



Australian Government

Takeovers Panel

MEDIA RELEASE

No: 46/2011

Friday, 3 June 2011

Mintails Limited - Further Undertaking

The Panel has accepted a further undertaking from Mintails Limited in relation to the application dated 17 May 2011 by Mr Seager Rex Harbour (see [TP11/35](#)).

Essentially, Mintails has undertaken that:

- a shortfall offer facility will be included in the proposed rights issue on terms announced by Mintails on ASX on 20 May 2011
- Mintails and Mintails SA will not, unless prior consent of the Panel has been obtained, issue any Mintails shares on exchange of Mintails SA shares under the Convertible Note Agreement without the approval of Mintails shareholders
- the offer document for the rights issue will contain disclosure that is materially the same as that attached to the undertaking and
- it will comply with the key dates attached to the undertaking.

A copy of the undertaking is attached (Annexure A).

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ANNEXURE A

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT (CTH) SECTION 201A
UNDERTAKING**

MINTAILS LIMITED

Pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth), Mintails Limited (**Mintails**) undertakes to the Takeovers Panel (**Panel**) that:

1. a shortfall offer facility will be included in the proposed rights issue on terms announced to the market via the ASX announcement platform on 20 May 2011, for the sake of clarity, references to the Corporations Act include the Act as modified in its application to the shortfall offer facility through a ASIC or ASX relief/waiver;
2. Mintails and Mintails SA will not, unless the prior consent of the Panel has been obtained, issue, or take any action toward or indicate any commitment toward, issuing any Mintails shares on exchange of Mintails SA shares under the Convertible Note Agreement without the approval of Mintails shareholders;
3. the offer document for the rights issue will contain, in a clear and prominent position, disclosure that is materially the same as that set out in Annexure B; and
4. it will comply with key dates set out in Annexure A to this document.

**Signed by Peter Chapman of Mintails Limited
with the authority, and on behalf, of
Mintails Limited
Dated: 3 June 2011**

Annexure A

Date	Event
15 December 2010	Mintails SA issues convertible notes with a face value of ZAR10 million (Mintails SA Notes) to Merteck Services (Pty) Ltd
22 April 2011	Effective date of Mintails SA Notes assignment from Merteck Services (Pty) Ltd to Trinity Asset Management (Pty) Ltd (Trinity) or its nominee
4 May 2011	Nomination Notice received by Mintails SA from Trinity nominating M-Cubed Holdings Limited as the Trinity Noteholder
5 May 2011	Conversion Notice from M-Cubed Holdings Limited converting the Mintails SA Notes into Mintails SA shares
13 May 2011	Trinity Noteholder elects to exercise one for one option and be issued additional convertible notes issued on the same terms as the Mintails SA Notes (Additional Mintails SA Notes)
13 May 2011	Cession and Assignment Agreement assigned half of the Additional Mintails SA Notes to the following entities: <ul style="list-style-type: none"> • The Salty Portfolio Trust; and • Silver Acacia Investments Limited
27 May 2011	M-Cubed Holdings Limited issued with shares in Mintails SA (following conversion of the Mintails SA Notes).
After 30 May 2011	Application to the Reserve Bank of South Africa for conversion of the Additional Mintails SA Notes to Mintails SA shares
8 June 2011	Offer document and ancillary documents lodged with ASX (before 9.30am)
15 June 2011	Extraordinary General Meetings
17 June 2011	Record date for the rights issue
23 June 2011	Offer document sent to Shareholders
7 July 2011	Closing date of the Right Issue
18 July 2011	Commencement of normal trading of Mintails shares issued under the rights issue
Post Rights Issue	Mintails to convene Shareholders meeting to consider the conversion of Mintails SA shares into Mintails shares for the purpose of Listing Rule 7.1 and all other purposes
Post Rights Issue	If Additional Mintails SA Notes have been issued and are converted (not redeemed), Mintails SA shares issued to The Salty Portfolio Trust and Silver Acacia Investments Limited expected to be 4-6 weeks after the date the conversion notice is received
Post Rights Issue	Extraordinary General Meeting to consider the conversion of Mintails SA shares into Mintails shares for the purpose of Listing Rule 7.1 and all other purposes

Annexure B

1. Capital Structure and Recent Fundraising

1.1. Capital Structure – Overview

As at the date of this Offer Document, Mintails has the following securities on issue:

Securities	Number/Number of Shares on conversion/exercise
Shares	116,929,060
Convertible Notes	5,568,469
Options	8,875,500
Total	131,373,029

Mintails may be obliged to issue further Shares or convertible notes which may result in the issue of Shares under the following arrangements:

- Mintails has received loans from Antnea Pty Limited (**Antnea**), Lavarack Pty Ltd (an entity associated with Director George Beaumont) (**Lavarack**) and Malachite International Limited (an entity associated with Chairman Pat Smyth) (**Malachite**) which, subject to receipt of Mintails shareholder approval, will be repaid by the issue of convertible notes. See Sections 1.3 and 1.7 for details;
- Under 5 of the 6 convertible notes held by Antnea, on conversion the noteholder may apply for additional convertible notes in Mintails. These additional convertible notes may ultimately be converted to Shares. See Section 1.7 for details;
- Mintails SA (Pty) Ltd, a subsidiary of Mintails which in turn owns the South African mining interests of the Mintails group (**Mintails SA**), issued convertible notes to Merteck Services (Pty) Ltd (**Merteck**), a South Africa-based investment group. See Section 1.2 for details. These notes were assigned to Trinity Asset Management (Pty) Ltd (**Trinity**) or its nominees with the consent of Mintails in April 2011. See Section 1.3 for details. Trinity has nominated associated entities and these notes have since been converted to shares in Mintails SA. Under the terms of issue of the convertible notes, these shares in Mintails SA may be exchanged for Shares, subject to Mintails Shareholder approval. See Section 1.4 for details.

If all requisite Shareholder approvals are obtained for the issue of convertible notes by Mintails and, in the case of the Mintails SA shares acquired under the convertible notes, for the exchange of these Mintails SA shares for Mintails Shares, the capital structure of Mintails would be as set out in the following table:

Securities	Number/Number of Shares on conversion/exercise
Shares	151,022,961
Convertible Notes	13,053,543
Options	8,875,500
Total	172,952,004

Details of the holders of these securities, the conversion or exercise price (as applicable), the number of Shares into which convertible securities may be converted and the percentage of the fully diluted capital of Mintails those securities would represent are set out in the following table. Security issues subject to Shareholder approval are highlighted in grey.

Security	Holder	Issue price/ conversion price	Number of Shares on conversion/ exercise	Percentage of fully diluted capital ¹
Shares	Existing Shareholders	Various	116,929,060	67.6%
Shares	Antnea	A\$0.11	4,545,455 ²	2.6%
Shares	Antnea	A\$0.10	1,023,014 ³	0.6%
Shares	Trinity Entities ⁴	ZAR0.7505	28,525,432 ⁵	16.5%
Notes	Antnea	A\$0.11	4,545,455 ⁶	2.6%
Notes	Antnea	A\$0.10	4,445,479 ⁷	2.6%
Notes	Lavarack	A\$0.10	555,274 ⁸	0.3%
Notes	Malachite	A\$0.10	3,507,335 ^{8,9}	2.0%
Options	Existing option holders	Various ¹⁰	8,875,500	5.1%
Total			172,952,004	100%

Notes:

- Percentages have been rounded to 1 decimal place.
- Antnea has confirmed its intention to exercise its conversion rights to acquire these Shares. The issue of these Shares is not subject to Shareholder approval. The number of Shares has been calculated assuming interest has not been capitalised prior to conversion as it is not permitted by the terms of issue.
- Antnea has confirmed its intention to exercise its conversion rights to acquire these Shares. The issue of these Shares is not subject to Shareholder approval. The number of Shares has been calculated assuming interest is capitalised prior to conversion.
- Trinity Entities refers to Trinity Asset Management (Pty) Ltd, M-Cubed Holdings Limited, Silver Acacia Investments Limited and Dale International Trust Company as trustee for the Salty Portfolio Trust (**Trinity Entities**). See Section 1.5 for details of the association between these parties.
- The exchange of Mintails SA shares for these Shares is subject to Shareholder approval. Mintails has not convened a meeting to approve the issue of these Shares. The number of Shares has been calculated assuming interest is capitalised prior to conversion.
- The issue of these notes to Antnea is subject both to exercise of conversion rights under Antnea's existing convertible notes and receipt of Shareholder approval. Antnea has indicated its intention to exercise its conversion rights and to subscribe for these additional notes. Mintails has not convened a meeting to approve the issue of these notes. The number of Shares has been calculated assuming interest has not been capitalised prior to conversion.
- The issue of these notes to Antnea is subject to receipt of Shareholder approval. Shareholder approval for the issue of these notes is being sought at the Mintails general meeting to be held on 15 June 2011. The number of Shares has been calculated assuming interest is capitalised prior to conversion.
- The issue of these notes is subject to receipt of Shareholder approval. Shareholder approval for the issue of these notes is being sought at the Mintails general meeting to be held on 15 June 2011. The number of Shares has been calculated assuming interest is capitalised prior to conversion.
- Assumes an A\$/Sterling exchange rate of Sterling 0.6321.
- Options have exercise prices in the range of A\$0.00 to A\$8.00.

Sections 1.2 and 1.3 sets out background information regarding the issue of the convertible notes by Mintails and Mintails SA and the consent given by Mintails to the assignment of the Mintails SA Notes identified above. Sections 1.4, 1.7 and 1.8 summarises the key terms of issue of these securities. Section 2 sets out the impact of the Offer on control of the Company based on a number of assumptions regarding participation in the Offer by substantial shareholders and third parties entitled,

subject to receipt of Shareholder approval, to be issued Shares by Mintails. Section 3.2 sets out details of the funds required by Mintails and Mintails SA to satisfy repayment obligations if Shareholder approval for the issue of the additional Antnea Notes and notes to Lavarack and Malachite is not received at the general meeting to be held on 15 June 2011.

1.2. December 2010 convertible note issues

Since early 2010, Mintails experienced sustained difficulties in securing access to funds required for capital expenditure and to meet operating expenses. The early part of 2010 was dedicated to the completion of a second CIL plant for the processing of slimes tailings at 350,000 tons per month. Operational difficulties associated with this plant (including contamination of gold by iron) led to a restructuring of the operations team and the slimes CIL plant being put into care and maintenance, as it was losing money on a daily basis. The associated loss of revenue from production, as well as anticipated capital expenditure required to add a high grading exercise on the North Sands dump, and the refurbishment of one of the Marcy Mills placed significant demands on Mintails necessitating both short and long term funding. Discussions with parties to facilitate a gold forward sale stalled in October/November 2010 resulting to a significant funding crisis in late 2010.

To address acute short term funding requirements, on 15 December 2010 Mintails reached agreement with Antnea, an Australian based investor and Mertech, a South Africa-based investment group through the issue of convertible notes. These issues raised A\$500,000 from Antnea and ZAR10 million from Mertech.

Investment by South Africa-based entities in non-South African companies requires approval from the South African Reserve Bank (**ZARB**). To ensure funds could be provided immediately, convertible notes to be acquired by Mertech were issued by Mintails SA.

See Sections 1.4 and 1.7 for further information regarding the terms of issue of these notes.

As at 15 December 2010, immediately prior to this fundraising, Mintails and its subsidiaries had cash at bank of A\$44,183.47. As a result of this fundraising, cash at bank increased to A\$2,014,771.71.

1.3. April 2011 fundraising

The December 2010 fundraising addressed the Mintails short-term funding requirements. To ensure Mintails had access to additional working capital and funding for capital expenditure, Mintails proposed to secure further funding by way of an underwritten rights issue. It was also anticipated that an improvement in the Mintails balance sheet through a rights issue would encourage Antnea and Mertech to exercise their conversion rights. Mintails commenced discussions with Mertech to underwrite a Mintails rights issue in February 2011 and reached agreement with Mertech whereby Mertech would make an additional loan of ZAR 15 million to Mintails. The Directors approved this arrangement in principle expected to receive the ZAR 15 million on 11 March 2011 (South Africa time).

On 11 March 2011, Mr Rex Harbour announced an on-market takeover bid for Mintails at a price of \$0.08 per Share. As a result of the takeover bid, Mertech notified Mintails that it would not make the additional advance. In addition, Mertech indicated that it would not convert the Mintails SA Notes and so would not exercise the option to acquire Mintails SA Notes and it would not underwrite the proposed rights issue.

Discussions with Mr Harbour to secure short-term funding on terms acceptable to Mintails were unable to be agreed. As a result, Mintails faced the prospect of redemption of the Mintails SA Notes and a shortfall in funding required for working capital and funding for capital expenditure.

This funding shortfall was addressed in 3 stages. Firstly, on 4 April 2011 Mintails secured limited short-term funding from Lavarack Pty Ltd and Malachite International Limited, entities associated with Directors George Beaumont and Pat Smyth. These loans may be repaid by the issue of convertible notes, subject to Mintails shareholder approval. Shareholder approval for this conversion is being sought from Mintails shareholders on 15 June 2011. If not approved by shareholders, these loans become repayable immediately.

Secondly, a further convertible note, with a face value of \$100,000, was issued to Antnea on 4 April 2011. This Antnea note accrues interest at a rate of 15% per annum and must be redeemed on 31 December 2011 if not converted earlier. It may be converted to Mintails shares at a conversion

price of \$0.10 per Mintails share. If this note is converted prior to the Record Date, the shares issued to Antnea on conversion will participate in the Offer. Antnea also advanced a further \$400,000 by way of unsecured loan. This loan will be repaid by the issue of a further 4 convertible notes subject to Shareholder approval. If not approved by shareholders, this loan becomes repayable immediately.

Thirdly, Mintails consented to the assignment of the Mintails SA Notes to Trinity Asset Management (Pty) Ltd (**Trinity**) with effect from 22 April 2011. This consent included consent to assignment of the Mintails SA Notes to a Trinity nominee (**Trinity Noteholder**). This consent to assignment was granted on the basis that Trinity or its nominee expected to exercise its conversion rights and to take up the Additional Mintails SA Notes. The issue of the Additional Mintails SA Notes would raise a further ZAR 10 million for Mintails SA. Trinity also indicated it would be prepared to underwrite a rights issue, subject to agreement on commercial terms. An agreement was subsequently agreed with Trinity.

As at 4 April 2011, immediately prior to this fundraising, Mintails and its subsidiaries had cash at bank of A\$836,490.43. As a result of this fundraising, cash at bank increased to A\$1,690,890.53 and Mintails had confidence that a further ZAR 10 million would be advanced to the group. The Group also had additional capital commitments of \$958,000.

1.4. Terms of issue of the Mintails SA Notes - summary

On 15 December 2010, Mintails SA, issued 10 convertible notes to Mertech (**Mintails SA Notes**). Each Mintails SA Note is denominated in South African ZAR. The aggregate face value of these notes is ZAR 10 million (representing around A\$1.36 million at current exchange rates). The Mintails SA Notes accrue interest at a rate of 25% per annum and must be redeemed on 15 June 2011 if not converted earlier.

The obligations owed by Mintails SA under the Mintails SA Notes are secured by a first ranking security over land owned by Witfontein Mining (Pty) Ltd and Luipaardsvlie Estates (Pty) Ltd, wholly owned subsidiaries of Mintails SA. The land the subject of this security does not form part of the main business assets of Mintails. The consolidated auditor reviewed financial statement of Mintails as at 31 December 2010, records Mintails as having consolidated total assets of \$95.6 million. The land the subject of this security had a value of \$13.3 million attributed to it in these accounts.

Under each of the Mintails SA Notes, the noteholder has an option to subscribe for additional notes upon conversion of the Mintails SA Notes currently on issue (**Additional Mintails SA Notes**). The Additional Mintails SA Notes will be convertible into shares in Mintails SA at the same effective conversion price as the Mintails SA Notes. These Additional Mintails SA Notes do not carry any right to subscribe for further notes.

Mintails SA Notes may be exchanged for Mintails Shares, subject to Mintails shareholder approval under the ASX Listing Rules (to the extent required) and either approval for the exchange by ZARB or the listing of Mintails on the Johannesburg Stock Exchange. Mintails does not presently propose to apply for listing in South Africa.

The effective exchange rate for Mintails SA Notes to Mintails Shares is ZAR 0.7505 per Mintails Share representing approximately \$0.102 at current exchange rates.

1.5. Mintails SA Notes conversion

On 5 May 2011, the Trinity Noteholder, M-Cubed Holdings Limited, elected to convert the Mintails SA Notes into shares in Mintails SA. Mintails SA shares representing 12.69% of the total issued capital, was issued to M-Cubed Holdings Limited on or around 27 May 2011.

On 13 May 2011 the Trinity Noteholder applied for and was issued the Additional Mintails SA Notes – the beneficiaries of the Additional Mintails SA Notes, each holding 5 Additional Mintails SA Notes (out of a total of 10) are Silver Acacia Investments Limited and Dale International Trust Company as trustee for The Salty Portfolio Trust. Conversion notices have since been received from these noteholders.

Mintails understands that Trinity is a privately owned asset manager resident in South Africa. Mr Quniton George was the founder and is presently managing director. M-Cubed Holdings Limited is a South African resident company listed on the Johannesburg Stock Exchange. Trinity is the largest shareholder in this entity. Silver Acacia Investments Limited and Dale International Trust Company as

trustee for The Salty Portfolio Trust are non-South African resident investment entities associated with Trinity. These parties are together referred to as the Trinity Entities in this Offer Document.

1.6. Consequences if Mintails SA Notes are not exchanged

Under the Mintails SA Notes and Additional Mintails SA Notes, the parties must execute an agreement to effect the exchange of Mintails SA shares issued on conversion for Mintails Shares and satisfy all necessary conditions within 30 days of conversion. If these conditions are not satisfied, the holder of Mintails SA shares may, at its election:

- (a) accept the Mintails SA shares in full and final satisfaction of the Mintails SA Note or Additional Mintails SA Note (as applicable);
- (b) extend the 30 day period necessary to satisfy these conditions; or
- (c) cancel the conversion, return the Mintails SA shares to Mintails SA and require repayment of the principal and interest accrued in respect of the Mintails SA Notes or Additional Mintails SA Notes.

Mintails anticipates that this 30 day period will be extended until Shareholder approval for the exchange of Mintails SA shares for Mintails Shares is granted or declined. If Shareholder approval is not granted, the Trinity Entities will retain their minority interest in Mintails SA.

As a result of conversion of the Mintails SA Notes, on or around 27 May 2011 M-Cubed Holdings Limited was issued shares in Mintails SA equal to 12.69% of the total issued capital in Mintails SA. Following conversion of the Additional Mintails SA Notes, assuming that interest is capitalised and converted, Silver Acacia Investments Limited and Dale International Trust Company as trustee for The Salty Portfolio Trust will each hold 5.75% of the of the total issued capital in Mintails SA. If Shareholder approval for the exchange of Mintails SA shares for Mintails Shares is not granted, assuming the Trinity Entities do not require repayment of the principal and interest accrued, the Trinity Entities would hold 24.19% of Mintails SA.

Under South African law, the Trinity Entities are entitled to convene a meeting of members to appoint a director to the board of Mintails SA. However, unless supported by Mintails, a nominee of the Trinity Entities will not be appointed to the board. Mintails SA has no current shareholders agreement which otherwise entitles the Trinity Entities to appoint a director to Mintails SA or otherwise exercise any influence over the financial or operating policies of Mintails SA.

The Trinity Entities have requested that a nominee be appointed to the board of Mintails SA. There are presently 2 Mintails nominees on the board of Mintails SA. Consideration of the request from the Trinity Entities has been deferred until after the general meeting of Shareholders to be held on 15 June 2011 (**EGM**).

If, notwithstanding the statement of intention of the Trinity Entities referred to above, if Mintails SA is required to repay funds advanced under the Mintails SA Notes, Mintails SA will be required to access funds of A\$1,559,056 to meet these obligations. The amount of interest Mintails SA is required to repay under the Mintails SA Notes will vary based on the date of repayment. The figure of A\$1,559,056 includes interest up to 30 June 2011.

1.7. Terms of issue of Antnea Notes

On 15 December 2010, Mintails issued 5 convertible notes to Antnea (**Antnea Notes**). These notes have an issue price of \$100,000 and convert to Mintails shares at a conversion price of \$0.11 per share. The Antnea Notes accrue interest at a rate of 25% per annum and must be redeemed on 15 June 2011 if not converted earlier.

The obligations owed by Mintails under the Antnea Notes are secured by a first ranking security over land owned by Witfontein Mining (Pty) Ltd, wholly owned subsidiary of Mintails SA. The land the subject of this security does not form part of the main business assets of Mintails. The consolidated auditor reviewed financial statement of Mintails as at 31 December 2010, records Mintails as having consolidated total assets of \$95.6 million. The land the subject of this security had a value of \$8 million attributed to it in these accounts.

Antnea has indicated that it intends to convert the Antnea Notes into Shares on or around 10 June 2011. On conversion, 4,545,455 Shares will be issued to Antnea.

The terms of issue of the Antnea Notes issued in December provide that, on conversion of each Antnea Note, the noteholder may subscribe for a further convertible note on the same terms as the Antnea Notes (**Additional Antnea Notes**), subject only to receipt of all Shareholder approval under ASX Listing Rule 7.1. These Additional Antnea Notes do not carry any right to subscribe for further notes. If this right is exercised and shareholder approval is obtained, Mintails will issue 5 Additional Antnea Notes for an aggregate issue price of \$500,000. This right will expire if not exercised by Antnea in November 2011. The Additional Antnea Notes will not be issued prior to the Record Date.

Mintails also issued 1 Antnea Note on 4 April 2011. This Antnea Note has a conversion price of \$0.10, bears interest at a rate of 15%, is due for redemption if not converted earlier on 31 December 2011, does not carry a right to subscribe for additional Antnea Notes and is unsecured. In all other respects, these Antnea Notes are or will be on the same terms as the 5 Antnea Notes issued in December 2011.

Antnea has agreed to be issued with a further 4 Antnea Notes on the same terms in repayment of the A\$400,000 loan advanced to Mintails on 4 April 2011. The issue of these Antnea Notes is subject to receipt of Shareholder approval (under ASX Listing Rule 7.1) which is being sought from Mintails Shareholders at the EGM.

Ratification of the issue of the December 2011 Antnea Notes (under ASX Listing Rule 7.4) is being sought from Mintails Shareholders at the EGM. Approval for the issue of the Additional Antnea Notes (under ASX Listing Rule 7.1) is not being sought from Mintails shareholders at the EGM.

Antnea is a member of the Stella Group comprising Honan Pty Limited, Antnea, Estelville Pty Limited and Realstar Finance Pty Limited. These entities are controlled by Australian resident investors Antonio and Enea Stella. The substantial shareholder notice lodged with ASX by the Stella Group on 27 April 2011 does not record any other parties as associates of Antnea and Mintails is not otherwise aware of any association between Antnea and other Shareholders.

1.8. Convertible notes in table format

The following table summarises the convertible notes that have been issued, or will be, issued by Mintails or Mintails SA described in this Section 1 if Shareholder approval is received.

	Mintails SA Notes	December 2010 Antnea Notes	April 2011 Antnea Notes	Related Party Notes
Issuer	Mintails SA	Mintails	Mintails	Mintails
Interest Rate (per annum)	25%	25%	15%	15%
Conversion Price per Mintails Share	ZAR 0.7505/approximately A\$0.102	A\$0.11	A\$0.10	A\$0.10 cents
Redemption Date	15 June 2011	15 June 2011	31 December 2011	31 December 2011
Issue Price (per Note)	ZAR1 million	A\$100,000	A\$100,000	£50 000 (Malachite) A\$50,000 (Lavarack)
Aggregate funds advanced	ZAR 10 million Additional ZAR 10 million expected on or about 1 June 2011	A\$500,000 Additional A\$500,000 if option exercised	A\$100,000 Additional A\$400,000 if shareholder approval received (in satisfaction of Antnea)	£200,000 (Malachite) A\$50,000 (Lavarack)

	Mintails SA Notes	December 2010 Antnea Notes	April 2011 Antnea Notes	Related Party Notes
			loan)	
Secured	Yes	Yes	No	No
Option Rights	Yes – 1 for 1 basis for original notes only	Yes – 1 for 1 basis for original notes only	No option rights	No option rights
Governing Law	Victoria/South Africa	Victoria	Victoria	Victoria

2. Impact on Control

2.1. Impact on control - Overview

If all Shareholders take up their Entitlements under the Offer, the Offer will have no impact on control of Mintails.

If Shareholders do not take up their Entitlements in full and the shortfall is allocated under the Shortfall Facility, the impact on control of Mintails will depend on the identity of the participants in the Shortfall Facility, the extent to which they participate and their holding of Shares. The Directors consider it is unlikely that control of Mintails will be affected by the Offer other than as a result of participation by Mr Harbour.

However, in view of the cumulative effect of the dilution of the interests of existing shareholders by exercise of conversion rights under convertible notes on issue or to be issued, subject to Shareholder approval, the potential impact of the Offer (including the Shortfall Facility) on control of Mintails under a number of scenarios is set out in this Section 2. These scenarios are based on a number of assumptions including receipt of Shareholder approval. These assumptions must be considered carefully in assessing the potential impact of the Offer on control of Mintails.

All model scenarios assume that the Shortfall Facility is fully subscribed. If this does not occur, the interests of Shareholders not participating in the Offer will be diluted by the participation of other Shareholders.

2.2. Impact on control: Trinity Entities

This Section details the impact on control of Mintails if:

- The Trinity Entities take up their Entitlement in full and participate in the Shortfall Facility; and
- the Mintails SA shares held by the Trinity Entities are exchanged for Shares.

The events shaded in grey in the following table will be implemented only after receipt of Mintails Shareholder approval. Resolutions to approve these transactions will not be considered at the EGM.

Event	Cumulative Shares held	Cumulative % of issued capital ¹
Shares currently held	5,691,385	4.87%
Dilution by Antnea Notes conversion ²	5,691,385	4.65%
Takes up all its Entitlements under the Offer and does not participate in the Shortfall Facility ³	7,114,231	4.65%
Participates in the Shortfall Facility ⁴	24,978,134	16.31%
Exchange of Mintails SA shares ⁵	53,503,566	29.45%

Notes:

1. Represents number of Shares held by the Trinity Entities divided by the number of Shares on issue immediately after the relevant event.
2. Assumes that Antnea converts all Antnea Notes currently held into 5,568,469 Shares. Does not take account of any further Share or convertible note issue including:
 - a. this Offer; or
 - b. the issue of convertible notes to be considered by Shareholders at the EGM.
3. Assumes the event in note 2 occurs, the Trinity Entities take up their Entitlement in full and the Offer is fully subscribed.
4. Assumes the events in note 2 occurs and:

- a. Mr Harbour takes up his Entitlement in full and takes up no Shares under the Shortfall Facility; and
 - b. no other Shareholder participates in the Offer other than the Trinity Entities who receive the balance of the shortfall under the Shortfall Facility.
5. Assumes:
- a. the events in note 4 occur;
 - b. Shareholders approve the conversion of Mintails SA shares into Mintails Shares in full (including for the purpose of Section 611, exception 7); and
 - c. interest under the Mintails SA Notes and Additional Mintails SA Notes is taken up as shares in Mintails SA and Mintails Shares.

2.3. Impact on control: Antnea

This Section details the impact on control of Mintails if:

- Antnea exercises its conversion rights to acquire Shares under the Antnea Notes currently on issue;
- Antnea takes up its Entitlement in full and participates in the Shortfall Facility; and
- Shareholders subsequently approve the issue of the Additional Antnea Notes and they are converted to Shares.

The events shaded in grey in the following table will be implemented only after receipt of Mintails Shareholder approval. Resolutions to approve these transactions will not be considered at the EGM.

Event	Cumulative Shares held	Cumulative % of issued capital ¹
Shares currently held	9,534,459	8.15%
Conversion of existing Antnea Notes ²	15,102,928	12.33%
Takes up all its Entitlements under the Offer and does not participate in the Shortfall Facility ³	18,878,660	12.33%
Participates in the Shortfall Facility ⁴	30,469,677	19.9%
Issue of Additional Antnea Notes and conversion of all Additional Antnea Notes to Shares ⁵	40,662,355	24.90%

Notes:

1. Represents number of Shares held by Antnea divided by the number of Shares on issue immediately after the relevant event.
2. Assumes that Antnea converts all Antnea Notes currently held into 5,568,469 Shares. Does not take account of any further convertible issues or conversions including the issue of convertible notes to be considered by Shareholders at the EGM.
3. Assumes the event in note 2 occurs, Antnea takes up its Entitlement in full and the Offer is fully subscribed.
4. Assumes the events in note 2 occurs and:
 - a. Mr Harbour takes up his Entitlement in full and takes up no shares under the Shortfall Facility; and
 - b. no other shareholder participates in the Offer other than Antnea who receives the balance of the shortfall under the Shortfall Facility.
5. Assumes:
 - a. the events in note 4 occur; and
 - b. Shareholders approve the issue of all convertible notes to Antnea under current agreements and Antnea converts all notes to Shares.

2.4. Impact on control: Mr Rex Harbour

This Section details the impact on control of Mintails if:

- Mr Rex Harbour takes up his Entitlement in full and participates in the Shortfall Facility; and
- the Mintails SA shares held by the Trinity Entities are exchanged for Shares.

The events shaded in grey in the following table will be implemented only after receipt of Mintails Shareholder approval. Resolutions to approve these transactions will not be considered at the EGM.

Event	Cumulative Shares held	Cumulative % of issued capital ¹
Shares currently held	45,350,532	38.78%
Dilution by Antnea Notes conversion ²	45,350,532	37.02%
Takes up all its Entitlements under the Offer and does not participate in the Shortfall Facility ³	56,688,165	37.02%
Participates in the Shortfall Facility ⁴	75,974,914	49.62%
Exchange of Mintails SA shares ⁵	75,974,914	41.83%
Issue of Additional Antnea Notes and conversion of all Additional Antnea Notes to Shares ⁶	75,974,914	39.60%

Notes:

1. Represents number of Shares held by Mr Harbour divided by the number of Shares on issue immediately after the relevant event.
2. Assumes that Antnea converts all Antnea Notes currently held into 5,568,469 Shares. Does not take account of any further convertible issues or conversions including the issue of convertible notes to be considered by Shareholders at the EGM.
3. Assumes the event in note 2 occurs, Mr Harbour takes up his Entitlement in full and the Offer is fully subscribed.
4. Assumes the events in note 2 occurs, no other shareholder participates in the Offer other than Mr Harbour who receives the balance of the shortfall under the Shortfall Facility.
5. Assumes:
 - a. the events in note 4 occur;
 - b. Shareholders approve the conversion of Mintails SA shares into Mintails Shares in full (including for the purpose of Section 611, exception 7); and
 - c. interest under the Mintails SA Notes and Additional Mintails SA Notes is taken up as shares in Mintails SA and Mintails Shares.
6. Assumes:
 - a. the events in note 5 occur; and
 - b. Shareholders approve the issue of all convertible notes to Antnea under current agreements and Antnea converts all notes to Shares.

2.5. Impact on control: Summary

Set out below is a summary of the impact on control of Mintails as a result of an increase in voting power of Mr Harbour, the Trinity Entities, CI 1 Ltd (a substantial shareholder in Mintails with voting power of 7.89%) and Antnea in a number of scenarios.

The events shaded in grey in the following table will be implemented only after receipt of Mintails Shareholder approval. Resolutions to approve these transactions will not be considered at the EGM.

Step	Harbour	Trinity Entities	Antnea	CI 1 Ltd	Other shareholders	Total
Existing shareholding	45,350,532 (38.78%)	5,691,385 (4.87%)	9,534,459 (8.15%)	9,330,000 (7.98%)	47,022,684 (40.21%)	116,929,060
Takes up all Entitlements under the Offer ¹	56,688,165 (40.10%)	7,114,231 (5.03%)	18,878,660 (13.35%)	11,662,500 (8.25%)	47,022,684 (33.26%)	141,366,240
Participates in the Shortfall Facility ²	56,688,165 (37.02%)	9,335,230 (6.10%)	24,772,406 (16.18%)	15,303,427 (9.99%)	47,022,684 (30.71%)	153,121,912
Conversion of convertible notes held ³	56,688,165 (31.21%)	37,860,661 (20.84%)	24,772,406 (13.74%)	15,303,427 (8.42%)	47,022,684 (25.89%)	181,647,343

Notes:

1. Assumes:
 - a. Antnea converts all Antnea Notes currently held into 5,568,469 Shares prior to the Record Date, so these Shares participate in the Offer. Does not take account of any further convertible issues or conversions including the issue of convertible notes to be considered by Shareholders at the EGM; and
 - b. Mr Harbour, the Trinity Entities, C1 Ltd and Antnea take up their Entitlements, no other Shareholder participates in the Offer and no Shareholder participates in the Shortfall Facility.
2. Assumes the events in note 1 occur, the Trinity Entities, C1 Ltd and Antnea participate in the Shortfall Facility to the fullest extent possible and no other Shareholders participate in the Shortfall Facility.
3. Assumes:
 - a. the events in note 2 occur;
 - b. Shareholders approve the conversion of Mintails SA shares into Mintails Shares in full (including for the purpose of Section 611, exception 7); and
 - c. interest under the Mintails SA Notes and Additional Mintails SA Notes is taken up as shares in Mintails SA and Mintails Shares.

3. Use of Funds

3.1. Overview

If the Rights Issue is fully subscribed:

- the New Shares issued pursuant to the Rights Issue will constitute approximately 20% of the total number of issued Shares immediately after the allotment of the New Shares; and
- the total number of Shares on issue after the Issue will be [146,161,325] (assuming that no convertible notes are converted to Shares. See Section 0 for more information regarding convertible notes).

The Rights Issue will provide Mintails with net proceeds of up to approximately \$4,899,901.16 after issue expenses of approximately \$[amount]. Please refer to Section 3.2 for further information regarding the effect of the Rights Issue on the capital structure.

3.2. Use of Funds

The proceeds raised from the Offer will be used to [details – to be included].

At the EGM, Shareholders will consider resolutions to approve the issue of convertible notes to Lavarack, Malachite and Antnea. See Section 1.3 for details. Mintails also anticipates that Antnea will convert Antnea Notes in a principal amount of A\$500,000 on or before the EGM.

If Shareholder approval for these issues is not granted at the EGM and if the Antnea Notes are not converted, Mintails will have the following short-term funding obligations due on 15 June 2011:

Obligation	Amount due
Repayment of principal and interest due under December 2011 Antnea Note	A\$562,328.77
Repayment of Antnea Loan	A\$404,301.37
Repayment of Lavarack loan	A\$51,438.36
Repayment of Malachite loan	A\$324,857.56 ¹
Total	A\$1,342,926.06

Notes:

1. Assumes an A\$/Sterling exchange rate of Sterling 0.6321.

In addition, if Mintails SA is required to repay funds advanced under the Mintails SA Notes and Additional Mintails SA Notes, Mintails SA will be required to access funds to meet these obligations. If this occurs the Mintails group will have the following short-term funding obligations due and payable before 30 July 2011:

Obligation	Amount due
Amounts due at 15 June 2011 (see above)	A\$1,342,926
Repayment of the Mintails SA Notes	A\$1,594,441 ¹
Repayment of Additional Mintails SA Notes	A\$1,426,158 ¹
Total	A\$4,363,525

Notes:

1. Assumes an A\$/ZAR exchange rate of ZAR 7.3.

Funds from the Offer will not be received before the due date for payment of these liabilities. Mr Rex Harbour, the largest Shareholder, has indicated his willingness to provide short-term unsecured bridge funding to ensure Mintails has access to sufficient cash to meet these liabilities if they fall due before the proceeds of the Offer are received. As at the date of this Offer Document, no firm commitment to provide these funds has been received.