MinTails
LIMITED

Quarterly Activities Report

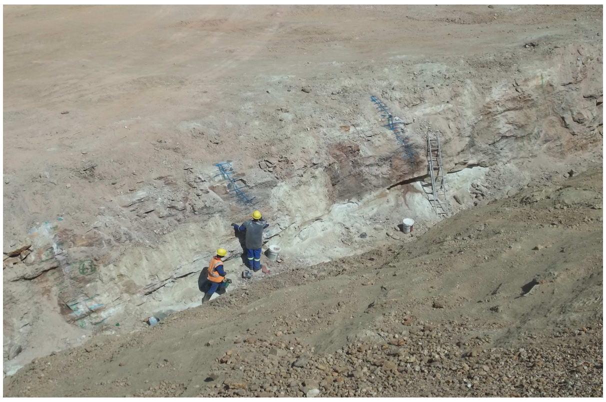
December 2012

Australian Securities Exchange code: MLI

Issued Capital
Number of ordinary shares (listed): 154,555,645
Options on issue (un-listed): 9,939,998

GROUP RESULTS
Key Highlights for the Quarter to 31 December 2012

- **Total tonnes processed for the quarter down by 11% on previous quarter, but plant head grade up by 11%**
- **Total ounces produced for the quarter exceeded 10 000 ounces**
- **Significant resources investment into exploration during the quarter, improving the delivered grades from associated open cast mining operations**



Review of Operations		Quarter Ending Dec-12	Quarter Ending Sep-12	% Change Quarter on Quarter Q2 2013 vs. Q1 2013	Quarter Ending Dec-11	% Change Quarter on Quarter prior year Q2 2013 vs. Q2 2012
Resource Mined	Tonnes	380,333.0	429,009.0	-11.3%	314,838.0	20.8%
Gold Head Grade per Ton	grams per ton	1.04	0.93	11.1%	0.706	46.9%
Gold Production *	Oz	10,502.0	9,940.1	5.7%	6,566.8	59.9%
	Kg	326.6	309.2		204.2	
Gold Production Sold **	Oz	10,155.8	7,704.7	31.8%	5,313.5	91.1%
	Kg	315.9	239.6		165.3	
Gold Price Received	US$ per Oz	1,721.3	1,648.2	4.4%	1,680.3	2.4%
	ZAR per Kg	479,079.8	436,888.1	9.7%	435,045.1	10.1%
Cash Operating Profit (Loss)	AUD$ '000	(1,740.9)	1,636.0	-206.4%	(1,303.8)	-33.5%
	ZAR '000	(15,731.5)	14,051.6		(10,706.4)	
Capital Expenditure	AUD$ '000	(415.0)	(123.0)	-237.4%	(406.6)	-2.1%
	ZAR '000	(3,750.4)	(1,056.5)		(3,338.7)	

Operational Overview

The total revenue for the quarter was up by 7% when compared to the previous quarter (**Q1 2012/13:** revenue up 45%). The quarter under review was the first quarter where Mintails exceeded 10,000 ounces of gold production over the quarter. Total ounces produced year to date now stand at 20,487.

The head grade delivered to the plant was up by 11%, which is a good indication of the improved grades being mined from the hard rock material. The improved grade is attributable to improved gold retention as mining moves through the upper friable zone and into competent rock on the newly established open pits.

As the recovery of tailings has moved down to the second bench of the 1L8 tailings complex and there has been a significant improvement in recovered grade from tailings within this resource.

Significant investment was undertaken during the quarter on exploration work to update the Life of Mine and Resource Statement for the current and near future mining areas. An updated pit model was developed for the Lancaster mining area, which is now being used to direct mining operations on this resource.

Mintails achieved the 1.5 million hours Lost Time Injury Free (LTI Free) milestone on 16 November 2012. At quarter end, Mintails was standing at 1.7 million LTI free hours (445 days); a record safety milestone for the Company.

Mintails paid the first interim payment of A$1,000,000 to West Wits Mining Limited on 22 November 2012. Mintails also repaid paid A$1,526,000 (Total Loan: A$2 million) of the Paige Loan which was originally put in place to facilitate the upfront payment on the acquisition of the West Wits Mining Leases. Subsequent to the end of the quarter, Mintails repaid in full the remaining amount outstanding on the Paige Loan.

Toll Treatment Arrangements

Mintails received a small amount of toll material from Central Rand Gold (CRG) (circa 2,000 tonnes) during the quarter, which was processed in the plant in late December. Mintails has an off-take agreement in place with CRG and will continue to treat toll material when received.

Production

Towards the end of the quarter, Mintails' throughput stabilised around the 60,000 tonnes of hard rock material per month. The ability to increase tonnages any further during this period was substantially hampered by a mechanical failure on one of the three ball mills late in the quarter. The mill is expected to be back online during February 2013, after which open cast production will be increased to 90,000 tonnes of hard rock material per month in stepped production increases over the next 4 months.

Mining on the New, Kimberley and Livingstone Reefs continued during the quarter. Additionally, mining took place on the crown pillar(s) of the Main Reef. During the next two quarters Mintails is planning to increase the production on the Kimberley Reefs, by bringing the Princess and Emerald targets online. Mining of the New, Livingstone and Main Reefs will continue at a reduced rate.

Improvements in grade retention were achieved during this quarter by implementing improved blasting techniques customised for each reef. During the next two quarters, Mintails is planning to increase the production on the Kimberley Reefs, by bringing the Princess and Emerald targets online. Mining of the New, Livingstone and Main Reefs will continued at a reduced rate.

With the increase in exploration work during the quarter, Mintails has identified several additional targets for the medium and long term, the largest of which is the virgin Livingstone resource situated on the Luipaardsvlei property. Diamond core drilling of this target is currently underway with the intention of adding the resource to the Resource Statement in the near future with Competent Person input.

Development work is ongoing with the establishment of new crushing circuits at the Lancaster and Princess Pits, estimated to be completed at the end of February and March, respectively. The crushing circuits will allow Mintails to pump material straight into the Rock mill as primary mill and placing the Marcy mills in series, reducing the trucking transport costs currently incurred on the Kimberly resource pits.

Mintails engaged a contractor during the quarter to undertake screening of on-surface rock fines dumps. The recovery of ore from these rock dumps has proven to be quite profitable and head grades recovered from these rock dumps is around 1gAu/tonne.

The residue grade achieved through the plant has remained consistent at an average budgeted level of 0.13gAu/t over the quarter although an increase in residues is expected during the period the one ball mill is offline.

Safety

Mintails achieved the 1,500,000 LTI Free hours mark in November 2012. This was the first time in the history of the Company that this milestone has been achieved. There is a continued focus on safety in the workplace, especially with the increased mining operations taking place on site. The company is now working towards the next milestone of 2,000,000 LTI Free hours which should be achieved by the end of March 2013.

Mining Rights and Licensing

a. Randfontein Cluster

Mintails is working with the Department of Mineral Resources (DMR) in finalising the MR206GP mining right which covers the Randfontein surface dump cluster and was converted in November 2011. The DMR is at present considering the Environmental Management Programme (EMPR) submitted in April 2012 supporting the conversion of the mining right. Management continue to engage with Interested and Affected parties on all mining operations. The outcomes of these engagements have both been positive and supportive of the company's mining operations.

b. Soweto Cluster

Mintails is still awaiting a response from the DMR regarding the renewal of a Prospecting Right for the Soweto Cluster. The application was submitted in October 2011.

c. West Wits Mining Right – MR132GP

Mintails continues mining operations on this mining right under an interim mining agreement signed by West Wits Mining Limited (WWML) and DRDGold Limited. The mining right was finally converted and transferred to WWML late in July 2012 and, as such, DRDGold are no longer a party to the agreement. Mintails has commenced the preparation of its own Section 11 submission and transfer for this right to Mintails SA Randfontein Cluster (Pty) Ltd (MSR). The process is expected to take approximately a year before the transfer is registered.

d. Mogale Gold Water License

The Department of Water Affairs (DWA) has yet to finalise the application of the Water License for Mintails. During the quarter, Mintails had a meeting with the DWA in relation to the treatment of AMD water through its mining operations. The engagement was positive with more information to be communicated at a later stage.

Deposition

Deposition of the Mogale plant tailings continued into the West Wits Pit. The compilation of the consolidated Environmental Management Programme (EMPR), a regulatory document for managing environmental liabilities, for above-pit deposition continues to provide extended deposition capacity for the company of all resources currently being mined. The EMPR continues to provide extended deposition for all mining operations.

Environment

Mintails continues to rehabilitate affected mining areas within its mining rights boundaries. A number of shafts and open holes on surface have been made safe during the quarter. Mintails has further started the rehabilitation of historic open cast pits with the back filling of material from the new mining areas into these pits. The works being undertaken will inform future rehabilitation programs on similar mining areas.

Corporate

There were no corporate developments of note during the quarter.

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 both hard rock and 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.

Rule 5.3

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, 01/06/10.

Name of Entity:

MINTAILS LIMITED (ASX: MLI)

ABN:

45 008 740 672

Quarter Ended ('Current Quarter')

31st December 2012

Consolidated Statement of Cash Flows

	Cash Flows Related to Operating Activities	Current Quarter $A'000	Year to Date (6 months) $A'000
1.1	Receipts from product sales and related debtors	17,025	32,837
1.2	Payments for: (a) exploration and evaluation	(279)	(411)
	(b) development	-	-
	(c) production	(12,570)	(23,148)
	(d) administration	(797)	(1,680)
	(e) contract services	(99)	(154)
	(f) staff costs	(1,917)	(3,708)
	(g) other working capital	(38)	(73)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	12	15
1.5	Interest and other costs of finance paid	(137)	(137)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	**1,200**	**3,541**
	Cash Flows Related to Investing Activities		
1.8	Payment for purchases of:		
	(a) prospects	(1,000)	(1,000)
	(b) equity investments	-	-
	(c) other fixed assets	(116)	(239)
	(d) capital upgrade to assets	(299)	(299)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid to other entities	-	-
1.12a	Other – Acquisition of Subsidiary	-	-
1.12b	Other - Funding for Joint Venture	-	-
	Net Investing Cash Flows	**(1,415)**	**(1,538)**
1.13	**Total Operating and Investing Cash Flows**	**(215)**	**2,003**

+ 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)**	**(215)**	**2,003**
	Cash Flows Related to Financing Activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1,526)	(2,108)
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	-	-
	Net Financing Cash Flows	**(1,526)**	**(2,108)**
	Net Increase / (Decrease) in Cash Held	**(1,741)**	**(105)**
1.20	Cash at beginning of quarter/year to date	2,446	846
1.21	Exchange rate adjustments to item 1.20	(151)	(187)
1.22	**Cash at End of Quarter**	**554**	**554**

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	89
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, 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
	-

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
	-

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	494	494
3.2	Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

		$A'000
4.1	Exploration and evaluation	244
4.2	Development	-
4.3	Production	13,185
4.4	Administration	491
4.5	Contract Services	175
4.6	Staff Costs	2,469
	Total:	**16,564**

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	554	2,446
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Funds held in trust	-	-
	Total: Cash at End of Quarter (item 1.22)	**554**	**2,446**

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	-	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

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**	154,555,645	154,555,645	-	-
7.4	Changes during quarter (a) Increases through issues	1,508,458	1,508,458	$Nil	$Nil
	(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)*	9,939,998	-	-	**-**
7.8	Issued during quarter	600,000	-	Exercisable @ $0.16 consideration expiring @ 20/12/2018	$Nil
		600,000	-	Exercisable @ $0.22 consideration expiring @ 20/12/2018	$Nil
		800,000	-	Exercisable @ $0.22 consideration expiring @ 20/12/2018	$Nil
7.9	Exercised during quarter	(378,480)	-	Exercisable @ nil consideration expiring @ 02/01/2013	$Nil
		(524,978)	-	Exercisable @ nil consideration expiring @ 06/06/2014	$Nil
		(605,000)	-	Exercisable @ nil consideration expiring @ 29/06/2015	$Nil

+ See chapter 19 for defined terms.

7.10	Lapsed during quarter*	(850,000)	-	Exercisable @ $8.00 consideration expiring @ 30/11/2012	$Nil
7.11	**Debentures** *(totals only)*	-	-	-	-
7.12	**Unsecured notes** *(totals only)*	-	-	-	-

*Lapsed due to vesting conditions not being met

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: .... Date: Tuesday 29 January, 2013
Non-Executive Director

Print name: **Murray Rose**

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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