COMPANY ANNOUNCEMENT

Mintails Limited – Company Update on Status of Gold 2

11 October 2010: In July 2010 Mintails Limited (ASX:MLI) provided a Company Update on the status of Gold 2.The Company announced that the commissioning process had proved that the volumetric capacity of the Gold 2 Plant, designed to process 350,000 tonnes per month, was well within reach, considering that a production average of 270,000 tonnes per month was maintained.

The Company has subsequently proved that the Plant has since proved that it can maintain and indeed exceed the design capacity of 350,000 tonnes production per month.

That announcement furthermore indicated that the Company had overcome some metallurgical challenges related to Acid Mine Drainage as processing water source, and had to contend with lower than expected headgrade. The Company has continued its campaign of examining mining options that could increase the headgrade and the headgrade consistency.

The slimes dam complex 1L23-25 provides the sole feed source to the Mogale Gold 2 Plant. Hydraulic sluicing operations have now been directed to several compartments of this dam complex, thereby extensively exploring the deposit and finding those areas of the deposit that carry the higher grades. During September 2010, it was confirmed that the higher gold grades generally underlie lower grade material which must be first removed. However, these overlaying lower grade areas of the dam, when processed, resulted in an increase in reagent consumption or decrease in recovery efficiency resulting in Mogale Gold Plant 2 being operated at a loss.

The Company has implemented a decision by the Board of Directors to temporarily suspend the operations of Mogale Gold 2 Plant in order for the Company to execute laboratory test programmes to establish the optimum process requirements for the 1L23-25 slimes dam complex material and also evaluate the adjacent deposits of 1L13-15 and 1L18.The Company will engage a panel of independent experts to assist in these evaluations and review of its options. Mogale Gold 2 Plant will be recommissioned when the Company has determined the optimal revised mining model where consistency of the target average grade can be achieved with a higher degree of certainty. During the downtime of the Mogale Gold 2 Plant the company will deploy its spare capacity in human resources until such time as Mogale Gold 2 Plant is recommissioned.

The Company foresees that the evaluation process will be conducted over the remaining period of this year and is confident that its initiative will bear positive results.

On behalf of the Board

Dick van der Walt

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 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

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