarch pit at a reduced level outside of business rescue where cash terms were agreed with all the relevant mining contractors to conduct the mining operations. A final business rescue plan was presented to the creditors of CMD in February 2015 at which point the business rescue plan was adopted by all creditors for implementation. The implementation date of the business rescue plan was 1 April 2015.

The terms of the business rescue plan presented to creditors were as follows:

- All the relevant open pits, Monarch, Emerald, Princess and Lancaster, were handed over to the creditors consortium to mine for their own benefit
- Under business rescue, Mintails Gold will toll treat the gold bearing ore on behalf of the creditors consortium at a specific toll fee
- Mintails will provide services to CMD at costs, which include geology, pit modelling, direct labour, diesel etc.
- CMD will run separate tenders on all services required to conduct bulk earthmoving, drilling and blasting, tramming and crushing ensuring competitive pricing is provided on all services.
- CMD will pay for all the costs associated to the mining of the relevant open pits as well as its toll fee and accumulate surpluses within CMD which will be distributed to the creditors on a quarterly basis reducing the historic debt to creditors.
- CMD creditor payments will be made out of cash flow from toll processed gold, not from company cash flow" or similar.

Due to limited access of Mintails own mining resources of significant grade, management engaged a number of 3rd parties seeking opportunity to process their material through a tolling arrangement. As such a number of new tolling arrangements have been entered into with 3rd parties where Mintails treat the gold bearing ore and charge a toll fee. During the quarter circa 40% of the total gold produced was for the benefit of 3rd parties.

The beneficiation of 3rd party gold as well as the mining of Monarch and processing of tailings has allowed the Group to be cost neutral over the quarter.

Management is continuing to explore the opportunity in processing material on behalf of 3rd parties, scaling up the CMD business rescue plan, amortising creditor debt and increasing underground mining tonnages. The combination of these different business lines is expected to support the building of a cash sustainable business in the near term.

Loan from Shareholder

The Company did make a drawdown of AUD 1.2mil against the loan facilities made available to the Group as reported during the previous quarter.

Events Subsequent to Quarter End

Subsequent to the quarter ended, the business rescue plan for Cream Magenta 171 (Pty) Ltd, has been implemented successfully with an improved cost structure after tendering the bulk earthmoving contract.

Staffing Changes

In February Mr Jan Jacobs resigned from the Company as General Manager to undertake a new opportunity in the Middle East. We wish Mr Jacobs all the best with his future endeavours.

Overview: Production

The total tonnages processed during the quarter was 319,153 tonnes. Total gold produced during the quarter totalled 6,638 ounces. Of this gold production Mintails produced for its own account 3,960 ounces. Plant head grade increased during the quarter to 0.87g/tonne from 0.44g/tonne at the start of January 2015. Plant residue was at 0.164g/tonne for the quarter. Overall plant recoveries averaged at circa 90% for the quarter.

It was decided during February to reduce the volume of tailings being processed on a monthly basis allowing increased residence time to all gold material being processed through the CIL circuit in order to increase gold absorption. This is due to the specific nature of much of the toll material which has slower absorption than the Company's own material.

Strategically the increased utilisation of the gold plant for the purpose of treating 3rd party material through tolling arrangements has allowed management to stabilise cash losses in the medium term and creating opportunity for the finalisation of the Gold 2 plant feasibility study.

Underground: D-shaft

Mining of D-shaft progressed well during the quarter. Increased focus has been placed on opening up and supporting access to sustainable working panels in the near term. Mining currently is being conducted on 3 panels in and around the shaft pillar area. Opening up of the 4th level is currently being conducted and mining should start on 4 level by the end of May 2015. At this point D-shaft should deliver circa 1,500 tonnes of higher grade ore per month.

Further works are being undertaken with the input of the appointed rock mechanics to facilitate the mining of the South Reef as well as the Main Reef simultaneously. There are significant technical challenges to overcome as the South Reef lies only about 6 metres in the hanging wall of the currently mined Main Reef. Once this work has been completed the tonnages out of D-shaft should double per month.

Underground Exploration

KSG-Shaft

Exploration works were conducted with crews entering and making safe the historical incline shaft on the Kimberly Reef horizon. This decline is close to the current open pit mining operations being conducted at Emerald section. A number of drill holes have been drilled around the structure of the KSG shaft area allowing the finalisation of the structure plans for the KSG area. Management will now conduct a pre-feasibility study on the opportunity in mining KSG after which point a mine design and feasibility study will be completed prior to presenting the opportunity to the Board for evaluation.

Safety & Health

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

- LTI free man hours were 101,881, with Loss Time Injury free days being 23;
- There was one Lost Time Injury during the quarter. A person working on a stockpile dislodged a rock and injured his hand.

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.)

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 – 3rd 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")

31st March 2015

Consolidated Statement of Cash Flows

Cash Flows Related to Operating Activities		Current Quarter \$A'000	Year to Date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	10,090	31,700
1.2	Payments for		
	(a) exploration & evaluation	(47)	(207)
	(b) development	-	-
	(c) production	(7,872)	(26,269)
	(d) administration	(871)	(2,623)
	(e) contract services	(120)	(258)
	(f) staff costs	(2,190)	(6,875)
	(g) other working capital	(94)	(251)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	16
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		(1,099)	(4,767)
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(1,750)
	(b) equity investments	-	-
	(c) other fixed assets	(63)	(146)
	(d) capital upgrade to assets	(65)	(363)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	543	647
	(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		415	(1,612)
1.13	Total Operating and Investing Cash Flows	(684)	(6,379)

		Current Quarter \$A'000	Year to Date (9 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(684)	(6,379)
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	1,229	6,280
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(2)
Net Financing Cash Flows		1,229	6,278
Net Increase / (Decrease) in Cash Held		545	(101)
1.20	Cash at beginning of quarter/year to date	462	1,230
1.21	Exchange rate adjustments to item 1.20	(29)	(151)
1.22	Cash at end of quarter	978	978

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	94
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	-
4.2	Development	-
4.3	Production	8,294
4.4	Administration	793
4.5	Contract Services	101
4.6	Staff Costs	2,033
Total		11,221

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	978	462
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		978	462

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

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>	6,800,000	-	-	-
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: 30th April 2015

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 April 2015