



Quarterly Activities Report September 2013

Australian Securities Exchange code: MLI

Issued Capital

Number of ordinary shares
(listed): 154,555,645
Options on issue (un-listed): 9,795,000

GROUP RESULTS

Key Highlights for the Quarter to 30 September 2013

- Total tonnes treated for the quarter increased 13.4% to 290,873 (June: 256,437)
- Gold production for the quarter was down on previous quarter by 13%
- The gold price decreased by 6.4% in USD terms during the quarter (1.1% reduction in ZAR terms)
- Empowerment negotiations concluded with the new BEE agreements signed on 16 September 2013



Review of Operations		Quarter Ending Sep-13	Quarter Ending Jun-12	% Change Quarter on Quarter Q1 2014 vs. Q4 2013	Quarter Ending Sep-12	% Change Quarter on Quarter prior year Q1 2014 vs. Q1 2013
Resource Mined	Tonnes	290,873.0	256,437.0	13.4%	429,009.0	-32.2%
Gold Head Grade per Ton	grams per ton	0.93	1.21	-23.3%	0.99	-6.4%
Gold Production *	Oz	8,467.5	9,812.2	-13.7%	9,940.1	-14.8%
	Kg	263.4	305.2		309.2	
Gold Production Sold **	Oz	7,293.5	7,815.7	-6.7%	7,704.7	-5.3%
	Kg	227.0	243.2		239.6	
Gold Price Received	US\$ per Oz	1,324.0	1,414.7	-6.4%	1,648.2	-19.7%
	ZAR per Kg	424,798.5	429,587.3	-1.1%	436,888.1	-2.8%
Nett Operating Cashflow	AUD\$ '000	(875.2)	998.0	-187.7%	1,636.0	-153.5%
	ZAR '000	(8,013.7)	9,371.6		14,051.6	
Capital Expenditure	AUD\$ '000	227.7	272.8	-16.5%	123.0	85.1%
	ZAR '000	2,085.2	2,561.3		1,056.5	

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

Operational Overview

The quarter under review was one of stabilising the mining operations and focusing on improved production through better pit design and mining efficiencies. As announced on August 7, the Company was experiencing production shortfalls; these were successfully addressed during the quarter. Nonetheless, total gold production for the quarter was 8,468 ounces, down 13.7% on the previous quarter (Q1 2014 vs. Q4 2013). Total gold sales for the quarter were A\$11.2million.

The company mined 141,180 tonnes of hard rock, which constituted 49% of the total tonnage treated during the quarter. The average mined head grade was 0.93g/t. Production from the Princess pits provided 32% of the total tonnes treated and 66% of the hard rock tonnage mined, while low grade slimes consisted of 51% of total tonnes. Lower head grades were expected as the initial phases of extending the Princess pits consisted of mining at surface with extensive leaching evident in the first 5 meters of the oxidised friable zone.

The ZAR gold price received during the quarter decreased by 1.1% to R424,798/kg, from R429,587/kg the previous quarter, while the USD gold price decreased by 6%. However, the ZAR also weakened by circa 6% against the USD during the quarter, from USD/R9.45 to USD/R9.98 in the September 2013 quarter.

In September, the Company finalised and signed the terms and contractual agreements for our revised South African Black Economic Empowerment ("BEE") and Broad Based Black Economic Empowerment ("BBEE") equity participation. The "re-empowerment" of the Company has allowed Mintails to better align its equity and organisational structure to its vision and values as well as that of the *South African Mining Charter* and the requirements of the *Mineral and Petroleum Resource Development Act ("MPRDA")* of South Africa. Our new partners, Kutana Investments, Bukhosi Ndimande, The Foundation for Social Investment & Development Trust and Matla Trust are equity partners in our South African operations as of 1 July 2013. We are pleased to welcome our new Partners, who, as like-minded individuals, bring to the Company extensive mining and corporate experience.

During the quarter, Mintails reached an agreement with West Wits Mining Limited to vary the final instalment terms of the acquisition of the West Wits Mining Rights. Under the new scheduled terms, both companies have better clarity regarding the exact payment amounts and timing. To date, Mintails has paid A\$5.525 million of the A\$9 million acquisition price, with the final payment scheduled for October 2014.

Toll Treatment Arrangements

Mintails continued to treat Central Rand Gold material throughout the quarter and will continue to do so in the foreseeable future. However, the volumes being treated have fallen significantly, from almost 10,000 tonnes per month at the peak to an average of 3,700 tonnes per month during the quarter.

Production

Total tonnes treated during the quarter were 290,873, an increase of 13.4% on the previous quarter (Q4: 256,437). Of this, hard rock mining provided 141,180 tonnes (Q4: 130,782), or 49% of the total, with the remainder provided by low-grade slimes reclamation. Due primarily to the proportional increase in slimes production, the average head grade decreased to 0.93g/t, from 1.21g/t in Q4. Mintails' own gold production excluding toll gold was down 6.7% to 7,293oz from the previous quarter's production of 7,815 oz.

As the Lancaster pit approached its end of life, it did not deliver as anticipated and the life of the pit was accordingly reduced during the quarter. Geotechnical issues continued to be experienced and ultimately the business decision was made to cease the planned final cuts. Remediation of this pit is now underway.

The Princess pit delivered 65.7% of the total hard rock material mined during the quarter, but at lower head grades than expected, as noted above. The lower head grades were due to the extending of the pits, with significant mining taking place within the first 5 meters of oxidised and friable zones. A total strike length of 530m has now been exposed in the new south section in a series of pits designed to combat the extensive faulting of the area. Higher grades are now being realised from these pits as they deepen and more competent rock is mined.

Mining and rehabilitation on the higher grade Main Reef (Main Reef pits) and Livingstone Reef (PSG1 pit) continued during the quarter. Mining is currently being undertaken on the West Rand Consolidated lease where the crown and stope pillars have been removed to a depth of circa 20m from surface. Approximately 1,500m of the Main Reef outcrop has been mined and backfilled, closing off the holings and small shafts on surface.

Exploration

During the quarter, Mintails continued with exploration drilling work focussing on infill drilling of the Princess South targets and the Emerald target area. The commencement of active mining of the Emerald target is planned to commence at the beginning of November.

As per the Company's announcement of 25 October 2013, a substantial amount of exploration work has also been undertaken into the possibility of the Company undertaking remnant underground mining on its mining leases. Results of these investigations to date have been very encouraging.

Safety & Health

Mintails mining operations achieved 443,313 Loss Time Injury Free hours by the end of September 2013. Due to the occurrence of several Loss Time Injuries during the previous quarters, the Company has undertaken a re-assessment of its safety training programmes, both within our own workforce and that of our contractors, with training focusing on areas where injuries have incurred. While the Company's safety record remains commendable, there is obvious room for improvement and our stated aim is for all of our team to expect and contribute to working in a safe manner and environment.

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 Quarterly Report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of Entity:

MINTAILS LIMITED (ASX: MLI)

ABN:

45 008 740 672

Quarter Ended ('Current Quarter')

30th September 2013

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	11,227	11,227
1.2	Payments for: (a) exploration and evaluation	(90)	(90)
	(b) development	-	-
	(c) production	(9,693)	(9,693)
	(d) administration	(694)	(694)
	(e) contract services	(97)	(97)
	(f) staff costs	(1,912)	(1,912)
	(g) other working capital	(71)	(71)
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		(1,325)	(1,325)
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	(350)	(350)
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(2)
	(d) capital upgrade to assets	(226)	(226)
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 to other entities	-	-
1.12a	Other – Acquisition of Subsidiary	-	-
1.12b	Other - Funding for Joint Venture	-	-
Net Investing Cash Flows		(578)	(578)
1.13	Total Operating and Investing Cash Flows	(1,903)	(1,903)

+ See chapter 19 for defined terms.

		Current Quarter \$A'000	Year to Date (3 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(1,903)	(1,903)
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	2,091	2,091
1.17	Repayment of borrowings	(1,063)	(1,063)
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	-	-
Net Financing Cash Flows		1,028	1,028
Net Increase / (Decrease) in Cash Held		(875)	(875)
1.20	Cash at beginning of quarter/year to date	1,393	1,393
1.21	Exchange rate adjustments to item 1.20	(27)	(27)
1.22	Cash at End of Quarter	491	491

Payments to Directors of the Entity and Associates of the Directors
Payments to 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	90
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, 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	-

+ See chapter 19 for defined terms.

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	2,591	2,054
3.2	Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

		\$A'000
4.1	Exploration and evaluation	99
4.2	Development	-
4.3	Production	10,663
4.4	Administration	707
4.5	Contract Services	98
4.6	Staff Costs	1,969
Total:		13,536

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	491	1,393
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Funds held in trust	-	-
Total: Cash at End of Quarter (item 1.22)		491	1,393

Changes in Interests in Mining Tenements

		Tenement Reference	Nature of Interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

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 (cents) (see note 3)	Amount Paid Up Per Security (cents) (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	154,555,645	154,555,645	-	-
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>	9,795,000	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Lapsed during quarter*	(100,000)	-	Exercisable @ \$3.00 consideration expiring @ 26/08/2013	\$Nil
7.11	Debentures <i>(totals only)</i>	-	-	-	-
7.12	Unsecured notes <i>(totals only)</i>	-	-	-	-

*Lapsed due to vesting conditions not being met

+ See chapter 19 for defined terms.

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Non-Executive Director

Date: Thursday, 31 October 2013

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards**
ASX will accept, for example, the use of International Accounting 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 2013

+ See chapter 19 for defined terms.