

COMPANY ANNOUNCEMENT

Mintails Limited – Company Update on Status of Gold 2

July 2010: In January 2010 Mintails Limited (ASX: MLI) announced the commissioning of its Gold 2 processing plant on the West Rand. The Company is pleased to announce that notwithstanding commissioning challenges and lower than expected head-grade in the initial stages of commissioning, the Company has nonetheless, achieved a steady build-up of production over the past few months. During the last three weeks The Company has, consistently produced in the region of 16kg (514oz) bullion per week from the combined Gold 1 & 2 circuits. Various initiatives are currently underway to reach the next set target of 18kg (579oz) bullion per week. The Company is pleased to announce that the commissioning process has proved that the volumetric capacity of the Gold 2 plant, designed to process 350,000 tonnes per month, is well within reach, considering that a production average of 270,000 tonnes per month, is currently maintained. The reduced production rate currently being experienced at Gold 2 is intentional in order to allow for a steady build-up in the metallurgical efficiencies of Gold 2.

During the commissioning process the Company had to overcome metallurgical inefficiencies at both Gold 1 and Gold 2 related to the use of Acid Mine Drainage water as a processing source. The company completed its commercial commitment towards the Department of Water Affairs - to treat water on its behalf by end May 2010 - and was therefore, in a position to redeploy its internal water processing capacity for its Gold 1 and Gold 2 circuits. The Company has resolved this metallurgical challenge, as has been proven by the consistent increase in recovery efficiencies, experienced by both Gold 1 and Gold 2 since the change.

The material processed through Gold 2 since commissioning has realised a lower than expected head-grade. The Company is therefore monitoring the consistency of the head-grade achieved in Gold 2, and is examining mining options that could increase both head-grade, and head-grade consistency.

Having stabilised the production at approx. 16kg (514oz) bullion per week, the next target of 18kg (579oz) bullion per week, will be pursued through a steady increase in the production rate from Gold 2, from the current 270,000 tonnes per month, to the targeted 350,000 tonnes per month.

The Company is optimistic that the increase in tonnes, together with further strategies of optimising mining, will tangibly contribute towards it reaching its next target. The ultimate target of 20kg (643oz) bullion per week from Gold 1 and Gold 2 will depend largely on achieving higher head-grades from the combined currently mined production of both Gold 1 and Gold 2.

The Company is pleased with the progress achieved to date, and is confident that the experience gained through the recent commissioning of Gold 2 has resulted in the management team having obtained valuable insights into the characteristics of Gold 2. The Company is confident that current strategies underway to optimise production will bear increasingly positive results.

Further updates on the process will follow.

On behalf of the Board



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