
ANNUAL REPORT

2014



ABN 48 116 296 541



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HIGHLIGHTS

THE VISION

Minemakers has a long-term vision to develop a portfolio of agricultural minerals and other value assets that address the fundamental food security and related needs of society whilst building long-term shareholder value.

STRATEGIC PRIORITY

To complement Minemakers long-term phosphate interests, management is actively pursuing accretive nearer term phosphate and other opportunities, in particular where assets are misunderstood or undervalued in the current market.

Fertilisers

- Global nutrient sales to reach 255m tonnes in 2017
- Majority of soils are deficient in the macro-nutrients: nitrogen, phosphorus and potassium
- The three largest grain crops (wheat, rice, and corn) consume approximately half of all fertiliser used in agriculture
- In 2012, the global fertilizer market generated revenues of US \$183bn. This is expected to grow to \$230bn by the end of 2017

Phosphates

- A strategic natural resource essential to crop production and animal growth
- A major component of NPK fertilisers
- High purity phosphoric acid also used in specialty products such as detergents, metal treatment, water treatment and foods
- The MENA region holds 85% of the world reserves of rock phosphate
- There is no artificial substitute for phosphate. It is a finite resource

Wonarah, Australia (100% owned)

- One of Australia's largest known JORC and NI 43-101 compliant phosphate resource, Measured and Indicated resource of 300Mt @ 18.2% P₂O₅
- Sufficient funding in place to complete feasibility study utilising IHP technology
- Major project status granted by Government of the Northern Territory
- NT EPA has determined that mining and IHP operations can be managed via the Mine Management Plan process
- Life of mine Mining Agreement in place with Traditional Owners
- Local infrastructure in place and available: groundwater, natural gas pipeline, bitumen highway and railway
- Access to bulk commodity port at Darwin

JDCPhosphates, USA (approx. 8% holding)

- Owns a proprietary phosphate technology: Improved Hard Process
- Expected to efficiently convert rock phosphate into a high-quality, high-value phosphoric acid like SPA and PPA
- SPA and PPA are used in fluid fertilisers, detergents, metal treatment and food applications
- Florida based 1:18 scale demonstration plant constructed to facilitate the ongoing commercial validation of the IHP technology
- Demonstration plant aims to produce 12,000 short tons per annum of SPA
- Minemakers is currently the only licensee for IHP with exclusive rights to the technology within Australia

Minemakers Limited

- Net cash of \$22.1 million as at 30 June 2014
- Fully funded through feasibility study and final investment decision
- Phosphate focussed in the longer term and actively pursuing accretive nearer term opportunities

Corporate Information

ABN 48 116 296 541

Directors

Richard H (Dick) Block (Non-executive Chairman)
Cliff Lawrenson (Managing Director and CEO)
Richard O'Shannassy (Non-executive Director)
Ian McCubbing (Non-executive Director)

Company Secretary

John Ribbons
Rodney Wheatley

Registered Office

Level 2, 34 Colin Street
WEST PERTH WA 6005

Principal Place of Business

Level 2, 34 Colin Street
WEST PERTH WA 6005

Solicitors

Richard O'Shannassy & Co Pty Ltd
Level 3, 46 Ord Street
WEST PERTH WA 6005

Bankers

National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Share Register

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000
Telephone: 1300 787 272

Auditors

Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

Internet Address

www.minemakers.com.au

Email Address

frontdesk@minemakers.com.au

Stock Exchange Listing

Minemakers Limited shares are listed on the:
Australian Securities Exchange (Code: MAK)
Toronto Stock Exchange (Code: MAK)

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Chairman and Managing Director's Review

Dear Fellow Shareholders

In a world of:

- increasing demand for basic staples by an ever-expanding and urbanised global population;
- coupled with a shift in dietary patterns toward higher animal protein intake;
- a growing trend in industrial energy crops; and
- compounded by shrinking available arable land per capita;

increasing pressure is being placed upon fertilisers and other primary resources. Commercial fertilisers are responsible for 40% to 60% of the world's current food production. Over the next 50 years, farmers will have to produce as much food as was produced in the last 10,000 years. In recognising the importance of sustainable soil management to food, fuel and fibre production, the Food and Agricultural Organization of the United Nations has proclaimed 2015 as International Year of Soils. Fluid fertilisers and the associated importance of nutrient use efficiency will receive special recognition under this development agenda. This confirms our belief in phosphate as our focus commodity - whilst short-term markets are dynamic by their very nature, long term fundamentals always stand the test of time.

Phosphorous, as an irreplaceable macronutrient directly associated with yield capability, has an ongoing evolutionary role in unlocking the productivity of our soils and farmers alike. We believe our company, by applying the Improved Hard Process (IHP) technology to liberate the economically purest form of plant available phosphate from our large Wonarah resources, will be at the forefront of the next chapter in delivering agricultural efficiency, achieving food and nutrition security and implementing sustainable soil management practices at scale.

The 2014 financial year has been frustrating as we have worked to support and advance our Wonarah project technology provider, JDCPhosphate, Inc. (JDCP), in its endeavours to commercially validate IHP. We remain firmly of the view that Wonarah will be a significant and valued phosphate-based asset but, at current rock phosphate prices, Wonarah requires an enabling technology to overcome the cost disadvantage of distance to port. While we continue to evaluate alternative enabling means, IHP in our view still presents as the most commercially viable means to liberate value for all shareholders.

During the year under review, we saw the IHP demonstration plant at Fort Meade, Florida complete construction and proceed into commissioning. Materials handling related issues and agglomeration feed integrity issues largely led to excessive dust generation and limited run times. This prevented full IHP validation, but encouraging work is ongoing to fully overcome these challenges. As reported during the year, much progress has been made in resolving these problems but further work remains to be done. Our current expectation is that the efforts associated with the commercial validation of the IHP technology will likely continue well into the new calendar year.

In November 2013 and February 2014, we participated in fund raisings for JDCP which increased our holding to approximately 8%. We did this to prevent dilution and to stay aligned with the other strategic JDCP investors. In addition, we strengthened our exclusive Australian license agreement to utilise the IHP technology, which will stand us in good stead once the technology has completed commercial validation.

As an enabling technology for phosphate resources in the Georgina Basin, the delay in validation of the IHP technology has inevitably delayed our short-term plans to develop the Wonarah project. We have subsequently reduced the associated operating costs for our company to a basic level necessary to maintain ownership, preserve integrity of the project and protect the capital invested to date. Whilst phosphate remains our primary focus, the majority of alternative undeveloped phosphate related projects reviewed and studied by our team face similar or greater challenges. This fieldwork reaffirms our positive view of the Wonarah project.

In our commitment to deliver near-term shareholder value, we continue to actively source, examine and pursue other shorter term value-accretive opportunities in and beyond the phosphate sector. To date, we have examined over one hundred possibilities, both within Australia and internationally, but we have not, as yet, secured any compelling potentials we believe to be value-accretive to shareholders. Such plays do not exist in abundance. This is likely a function of the overall state of mining markets, flat commodity outlooks and, perhaps, speculative investment in the last mining cycle. Our development capability and cash backing place us in a position to take advantage of opportunities should general investor sentiment weaken further. If a compelling near-term possibility materialises that satisfies our technical and economic criteria, we will seek support from our shareholders to include this within our development portfolio.

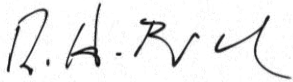
We remind shareholders that IHP is a potentially disruptive technology in the broad phosphate industry. As such, patents and other confidentiality protections are in place to prevent inappropriate disclosure of methodology and related information. The shareholders of JDCP include private individuals, specialist funds and large conglomerates, all with different reporting requirements. For these reasons, our own reporting is correctly limited to our obligations under continuous disclosure regulations. As it relates to other Minemakers activities, serious due diligence activity invariably includes confidentiality agreements which we respect. We are committed to keeping our shareholders fully informed and believe that making announcements prematurely or for the sake of generating news does little to enhance the Company's reputation or objectives.

Chairman and Managing Director's Review

We have continued our cost reduction program and in addition will continue to outsource our in-house management and technical capability where appropriate as a means to make recoveries against our cost base.

We thank our fellow Board members, our small team of staff, consultants and the JDCP team for embracing our collective vision and for working through change with drive and determination. We all recognise there will be many challenges to overcome as we press forward but we are constantly energised by team work and the resultant force multiplier.

We thank you, our shareholders, for your ongoing patience and support in difficult commodity and equity markets; we are firmly of the view that we are extremely well-positioned and through prudent and focussed development will generate and maximise shareholder value. This is our primary objective and challenge as we look to the year ahead with confidence.



Dick Block
Chairman



Cliff Lawrenson
Managing Director and CEO

Review of Operations

WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY (100% Owned)

SUMMARY

The Wonarah Phosphate project (Wonarah) hosts one of the largest contained P_2O_5 resources of any known phosphate deposit in Australia. To date, only small portion of the area phosphate mineralisation, based on wide-spaced drilling, has been sufficiently drill tested to enable a Mineral Resource to be estimated in accordance with JORC requirements.

Minemakers Limited (the Company) commenced a Feasibility Study in 2012 for the development of Wonarah using JDCPhosphate, Inc. (JDCP) patented Improved Hard Process (IHP) technology. The Company believes Wonarah has compelling features apart from its size and grade that will support a major phosphate development at the site. These include:

- Situated in a stable political jurisdiction;
- Northern Territory Government support and designation as a Major Project;
- A life of mine Mining Agreement in place with Traditional Owners which covers mining, processing and fertiliser production;
- Proximity to a regional population centre at Tennant Creek;
- Access to an established bulk commodity port at Darwin;
- Bitumen highway access;
- Proximity to a standard gauge railway with spare freight capacity;
- Proximity to a natural gas supply, the pipeline for which closely follows the railway line;
- Proximity to ample groundwater;
- Silica available on site and petroleum coke readily available regionally; and
- Growing importance of technical grade phosphoric acid and fluid fertilisers both globally and locally.



Figure 1: Wonarah Project Locality Map

Review of Operations (cont.)

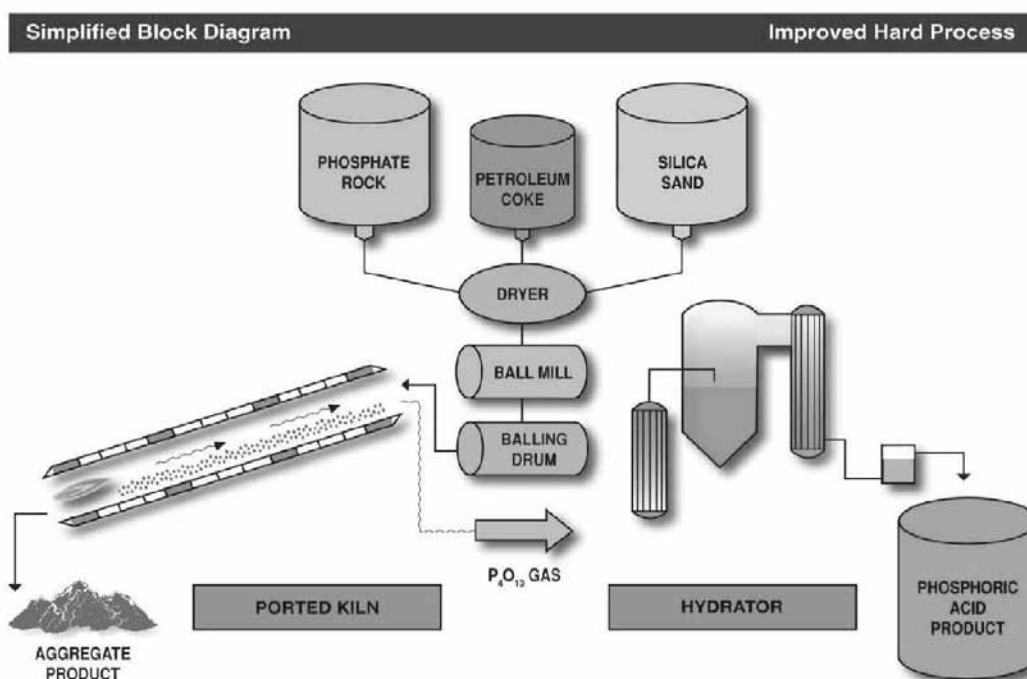
Whilst Wonarah is located approximately 1,300km from the port of Darwin, under an IHP development scenario, the impact of this distance is mitigated by the production of a concentrated, high-value product, such that the logistics cost per tonne of the phosphoric acid (P_2O_5) is minimised. The existence of a suitable and immediately accessible road and rail infrastructure relieves the Company of a potentially heavy capital burden on the project.

Pending successful commercial validation of the IHP technology by JDCP, Minemakers intends to use the IHP method of producing superphosphoric acid at Wonarah using beneficiated rock mined at Wonarah. Beneficiation test work on a composite sample of diamond core, representing potential run-of mine material, has resulted in the elaboration of a treatment regime to optimise P_2O_5 recovery and minimise clay content to produce a suitable feed for an IHP plant. Variability testing across a range of ore profiles indicated that the treatment regime remained successful. The efficacy of superphosphoric acid production by the IHP method is currently subject to validation testing by JDCP at a demonstration plant in Florida, USA.

Improved Hard Process Description

Low-grade phosphate rock, petroleum coke and silica sand are fed at accurately controlled flows to a dryer to remove moisture. The solids leaving the dryer are screened to remove large lumps and the material passing through the screen is finely ground in a ball mill.

The ground material is formed into balls in a balling drum. Fines and oversize are returned to the balling drum and product sized balls are fed to the ported kiln.



Source: JDCPhosphate Inc.

Air is heated by burning natural gas and blown counter-currently to the flow of material in the kiln. The P_4O_{10} gas is liberated and passes to the hydrator where it is absorbed in water to form a concentrated phosphoric acid. Gases leaving the hydrator are further scrubbed in a venturi scrubber, cyclone/scrubber and mist eliminator to recover product not absorbed in the hydrator. Vent gases are then scrubbed with lime slurry and then pass to a flue gas desulfurisation unit for final cleaning.

The phosphoric acid is cooled, filtered to remove any suspended solids and stored ready for shipping.

FEASIBILITY STUDY

As previously detailed, the company embarked on a feasibility study in 2012, with the intention of conducting a detailed investigation for the development of Wonarah based on the patented JDCP IHP technology.

The Company has previously described how the feasibility study is divided into two separate but interlinked areas of study. The area within the battery-limits of the IHP plant to be studied by the JDCP team, which includes a number of equipment suppliers and members of the team who designed and have constructed the JDCP demonstration plant, in Florida. Minemakers benefits from the expertise and "hands-on" experience of this team. The second area is that outside of the battery-limits of the IHP plant and comprises all of those studies necessary to support an IHP operation. Key amongst those studies is the metallurgical testwork to establish the beneficiation route required for the ore and silica sand.

Review of Operations (cont.)

Given the challenges experienced in commissioning the JDCP demonstration plant at Fort Meade in Florida, all studies both inside and outside battery-limits, have been suspended in order to curtail expenditure in this area until the technology is commercially validated.

Work on the feasibility study will resume following successful, commercial validation of the IHP technology.

The Company continues to review other technologies, including well established processes, for advancing the Wonarah phosphate project.

Metallurgical Test Work

The metallurgical testwork programme designed by KEMWorks Technology, Inc. (KEMWorks) of the United States, progressed well during the year. KEMWorks has reviewed and analysed the results of the testwork conducted in 2013 and made preliminary recommendations for the beneficiation plant flowsheet, although some areas of the comminution circuit will need to await the final outcome of further testwork involving the use of high pressure grinding rolls, which will not be concluded until commercial validation of the IHP technology is achieved.

Composite samples were prepared with geological input on sample selection. The resulting samples were then subject to a series of tests to determine a suitable processing flowsheet based on the premise that attritioning should produce a product of suitable quality to be fed to the IHP plant.

The testwork was successful and resulted in a treatment regime where percentage solids content, agitator speed and residence time were optimised. The optimised conditions were defined as those which gave rise to the maximum P_2O_5 recovery and maximum clay rejection.

Further tests explored the effect of pH modification as well as exploring the effect of various water sources, including site water, with no significant variation noted.

Variability testing was undertaken to test the behaviour of the optimised circuit at the extremes of the potential feed to the beneficiation plant. The results of variability testing confirmed that the optimised operating regime provided satisfactory performance across the likely range of ore profiles.

Silica sand obtained from Wonarah was subjected to the same treatment regime as the ore and produced satisfactory results. However, further testing revealed that similar outcomes could be obtained by simply wet screening the sand and this was selected as the treatment process for the beneficiation plant, thereby minimising capital and operating costs for this section of the beneficiation plant.

Data obtained during the beneficiation testwork was utilised to create a beneficiation algorithm which is now incorporated into the pit optimisation model being managed by AMC Consultants Pty Ltd (AMC).

As part of the JDCP portion of the feasibility study, they required 30kg samples of each beneficiated ore type and a 50kg sample of beneficiated silica sand to be provided to enable them to undertake balling testwork. In order to meet the physical demands of passage through the kiln, the composition of the primary materials (ore, petroleum coke and silica sand) needs to be modified by the addition of binders. The type of binder and exact blend will differ for each ore type and these can only be determined by testwork. The balance of the samples was sent to Metso Corporation (Metso) for grinding testwork to determine the power requirements for the grinding circuit.

The generation of the larger samples for JDCP produced sufficient clay residues to enable settling testwork to be undertaken to determine the required thickener size and settling storage requirements.

The results of the testwork undertaken on binders by JDCP and work indices by Metso were incorporated into JDCP's component of the feasibility study. An apparently suitable binder regime has been defined for the Wonarah ore that appears to produce a satisfactory feed material for the kiln. Further work will be required to optimise this binder regime.

An initial round of High Pressure Grinding Rolls (HPGR) test work was undertaken by JKTech at their laboratory in Brisbane. The products of that initial round of tests were returned to Adelaide and were subjected to the optimised attritioning regime. These results provided encouragement that HPGR offers a more cost-effective means of comminution for Wonarah ore and a second phase of HPGR testwork has been devised by KEMWorks, to be undertaken when the feasibility study resumes.

Mine Planning

Scheduling work was undertaken by AMC early in the year in order to provide a physical schedule input to assist in structuring an early stage financial model for the project. However, completion of this model will require validation data from the operation of the demonstration plant as well as capital and operating cost inputs. The model is intended for internal use to guide future work on the feasibility study.

Work undertaken by AMC included the development of an optimisation algorithm in concert with Minemakers and KEMWorks, utilising data generated from the metallurgical testwork program. An amended physical schedule was produced as a result of the optimisation work and included in the early stage internal financial model.

Ground disturbing work such as further resource in-fill drilling, water bore drilling, civil geotechnical investigation and tailings storage facility site investigation will not occur until commercial validation of the IHP technology has been achieved.

Review of Operations (cont.)

Environmental Approvals

Minemakers was advised in early June 2013, that the Northern Territory Environment Protection Authority (NT-EPA) had approved a Mining Management Plan assessment process for Wonarah.

In view of the intention to address outstanding environmental issues under the Mining Management Plan assessment process, the NT-EPA has concluded that Wonarah does not require further assessment under the Environmental Assessment Act.

Minemakers previously prepared and processed an Environmental Impact Statement for a Direct Shipping Ore project and the terms of approval under that process which remain applicable to Wonarah continue to apply.

A Mine Management Plan will be prepared during the feasibility study, to ensure that it incorporates the most up-to-date technical information on Wonarah.

SAFETY AND HEALTH

Minemakers aspires to a goal of causing zero harm to people. In this regard we are committed to undertake our activities so as to protect the safety and health of employees, contractors, visitors and the communities in which we operate.

There were no lost time or medically treated injuries during the year.

ENVIRONMENT

No environmental incidents occurred during the year.

Rehabilitation of exploration drill sites and access tracks was ongoing throughout the year, with this work continuing to be carried out by a contracting company owned by one of the Traditional Owners.

SOCIAL AND GOVERNMENT ENGAGEMENT

The Company continues to engage with all stakeholders with an interest in the development of Wonarah and has provided them with periodic updates on progress with the project. Minemakers appreciates their ongoing support.

STRATEGIC PARTNERSHIP PROCESS

In June 2012, Minemakers commenced a strategic partnership process to support the development of Wonarah. The key attributes for a potential partner are the ability to add technical input, support in financing and provide off-take for product.

Whilst the Company remains open to such a partnership it has not vigorously pursued such an alliance during the past year. Should Minemakers decide to pursue this path, it will ensure that its choice of strategic partner and any ensuing business combination is value enhancing and sustainable for the Company and its shareholders.

Vulcan Phosphates LLC

Vulcan Phosphates LLC (Vulcan) came on-board the Company's share register in April 2013, as a strategic cornerstone investor and has been a supportive partner throughout the past 12 months. Vulcan's shareholding remains unchanged.

JDCPHOSPHATE, INC., FLORIDA (Approx. 8% Equity)

Minemakers owns approximately 8% of JDCP, the holder of the patents for the IHP technology

Construction of the demonstration plant at Fort Meade, Florida commenced in March 2012. In addition to Dr Megy, the design team for the plant comprised of HTH, Metso and Case Engineering.

In order to try to expedite delivery of the demonstration plant, JDCP commenced construction of the demonstration plant prior to completion of all the design elements. Unfortunately late delivery of some critical components delayed completion of the plant until October 2013, although the front-end of the plant was operated periodically from September 2013 onwards.

Start-up of the front-end of the JDCP Demonstration Plant was sufficiently advanced by November 2013, to allow curing of the kiln refractories and full initial operation of the integrated plant. The integrated plant operated intermittently during late November and December 2013. Three important hot operating intervals were completed where important milestones were achieved and operating data collected for analysis. These operations identified several modifications including equipment and procedural modifications which were implemented in January 2014.

The first hot operating interval immediately followed the refractory curing exercise. During this first run JDCP discovered several front-end equipment problems that limited control of the kiln. Nonetheless, several tonnes of phosphorus were yielded from the kiln charge to the acid plant and 64,400 litres of >5% P₂O₅ acid were produced. Inadequate temperature control during this run resulted in excessive kiln temperatures with clinker formation exacerbated by excessive dust generation from inadequate feed agglomerates.

After making critical equipment modifications and cleaning the clinkers from the system, the kiln was re-heated and feed agglomerates were introduced for the second time in the second week of December 2013. Excellent temperature control of the kiln was achieved during this operating period proving the efficacy of the equipment modifications. Operating problems in the front-end of the plant terminated this operating run and the plant was put in hot standby status while repairs were carried out.

Review of Operations (cont.)

The third operating interval occurred later in December once temporary repairs and operating improvements were made. Good temperature control was maintained throughout the operating period and the phosphorus yield was moved up near the optimum range. Having learned where the constraints in the system were during this sequence of three hot operating intervals, persistent problems in the front-end of the plant influenced the decision to cease operations until additional mechanical and procedural changes could be implemented.

Recognising the need for additional operational expertise in the march toward steady operations, JDCP employed Mr David Blake, formerly Senior Vice President North American Iron Ore Operations for Cliffs Resources to lead JDCP's operating efforts. In his former role, Mr Blake was responsible for seven iron ore operations and 6,000 employees and has a deep knowledge of iron ore processes that are at the heart of the IHP front-end operations. Mr Blake further augmented the operations expertise by engaging a statistical process control expert on a consulting basis with whom he has had extensive experience in several prior operating roles.

Under Mr Blake's leadership and with the active involvement of all team members, the company has since conducted several additional hot operating intervals. During these operations the important criteria of temperature control and conversion of phosphorus gas into phosphoric acid were again demonstrated, each key parameters for technology validation. These operating intervals were brief in duration because a portion of the feed agglomerates introduced into the kiln degraded inside the kiln and generated unacceptable dust levels.

Variability of raw materials that combine to make up the feed agglomerates to the kiln has been known to be a potential root cause for ball failure in a portion of the kiln feed balls and consequent dust formation. JDCP completed the installation of mixing equipment that was designed to reduce the variation in the stream of feed agglomerates to the kiln and conducted exhaustive testing and equipment/procedural optimisation of the equipment. The ultimate mixing configuration that is being used involves two serial processes and it is believed that this equipment is providing adequate mixing of the raw materials, water and binding agents.

The exhaustive testing performed on all parts of the balling process (raw material constituents, raw material dosing and feed, grinding, mixing and balling) uncovered an important source of variability, and consequent inconsistency in the balling circuit, namely the native clay used as a binding agent. Whilst JDCP believe that they can develop procedures that will render native clay suitable as a binding agent, it was decided to eliminate this source of variability in the feed by using purchased bentonite clay, a commonly used binding agent in the iron ore industry. The most recent runs from May 2014 onwards have been undertaken using bentonite bound balls.

Drawing on Mr Blake's background in iron ore processing, the team conceptually developed a process change that may result in a significant increase in full strength of the balls and commensurate reduction in dust generation. This hypothesis has been tested twice using a batch process through the kiln with some success.

It is anticipated that the project team will undertake a battery of lab scale tests to optimise the process and generate data to be used in process design in order to incorporate this step into the demonstration plant.

PORT KEATS SALT, NORTHERN TERRITORY (100% Equity)

This project is currently on hold due to the Northern Territory Government moratorium on mineral exploration on the seafloor.

INVESTMENTS

AUSTRALIA MINERALS & MINING GROUP LIMITED (ASX:AKA)

In June 2014 Minemakers sold its 4.64% equity interest in Australia Minerals & Mining Group Ltd. The total cash received was \$400,000.

NIUMINCO GROUP (ASX:NIU)

Minemakers holds a 2.53% equity interest in Niuminco Group.

JDCPHOSPHATE, INC.

Minemakers holds approximately 8% equity interest in JDCPhosphate, Inc.

MATAYO TRADING 7 (PTY) LIMITED

Minemakers holds a historic 74% equity interest in Matayo Trading 7 (Pty) Ltd, the owner of the Matayo diamond project located in South Africa.

Review of Operations (cont.)

QUALIFYING STATEMENTS

STATEMENT OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Governance of Minemakers Limited's mineral resources estimation process is a key responsibility of the Executive Management of the Company.

The Geological Manager and General Manager Project Development of the Company oversee technical reviews of the estimates and the evaluation process is augmented by utilising Minemakers' in-house knowledge in operational and project management, ore processing and commercial/financial areas.

The Geological Manager is responsible for managing all Minemakers' drilling programs, including resource definition drilling. The estimation of resources is done by an independent contractor, MPR Geological Consultants Pty Ltd.

The Company has adopted quality assurance and quality control protocols based on current and best practice in regard to all field aspects including drill hole surveying, drill sample collection, sample preparation, sample security, provision of duplicates, blanks and matrix-matched certified reference materials. All geochemical data generated by laboratory analysis is examined and analysed by the Geological Manager before accession to the Company database.

Data is subject to additional vetting by the independent contractor who carries out the resource estimates. Resource estimates are based on well-founded, industry-accepted assumptions and compliance with standards set out in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

Mineral resource estimates are subject to peer review by the independent contractor and a final review by Minemakers' Executive Management before market release.

Minemakers Limited reports its mineral resources and ore reserves on an annual basis, in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2012 Edition.

COMPETENT PERSON'S AND QUALIFIED PERSON'S STATEMENT

The information in this document is based on, and fairly represents, information and supporting documentation prepared by Russell Fulton, who is the Geological Manager of the Company and a Member of the Australian Institute of Geoscientists. Mr Fulton has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and a 'Qualified Person' as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mr Fulton consents to the inclusion in this document of the matters based on all information in the form and context in which it appears.

The Mineral Resource estimates were first set out in Minemakers' market announcement dated 5 October 2012. On 30 April 2014, the estimates were again reported to the market, unchanged, and in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Minemakers is not aware of any new information or data that materially affects the information included in these market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in these market announcements continue to apply and have not materially changed.

For further information on Wonarah, please refer to Minemakers' NI43-101 compliant technical report entitled "Technical Report Mineral Resource Estimation for the Wonarah Phosphate Project, Northern Territory, Australia", dated March 2013 and available on SEDAR at www.sedar.com and to Minemakers' market announcement dated 30 April 2014 which can be viewed at www.minemakers.com.au

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

All statements, trend analysis and other information contained in this document relative to markets for Minemakers' trends in resources, recoveries, production and anticipated expense levels, as well as other statements about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Minemakers does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Minemakers Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Richard H (Dick) Block, B.Sc (Chemical Engineering) – *(Non-executive Chairman)*

Experience & Expertise

Dick Block is a US based mining and processing industry executive with 4 decades experience in the fertiliser and base and precious metals businesses. The majority of his career was with the Freeport-McMoRan group of companies, where he rose to executive vice president and Chief Operating Officer of Freeport-McMoRan Inc. and senior vice president of Freeport-McMoRan Copper & Gold Inc. In addition, he was President of two of the world's largest phosphate mining and fertiliser producing firms, Agrico Chemical Company and IMC-Agrico Company. Further, he was deeply involved in Queensland Nickel JV in Australia in the 1980s.

Mr Block has been a senior executive or member of the board of directors of six NYSE and TSE listed firms, including Amax Gold Inc. and Kinross Gold Corporation. Also, he has been a member of the board of a number of trade, non-profit and charitable organisations, including the International Fertiliser Industry Association, the Fertiliser Institute, the Phosphate Chemicals Export Association (Phos Chem), the Sulphur Institute, United Way of the North Shore and Illinois Public High School District 115.

Other Current Directorships

None

Former Directorships in the last 3 years

None

Special Responsibilities

Member of the Remuneration and Nomination and the Audit Committees.

Cliff Lawrenson, B.Com. (Hons) - *(Managing Director and CEO)*

Experience & Expertise

Cliff Lawrenson joined Minemakers after holding the position of chief executive officer of FerrAus Limited which he led to a recommended takeover by Atlas Iron Limited in December 2011. Mr Lawrenson held the position of group chief executive officer of GRD Limited from 2006 which incorporated GRD Minproc Limited, OceanaGold Limited and Global Renewables. Prior to joining GRD Limited, Mr Lawrenson was a senior executive and vice president of CMS Energy Corporation in the United States of America and Singapore.

He has worked extensively in investment banking around the world and holds postgraduate qualifications in Finance and Strategy.

Mr Lawrenson has served on several boards in international locations where he led the development and financing of numerous major infrastructure projects. He is also non-executive chairman of Pacific Energy Limited.

Other Current Directorships

Non-executive Chairman of Pacific Energy Limited from August 2010.

Former Directorships in the last 3 years

Managing Director of FerrAus Limited from January 2011 to December 2011.

Special Responsibilities

None.

Richard O'Shannassy, B.Juris., LL.B. (Hons) - *(Non-executive Director)*

Experience & Expertise

Richard O'Shannassy is a commercial lawyer with over 30 years experience in the mining and energy sectors. He has experienced private legal practice, including conducting his own practice in Perth for nearly 20 years, as well as in-house roles. He has served upon mining industry committees over a number of years and is a member of Australian Mining and Petroleum Law Association Inc.

Other Current Directorships

Non-executive Director of Brierty Ltd from September 2011.

Former Directorships in the last 3 years

None.

Special Responsibilities

Member of the Audit Committee and Chairman of the Remuneration and Nomination Committee.

Directors' Report (cont.)

Ian McCubbing, B.Comm (Hons), MBA(Ex), CA, GAICD - (Non-executive Director)

Experience & Expertise

Ian McCubbing is a Chartered Accountant with more than 25 years corporate experience, principally in the areas of accounting, corporate finance and Mergers and Acquisitions. He has spent more than 15 years working with ASX-200 and other listed companies in senior finance roles including positions as finance director and chief financial officer in mining and industrial companies.

Other Current Directorships

Non-executive Director of Swick Mining Services Limited from August 2010.

Non-executive Director of Kasbah Resources from March 2011.

Former Directorships in the last 3 years

Non-executive Director of Mirabela Nickel Limited from January 2011 to April 2014.

Non-executive Director of Territory Resources Limited from August 2008 to July 2011.

Chairman of Eureka Energy Limited from July 2010 to June 2012.

Non-executive Director of Alcyone Resources from February 2012 to March 2013.

Special Responsibilities

Chairman of the Audit Committee and member of the Remuneration and Nomination Committee.

COMPANY SECRETARY

John Ribbons, B.Bus., CPA, ACIS

Mr Ribbons is an accountant who has worked within the resources industry for over 19 years in the capacity of company accountant, group financial controller, chief financial officer or company secretary.

Mr Ribbons has extensive knowledge and experience with ASX listed production and exploration companies. He has considerable site based experience with operating mines and has also been involved with the listing of several exploration companies on the ASX. Mr Ribbons has experience in capital raising, ASX and TSX compliance and regulatory requirements. Currently, Mr Ribbons is a director of Montezuma Mining Company Limited. Mr Ribbons has not held any former directorships in the last 3 years.

Rod Wheatley B.Bus., CPA

Rod Wheatley is a senior accountant who has worked within the oil and gas, and resource industry for in excess of 13 years in the capacity of company accountant, group financial controller and chief financial officer.

Mr Wheatley joined Minemakers in 2009 as group financial controller. He was appointed chief financial officer in 2011 and joint company secretary in July 2013. Prior to joining Minemakers, Mr Wheatley held senior accounting positions in a number of ASX and AIM listed production and exploration companies. He has extensive experience in management and project accounting, financial reporting at national and international levels, mergers and acquisitions and implementation of accounting systems and procedures.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Minemakers Limited were:

	Ordinary Shares	Options over Ordinary Shares
Dick Block	500,000	4,000,000
Cliff Lawrenson	1,901,868	15,000,000
Richard O'Shannassy	1,147,652	3,000,000
Ian McCubbing	200,000	1,500,000

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration, evaluation and feasibility activities on its tenements, or tenements in which it has an interest with the objective of identifying economic mineral deposits. The Group's main focus during the year was on progressing a Feasibility Study on the Wonarah Project in the Northern Territory while simultaneously evaluating shorter term value accretive opportunities.

There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Operating Review

As previously detailed, the Company embarked on a feasibility study in 2012, with the intention of conducting a detailed investigation for the development of Wonarah based on the patented JDCPhosphate Inc. (JDCP), Improved Hard Process technology (IHP).

The Company has previously described how the feasibility study is divided into two separate but interlinked areas of study. The area within the battery-limits of the IHP plant to be studied by the JDCP team, which includes a number of equipment suppliers and members of the team who designed and have constructed the JDCP demonstration plant, in Florida.

Directors' Report (cont.)

Minemakers benefits from the expertise and "hands-on" experience of this team. The second area is that outside of the battery-limits of the IHP plant and comprises all of those studies necessary to support an IHP operation. Key amongst those studies is the metallurgical testwork to establish the beneficiation route required for the ore and silica sand.

Given the challenges experienced in commissioning the JDCP demonstration plant at Fort Meade in Florida, all studies; both inside and outside battery-limits, have been suspended in order to curtail all expenditure in this area until the technology is commercially validated.

Work on the feasibility study will resume following successful, commercial validation of the IHP technology.

The Company continues to review other technologies; including well established processes, for advancing the Wonarah Phosphate Project.

Metallurgical Testwork

An initial round of testwork using High Pressure Grinding Rolls (HPGR) was undertaken and suggests that HPGR may offer a more cost-effective means of comminution for Wonarah ore. Further testwork is planned when the feasibility study resumes.

Testwork undertaken by JDCP determined a suitable binder regime that appears to produce a satisfactory feed material for the kiln from Wonarah ore.

Data collected during the metallurgical testwork program has been incorporated into a pit optimisation model being managed by AMC consultants

Mine Planning

Scheduling work was undertaken by AMC Consultants Pty Ltd early in the year in order to provide a physical schedule input to assist in structuring an early stage financial model for the project. However, completion of this model will require validation data from operation of the demonstration plant as well as capital and operating cost inputs. The model is intended for internal use only to guide future work on the feasibility study.

Work undertaken by AMC included the development of an optimisation algorithm in concert with Minemakers and KEMWorks, utilising data generated from the metallurgical testwork program. An amended physical schedule was produced as a result of the optimisation work and included in the early stage internal financial model.

Ground disturbing work such as further resource in-fill drilling, water bore drilling, civil geotechnical investigation and tailings storage facility site investigation will now not occur until commercial validation of the IHP technology has been achieved.

JDCPhosphate Inc. - Florida Demonstration Plant

Minemakers owns approximately 8% of JDCP, the holder of the patents for the IHP technology.

Construction of the demonstration plant at Fort Meade commenced in March 2012. In addition to Dr Megy, the design team for the plant comprised of HTH, Metso and Case Engineering.

In order to try to expedite delivery of the demonstration plant, JDCP commenced construction of the demonstration plant prior to completion of all the design elements. Unfortunately late delivery of some critical components delayed completion of the plant until October 2013, although the front end of the plant was operated periodically from September 2013 onwards.

Start-up of the front-end of the JDCP Demonstration Plant was sufficiently advanced by November 2013, to allow curing of the kiln refractories and full initial operation of the integrated plant. The integrated plant operated intermittently during late November and December. Three important hot operating intervals were completed where important milestones were achieved and operating data collected for analysis. These operations identified several modifications including equipment and procedural modifications which were implemented in January 2014.

The first hot operating interval immediately followed the refractory curing exercise. During this first run JDCP discovered several front-end equipment problems that limited control of the kiln. Nonetheless, several tons of phosphorus were yielded from the kiln charge to the acid plant and 17,000 gallons (64,400 L) of >5% P₂O₅ acid were produced. Inadequate temperature control during this run resulted in excessive kiln temperatures with clinker formation exacerbated by excessive dust generation from inadequate feed agglomerates.

After making critical equipment modifications and cleaning the clinkers from the system, the kiln was re-heated and feed agglomerates were introduced for the second time in the second week of December. Excellent temperature control of the kiln was achieved during this operating period proving the efficacy of the equipment modifications. Operating problems in the front-end of the plant terminated this operating run and the plant was put in hot standby status while repairs were carried out.

The third operating interval occurred later in December once temporary repairs and operating improvements were made. Good temperature control was maintained throughout the operating period and the phosphorus yield was moved up near the optimum range. Having learned where the constraints in the system were during this sequence of three hot operating intervals, persistent problems in the front-end of the plant influenced the decision to cease operations until additional mechanical and procedural changes could be implemented.

Recognising the need for additional operational expertise in the march toward steady operations, JDCP employed Mr David Blake, formerly Senior Vice President North American Iron Ore Operations for Cliffs Resources, to lead the JDCP's operating efforts. In his former role, Mr Blake was responsible for seven iron ore operations and 6,000 employees and has a deep knowledge of iron ore processes that are at the heart of the IHP front-end operations. Mr Blake further augmented the

Directors' Report (cont.)

operations expertise by engaging a statistical process control expert on a consulting basis with whom he has had extensive experience in several prior operating roles.

Under Mr Blake's leadership and with the active involvement of all team members, JDCP has since conducted several additional hot operating intervals. During these operations the important criteria of temperature control and conversion of phosphorus gas into phosphoric acid were again demonstrated, each key parameters for technology validation. These operating intervals were brief in duration because a portion of the feed agglomerates introduced into the kiln degraded inside the kiln and generated unacceptable dust levels.

Variability of raw materials that combine to make up the feed agglomerates to the kiln has been known to be a potential root cause for ball failure in a portion of the kiln feed balls and consequent dust formation. JDCP completed the installation of mixing equipment that was designed to reduce the variation in the stream of feed agglomerates to the kiln and conducted exhaustive testing and equipment/procedural optimisation of the equipment. The ultimate mixing configuration that is being used involves two serial processes and it is believed that this equipment is providing adequate mixing of the raw materials, water and binding agents.

The exhaustive testing performed on all parts of the balling process (raw material constituents, raw material dosing and feed, grinding, mixing and balling) uncovered an important source of variability, and consequent inconsistency in the balling circuit, namely the native clay used as a binding agent. Whilst JDCP believes that it can develop procedures that will render native clay suitable as a binding agent, it has decided to eliminate this source of variability in the feed by using bentonite clay, a commonly used binding agent in the iron ore industry. The most recent runs from May 2014 onwards have been undertaken using bentonite bound balls.

Drawing on Mr Blake's background in iron ore processing, the team conceptually developed a process change that may result in a significant increase in full strength of the balls and commensurate reduction in dust generation. This hypothesis has been tested twice using a batch process through the kiln with some success.

It is anticipated that the project team will undertake a battery of laboratory scale tests to optimise the process and generate data to be used in process design in order to incorporate this step into the demonstration plant.

Geology and Resources

The Wonarah Project is being developed on a very large sedimentary phosphate deposit hosted by late Proterozoic to early Palaeozoic sedimentary rocks of the Georgina Basin in Australia's Northern Territory. Phosphate mineralisation is contained predominantly within gently undulating mudstone phosphorite and chert breccia phosphorite units of the Cambrian-aged Upper Gum Ridge Formation.

The resources occur in two main arears, Main Zone and Arruwurra. Main Zone mineralisation is hosted within a sequence of mudstone phosphorite and chert breccia phosphorite and undifferentiated transitional sediments with an average combined thickness of around 10 metres. The majority of the Main Zone mineral resources lie within the mudstone phosphorite and chert breccia. The Arruwurra mineralisation lies predominantly within a layer of mudstone phosphorite which averages around 6m thick with a variably developed high grade indurated basal zone averaging approximately 1.6 metres thick.

Minemakers' Wonarah mineral resources are set out in Table 1 below. There has been no change resources or reserves in the previous 12 months.

Table 1. Mineral Resource Statement as at 30 June 2014. All resources are located at Wonarah in the Northern Territory

Cut off	Category	Tonnes	P ₂ O ₅	Al ₂ O ₃	CaO	Fe ₂ O ₃	K ₂ O	MgO	MnO	Na ₂ O	SiO ₂	TiO ₂
P ₂ O ₅		Mt	%	%	%	%	%	%	%	%	%	%
10%	Measured	78.3	20.8	4.85	28.0	1.11	0.43	0.25	0.04	0.10	39.7	0.21
	Indicated	222	17.5	4.75	23.2	1.49	0.47	0.20	0.04	0.09	48.3	0.22
	M+I	300	18.3	4.77	24.4	1.40	0.46	0.21	0.04	0.09	46.1	0.22
	Inferred	542	18.0	4.8	24.0	2.1	0.5	0.2	0.08	0.05	46.0	0.2
15%	Measured	64.9	22.4	4.47	30.0	1.10	0.37	0.19	0.04	0.09	37.0	0.19
	Indicated	133	21.1	4.77	28.0	1.53	0.47	0.21	0.04	0.09	39.7	0.22
	M+I	198	21.5	4.67	28.7	1.39	0.44	0.20	0.04	0.09	38.8	0.21
	Inferred	352	21.0	4.6	28.0	2.1	0.5	0.2	0.10	0.06	39.0	0.2

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be classified as mineral reserves. There is no assurance that any part of the Inferred resources will ultimately be converted to mineral reserves.

Directors' Report (cont.)

Social and Government Engagement

The Company continues to engage with all stakeholders with an interest in the development of the Wonarah Project and has provided them with periodic updates on progress with the project. Minemakers appreciates their ongoing support.

Tenement Management

Minemakers commenced acquisition of EL23767 in early 2013 after determining from drilling programs carried out in 2010 and 2012 that significant phosphate mineralisation was likely to extend from Minemakers' tenements EL29840 and EL26407 onto the adjoining tenement to the west. Transfer of the tenement from Minerals Australia Pty Ltd to Minemakers was completed in May 2014.

Business Development and Due Diligence Activities

As a consequence of the Company's cash balance and the continued delay in validation of the enabling IHP technology, Minemakers has continued to review a number of nearer term opportunities both within and outside of the phosphate sector.

During the year the Company undertook due diligence activities, including site visits, on several potential opportunities. These include an early stage phosphate opportunity, several base and precious metal opportunities and a bulk commodity opportunity. The Company is outsourcing its geological capability in the case of the phosphate opportunity as part of the due diligence process.

Corporate Review

JDCPhosphate, Inc.

The slower than anticipated commissioning of the IHP demonstration plant resulted in JDCP raising US\$3m in November 2013 from its existing shareholders. A further US\$8.5m in equity finance was raised from its investors (of which the founders contributed US\$2.5m) in February 2014 to cover ongoing commissioning, validation and operating costs.

Due to the importance of IHP as a potential enabling technology for Wonarah and to avoid dilution, Minemakers contributed US\$400,000 in the first raising, which equates to slightly more than its pro rata share, and a further US\$900,000, being its pro rata share of that additional equity raising.

Participation in the latest financing round has also resulted in Minemakers' personnel being placed within a newly established JDCP governance framework which covers budget, operations and validation.

In addition, a further independent board director with significant phosphate experience has been appointed to the JDCP board.

On the 18 August 2014 Minemakers and JDCP executed an amended and restated license agreement. Minemakers is the only license holder of the IHP technology and has exclusive rights to deploy and operate the technology within Australia for a period of 10 years post commercial validation, in a capped capital based initial fee plus modest production royalty regime.

Investments

In June 2014 Minemakers sold its 4.64% equity interest in Australia Minerals & Mining Group Ltd. The total cash received was \$400,000.

On-market Share Buy-back

In June 2013 Minemakers established a facility to buy-back Minemakers shares over the ASX, subject to an exemption from TSX rules. The buy-back process lapsed on 12 July 2014. No shares were bought back.

Financial Information

At 30 June 2014 the total closing cash balance was \$22,075,533 (2013: \$28,300,001). The Group has recorded an operating loss after income tax for the year ended 30 June 2014 of \$2,773,756 (2013: Profit of \$14,761,485).

Operating Results for the Year

Summarised operating results are as follows:

	2014	
	Revenue \$	Results \$
Consolidated entity activities before income tax expense	1,234,732	(2,773,756)

Shareholder Returns

	2014	2013
Basic profit/(loss) per share (cents)	(1.0)	6.2

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

Directors' Report (cont.)

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than detailed in the Review of Operations above there were no significant changes in the state of affairs of the Group during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As at the date of this report there is no matter or circumstance that has arisen since 30 June 2014 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to advance its feasibility studies on the Wonarah project within the next 12 months and will continue to review shorter term value accretive opportunities.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation with respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, as far as it is aware is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

REMUNERATION REPORT - AUDITED

The remuneration report outlines the director and executive remuneration arrangements of the Company and Group.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

For the purpose of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The remuneration report is set out under the following main headings:

- (A) Principles used to determine the nature and amount of remuneration
- (B) Details of remuneration
- (C) Service agreements
- (D) Shared-based compensation

A. Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Minemakers Limited has been designed to align directors' and executives' objectives with shareholder and business objectives. The Board of Minemakers believes the remuneration policy to be appropriate and effective in its ability to attract and retain high quality directors and executives to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for Executive Directors, Non-Executive Directors and other senior executives. The Corporate Governance Statement provides further information on the role of this committee.

Executive Remuneration

The executive remuneration framework comprises of:

- I. Fixed Remuneration - Base Salary, including superannuation
 - II. Variable Remuneration - Long term incentives through the issue of options
- I. Fixed Remuneration - Base Salary, Including Superannuation

All executive KMP receive a base cash salary (which is based on factors such as skills, experience and length of service) and superannuation. The Remuneration Committee reviews executive KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Directors' Report (cont.)

The executive KMP receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

II. Variable Remuneration - Long Term Incentives through the Issue of Options

The Board may exercise discretion in relation to approving incentive bonuses and options. The policy is designed to attract and retain the highest calibre of executive KMP and reward them for performance that results in long term growth in shareholder wealth.

Executive KMP are also eligible to participate in the employee share and option plan approved by shareholders in general meeting.

All remuneration paid to KMP is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The Remuneration Committee has resolved to investigate as part of the annual remuneration review for the executive KMP, the implementation of an approach whereby a portion of the base cash salary component of remuneration is variable or at risk depending on the attainment of the company performance target.

Non-Executive Directors Remuneration

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The Chairman's fee will be determined independently to the fees of the non-executive directors based on comparative roles in the external market. External advice from independent remuneration consultants is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The most recent determination was at the November 2012 Annual General Meeting, where shareholders approved the maximum aggregate amount of fees that can be paid to Non-Executive Directors be \$350,000. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

During the 2014 financial year, in accordance with the resolution passed at the November 2013 Annual General Meeting, the Chairman and Non-Executive Directors were issued options in the Company. For further information on these options refer to page 19 of the remuneration report.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase the direct goal congruence between shareholders, directors and executives. Currently, this is facilitated through the issue of options to the directors and executive KMP to encourage the alignment of personal and shareholder interest. The Company believes this policy will be effective in increasing shareholder wealth. For details of directors' and executives' interests in options at year end, refer to page 20 of the remuneration report.

As the Company is in the evaluation and development phase the performance of the Company is not related to the profit or earnings of the Company.

Use of Remuneration Consultants

During the financial year ended 30 June 2014 the Remuneration Committee engaged the services of Gerard Daniels to provide benchmarking and analysis on the market competitiveness of the Managing Director's remuneration package.

Gerard Daniels was paid \$2,475 (exclusive of GST) for these services.

The following arrangements were made to ensure that the remuneration consultant could complete an independent review:

- Gerard Daniels was engaged by, and reported directly to the Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the Chairman of the Remuneration Committee; and
- The report containing the remuneration benchmarking and analysis was provided by Gerard Daniels directly to the Remuneration Committee.

As a consequence, the board is satisfied that the benchmarking and analysis was made and given free from undue influence from any members of KMP.

The Remuneration Committee considered the remuneration of the Managing Director in the context of other quantitative data concerning remuneration trends in the mining and exploration industry. The Remuneration Committee also considered qualitative factors, including the Managing Director's proven experience and the positive changes he has brought about.

The Remuneration Committee concluded that having regard to the strong leadership provided by the Managing Director, his success in reducing operating costs, whilst retaining sharp focus and balance on the Company's longer term phosphate strategy and shorter term value accretive strategy, his remuneration was appropriate.

B. Details of remuneration

The KMP of Minemakers Limited and the Group are the executive and non-executive directors. Given the size and nature of operations of Minemakers Limited and the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*:

Directors' Report (cont.)

Key management personnel and other executives of Minemakers Limited and the Group

	Short-Term		Post Employment		Total Cash Related	Share-based Payments Options ⁽¹⁾	Total	Performance Related %
	Salary & Fees	Non-Monetary	Superannuation	Termination ⁽¹⁰⁾				
	\$	\$	\$	\$	\$	\$	\$	
Directors								
Cliff Lawrenson								
2014	550,000	-	50,875	-	600,875	181,912	782,787	23%
2013	550,000	-	49,500	-	599,500	518,676	1,118,176	46%
Richard O'Shannassy ⁽²⁾								
2014	60,000	-	-	-	60,000	63,173	123,173	51%
2013	45,450	-	-	-	45,450	-	45,450	-
Dick Block ⁽³⁾								
2014	86,880	-	-	-	86,880	105,289	192,169	55%
2013	46,109	-	-	-	46,109	-	46,109	-
Ian McCubbing ⁽⁴⁾								
2014	60,000	-	5,550	-	65,550	63,173	128,723	49%
2013	31,613	-	2,845	-	34,458	-	34,458	-
Dennis Wilkins ⁽⁵⁾⁽⁶⁾								
2014	-	-	-	-	-	-	-	-
2013	14,162	-	-	-	14,162	-	14,162	-
Ted Ellyard ⁽⁷⁾								
2014	-	-	-	-	-	-	-	-
2013	5,150	-	464	-	5,614	-	5,614	-
Andrew Drummond ⁽⁸⁾⁽⁹⁾								
2014	-	-	-	-	-	-	-	-
2013	371,026	-	49,986	333,945	754,957	-	754,957	-
Total key management personnel compensation								
2014	756,880	-	56,425	-	813,305	413,547	1,226,852	
2013	1,063,510	-	102,795	333,945	1,500,250	518,676	2,018,926	

- (1) Share based payments represents share options granted during 2012 and 2013 as approved at the general meetings of shareholders held 15 June 2012 and 20 November 2013. These options were valued in accordance with International Financial Reporting Standards which specifies that an option-pricing model be applied to employees' or directors' options to estimate their 'fair value' as at their grant date and allocated to each reporting period evenly over the period from grant date to vesting date. In this instance the "fair value" is determined by an internal valuation using a Black-Scholes option pricing model for options and a market price for ordinary shares. The directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model is in any way representative of the market value of the share options issued. The values ascribed in the table above were prepared to allow accounting entries to be processed in the books of the Company in accordance with the International Financial Reporting Standards. The exercise prices of the options at the date of this report and at the date of issue are at a price in excess of current market value. Refer page 19 for details.
- (2) In addition to the above remuneration a total of \$48,607 (2013: \$59,430) was paid to Richard O'Shannassy & Co Pty Ltd, the firm through which Mr O'Shannassy provides legal services to the Group. Fees are charged on an hourly basis with a minimum monthly retainer of \$4,000.
- (3) In addition to the above remuneration a total of \$131,324 (2013: \$153,806) was paid to Mr Block for consulting services. Mr Block provided strategic advisory services during the year including, in particular, in relation to issues pertaining to the company's position as a shareholder and licensee of JDC Phosphate Inc. The fees were charged at commercial rate and at a fixed monthly retainer of US\$10,000.
- (4) Appointed 20th December 2012.
- (5) Resigned 4th December 2012.
- (6) In addition to the above remuneration during the period of being a director a total of Nil (2013: \$69,632) was paid to DWCorporate Pty Ltd, a business of which Mr Wilkins is principal. DWCorporate Pty Ltd provided company secretarial, bookkeeping and other corporate services to the Group during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis.
- (7) Resigned 31st August 2012.
- (8) Resigned 7th May 2013
- (9) In addition to the above remuneration a total of Nil (2013: \$41,348) was paid to Andrew Drummond and Associates, a company which Mr Drummond is a director. Mr Drummond provided consulting services from 1 January 2013 to 7 May 2013 on a day rate basis with a minimum retainer of \$4,000 per month.
- (10) Relates to termination payments in accordance with the employment contract.

Directors' Report (cont.)

C. Service agreements

The details of service agreements of the key management personnel of Minemakers Limited and the Group at 30 June 2014 are as follows:

Dick Block, Non-executive Chairman:

- Mr Block was engaged to provide strategic advisory services on a consulting basis. Fees are charged at a fixed retainer of US\$10,000 per month. Mr Block acts as the Company's primary contact person on all JDCP matters including assisting with the evolution of the growing business relationship plus providing support to JDCP with strategic input.
- The agreement had no fixed term, however requires one month notification of termination.

Cliff Lawrenson, Managing Director and CEO:

- Term of agreement – commencing 20 June 2012 with no set term.
- Annual salary exclusive of superannuation, of \$550,000 to be reviewed annually.
- Payment of termination benefit on early termination by the Company, other than for gross misconduct, equal to 12 months total salary.

Richard O'Shannassy, Non-executive Director:

- Mr O'Shannassy's Company, Richard O'Shannassy & Co Pty Ltd, is engaged to provide legal services. Fees are charged on an hourly basis with a minimum monthly retainer of \$4,000, and all amounts are included in Mr O'Shannassy's remuneration. The agreement has no fixed term, however requires one month notification of termination.

D. Share-based compensation

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price (\$)	Value per option at grant date (\$)	Vested %
21/06/2012	21/06/2014	18/06/2017	\$0.31	\$0.0690	100%
20/11/2013	20/11/2013	20/11/2016	\$0.225	\$0.0524	100%
20/11/2013	20/11/2014	20/11/2016	\$0.225	\$0.0524	0

There were no alterations to the terms and conditions of options awarded as remuneration since their grant date.

The number of options granted to and vested by key management personnel as a part of compensation during the current financial year are set out below:

Name	Number Granted	Number Vested	% of Grant Vested
Cliff Lawrenson	-	5,000,000	100%
Dick Block	2,500,000	1,250,000	50%
Richard O'Shannassy	1,500,000	750,000	50%
Ian McCubbing	1,500,000	750,000	50%

The following table summarises the value of options granted, exercised or lapsed during the financial year in relation to options granted to the key management personnel as a part of their remuneration:

	Value of Options Granted During the Year *	Value of Options Exercised During the Year	Value of Options Lapsed During Year **	Remuneration Consisting of Options for the Year
	\$	\$	\$	%
Dick Block	130,938	-	-	55
Richard O'Shannassy	78,563	-	-	51
Ian McCubbing	78,563	-	-	49

*The Value at grant date calculated in accordance with AASB 2 Share-Based Payment of options granted during the year as part of remuneration.

**The value of the options that were granted as a part of remuneration and that were forfeited (lapsed) during the year because a vesting condition was not satisfied was determined at the time of lapsing, but assuming the condition was satisfied.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Directors' Report (cont.)*Option holdings*

The numbers of options over ordinary shares in the Company held during the financial year by each director of Minemakers Limited and other key personnel of the Group, including their personally related parties, are set out below:

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
2014							
Directors of Minemakers Limited							
Cliff Lawrenson	15,000,000	-	-	-	15,000,000	15,000,000	-
Richard O'Shannassy	1,500,000	1,500,000	-	-	3,000,000	2,250,000	750,000
Ian McCubbing	-	1,500,000	-	-	1,500,000	750,000	750,000
Dick Block	1,500,000	2,500,000	-	-	4,000,000	2,750,000	1,250,000

2013**Directors of Minemakers Limited**

Andrew Drummond ⁽¹⁾	4,000,000	-	-	-	4,000,000	4,000,000	-
Cliff Lawrenson	15,000,000	-	-	-	15,000,000	10,000,000	5,000,000
Ted Ellyard ⁽¹⁾	2,000,000	-	-	-	2,000,000	2,000,000	-
Richard O'Shannassy	1,500,000	-	-	-	1,500,000	1,500,000	-
Ian McCubbing	-	-	-	-	-	-	-
Dennis Wilkins ⁽¹⁾	1,500,000	-	-	-	1,500,000	1,500,000	-
Dick Block	1,500,000	-	-	-	1,500,000	1,500,000	-

⁽¹⁾ Option holding at resignation date

All vested options were exercisable at the end of the year.

Shareholdings

The number of shares in the Company held during the financial year by each director of Minemakers Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
2014				
Directors of Minemakers Limited				
Ordinary shares				
Cliff Lawrenson	1,701,868	-	200,000	1,901,868
Richard O'Shannassy	1,147,652	-	-	1,147,652
Ian McCubbing	200,000	-	-	200,000
Dick Block	-	-	500,000	500,000

2013**Directors of Minemakers Limited****Ordinary shares**

Andrew Drummond ⁽¹⁾	10,936,175	-	100,000	11,036,175
Cliff Lawrenson	360,000	-	1,341,868	1,701,868
Ted Ellyard ⁽¹⁾	7,215,079	-	-	7,215,079
Richard O'Shannassy	1,047,652	-	100,000	1,147,652
Ian McCubbing	-	-	200,000	200,000
Dennis Wilkins ⁽¹⁾	538,717	-	-	538,717
Dick Block	-	-	-	-

⁽¹⁾ Shareholding at resignation date

There were no ordinary shares in the Company provided as a result of the exercise of remuneration options to a director of Minemakers Limited or other key management personnel of the Group for the current year.

END OF REMUNERATION REPORT

Directors' Report (cont.)

DIRECTORS' MEETINGS

During the year the Company held 10 meetings of directors. The attendance of directors at meetings of the Board were:

	Directors Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings	
	A	B	A	B	A	B
Dick Block	10	10	2	2	1	1
Cliff Lawrenson	10	10	*	*	*	*
Richard O'Shannassy	10	10	2	2	1	1
Ian McCubbing	9	10	2	2	1	1

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office or was a member of the Committee during the year.

* – Not a member of the Committee.

SHARES UNDER OPTION

At the date of this report there are 52,850,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	48,175,000
Movements of share options during the year	
Issued, exercisable at \$0.18, on or before 29 July 2016	3,550,000
Expired on 17 August 2013 (\$0.49)	(500,000)
Expired on 21 August 2013 (\$0.29)	(1,000,000)
Expired on 21 August 2013 (\$0.97)	(1,000,000)
Issued, exercisable at \$0.225, on or before 20 November 2016	5,500,000
Expired on 3 January 2014 (\$0.36)	(1,375,000)
Total number of options outstanding as at 30 June 2014	53,350,000
Movements subsequent to year end:	
Expired on 1 July 2014 (\$0.47)	(500,000)
Total number of options outstanding as at the date of this report	52,850,000

The balance is comprised of the following:

Expiry date	Grant Date	Exercise price (cents)	Number of options
16 October 2014	07 June 2012	32	300,000
18 June 2017	21 June 2012	23	5,000,000
18 June 2017	21 June 2012	27	5,000,000
18 June 2017	21 June 2012	31	5,000,000
15 June 2016	21 June 2012	22	1,500,000
03 January 2016	03 January 2011	47	500,000
25 March 2015	25 March 2011	71	12,500,000
29 July 2016	30 July 2013	18	3,550,000
8 April 2017	8 April 2013	30	14,000,000
20 Nov 2016	20 Nov 2013	22.5	5,500,000
Total number of options outstanding at the date of this report			52,850,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Minemakers Limited against costs incurred in defending proceedings for conduct involving:

- (a) wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is \$33,046 (2013: \$38,063).

Directors' Report (cont.)

NON AUDIT SERVICES

There were no non-audit services provided by the auditor during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

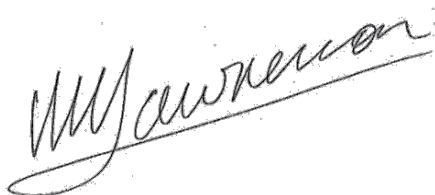
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

Signed in accordance with a resolution of the directors.

A handwritten signature in dark ink, appearing to read 'Cliff Lawrenson', written over a horizontal line.

Cliff Lawrenson
Managing Director

Perth, 16 September 2014

Auditor's Independence Declaration



Bentleys Audit & Corporate
(WA) Pty Ltd

Level 1, 12 Kings Park Road
West Perth WA 6005
Australia

P.O. Box 44
West Perth WA 6872
Australia

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Minemakers Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Date at Perth this 16th day of September 2014



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Corporate Governance Statement

THE BOARD OF DIRECTORS

The Company's constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification.

As and if the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the Board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than Audit Committee and the Remuneration and Nomination Committee) at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

ROLE OF THE BOARD

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The Board has adopted the revised Recommendations and the following table sets out the Company's present position in relation to each of the revised Principles.

Corporate Governance Statement (cont.)

ASX Principle	Status	Reference/comment
Principle 1: Lay solid foundations for management and oversight		
1.1	A	Matters reserved for the Board are included on the Company's website.
1.2	A	Performance evaluation of senior executives is the responsibility of the Remuneration and Nomination Committee. Details of the Remuneration and Nomination Committee are contained in the Corporate Governance Statement on the Company's website.
1.3	A	
Principle 2: Structure the Board to add value		
2.1	N/A	Given the Company's background, the nature and size of its business and the current stage of its development the Board comprises four directors, three of whom are non-executive. Two of the Board are independent. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	N/A	The Chair is not independent by virtue of his consulting agreement with the Company which deals with his role in overseeing the strategic relationship with JDCP.
2.3	A	The positions of Chairman and Managing Director are held by separate persons.
2.4	A	
2.5	A	Performance evaluation of the Board, Directors and Key Executives is the responsibility of the Committee. Details on the Remuneration and Nomination Committee are contained in the Corporate Governance Statement on the Company's website.
2.6	A	The skills and experience of Directors are set out in the Company's Annual Report and on its website.
Principle 3: Promote ethical and responsible decision-making		
3.1	A	The Company has formulated a Code of Conduct which can be viewed on the Company's website.
3.2	A	The Company has established a Diversity Policy; however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.

A = Adopted

N/A = Not adopted

Corporate Governance Statement (cont.)

ASX Principle		Status	Reference/comment
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them	N/A	The Company has established a Diversity Policy; however, the policy does not include requirements for the Board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the Board does not think it is yet appropriate to include measurable objectives in relation to gender.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	N/A	There are no women on the Board. The Company has two female employees.
Principle 4: Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee	A	
4.2	The audit committee should be structured so that it:	A	
	• consists only of non-executive directors	A	
	• consists of a majority of independent directors	A	
	• is chaired by an independent chair, who is not chair of the Board	A	
	• has at least three members	A	
4.3	The audit committee should have a formal charter	A	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	The Company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The Board is acutely aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	The Board receives regular updates on the status of the Company's activities and any new or proposed activities.
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Reports, Half Yearly Reports, Quarterly Reports, the Company Website and the distribution of specific releases covering major transactions and events or other price sensitive information.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	The Company has formulated a Shareholder Communication Policy which can be viewed on the Company website.

A = Adopted

N/A = Not adopted

Corporate Governance Statement (cont.)

ASX Principle		Status	Reference/comment
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors. Determined areas of risk which are regularly considered include: <ul style="list-style-type: none"> • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • land access and native title considerations • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations • share market conditions • economic risk
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks	N/A	While the Company does not have formalised policies on risk management it recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	N/A	

A = Adopted

N/A = Not adopted

Corporate Governance Statement (cont.)

	ASX Principle	Status	Reference/comment
Principle 8: Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee	A	
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	A	
	• is chaired by an independent director	A	
	• has at least three members	A	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	The Remuneration and Nomination Committee operates its Charter. The Charter states that no executive is to be directly involved in deciding their own remuneration and that, when making recommendations to the Board, the Committee should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	A	The executive directors and executives receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits.

A = Adopted

N/A = Not adopted

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 \$	2013 \$
Continuing Operations			
REVENUE	4	999,730	977,173
Other income	5	235,002	2,068,496
EXPENDITURE			
Depreciation and amortisation expense		(113,948)	(123,871)
Salaries and employee benefits expense		(1,371,355)	(3,295,224)
Exploration expenditure		(12,841)	(415,581)
Impairment losses on financial assets		-	(1,871,308)
Corporate expenses		(687,287)	(1,911,143)
Administration expenses		(548,338)	(1,663,800)
Share based payment expense	32	(539,629)	(548,441)
Net foreign currency loss		-	(12,992)
Other expenses		(735,090)	(339,211)
LOSS BEFORE INCOME TAX	6	(2,773,756)	(7,135,902)
INCOME TAX BENEFIT/(EXPENSE)	7	-	5,633,915
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(2,773,756)	(1,501,987)
Discontinued Operation			
Profit/(loss) for the year from discontinued operation	27	-	16,263,472
PROFIT/(LOSS) FOR THE YEAR		(2,773,756)	14,761,485
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translation of foreign operations		(75,716)	(172,645)
Exchange differences arising during the period		-	(1,309,896)
Reclassification adjustments relating to foreign operations disposed of in the year		(75,716)	(1,482,541)
Available-for-Sale-Financial assets			
Net fair value gain on available-for-sale financial assets		(2,417,396)	2,184,350
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		350,063	(1,121,258)
Impairment of available for-sale financial assets		-	1,871,308
		(2,067,333)	2,934,400
Other comprehensive income for the year, net of tax		(2,143,049)	1,451,859
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(4,916,805)	16,213,344
Loss for the year is attributable to:			
Owners of Minemakers Limited	19(b)	(2,357,269)	14,776,003
Non-controlling interest		(416,487)	(14,518)
		(2,773,756)	14,761,485
Total comprehensive income for the year is attributable to:			
Owners of Minemakers Limited		(4,500,318)	16,227,862
Non-controlling interest		(416,487)	(14,518)
		(4,916,805)	16,213,344
EARNING PER SHARE			
<i>From continuing and discontinuing operations</i>			
Basic loss per share (cents)	31	(1.0)	6.2
Diluted profit/(loss) per share (cents)		(1.0)	6.2
<i>From continuing operations</i>			
Basic profit/(loss) per share (cents)	31	(1.0)	(0.6)
Diluted profit/(loss) per share (cents)		(1.0)	(0.6)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2014

	Notes	Consolidated 2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	8	22,075,533	28,300,001
Trade and other receivables	9	193,221	334,551
TOTAL CURRENT ASSETS		22,268,754	28,634,552
NON-CURRENT ASSETS			
Trade and other receivables	10	1,481,600	1,481,600
Available-for-sale financial assets	11	1,898,427	3,192,422
Plant and equipment	12	379,533	485,198
Capitalised exploration and evaluation expenditure	13	48,664,776	44,958,928
Intangible assets	14	227,709	256,148
TOTAL NON-CURRENT ASSETS		52,652,045	50,374,296
TOTAL ASSETS		74,920,799	79,008,848
CURRENT LIABILITIES			
Trade and other payables	15	785,268	690,946
Provisions	16	138,887	137,000
TOTAL CURRENT LIABILITIES		924,155	827,946
NON CURRENT LIABILITIES			
Provisions	17	1,482,419	1,289,500
TOTAL NON CURRENT LIABILITIES		1,482,419	1,289,500
TOTAL LIABILITIES		2,406,574	2,117,446
NET ASSETS		72,514,225	76,891,402
EQUITY			
Issued capital	18	89,927,470	89,927,470
Reserves	19(a)	10,920,114	12,523,535
Accumulated losses	19(b)	(28,185,002)	(25,827,733)
Capital and reserves attributable to members of Minemakers Limited		72,662,582	76,623,272
Non-controlling interest		(148,357)	268,130
TOTAL EQUITY		72,514,225	76,891,402

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

30 JUNE 2014

Consolidated	Notes	Attributable to Owners of Minemakers Limited				Non-Controlling Interest	Total
		Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$		
BALANCE AT 1 JULY 2012		87,407,470	10,523,235	(40,603,736)	57,326,969	(95,012)	57,231,957
Profit/(Loss) for the year		-	-	14,776,003	14,776,003	(14,518)	14,761,485
Other comprehensive income for the year		-	1,451,859	-	1,451,859	-	1,451,859
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	1,451,859	14,776,003	16,227,862	(14,518)	16,213,344
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		2,520,000	-	-	2,520,000	-	2,520,000
Employee share options		-	548,441	-	548,441	-	548,441
De-recognition of non-controlling interest in disposal of subsidiary		-	-	-	-	377,660	377,660
BALANCE AT 30 JUNE 2013		89,927,470	12,523,535	(25,827,733)	76,623,272	268,130	76,891,402
Profit/(Loss) for the year		-	-	(2,357,269)	(2,357,269)	(416,487)	(2,773,756)
Other comprehensive income for the year		-	(2,143,050)	-	(2,143,050)	-	(2,143,050)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	(2,143,050)	(2,357,269)	(4,500,318)	(416,487)	(4,916,805)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		-	-	-	-	-	-
Employee share options		-	539,629	-	539,629	-	539,629
BALANCE AT 30 JUNE 2014		89,927,470	10,920,114	(28,185,002)	72,662,582	(148,357)	72,514,225

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

30 JUNE 2014

	Notes	Consolidated 2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,670,003)	(7,153,688)
Receipts from customers		22,100	110,067
Interest received		1,038,057	730,164
Research and development tax receipt		234,297	206,367
Expenditure on mining interests		(3,580,253)	(4,123,320)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	30(a)	(4,955,802)	(10,230,410)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(13,095)	(49,487)
Proceeds on sale of plant and equipment		-	11,718
Payment on acquisition of tenement		(80,000)	-
Payments for security deposits		(5,780)	(3,733)
Refund of security deposits		-	38,927
Proceeds from sale of financial assets		399,938	4,473,162
Purchase of financial assets		(1,612,198)	(1,248,511)
Net cash inflow on disposal of subsidiary	28(iv)	-	24,902,657
Loans to associates accounted for using the equity method		-	(647,906)
Repayment of loans from other entities		41,359	35,640
Loans to other entities		-	(77,000)
Payment for licence rights		-	(256,148)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(1,269,776)	27,179,319
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		-	2,520,000
Payment of share issue costs		-	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	2,520,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(6,225,578)	19,468,909
Cash and cash equivalents at the beginning of the financial year		28,300,001	8,851,764
Effects of exchange rate changes on cash and cash equivalents		1,110	(20,672)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	22,075,533	28,300,001

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Minemakers Limited and its subsidiaries. The financial statements are presented in the Australian currency. Minemakers Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 16 September 2014. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the Minemakers Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Minemakers Limited ("Company" or "parent entity") as at 30 June 2014 and the results of all subsidiaries for the year then ended. Minemakers Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Minemakers Limited.

(ii) *Joint Arrangements*

Under AASB 11 *joint arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint Operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint Ventures

Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(iii) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss), is identified on acquisition

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(iv) *Equity Method*

The Group's share of the investee post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates and joint ventures are recognised in the parent entity's profit or loss, whilst in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in other entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(v) *Changes in ownership interests*

The Group treats transactions with non-controlling interests in subsidiaries that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners of Minemakers Limited.

When the Group ceases to have control of subsidiary, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a subsidiary is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are re-classified to profit or loss where appropriate.

(c) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) **Foreign currency translation**

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Minemakers Limited's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Sales revenue is recognised and measured at the fair value of consideration received or receivable when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Service revenue is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of four months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(k) Trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(l) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term

Financial assets – reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Gains or losses arising from changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(m) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(n) Exploration and evaluation costs

Exploration and evaluation costs for each area of interest in the early stages of project life are expensed as they are incurred.

Exploration and evaluation costs for each area of interest that has progressed to pre-feasibility are accumulated. Accumulated costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where pre-feasibility activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production has commenced.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(p) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions') refer to note 32. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(q) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(r) Provision for rehabilitation and restoration

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the dismantling and removing of structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically, the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining asset. Over time, the liability is increased for the change in the present value based on a discount rate appropriate to the market assessments and the risks inherent in the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance cost in the statement of comprehensive income. The carrying amount capitalised is depreciated over the useful life of the related asset.

Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed as incurred.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(u) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) If a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) If significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(w) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(x) New accounting standards for application in future periods

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

(y) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 32.

Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors' understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Exploration and evaluation expenditure

The Group capitalises expenditure where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where pre-feasibility activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Such capitalised expenditure is carried at the end of the reporting period at \$49 million.

Rehabilitation and restoration provision

The Group assesses its mine rehabilitation provision half yearly in accordance with the accounting policy note 1(r). Significant judgment is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

Valuation of financial instruments

As described in note 2, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 2 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

2. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The managing director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

Specific Financial Risk Exposures and Management

(a) Market risk

(i) Foreign exchange risk

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand and the US Dollar. The Group does not have any further material foreign currency dealings other than the noted currencies.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2014 ZAR	2013 ZAR
Cash and cash equivalents	11,524	11,217
Trade and other receivables	287,172	173,081
Trade and other payables	(2,167,718)	(3,368,465)

The FX rate for conversion of AUD to ZAR at end of the financial year was 9.9641(2013: 9.0118)

The Group also holds cash and cash equivalents of US\$68,592 (2013: \$14,084) within the parent entity.

Sensitivity analysis

Based on the financial instruments held at 30 June 2014, had the Australian dollar weakened/strengthened by 10% against the South African Rand and United States Dollar with all other variables held constant, there would have been immaterial impact to both the post-tax result and equity for both years presented

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

2. FINANCIAL RISK MANAGEMENT (cont.)

(ii) Price risk

Given the current level of operations, the Group is not presently exposed to price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group \$22,075,533 (2013: \$28,300,001) are subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 3.91% (2013: 5.05%).

Sensitivity analysis

At 30 June 2014, if interest rates had changed by ± 80 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$200,162 lower/higher (2013: \$132,197 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any significant concentration of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by investing surplus funds in financial institutions that maintain a high credit rating.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

	Less than 1 month \$	1 – 3 months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$	Total \$
2014						
Non-interest bearing	547,434	-	237,834	-	-	785,268
	547,434	-	237,834	-	-	785,268
2013						
Non-interest bearing	690,946	-	-	-	-	690,946
	690,946	-	-	-	-	690,946

(d) Net fair value

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

2. FINANCIAL RISK MANAGEMENT (cont.)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2014 \$	2013 \$
Financial assets			
Cash and cash equivalents	8	22,075,533	28,300,001
Trade and other receivables	9	193,221	334,551
Other non-current receivables	10	1,481,600	1,481,600
Available-for-sale financial assets			
- Listed investments	11	62,478	400,000
- Unlisted investments	11	1,835,949	2,792,422
Total financial assets		25,648,781	33,308,574
Financial liabilities			
Trade and other payables	15	785,268	690,946
Total financial liabilities		785,268	690,946

Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in the making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2014				
Financial assets				
Available-for-sale financial assets				
- Listed investments	62,478	-	-	62,478
- Unlisted investments	-	1,835,949	-	1,835,949
	62,478	1,835,949	-	1,898,427

2013

Financial assets				
Available-for-sale financial assets				
- Listed investments	400,000	-	-	400,000
- Unlisted investments	-	2,792,422	-	2,792,422
	400,000	2,792,422	-	3,192,422

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale unlisted investments	
	2014 \$	2013 \$
Opening Balance	-	443,826
Purchases	-	1,248,512
Total gains/(losses) in other comprehensive income	-	1,100,084
Transfers out of Level 3	-	(2,792,422)
Closing Balance	-	-

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

3. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business from both a functional and geographic perspective and has identified that, there is only one reportable segment, being exploration and development of the Wonarah Project in the Northern Territory.

Refer to the relevant financial statements for details on assets, liabilities, revenues and expenses monitored by the Board.

	2014 \$	2013 \$
4. REVENUE		
From continuing operations		
<i>Revenue</i>		
Provision of services	22,100	142,443
<i>Other revenue</i>		
Interest from financial institutions	977,630	834,730
	999,730	977,173
5. OTHER INCOME		
Research and development tax refund	234,297	206,367
Foreign exchange gains(net)	705	-
Net gain on sale of available-for-sale financial assets	-	1,112,129
Net gain on sale of tenements	-	750,000
	235,002	2,068,496
6. EXPENSES		
Loss before income tax includes the following specific expenses		
Defined contribution superannuation expense	162,305	230,863
Minimum lease payments relating to operating leases	273,485	332,570
Net loss on disposal of property, plant and equipment	2,001	3,338
Net loss on sale of available-for-sale financial assets	350,063	-
Foreign exchange losses(net)	-	12,992
7. INCOME TAX		
(a) Income tax expense/(benefit)		
Current tax	-	(5,633,915)
Deferred tax	-	-
• Originating/reversing temporary differences	-	4,182,103
• Prior year tax losses previously not brought to account	-	(4,182,103)
	-	(5,633,915)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax expense	(2,773,755)	(7,135,902)
Profit/(Loss) from discontinued operations before income tax expenses	-	21,897,387
	(2,773,755)	14,761,785
Prima facie tax benefit at the Australian tax rate of 30% (2013: 30%)	(832,126)	4,428,446
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	161,889	164,532
Other	37,470	503,727
Gain on deconsolidation	-	(914,602)
	(632,768)	4,182,103
Movements in unrecognised temporary differences	(1,157,683)	-
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,790,451	-
Tax effect of prior year tax losses previously not brought to account	-	(4,183,103)
Income tax expense/(benefit)	-	-

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

7. INCOME TAX (cont.)

	2014 \$	2013 \$
Attributable to:		
Continuing operations	-	(5,633,915)
Discontinuing operations	-	5,633,915
	-	-
(c) Tax affect relating to each component of other comprehensive income		
Available-for-sale financial assets	-	-
	-	-
(d) Deferred tax assets		
Capital raising costs	305,562	206,269
Rehabilitation provision	444,726	386,850
Other provisions and accruals	47,066	49,950
Unrealised foreign exchange losses	1,241	-
Tax losses in Australia	24,571,537	18,420,957
	25,370,132	19,064,026
Deferred tax assets not recognised	(10,745,475)	(5,532,730)
	14,624,657	13,531,296
Offset against deferred tax liabilities	(14,624,657)	(13,531,296)
Net deferred tax assets	-	-
(e) Deferred tax liabilities		
Capitalised exploration and evaluation costs	(14,599,433)	(13,487,679)
Unrealised foreign currency gains	-	(265)
Other accruals	(25,224)	(43,352)
	(14,624,657)	(13,531,296)
Offset against deferred tax assets	14,624,657	13,531,296
Net deferred tax liabilities	-	-

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- The Company continues to comply with conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and in hand (AA rated)	1,160,533	885,001
Short-term deposits (AA rated)	20,915,000	27,415,000
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	22,075,533	28,300,001

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods of between one day and four months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Refer to Note 2 (a)(iii) for additional details on the impact of interest rates on cash and cash equivalents for the period.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

	2014 \$	2013 \$
9. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
Trade and other receivables ⁽ⁱ⁾	9,564	9,079
Government taxes receivable	23,382	63,714
Sundry receivables	136,681	242,788
Security deposits	23,594	18,970
	193,221	334,551

(i) Trade and other receivables are generally due for settlement within 30 days and therefore classified as current. The carrying amounts disclosed above represent their fair value.

10. NON CURRENT ASSETS – OTHER RECEIVABLES

Security deposits	1,481,600	1,481,600
	1,481,600	1,481,600

11. NON CURRENT ASSETS – AVAILABLE-FOR-SALE-FINANCIAL ASSETS

Available-for-sale financial assets include the following classes of financial assets:

Listed investments, at fair value		
- Australian listed equity securities	62,478	400,000
Unlisted investments, at cost		
- International unlisted equity securities ⁽ⁱ⁾	1,835,949	2,698,705
- Australian unlisted equity securities	-	93,717
	1,898,427	3,192,422

(i) Fair value was calculated based on the latest issue price from a significant capital raising and translated to AUD at the date of issue. These available-for-sale financial assets are classified as level 2 hierarchy. Refer to note 2 for further details.

12. NON CURRENT ASSETS – PLANT AND EQUIPMENT**Plant and equipment**

Cost	2,793,473	2,884,278
Accumulated depreciation	(2,413,940)	(2,399,080)
Net carrying amount	379,533	485,198

Movements in carrying amounts

Opening net carrying amount	485,198	602,355
Addition	13,097	49,765
Disposals	(2,000)	(15,056)
Depreciation charge	(85,510)	(104,310)
Foreign currency exchange differences	(31,252)	(47,556)
Closing net carrying amount	379,533	485,198

13. NON CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of mining areas of interest

Opening net carrying amount	44,958,928	41,144,746
Capitalised exploration and evaluation costs	3,705,848	3,814,182
Closing net carrying amount	48,664,776	44,958,928

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

	2014 \$	2013 \$
14. NON CURRENT ASSETS - INTANGIBLES		
Licence Rights		
Cost	256,148	256,148
Accumulated amortisation and impairment losses	(28,439)	-
Net carrying amount	227,709	256,148
Movements in carrying amounts		
Opening net carrying amount	256,148	-
Additions	-	256,148
Amortisation	(28,439)	-
Closing net carrying amount	227,709	256,148

On 21 May 2013 the Company paid US\$250,000 to JDCPhosphate Inc., to extend and improve the terms of Minemakers exclusive Australian licence to construct a commercial scale IHP facility at Wonarah to September 2023. The licence will be amortised over of the deemed useful life of 10 years.

15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables ⁽ⁱ⁾	315,618	291,322
Other payables and accruals	231,816	399,624
Other Liabilities ⁽ⁱⁱ⁾	237,834	-
	785,268	690,946

(i) Trade creditors are non-interest bearing and generally on 30 day terms.

(ii) Relates to amount owing to MSIX Mining Development (Pty) Ltd, the 26% shareholder in Matayo Trading 7(Pty) Ltd, which is a 74% owned subsidiary of Minemakers Ltd

The carrying amounts disclosed above represent their fair value.

16. CURRENT LIABILITIES – PROVISIONS

Employment benefits	138,887	137,000
	138,887	137,000

17. NON-CURRENT LIABILITIES – PROVISIONS

Mine rehabilitation and restoration	1,482,419	1,289,500
	1,482,419	1,289,500

Movements in mine rehabilitation and restoration provision

Opening net carrying amount	1,289,500	1,289,500
Increase in provision	192,919	-
Closing net carrying amount	1,482,419	1,289,500

		2014		2013	
	Notes	Number of shares	\$	Number of shares	\$
18. ISSUED CAPITAL					
(a) Share capital					
Ordinary shares fully paid	18(b), 18(d)	247,504,006	89,927,470	247,504,006	89,927,470
Total issued capital		247,504,006	89,927,470	247,504,006	89,927,470
(b) Movements in ordinary share capital					
Beginning of the financial year		247,504,006	89,927,470	233,504,006	87,407,470
Transactions during the year:					
– Issued for cash at 18 cents per share		-	-	14,000,000	2,520,000
End of the financial year		247,504,006	89,927,470	247,504,006	89,927,470

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

18. ISSUED CAPITAL (cont.)

	Number of options	
	2014	2013
(c) Movements in options on issue		
Beginning of the financial year	48,175,000	34,175,000
Issued during the year:		
– Exercisable at 30 cents, on or before 8 April 2017	-	14,000,000
– Exercisable at 18 cents, on or before 29 July 2016	3,550,000	-
– Exercisable at 22.5 cents, on or before 20 November 2016	5,500,000	-
Expired/cancelled during the year		
– 49 cents, 17 August 2013	(500,000)	-
– 29 cents, 21 August 2013	(1,000,000)	-
– 97 cents, 21 August 2013	(1,000,000)	-
– 36 cents, 3 January 2014	(1,375,000)	-
End of the financial year	53,350,000	48,175,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. There has been no change in the strategy adopted by management to control the capital of the Group since the prior year.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at the end of the year is as follows:

	2014	2013
	\$	\$
Cash and cash equivalents	22,075,533	28,300,001
Trade and other receivables	193,221	334,551
Trade and other payables	(785,268)	(690,946)
Current Provisions	(138,887)	(137,000)
Working capital position	21,344,599	27,806,606

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

	2014 \$	2013 \$
19. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Available-for-sale financial assets	(815,045)	1,252,289
Foreign currency translation	(2,060,486)	(1,984,770)
Share-based payments	13,795,645	13,256,016
	10,920,114	12,523,535
Movements:		
<i>Available-for-sale financial assets reserve</i>		
Balance at beginning of year	1,252,289	(1,682,112)
Revaluation	(2,417,397)	2,184,351
(Gain)/loss reclassified to profit or loss on sale of available-for-sale financial asset	350,063	(1,121,258)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	-	1,871,308
Balance at end of year	(815,045)	1,252,289
<i>Foreign currency translation reserve</i>		
Balance at beginning of year	(1,984,770)	(502,228)
Currency translation differences arising during the year	(75,716)	(172,646)
Gain/(loss) reclassified to profit or loss on disposal of foreign operations	-	(1,309,896)
Balance at end of year	(2,060,486)	(1,984,770)
<i>Share-based payments reserve</i>		
Balance at beginning of year	13,256,016	12,707,575
Employee share options	539,629	548,441
Balance at end of year	13,795,645	13,256,016
(b) Accumulated losses		
Balance at beginning of year	(25,827,733)	(40,603,736)
Net profit/(loss) for the year	(2,357,269)	14,776,003
Balance at end of year	(28,185,002)	(25,827,733)

(c) Nature and purpose of reserves*(i) Available-for-sale financial assets reserve*

Changes in the fair value of investments, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income as described in note 1(l) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(iii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

20. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

	2014 \$	2013 \$
21. KEY MANAGEMENT PERSONNEL DISCLOSURES		
(a) Key management personnel compensation		
Short-term benefits	756,880	1,063,510
Post employment benefits	56,425	102,795
Other long-term benefits	-	-
Termination benefits	-	333,945
Share-based payments	413,547	518,676
	1,226,852	2,018,926

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 20

(b) Loans to key management personnel

There were no loans to key management personnel during the year.

(c) Other transactions and balances with Key Management Personnel.

Refer to page 18 and 19 of the remuneration report for further information on other transactions and balances.

	2014 \$	2013 \$
22. REMUNERATION OF AUDITORS		
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
Audit services		
Bentleys - audit and review of financial reports	47,000	52,000
Bentleys - other non audit services	-	-
	47,000	52,000
Remuneration of other auditors of subsidiaries for audit and review of financial statements	56,016	12,953
	56,016	12,953

23. CONTINGENCIES

In relation to tenement acquisition agreements entered into by the Group, the following additional cash may be received dependent on future events:

TNT Mines Royalty Deed

The parent entity will receive a royalty on a quarterly basis on all product sold removed or otherwise disposed from all tenements held by TNT Mines. The royalty is calculated at 1.5% of the net smelter return and the total amount receivable is capped at \$5,000,000.

The Directors are of the opinion that it is not practicable to estimate the financial effect at the date of this report.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

24. COMMITMENTS

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2014 \$	2013 \$
within one year	1,156,426	742,163
later than one year but not later than five years	4,488,164	3,583,852
later than five years	6,630,400	7,514,910
	12,274,990	11,840,925

(b) Lease commitments: Group as lessee

Operating leases (non-cancellable):

Minimum lease payments

within one year

later than one year but not later than five years

later than five years

Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities

	90,318	147,133
	3,116	17,504
	-	-
	93,434	164,637

The Group has a non-cancellable office lease, expiring within one year. The lease has varying terms, escalation clauses and renewal rights. The Group also has two non-cancellable operating leases for items of office equipment both expiring within two years, with rent payable monthly. The items are subject to a per unit usage charge, but there are no provisions for escalation or renewal within the lease agreements.

25. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Minemakers Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 21.

26. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b)(i):

Name	Country of Incorporation	Class of Shares	Equity Holding ⁽¹⁾	
			2014 %	2013 %
Minemakers Australia Pty Ltd	Australia	Ordinary	100	100
Minemakers (Iron) Pty Ltd	Australia	Ordinary	100	100
Minemakers (Nickel) Pty Ltd	Australia	Ordinary	100	100
Minemakers (Salt) Pty Ltd	Australia	Ordinary	100	100
Minemakers (Gold) Pty Ltd	Australia	Ordinary	100	100
Bonaparte Diamond Mines Pty Ltd	Australia	Ordinary	100	100
Samber Trading No 115 (Pty) Ltd ⁽²⁾	South Africa	Ordinary	100 ⁽³⁾	100 ⁽³⁾
Vaalbos Diamonds (Pty) Ltd ⁽²⁾	South Africa	Ordinary	70 ⁽³⁾	70 ⁽³⁾
Matayo Trading 7 (Pty) Ltd ⁽²⁾	South Africa	Ordinary	74 ⁽³⁾	74 ⁽³⁾

⁽¹⁾ The proportion of ownership interest is equal to the proportion of voting power held.

⁽²⁾ These entities are controlled by Bonaparte Diamond Mines Pty Ltd.

⁽³⁾ Voting power held by Bonaparte Diamond Mines Pty Ltd.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

27. DISCONTINUED OPERATION

On 1 October 2012 the Company entered into a sale agreement to dispose of Minemakers Mauritius Pty Ltd, which through various subsidiaries carried all its Namibian operations. The proceeds of sale substantially exceeded the carrying amount of the related net assets of the operations disposed of.

Analysis of profit/(loss) for the year from discontinued operations

	2013 \$
Revenue	174,624
Other gains	-
	<u>174,624</u>
Expenses	(105,627)
Profit/(loss) before tax	68,997
Attributable income tax	-
	<u>68,997</u>
Gain on disposal (note 28)	21,828,390
Attributable income tax	(5,633,915)
	<u>16,194,475</u>
Profit/(loss) for the period from discontinued operations	<u>16,263,472</u>

28. DISPOSAL OF SUBSIDIARY

On 1 October 2012, the Group sold its 100% interest in Minemakers Mauritius Pty Ltd for \$25,000,000 cash. Minemakers Mauritius, through its subsidiaries, holds 42.5% in the Sandpiper Phosphate Project and 70% in the Rocky Point Project in Namibia. Total proceeds were received on 12 December 2012.

(i) Consideration received

Consideration received in cash and cash equivalents	25,000,000
Total consideration received	<u><u>25,000,000</u></u>

(ii) Analysis of assets and liabilities over which control was lost**Current assets**

Cash and cash equivalents	34,183
Trade and other receivables	1,166,550
Total Current Assets	<u>1,200,733</u>

Non-current assets

Investments accounted for using the equity method	2,846,867
Total non-current assets	<u>2,846,867</u>
Total assets	<u>4,047,600</u>

Current Liabilities

Trade and other payables	6,912
Total Current Liabilities	<u>6,912</u>
Total Liabilities	<u>6,912</u>
Net assets disposed of	<u><u>4,040,688</u></u>

(iii) Gain on disposal of subsidiary

Consideration received	25,000,000
Net assets disposed of	(4,040,688)
Non controlling interest	(377,658)
Cummulative gain/loss on foreign currency reserve reclassified from equity on loss of control of subsidiary	1,309,896
Other	(63,160)
Gain on disposal (note 27)	<u>21,828,390</u>

(iv) Net cash inflow on disposal of subsidiary

Consideration received in cash and cash equivalents	25,000,000
Less: direct costs	(63,160)
Less: cash and cash equivalent balances disposed of	(34,183)
	<u><u>24,902,657</u></u>

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

29. EVENTS OCCURRING AFTER THE BALANCE DATE

As at the date of this report there is no matter or circumstance that has arisen since 30 June 2014 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

	2014 \$	2013 \$
30. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net Profit/(loss) for the year	(2,773,756)	14,761,485
Non-Cash Items		
Depreciation of plant and equipment	85,510	123,871
Net loss/(gain) on disposal of plant and equipment	2,001	3,338
Net loss/(gain) on disposal of available-for-sale financial assets	350,063	(1,112,129)
(Gain)/loss transferred from equity on impairment of available-for-sale financial assets	-	1,871,308
Option expense	539,629	548,441
Net foreign currency loss/(gain)	(706)	12,992
Amortisation of Intangibles	28,438	-
(Profit)/loss on disposal of tenements	-	(750,000)
Write off of exploration expenditure	1,676	170,303
Net gain on disposal of subsidiary	-	(16,263,472)
Income tax benefit recognised in profit or loss	-	(5,633,915)
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
(Increase)/decrease in trade and other receivables	102,753	237,435
(Increase) in mining properties	(3,625,847)	(3,814,182)
Increase in trade and other payables	139,631	(285,496)
Increase/(decrease) in provisions	194,806	(100,387)
Net cash outflow from operating activities	(4,955,802)	10,230,410

(b) Non-cash investing and financing activities

There was no investing or financing activities that did not require the use of cash or cash equivalent's during the year.

31. PROFIT/(LOSS) PER SHARE

(a) Reconciliation of earnings used in calculating profit/(loss) per share

Profit/(loss) attributable to the owners of the Company used in calculating basic and diluted profit/(loss) per share	(2,357,269)	14,776,003
(Profit)/loss for the year from discontinued operations used in the calculation of basic and diluted earning per share from discontinued operations	-	(16,263,472)
Earning in calculation of basic and dilutive earnings per share from continuing operations	(2,357,269)	(1,487,469)

(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share

Weighted average number of ordinary shares used in calculation of diluted earnings per share

Number of shares	Number of shares
247,504,006	237,365,661
247,504,006	237,365,661

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

32. SHARE BASED PAYMENTS**(a) Employees and Contractors Option Incentive Plan**

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options granted range from 18 cents to 71 cents per Minemakers Limited option. All Minemakers Limited options granted have expiry dates ranging from 1 July 2014 to 18 June 2017.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	Minemakers Ltd			
	2014		2013	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	34,175,000	50	34,175,000	50
Granted	9,050,000	21	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(3,875,000)	34	-	-
Outstanding at year end	39,350,000	40	34,175,000	50
Exercisable at year end	34,825,000		29,175,000	

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.98 years (2013: 2.52 years), and the exercise prices range from 18 cents to 71 cents.

The weighted average fair value of the options granted during the year was 4.64c (2013: Nil). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2014	2013
Weighted average exercise price (cents)	20.73	-
Weighted average life of the option (years)	2.97	-
Weighted average underlying share price (cents)	14.93	-
Expected share price volatility	58.54	-
Weighted average risk free interest rate	2.50	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

Fair value of options that were granted or vested to directors, employees and contractors and recognised in the profit or loss statement	539,629	548,441
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Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2014

33. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Minemakers Limited, at 30 June 2014. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

(a) Financial position**Assets**

Current assets	22,001,998	28,468,222
Non-current assets	52,318,592	48,754,686
Total assets	74,320,590	77,222,908

Liabilities

Current liabilities	394,743	331,506
Total liabilities	394,743	331,506

Net Asset Position

73,925,847	76,891,402
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Equity

Contributed equity	89,927,470	89,927,470
Reserves:		
- Share Based payment reserve	13,795,645	13,256,016
- Available-for-sale financial assets reserve	(815,045)	1,602,289
- Foreign Currency translation reserve	(88,335)	-
Accumulated losses	(28,893,888)	(27,894,373)
Total equity	73,925,847	76,891,402

(b) Financial Performance

Profit/(loss) for the year	(1,654,571)	16,327,006
Other comprehensive income	(2,505,731)	3,284,400
Total comprehensive profit/(loss) for the year	(4,160,302)	19,611,406

(c) Details of any contingent liabilities of the parent entity

The parent entity does not have any contingent liabilities at 30 June 2014.

(d) Details of any commitments by the parent entity for the acquisition of property, plant and equipment

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at reporting date.

(e) Loans to related parties

Loans to subsidiaries		
Beginning of the year	45,241,329	41,508,635
Loans advanced/(repaid)	3,569,694	(20,888,587)
Interest charges	-	2,867,371
Loans Forgiven	-	(6,220,283)
Provision for impairment	(118,068)	(2,968,231)
Impairment Reversal	399,400	30,942,424
End of the year	49,092,355	45,241,329

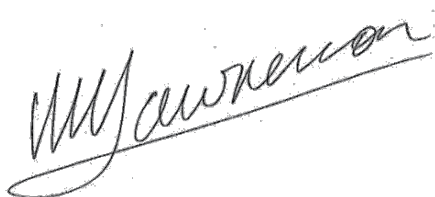
Director's Declaration

The directors' declare that: the financial statements and notes set out on pages 29 to 57 are in accordance with the *Corporations Act 2001*, including:

- i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- ii. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2014 and of their performance for the financial year ended on that date;
- b) in their opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Cliff Lawrenson
Managing Director

Perth, 16 September 2014

Independent Auditor's Report

To the Members of Minemakers Limited



We have audited the accompanying financial report of Minemakers Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Bentleys Audit & Corporate
(WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Independent Auditor's Report

To the Members of Minemakers Limited (Continued)

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

- a. The financial report of Minemakers Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Minemakers Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 16th day of September 2014

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 September 2014.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	379	98,252
1,001	- 5,000	916	3,345,937
5,001	- 10,000	1,168	9,584,661
10,001	- 100,000	2,287	73,884,317
100,001	and over	357	160,590,839
		5,107	247,504,006
The number of equity security holders holding less than a marketable parcel of securities are:		-	-

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Vulcan Phosphates LLC	14,000,000	5.66
2	Laguna Bay Capital Pty Ltd	11,335,408	4.58
3	Mr Paul Winston Askins	6,103,117	2.47
4	Mr Brett Wilmott <Wilmott Super Fund A/C>	4,620,490	1.87
5	Sandhurst Trustees Ltd <JMFG Consol A/C>	4,183,115	1.69
6	Jerele Mining Pty Ltd	4,041,988	1.63
7	Mrs Shay Margaret Drummond	3,207,300	1.30
8	Andrew Drummond & Associates Pty Ltd <Adatwo A/C>	3,050,000	1.23
9	Ramco Investments Pty Ltd <Ramco Family A/C>	2,160,000	0.87
10	Geotech International Pty Ltd <Paul Askins Super Fund A/C>	2,039,868	0.82
11	Mr Andrew James Drummond + Mrs Shay Drummond <A Drummond Super Fund A/C>	2,035,446	0.82
12	Citicorp Nominees Pty Limited	2,011,734	0.81
13	Solution Management Pty Ltd <Lawrenson Family A/C>	1,891,868	0.76
14	Key International Pty Ltd	1,781,334	0.72
15	Global Port Solution Pty Ltd <Global Port Solution Inv A/C>	1,700,000	0.69
16	Mr Neville Allan Lake + Mrs Janet Mary Lake <N A Lake Super Fund A/C>	1,700,000	0.69
17	HSBC Custody Nominees <Australia>	1,643,009	0.66
18	Mr Andrew James Drummond	1,627,977	0.66
19	Fiske Nominees Ltd <Weigh001 A/C>	1,565,277	0.63
20	Mr Enio Cercone <Cercone Super Fund A/C>	1,445,632	0.58
		72,143,563	29.15

(c) Substantial shareholders

The name of the substantial shareholder who has notified the Company in accordance with Section 671F of the Corporations Act 2001 is:

	Number of shares
Vulcan Phosphates LLC	14,000,000

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

ASX Additional Information (cont.)**(e) Schedule of interest in mining tenements**

Location	Tenement	Percentage held / earning
Wakaya, Northern Territory	EL24607	100
Arruwurra, Northern Territory	EL29840	100
Wonarah, Northern Territory	EL29841	100
Dalmore, Northern Territory	EL29849	100
Wonarah Mining Lease, Northern Territory	ML27244	100
West Wonarah, Northern Territory	EL23767	100
Dorcherty Island, Northern Territory	ELA30067	100*
Tree Point, Northern Territory	ELA25555	100*
Wadeye North, Northern Territory	ELA29050	100*
Savanna, South Africa	ML25/2003	74

* - Under application



MINEMAKERS
LIMITED

ABN 48 116 296 541

Level 2, 34 Colin Street, West Perth WA 6005

Telephone: +61 (0)8 9264 7000

Facsimile: +61 (0)8 9264 7099

Website: www.minemakers.com.au

Email: frontdesk@minemakers.com.au