



Quarterly Activities Report

September 2012

Australian Securities Exchange code: MLI

Issued Capital

Number of ordinary shares (listed):

153,047,187

Options on issue (un-listed): 10,298,456

GROUP RESULTS

Key Highlights for the Quarter to 30 September 2012

- Gold production for the quarter was up 40.6% compared to the previous quarter
- Open cast mining on the mining right acquired from West Wits Mining Limited was scaled up to full production
- The increased mining of hard rock material improved the overall head grade recovered (up 33.8%)



Review of Operations		Quarter Ending Sep-12	Quarter Ending Jun-12	% Change Quarter on Quarter Q1 2013 vs. Q4 2012	Quarter Ending Sep-11	% Change Quarter on Quarter prior year Q1 2013 vs. Q1 2012
Resource Mined	Tonnes	429,009.0	420,321.0	2.1%	389,283.0	10.2%
Gold Head Grade per Ton	grams per ton	0.99	0.74	33.8%	0.664	49.1%
Gold Production *	Oz	9,940.1	7,067.6	40.6%	7,165.1	38.7%
	Kg	309.2	219.8		222.9	
Gold Production Sold **	Oz	7,704.7	3,878.8	98.6%	6,747.55	14.2%
	Kg	239.6	120.1		209.87	
Gold Price Received	US\$ per Oz	1,648.2	1,612.5	2.2%	1,719.88	-4.2%
	ZAR per Kg	436,888.1	421,599.6	3.6%	395,380.41	10.5%
Cash Operating Profit	AUD\$ '000	1,636.0	364.3	349.1%	1,421.00	15.1%
	ZAR '000	14,051.6	2,994.5		10,658.48	
Capital Expenditure	AUD\$ '000	- 123.0	-		(225.99)	45.6%
	ZAR '000	- 1,056.5	-		(1,695.08)	

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

This report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements. These factors include, among other things, commercial and other risks associated with estimation of uranium and gold resources, the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company. Mintails accepts no responsibility to update any person regarding any error or omission or change in the information in this presentation or any other information made available to a person or any obligation to furnish the person with further information.

Operational Overview

Revenue for the quarter was 45% higher than the previous quarter. Cash generated totalled A\$15.8mil. The acquisition and mining of the West Wits Mining leases contributed significantly to the improved revenue with a number of new open cast pits now reaching full production.

Head grade recovered within the plant increased by 33% due to the increase of hard rock material as a proportion of material processed. Mintails will continue to process tailings and hard rock material simultaneously to optimise the use of process capacity.

During the quarter under review, Mintails surpassed its previous production record for a single month, when it produced 122.67kgs (3,944 ounces) in August. A sustained gold price in excess of R436,000 over the quarter further contributed to the increased revenue earned.

Cash operating costs for the quarter increased by 32%. These included significant development costs to bring the new open cast pits into full production. The company continues to review cash operating costs and implement operating efficiencies as required.

The company continues to focus on efficiencies within the mining operations and ensure continuation of the improvements in gold production and head grade recoverability thereby lowering the production costs that is currently achieved.

Exploration work commenced during the quarter to update the Life of Mine and resource statement for the current and near future mining areas.

Toll Treatment Arrangements

Under the tolling agreement between Central Rand Gold (CRG) and Mintails, a significant amount of ore was delivered by CRG during the quarter to meet CRG's short term processing requirements. The previous tolling agreement has now been changed to a general off take agreement between the parties and as such Mintails will process material from CRG as and when required by CRG and Mintails' processing capacity allows.

Middlevlei suspended their mining operations during the quarter and as such their tolling agreement was suspended during the quarter.

Production

As noted above, production has been scaled up significantly during the quarter. The development of three new open cast pits on the West Wits Mining license acquisitions in May has allowed for increased mining of hard rock material. The rate of hard rock mining has increased from 20,000tons per month at the beginning of the quarter to 60,000tons per month by the end of the quarter becoming the prominent source of feedstock within the overall mining operations of Mintails.

The three new (primary) open cast pits are known as PSG1, PSG 2 and Lancaster, respectively. There are two other smaller pits targeting only the Main Reef Crown Pillars. PSG 1 includes the mining of the Livingstone Reefs and is effectively an extension of the West Wits Pit originally mined by DRDGold in the 1980's and 1990's, PSG 2 targets the New Reef and Wide Reef, reefs that were not historically mined within the rights area. Lancaster is situated on the Kimberly Reef and was included in the West Wits Mining Limited JORC statement on the acquired rights area. The mined grades within these reefs vary from 1.2g/ton up to 3.4g/ton on average. It is estimated at present that circa 2 million tons of ore will be mined from these three pits over the next two years.

The reclamation of remnant reef within the West Wits Pit ("WWP") continued during the quarter. The grade achieved from ore mined within the WWP has been consistent at circa 1.6g/ton. Operations within the WWP will cease early in the 2nd quarter, after which all machines will be available to further develop the new mining areas.



Over the prior 3 years of production the main feed source of gold bearing ore historically has been the CAMS sand dump. Production from CAMS resource decreased towards the end of the quarter and due to the depletion of this resource active mining ceased in mid-October. This footprint of the historical CAMS dump will now be rehabilitated with limited further recovery of ore expected. The depletion of CAMS as a feed source is being replaced with the increased mining of 1L8 (tailings) and hard rock sources.

The residue grade achieved through the plant has been very consistent with residues running as expected at average of 0.13gAu/t over this quarter.

Safety

Mintails mining operations achieved the 1,000,000 LTI Free hours mark in August 2012. This was only the second time in the history of the Company that this milestone has been achieved. In October (post quarter end), the Company achieved the milestone of one year without a lost time injury. With the continued focus on safety in the workplace, the company is now working towards the next milestone of 1,500,000 LTI Free hours at the end of November 2012.

Mining Rights and Licensing

a. Randfontein Cluster

Mintails is working with the Department of Mineral Resources (DMR) in finalising the MR206GP mining right which covers the Randfontein surface dump cluster and was converted in November 2011. The DMR is at present considering the Environmental Management Programme (EMPR) submitted in April 2012 supporting the conversion of the mining right. Management conducted a number of engagements with Interested and Affected parties during the quarter. The outcomes of these engagements have both been positive and supportive of the company's mining operations.

b. Soweto Cluster

Mintails is still awaiting a response from the DMR regarding the renewal of a Prospecting Right for the Soweto Cluster. The application was submitted in October 2011. It is expected that the extension on the prospecting right should be finalised within the next two months.

c. West Wits Mining Right – MR132GP

Mintails started mining operations associated to the above mentioned mining right under an interim mining agreement signed by West Wits Mining Limited (WWML) and DRDGold Limited. The mining right was converted and transferred to WWML late in July 2012. Mintails has commenced the preparation of its own Section 11 submission and transfer for the above mentioned right to Mintails SA Randfontein Cluster (Pty) Ltd (MSR). The process is expected to take approximately a year before the transfer is registered.

d. Mogale Gold Water License

The Department of Water Affairs (DWA) has yet to finalise the application of the Water License for Mintails. Indications are that this should be completed by year end.



Deposition

Deposition of the Mogale plant tailings continued into the West Wits Pit. The compilation of the consolidated Environmental Management Programme (EMPR), a regulatory document for managing environmental liabilities, for above-pit deposition continues to provide extended deposition capacity for the company of all resources currently being mined.

Environment

Management engaged with the University of North West to set-up a pilot programme for the rehabilitation of tailing facility footprints. It has been widely recognized that with over 100 million tons of tailings covering circa 600 hectares of land, Mintails will be left with a significant rehabilitation programme once all tailings has been re-mined. An area identified as “Frik se Dam” was earmarked and, with the support of Mintails and our Mining Contractor SA Earthworks the land was prepared for rehabilitation test work.

The main objective is to gain as much information on a small scale project of the requirements for rehabilitating tailings footprints including footprint preparation and planted species effectiveness. This information will then be applied to the larger tailings footprints in the future. The project is expected to be ongoing over the next two years gaining sufficient information.

Mintails has engaged the services of Dr Anthony Turton to support the works currently being undertaken by the company on the treatment of Acid Mine Drainage (AMD) water. Dr Turton, a recognized expert in strategic water management, brings a wealth of experience to Mintails, allowing for engagement with government and other stakeholder organizations at a level previously not possible. Mintails is seeking to facilitate through the treatment of tailings an immediate solution to the AMD water decant issues on the Western Basin within South Africa.

Corporate

There has been little or no change to the corporate structure of the company as previously reported.

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.com.

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 2012

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	15,812	15,812
1.2	Payments for: (a) exploration and evaluation	(132)	(132)
	(b) development	-	-
	(c) production	(10,578)	(10,578)
	(d) administration	(883)	(883)
	(e) contract services	(55)	(55)
	(f) staff costs	(1,791)	(1,791)
	(g) other working capital	(35)	(35)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
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		2,341	2,341
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(123)	(123)
	(d) capital upgrade to assets	-	-
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		(123)	(123)
1.13	Total Operating and Investing Cash Flows	2,218	2,218

+ 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)	2,218	2,218
	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	-	-
1.17	Repayment of borrowings	(582)	(582)
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	-	-
	Net Financing Cash Flows	(582)	(582)
	Net Increase / (Decrease) in Cash Held	1,636	1,636
1.20	Cash at beginning of quarter/year to date	846	846
1.21	Exchange rate adjustments to item 1.20	(36)	(36)
1.22	Cash at End of Quarter	2,446	2,446

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	151
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	2,000	2,000
3.2	Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

		\$A'000
4.1	Exploration and evaluation	148
4.2	Development	-
4.3	Production	11,671
4.4	Administration	685
4.5	Contract Services	116
4.6	Staff Costs	1,887
Total:		14,507

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	2,446	846
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Funds held in trust	-	-
Total: Cash at End of Quarter (item 1.22)		2,446	846

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	153,047,187	153,047,187	-	-
7.4	Changes during quarter (a) Increases through issues	110,000	110,000	\$Nil	\$Nil
	(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>	10,298,456	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	(110,000)	-	Exercisable @ Nil Consideration expiring @ 02/01/2013 and 06/06/2014	\$NIL
7.10	Lapsed during quarter*	(250,000)	-	Exercise @ \$6.10, expired 01/08/12	-
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: Wednesday 31st October, 2012

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

31.10.2012

+ See chapter 19 for defined terms.