



Titleholder	Minemakers Australia Pty Ltd
Operator	Minemakers Australia Pty Ltd
Tenement Agent	McColl Exploration and Mining Title Services Pty Ltd
Tenement	EL24607
Project name	Wakaya
Report title	Annual Report for Period Ending 2nd July, 2010 – EL24607 Wakaya
Personal authors	Fulton R.L. and R. Varley
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Target commodity	Phosphate
Date of report	19 August, 2010
Datum/Zone	GDA94, Zone 53
250,000 mapsheet	Alroy and Frew River
100,000 mapsheet	Wonarah and Joildung
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Annual report for EL24607 - Wakaya

WONARAH PHOSPHATE PROJECT

ANNUAL REPORT TO 2nd JULY 2010

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ABSTRACT

EL24607 is located approximately 200 km east-southeast of Tennant Creek and lies along the east edge of Minemakers' Wonarah Phosphate Project. It was acquired as part of a tenement acquisition program to secure tenure in the near vicinity of the Wonarah basement high which is considered to be prospective for shallow, potentially economic phosphate deposits.

Although Minemakers is focused on the development of the Wonarah and Arruwurra deposits, it is cognizant of the potential to find additional significant phosphate mineralisation on adjacent tenements, including EL24607. A drilling program was developed to test for shallow, Arruwurra-style mineralisation and also to test the depth to the phosphate horizon on a more regional scale. The drill program involves work on EL24607, EL9979, EL21685, SEL26451 and SEL26452. Because of the time taken to obtain heritage clearances, only site preparation work took place within the reporting period. Drilling is planned to finish in August 2010.

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1. INTRODUCTION

1.1. Location, accessibility, climate and topography

The project is located in the Barkly region of the eastern Northern Territory, approximately 200 km east of Tennant Creek (Figure 1). The nearest town is Camooweal in western Queensland, approximately 180 km to the east.

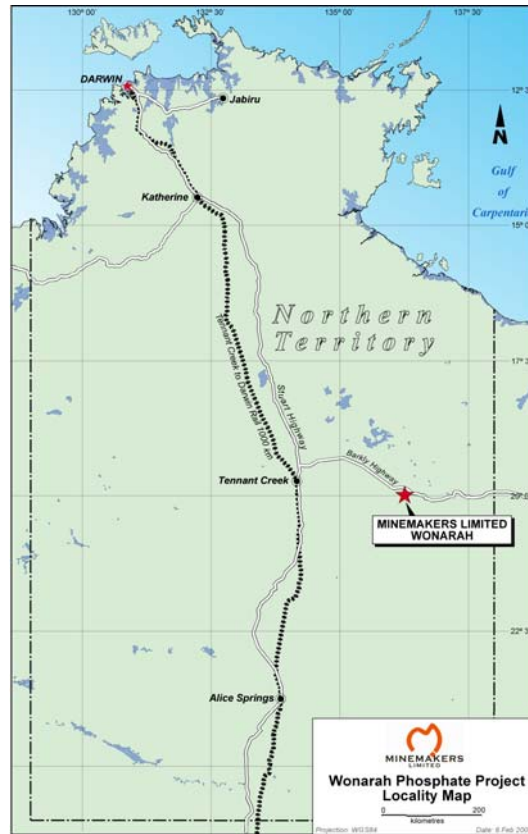


Figure 1. Location map

Access to the property is via the Barkly Highway, the main paved freight link between Queensland and the Northern Territory, which runs within 4 kilometres of the northern boundary of EL24607 (Figure 2). Access within the tenement is via a network of dozed tracks suitable for 4WD only.

The topography relief within the Wonarah Phosphate Project areas is very gentle with elevation ranging from about 240 m to about 300 m. The area is semi-desert with generally sparse tree and shrub cover. There are no watercourses.

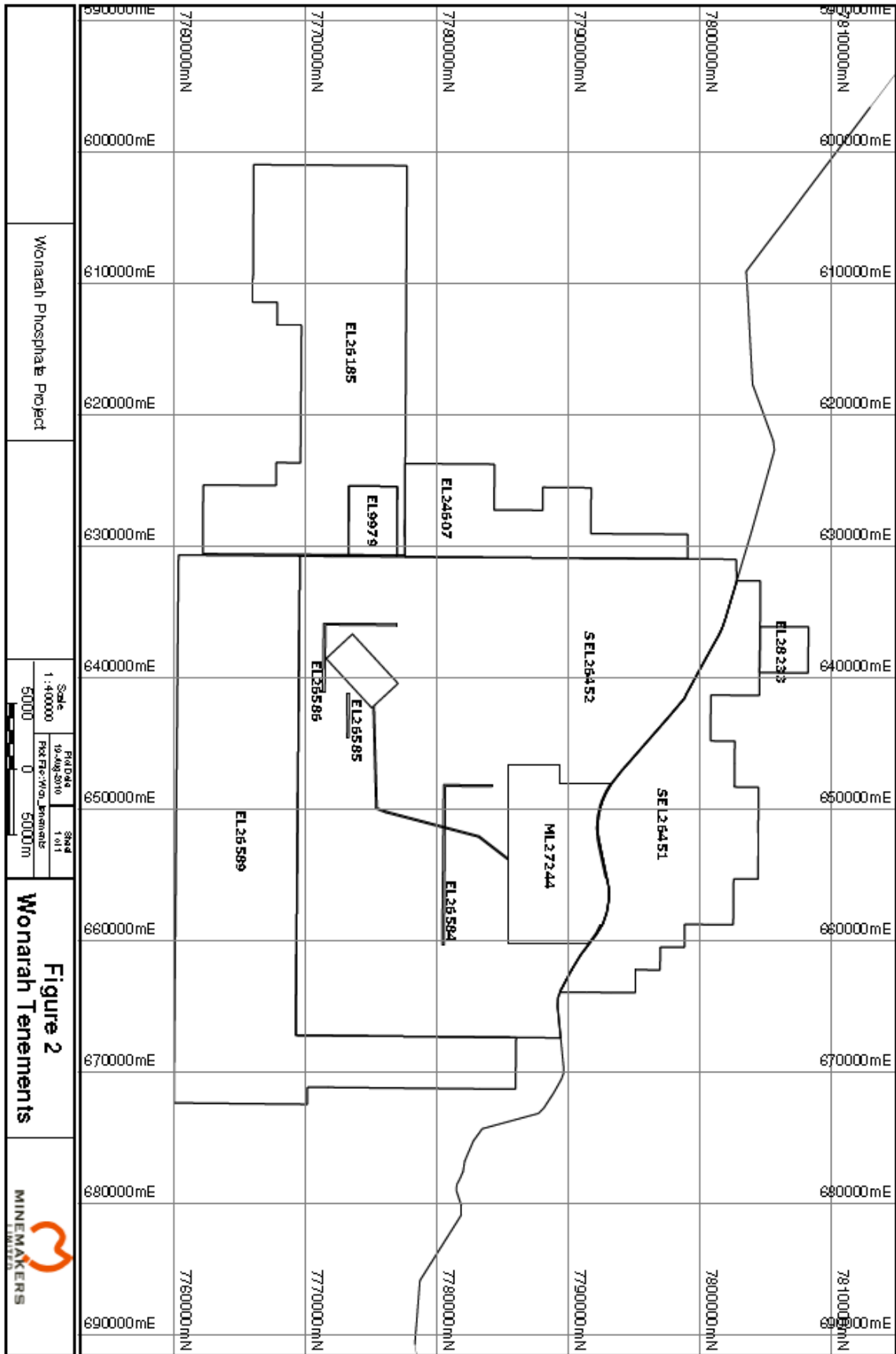


Figure 2. Wonarah Tenements.

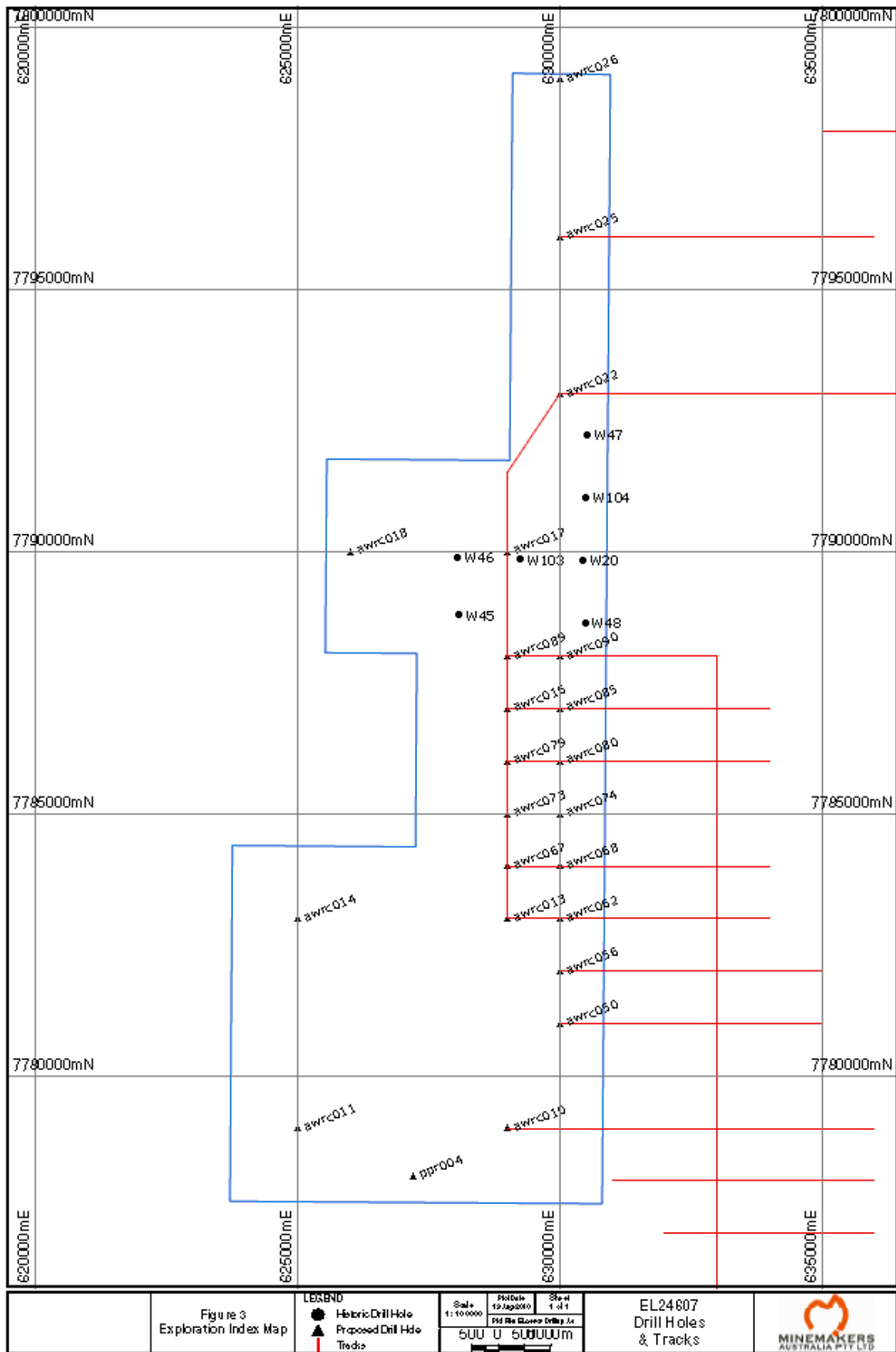


Figure 3. Exploration Index Map

1.2. Tenure

EL24607 is part of the Wonarah Phosphate Project (Figure 2).

Minemakers Australia Pty Ltd (Minemakers Australia, ABN 18 081 911 917), "MAPL", is the holder of EL24607.

EL24607 is located on Aboriginal Freehold Land owned by the Wakaya Aboriginal Land Trust and is subject to a confidential Deed For Exploration (19 March 2009) between MAPL and the Central Land Council (CLC).

An exploration drilling program have been authorised by the Dept of Resource Development, Primary Industries, Fisheries & Mines (Mining Management Plan): Wonarah Project Authorisation 0413-03.

MAPL has obtained a sacred site clearance through the Central Land Council: Sacred Site Clearance Certificate C2010-032.

2. REGIONAL AND LOCAL GEOLOGY

2.1. Deposit style and model

Minemakers Australia is seeking to develop a large sedimentary phosphate deposit within the Georgina Basin. The Georgina Basin is an extensive late Proterozoic to early Palaeozoic basin that extends from northwestern Queensland through much of the eastern Northern Territory area and which hosts several large sedimentary phosphate deposits. A map representing the regional geological setting (ex Rio Tinto) is presented in Figure 4.

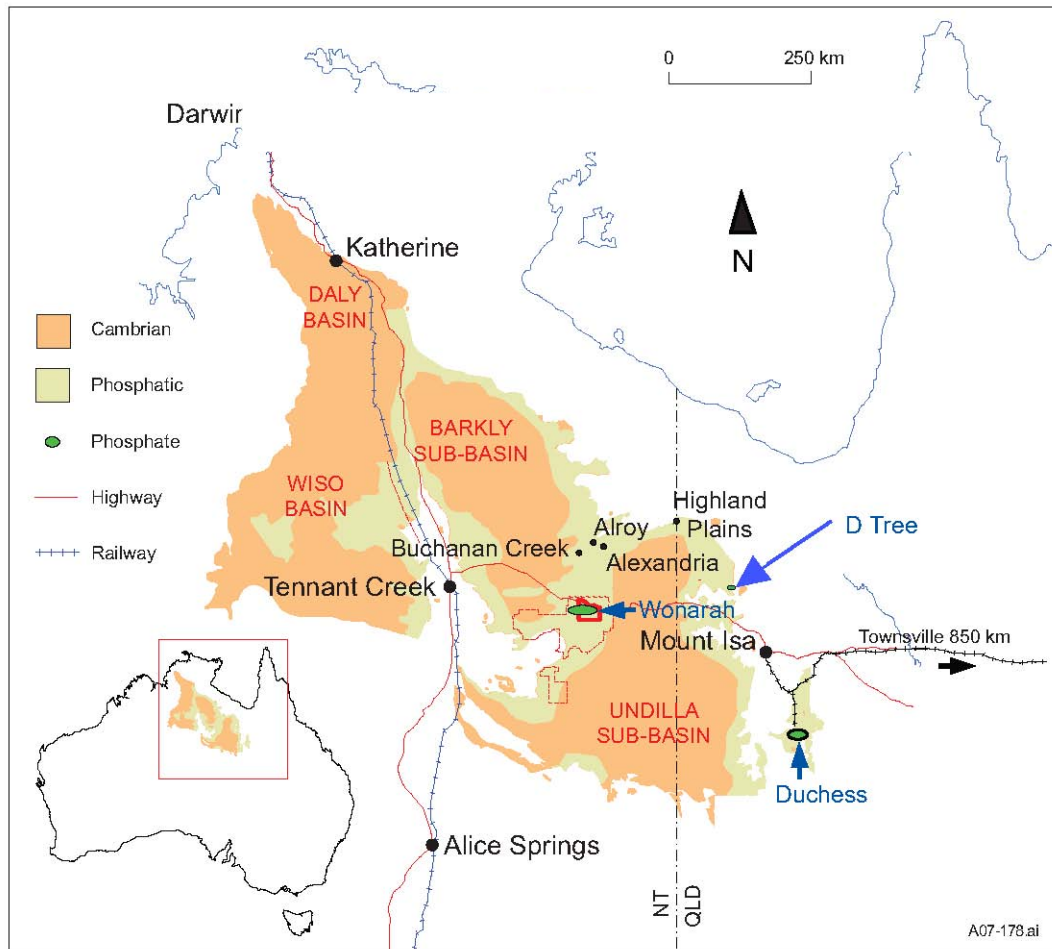


Figure 4a. Regional geological setting of the Georgina Basin phosphorite sequences (from Lilley and Andrews, 2001).

Sedimentary phosphate deposits are restricted in their occurrence globally. The model for phosphate deposition requires upwelling, cold phosphate-saturated water depositing phosphate onto the continental shelf where the required narrow pH range is locally present. Co-deposition with carbonate occurs at slightly higher pH values. Carbonate deposition becomes dominant at higher pH. Post-depositional reworking and replacement of carbonate facies by phosphatic mineralisation is probably an important factor in upgrading phosphorite grades to economic levels.

2.2. Regional geology

The Wonarah phosphate project is situated in the central western Georgina Basin, a large late Proterozoic to early Palaeozoic basin that extends from northwestern Queensland through much of the eastern Northern Territory.

Basement in this part of the Georgina Basin is comprised at least partly of a granite unit of Palaeoproterozoic age. This unit possibly correlates with the Palaeoproterozoic granitoids of the Tennant Creek region to the east. Mesoproterozoic sediments and volcanics are overlain by the Early Cambrian Helen Springs Volcanics (formerly Peaker Piker Volcanics). A northeast-southwest trending basement high runs through the Wonarah project area.

Overlying Middle Cambrian sediments are divided into two basin-wide sequences. Sequence One deposited clastics, carbonates, organic shales and minor phosphorites during gradual transgression which was abruptly terminated by rapid regression. In the Wonarah region, basement highs are flanked by on-lapping dolomitic rocks equivalent to the Thornton Limestone. An erosional unconformity is represented by the development of a karst surface.

Sequence Two deposited shallow clastics, carbonates, grainstones, peritidal phosphorites and phosphatic limestones in a transgressive tract system. At Wonarah, dolostone, mudstone and phosphorite of the lower Middle Cambrian Upper Gum Ridge Formation overlie Sequence One rocks and basement highs. This formation contains major phosphorite mineralisation and is equivalent to the Beetle Creek Formation on the eastern margin of the basin which hosts Phosphate Hill and Lady Annie-D-Tree phosphate deposits. The overlying Wonarah Beds are Middle Cambrian mudstone, siltstone and dolostones.

Silcrete, ferricrete and calcrete regolith are extensively developed and large areas are covered by stabilised aeolian sand.

2.3. Project Geology

2.3.1. Main Zone

Basement in the Main Zone area is alkali-feldspar granite of possible Palaeoproterozoic age, overlain by the Helen Springs Volcanics. The top of the basalt is extremely weathered and a ferruginous and manganiferous duricrust is developed locally. Where less weathered, the basalt is vesicular, amygdaloidal and irregularly porphyritic. Dolomitic rocks of the Thornton Limestone equivalent are present above the basalt at the southeastern extremity of the Main Zone. To the east and the south the carbonate rocks are developed extensively.

The overlying phosphate-bearing Upper Gum Ridge Formation is divided into five main units: a basal, indurated high grade phosphorite; muddy to sandy, clay-rich transitional sediments; a chert breccia phosphorites; a mudstone phosphorite; and a convolute mudstone.

The basal Transitional Phosphorite (TUP) is a laterally discontinuous high grade indurated phosphorite up to 3 m thick developed throughout the project area.

The Transition Sediments (TUN) are laterally continuous, 4-6 m thick and are composed of clay-rich mudstone and siltstone with minor phosphorite, dolomite, sandstone and basal epiclastic.

The Chert Breccia Phosphorite (CBX) forms a distinctive, laterally extensive horizon, 1-8 m thick, and comprise yellow, grey or pink, variably friable or indurated, low to high grade phosphorite with abundant dark grey chert. Chert averages 20-60%.

The Mudstone Phosphorite (MPH) is the main phosphate-bearing unit at Wonarah and comprises 1-10 m of yellow and pink mudstone phosphorite with trace to minor dark grey chert. The mineralogy is dominated by (carbonate)-fluorapatite – $\text{Ca}_5(\text{PO}_4, \text{CO}_3)_3\text{F}$. The MPH is variably friable or indurated with the indurated phosphorite typically being high to very high grade (30-40% P_2O_5).

The Convolute Mudstone (CMU) is a 1-10 m thick unit of white, light grey and yellow clay-rich variably convolute mudstone with minor siltstone and fine sandstone interbeds. It generally contains minor (<10%) P_2O_5 .

The Wonarah Beds overlie the Convolute Mudstone and are composed of mudstone and siltstone with minor chert, the Hangingwall Mudstone (HMU). The Wonarah Beds thicken towards the east and south away from the basement high that defines the western fringe of the Main Zone. The Wonarah Formation is unmineralised. Dolomitic units, the Hangingwall Dolostone, (HDO) are present east and south of the Main Zone.

Regolith is extensively developed throughout the Main Zone with silcrete and ferricrete present in most holes. Low silcrete ridges are prominent features. Colluvial and alluvial deposits are common and extensive stabilised aeolian deposits cover much of the regolith.

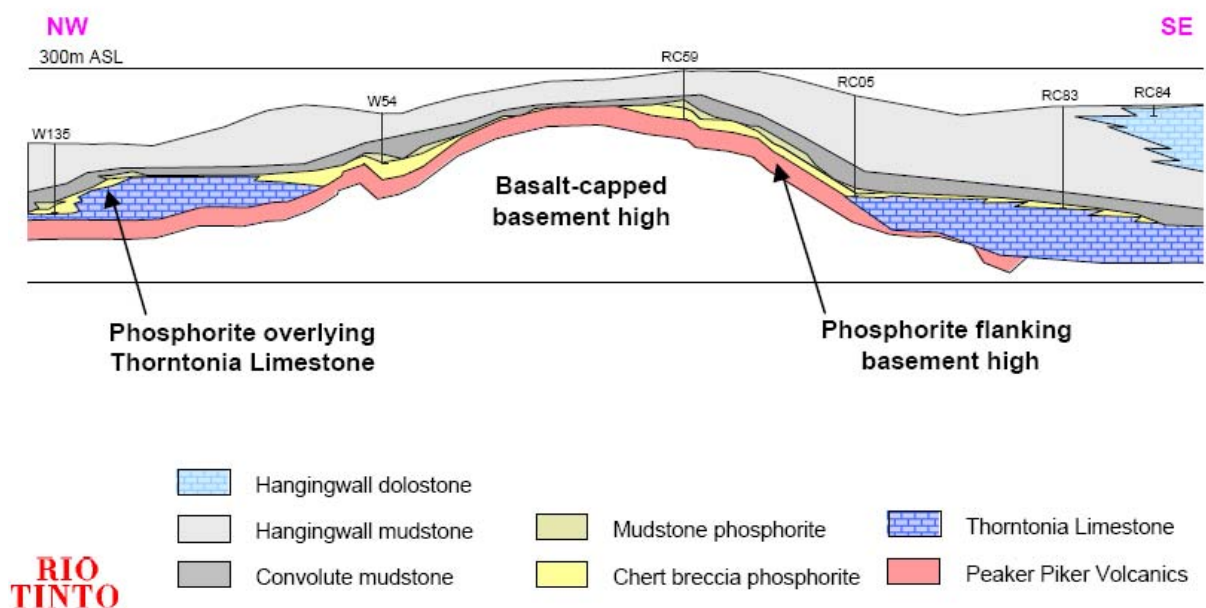


Figure 4b. Schematic section through the Wonarah sequence, modified from Lilley and Andrew, 2001. Drill holes are pre-Minemakers Australia.

3. REVIEW OF PREVIOUS WORK

3.1. Prior ownership

IMC Development Corporation was granted PL 1802 over the Wonarah region on 18 July, 1967 covering a total area of 3309 square miles (8570.31 km²; CR19680030). The tenure converted to PA 2161 Wonarah (CR19690022) on renewal on the 12 December, 1968 due to conditions governing the expiry and renewal of prospecting Licenses in NT.

The area was relinquished and declared Ministerial Reserve No 819 by the Northern Territory Government.

EL1084 was granted to ICI Australia Ltd and Australian Fertilizers Ltd on 8 May, 1976 for an area of 410 square miles (1061.9 km²) north and adjacent to the Barkly Highway. The adjacent EL1083, located south of the Barkly Highway, was granted in February 1978 for a total area of 848.5 km² (CR19780059).

The area to the south of the Ministerial Reserve 819 was taken up by CRA Exploration Pty Ltd (CRAE) and EL3571 was granted on 25 May, 1983. The project was abandoned in April 1985.

In September 1997, Rare Earths and Minerals Pty Ltd (REM) and Pilbara Chemical Corporation NL (PCC) applied for four Exploration Licences, covering the Wonarah phosphate deposit and adjacent areas including the former CRAE tenure.

In January 1998, Australian Kimberley Diamonds N/L (AKD) entered into an exclusive option with REM/PCC to acquire the project and subsequently EL 9976 was applied for by AKD Ltd (Australian Kimberley Diamonds N/L, changed to Indo Mines Ltd in 1996) which was granted on 6 February, 1998. In March 1999, Rio Tinto Exploration Pty Limited (RTE) entered into a farm-in and joint venture agreement for EL9976 with Indo Mines (AKD N/L). RTE was the manager of this tenement. EL's 22167 and 22168 were applied for by RTE on 31 August, 1999 and granted on the 4 August, 2000 (CR2001-0280). RTE withdrew from the joint venture in November 2002 due to a determination that the project was NPV negative.

The underlying land tenure is Arruwurra Aboriginal Corporation NT freehold.

Tenure information was extracted from the Consultant Geologists' report within the Minemakers Prospectus where reports are not cited.

3.2. Historical exploration

Pre-Minemakers Australia

During the period of 1967 to 1971 IMC Development Corporation drilled 139 vertical rotary-percussion holes within PA2161, accompanied by mapping of photo patterns and soil types, radiometric traverses, analysis of B.M.R. gravity data and radiometric logging of open water bore holes. The drill pattern was spaced at 1 hole per 5.5 square kilometres with no two holes less than 1.2 km apart (CR2000071). IMC described a common phosphorite association within silt-chert, with the main chert concentration located above the phosphorite, and an extensive but non-DSO

phosphorite defined using the widely spaced drilling pattern. The phosphorite was located at depths of 17 m to 45 m and reached a maximum thickness of 18 m at the eastern end of the deposit.

Beneficiation studies (CR19690022) were undertaken on 6 samples taken from samples of clayey-siltstone-chert. The study produced a high-grade beneficiated product with an overall BPL recovery of 45-48%. Flotation concentrate of the samples yielded 77.8% BPL, 7.8% Insol, 2.8% total I & A and a CaO/P₂O₅ ratio of 1.32.

Following completion of the 139 open hole rotary percussion series, (total of 18733 feet or 5709.8 m), calculations of the phosphorite were reported in CR19700038 as 669 million short tons (606.8 Mt) averaging 15.73% P₂O₅, calculated at a cut off average at 10% P₂O₅. A total of 532 million short tons (482.5 Mt), using a cut-off of 14% P₂O₅ averaging 16.74% P₂O₅ and 307 million short tons (278.4 Mt) averaging 18.98% P₂O₅ indicated using a cut-off average of 18% P₂O₅. Restrictions applied included limitation of phosphorite reserves to 2000 ft (609.6 m) beyond a drill hole on the margins of the deposit.

IMC's second calculation of reserves was made extending the limit of phosphorite to 4000 ft (1219 m) beyond a hole. Calculations were reported as : at 10%, 14% and at 18% P₂O₅. cut-off reserves were 970 million short tons (879.8 Mt) at 15.71% P₂O₅., 771 million short tons (699.3 million tonnes) at 16.46% P₂O₅. and 418 million short tons (379.1 Mt) at 18.96% P₂O₅. respectively. Calculations were undertaken using the polygon method, with consideration to the widely spaced drilling. Mining-related limiting factors were not accounted for in the calculations.

At that time, conditions did not allow for an economic deposit.

Between 1976 and 1979, ICI and AFL tenure was marked by problematic re-location of IMC drilling and a rotary percussion drilling program (CR19780059) on the eastern side of the mineralisation, of 10 rotary-percussion holes (9 holes for 514 m and a 5 m hole abandoned). The program intersected phosphorite at depth, accompanied by drilling difficulties that plagued IMC in the same area. Drilling results indicated a thickening of the phosphorite on the eastern edge of the Wonarah volcanic high and confirmed the depths and phosphate grades, and indicated reasonable continuity of the phosphorite bed over an area of some 6 km² at overburden ratios of less than 7/1" (CR197800007). Results from a 1979 metallurgical investigation were not cited.

In 1983-1984, CRAE carried out a low-level aeromagnetic survey, to define the volcanic basement, however internal review of commodity targets and lack of transport infrastructure closed the project in 1985.

In 1992-1993, the area was explored for diamondiferous diatremes based on airborne magnetic and radiometric surveys. A program of loam sampling was undertaken and in 1993 one hole was drilled to test a ground magnetic anomaly, within EL9979, which intersected a thin phosphatic claystone unit overlying mafic volcanic.

In January 2000, Rio Tinto Technical Services conducted a Prefeasibility Study using available data, which identified a "global resource estimate of 1955 Mt at 14.4% P₂O₅." (CR20000071), at depths ranging from 30 m and 50 m, with a maximum assayed grade of 28.6% P₂O₅.

During 2000-2001, RTE drilled three phases of mainly RC holes (120 holes, 6215.5 m), minor RAB (2 holes, 130 m) and 12 diamond holes for 296.1 m core and 368.1 m of pre-collar, with accompanied down-hole gamma ray logging. A gravity survey was undertaken to define basement highs, with limited success. The drilling program focused upon ground with no previous drilling and placed a series of closely spaced holes within the well mineralised region in the southern area of the mineralisation identified by IMC, enabling them to define an Inferred Resource.

A 23 km² resource, that mainly excludes the area drilled by IMC, was delineated within mudstone phosphorite, but did not include the underlying lower grade chert breccia phosphorite, which runs poorer lateral continuity. The inferred mineral resource was reported as 115 Mt at 22% P₂O₅ at a cut-off grade of 15%.

Following additional infill drilling, a recalculation and delineation of an inferred resource in December 2001 was reported as 72 Mt at 23% P₂O₅, at a cut-off of 15%. The drill density and pattern was noted as uneven with some holes up to 1800 m apart and the author of the resource report advised caution if this category was to be considered in economic studies.

Rio Tinto carried out beneficiation tests to determine the potential of upgrading the Wonarah ore, based upon tests limited to washing and screening. The deleterious elements were reduced but the process failed to give a major increase in grade.

A combination of reduced estimate size and failure to upgrade the mineralisation economically lowered the projects potential and after RTE initiated a reverse economic study, indicating that the project was then NPV negative, withdrew from the joint venture in 2002.

Exploration also included field work on the outcropping phosphorite beds at Arruwurra, where rock chip sampling indicated that the grade was high but of unknown extent. Joint venture exploration activity also included interpretation of Landsat 5 Thematic Mapping of regolith types, petrological study of core samples and the Arruwurra outcrop and soil sampling.

Historical exploration information was extracted from the Consultant Geologists' report within the Minemakers Prospectus where reports are not cited.

4. WORK COMPLETED DURING THE REPORTING PERIOD

4.1. Drilling

Work completed for the year included drill planning followed by the construction of approximately 37 kilometres of access tracks and 23 RC drill sites (Figure 3). Drilling is due to commence on or about the 12th July 2010.

5. ENVIRONMENT

1.1. Environmental disturbance

Approximately 11.1 hectares of disturbance was created by track construction and 1 hectare of disturbance was created by drill pad construction.

1.2. Environmental studies

A comprehensive environmental impact study for the Wonarah Phosphate Project formed part of the feasibility study which was completed in June 2010.

6. REFERENCES

Lilley, G.L. and Andrews, S.J. 2001. Combined Annual Report for the Period Ending 2/9/01 EL9976, EL22167, and EL22168 Wonarah Northern Territory. Report No. 2453. Rio Tinto Exploration Pty Limited.