MinTails
LIMITED

Company Announcement

Rights Issue – update

On 2 May 2011 Mintails (ASX code: MLI) (**Mintails**) announced that it proposed to undertake a 1 for 4 renounceable rights issue at A$0.16 per Mintails share to raise up to approximately A$4,667,162. This issue was to be underwritten by Trinity Asset Management (Pty) Ltd (**Trinity**).

ASX has formed the view that entering into the underwriting agreement constitutes a breach of Listing Rule 7.9 as it constitutes an agreement to issue shares within 3 months of the announcement of the on-market takeover bid by Mr Rex Harbour on 11 March 2011.

Mintails continues to require funding for capital expenditure and working capital requirements. The proposed rights issue is directed at satisfying the funding needs for the company for the balance of the 2011 calendar year and reduce its reliance on short term funding by way of convertible note issues. Accordingly, the board has determined to proceed with the rights issue on a non-underwritten basis. The issue remains renounceable and shareholders not wishing to participate in the issue will be able to dispose of their rights prior to close of the offer.

To reduce the prospect of any shortfall in applications, shareholders who take up their entitlement in full will also have the right to apply for shares in excess of their entitlement under a shortfall offer. In the event of oversubscription, applications for the shortfall will be scaled back pro rata to shares held on the record date for the offer. Applications will also be reduced to the extent necessary to ensure that no applicant under the shortfall facility will breach the Corporations Act by participating in the shortfall facility.

Mintails remains bound by the undertakings to the Takeovers Panel announced to the market on Wednesday, 18 May 2011. These undertakings presently preclude Mintails from releasing an offer document. Accordingly, further details about the right issue, including a timetable, can only be released when Mintails becomes free of these undertakings.

On behalf of the board

Dick van der Walt
Director

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