Combined Annual Report on EL9979, EL24607, EL26185, SEL26451, SEL26452, EL26584, EL26585, EL26586 and EL26589

WONARAH PHOSPHATE PROJECT

ANNUAL REPORT TO 8 JANUARY 2011

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ABSTRACT

The significant events of the reporting year were the completion of a full feasibility study into mining at the Arruwurra deposit on SEL26452 and the conversion of the part of SEL26452 containing the majority of the JORC-compliant resources to ML status.

The current JORC-compliant resource for Wonarah is:

At 0% P₂O₅ cut-off
- Indicated: 536Mt @ 12.8%
- Inferred: 722Mt @ 11%
- Combined: 1258Mt @ 12%

At 15% P₂O₅ cut-off
- Indicated: 197Mt @ 21.6%
- Inferred: 207Mt @ 20%
- Combined: 404Mt @ 21%

Evaluation of the more distal part of the combined tenements area for economic phosphate mineralisation took place in two drilling campaigns conducted between July and November. A total of 100 reverse circulation percussion holes for 4347m were drilled across five tenements with 1462 samples, including standards, blanks and duplicates, submitted for laboratory analysis. Results indicate that there is potential for shallow phosphate resource in the north-west part of the combined tenements area.

A couple of programs of reconnaissance soil sampling took place as well as a ground magnetic survey. These programs were aimed at testing some of the magnetic and gravity anomalies that may be sourced within the basement underlying the Georgina Basin sediments.
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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 240km east of Tennant Creek. The nearest town is Camooweal in western Queensland, approximately 180km to the east.

![Figure 1. Location of Wonarah Project.](image)

Access to the project is via the Barkly Highway, the main paved freight link between Queensland and the Northern Territory, which runs along the northern boundary of SEL26452. Access within the tenement is via a network of dozed tracks suitable for 4WD only.
The topography relief is very gentle with elevation ranging from about 250m at Arruwurra in the south-west part of the tenement to about 300m above sea level at the Main Zone in the north-eastern part of the tenement. The area is semi-desert with generally sparse tree and shrub cover.

### 1.2 Tenure

Minemakers Australia Pty Ltd (ABN 18 081 911 917), “MAPL”, is the registered holder of Miners Right # 556124.

MAPL is 100% holder of Substitute Exploration Licence SEL26451, 26452, Exploration Licences (EL) 9979, 26185, 24607, 26583-26586 and 26589 in accordance with the NT Mining Act & Regulations.

SEL26452 and ELs 26583-26586, 26589 are located on NT Freehold Land (NT Portions 03747-03756) owned by the Arruwurra Aboriginal Corporation. ATC’s NT Portion 1413 is excluded from SEL26452. Mineral Lease application 27244 was granted on 18/02/10 and has resulted in 108 square kilometre reduction in the area of SEL26452.

SEL 26451 is located on NT Portion 773, PPL 988 Dalmore Downs. EL24607 is located on NT Portion 3976, Wakaya Aboriginal Land Trust. EL 9979 and 26185 are located on NT Portion 4246, VCL.

SEL26452, ELs 26584-26586 and 26589 are subject to a confidential Deed For Exploration (19 March 2009) between MAPL and the Central Land Council (CLC).

Exploration drilling programs have been authorised by the Dept of Resource Development, Primary Industries, Fisheries & Mines (Mining Management Plan): Wonarah Project Authorisation 0413-01, 0413-02, 0413-03 and 0417-02.

MAPL has obtained sacred site clearances through the Central Land Council: Sacred Site Clearance Certificate C2008-008, C2008-087, C2009-003 and C2010-032. The tenements are shown in Figure 2.
Figure 2. Combined Annual Reporting tenements.
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 is presented in Figure 3.

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.
Figure 3. Regional geological setting.
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 rocks in this part of the Georgina Basin are comprised of granites of unknown age. They are possibly correlates of the Palaeo-proterozoic rocks of the Tennant Creek region. 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 Thorntonia 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 Palaeo-proterozoic age. These are 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 Thorntonia 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 phosphorite; a mudstone phosphorite; and a convolute mudstone.

The basal Transitional Phosphorite is a laterally discontinuous high grade indurated phosphorite up to 3m thick developed throughout the eastern and southern part of the Main Zone.

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

The Chert Breccia Phosphorite forms a distinctive, laterally continuous horizon, 1-10 m thick, and comprised of yellow, grey or pink, variably friable or indurated, low to high grade phosphorite with abundant dark grey chert. Chert averages 50-60%.

The Mudstone Phosphorite is the main phosphate-bearing unit at Wonarah and is comprised of 1-10m of yellow and pink mudstone phosphorite with trace to minor dark grey chert. The mineralogy is dominated by (carbonate)-fluorapatite – Ca$_5$ (PO$_4$,CO$_3$)$_3$F. The MPH is variably friable or indurated with the indurated phosphorite typically being high to very high grade (30-40% P$_2$O$_5$).

The Convolute Mudstone is a 1-10m 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$_2$O$_5$.

The Wonarah Beds overlie the Convolute Mudstone and are comprised of mudstone and siltstone with minor chert, the Hangingwall Mudstone. The Wonarah Beds thicken towards the east and south away from the basement high that defines the western fringe of the Main Zone. Dolomitic units, the Hangingwall Dolostone, 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.

The phosphatic units thin and peter out towards the basement high which trends in a northeast-southwest direction towards Arruwurma. To the east and south the phosphatic units, although still present with grade and thickness, are too deep to be of economic interest at this time.

A stratigraphic column and schematic section are presented in Figure 4 and Figure 5, respectively.

Figure 4. Regional stratigraphic column.
2.3.2 Arruwurra

At Arruwurra, the economic phosphate mineralisation occupies a broad northeast-southwest trending shelf sloping gently to the southwest. The shelf drops away sharply at the western end and along the southeastern edge. Mineralisation outcrops in the northeast before petering out against the basement high to the north.

Basement at Arruwurra is similar to the Main Zone and comprised of alkali feldspar granite of possible Palaeo-proterozoic age. This is overlain by the Helen Springs Volcanics which are similar in character to Main Zone. Thorntonia Limestone equivalent dolomites and dolostones overlay the basalt along the southeastern and southern margin of the deposit. An abrupt change in lithology and depth to basalt basement indicates a probable fault which has thrown the deposit side upwards. A karst surface is present on the dolomite.

The Upper Gum Ridge Formation at Arruwurra is somewhat attenuated in comparison to the Main Zone. The stratigraphic equivalent of the high grade Transitional Phosphorite is called the Basal Phosphorite at Arruwurra and is the main
unit of economic importance. It is a strongly indurated, very high grade brown phosphorite mudstone which averaged approximately 2m in thickness and is developed throughout the north-eastern part of Arruwrurra. The overlying Transitional Sediments are thinner than in the Main Zone and are comprised of 1-3m of mudstone, siltstone and phosphorite. The Chert Breccia Phosphorite is absent at Arruwrurra and the overlying Arruwrurra Phosphorite (APH) is the stratigraphic equivalent of the Mudstone Phosphorite. The Arruwrurra Phosphorite is grey to yellow and is more chert-rich that the Mudstone Phosphorite at the Main Zone. The unit varies in thickness from 1 to 6m and is thickest along a north-east trending axis through the centre of the deposit. The Arruwrurra Phosphorite is overlain by and, near surface, interdigitates with a limestone carbonate unit in the northeastern part of the deposit area. Outcropping high grade phosphorites occur in this area.

The Convolute Mudstone is not logged at Arruwrurra. The Hangingwall Mudstone unit is similar to the Main Zone except in the far east of Arruwrurra where dolomitic and calcareous units, the Hangingwall Dolomite, are present.

Stabilised aeolian sand covers much of the area and is underlain by ferricrete, silcrete, and, above the carbonate unit in the northeast, calcrete and black soil.

3. REVIEW OF PREVIOUS WORK

3.1 Prior ownership

IMC Development Corporation was granted PL 1802 over the Wonarah region on 18th of July 1967 covering a total area of 3309 square miles (8570.31km²) (CR19680030). The tenure converted to PA 2161 Wonarah (CR19690022) on renewal on the 12th of 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 8th of May 1976 for an area of 410 square miles (1061.9km²) 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 848.5km² (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 25th of May 1983. The project was abandoned in April 1985.

In September 1997 Rare Earths and Minerals Pty Ltd and Pilbara Chemical Corporation NL applied for four exploration Licenses, covering the Wonarah phosphate deposit and adjacent areas including the former CRAE tenure.

In January 1998 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 6th 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 31st August 1999 and granted on the 4th 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

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 km² with no two holes less than 1.2km 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 was defined using the widely spaced drilling pattern. The phosphorite was located at depths of
17m to 45m and reached a maximum thickness of 18m 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/P$_2$O$_5$ ratio of 1.32.

Following completion of the 139 open hole rotary percussion series, (total of 18733 feet or 5709.8m) calculations of the phosphorite were reported in CR19700038 as 669 million short tons (606.8 million tonnes) averaging 15.73% P$_2$O$_5$, calculated at a cut off average at 10% P$_2$O$_5$. A total of 532 million short tons (482.5 million tonnes), using a cut-off of 14% P$_2$O$_5$ averaging 16.74% P$_2$O$_5$ and 307 million short tons (278.4 million tonnes) averaging 18.98% P$_2$O$_5$ indicated using a cut-off average of 18% P$_2$O$_5$. Restrictions applied included limitation of phosphorite reserves to 2000 feet (609.6m) 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 feet (1219m) beyond a hole. Calculations were reported as: at 10%, 14% and at 18% P$_2$O$_5$ cut-off reserves were 970 million short tons (879.8 million tonnes) at 15.71% P$_2$O$_5$, 771 million short tons (699.3 million tonnes) at 16.46% P$_2$O$_5$ and 418 million short tons (379.1 million tonnes) at 18.96% P$_2$O$_5$ 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 514m and a 5m 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 square kilometres 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 EL9976, 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 1955Mt at 14.4% P₂O₅” (CR200000071), at depths ranging from 30 and 50m, with a maximum assayed grade of 28.6% P₂O₅.

During 2000-2001, RTE drilled three phases of mainly RC holes (120 holes, 6215.5m), minor PAB (2 holes, 130m) and 12 diamond holes for 296.1m core and 368.1m 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 square kilometre 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 115Mt 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 72Mt at 23% P₂O₅, at a cut-off of 15%. The drill density and pattern was noted as uneven with some holes up to 1800m
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.

Minemakers

Minemakers commenced field work at Wonarah in February 2008.

During the year ended January 2009 the following work was carried out:

- 220 reverse circulation percussion holes were completed for 10,500m
- 40 PQ, HQ and NQ sized diamond cored holes were competed for 1990m
- 4,973 split RC samples were submitted for XRF analysis of major oxide elements
- 109 crushed core samples were submitted for XRF analysis of major oxide elements
- The majority of metres drilled were tested for magnetic susceptibility and gamma radiation by hand-held instruments
• Metallurgical test work was carried out at Optimet Laboratories in Adelaide to determine optimal beneficiation pathways for phosphorite ore

• An airborne EM survey was carried out by Fugro Airborne Surveys Corporation Ontario, with the purpose of providing information that could be used to map the geology and structure of the surveyed area as part of program to delineate potential ground water resources

• A scoping study was commenced and then terminated in December prior to commencement of a full feasibility study

During the year ended January 2010 the following work was carried out:

• 1,066 reverse circulation percussion holes were completed for 52,491m

• 58 PQ and HQ-sized diamond cored holes were competed for 1,326m

• 19,712 split RC samples were submitted for XRF analysis of major oxide elements

• 599 crushed core samples were submitted for XRF analysis of major oxide elements

• The majority of metres drilled were tested for magnetic susceptibility and gamma radiation by hand-held instruments

• A full feasibility study was conducted into mining “direct shipping ore” DSO from the Arruwurra deposit

4. WORK COMPLETED DURING THE REPORTING PERIOD

4.1 Geological

4.1.1 Drilling

The primary purposes of the 2010 program were to test the potential for shallow economic phosphate rock deposits along the western and northern portions of the combined Wonarah project area and to specifically look for extensions to the high grade Arruwarra deposit to the immediate west. Previous exploration in the 1960’s defined low to medium grade pre-JORC resources to the north and north-west of the now JORC-compliant resource at Wonarah Main Zone and drilling at the time indicated that some of the phosphatic intervals were relatively shallow. Location of holes is shown in Figures 6 and 7.
4.1.1.1 RC drilling

RC drilling was conducted over in two programs. Program one was a scout drilling program on 2-3-4km spaced grids. Program two was designed to infill the areas from program one that had returned good phosphate assays.

The first program commenced on 14/07/2010 and continued throughout until 21/08/2010 with 74 holes for 3372m completed. This drilling was carried out by Well Drilled Pty Ltd, Townsville using Warman Investigator Mk IV with 1050cfm x 350psi, deck mounted on a 4x4 Isuzu truck. A support truck with 600psi booster was available. The details of the drilling are:

- SEL26452
  - 38 holes for 1467m
- SEL26451
  - 20 holes for 1023m
- EL9979
  - 2 holes for 126m
- EL26185
  - 2 holes for 129m
- EL24607
  - 12 holes for 627m

The second program commenced on 20/10/2010 and was abandoned on 8/11/2010 with 26 holes for 975m. This program was carried out by Australian Mineral and Waterwell Drilling Pty Ltd (AMWD) using a small truck-mounted rig. The booster that normally accompanies this rig was unavailable and therefore the rig had insufficient air for some of the ground conditions. Rainfall from early wet season storms caused ground access delays so the program was abandoned for the year with less than 25% of the proposed infill drilling being completed. The details of the drilling are:

- SEL26452
  - 26 holes for 975m
Figure 6. Exploration Index Plan.
Figure 7. Drill hole status.
4.2 Geochemical

4.2.1 Drilling

A total of 1462 samples, including originals, duplicates, standards and blanks were sent for laboratory analysis. All RC samples were submitted to Amdel in Mt Isa. Samples were dried at 105-110°C then crushed in a Boyd crusher. A nominal 100g sample was rotary split from the bulk then pulverised in a tungsten-carbide mill to minimise iron contamination. A sub-sample of the analytical pulp was fused with lithium metaborate to form a glass disc which was then analysed by XRF for the following oxides: $\text{P}_2\text{O}_5$, $\text{Al}_2\text{O}_3$, $\text{CaO}$, $\text{K}_2\text{O}$, Total Fe as $\text{Fe}_2\text{O}_3$, $\text{MgO}$, $\text{MnO}$, $\text{Na}_2\text{O}$, $\text{SiO}_2$, $\text{TiO}_2$ (Lower detection limit of 0.01% for each.) A minimum laboratory repeat rate from the pulp sample of 1 in 20 samples is carried out.

4.2.2 Composite sampling from previous drilling

A representative set of 20 samples from the mineralised zones (drilled in previous years) were sent to ALS Laboratories, Mt Isa to be analysed for rare earth element content by fusion ICP-MS. All sample returned low values.

4.2.3 Partial-leach chemistry

Two lines of soil samples were taken across magnetic anomalies and a total of 92 samples were submitted for analysis at ALS in Mt Isa using the proprietary Ionic Leach method (Figures 6 and 8).

The purpose of this work was to test for the presence of any pathfinder or commodity elements that may be associated with structures in the shallow Palaeoproterozoic basement beneath the Georgina Basin.
4.3 Geophysical

4.3.1 Radiometrics

All RC samples were measured for radioactivity using a RadEye PRD device. The device measures gamma radiation and the purpose of the exercise was to detect potential high uranium samples and to help with geological logging.

4.3.2 Magnetic susceptibility

A substantial number of RC samples were measured for magnetic susceptibility as an aid to geological logging using an SM-30 magnetometer.

4.3.3 Ground magnetic survey

A ground magnetic survey was carried out over several magnetic anomalies or coincident gravity and magnetic anomalies (Figure 6).
Figure 8. Soil samples.
4.4 Feasibility

Minemakers Australia engaged the services of AMC Pty Ltd to conduct a feasibility study into the creation of a phosphate mine at Wonarah. The study was completed in May, 2010 and has been forwarded on DVD. The entire resource is now within ML27244, although it was still within SEL26452 at the time of calculation.

At 0% P₂O₅ cut-off

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Summary tables at various cut-offs are included below (from the feasibility study).

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Page 26
Table 27: Main Zone resource estimates at 10% to 27% P₂O₅ cut-off

| 10% P₂O₅ Cut off | Mt | P₂O₅ | % | Al₂O₃ | % | CaO | % | Fe₂O₅ | % | K₂O | % | MgO | % | MnO | % | Na₂O | % | SO₂ | % | TiO₂ | % |
|------------------|----|-------|---|-------|---|-----|---|-------|---|-----|---|-----|---|-----|---|-----|---|-----|---|
| MEH              | hfd| 165  | 21.3| 4.91  | 28.0| 1.47| 0.47| 0.15  | 0.03| 0.00| 29.2| 0.23|
|                 | hfs| 130  | 21.6| 5.37  | 27.2| 2.2 | 0.6 | 0.2   | 0.00| 0.06| 39  | 0.2 |
| CEXX             | hfd| 62   | 12.6| 5.64  | 16.4| 1.24| 0.39| 0.12  | 0.03| 0.07| 62.2| 0.16|
|                 | hfs| 100  | 13.7| 4.74  | 22.0| 1.7 | 0.4 | 0.2   | 0.05| 0.05| 60  | 0.2 |
| TUN              | hfd| 11   | 11.5| 7.00  | 14.9| 1.02| 0.35| 0.33  | 0.09| 0.00| 20  | 0.03|
|                 | hfs| 10   | 11.1| 7.66  | 11.3| 3.3 | 0.7 | 0.4   | 0.00| 0.06| 56  | 0.4 |
| TUP              | hfd| 15   | 27.3| 3.11  | 36.3| 1.3 | 0.2 | 0.1   | 0.09| 0.05| 29  | 0.2 |
|                 | hfs| 1     | 20  | 6.0   | 27.1| 1.1 | 0.7 | 0.2   | 0.03| 0.13| 40  | 0.3 |
| CMI              | hfd| 110  | 21.9| 5.11  | 20.1| 3.1 | 0.6 | 0.2   | 0.09| 0.05| 30  | 0.2 |
|                 | hfs| 8     | 16.9| 3.50  | 21.8| 1.1 | 0.3 | 0.3   | 0.05| 0.07| 23.2| 0.17|
| TUN              | hfd| 5     | 17   | 3.69  | 23.2| 0.9 | 0.4 | 0.2   | 0.04| 0.05| 30  | 0.2 |
|                 | hfs| 15    | 27  | 3.12  | 36.3| 1.3 | 0.2 | 0.1   | 0.09| 0.05| 29  | 0.2 |
| CMI              | hfd| 1     | 21  | 6.0   | 27.1| 1.1 | 0.7 | 0.2   | 0.03| 0.13| 40  | 0.3 |
|                 | hfs| 147  | 21   | 4.7   | 28.0| 1.8 | 0.5 | 0.2   | 0.08| 0.06| 59  | 0.2 |
| CMI              | hfd| 140  | 21.8| 4.71  | 29.6| 1.44| 0.84| 0.18  | 0.03| 0.07| 26.7| 0.21|
|                 | hfs| 147  | 21.8| 4.71  | 29.6| 1.44| 0.84| 0.18  | 0.03| 0.07| 26.7| 0.21|
| CMI              | hfd| 2     | 22  | 5.6   | 28.6| 0.8 | 0.6 | 0.2   | 0.02| 0.13| 38  | 0.3 |
|                 | hfs| 79    | 24  | 4.4   | 33.4| 1.5 | 0.4 | 0.2   | 0.07| 0.06| 33  | 0.2 |
| CMI              | hfd| 95    | 24.5| 4.42  | 32.0| 1.47| 0.8 | 0.1   | 0.05| 0.09| 35.3| 0.2 |
|                 | hfs| 79    | 24  | 4.4   | 33.4| 1.5 | 0.4 | 0.2   | 0.07| 0.06| 33  | 0.2 |
| CMI              | hfd| 10    | 30.3| 3.45  | 38.7| 1.15| 0.29| 0.13  | 0.03| 0.08| 24.8| 0.15|
|                 | hfs| 21    | 30.3| 3.45  | 38.7| 1.15| 0.29| 0.13  | 0.03| 0.08| 24.8| 0.15|
| CMI              | hfd| 10    | 30.3| 3.45  | 38.7| 1.15| 0.29| 0.13  | 0.03| 0.08| 24.8| 0.15|
|                 | hfs| 28    | 30.3| 3.45  | 38.7| 1.15| 0.29| 0.13  | 0.03| 0.08| 24.8| 0.15|
| CMI              | hfd| 10    | 30.3| 3.45  | 38.7| 1.15| 0.29| 0.13  | 0.03| 0.08| 24.8| 0.15|
|                 | hfs| 28    | 30.3| 3.45  | 38.7| 1.15| 0.29| 0.13  | 0.03| 0.08| 24.8| 0.15|
5. DISCUSSION OF RESULTS

5.1 Drilling

The drilling programs carried out during 2010 demonstrated that there is good potential to significantly increase the JORC-compliant phosphate resource to the west and north of the current resources defined in the 2008 and 2009 drilling seasons.

The phosphate bearing horizon is now known to extend more than 20km to the west of Arruwurra across EL9979 and EL26185, albeit at uneconomic depths. WNRC1526, approximately 18 km west of Arruwurra pit, returned assays of 7m@25.2% P$_2$O$_5$ from 50m depth in an overall mineralised interval of 19m@13.6% P$_2$O$_5$.

To the northwest of the Main Zone on SEL26452, shallow phosphate mineralisation was encountered in WNRC1546, 10m@15.9% P$_2$O$_5$ from 9m depth, and on SEL26451 in the far north-west part of the project area some 15-20km from the Main Zone best drilling results were WNRC1553, 5m@29.9% P$_2$O$_5$ from 18m depth and WNRC1558, 3m@31.1% P$_2$O$_5$ from 33m in 12m@19.2% P$_2$O$_5$ from 31m depth.

To the north of the Main Zone and probably contiguous with the JORC-compliant indicated resource but divided by the Barkly Highway, thick high grade mineralisation continues as evidenced by WNRC1567, 15m@30.0% P$_2$O$_5$ from 46m depth including 7m@30.4% P$_2$O$_5$ from 48m, and WNRC1564, 19m@20.3% P$_2$O$_5$ from 43m depth.

The second drilling program in October-November was designed to infill some of the better areas in the north-west area on SEL26451 and SEL26452 to enable a JORC-compliant inferred resource to be calculated but problems with accessing a suitable drill rig and early wet season activity curtailed the program. This program is now scheduled for March 2011, as well as further drilling on EL9979, EL26185 and EL24607 to better understand the distribution of phosphate-bearing rocks.

The drilling program to the west-north-west of Arruwurra to find shallow high grade DSO ore was not successful. The high grade mineralisation encountered was too sparsely distributed as well as too deep.
5.2 Soil sampling

The results from the trial soil sampling program are still being analysed. As a “first pass” the results indicate some clustering of anomalous responses as well as some spikes which require follow up. Plots of stacked response ratios from the two trial lines are shown below.
5.3 Geophysics

5.3.1. Ground Magnetic Survey

This survey was carried out in June 2010. The survey was designed to better define some interesting magnetic anomalies thought to be associated with the underlying shallow basement which is granitic where intercepted by RC drilling. Some of the magnetic features are also associated with anomalous higher gravity suggesting that the basement is not granitic. Interpretation of the survey data indicate that some of the anomalies are probably associated with the relatively shallowly underlying Helen
Springs Volcanics (<100m) and the other are associated with deeper basement features. Proposed follow up of the magnetics by drilling deeper 200m+ RC holes did not take place due to unavailability of a suitable rig. It is planned to drill some of these anomalies in 2011, in particular anomaly PPR009 which is associated with a bulls-eye gravity anomaly.

6. SUMMARY

Significant work conducted by Minemakers Australia P/L at its Wonarah Phosphate Project has:

- Included drilling 100 RC holes for 4347m
- Assayed 1,462 RC samples for $\text{P}_2\text{O}_5$, $\text{Al}_2\text{O}_3$, CaO, K$_2$O, Total Fe as $\text{Fe}_2\text{O}_3$, MgO, MnO, Na$_2$O, SiO$_2$, TiO$_2$
- Defined an area that is likely to become a new JORC-compliant phosphate resource
- Continued environmental base line studies preparatory to mining activities
- Completed a full feasibility study
- Converted 108 km$^2$ of SEL26452 to ML27244.

7. ENVIRONMENT

7.1 Environmental disturbance

Rehabilitation was ongoing during the year. During the course of the project, 1375 RC holes and 91 diamond holes have been drilled. The status of rehabilitation is as follows:

- Capping of collars and burial to 0.3m: 100%
- Removal of plastics: 94.5%
- Removal of RC material: 53.2%
- Diamond sumps refilled and site ripped: 94.5%
RC material was buried in some of the gravel borrow pits used for road construction on ML27244 and then sand/soil pulled over the top.

Some plastics have been removed to Tennant Creek and some are stockpiled awaiting removal during the next phase of rehabilitation.

Removal of all remaining plastics and RC material is scheduled to occur when drilling recommences in March 2011. The last few diamond sumps will also be filled in.

7.2 Environmental studies

- Baseline monitoring continued through the year
- A comprehensive environmental impact study was completed as part of the feasibility study
8. REFERENCES


