

Mintails Limited
(ACN 008 740 672)

Second Supplementary Target Statement

by

Mintails Limited
ACN 008 740 672
in relation to the Offer by
Mr Seager Rex Harbour
to acquire your Mintails Shares

The Directors of Mintails Limited that make a recommendation,

recommend that you **REJECT** the Offer

Important Information

This document is important and should be read in its entirety. If you do not understand it or you are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or other professional adviser immediately.

Important Notices

This Supplementary Target's Statement is dated 6 April 2011 and is prepared in accordance with section 644 of the Corporations Act 2001(Cth) by Mintails Limited ("Mintails"). It supplements the original Target's Statement dated 24 March 2011 and the Supplementary Target's Statement dated 1 April 2011 prepared in response to the Bidder's Statement dated 11 March 2011.

The Supplementary Target's Statement is to be read together with the original Target's Statement and prevails over the original Target's Statement to the extent there is any inconsistency.

ASIC

A copy of this Supplementary Target's Statement has been lodged with the ASIC. Neither the ASIC nor any of its officers take any responsibility for the content of this Supplementary Target's Statement.

Investment Decision

The recommendations of the Responding Directors contained in this Supplementary Target's Statement do not take into account the individual investment objectives, financial situation or particular needs of each Mintails' Shareholder. You may wish to seek independent professional advice before making a decision as to whether or not to accept the Offer.

Defined Terms

Unless the context requires otherwise, words and expressions defined in the original Target's Statement have the same meanings in this Supplementary Target's Statement.

Forward Looking Statements

This Supplementary Target's Statement may contain forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mining industry as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and such deviations are both normal and to be expected. None of Mintails, any of its Directors, any person named in this Supplementary Target's Statement with their consent, or any person involved in the preparation of this Supplementary Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, and you are cautioned not to place undue reliance on those statements.

Any forward-looking statements in this Supplementary Target's Statement reflect views held only as at the date of this Supplementary Target's Statement.

Shareholder Enquiries

If you have any queries regarding the Offer or this Supplementary Target's Statement, please contact Security Transfer Registrars on 08 9315 2333 (from within Australia) or +61 8 9315 2333 (from outside Australia).

Letter from the Chair of Mintails

Dear Shareholder

Each of Dick Van der Walt, Patrick Smyth, Frederick Beaumont and Peter Chapman (**Responding Directors**) would like to reconfirm their recommendation that you **REJECT** the Offer.

The Responding Directors, have issued this Supplementary Target's Statement because new information has become available since the original Target's Statement was lodged on 24 March 2011 and the first Supplementary Target's Statement was lodged on 1 April 2011.

You may consider the information in this document to be relevant in allowing you to make an informed assessment about whether or not to accept the Offer.

Each Responding Director who has a relevant interest in Mintails Shares has reconfirmed that they presently intend to **REJECT** the Offer.

TO REJECT THE OFFER YOU NEED NOT TAKE ANY ACTION.

We encourage you to read this Supplementary Target's Statement carefully and consult your legal, financial or tax adviser concerning the impact your decision may have on your own circumstances.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Pat Smyth', with a horizontal line drawn underneath.

Pat Smyth
Chairman

1. Supplementary Information

1.1. Impact on financing

At paragraph 6.5 of the original Target's Statement, the Responding Directors stated that:

Mintails is working to ensure that short term funding of up to \$2,000,000 needed for ongoing operational expenses and to pay creditors is available, as and when necessary. One possible source of short term funds is entities associated with the Bidder. At the time of lodgement of this Target's Statement no binding arrangements have been agreed with those entities. Mintails will meet its obligations to keep Shareholders informed in relation to this funding during the course of the Bid. There are risks associated with not obtaining short term funding.

The Responding Directors remain confident that alternative long term funding will be available following conclusion of the Offer.

At paragraph 1.1 of first Supplementary Target's Statement the Responding Directors stated that:

Since making this statement, Mintails has been negotiating with a number of prospective parties inclusive of the Bidder in order to obtain both short and long term debt funding to replace the funding that was arranged by the Company prior to the bid. These negotiations are continuing. Your Responding Directors have formed the view that it may be necessary to issue a convertible note in order to obtain short term funding on acceptable commercial terms. You should be aware that the issue of convertible notes may entitle the Bidder to withdraw the offer. Whilst the Company has not (at this time) decided to offer or issue convertible notes to access additional short term funding, your Responding Directors wish to advise Shareholders that should Mintails issue a convertible note or notes there is a risk that the unaccepted Offers may be withdrawn. If the unaccepted Offers are withdrawn Shareholders that have not already accepted the Offer will no longer be able to accept the Offer.

Your Responding Directors will keep you informed of any decision with respect to debt funding.

As soon as any decision is made, the ASX will be notified.

Mintails executed binding agreements on 5 April 2011 by which it agreed to source short term funding by:

- (a) issuing convertible notes with face value of A\$500,000 to Antnea Pty Ltd (**Antnea**), an Australian proprietary company that has previously subscribed for convertible notes issued by Mintails; and
- (b) borrowing A\$50,000 from an entity associated with 1 of Mintails' director, Mr Frederick Beaumont, on an unsecured basis.

Mintails has finalised negotiations with an entity associated with another Mintails' director, Mr Patrick Smyth, to source additional short term funding in the amount of £200,000 (British Pounds Sterling) on an unsecured basis.

Mintails formed the view that these sources of short term funding were the most appropriate available after taking into account all of the commercial circumstances and assessing alternative sources of short term funding and the associated disadvantages and restraints. Relevant factors in making this decision included the need to quickly secure timely short term funding arrangements and to ensure that Mintails was not prevented from securing commercially acceptable long term funding.

The convertible notes are to be issued to Antnea with an interest rate of 15% per annum and will be convertible at a price of \$0.10 per Share. The convertible notes may be converted to Shares at any time up to and including 31 December 2011. The convertible note terms are similar to those offered to funders who had previously indicated they would subscribe for Mintails' convertible notes. If these convertible notes are not converted by the holder on or before 31 December 2011 they may be redeemed at the option of Mintails. Mintails intends to seek shareholder approval with respect to the

Shares issued on conversion of these convertible notes for the purposes of refreshing the 15% limit on new issues contained in ASX Listing Rule 7.1.

The loans by an entity associated with Mr Frederick Beaumont and the proposed loan by an entity associated with Mr Patrick Smyth (together the **Lenders**) are for A\$50,000 and £200,000 (British Pounds Sterling) respectively (**Loans**). The Loans will incur interest at a rate of 15% per annum and will be repayable on 30 June 2011.

Mintails intends to call an extraordinary general meeting to seek shareholder approval to the early repayment of the Loans and to seek a direction from shareholders to then issue convertible notes to the Lenders on substantially the same terms as those which will apply to the convertible notes to be issued to Antnea. There is currently no agreement by the Lenders to apply for convertible notes. An agreement to issue convertible notes to the Lenders will only come into existence if shareholders, at an extraordinary general meeting, provide all necessary approvals under the Corporations Act and the ASX Listing Rules. These approvals relate to both the issue of the convertible notes and the issue of any Shares on subsequent conversion of those convertible notes. Mintails will explain the proposed resolutions in the explanatory memorandum that accompanies the notice of meeting which is to be sent to Shareholders.

Mintails is continuing discussions with a number of parties in relation to long term funding and will keep Shareholders informed in that regard.

1.2. Impact on material contracts

At paragraph 6.6 of the original Target's Statement, the Responding Directors stated that:

As part of its business activities Mintails has ongoing contractual obligations. These obligations require Mintails to pay certain monies to third parties during the Offer Period. Mintails had intended to make these payments from available working capital and the additional funding. Without the funds raised in the second stage capital raising, Mintails may not have adequate working capital to make these payments as was previously intended.

In the event that alternative funding is not available, Mintails intends to seek counterparty consent to defer time for payment until such time as it has obtained adequate funding. Your Responding Directors are not aware of any reason why this consent would not be granted.

At paragraph 1.2 of first Supplementary Target's Statement the Responding Directors stated that:

Since making this statement, Mintails has had various conversations and negotiations with contractual counterparties in relation to payment of invoiced amounts. These negotiations are continuing. At this stage your Responding Directors remain confident that, notwithstanding the need for short term funding to meet the existing payment timelines, (see the comments made above in relation to availability of that funding) appropriate consents will be obtained, to defer the payment of some or all of the outstanding amounts. Maintaining good-standing with third parties will however, require speedy resolution of the short term funding required. The Directors will therefore, evaluate all funding options at their disposal. The Company will furthermore, continue to also attempt to secure long term funding to allow the Company to meet its longer term strategic objective.

Your Responding Directors will keep you informed in relation to any issues relating to Mintails' payment obligations.

Mintails is continuing negotiations with its contractual counterparties.

Since making the statement at 1.2 of the first Supplementary Target's Statement, Mintails agreed with various contractual counterparts to defer payments whilst it negotiated short term funding. The short term funding raised by way of the new convertible note and the Loans materially addresses Mintails current short term funding requirements. Mintails confirms that most of those additional short term funds will be applied to meet existing creditor payment obligations.

1.3. Defined Terms

Unless the context requires otherwise, words and expressions defined in the original Target's Statement have the same meanings in this Supplementary Target's Statement.

1.4. Authorisation of the Directors of Mintails

The Board of Mintails has approved the contents of this Supplementary Target's Statement and its lodgement with ASIC. Mr Brune did not vote on the directors' resolution to approve this Supplementary Target's Statement.

Dated: **6 April 2011**

A handwritten signature in black ink, appearing to be 'P. S. L.' with a horizontal line underneath.

Chairman

For and on behalf of Mintails Limited