



Mintails Limited

Quarterly Report For The Period Ending 31st December 2005

Highlights

- Prospectus issue closes “over subscribed” raising \$12 million
- Recommissioning and upgrade work commenced on schedule at West Rand Gold Project near Johannesburg South Africa.
- Mintails on track for commencement of gold production by April.

West Rand Gold Project

Mintails Limited (“Mintails” or the “Company”) completed the capital raising of A\$12,000,000 on 19 December 2005 after the offer by Prospectus dated 2 December 2005 was closed oversubscribed.

Patersons Securities Limited acted as lead manager to the issue. In excess of 80% of the issue was subscribed by large overseas institutional investors.

The securities of the Company were reinstated to Official Quotation on the Australian Stock Exchange on 23 December 2005.

Mintails completed the acquisition of the Project Company for the development of the West Rand Gold Project on 22 December 2005.

The Company is now proceeding with the West Rand Gold Project commencing with the development and operations of the Mogale Gold Project in 2 stages.

Stage 1 provides for the re-commissioning of the Mogale Plant after plant and process improvements at a capital cost of ZAR 20 million (approximately A\$4 million) to process 220,000 tonnes of sands and slimes per month through the leach circuit to produce approximately 45,000 ounces of gold over the first year of operations;

Stage 2 comprises a major up-grade to the Mogale Gold Plant at a capital cost of ZAR165 million (approximately A\$33 million) to install beneficiation circuits to process a plant feed comprising 1,000,000 tonnes of slimes per month and 400,000 tonnes of sands per month (16.8Mtpa combined) to recover and upgrade 600,000 tonnes at approximately 0.7 gpt Au per month as feed to the leach circuit to produce on average 120,000 ounces of gold per annum over an initial project life of 11 years.

+ See chapter 19 for defined terms.

Lobisol Pty Ltd, a South African engineering company, has been engaged to manage the engineering, procurement, construction and installations for the plant and process improvements and re-commissioning of the Mogale Plant for Stage 1 in conjunction with the project manager, Atomaer (RSA) Pty Limited.

Work on Stage 1 commenced on 16 January. Approximately 13% of the orders have been placed, representing 60% of project capital expenditure.

Re-commissioning and gold production scheduled to commence in April and the first full month of gold production is scheduled for May.

Snowden Mining Industry Consultants (Pty) Ltd have reported an estimate of 305 million tonnes of tailing materials (170 million tonnes under option) which include initial measured, indicated and inferred resources of 145.5 million tonnes (59.1 million tonnes under option) with an average grade of 0.42 gpt Au containing 1.9 million ounces of gold in terms of the JORC Code.

Mintails has decided to finalise and complete the agreements with DRD Gold Ltd and Acorn Mining (Pty) Ltd for the acquisition and consolidation of the tailings and in-situ materials under option within the areas of the DRD and Rand Leases Gold Mines which will result in an initial inventory of over 305 million tonnes of tailings materials for the West Rand Project.

During the current quarter the Company is planning to undertake additional surveying and drilling designed to bring those tailings which are not already in a "measured" category into a measured category in terms of the JORC Code.

Pilot plant testwork and engineering for the Stage 2 up-grade will commence over the next month.

For And On Behalf Of The Board



Richard Revelins
Director

+ See chapter 19 for defined terms.

Appendix 5B – 2nd Quarter

Mining Exploration Entity Quarterly Report

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

Name of Entity:

MINTAILS LIMITED

ABN:

45 008 740 672

Quarter Ended ('Current Quarter')

31st December 2005

Consolidated Statement of Cash Flows

	Current Quarter SA'000	Year to Date (6 months) SA'000
<u>Cash Flows Related to Operating Activities</u>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(273)	(273)
(e) contract services	(99)	(99)
(f) staff costs	-	(113)
(g) other working capital	-	(80)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	19
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	(355)	(546)
<u>Cash Flows Related to Investing Activities</u>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	159	205
(c) other fixed assets	-	-
1.10 Loans to other entities	(248)	(814)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net Investing Cash Flows	(89)	(609)
1.13 Total Operating and Investing Cash Flows	(444)	(1,155)

+ See chapter 19 for defined terms.

	Current Quarter \$A'000	Year to Date (6 months) \$A'000
1.13 Total Operating and Investing Cash Flows (Carried Forward)	(444)	(1,155)
Cash Flows Related to Financing Activities		
1.14 Proceeds from issues of shares, options, etc.	12,000	12,721
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	(137)
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	(720)	(720)
Net Financing Cash Flows	11,280	11,864
Net Increase / (Decrease) in Cash Held	10,836	10,709
1.20 Cash at beginning of quarter/year to date	90	217
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at End of Quarter	10,926	10,926

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	88
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 & 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

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- 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	-	-
3.2 Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
Total:	-

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	285	3
5.2 Deposits at call	8,550	85
5.3 Bank overdraft	-	-
5.4 Other (provide details)	2,091	2
Total: Cash at End of Quarter (item 1.22)	10,926	90

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	Nil		
6.2	Interests in mining tenements acquired or increased	Refer to Prospectus dated 2 nd December 2005		

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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 (Description)	-	-	-	-
7.2	Changes During Quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions	-	-	-	-
7.3	+Ordinary Securities	161,189,985	101,689,985	-	-
7.4	Changes during quarter (a) Increases through issues	135,000,000	75,500,000	-	-
	(b) Decreases through returns of capital, buy- backs	-	-	-	-
7.5	+Convertible debt securities (Description)	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (Description and Conversion Factor)	25,490,431	25,490,431	Exercise Price \$0.15	Expiry Date 1/7/2006
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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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: 
Director

Date: 31st January 2006

Print Name: **Richard Revelins**

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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