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ANNUAL REPORT

EXPLORATION LICENCE 9978

WONARAH PHOSPHATE PROJECT

NORTHERN TERRITORY

November 2005

TABLE OF CONTENTS

Page

CONTENTS

LOCATION **1:250,000 sheets: Avon Downs, Frew River, Alroy & Ranken**

1:100,000 sheets: Barry Caves, Joildung, Wonarah & Ranken

KEY WORDS **Rock phosphate, phosphate, drilling, Arruwurra, diammonium phosphate, DAP**

1. INTRODUCTION

This report covers the work done on EL 9978 in the year to 29th September 2005. This tenement and the adjacent ELs 9976, 9979 and 22168 contain the Wonarah rock phosphate deposits – generally regarded as Australia's largest undeveloped resource of that commodity – and the outcropping to outcropping Arruwurra Prospect some 16kms distant. Figures 1 & 2.

It is the first report submitted by the project's new manager, Minemakers Australia NL.

2. PROJECT MANAGEMENT

Minemakers Australia NL ("Minemakers") has acquired an option over the abovementioned four tenements from their holder, AKD Limited. It has also applied for tenements to gain coverage over the remaining known phosphate mineralization between the AKD tenements (EL(a)s 24607 and 24609, Figure 1). Minemakers will acquire the AKD tenements upon listing of its parent, Minemakers Limited, on the ASX.

3. BACKGROUND HISTORY

In 1968 the Bureau of Mineral Resources mounted a drilling programme in the Alexandria/Wonarah area with results being presented in an unpublished report in 1970.

Regional scout drilling to define the extent and development of phosphate mineralization in Cambrian sediments at the base of the Georgina Basin succession was conducted by several companies in the late 1960s. In the Wonarah area north of latitude 20° 00′ S RAB drilling was undertaken by United States industrial minerals and chemicals company IMC Development Corp. (Australia) from 1967 to 1970. In 1970 they identified bodies of mineralization and carried out metallurgical studies but the economics were considered to be unfavourable. The tenements were subsequently relinquished and the ground was then declared Ministerial Reserve No.819 by the Northern Territory Government.

Between 1976 and 1979 the ICI Joint Venture (ICI) between ICI Australia Ltd and Australian Fertilizers Ltd mounted exploration programmes over EL 1083 & EL 1084. EL 1084 covered ground lying to the north of the Barkly Highway and was granted in May 1976. EL 1083 covered ground lying to the south of the highway but was not granted until February 1978. The two licences covered different portions of the main area of phosphate mineralization identified by IMC so ICI declined to spend money in the field until both licences were granted and obtained exemption from expenditure commitments on EL 1084 until EL 1083 was granted.

The area to the south of Ministerial Reserve No. 819 (south of latitude 20° 02′ S) was taken up by CRAE in May 1983 as EL 3571. A broad spaced (1,000m) airborne magnetic survey was conducted in December 1983 with the main objective of determining depth to basement which generally correlates with depth to phosphate horizon in the better mineralized areas. Access tracks and a drilling grid were established. An internal company review then downgraded the phosphate potential in this area due to lack of infrastructure. The project was abandoned in April 1985 without any drilling being undertaken.

In September 1997 Rare Earths and Minerals Pty Ltd and Pilbara Chemical Corporation NL (REM/PCC) applied for four Exploration Licences totalling 323 blocks covering the Wonarah phosphate deposit and adjoining areas including the former CRAE ground.

3. BACKGROUND HISTORY (cont.)

In January 1998 Australian Kimberley Diamonds NL (AKD) (name changed to AKD Ltd 26/06/00) entered into an exclusive option over the Wonarah project with REM/PCC to acquire the project for $15,000 and 1.5M shares and $20,000 after one year and $25,000 after two years.

In February 1998 the largest of the applications EL 9976 (188 blocks – 605km^2) was granted and AKD carried out a technical review of geological and metallurgical data on the project while at the same time REM/PCC undertook a scoping study of infrastructure and markets. These studies confirmed the technical data and indicated that the building of the railway to Darwin and availability of natural gas would greatly improve the viability of the project. AKD therefore approached a number of mining houses seeking a joint venture partner.

Rio Tinto Exploration Pty Ltd (RTE) (80%) entered into a joint venture agreement with AKD (20%) and from March 1999 to December 2002 carried out a comprehensive exploration programme including drilling of 136 holes for 7,248m. Most of these holes were south of latitude 20° 00′ S in an area not drilled by IMC. This work allowed RTE to make a full assessment of the project and using the DAP fertiliser prices at that time decided that the project was NPV negative and withdrew from the joint venture in November 2002 after spending $2.4M.

AKD became 100% owner of the project after the withdrawal of RTE and reviewed the work that had been carried out during 2003 before seeking a new joint venture partner.

4. WORK DONE

Prior to the beginning of Minemakers' option, AKD's work was confined to unsuccessfully seeking capital to further the investigations at Wonarah.

Minemakers and AKD travelled to Darwin and introduced the former to the Executive of DBIRD.

Minemakers outlined its plan for taking Wonarah forward, as follows in the next section.

A review of the project by the Minemakers' Independent Consulting Geologist ("IGR") was undertaken and is presented as an Appendix.

5. PLANNED PROGRAMME

Exploration of EL9978 will be carried out in conjunction with work on the entire Project area

5.1 EL9978 Drilling

EL9978 is known to be underlain by phosphate mineralization, but current drill density is insufficient to either define a resource or to get a realistic framework on the economic potential of the tenement

Minemakers aims to increase drill coverage during the forthcoming year, so as to reach a decision on the prospectivity of it to host a genuine orebody.

5.2 Infill Drilling

The IGR notes that past drilling of the main Wonarah deposit in ELs 9976 and 22168 is on an irregular and often wide-spaced position. It seems that some infill may be required to ensure that resource estimates will be at an appropriate confidence level for bankable feasibility.

5.3 Drill-out of the Arruwurra Prospect

The main deposit lies under an average of 40m of cover and mining of this waste would be costly and has adversely affected previous economic studies of the financial viability of the project development.

The Arruwurra Prospect lies some 16kms southwest of the main deposit (Figure 1) in the southerly sector of EL9976. It has high grade mineralization at surface supported by a few drill holes indicating vertical continuity of it.

As its first priority, Minemakers aims to drill out Arruwurra so as to define the resource.

5.4 Scoping Study

Assuming positive results from Arruwurra, Minemakers will commission a new study on the economics of Wonarah. It will also incorporate the cost impact of the Alice Springs-Darwin railway which has been constructed since the earlier economic studies.

5.5 Phosphate Outlook

While cognisant of rising mining costs world-wide, Minemakers has a positive outlook on future phosphate prices. It notes increasing demand from China and Asia and future export difficulties for the American phosphate industry, where permitting of new mines is becoming increasingly difficult for environmental reasons. It aims to seek access to expanding Asian markets for Wonarah Phosphate.

5.6 Diammonium Phosphate ("DAP") Potential

Whilst rock phosphate prices have yet to increase strongly, DAP prices have done so (see Figure 3) in response to both increasing demand and also to higher energy costs.

DAP production involves usage of sulphuric acid and energy. Access to significant quantities of the latter at world-competitive prices is required. Minemakers notes that natural gas is now being piped to Darwin from the Timor Sea fields. Although it understands that this initial production is already committed, Minemakers intends to try to attract interest in setting up a consortium that would seriously look at the economics of setting up a DAP production plant near Darwin. It has recently initiated discussion on this matter with DBIRD.

6. EXPENDITURE

During the year, expenditure on EL9978 was as follows:

	$
Independent Geologist Report	2,700
Phosphate & DAP economic studies	2,450
Travel & accommodation	1,950
Overheads	1,200
	$8,300

Figure 1

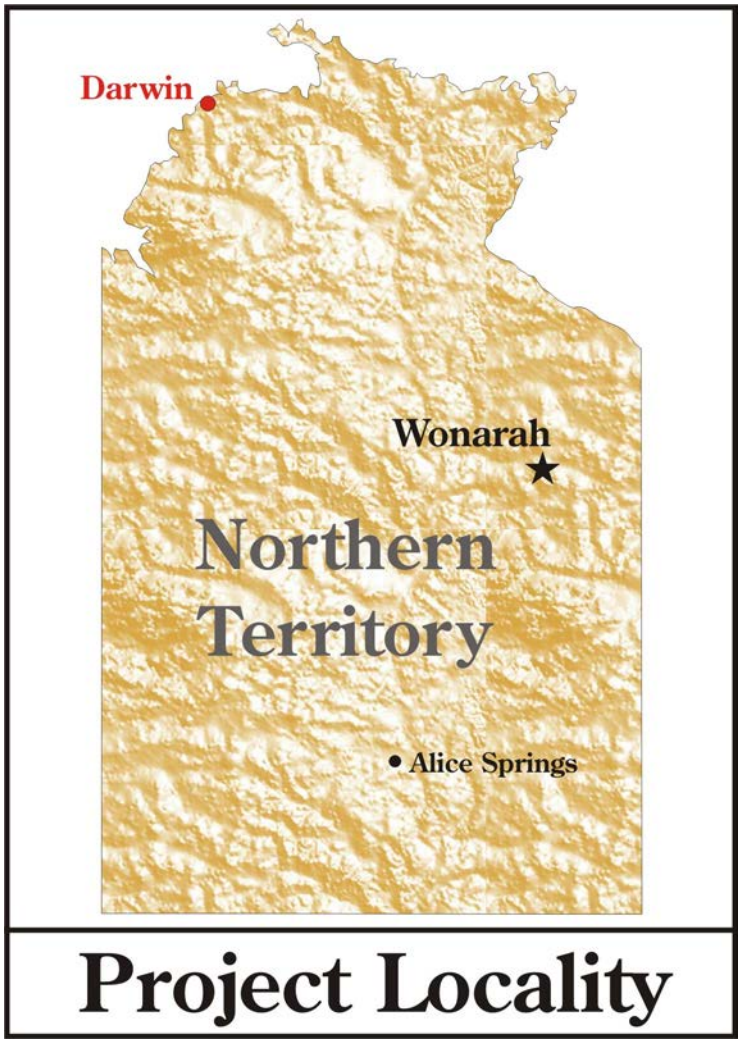

Darwin
Wonarah
Northern Territory
Alice Springs
Project Locality

Figure 2

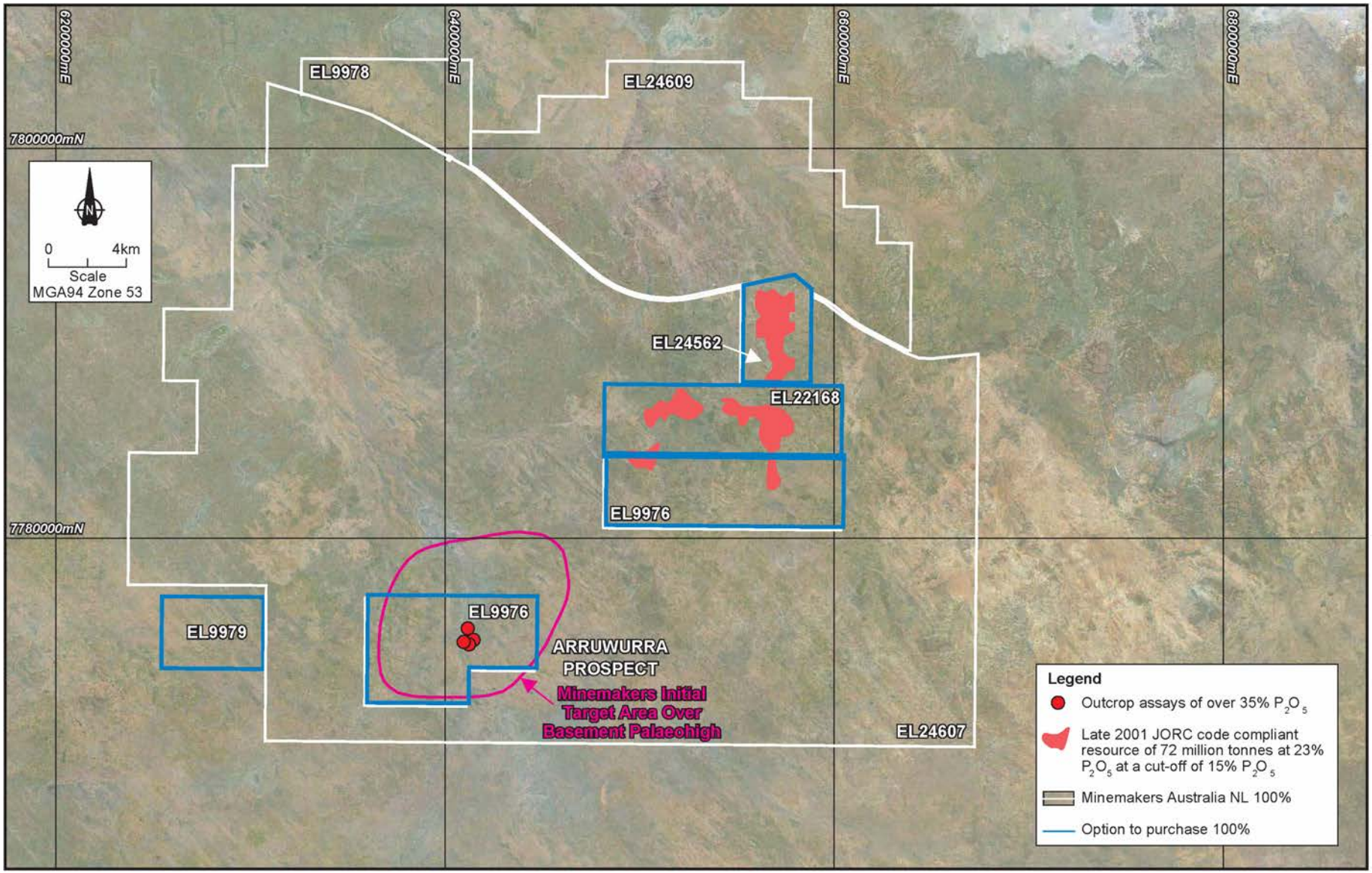
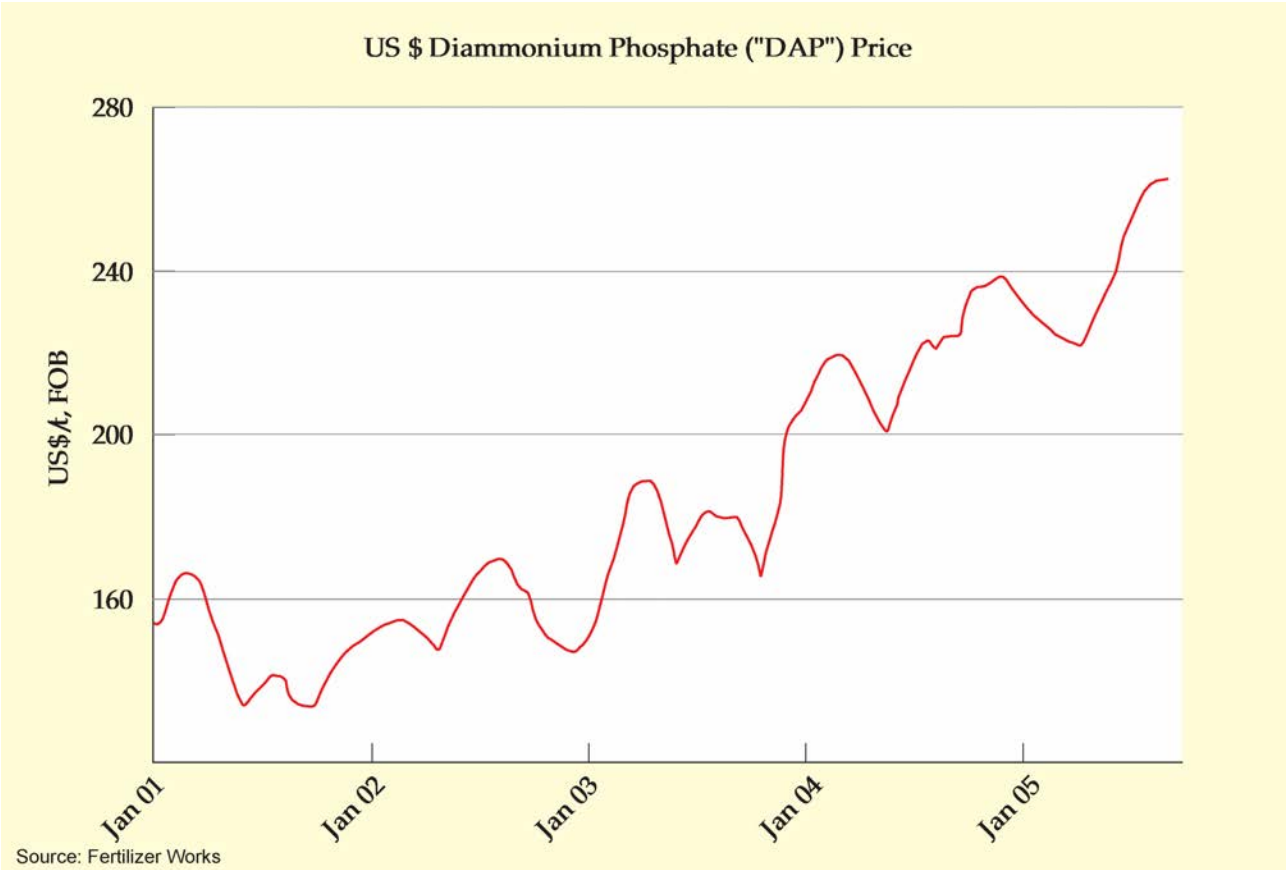

6200000mE
6400000mE
6600000mE
6800000mE
7800000mN
7780000mN
EL9978
EL24609
EL24562
EL22168
EL9976
EL9979
EL9976
ARRUWURRA
PROSPECT
Minemakers Initial
Target Area Over
Basement Palaeohigh
EL24607
0
4km
Scale
MGA94 Zone 53
Legend
Outcrop assays of over 35% P_2O_5
Late 2001 JORC code compliant resource of 72 million tonnes at 23% P_2O_5 at a cut-off of 15% P_2O_5
Minemakers Australia NL 100%
Option to purchase 100%

Figure 3


US $ Diammonium Phosphate ("DAP") Price
280
240
200
160
US$/t, FOB
Jan 01
Jan 02
Jan 03
Jan 04
Jan 05
Source: Fertilizer Works

APPENDIX

EXTRACT FROM INDEPENDENT CONSULTING GEOLOGIST'S (FEATHERSTONE GEOLOGICAL CONSULTANTS) REPORT FOR THE DRAFT PROSPECTUS FOR MINEMAKERS LIMITED

The Wonarah Phosphate Project

Location and Tenements

Minemakers Wonarah phosphate prospect is located in east central Northern Territory on the Barkly Tableland and lies 240km east south east of Tennant Creek. The Wonarah tenements straddle the Barkly Highway that links Tennant Creek to Mount Isa in Queensland. They are located on the Avon Downs, Frew River, Alroy, and Ranken 1:250,000 map sheets and the Barry Caves, Joildung, Wonarah, and Ranken 1:100,000 map sheets and include granted Exploration Licences 9976, 9978, 9979, and 22168 together with Exploration Licence Applications 24562, 24607, and 24609. Minemakers has 100% interest in the granted licences subject to a 10% clawback agreement and a 100% interest in the licence applications. The underlying land tenure is Arruwurra Aboriginal Corporation NT freehold for which exploration agreements have been negotiated by the various past explorers. Since virtually all data on this prospect has been obtained by drilling and a surface inspection would have been of no value the author has not visited this prospect.

History

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In February 2006 AKD agreed to sell the project to Minemakers subject to a 10% clawback provision.

Regional Geology

The Georgina Basin is a large Late Proterozoic to Early Palaeozoic sedimentary basin covering a large part of eastern Northern Territory and extending into northwest Queensland. Basement consists of Mesoproterozoic sediments and minor Neoproterozoic sediments overlain by Early Cambrian Peaker Piker Volcanics. The volcanics are amygdaloidal and porphyritic tholeiitic basalts and have associated dolerites. A basement high forms a structural ridge striking NNE – SSW which is known as the Alexandria – Wonarah High.

Geology

The Wonarah deposits occur along the flanks of the Alexandria – Wonarah High.

Onlapping dolomitic members equivalent to the Middle Cambrian Thorntonia Limestone are present on the lower flanks of the structural ridge and, when present, the phosphorus-bearing sediments (Upper Gum Ridge Formation) occur on the limestone and extend in thicker beds, lying directly on the Peaker Piker Volcanics, on the upper flanks of the ridge. This succession is then overlain by the Convolute Mudstone followed by the Hanging Wall Mudstone. Two basal sedimentary units that are not always present are the Transitional Sediments and the Potassium Marker Horizon. The transitional sediments consist of mixed mudstone, siltstone, sandstone, and a possible palaeo soil. The overlying Potassium Marker Horizon is a clay rich mudstone.

There are two mineralized rock types at Wonarah – The Mudstone Phosphorite and the Chert Breccia Phosphorite.

The Mudstone Phosphorite is the major mineral type, forming beds from 2m to 10m thick with grades up to 40% P_2O_5 but typically between 20% and 30% P_2O_5. This rock is usually friable and fine grained.

The Chert Breccia Phosphorite occurs beneath the Mudstone Phosphorite with a gradational boundary and contains discrete clasts of chert breccia in a phosphorite matrix. The grade ranges from 5% to 20% P_2O_5 but is typically between 10% and 15% P_2O_5.

Previous Exploration

The primary drilling programmes mounted by IMC from 1967 defined areas that had no potential, areas that contained minor low grade mineralization, and areas that were considered to have potential to contain economic mineralization and warranted further investigation. In 1970, after initial work eliminated extensive areas, IMC held two Prospecting Areas, PA 1766 Alexandria and PA 2161 Wonarah, that covered 12,476 km^2. These areas contained drill sections with significant thicknesses of phosphate mineralization. At the end of 1969 294 PAB holes for 11,665m and averaging 40m per hole had been drilled. On the Wonarah PA 139 holes for 5,710m had been drilled. Data produced by the drilling programme enabled plans to be made showing:

1. stratum contours on the base of the phosphate horizon,
2. contours showing the thickness of the phosphate mineralization,
3. contours of the grade of the mineralization.

Substantial mineralization was identified in the south west of PA 2161. A grid was established over the area and pattern drilling carried out with holes initially spaced at 2,438m (8,000 feet) and later reduced to 1,219m (4,000 feet). The phosphorite does not outcrop at this locality and was located at depths of 17m to 45m and reached a maximum thickness of 18m at the eastern end of the deposit. IMC made several estimates of the mineralization present with the highest grade being 280Mt at 18.98% P_2O_5 (applying an 18% P_2O_5 cut off). Scoping studies were unfavourable and IMC relinquished the prospect in 1970.

In the 1978 field season ICI drilled 10 PAB drill holes (9 holes for 514m and 1 x 5m hole abandoned) on the eastern side of the mineralization identified by IMC where the overburden ratios were more favourable. This work outlined reasonable continuity of phosphorite over an area of 6 km^2 at an overburden ratio of less than 7 : 1. ICI then decided that more work was required on the metallurgical characteristics of the phosphorite. To obtain a samples for this study a bucket auger of the Calweld type was contracted and a 0.9m (36 inch) hole was drilled northwest of IMC hole W2. The top of the phosphorite unit was reached at 33m and weak to moderate grade phosphate intersected to 39m. At 39m strongly phosphatic tan coloured shale and siltstone was intersected through to 46m. From 46m weakly phosphatic mudstone/shale passed into a mixed mudstone, sandstone, siltstone, lithology to 47m when the hole was stopped. The marked lithological change between 46m and 46.5m was considered to mark the horizon in some nearby holes where return circulation of air was lost.

The spoil from the interval 39m to 46m was coned and quartered with one quarter drummed and despatched to the Port Kembla facilities of Australian Fertilizers Ltd for testing. A second quarter was stored on site. This drilling confirmed the average thickness of the mineralization but suggested that it has an undulating top that can only be accurately defined by close spaced production drilling. The Calweld rig was considered to be most efficient for this type of sampling.

The available reports do not contain any results of the metallurgical testing and the licences are believed to have been surrendered in 1980.

CRAE took up the area to the south of the IMC ground in 1983 and carried out an airborne magnetic survey with no ground follow up.

In 1992-93 the area was explored for diamondiferous diatremes based on an airborne magnetic and radiometric surveys conducted on N-S grid lines spaced at 300m at a terrain clearance of 60m. Follow up of 43 anomalies was made by ground based and helicopter magnetic surveys. Some loam samples were taken and five drill holes put in. One of these holes was in the centre of EL 9976 which intersected the phosphorite horizons and basalt samples from the bottom of the hole were anomalous in copper and zinc. This work was largely irrelevant to exploration of the phosphorite.

No more phosphate exploration was undertaken at Wonarah until 2000 - 2001 when RTE conducted drilling on ground to the south of latitude 20° 02′ S which had had no drilling previously. A gravity survey was carried out with the object of defining basement highs but the technique was not successful. RTE also put in some closely spaced holes in the well mineralized areas in the south of mineralization identified by IMC enabling them to calculate a JORC compliant Inferred Resource in this area (Miller 2001A). This drilling was conducted in three phases and was mainly RC (120 holes for 6,215.5m), with minor AC (4 holes for 238m), and minor PAB (2 holes for 130m) together with some DC (12 holes for 296.1m core and 368.1m of pre-collar). Down hole gamma ray logging was carried out on many of the holes in the hope of this assisting in interpreting the geology. The resource is located within an area of 23 km^2 and mainly excludes the area drilled by IMC. It is based on the mineralization in the mudstone phosphorite and excludes the underlying lower grade chert breccia phosphorite which had poorer lateral continuity.

Miller 2001A. Inferred Mineral Resource. 115Mt at 22% P_2O_5 (at a cut off grade of 15%)

After additional infill drilling during the second quarter of 2001, Miller undertook a recalculation of the resource in December 2001. However the drilling density is still very uneven with some holes 1,800m apart and many over a kilometre and there is no regular grid of drilling established over the deposit. The resource estimate is classified as an inferred resource and this should be borne in mind. Miller ended his memorandum with "*Caution should be exercised if this category is considered in economic studies"*. The estimate was revised to:

Miller 2001B. Inferred Mineral Resource. 72Mt at 23% P_2O_5 (at a cut off grade of 15%)

Rio Tinto Technical Services carried out beneficiation tests to determine the potential to upgrade the Wonarah ore. These tests were limited to physical upgrading by washing and screening and while reducing the deleterious elements failed to give a major increase in grade. Previous studies employing flotation failed to give satisfactory recoveries when lifting the grade to 30% P_2O_5 which is considered to be optimum for the DAP process.
The reduced estimated size of the resource and the inability to upgrade the mineralization economically was considered to seriously lower the Wonarah project's potential. RTE carried out a reverse economic study indicating that the project was currently NPV negative and withdrew from the joint venture in late 2002.

Exploration by RTE during 2001-02 also included field work on the outcropping Upper Gum Ridge Formation phosphorite beds at the Arruwurra prospect which lies 16km southwest of the Wonarah deposit. The Wonarah Beds outcrop in the north central area, but are generally highly weathered and covered by stabilised Cainozoic aeolian sand sheets and longitudinal dunes. Silcrete and ferricrete duricrust has developed beneath the sand cover and can outcrop as low rises. Calcrete and black soil overlies dolostone in the south central area. At Arruwurra outcrop sampling indicated the

phosphorite is high grade but of unknown extent. It outcrops over a strike of about 2km with grades up to 30% P_2O_5 with les than 5% Al_2O_3 + Fe_2O_3.

Planned Exploration

Minemakers initial exploration plans aim to assess the potential of the high grade Arruwurra deposit with shallow RC drilling to determine if this mineralization could provide an independent source of ore with lower overburden or possibly be used for blending to increase the grade of Wonarah ore. Minemakers budget for the Wonorah project is $250,000 for Year 1. and $50,000 for Year 2.

Summary

Previous exploration on the Barkly Tableland completed the considerable task of regional drilling which defined those areas with potentially economic phosphorite deposits. To date only the mineralization at Wonorah has been assessed with closer spaced drilling.

The Wonorah Deposit straddles latitude 20° 00′ S. This latitude marked the southern tenement boundary of the IMC block of tenements and therefore marked the southern limit of the exploration IMC carried out. The results of the drilling conducted by IMC on the northern mineralized area at Wonarah did not differentiate between the higher grade Mudstone Phosphorite and the underlying lower grade Chert Breccia Phosphorite. The density of drilling in this area is also low and variable and is not adequate for a full assessment of the resources present.

RTE conducted its drilling programme on ground to the south of latitude 20° 00′ S and when it carried out its assessment of ore reserves it concentrated its study on the southern mineralization in the areas which it had drilled. The density of drilling in the south is greater than the north, although it is again very variable, but the assay database is superior for the southern holes.

In its resource estimate RTE stated that the available information was such that a range of cut off grades could not be applied to the current database. It would appear that the northern areas of the Wonorah Deposit have not been assessed as well as the southern and that both areas require further work to enable a reliable estimate of resources to be made. Featherstone considers that the existing drill hole data on the north and south areas of the main area of mineralization should be reviewed in detail and more drilling of the total resource area is warranted to bring the density of drilling up to an acceptable and uniform standard. Full information on the Mudstone Phosphorite and the Chert Breccia Phosphorite should be available to enable the confident application of a range of cut off grades. By obtaining adequate and uniform data the resource can be properly evaluated and optimum choices made for feasibility studies. Featherstone does not consider that the Wonarah mineralization has been adequately assessed.

Minemakers planned exploration of the Arruwurra mineralization is considered to be the first priority. This high grade mineralization which lies under shallow cover has not received the attention it deserves from previous explorers. Minemakers also plans to undertake a review and update of the project economics of development of Wonorah and also the economics of a DAP plant near Darwin. The available infrastructure in the Northern Territory has improved considerably over the last few years and is improving steadily. Development plans envisage a partnering arrangement with foreign interests – probably Asian.