



Quarterly Activities Report for the period ended June 2015

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 2015

- Total tonnages processed during the quarter totaled 288 531 tonnes
- Average head grade processed for the quarter was 1.20g/tonne (Q3: 0.87g/tonne)
- Total gold produced for the quarter was 9 040 ounces
- The total gold produced on behalf of toll treating Companies totaled 5 127 ounces



Review of Operations		Quarter Ending Jun-15	Quarter Ending Mar-15	% Change Quarter on Quarter Q4 2015 vs. Q3 2015	Quarter Ending Jun-14	% Change Quarter on Quarter prior year Q4 2015 vs. Q4 2014
Resource Mined	Tonnes	288,531.5	319,153.5	-9.6%	377,180.0	-23.5%
Gold Head Grade per Ton	grams per ton	1.20	0.87	37.3%	0.86	39.1%
Gold Production *	Oz	9,040.0	6,638.2	36.2%	8,736.5	3.5%
	Kg	281.2	206.5		271.7	
Gold Production Sold **	Oz	3,912.7	3,960.1	-1.2%	8,630.8	-54.7%
	Kg	195.6	123.4		268.6	
Gold Price Received	US\$ per Oz	1,192.1	1,219.2	-2.2%	1,287.8	-7.4%
	ZAR per Kg	460,299.7	456,645.9	0.8%	435,189.9	5.8%
Nett Cashflow	AUD\$ '000	(373.5)	509.5		(435.9)	
	ZAR '000	(3,513.3)	4,705.1		(4,288.7)	
Capital Expenditure ***	AUD\$ '000	376.1	128.0		642.0	
	ZAR '000	3,538.5	1,181.7		6,316.5	

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

Operational Overview

The business model, as reported in the previous quarterly report, where the company will predominantly focus on the treatment of 3rd party gold bearing material through specific tolling arrangements, has been successful. The company has been able to establish a reputation as a consistent tolling partner securing significant off take agreements to establish a long term mine plan which includes this type of activity. There are an abundant number of historic gold bearing material deposited over the Witwatersrand Gold Fields which require a processing plant to extract any value out of these redundant or abandoned assets.

During the quarter approximately 57% of the total gold produced was from the processing of 3rd party material under various toll treatment agreements. The open pit operations that are currently under business work-out protection have been classified and included as a 3rd party toll arrangement.

Overall operational performance has been cash positive and business operations have been stabilised with the operational model focusing on toll treating, processing of tailings and underground hard rock material being minded from D-shaft. However, net cash flow was marginally negative due to CAPEX.

Year on Year: Review of Operations		2015	2014	2013	% Change Year on Year 2015 vs. 2014
Resource Mined	Tonnes	1,376,406.0	1,305,853.0	1,398,403.0	5.4%
Gold Head Grade per Ton	grams per ton	0.89	0.89	1.05	0.2%
Gold Production *	Oz	30,911.3	34,743.3	39,137.0	-11.0%
	Kg	961.5	1,080.6	1,217.3	
Gold Production Sold **	Oz	22,554.6	32,929.5	33,912.7	-31.5%
	Kg	702.9	1,024.8	1,054.9	
Gold Price Received	US\$ per Oz	1,224.9	1,294.2	1,604.9	-5.4%
	ZAR per Kg	447,548.8	431,212.2	453,588.1	3.8%
Nett Operating Cashflow	AUD\$ '000	593.0	(110.4)	6,747.0	-118.6%
	ZAR '000	5,665.7	(1,050.5)	61,244.4	
Capital Expenditure ***	AUD\$ '000	885.0	2,034.3	1,037.8	129.9%
	ZAR '000	8,455.6	19,351.3	9,420.3	

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

Total tonnes processed for the year was 1,376 406 tonnes (2014: 1,305,853 tonnes). The total gold produced for the year was down compared to 2014 at 30,911.3 ounces (2014: 34,743.3 ounces).

Total revenue for the year is estimated at circa AUD 42.0 million with Operating Expenditure of AUD 45.8 million. Total cash expenditure on CAPEX and Prospecting activities totalled AUD 2.1 million for the year. The negative net cashflow position for the year totalled AUD 5.9 million which was funded through shareholder loans totalling AUD 6.1 million.

Loan from Shareholder

No drawdown and or new loan facilities were entered into during the quarter under review.

Events Subsequent to Quarter End

There has been no significant events subsequent to the quarter ended.

Overview: Production

The total tonnes processed during the quarter was 288,531 tonnes. Total gold produced during the quarter totalled 9,040 ounces (Q3: 6,638 ounces). The total gold production from Mintails own resources totalled 3,912.7 ounces (Q3: 3,960 ounces). Plant head grade increased during the quarter to 1.20g/tonne (Q3: 0.87g/tonne). Plant residue was at 0.192g/tonne (Q3: 0.164g/tonne) for the quarter.

Mintails own resources processed during the quarter consisted of the mining of 1L8 tailings, D-shaft and the screening of rock fines in the Durban Roodepoort Deep area.

Tailings Processing:

The minable area of the 1L8 tailings dump will be depleted during quarter 1 of the 2016 financial year at which point tailings processing operation will move to the 1L10 tailings dump. During the quarter, approximately AUD 150,000 of capital expenditure was invested in establishing a new processing and transfer station at the 1L10 tailings dump. A number of additional exploration drill holes were drilled into 1L10 confirming the grade and metallurgy on recovery in preparation for processing of the dump. All results came back positive and within the relevant operating parameters.

The Feasibility Study conducted on re-starting the Gold 2 metallurgy plant at Mintails was materially progressed over the quarter. Management appointed Tenova Bateman and SRK Consulting to conduct an independent Gap analysis and draft a final opinion associated to the overall project. Works conducted in closing some of the identified gaps were focussed on:

- QA/QC Quality control processes for drilling the new exploration holes
- Finalising the specifications of the Hydraulic mining plan
- Confirmation of the recoveries and metallurgical parameters associated to the Gold 2 plant, and
- Reviewing the capital expenditure estimates and ensuring these meet a class 2 recommendation

All feasibility work for the study is expected to be finalised by early August 2015.

Screening of Rock Dump Fines

The screening of rock dump fines has been conducted at the Durban Roodepoort Deep mining area since early February 2015. While recovered grades from the dump were initially erratic, they have improved as mining progressed and approximately 20,000 tonnes of screened fines material has been processed during the quarter at an average head grade of 1.68g/tonne. Unfortunately the volume of material remaining within the area is limited and is estimated only to continue for another 8 weeks.

The Company continues an exploration programme of other waste dumps within the rights areas to provide a continuous supply of own material fines.

Underground: D-shaft

Mining of D-shaft progressed well during the quarter. The 2nd escape-way was completed early in the quarter. This allowed for lateral development work to commence. Production from the shaft can now be increased to circa 2,000 tonnes of higher grade ore per month from August. D-Shaft has an overall current identified Life of Mine left of 5 months, although there are further areas of interest for reclamation that are expected to extend the Life of Mine once proven.

Further works are being undertaken, with the input of the appointed Rock Mechanic, to facilitate the mining of the South Reef on an extraction basis when Main Reef has been depleted within the available areas. 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. None of the South Reef resource is currently included in the current Life of Mine.

Business Rescue – Cream Magenta 171 (Pty) Ltd

As reported in the third quarter the business rescue plan for CMD was approved and active mining of the resources handed over to the creditors started in April 2015. During the quarter mining operations increased with the establishment of Sandton Mining as the preferred mining contractor and Eire Blasting taking over the drill and blast contract on behalf of CMD. CMD averaged circa 20,000 tonnes of ore per month over the quarter as operations were established and production ramped up. Production is expected to increase to circa 40,000 tonnes per month from August 2015 to meet the mine plan as presented to creditors.

Each of the pit models were reviewed and finalised during the quarter to better align the modelled mining programme to the expected production levels going forward. Current mining operations are focussed on Emerald Pit, Monarch Pit and the Lancaster Pit. While the Princess Pit remains a target for CMD mining, it has been prioritised behind the other pits and still requires further pit modelling prior to the commencement of mining.

Underground Exploration

KSG-Shaft

Exploration works were conducted with crews entering and making safe of the historical incline shaft on the Kimberly Reef horizon. This decline is close to the current open pit mining operations being conducted at the Emerald section. The mine plan for the KSG-shaft area has been well progressed during the quarter with a final Life of Mine plan and tonnage estimation being concluded in early August. When completed the final feasibility work will be concluded confirming KSG-shaft as the next underground target.

Safety & Health

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

- LTI free man hours were 528,069, with Loss Time Injury free days being 117;
- There was no Lost Time Injury during the quarter.

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 – 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 2015

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	10,490	42,190
1.2	Payments for (a) exploration & evaluation	(27)	(234)
	(b) development	-	-
	(c) production	(7,362)	(33,631)
	(d) administration	(721)	(3,344)
	(e) contract services	(113)	(371)
	(f) staff costs	(2,185)	(9,060)
	(g) other working capital	(84)	(335)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	20
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		2	(4,765)
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(1,750)
	(b) equity investments	-	-
	(c) other fixed assets	(77)	(223)
	(d) capital upgrade to assets	(299)	(662)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	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		(376)	(1,988)
1.13	Total Operating and Investing Cash Flows	(374)	(6,753)

		Current Quarter \$A'000	Year to Date (12 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(374)	(6,753)
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	-	6,280
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(2)
Net Financing Cash Flows		-	6,278
Net Increase / (Decrease) in Cash Held		(374)	(475)
1.20	Cash at beginning of quarter/year to date	978	1,230
1.21	Exchange rate adjustments to item 1.20	(10)	(161)
1.22	Cash at end of quarter	594	594

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	83
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	8,355
4.4	Administration	760
4.5	Contract Services	112
4.6	Staff Costs	2,126
Total		11,353

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	594	978
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		594	978

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: 31st July 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

31 July 2015