MINEMAKERS LIMITED

ABN 48 116 296 541

EXCHANGE RELEASE

Small Mine Permit granted for Baobab Rock Phosphate Project in the Republic of Senegal

14 May 2015

- **A Small Mine Permit (SMP) has been granted at the Gadde Bissik East prospect, part of the Baobab Project**
- **The permit allows unlimited mining and processing within the 5km^2 grant area**
- **Inferred Resource of 25 million tonnes @ 23% P_2O_5 estimated within the SMP area**
- **The SMP includes an Environmental Impact Study and Community Support and Relocation Plan, both of which are well advanced**

Minemakers Managing Director and CEO Cliff Lawrenson said, *"Being granted the SMP is a major milestone following the maiden Inferred Resource announced previously and as we prepare for shareholder approval and project development. The early grant of the SMP allows us to proceed with the development of the Baobab project with confidence and allows for all potential future mining and processing operations within the grant area".*

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Small Mine Permit

Minemakers Limited ("Minemakers") is pleased to announce that Gadde Bissik Phosphate Operations SARL, a wholly owned subsidiary of Baobab Mining and Chemical Corporation SA ('BMCC"), has been granted a Small Mine Permit (SMP) from the Ministry of Mines for the Gadde Bissik East prospect within the larger BMCC phosphate project in the Republic of Senegal ("Baobab Project") (Figure 1). Minemakers recently announced its conditional agreement to acquire 100% of the Baobab Project.

The Baobab Project area covers a total of approximately 1,553km^2. Within the Baobab Project area, the Gadde Bissik prospect of approximately 90km^2 was identified during excavation of water wells in the 1950's. Minemakers has managed the exploration of the Gadde Bissik area for over a year, building up a comprehensive knowledge of the Baobab Project and its potential. (Figure 2)

The SMP allows all mining and processing operations to commence at the Gadde Bissik East Project. The permit provides no limit on the scale of operations undertaken as long as operations do not extend beyond the permitted area boundary and initial work commences within 6 months of receiving the SMP.

The permit covers the initial 5km^2 area identified by Minemakers as the most prospective initial area offering the best economic potential for commercial mining of phosphate rock.

Within the SMP, an Inferred Resource of 25Mt @ 23% P_2O_5 has been estimated. This was part of the maiden Inferred Mineral Resource of 68 million tonnes @ 22% P_2O_5, at an 18% P_2O_5 cut-off grade, for the Gadde Bissik prospect, part of the wider Baobab Project. Infill drill programs are currently ongoing to provide further geological information aimed at supporting a higher resource classification.

The grant of the SMP includes and is conditional upon:

- Completion of an Environmental Impact Study ("EIS")
- Completion of Community Support and Relocation Plan ("CSRP")

The draft EIS has undergone initial review by the Department of Environment and the current expectations are that this approval will be granted in August.

The CSRP is currently being progressed. Community and local government meetings conducted by BMCC over the last 18 months have indicated significant support for the project and have formed a strong base for the CSRP. Continued local liaison by the exploration team has built a strong relationship with local village leaders and the wider population, providing BMCC with a good understanding of local community needs and areas where the Project will have significant positive socio-economic outcomes for the project area communities.

A SMP is valid for 3 years and is renewable until depletion of mineable resources within the designated area. If, in the future, Minemakers demonstrates the feasibility of a long term project supported by mineralisation within the broader Gadde Bissik area (Figure 3), Senegal's Mining Code provides for a transition to a Large Mine Permit.

Figure 1 Map of the Republic of Senegal

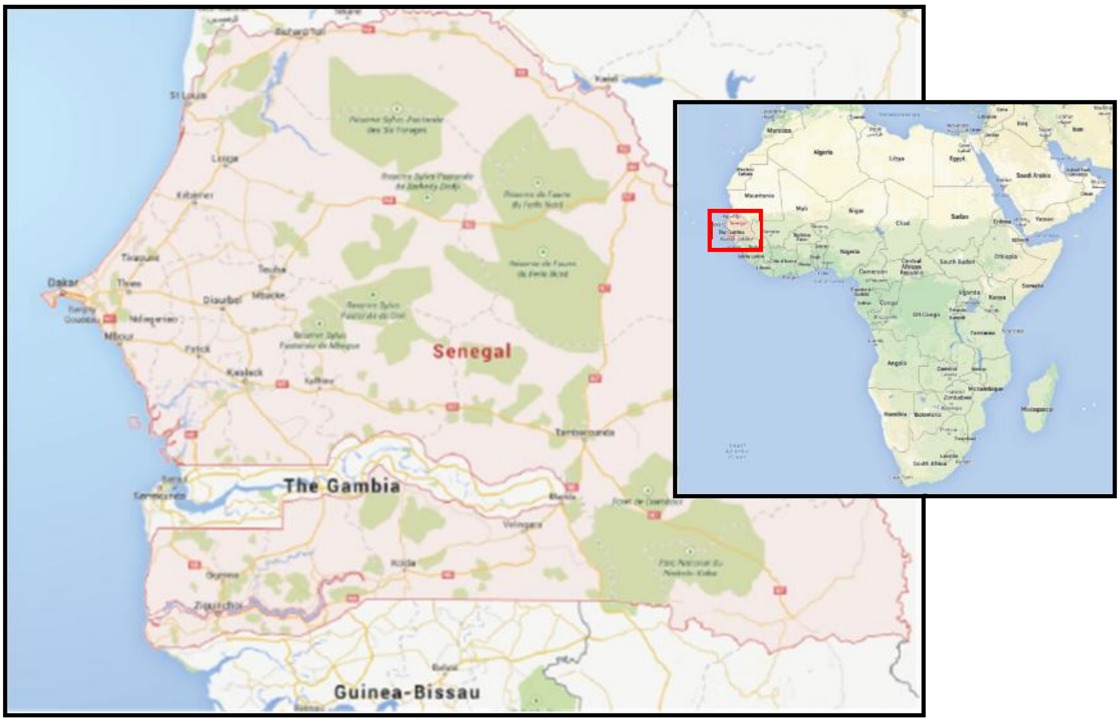


Figure 2 Tenement location and current Gadde Bissik project area.

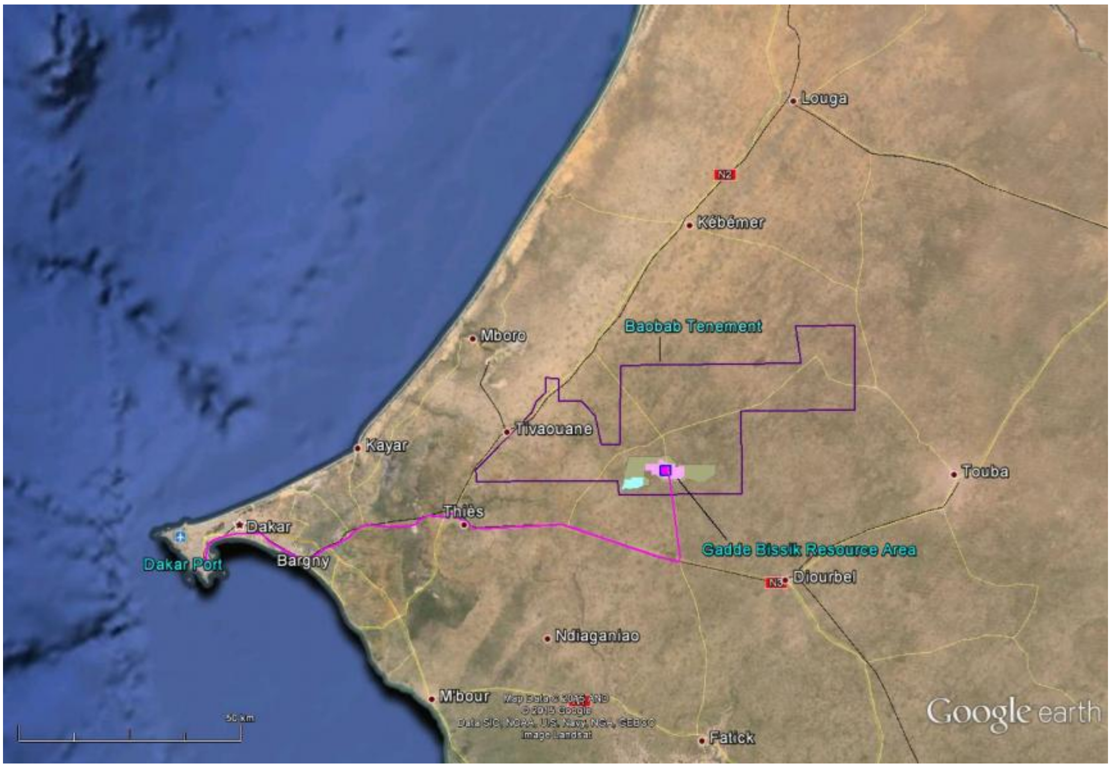
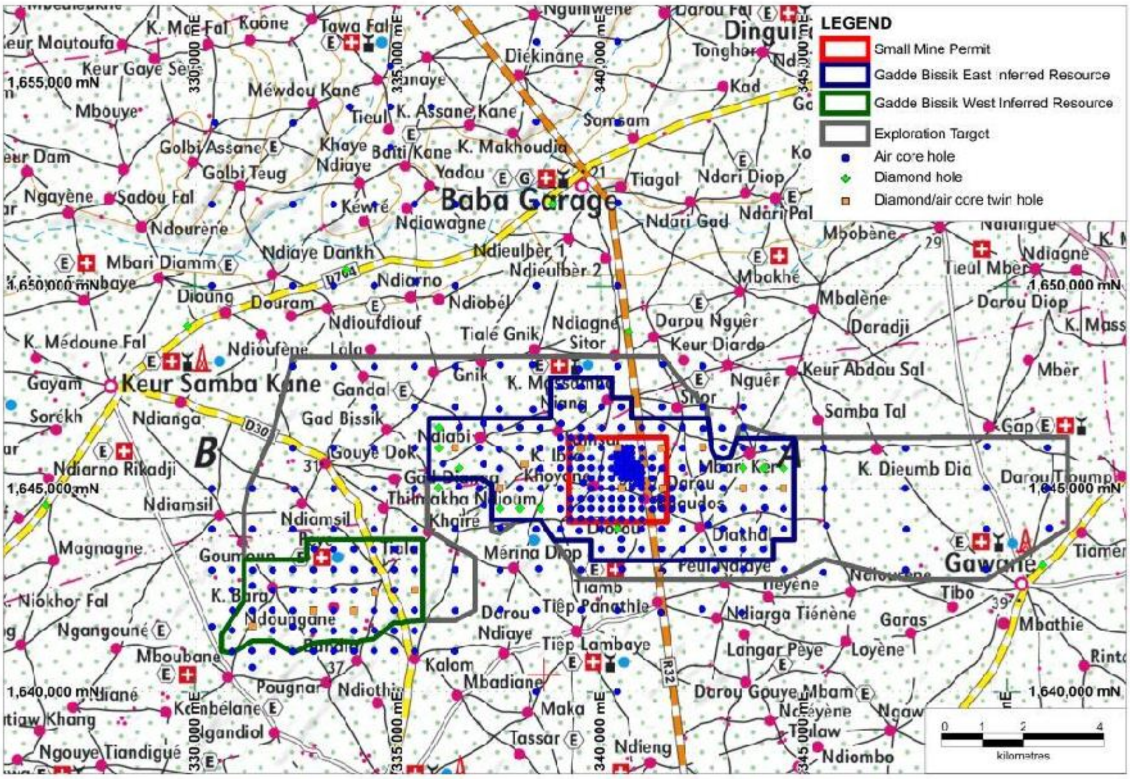
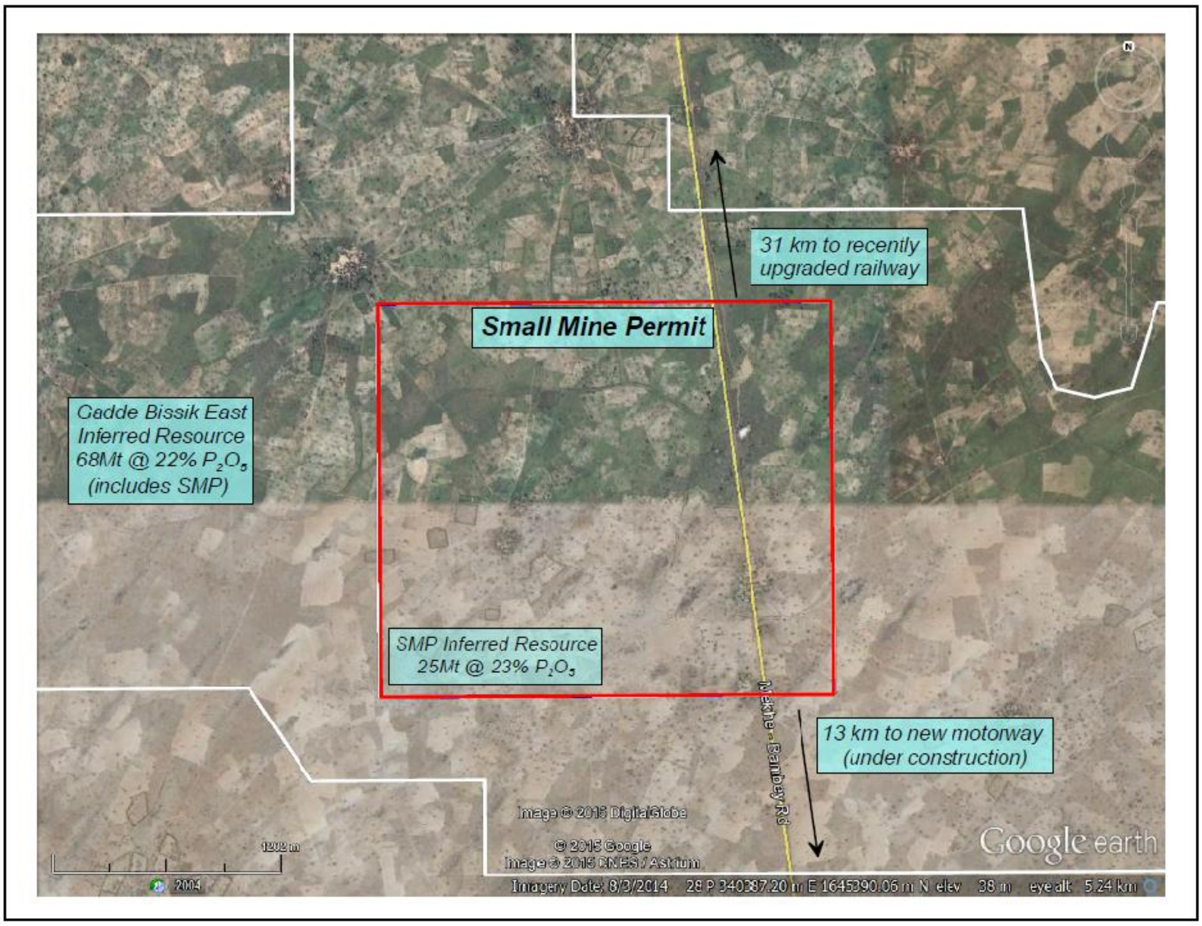


Figure 3 Project Resource areas plans.





Project Development

Mining

The initial development phase of the Gadde Bissik project will be the extraction of a significant bulk sample from the SMP area for testing and distribution to interested potential off-take partners.

Initial mine planning concepts and schedules for a bulk sample open pit have been completed and will be confirmed independently after an Indicated Resource is available for the SMP area. The overburden is comprised of dry, clayey sands, and should be suited to free-dig, bulk mining techniques. Although an initial bulk sample open pit would be mined with conventional excavator and rigid truck mining equipment, the potential for other mining techniques such as using scrapers will be investigated as part of the bulk sample open pit program.

The development program allows for confirmation and/or modification of the conservative geotechnical parameters currently used in the initial mine design concepts, together with confirmation of techniques for identifying the phosphate rock horizon both above and at the base of the phosphate layer for the potential mining of phosphate rock.

Work is well advanced to determine the availability and cost of mining contractor and bulk road haulage contractor equipment, simple processing facilities and requirements for the minor infrastructure required at the Baobab Project to establish a bulk sample open pit.

Infrastructure/Logistics

Talks are being undertaken with the Port of Dakar for the provision of port storage areas for potential export of bulk samples and for longer term export capacity.

Road transport is likely to be the initial means of transport. Investigation of the use of the nearby rail transport route to the Port of Dakar has been initiated, with early indications that this has potential for future use, beyond the bulk sample project.

Processing

Metallurgical investigations have demonstrated significant upgrade of phosphate rock from approximately 22% P_2O_5 to >30% P_2O_5 using simple wet screening techniques. This process significantly reduces Al_2O_3 and SiO_2 and marginally decreases Fe_2O_3.

Recent test work has demonstrated the potential for cleaning iron from the final product using magnetic separation, should this be required. Further confirmatory testing is underway to determine the effectiveness of including a magnetic separation step within the initial plant flow sheet.

Scoping and engineering for the processing facility are being advanced in order to identify any long lead equipment items so that procurement of these items can be expedited to allow timely commencement of mining the bulk sample.

Cliff Lawrenson
Managing Director

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 his information in the form and context in which it appears.

The Mineral Resource estimates were first set out in Minemakers' market announcement dated 11 May 2015. 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.

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.

Appendix 1

Senegal in Brief

Recent Economic Performance in Senegal

(Source: WORLD FINANCE – February 25th 2015)

IMF: Senegal emerging economy status ‘achievable’

The IMF has set out a plan of action to help the Senegalese achieve emerging economy status. The West African nation has every possibility to reach this, says the IMF's Senior Desk Economist for Senegal, Alexei Kireyev

The West African nation shows promise for faster economic growth, particularly with regards to its highly educated population, level of political stability and advantageous geographic location. Although conditions are favourable, growth has been slow over the past decade due to a number of varying factors, including adverse business conditions and poorly managed public spending.

The IMF’s Plan Senegal Emergent (PSE) was unveiled in 2014 in order to provide a much needed impetus to the economy and improve the areas that have held back the country’s development thus far. Implementing structural reform, increasing exports and encouraging foreign investment are key measures cited by the IMF for achieving the goals laid out in the PSE. The IMF’s comprehensive strategy will run until 2023, during which time it aims to guide the developing nation to achieve middle income status.

The IMF’s Senior Desk Economist for Senegal, Alexei Kireyev, spoke to *World Finance* about how the Senegalese economy is fairing and its prospects of becoming an emerging economy.

What are the most important areas of reform for Senegal at this stage of its economic development?

The most important areas of reforms are specified in the authorities’ recent development strategy, the Plan Senegal Emergent (PSE). The plan aims for Senegal to become an emerging market economy by 2035 by making it a hub for West Africa. The PSE is articulated around three pillars: (1) higher and sustainable growth in the range of seven to eight percent, based on foreign direct investment (FDI), export driven structural transformation and widening the circle of opportunity to provide space for SMEs; (2) human development and social protection; and (3) improved governance, peace, and security.

The PSE calls for continued fiscal consolidation, constrained public consumption, and increased public saving to generate fiscal space for higher public investment in human capital and public infrastructure. It also envisages structural reforms to attract FDI and boost private investment.

To reach these objectives, 2015 must mark a turning point from the mediocre growth of the past to the higher, sustainable, and inclusive growth envisaged by the PSE.
The PSE presents a unique opportunity to disentangle from lacklustre policies of the past and to unlock a broad based and inclusive growth that will make Senegal an emerging economy.

Economic policies and structural reforms included in the PSE should allow Senegal to achieve and sustain high and inclusive growth. Economic and social emergence requires the maintenance of a sound economic framework and the acceleration of reforms to enhance productivity and improve the business environment whilst improving public service delivery and raising the quality of public spending.

How can Senegal increase its export revenue?

The PSE identifies the path to success. Senegal can increase export revenue by crowding in private investment, including foreign direct investment, and improving the business climate to provide space for SMEs. In pursuing this goal, Senegal could learn from African middle income countries that have succeeded in this transformation (Cape Verde, Mauritius and Seychelles), and foster joint action in West African Economic and Monetary Union (WAEMU) to achieve emerging market status.

Moreover, the key differences between those countries that reached the Middle income status and those that just built debt and still have little to show for it is in the openness to FDI, facilitation of the entrance and growth of SMEs, and orientation to globally competitive production, particularly exports.

Senegal's many strengths include an open society and democratic traditions, political stability, a well-educated labour force, a solid civil service and a good geographical location to export to the two largest global markets, the EU and the US. With the right policies, Senegal should be able to attract investors seeking platforms for global production, including those who may delocalise from China as costs of production rise.

Why has Senegal's economic growth in the past decade been slower than other countries in sub-Saharan Africa?

Senegal's growth was less favourable than that of fast growing sub-Saharan Africa (SSA) countries, although it has been better than in a number of WAEMU countries. Also, Senegal's growth was strong enough to ensure a modest increase in per capita income, but it has fallen short of the authorities' target under successive poverty reduction strategies and has been much lower than that of fast growing SSA economies such as Cape Verde, Ethiopia, Rwanda, Tanzania, and Uganda.

The PSE provides a good diagnostic for this unfavourable outcome. It points out that the main contributors to below par growth have been a poor business climate and the low quality of public spending. The business climate handicaps new entrants, whether SMEs or FDI, through the lack of clarity on the rules of the game and too much emphasis on exante authorisations instead of expost compliance. This has limited the rate of diversification of the economy and worked against increasing the value added per worker through insufficient integration into global value chains.

Consequently, growth has been too dependent on public investment, which in turn has proved to be of low quality with a significant share more akin to public consumption than capital formation. Remittances have been significant but in the absence of an attractive regulatory framework have fuelled private consumption rather than an expansion of SMEs. At the same time, the majority of population, in particular in rural areas have not been provided the incentives or the means for more active personal contributions to development or to improve their productivity.

A growth accounting exercise confirms this analysis of the PSE and suggests that growth is mostly explained by factor accumulation, rather than by increased productivity. Total factor productivity (TFP) actually declined before the mid1990s, and again since 2006. It grew only modestly during the decade of robust growth (1995–2005). A number of factors could explain this poor productivity performance.

First, the TFP decline in the past five years coincides with the deterioration of Senegal's doing business and governance indicators, which could have affected the productivity of both public and private investment. Second, large and increasing remittances might have been invested in sectors less likely to spur growth (such as housing and informal trade). In addition, delays in critical reforms, such as the reform of the energy sector, and slow reforms of the public financial management and the business environment have also had a negative impact on growth. Finally, a series of exogenous shocks starting in 2006 (i.e., food and fuel global prices, global financial and economic crisis, the electricity sector crisis, and drought in the Sahel, and more recently regional security tensions and the Ebola epidemics), have led to growth deceleration.

The good news is that the authorities have begun to go from the diagnostic in the PSE to action to address these bottlenecks by measures to improve the quality of spending and to create a better business climate. These reforms need to be broadened, deepened and accelerated to reach the seven to eight percent growth achieved by fast growing economies in Africa and elsewhere and targeted under the PSE.

What risks exist for Senegal in opening up its economy more so to foreign investment and the global market?

The goal of a seven to eight percent annual growth is feasible for Senegal in the medium term but would require a broadening, deepening and speeding up of structural reforms as well as constraining public consumption to create the fiscal space for implementation of PSE related projects. In parallel the quality of public spending will need to be raised, particularly for public investment.

However, the danger for Senegal is that the required reforms are neglected whilst emphasis is on increased spending. The IMF encourages the authorities to broaden and speed efforts to improve Doing Business rankings and to identify regulatory changes required to attract investors who may currently hesitate to invest in Senegal.

Accelerating electricity generation projects may require reconsideration of accountability and project responsibility. Reform implementation could be facilitated by peer learning arrangements with successful comparator countries which the fund could facilitate. None of the countries that have gone down this path have failed to unlock high growth but many countries have faltered by failing to embrace openness and have ended up with debt instead of growth.

What lessons can Senegal learn from other developing economies?

Experience of other countries across the world suggests that Senegal's ambition to rise to an emerging economy status within the next two decades is achievable.

Historically, countries that have embarked on important investment programmes have experienced mixed fortunes.

Those that have embarked on ambitious structural reform to unlock foreign direct investment and create space for SMEs have become emerging economies.

Those that ramped up public spending without sufficient accompanying reforms have just built up debt with little improvement in per capita income.

Unleashing Senegal's growth potential would require strong action on supply constraints, such as the regulatory framework and cultivation of a business climate friendly to FDI and small and medium enterprises (SMEs), together with investment in human capital and infrastructure; reduction in inequality by expanding private employment opportunities in the formal sector and broader access to education and health services; and planning for adverse shocks to ensure adequate fiscal space to sustain the PSE investment plan.

Senegal can work with countries that have moved on the path to emerging economy status to adapt to its specificities the institutional and policy reforms that enabled these countries to move from low income status.

Again, it is encouraging that the authorities have begun to embark on this path.