Annual Report EL 9979
Wonarah, Northern Territory

For the period 31 January 2007-30 January 2008

Tenement Holder: Minemakers Australia Pty Ltd
Date: 18 February 2008
Author: A J Drummond
Distribution: Dept of Primary Industry, Fisheries & Mines, Darwin
Minemakers Limited, Perth
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**SUMMARY** (Figure 1)

**EL 9979** forms part of Minemakers’ **Wonarah Phosphate Project**, located on the Barkly Highway 240km east of Tennant Creek in the Northern Territory, Australia. Minemakers holds 100% interest in this tenement. The EL had been subject to Combined Reporting approval together with EL’s 9976, 22168 and 24562. As those other licences were surrendered on 27 September 2007, EL 9979 is now subject to a stand alone Report.

The Wonarah phosphate deposit was purchased by Minemakers from Indo Mines Limited (formerly AKD Limited) in 2006 and Indo retains a 10% vendor claw-back right with respect to EL 9979 and former EL’s 9976, 9978, 22168 and 24562.

The Wonarah Phosphate deposit was discovered in 1967 and the Indo-Rio Tinto joint venture drilled up a rock phosphate resource estimated at a JORC-compliant **72Mt at 23% $P_2O_5$ (at a cut off grade of 15%).**

During the reporting period, Minemakers has continued to carry out data compilation and review in order to plan a program of reconnaissance drilling during the field season.

**TENURE & LOCATION**

EL 9979 was granted to Rare Earths and Minerals Pty Ltd and Pilbara Chemical Corporation NL on 31 January 2002 for a term of six (6) years. The licence was transferred to AKD Limited (now Indo Mines Limited) and then to Minemakers Australia Pty Ltd (a wholly owned subsidiary of Minemakers Limited). The licence was initially granted over an area of 24 graticular blocks but currently comprises 6 blocks.

Minemakers’ Wonarah Phosphate Project is located in east central Northern Territory on the Barkly Tableland some 240km east south east of Tennant Creek. The project tenements straddle the Barkly Highway that links Tennant Creek to Mount Isa in Queensland and are located on the Avon Downs, Frew River, Alroy, and Ranken 1:250,000 map sheets (Barry Caves, Joldung, Wonarah, and Ranken 1:100,000 map sheets) and include the following tenements:

- Exploration Licence 9979
- Substitute Exploration Licence 26452,
- Substitute Exploration Licence Application 26451
- Exploration Licence Applications 24607 and 26583-26586.

The underlying land tenure with respect to the defined deposit is Arruwurra Aboriginal Corporation NT freehold for which exploration agreements have been negotiated by the various past explorers.
GEOLOGICAL SETTING

Regional Geology
The Georgina Basin is a large Late Proterozoic to Early Palaeozoic sedimentary basin covering a major 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 this 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 contains most of the mineralization, forming beds from 2m to 10m thick with grades up to 40% P₂O₅ but typically between 20% and 30% P₂O₅. 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% P₂O₅ but is typically between 10% and 15% P₂O₅.

PREVIOUS EXPLORATION

In 2000-20001 RTE commenced 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). The resource is located within an area of 23 km². 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 2001B. Inferred Mineral Resource. 72Mt at 23% P₂O₅ (at a cut off grade of 15%)*

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 NPV negative at that time and it 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 Arruuru prospect which lies 16km southwest of the Wonarah deposit. This area requires more detailed investigation. 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 the 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 less than 5% $Al_2O_3 + Fe_2O_3$.

EXPLORATION BY MINEMAKERS IN THE REPORTING PERIOD (Figure 2)

Exploration activity during the period has largely consisted of:

1. Project review and data base development
   An independent cost scoping study was completed for the Wonarah Project in 2007 and it indicated that a price of approximately $A100/t was required to make the project economically viable.
   Late in 2007 Minemakers learned that due to the high oil price driving biofuel production and solid agricultural demand, rock phosphate prices had quadrupled. Minemakers has continued to compile its historic database before commencing a new project resource estimate. There has been no field exploration activity during the period.

2. Data assessment to define target areas for the proposed 2008 field program.
   Potential mineralisation which lies under shallow cover has not received the attention it deserves from previous explorers. The extent of known phosphate as outlined by previous explorers trends into EL9979 from the adjacent Arruwurra Prospect. Minemakers proposes to undertake further drilling, firstly, to generate data of sufficient density for a new resource at the confidence level necessary for feasibility and, secondly, to target new potential resources, possibly located in EL9979.

The main concentration of effort however, has revolved around the development of scenarios which may see Minemakers attract an appropriate partner for the advancement of the Project through to a viable status as a major Australian phosphate production centre.

EXPERDITURE STATEMENT

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<th>Category</th>
<th>Cost</th>
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<tbody>
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<tr>
<td>Land access/tenement management</td>
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<tr>
<td>Travel/accommodation</td>
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<td>10% overheads</td>
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<td>Total</td>
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CONCLUSIONS & RECOMMENDATIONS

To date, there is only one area within the Project (situated in SEL26452) which has been sufficiently drilled to define a potentially minable resource, viz, Rio’s JORC compliant resource estimate of 72 mt @ 23% phosphate.

Minemakers views Wonarah as being a potential +100 year producer. Given the global currently known rock phosphate distribution at Wonarah, the system within the Minemakers tenements may contain 4-5 billion tonnes.

The initial aims of the field component of the evaluation programme are to:

- enlarge the main deposit tonnage and lift estimation confidence for mining studies, and
- to seek and delineate either better mineralised areas, or those with mining cost advantages e.g. shallower, less stripping ratio, higher grade etc.

Minemakers will undertake a feasibility study into the economics of development of Wonarah 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 continues to improve steadily. Development plans envisage a partnering arrangement with foreign interests.
FIGURE 1 - WONARAH PHOSPHATE PROJECT LOCALITY MAP