

Mintails Limited
ABN 45 008 740 672

Shareholder Booklet

Explanatory Memorandum

A notice of meeting is included in Appendix 1 to this Booklet. A Proxy Form for the meeting accompanies this Booklet.

Second General Meeting

11.30am, 15 June 2011

This is an important document and requires your urgent attention.

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Shares, please disregard all enclosed documents.

Legal Adviser



Important Notices

General

You should read this Booklet in its entirety before making a decision on how to vote on the resolutions to be considered at the General Meeting. The notice convening the General Meeting is contained in Appendix 1. A proxy form for the meeting is enclosed.

Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 5 of this Booklet or where the relevant term is first used.

References to **dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding.

Purpose of this Booklet

The purpose of this Booklet is to:

- state the nature of the business to be conducted at the General Meeting; and
- provide such information as is prescribed by the Listing Rules and the Corporations Act.

ASX and ASIC

A copy of this Booklet has been lodged with the ASX and ASIC. None of the ASX, ASIC nor any of their officers takes any responsibility for the contents of this Booklet.

Investment decisions

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Booklet should not be relied on as the sole basis for any investment decision in relation to Shares. It is important that you read the entire Booklet before making any voting or investment decision.

Forward looking statements

This Booklet includes certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. The assumptions on which prospective financial information is based may prove to be incorrect or may be affected by matters not currently known to, or considered material by, the Company.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of the Company, the officers of the Company or any person named in this Booklet makes any representation or warranty

(either expressed 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. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Booklet reflect views held only as at the date of this Booklet.

Important dates and times

Date of this Booklet	13 May 2011
Time and date for determining eligibility to vote at the General Meeting	7.00 pm, 12 June 2011
Last time and date by which the proxy form for the General Meeting can be lodged	11.30am, 13 June 2011
General Meeting* to vote on the Funding Resolutions	11.30am, 15 June 2011

* The General Meeting will be held at Giorgio's Function Room, Corner High Street and Glenferrie Road, Armadale, Victoria, 3142.

You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

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Chief Executive Officer's letter

12 May 2011

Dear Shareholder

This Booklet contains a Notice of Meeting for Shareholders to consider, and if thought fit, approve the issue of Convertible Notes to entities associated with two of Mintails' directors (**Related Parties**).

The Convertible Notes will be issued on repayment of Related Party Loans made by those Related Parties. The Related Party Loans were provided to the Company at a time when funding debt options were limited. This was made even more difficult by the fact that an on-market takeover bid had been made for the Company's Shares which made it harder for the Company to raise additional equity funding.

The Company was very grateful that Mr Smyth and Mr Beaumont were willing to provide financial support at that difficult time.

Second Meeting on 15 June 2011

This is the second meeting to be convened on 15 June 2011.

The General Meeting the subject of this Booklet will be held immediately after another general meeting called by your Directors on 5 May 2011 (**First Meeting**). At the First Meeting, Shareholders will be asked to consider resolutions proposed by your Directors relating to the funding of the Company (both past and future). Shareholders will also be asked to consider resolutions proposed by Mr Seager Rex Harbour (**Mr Harbour**), a Shareholder of the Company: Mr Harbour is seeking to remove two independent Australian resident directors, Mr Chapman and Mr Beaumont, from the Board and appoint 3 other directors.

Why has your board called 2 general meetings?

On 14 April 2011, the Company received a request by Mr Harbour under sections 249D and 249N of the Corporations Act that the Directors of the Company call and arrange to hold the First Meeting. The Directors were required to call the First Meeting within 21 days of receipt of Mr Harbour's request.

The Corporations Act requires the resolutions in this Booklet, as they relate to the provision of financial benefits to related parties, be lodged with ASIC for review and approval 14 days prior to being sent to Shareholders.

Your Directors consider it to be in the best interests of Shareholders to consider the resolutions in this Booklet and the booklet dated 5 May 2011 at one meeting, however in order to comply with two conflicting timing requirements, the Company has decided to call 2 meetings on the same day, one after the other.

It is important that you read this entire Booklet, and the booklet of the First Meeting, when considering the Funding Resolutions.

I look forward to your support of the funding proposal.

Yours sincerely



Dick van der Walt
Chief Executive Officer

1. Summary of Approvals

1.1. Introduction

Shareholders are being asked to consider the Funding Resolutions.

The Funding Resolutions are put to the Shareholders by the Directors and relate to the short term funding of the Company. See Section 2 to Section 4 (inclusive) of this Booklet for further details on the Funding Resolutions.

1.2. Shareholder approvals for Funding Resolutions

Shareholder approval is required for the purposes of the Funding Resolutions:

- (a) under Listing Rule 7.9, which deals with the ability of a listed company to issue, or agree to issue, equity securities within three months of the announcement of a takeover bid; and
- (b) under Listing Rule 10.11 and Section 208 of the Corporations Act, each of which deal with the ability of a listed public company to issue securities to related parties.

1.3. Voting

The Funding Resolutions require approval by a simple majority of votes cast by eligible Shareholders at the General Meeting.

For the full explanation of the nature, purpose and effect of the Funding Resolutions and the voting restrictions applying to them, please refer to Section 2 to Section 4 (inclusive) of this Booklet.

1.4. What to do next

- (a) *Read the remainder of this Booklet*

You should read and consider the remainder of this Booklet in full before making any decision on the how to vote on the Funding Resolutions.

- (b) *Consider your options*

Shareholders should refer to Section 2 to Section 4 (inclusive) of this Booklet for further guidance on the issue of Convertible Notes. However, this Booklet does not take into account the financial situation, investment objectives and particular needs of any particular Shareholder.

- (c) *Vote at the General Meeting*

The Board urges all Shareholders to vote on the Funding Resolutions at the General Meeting. The Resolutions affect your investment in the Company as they involve the funding of the Company. Shareholders should consider the information provided in the First Meeting Booklet.

1.5. Summary of how to vote

- (a) *General*

The General Meeting will be held at Giorgio's Function Room, Corner High Street and Glenferrie Road, Armadale, Victoria, 3142, on 15 June 2011, commencing at 11.30 am (Melbourne time).

The notice convening the General Meeting is contained in Appendix 1 to this Booklet. Your vote at the General Meeting is important. If you are registered as a Shareholder by the Registry at the voting entitlement time (7.00 pm (Melbourne time), 12 June 2011), you will be entitled to vote at the General Meeting, subject to the voting restrictions and exclusions set out in the Notice of Meeting in Appendix 1 of this Booklet.

These voting restrictions and exclusions are summarised in Section 1.3 of the Notice of Meeting set out as Appendix 1 in this Booklet.

(b) Voting in person

Shareholders wishing to vote in person on the Funding Resolutions should attend the General Meeting on 15 June 2011 and bring a suitable form of personal identification (such as a driver's licence).

Please arrive at the venue at least 15 minutes prior to the time designated for the commencement of the General Meeting, if possible, so that your shareholding may be checked against the Shareholders Register and attendance noted. If you are also attending the First General Meeting, please arrive 15 minutes prior to the commencement of that meeting, being 9:45am for a 10.00am start.

Attorneys (see also paragraph (d) below) should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

(c) Voting by proxy

Shareholders wishing to vote by proxy at the General Meeting must complete and sign or validly authenticate the personalised proxy form which is enclosed with this Booklet.

A person appointed as a proxy may be an individual or a body corporate. Completed proxy forms must be delivered to the Company by 11.30 am, 13 June 2011, in any of the following ways:

(i) by post to:

The Company, c/o- the CFO Solution
Suite 1/1233 High Street
Armada VIC 3143

(ii) or by facsimile to:

The Company, c/o- the CFO Solution: +61 (0)3 9822 7735

(d) Voting by attorney

If a Shareholder executes or proposes to execute any document, or do any act, by or through an attorney who is relevant to their shareholding in the Company, that Shareholder must deliver the instrument appointing the attorney to the Company for notation.

Shareholders wishing to vote by attorney at the General Meeting must, if they have not already presented an appropriate power of attorney to the Company for notation, deliver to the Company (at the address or facsimile number specified in this Section 1.5(c) of this Booklet), the original instrument appointing the attorney or a certified copy of it by 13 June 2011 at 11.30am (Melbourne time).

(e) Voting by corporate representative

To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the General Meeting, a corporate Shareholder or proxy should obtain a Certificate of Appointment of Corporate Representative form from the Company, and complete and sign the form in accordance with the instructions on it. The appointment form should be lodged at the registration desk on the day of the General Meeting.

(f) Further information

Please refer to the Notice of General Meeting in Appendix 1 to this Booklet for further information on voting procedures and details of the Resolutions to be voted on at the General Meeting.

2. Funding Resolutions Explained

2.1. Fund requirements of the Company

In March and April 2011 the Company was working to ensure that short term funding of up to \$2,000,000 needed for ongoing operational expenses and to pay creditors was available, as and when necessary.

The Company executed binding agreements by which it agreed to source short term funding by:

- (a) issuing 1 convertible note, with a purchase price of \$100,000, to Antnea Pty Ltd (**Antnea**), an Australian proprietary company that has previously subscribed for convertible notes issued by the Company;
- (b) a short term loan of A\$400,000 by Antnea, that subject to appropriate approvals, the Company will repay, following which 4 convertible notes will be issued, each with a purchase price of A\$100,000, to Antnea; and
- (c) short term loans of:
 - (i) A\$50,000 by Lavarack Pty Limited (a company controlled by Mr Frederick George Albion Beaumont); and
 - (ii) £200,000 from Malachite International Limited (a company associated with Mr Patrick Smyth),

each on an unsecured basis (**Related Party Loans**).

2.2. Information of the Related Party Loans

The Related Party Loans incur interest at a rate of 15% per annum and must be approved by the Company if shareholder approval is not obtained by 30 June 2011. In consideration for the Related Parties making the Related Party Loan, the Company has undertaken to seek Shareholder approval for the issue of the Convertible Notes. The Funding Resolutions are being put to the Shareholders in satisfaction of this undertaking.

Subject to and conditional upon Shareholder approval the Company will repay the Related Party Loans and issue the Convertible Notes on the terms set out in Section 3 of this Booklet.

2.3. Proposed use of Funds

The Company has applied the proceeds of the Related Party Loans to settle amounts payable to creditors and for general working capital purposes.

Subject to and conditional upon Shareholder approval, the Company intends to use the proceeds of the Convertible Notes to repay the Related Party Loans and for working capital purposes generally.

3. Summary of Convertible Note Terms

3.1. Convertible Notes Terms

The table below sets out the key terms for each of the Convertible Notes to be issued following Shareholder consent. As the table below shows, the Malachite Convertible Note and Lavarack Convertible Notes have been granted on the same terms.

The key terms set out in the below table are discussed in further detail in Section 3.2 of this Booklet.

Term	Malachite Convertible Note	Lavarack Convertible Notes	See Sections for more details
Interest Rate	15% per annum	15% per annum	3.2(d), 4.6(a)(iii) and 4.6(a)(iii) 3.4, and
Conversion Price	\$0.10 cents per Share	\$0.10 cents per Share	3.2(a) and 3.4
Redemption Date	31 December 2011	31 December 2011	3.2(b)
Purchase Price (per Note)	£50 000	\$50,000	-
Issue Date	On or before 15 July 2011	On or before 15 July 2011	4.6(e)
Total Investment	£200,000	\$50,000	-
Number of Notes	4	1	-
Assignment	Permissible only with the Company's consent	Permissible only with the Company's consent	3.2(e)
Events of Default	On the occurrence of an Event of Default the Purchase Price and all unpaid interest becomes due and payable immediately	On the occurrence of an Event of Default the Purchase Price and all unpaid interest becomes due and payable immediately	3.2(f)
Reconstruction	Notes are amended as necessary so the aggregate amount to be paid upon redemption of all reconstructed Convertible Notes remains unchanged as a result of the reconstruction	Notes are amended as necessary so the aggregate amount to be paid upon redemption of all reconstructed Convertible Notes remains unchanged as a result of the reconstruction	3.2(c)
New Issue Rights	Cannot participate	Cannot participate	3.2(c)
Governing Law	Victoria	Victoria	3.2(i)
Maximum Shares on Conversion	3,507,335 Shares	555,274 Shares	3.4, 4.6(a), 4.6(b)
Benefit to Holder	- The conversion price of \$0.10 per share - The interest rate of 15% - Equity component value of \$0.0182 per share	- The conversion price of \$0.10 per share - The interest rate of 15% - Equity component value of \$0.0182 per share	3.4 3.3, 4.6(f)

3.2. Further Details of Key Terms

- (a) **(Conversion)** The Convertible Notes may be converted at the election of the holder at the Conversion Price at any time up to and including 31 December 2011.

The number of Shares to be issued on conversion of a Convertible Note, is determined by application of the formula:

$$z = y / \text{Conversion Price}$$

where:

"z" equals the number of Shares to be issued by the Company to the Noteholder on conversion of Notes.

"y" equals the Australian dollar value of the Notes (and any interest) being converted rounded up to the nearest dollar.

"Conversion Price" is \$0.10.

- (b) **(Redemption)** The Company may, at its discretion, at any time after the date which is three (3) months from the date of the Convertible Notes are issued, make an offer to the Noteholder to redeem all of the Convertible Notes held by that Noteholder for the Purchase Price plus all accrued interest and other moneys. If the Convertible Notes are not converted by the Noteholder on or before 31 December 2011 the Company must redeem the Convertible Notes for cash at the rate of the Purchase Price plus all accrued interest and other moneys due under the terms of issue.
- (c) **(Reconstruction / New Issue Rights)** The amount to be paid upon redemption of each Convertible Note immediately following any reconstruction shall be amended as necessary such that the aggregate amount to be paid upon redemption of all reconstructed Convertible Notes remains unchanged as a result of the reconstruction.

The Noteholders are not entitled to participate in any bonus share, bonus unit or rights issue undertaken by the Company.

- (d) **(Interest Rate)** The Company must pay to the Noteholder interest on the amount of the Purchase Price represented by the outstanding Notes from the date the Purchase Price is paid by the Noteholder to the Company up to the date on which the Notes are redeemed or converted.

Interest is to be calculated daily, at the rate of 15% per annum. However, in the event where amounts payable by the Company are not paid in full, the default interest rate of 17% per annum will apply.

- (e) **(Assignment)** The Convertible Notes may only be assigned in whole or in part by the Noteholder with the prior consent of the Company, which the Company may give or withhold in its unfettered discretion and on such terms as the Company may specify.
- (f) **(Events of Default)** The outstanding value represented by the Convertible Notes together with all interest thereon shall be paid to the Noteholder immediately upon the occurrence of an Event of Default without the necessity for any notice or demand.

The Convertible Note terms define events of default to be:

- (i) if default is made by the Company in the due and punctual payment of any part amount due and payable by the Company to the Noteholder;
- (ii) non-payment by the Company on demand of any of the amounts due and payable under this Agreement;

- (iii) failure by the Company to comply with any of the terms, conditions or covenants of this Agreement;
 - (iv) if an application or an order is made or an effective resolution is passed for the winding up/bankruptcy of the Company (other than for the purpose of amalgamation or reconstruction);
 - (v) if the Company enters into a formal scheme or composition with its creditors;
 - (vi) if a debt judgement against the Company remains outstanding for more than seven (7) days after the date of judgement;
 - (vii) if any distress or execution is levied or enforced against any of the assets or property of the Company; or
 - (viii) if all or any part of this Agreement, becomes void, illegal, invalid, unenforceable, or limited or of reduced force, effect or value.
- (g) **(Payment of Dividends)** The Company cannot, prior to the redemption or conversion of the Convertible Notes, declare a dividend or dividends.
- (h) **(Ranking of Notes and Shares)** The Notes will not be quoted on a securities exchange.
- The Company will apply to the ASX for listing of the Shares issued on conversion. Share issued on conversion will rank equally in all respects with the other then existing issued Shares.
- (i) **(Governing Law)** The Convertible Notes are governed by the laws of the Victoria, Australia.
- (j) **(No breach of law)** The Convertible Note terms state that no term shall be read as authorising or requiring an issue of Shares if to issue the Shares would be or would reasonably result in a breach of any law, including (but not only) the Corporations Act, or in a breach of the Listing Rules of ASX or the equivalent rules of another market if Shares are admitted to quotation on another market.

3.3. Financial Benefit

The financial benefit available to the Related Parties may be categorised as follows:

- (a) **(15% Coupon)** Interest will accrue on the Purchase Price of the Convertible Notes at the rate of 15% per annum.
- (b) **(Discount Conversion Price)** Conversion of the Convertible Notes is at a price of \$0.10 per Share and, depending on the Share price at the time of conversion the entities related to the directors may receive additional benefit should they wish to sell the Shares issued on conversion at a higher price.
- (c) **(Value of equity component)** ASIC Regulatory Guide 76, recommends a valuation be provided in relation to the issue of equity. The Black-Scholes valuation is used here to value the underlying equity component of the Convertible Notes, looking at the future date of the acquisition of the shares at an agreed conversion price.

The resulting value is \$0.0182 cents per share based on the following inputs: Share price at time of agreement \$0.09, Risk Free Interest rate for a 9 month bond 5%, Volatility in the underlying shares 67.6%, conversion price \$0.10.

It should be noted that at the time the terms of the Convertible Notes were agreed the Share price was \$0.09 per share and the takeover bid price was \$0.08 per Share. The conversion price of \$0.10 exceeds these amounts. Mr Harbour subsequently increased his bid to \$0.15 per Share.

3.4. Maximum value of the financial benefit offered by the Convertible Notes

The maximum financial benefit offered to the Related Parties is:

- (a) If the Convertible Notes are converted, the maximum benefit is the discount implicit in the Conversion Price (\$0.10) to market price of Shares on the date of conversion multiplied by the number of Shares to be issued. By way of example, assuming the Convertible Notes are converted on 31 December 2011 and the market price for Shares on that date is \$0.19 (representing an implicit discount of \$.09), Lavarack will receive a benefit of \$49,974.66 and Malachite will receive a benefit of \$315,660.15¹. However, if the Share price on the conversion date is \$0.09, the Related Parties would receive no benefit if they were to convert the Convertible Notes, as the Conversion Price is higher than the market price for Shares.
- (b) If the Convertible Notes are not converted, the maximum benefit is the sum of the purchase price and the interest that has accrued on the Conversion Date. If the notes are redeemed the maximum amount Lavarack will be paid is \$55,527.40 and the maximum amount Malachite will be paid is £221,698.63.

¹ This valuation has been calculated using an average GBP foreign exchange rate for the period January to April 2011. See Section 4.6(b) for further details.

4. Additional information

4.1. Introduction

This Section includes additional information that the Company considers is material to the decision on how to vote on the Funding Resolutions to be considered at the General Meeting.

4.2. The Funding Resolutions are ordinary resolutions

The Resolutions are proposed as ordinary resolutions, requiring the approval by a simple majority of votes cast by eligible Shareholders present and voting at the General Meeting and who are not subject to a voting exclusion in relation to a particular resolution.

4.3. Regulatory requirements

This Section summarises the ASX Listing Rule and Corporations Act requirements relevant to the Funding Resolutions.

This summary follows an explanation in Section 3 of this Booklet of the purpose and effect of the Funding Resolutions.

Listing Rule 7.9

Under Listing Rule 7.9, the Company is restrained from issuing or agreeing to issue “equity securities” without the approval of ordinary shareholders for 3 months after it is told in writing that a person is making a takeover offer.

Convertible Notes and Shares are equity securities for the purposes of the Listing Rules.

Mr Harbour announced the on-market bid to the market and the Company on 11 March 2011. The Company is unable to issue the Lavarack Convertible Note and the Malachite Convertible Notes and Shares on conversion of these Convertible Notes without:

- (a) Shareholder approval; or
- (b) relying on an exception to the Listing Rules.

Funding Resolution 1 and Funding Resolution 2 involve the issue of the Lavarack Convertible Note and the Malachite Convertible Notes and the issue of Shares on their conversion respectively.

Listing Rule 10.11 and Section 208 of the Corporations Act

Listing Rule 10.11 restrains the Company from issuing or agreeing to issue equity securities without Shareholder approval to certain related parties.

Section 208 of the Corporations Act states that for a public company to give a financial benefit to a related party of the public company, either

- (a) Shareholders’ approval is required; or
- (b) the giving of the benefit must fall within an exception set out in the Corporations Act.

The Listing Rules and the Corporations Act define “related party” in the same way.

Mr Beaumont and Mr Smyth are both directors of the Company, and as such they are considered to be a “related party” for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act.

Lavarack and Malachite are related parties because:

- (a) Mr Beaumont is a director of Lavarack; and

- (b) Malachite is associated with Mr Smyth.

Listing Rule 10.12 provides that the issue of Convertible Notes to a related party is permissible if the agreement to issue the Convertible Notes is conditional on the holders of Shares approving the issue before the issue is made.

Section 208 of the Corporations Act provides that Shareholder approval is not needed to give a financial benefit to a related party where the terms of the benefit:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

The terms of the Lavarack Convertible Note and Malachite Convertible Notes are substantially the same as the terms of the Antnea Convertible Notes. Antnea is not a related party of the Company. The Antnea Convertible Notes are not being considered at this General Meeting.

The Directors (other than Mr Brune) consider that that the issue of the Lavarack Convertible Note and Malachite Convertible Notes would be reasonable in the circumstances if the Company and Lavarack and Malachite were each dealing with the Company at arm's length.

Mr Brune asserts that he is unable to agree with this statement or reasonableness. The reasons for this given by Mr Brune, which are rejected by the other Directors, are that Mr Brune has requested but not been provided by the Company with sufficient copy documentation and information for him to form this view, including relevant legal advice and management briefing materials. Due to a conflict of interest as to funding asserted by the Company (other than Mr Brune) against Mr Brune, and which Mr Brune contests, Mr Brune was not notified of, or involved in either the consideration or approval of either the Related Party Loans or the agreements to issue the Lavarack Convertible Note and the Malachite Convertible Notes.

In the interests of transparency, the Company is seeking Shareholder approval for the purposes of section 208 of the Corporations Act.

As approval is sought under Listing Rule 10.11 it is not required to be sought under Listing Rule 7.1 (see Exception 14 to Listing Rule 7.1)

4.4. Purpose of Funding Resolutions

The purpose of Funding Resolutions 1 and 2 is to seek the approval of Shareholders under Listing Rules 7.9, 10.11 and Section 208 of the Corporations Act for the issue by the Company of Lavarack Convertible Note and Malachite Convertible Notes that:

- (a) would otherwise exceed the limits otherwise imposed by Listing Rule 7.1;
- (b) would otherwise not be permitted to be issued as a result of the takeover bid announced by Mr Harbour on 11 March 2011; and
- (c) are both considered related party transactions.

4.5. Voting restrictions

- (a) Voting restrictions and exclusions in respect of the Funding Resolutions are set out below for each resolution.
- (b) The Company will disregard any votes cast on:
 - (i) Resolution 1 by Lavarack, Mr Frederick Beaumont and their Associates; and
 - (ii) Resolution 2 by Malachite, Mr Patrick Smyth and their Associates.

- (c) However, the Company will not disregard a vote if:
- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

4.6. Specific information required for approval under Listing Rules 7.9 and 10.11 and Section 208 of the Corporations Act

The information set out below is required to be provided to Shareholders under the Listing Rules in respect to obtaining approval for the issue of Convertible Notes under Listing Rules 7.9 and 10.11 and under Section 208 of the Corporations Act. The information in this Section is summarised in a table in Section 3.1.

- (a) The maximum number of Convertible Notes the Company is to issue if Funding Resolution 1 is approved is 1 Lavarack Convertible Note, with a purchase price of \$50,000.

The Lavarack Convertible Note may be converted into Shares based on the formula (disclosed above) **“Maximum number of Shares = Australian dollar value of the Notes / Conversion Price of \$0.10”**. In circumstances where the below assumptions are correct, the Lavarack Convertible Note may be converted into a maximum of 555,274 Shares. This calculation of maximum number Shares assumes:

- (i) The Lavarack Convertible Note will be converted on 31 December 2011;
- (ii) The Noteholder will convert interest due and payable on the Lavarack Convertible Note into Shares;
- (iii) “Australian dollar value of the Notes” is \$55,527.40, being the sum of \$50,000 and interest payable on \$50,000 between the:
 - (A) date the Lavarack Loan funds were received by the Company, 6 April 2011; and
 - (B) the Conversion Date, 31 December 2011.

If the Lavarack Convertible Note is converted before 31 December 2011, less interest will have accrued and therefore, fewer Shares will be issued.

The maximum number of Convertible Notes the Company is to issue if Funding Resolution 2 is approved is 4 Malachite Convertible Notes, each with a purchase price of £50,000.

- (b) The Malachite Convertible Notes may be converted into Shares based on the formula (disclosed above) **“Maximum number of Shares = Australian dollar value of the Notes / Conversion Price of \$0.10”**. In circumstances where the below assumptions are correct, the Malachite Convertible Notes may be converted into a maximum of 3,507,335 Shares. The calculation of maximum number Shares assumes:

- (i) The Malachite Convertible Notes will be converted on 31 December 2011.
- (ii) The Noteholder will convert interest due and payable on the Malachite Convertible Note into Shares;
- (iii) The value of the Malachite Convertible Notes in British Pounds is £221,698.63, being the sum of £200,000 and interest payable on £200,000 between the:
 - (A) date the Malachite Loan funds were received by the Company, 11 April 2011; and

(B) the Conversion Date, 31 December 2011.

- (iv) The Australian dollar value of the Notes (£221,698.63) is \$350,733.50. This value is calculated using the average rate to change AUD 1 to 1 British Pound Sterling between the period 1 January 2011 and 30 April 2011, namely \$0.6321 (where the highest was \$0.6572 and the lowest was \$0.6105) (Source of exchange rates: OANDA Corporation).

If the Malachite Convertible Notes are converted before 31 December 2011, less interest will have accrued and therefore, fewer Shares will be issued. The number of Shares issued will also be effected by the British Pound Sterling / AUD exchange rate on the date of conversion.

- (c) If Funding Resolution 1 and Funding Resolution 2 (inclusive) are approved, the Lavarack Convertible Notes and the Malachite Convertible Notes will be issued on or before 15 July 2011.
- (d) Convertible Notes to be issued if the Funding Resolutions 1 and 2 are approved will be fully paid unsecured convertible redeemable notes with the purchase price set out above and a redemption date of 31 December 2011. The Convertible Notes bear interest at a rate of 15% per annum payable on redemption or conversion of the Convertible Notes. The terms of issue of the Convertible Notes are summarised in detail in Section 3.
- (e) The Shares that will be issued on conversion of the Convertible Notes will rank equally with Shares currently on issue.
- (f) Gross proceeds from the issue of Convertible Notes will be \$354,414.00. Subject to and conditional upon Shareholder approval the Company will repay the Related Party Loans and issue the Convertible Notes on the terms set out in Section 3 of this Booklet.
- (g) See Section 4.4 of this Booklet and Section 1.3 of the Notice of Meeting in Appendix 1 of this Booklet for details of the voting exclusions that apply to each of the above Funding Resolutions.
- (h) If the Funding Resolutions are not passed each of Lavarack and Malachite may at any time after 30 June 2011 require the Company to repay all principal and interest. If such demands are made this will place further financial constraints on the Company.

4.7. Specific information required for approval under Section 208

The information in this section is provided for the purposes of allowing Shareholders to decide whether or not the financial benefit to be given to a related party is in the best interests of the Company.

(a) ***Association with the Company***

Each of the relevant related parties is associated with a director of the Company. See Section 4.3 for further details.

(b) ***Reason for giving the financial benefit***

The financial benefit proposed flows from the short term loan funds, the Related Party Loans, provided by Lavarack and Malachite (**Related Parties**) to meet the Company's working capital obligations. It is proposed that the Related Party Loans be repaid with the proceeds to be applied as subscription monies for Convertible Notes.

The terms of the proposed Convertible Notes to be issued to both Lavarack and Malachite are set out in the Section 3 of this Booklet.

The number of Convertible Notes proposed to be issued and the Shares which may be issued on conversion of those Notes is described in Section 4.6 of this Booklet.

(c) ***Terms of the Related Party Loans***

The Related Party Loans are short term, unsecured loan funds provided by the Related Parties.

The Related Party Loans will be repaid and the Convertible Notes will be issued by the Company if Shareholder approval be obtained. The Related Parties provided the Related Party Loans to assist the Company with its ongoing day to day operations and to ensure solvency.

(d) ***Convertible Notes are commercially equivalent to Notes already issued***

The terms of the Convertible Notes are commercially equivalent to the terms of the Convertible Note already issued and those proposed to be issued to a third party, Antnea. The agreements between the Company and the Related Parties were executed at or about the same time as the agreement between the Company and Antnea.

(e) ***Best interests of the Company***

The Related Party Loans were provided to in part replace proposed short term funding, which was to be provided on similar terms. This proposed short term funding was withdrawn following the takeover bid by Mr Harbour.

The Company formed the view that the taking of the Related Party Loans was in the best interests of the Company having regard to alternative short term funding sources offered at the time and also having regard to previous negotiations with third party financiers and the terms of Convertible Notes issued to third party financiers in December 2010.

(f) ***Financial Benefit categorisation***

The categorisation of the financial benefit available to the Related Parties is summarised in Section 3.3 and 3.4.

(g) ***Share price History***

The closing bid price for the Shares on ASX on 12 May 2011, the business day immediately prior the date of this Booklet was \$0.19.

The latest recorded share price at which Shares traded on the ASX on 10 March 2011 (being the last trading day before the announcement of the Offer) was \$0.079.

The highest and lowest prices at which Shares traded on the ASX during the 12 months prior to the date of this Booklet were \$0.26 and \$0.079 respectively. The volume-weighted average price (closing) at which Shares traded on the ASX three months prior to the date of this Booklet was \$0.1362.

(h) ***Alternative sources of Funding***

The Company has had discussions with the following financial institutions regarding funding during the period February 2011 to April 2011:

- (i) ABSA Capital Limited – a South African banking institution;
- (ii) Standard Bank of SA Limited – a South African banking institution; and
- (iii) the Industrial Development Corporation and Business Partners Limited.

The negotiations between the Company these parties did not progress and basic terms were not able to be agreed as a result of timing constraints and the Company's need for working capital after the proposed short term funding (referred to in Section 4.7(e)) was withdrawn following the takeover bid by Mr Harbour.

(i) ***Alternative sources of Funding - Proposed Harbour Funding***

Immediately prior to the time that the Related Parties agreed to provide the Related Party Loans, the Company approached entities associated with Mr Harbour for short term funding (**Proposed Harbour Funding**).

The associates of Mr Harbour indicated that the Proposed Harbour Funding was conditional on the Company also entering into long term funding arrangements with those associates.

At no time did Mr Harbour make an offer of funding which was capable of acceptance by the Company for the reasons set out below.

(i) The proposed short term funding was by way of a gold purchase pre sale agreement with the following characteristics:

(A) Gold was to be physically delivered by the Company in accordance with a pre-agreed delivery schedule;

(B) In return for the short term funding, the Company was required amongst other terms to:

- provide “conventions regarding the application of proceeds”,
- indemnify the purchaser against non-performance, and
- report to the funder on the operational status, including commercial performance, cash flow, creditor age analysis and production statistics (including grade and recovery) from time to time.

(C) incorporated restrictions would have:

- prevented the Company from seeking alternative or additional funding, on an either a short term or long term basis, without the lender’s consent;
- prevented the Company from granting security to any proposed funders, without the lender’s consent;
- required the Company to make available to the lender information of a commercially confidential nature which was not available to other Shareholders. This would likely have placed the Company in an untenable position as it would then need to disclose all commercially confidential information to the market in circumstances which could detrimental to the Company and its operations;
- placed other operational restrictions on the Company;
- contained unduly onerous terms in relation to the delivery of the gold with prohibitive sanctions should the Company fail to comply with such provisions; and
- limited the Company from receiving the benefit of any increase in the gold price.

(ii) The long term funding proposal comprised a combination of a debt funding structure combined with a warrant structure. The proposed debt structure is summarised as follows:

(A) (**Coupon**) The debt structure incorporated the following interest rate and funding fee components:

- interest to be charged on the monthly balance of the loan at a rate of 1.25% per month. Unpaid interest to accrue until the next calendar month, when it is capitalised and added to the principal amount of the loan; and
- funding fee payable on the loan balance at drawdown at a rate of 2% of the drawn funds (payable in arrears). There was a subsequent offer by Mr Harbour's representatives as part of negotiations to waive this fee.

It is difficult to equate the sum of compounding interest rate and flat interest rate to the annual interest rate in the Convertible Note Terms. The Company estimates that this financing coupon is in excess of 19% per annum.

- (B) **(Extract Surplus Funds)** The debt structure allowed the lender to extract all surplus funds from the Company as the repayment of the principle accrued interest effectively meaning that working capital of the Company was controlled by the lender.
- (C) **(Weekly Reporting)** For the duration of the term of the loan, the Company would have been required to provide detailed weekly operational updates on all material aspects of its business including underlying production and costs. In providing this information, the onus of ensuring that such disclosure of information did not amount to the disclosure of inside information was placed on the Company.

(iii) Key provisions in the associated warrant structure provided:

- (A) the warrant strike price was set at \$0.08; and
- (B) the warrant could be exercised at any time within an 8 year period. There was a subsequent offer by Mr Harbour's representatives as part of negotiations to reduce this period to 6 years.

The Company formed the view that the Proposed Harbour Funding was commercially unacceptable having regard to:

- (i) the commercial terms summarised above;
- (ii) the restrictions summarised above;
- (iii) the restriction on the Company receiving the benefit of any increase in the gold price – such that this benefit would be available to Mr Harbour and his associates rather than the Shareholders as a whole;
- (iv) the proposed structure of the sale and physical delivery of gold was complex and the time that the Company had to consider the terms of the Proposed Harbour Funding was insufficient given the approvals required; and
- (v) the linked nature of the short term funding and the long term funding, which required:
 - (A) written confirmation by way of unanimously supported Board Resolution that the terms of the long term funding would be recommended by the Board; and
 - (B) ensuring the funding was put to Shareholders for approval.

(j) ***Related Party Interests***

Each of Mr Frederick George Albion Beaumont and Mr Patrick Smyth has the following interests in the Company:

Related Party	Number of Shares	Number of Options
Patrick Smyth	752,100	250,000
Frederick George Albion Beaumont	90,000	250,000

All of the options currently held by Mr Frederick George Albion Beaumont and Mr Patrick Smyth are out of the money.

(k) ***Dilutionary effect on Shareholders***

The issue of Shares on conversion of the Convertible Notes would have a dilutionary effect on Shareholders.

(i) **(Share capital)** Based on the current capital structure of the Company and assuming that all of the Convertible Notes issued to Lavarack and Malachite are issued and then converted this will lead to an additional 4,062,609 Shares (being a percentage of the total issued Share capital as at the date of the Notice of Meeting 116,929,060 equivalent to 3.5%).

(ii) **(Effect on share capital, taking into consideration the Rights Issue if Notes were issued and converted)** On 2 May 2011 the Company announced that it would undertake to carry out a 1 for 4 underwritten renounceable Rights Issue. The offer price will be \$0.16 per share. The total amount to be raised is approximately \$4.2 million Australian dollars. 29,232,265 Shares will be issued under the Rights Issue, assuming that:

(A) none of the Convertible Notes currently on issue to Antnea are converted to Shares prior to the Record Date; and

(B) no options currently on issue are exercised prior to the Record Date.

On this basis, the total number of Shares on issue after close of the Rights Issue will be 146,161,325 Shares.

Assuming that all of the Convertible Notes issued to Lavarack and Malachite are issued and then converted after close of the Rights Issue, this will lead to an additional 4,062,609 Shares on issue, an amount equivalent to 2.7% of the total issued Share capital after the Right Issue.

(iii) **(Current issued capital - diluted basis)** At the date of this Booklet, the Company has on issue:

(A) 1,025,500 options which are exercisable into 1,025,500 Shares. These options are held by employees of the Company, none of who are Associates of Lavarack and Malachite; and

(B) 5 December Convertible Notes which are held by Antnea, which are convertible into 4,545,455 Shares; and

(C) Assuming the record date for the rights issue is 3 June 2011, Antnea Convertible Notes which are held by Antnea, which are convertible into a maximum of 1,023,425 Shares (including interest until 31 May 2011).

If the above 6 convertible notes were converted into Shares and the options were exercised prior to the record date for the Rights Issue, the total number of Shares on issue at the record date would be 123,523,440. On this basis, the total number of Shares issued under the Rights Issue would be 30,880,860 Shares and the total

number of Shares on issue after close of the Rights Issue would be 154,404,300 Shares.

In these circumstances, assuming that all of the Convertible Notes issued to Lavarack and Malachite are issued and then converted after close of the Rights Issue, an additional 4,062,609 Shares will be on issue, an amount equivalent to 2.6% of the total issued Share capital after the Rights Issue.

- (iv) **(Capital inclusive of Antnea Convertible Notes)** Shareholder will be asked to consider the issue of 4 Antnea Convertible Notes, to be issued to Antnea, in a General Meeting to be convened immediately prior to the General Meeting the subject of this Booklet. The Antnea Convertible Notes are convertible into a maximum of 4,445,479 Shares. As the record date for the Rights Issue will occur prior to the issue of the Antnea Convertible Notes, the shares issued on conversion of the notes will not participate in the Rights Issue. On this basis:
- (i) the number of Shares issued under the Rights Issue will be the same as in the scenario set out in Section 4.7(k)(iii); and
 - (ii) Assuming Lavarack and Malachite are issued 4,062,609 Shares on conversion of the convertible notes, this will constitute an amount equivalent to 2.6% of the total issued Share capital after the Rights Issue on a fully diluted basis.
- (v) **(Effect on Shareholders currently shareholdings)** Below is a summary of Sections 4.7(k)(i) to 4.7(k)(iv).

Capital Structure	Equity on issue	Fully diluted	Comments
Before the Offer			
Shares	116,929,060	116,929,060	
Convertible Notes (all held by Antnea)	6 convertible notes	5,568,880	Together with Shares currently held by Antnea, Antnea would hold 12.23% of the issued capital of the Company.
Options	6,225,500	1,025,500	Only 1,025,500 options will be exercisable prior to the record date for the Rights Issue.
Total	116,929,060	123,523,440	
Capital at Completion of the Rights Issue			
Total Shares issued under the Rights Issue	29,232,265	30,880,860	
Total Shares	146,161,325	154,404,300	
Total Options	5,200,000	Nil	There will be no options on issue that are exercisable after the Rights Issue
Antnea Convertible Notes (note 1)	4	4,445,479	Together with Shares currently held by Antnea, the maximum number of Shares issued on conversion of all convertible notes and assuming Antnea and its Associates take up 100% of their rights under the Rights Issue, Antnea would hold 14.32% of the issued capital of

Capital Structure	Equity on issue	Fully diluted	Comments
			the Company.
Lavarack Convertible Note (note 2)	1	555,274	Together with Shares currently held by Mr Beaumont and assuming that Mr Beaumont and his Associates take up 100% of their rights under the Rights Issue, Mr Beaumont and Associates would hold 0.41% of the issued capital of the Company on a fully diluted basis.
Malachite Convertible Note (note 3)	5	3,507,335	Together with Shares currently held by Mr Smyth and assuming that Mr Smyth and his Associates take up 100% of their rights under the Rights Issue, Mr Smyth and Associates would hold 2.73% of the issued capital of the Company on a fully diluted basis.

Note 1: Assumes conversion of principle of \$400,000 plus interest of \$44,547.95 to 31/12/11 to Shares.

Note 2: Assumes conversion of principle of \$50,000 plus interest of \$5,527.40 to 31/12/11 to Shares.

Note 3: Assumes conversion of principle of GBP200,000 plus interest of GBP21,698.63 to 31/12/11 to Shares.

(I) ***No Independent Expert's Report***

The Company did not obtain an Expert's Report to provide an opinion on the proposed issue of Convertible notes to the Related Parties:

- (i) given the nature of the proposed related party benefits;
- (ii) as the financial benefits are easily quantifiable as set out above;
- (iii) given the relatively small number of Shares which may be issued on conversion of the Convertible Notes;
- (iv) given the fact that an Independent Expert's Report has only recently been prepared and provided to Shareholders in response to the on-market takeover bid by Mr Harbour; and
- (v) the added expense of preparing an Expert's Report would not be in the best interests of the Company nor provide additional information to Shareholders to allow them to make an informed decision as to how to vote in relation to the relevant resolutions.

(vi) ***Previous Independent Expert's Report***

The Company commissioned an independent expert's report as part of its response to the takeover bid made by Mr Harbour. Whilst that report dated 24 March 2011 was prepared for a different purpose Shareholders may wish to refer to it when considering how to vote on the Funding Resolutions. Extreme care should be taken in relying on the report as it was commissioned for a different purpose.

The valuation range for Shares set by the report at \$0.450 to \$0.498.

A copy of that report was attached to the Target's Statement lodged with ASX and is available to shareholders attached to the announcement made to ASX on 24 March 2011 or on the Company's website at www.mintails.com.

4.8. Director recommendations

- (a) Mr Dick Van der Walt and Mr Peter Chapman recommend that Shareholders vote in favour of the Funding Resolutions for the reasons set out in this Booklet.
- (b) Mr Frederick Beaumont does not make a recommendation on the Funding Resolutions because:
 - (i) he is the beneficiary of Funding Resolution 1; and
 - (ii) Resolutions 2, is on the same terms as those to which he is the beneficiary.

The nature of how Mr Frederick Beaumont is the beneficiary is set out in Section 4 of this Booklet.

- (c) Mr Patrick Smyth does not make a recommendation on the Funding Resolutions because:
 - (i) he is the beneficiary of Funding Resolution 2; and
 - (ii) Resolutions 1, is on the same terms as those to which he is the beneficiary.

The nature of how Mr Patrick Smyth is the beneficiary is set out in Section 4 of this Booklet.

- (d) Due to a conflict of interest as to funding asserted by the Company (other than Mr Brune) against Mr Brune, and which Mr Brune contests, Mr Brune was not notified of, or involved in either the consideration or approval of either the Related Party Loans or the agreements to issue the Lavarack Convertible Note and the Malachite Convertible Notes. Mr Brune asserts that he has requested but not been provided by the Company with sufficient documentation and information for him to make a recommendation, including relevant legal advice and management briefing materials. This assertion by Mr Brune is rejected by the other members of the Board. Accordingly, Mr Brune considers himself insufficiently informed to make a considered recommendation to shareholders to vote in favour or against the proposed resolutions, and declines to do so.

4.9. Independent advice

Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- (a) the Funding Resolutions;
- (b) any other aspects of this Booklet.

5. Glossary

The following terms used in this Booklet (including the Notice of Meeting in Appendix 1 to this Booklet) have the meanings given to them below, unless the context otherwise requires.

Antnea	means Antnea Pty Limited ACN 006 185 860
Antnea Convertible Notes	the Notes issued to Antnea, the conversion of which is subject to and conditional on Shareholder approval
Associate	has the same meaning as in the Listing Rules
ASIC	Australian Securities & Investment Commission
ASX	ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it
Company	Mintails Limited ABN 45 008 740 672
Convertible Note or Notes	means the Lavarack Convertible Notes and Malachite Convertible Notes
Corporations Act	Corporations Act 2001 (Cth)
December Convertible Notes	means the convertible notes issued to Antnea on 15 December 2010, the terms of which are set out in full in the booklet dated 5 May 2011.
Directors	means the directors of the Company
Explanatory Memorandum or Booklet	this explanatory memorandum (also referred to as the Shareholder Booklet or Booklet) dated 14 May 2011
Funding Resolutions	means the resolutions set out in the Notice of Meeting
General Meeting	the meeting of Shareholders to be convened on 15 June 2011. The notice convening the General Meeting is contained in Appendix 1 of this Booklet
Mr Harbour	Seager Rex Harbour
Lavarack	Lavarack Pty Ltd
Lavarack Convertible Notes	the Note to be issued to Lavarack, subject to and conditional on Shareholder approval
Listing Rules	the listing rules of ASX
Malachite	Malachite International Limited Incorporation number 410324
Malachite Convertible Notes	the Notes to be issued to Malachite, subject to and conditional on Shareholder approval
Notice of Meeting	the notice for the General Meeting dated 13 May 2011, as set out in Appendix 1 of this Booklet
Registry	means Security Transfer Registrars
Related Parties	means each of Mr Frederick Beaumont and Mr Patrick Smyth
Related Party Loans	means the loans defined in Section 2.1(c) of this Booklet
Rights Issue	means the renounceable rights issue announcement by the Company on 2 May 2011
Shareholder	a registered holder of Shares
Shares	ordinary shares in the capital of the Company

Appendix 1 – Notice of General Meeting



(ABN 45 008 740 672)

Notice of Meeting for the General Meeting of Shareholders

To be held at 11.30 am (Melbourne time) on 15 June 2011 at Function Room, Corner High Street and Glenferrie Road, Armadale, Victoria, 3142

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting is an appendix to an Explanatory Memorandum. The Explanatory Memorandum and its appendices have been prepared to assist Shareholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum and its appendices should be read in conjunction with this Notice of Meeting.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed proxy form without delay:

by post to:

The Company, c/o- the CFO Solution
Suite 1/1233 High Street
Armadale VIC 3143

or by facsimile to:

The Company, c/o- the CFO Solution: +61 (0)3 9822 7735

1. Business

The business of the meeting is to consider the following proposed resolutions.

1.1. Resolutions

(a) Funding Resolution 1: Approval of issue of Lavarack Convertible Note

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the Company issue one Convertible Note, and any Shares on conversion of that note, to Lavarack Pty Limited on the terms set out in the attached explanatory memorandum."

Without limitation Section 208 of the Corporations Act, ASX Listing Rules 7.9 and 10 apply to this resolution. The **voting exclusion statement** for Funding Resolution 1 is set out below in Section 1.3.

(b) Funding Resolution 2: Approval of issue of Malachite Convertible Notes

To consider, and if thought fit, to pass the following as an ordinary resolution:

"That the Company issue Convertible Notes, together with any Shares on conversion of those notes, to Malachite International Limited Incorporation number 410324 on the terms set out in the attached explanatory memorandum."

Without limitation Section 208 of the Corporations Act, ASX Listing Rules 7.9 and 10 apply to this resolution. The **voting exclusion statement** for Funding Resolution 2 is set out below in Section 1.3.

1.2. Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

1.3. Entitlement to vote and voting exclusions

The Directors have decided that for the purpose of determining entitlements to attend and vote at the General Meeting, Shares will be taken to be held by the persons who are the registered holders at 7.00 pm (Melbourne time), on 12 June 2011. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of the Resolutions are set out below for each resolution.

(a) The Company will disregard any votes cast on:

- (i) Resolution 1 by Lavarack, Mr Frederick Beaumont and their Associates; and
- (ii) Resolution 2 by Malachite, Mr Patrick Smyth and their Associates.

(b) However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

1.4. How to vote

Shareholders entitled to vote at the General Meeting may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate Shareholders or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney/proxy)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the General Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Company before 11.30 am (Melbourne time) on 13 June 2011 any of the following ways:

- (a) by post to:

The Company, c/o- the CFO Solution
Suite 1/1233 High Street
Armadale VIC 3143

- (b) or by facsimile to:

The Company, c/o- the CFO Solution: +61 (0)3 9822 7735

Voting by proxy

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at Giorgio's Function Room, Corner High Street and Glenferrie Road, Armadale, Victoria, 3142 on 15 June 2011 commencing at 11.30 am (Melbourne time).

Shareholders wishing to vote by proxy at this meeting must:

- (a) complete and sign or validly authenticate the proxy form, which is enclosed with this Booklet; and
- (b) deliver the signed and completed proxy form to the Company by 11.30 am (Melbourne time) on 13 June 2011 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate.

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; and
- (b) one or two proxies if the member is entitled to more than one vote.

Notes for proxies

- (a) The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be received by the Company not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote (for details on how the Company will receive these documents see above).

- (b) A proxy need not be a Shareholder.
- (c) A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.
- (d) Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.
- (e) A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
 - (i) if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
 - (ii) if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
- (f) A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:
 - (i) died;
 - (ii) became mentally incapacitated;
 - (iii) revoked the proxy or power; or
 - (iv) transferred the Shares in respect of which the vote was cast,

unless the Company received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.
- (g) If a proxy appointment is signed or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may act as proxy.
- (h) If:
 - (i) a Shareholder nominates the Chairman of the meeting as the Shareholder's proxy; or
 - (ii) the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.
- (i) A proxy who is not entitled to vote on a resolution as a Shareholder may vote as a proxy for another Shareholder who can vote as long as the appointment specifies the way a person is to vote on the resolution and the proxy votes that way. It is proposed that Mr Peter Chapman will act as Chairman of the General Meeting. Mr Chapman is not the subject of any voting restrictions and as such, the Chairman can vote proxies which do not contain a direction for each Fund Resolution.
- (j) Proxy appointments in favour of the Chairman of the meeting, the Company Secretary or any Director which do not contain a direction will be voted subject to paragraph (i) above, in support of the Funding Resolutions.

Corporate representatives

- (a) To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.
- (b) To vote by corporate representative at the meeting, a corporate Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Company, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
- (c) The appointment of a representative may set out restrictions on the representative's powers.
- (d) The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
- (e) The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the BoardA handwritten signature in dark ink, appearing to read 'Dick van der Walt', with a stylized flourish at the end.

Dick van der Walt
Chief Executive Officer

Proxy Form

I/We _____ Of _____

being a member(s) of Mintails Limited and entitled to _____ shares appoint:

Name of Proxy: _____

Address of Proxy: _____

or in his/her absence, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the General Meeting of the Company to be held at **11.30 am (Melbourne time) on 15 June 2011 at Function Room, Corner High Street and Glenferrie Road, Armadale, Victoria, 3142**

If two proxies are appointed, complete the following sentence:

This proxy is authorised to exercise votes / % of my/our total voting rights.

Proxy Instructions

☐

I/We do not wish to direct my/our proxy how to vote

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how vote in respect of a resolution, please mark this box.

☐

I/We direct my/our proxy to vote as indicated below

To instruct your proxy how to vote, insert 'X' in the appropriate column against each resolution set out in Schedule 1.

If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting.

Schedule 1 – Voting Directions

For

Against

Abstain

Resolution 1 **Approval of issue of Lavarack Convertible Note**

☐☐☐

Resolution 2 **Approval of issue of Malachite Convertible Notes**

☐☐☐

Signature

If a person: _____ (Signature) _____ Name (print)	If a company: EXECUTED by: _____ Name of company (print) in accordance with Section 127 of the Corporations Act _____ (Signature) (Signature) EXECUTED by: _____ Name of company (print) by its authorised representative in the presence of: _____ Authorised Representative (Signature) Witness (name and signature)
--	---

Date: ____/____/____

This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be received by the Company by 11.30 am on 13 June 2011 (being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be) any of the following ways:

By post to: The Company, c/o- the CFO Solution -OR- By Facsimile to: The Company, c/o- the CFO Solution
Suite 1/1233 High Street +61 (0)3 9822 7735