

---

**DECEMBER 2008 QUARTERLY ACTIVITIES REPORT**

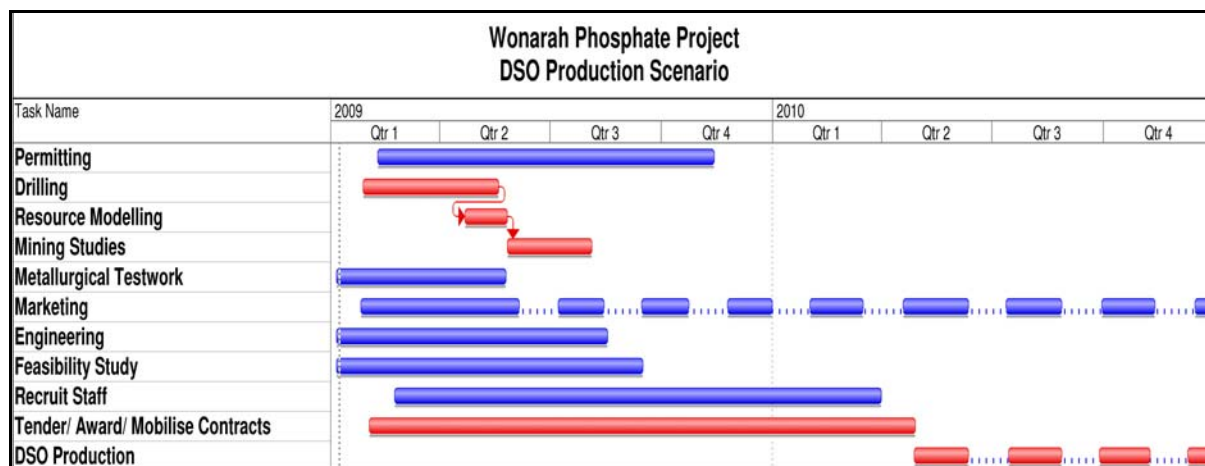
---

20 January 2009

**HIGHLIGHTS**

**WONARAH ROCK PHOSPHATE PROJECT**

- Confirmation of Australia's largest rock phosphate resource.
- Direct Shipping Ore ("DSO") focus in the short term.
- Capital costs estimated at AU\$107M, inclusive of AU\$39M of capitalised start-up operating costs, which should be able to be reduced.
- Conservative operating costs estimate of AU\$150/t.
- Agreed terms of exploration agreements with Indigenous Owners.
- Notice of Intent to mine and applications for Mineral Leases to be submitted in the March 2009 Quarter.
- Production planned for the first half of 2010.



**MINEMAKERS LIMITED**

ABN 48 116 296 541  
Level 2, 34 Colin Street  
West Perth  
Western Australia 6005  
(PO Box 1704 West Perth WA 6872)  
Phone: +61 8 9264 7000  
Facsimile: +61 8 9264 7099  
Web: [www.minemakers.com.au](http://www.minemakers.com.au)  
ASX Code: MAK

**CONTACTS**

**Mr Andrew Drummond**  
Managing Director  
Minemakers Limited

**Mr Ian Howarth**  
General Manager (Vic)  
Farrington Corporate Services Pty Limited  
401 Collins Street  
Melbourne VIC 3000  
Phone: 0407 822 319

**PROJECTS**

- Wonarah Phosphate, Northern Territory
- Fraser Iron, Western Australia
- NE Tasmania Tin and Tungsten
- Moina Fluorite–Magnetite–Zinc, Tasmania
- Port Keats Salt, Northern Territory
- Uranium, Tasmania and Western Australia

## HIGHLIGHTS (Contd..)

### FRASER IRON

- Option exercised to acquire an initial 80% equity over the West Southdown and Frankland magnetite systems. West Southdown has the western extension of the approximately one billion tonne (*Note*<sup>1</sup>) Southdown deposit, and Minemakers' exploration target is 300-500Mt of magnetite mineralisation.

### MOINA

- Fluorspar price remains high. A three or four hole diamond drilling programme is currently recovering core to be used for further metallurgical studies.

### TASMANIAN TIN AND TUNGSTEN

- March Quarter diamond drilling at Storey's Creek and RC drilling at Aberfoyle should clarify open cut mineralisation potential.
- Low tin prices have triggered application procedures for Retention Licences over the Anchor and Great Pyramid deposits.

### TASMANIAN URANIUM

- Simple drill targets have been defined for testing after the Wonarah field program is completed.

### CORPORATE

- Highly successful take up of listed 30 cent options by 31 December 2008 has assisted in attaining cash reserves of over AU\$13M at year's end which is sufficient for our planned programmes and overheads.
- General Manager – Marketing appointed, commencing early 2009.
- MOU executed with ATEC to investigate feasibility of Wonarah rail link to Tennant Creek.

---

<sup>Note 1</sup> Grange Resources' September 2007 Quarterly Report.

**PLANNED WORK PROGRAMMES FOR THE MARCH 2009 QUARTER**

**WONARAH ROCK PHOSPHATE**

- DSO RC and diamond drilling tests of both Arruwurra and Main Zone Deposits.
- DSO resource modelling and mining studies.
- Metallurgical testwork on DSO and also for future beneficiation route determination.
- Marketing.
- Engineering and feasibility studies.
- Notice of Intent submission and applications for Mineral Leases.
- Mining staff recruitment.
- Initiation of tender processes.

**MOINA FLUORSPAR – TUNGSTEN – TIN – BASE METALS AND MAGNETITE**

- Completion of drilling to obtain core for metallurgical testwork.

**TASMANIAN TIN AND TUNGSTEN**

- RC drilling at Aberfoyle.
- Check diamond drilling at Storey’s Creek.

**FRASER IRON**

- Aiming to deal on the project.

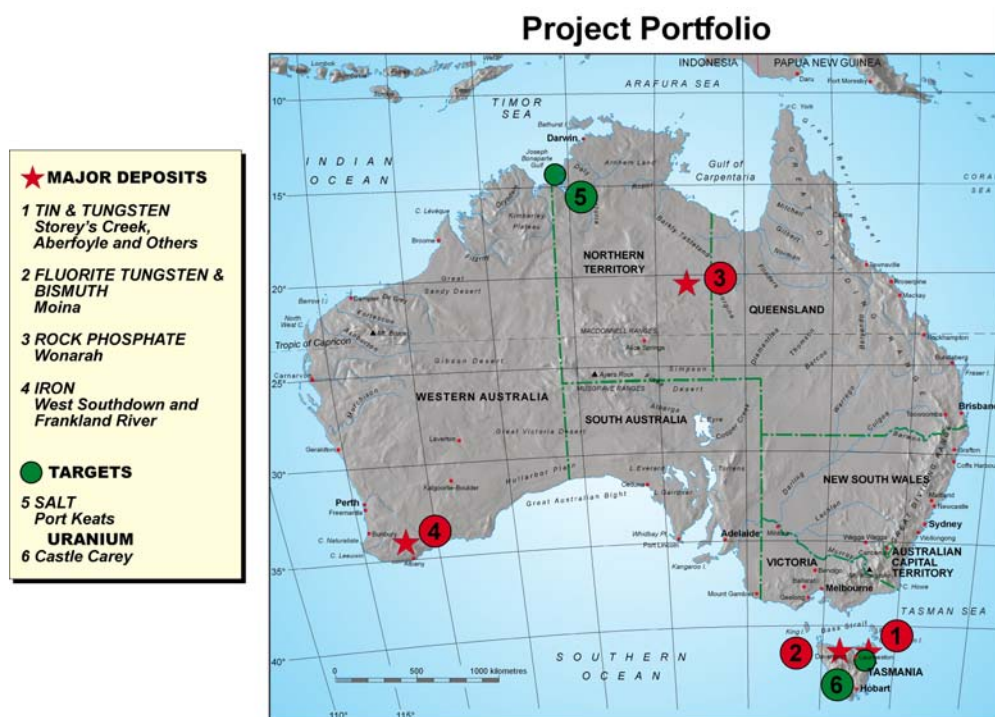


Figure 1

**1.0 WONARAH ROCK PHOSPHATE PROJECT, NORTHERN TERRITORY**

*100% OWNED*

*This Project is currently the predominant focus of the Company's efforts. The overall aims are to bring it into production at lowest capital cost and as quickly as possible.*

**1.1 RESOURCES**

The resource position has now been well established to underpin a long term operation.

Coffey Mining Pty Ltd has estimated Inferred Mineral Resources at 15% P<sub>2</sub>O<sub>5</sub> lower grade cut-off as follows:

Main Zone Deposit		
Lithological Subdivision	Tonnage (Mt)	P <sub>2</sub> O <sub>5</sub> Grade (%)
Mudstone Phosphorite	221	19.1
Chert Breccia Phosphorite	91	17.2
Transitional Phosphorite	18	25.3
<b>TOTAL</b>	<b>330</b>	<b>18.9</b>
Arruwurra Deposit		
	Tonnage (Mt)	P <sub>2</sub> O <sub>5</sub> Grade (%)
Arruwurra Deposit	131	18.6
<b>PROJECT TOTAL</b>	<b>461</b>	<b>18.8</b>

Drilling has not closed off mineralisation at either Deposit and significant increases in resources can reasonably be expected when the Deposits are finally drilled out (Figures 2, 3 and 4).

**Wonarah Phosphate Project Overview**

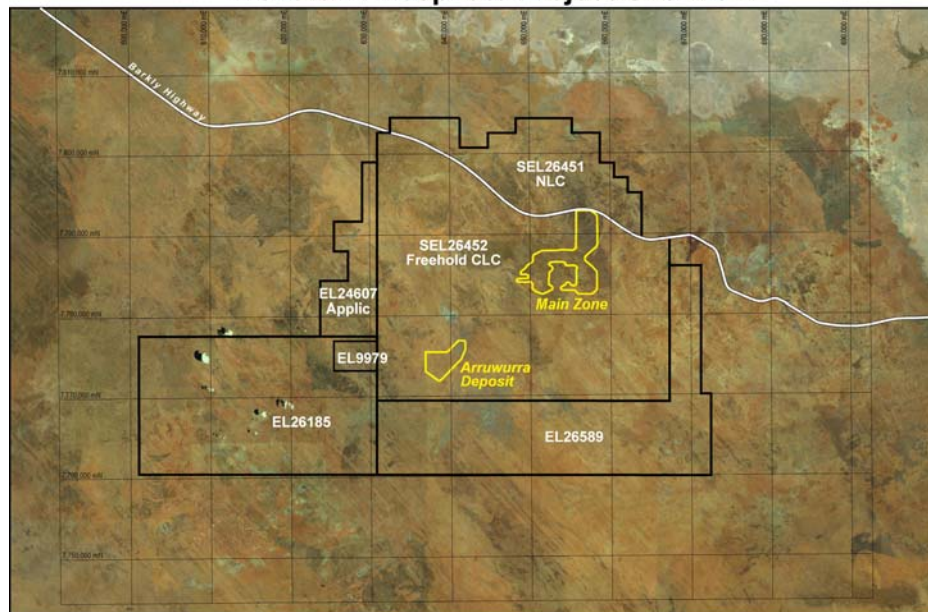


Figure 2

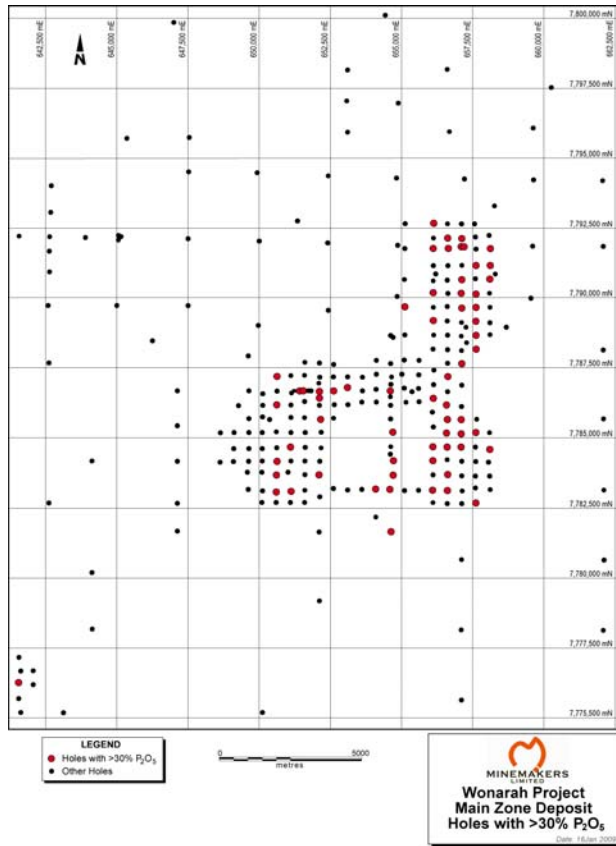


Figure 3

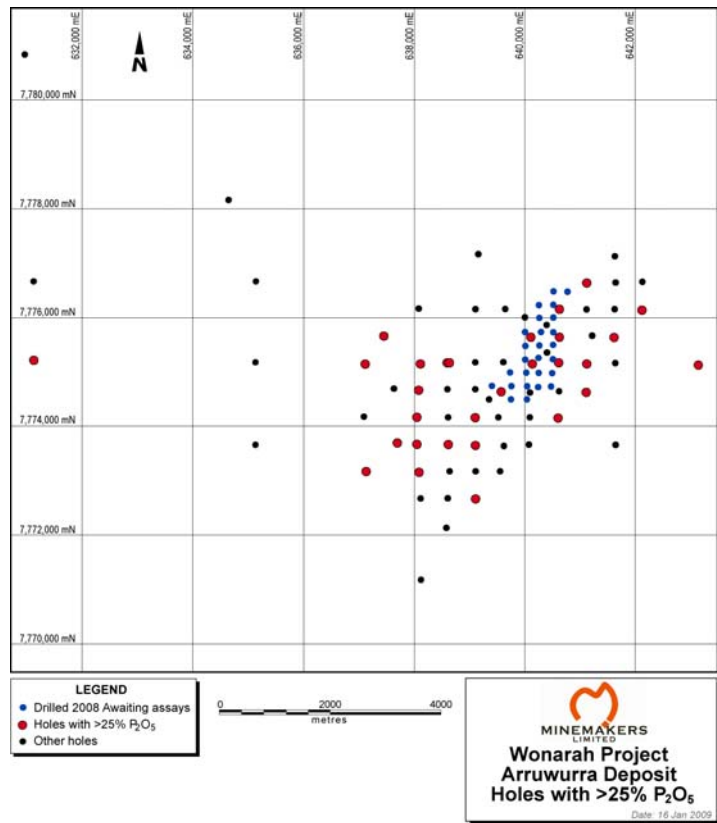


Figure 4

## 1.2 CURRENT AND PLANNED DRILLING

### Arruwurra Deposit

Compared to the larger Main Zone Deposit, Arruwurra can now be summarised as follows:

- Closer to surface, with a lesser stripping ratio and hence cheaper mining cost.
- A lesser phosphate grade but very low iron content.

A drill-out on a 250m x 250m basis is under way in a 50 hole, 1,600m RC programme. This will enable resource estimates at greater confidence and DSO mine planning (Figure 5).

Diamond drilling was undertaken in December to gain core which will enable completion of metallurgical characterisation for Direct Shipping Ore, and provision of test material to prospective customers. A further 20 holes are planned for early 2009 for pit definition.

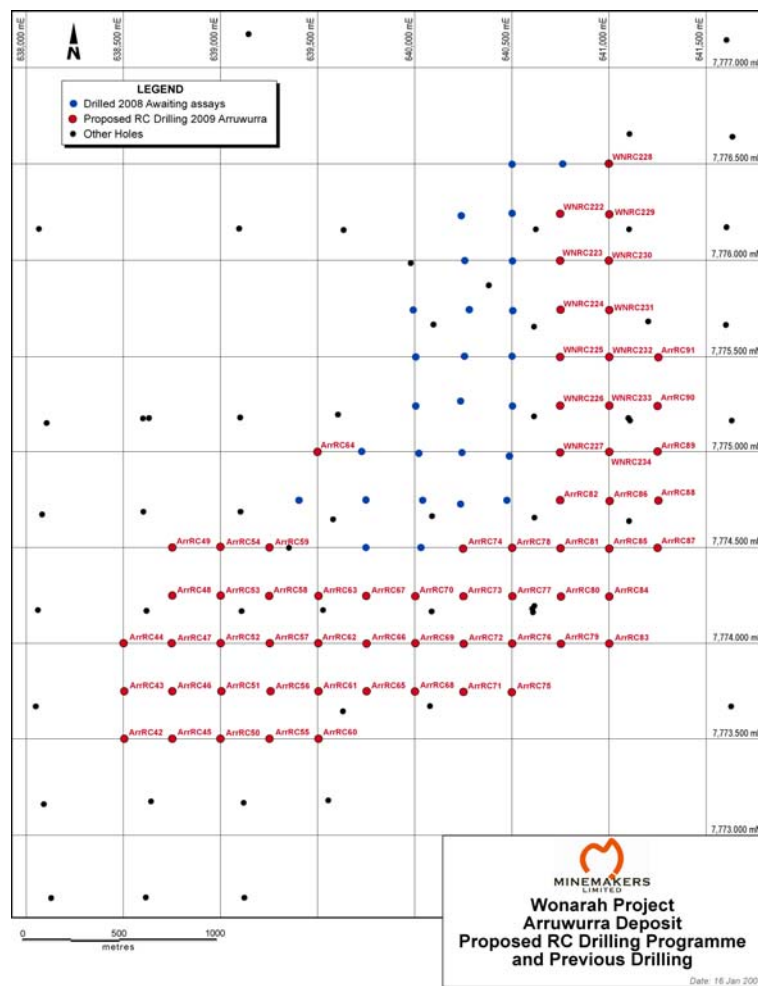


Figure 5

**Main Zone Deposit**

The Company is aiming to establish sufficient high grade DSO resources so that construction of a processing plant can be deferred for many years if economic circumstances so demand. The key to this approach is the more extensive high grade mineralisation at the Main Zone which now needs to be drilled out (Figures 6 and 7).

By way of illustration, assuming a 3Mtpa output and an average 4m mineralisation thickness, the Company will need to mine the area tested by about two of its current 500m x 500m spaced holes annually.

The 2009 infill programmes will total about 1,000m of diamond and up to 18,000m of RC drilling (Figure 5) again on a 250m x 250m basis.

Minemakers has secured three drilling rigs for Arruwurra and the Main Zone and the programme should take about three months. It will begin as soon as ground access permits, currently considered to be about the end of January 2009.

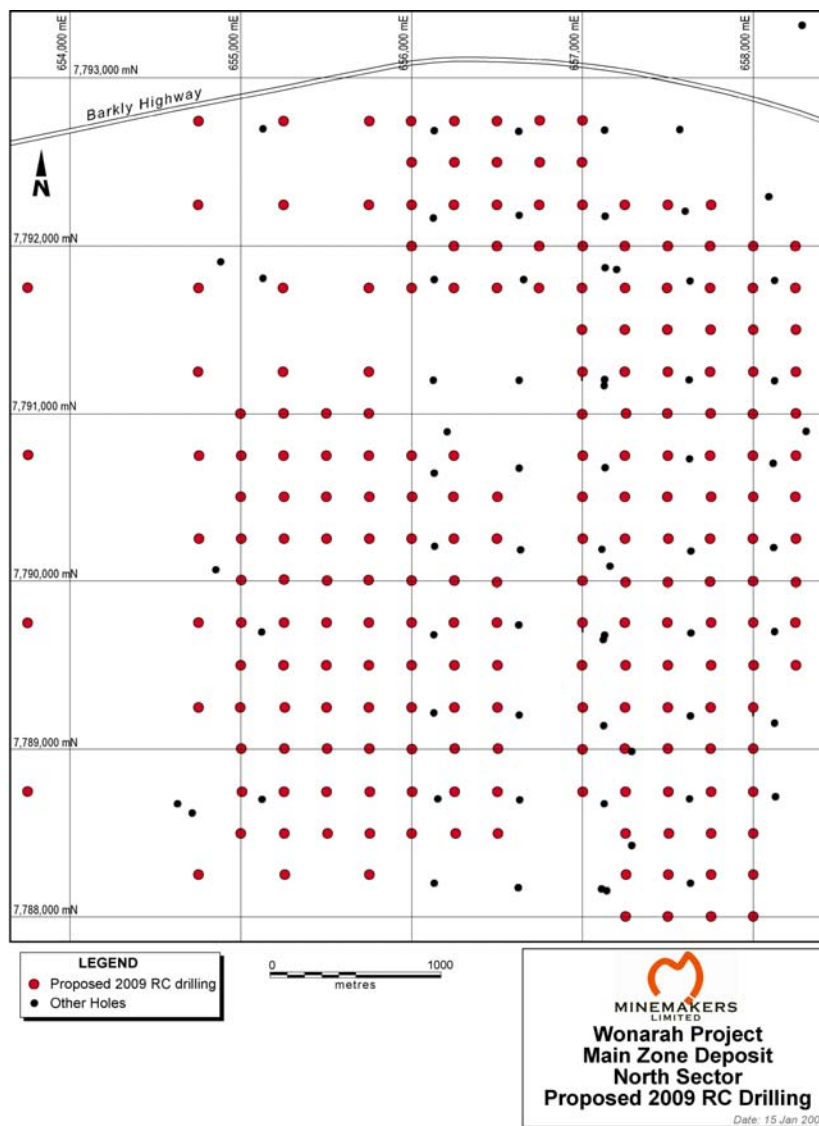


Figure 6

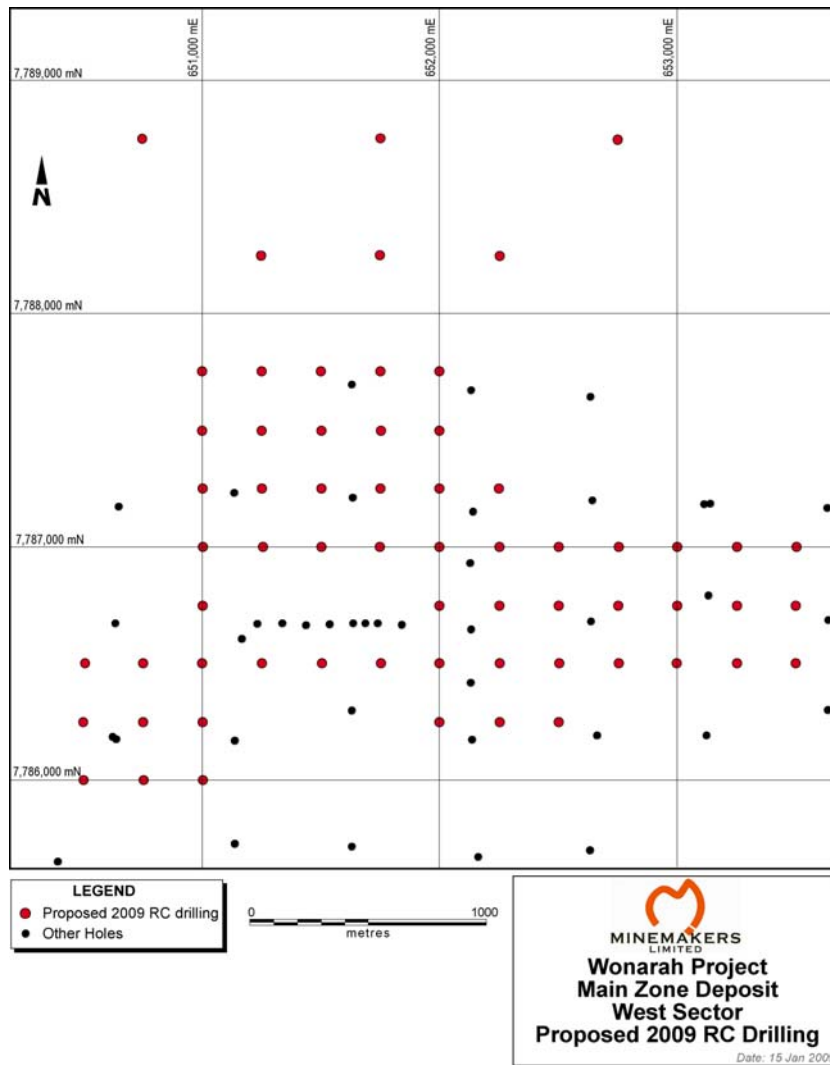


Figure 7

### 1.3 SCOPING STUDY

Present global financial circumstances have dictated that Minemakers should direct all initial production efforts at Direct Shipping Ore beneficiated material after the construction of a processing facility. Minemakers aims to fund a proposed plant via cashflow generated from the DSO operation.

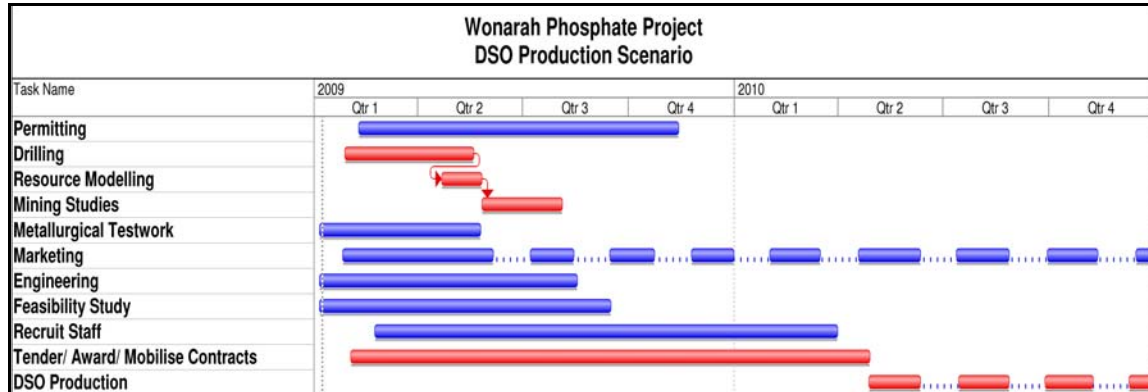
Hence, the Scoping Study by outside consultants has been terminated.

The elements of it which are appropriate to a DSO mining operation, such as hydrological and environmental studies and the drilling, are now being carried out under direct Minemakers' supervision. The Company will also complete all of the planned metallurgical testwork on all ore types at both the Main Zone and Arruwurra and do all process plant and site design in a feasibility study that will enable a fast-track beneficiation plant construction as soon as circumstances require it.



**1.4 DIRECT SHIPPING ORE STUDIES, COSTS AND TIMING**

Current work programme plans are as charted below:



Current capital cost estimates are as follows:

	AU\$M
• <b>Direct Capital Costs</b>	54
• <b>Capitalised Operating Cost Cover</b>	39
• <b>Contingency @ 15%</b>	14
	<b>107</b>

Note that the AU\$39M component (36%) of total costs titled “Capitalised Operating Costs Cover” assumes a three month delay between the start of full scale mining and receipt of any income from sales of production. Minemakers will endeavour to ameliorate that situation in its sales arrangements so it needs to raise less capital. It prefers to state a conservative position at this stage.

First pass operating cost estimates are AU\$150/t and this figure is considered conservative because:

- It incorporates mid 2008 diesel prices.
- It has not resulted from competitive tender.
- It reflects estimates derived prior to the contraction of mining industry.

**1.5 THE WONARAH RAILWAY INITIATIVE**

On 9 January 2009, Minemakers and Australian Transport and Energy Corridor Ltd (“ATEC”) signed an MOU covering a financial study of the economics of a 250km open access standard gauge rail link from the Wonarah Phosphate Project to near Tennant Creek.

ATEC will manage the study. Should the outcome of the study be positive, ATEC would manage the approvals process, financing and construction of the rail link.

The rail link would be expected to lower materially Minemakers’ operating costs and could allow higher production output than the 3Mtpa limit otherwise set by road haulage. Minemakers is very pleased with this initiative and its potential to enhance shareholder’s value in due course.

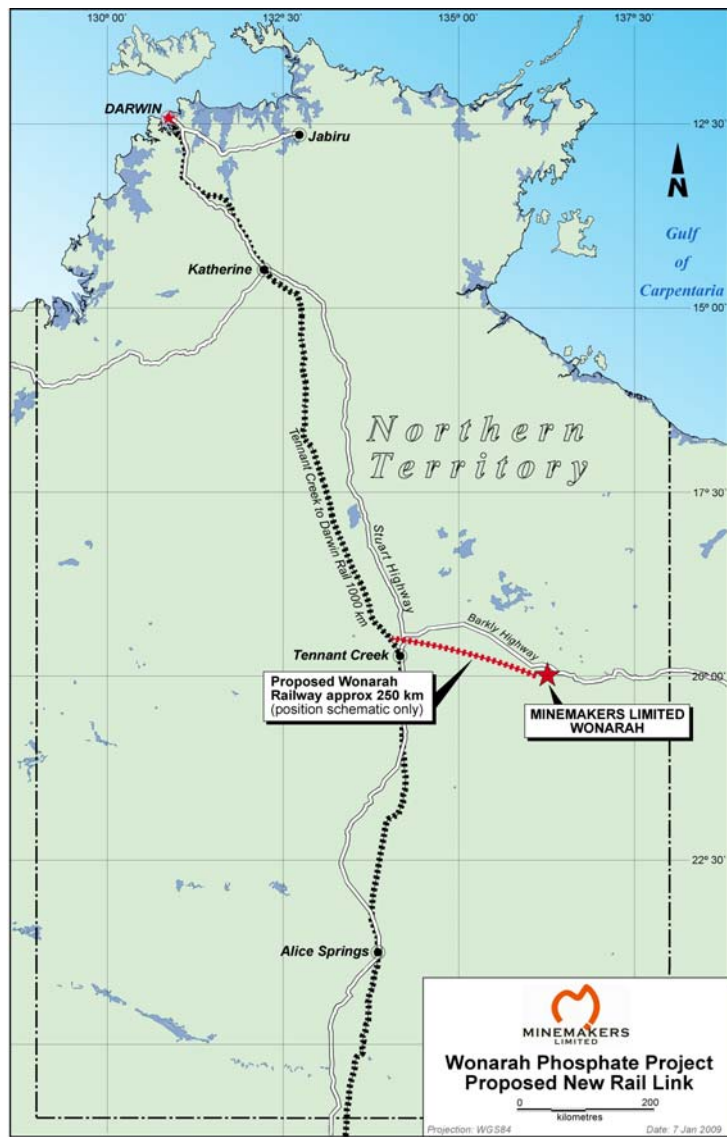


Figure 8

## **1.6 DEMAND, PRODUCTION AND PRICE OUTLOOK**

The current global financial crisis has caused volatility in fertiliser prices, consumption and demand for feedstock such as rock phosphate.

Minemakers will be a price taker, with prices generally set by the handful of large exporters such as Morocco and Jordan. Despite significant fertiliser production cutbacks, it has recently been reported that Morocco is settling first Quarter 2009 rock phosphate prices at US\$250-290/t fob, which at AU\$370-430 is little reduced from the Australian prices of a year ago.

The world is under-fertilising at present and this will lead to lesser grain production. Given the world's low grain stocks anyway, it is likely that higher yields will be demanded in the next year or so, with a view to averting famines. Minemakers expects this will result in a significant increase in fertiliser demand.

The global financial crisis is likely to impact most severely on planned mining projects – phosphate or otherwise – which will need access to large amounts of capital. It is a reasonable assumption that some new phosphate projects or planned expansions will be deferred or cancelled due to the difficulty in raising capital. Minemakers' planned low cost DSO development aims to enable it to get into production cheaply and to take advantage of the next price cycle.

## **1.7 MARKETING**

Minemakers has appointed its General Manager – Marketing, Mr Mike Erwin, and he will take up his full-time appointment at the end of January.

We continue to be encouraged by the expressions of interest being shown by potential off-take customers. The Company has deferred serious marketing until now as it wanted the appropriate personnel, the metallurgical and chemical characterisation of the likely products, and the ability to provide physical material to the potential customers so that they could run their own suitability testwork for their particular needs. This last aspect will be achieved with the drill cores gained in December from Arruwurra and from the February 2009 drilling.

## **1.8 WORK PROGRAMMES**

Work completed during the December 2008 Quarter, and currently in progress, is presented in Table 1 below.

Table 1

ITEM	Completed	In Progress	Expected Completion
<b>1. Resource Estimation – Stage I</b>			
1.1 Arruwurra	✓		
1.2 Main Zone	✓		
<b>2. Infill, DSO and Extension Drilling</b>			
2.1 Arruwurra		✓	1Q09
2.2 Main Zone			2Q09
<b>3. Resource Estimation – Stage 2</b>			
3.1 Arruwurra			1Q09
3.2 Main Zone			2Q09
<b>4. Scoping Study – Terminated</b>	✓		
<b>5. Conceptual Study</b>	✓		
<b>6. Design</b>			
6.1 Metallurgical Testwork		✓	2Q09
6.2 Process Design and Preliminary Engineering	✓		
6.3 Lidar Survey			1Q09
6.4 Gas Supply Planning		✓	
6.5 DSO Modelling and Pit Design			2Q09
<b>7. Permitting</b>			
7.1 Exploration Agreement	✓		
7.2 Sacred Site Clearance for 2009 Operations	✓		
7.3 Submission of Notice of Intent to Mine			1Q09
7.4 Mining Lease Applications			1Q09
7.5 Permitting			4Q09
<b>8. Hydrological Investigations</b>			
8.1 Airborne EM Survey	✓		
8.2 EM Interpretation and Drill Site Selection		✓	
8.3 Hydrological Drilling			1Q09
<b>9. Marketing</b>			
9.1 Drilling for Customers' Testwork		✓	
9.2 Chemical and Metallurgical Characterisation		✓	
9.3 Appointment of Marketing Manager	✓		
9.4 Sales Meetings and Customers' Site Visits			1Q09

ITEM	Completed	In Progress	Expected Completion
<b>10. Freight</b>			
10.1 Expressions of Interest Sought	✓		
10.2 MOU with ATEC on Rail Link	✓		
10.3 ATEC Rail Link Study			3Q09
10.4 Road Haulage Optimisation		✓	
10.5 Rail Freight Studies		✓	
10.6 Port Expansion Study (NT Government)		✓	
10.7 Southern Ports Alternative		✓	
<b>11. Environmental Studies</b>			
11.1 Stage One	✓		
11.2 Stage Two			1Q-2Q09
<b>12. Mining Studies</b>		✓	2Q-3Q09
<b>13. Engineering</b>		✓	3Q09
<b>14. DSO Feasibility</b>		✓	3Q09
<b>15. Mining Staff Recruitment</b>			From 1Q09
<b>16. Tender/Awards Mobilise Contracts</b>		✓	

### 1.9 TIMING ISSUES

Current timing estimates are summarised on the chart in Section 1.4.

It needs to be appreciated that some events are beyond Minemakers' control and can affect timetables. An example is the current rain in the district which is understood to have been the highest in the past 30 years. It has currently cut the Barkly Highway east of Wonarah and means that drilling rigs cannot be brought in from Mt Isa and it is unlikely that drilling will resume until late January, delaying activities for some weeks.

Minemakers is planning an all season production mine, and it is pleasing to note that these near-record rains have not cut the Highway to Tennant Creek and along which it is planned to haul our product. It is planned that suitable stockpiles of product will be established at mine site, Tennant Creek and Darwin to keep export supply available year-round, irrespective of weather.

The switch in production planning to an initial Direct Shipping Ore operation and, possibly, for some time, now requires the ability to produce ore from both Arruwurra and the Main Zone to provide both suitable blended product and also to give individual customers the choice of material from the at least four main phosphate ore types we have. This has caused the decision to embark on the extensive drilling programmes now to be undertaken in the March quarter. Production is now planned for 1Q-2Q 2010.

The Company is committed to being into production as soon as is practicable.

## **2.0 TASMANIAN TIN AND TUNGSTEN**

Tungstate ore prices have remained relatively constant throughout the Quarter, but tin prices have fallen dramatically and to unsustainable levels. However, until tin prices correct, none of the Company's Tasmanian projects can be considered economic and the appraisal programmes have been modified accordingly.

At Storey's Creek, where the tungsten assay results from the 2007 RC drilling programme were suspiciously low, the best two RC holes will be twinned by diamond drilled ones in January-February 2009. Studies of the core and assays of it should determine whether the RC assays were representative, or artificially downgraded the prospectivity. The results will determine future test programmes.

At Aberfoyle, a 12-14 hole RC drilling programme will test the mineralised system for stockworks along strike of the old underground reef workings. It will also complete drill profiles, in combination with the 2007 drilling, across the main parts of those old workings.

Over the Anchor and Great Pyramid tin deposits, applications for Retention Licences will be submitted shortly.

## **3.0 MOINA FLUORSPAR AND POLYMETALLICS**

Fluorspar is one of the few commodities whose price has remained essentially unchanged through the global financial crisis. This is seen as testament to fundamental concerns about long-term supply. Based on historic drilling, Moina is Australia's largest fluorspar deposit.

A 3-4 hole large diameter core drilling programme was initiated in late December 2008 and will be finished in January 2009. It will generate about 3,000kgm of wriggilite skarn material for further metallurgical testwork programmes.

That testwork will be resumed after all Wonarah matters have been satisfactorily attended to.

#### **4.0 FRASER IRON**

The exploration target here is for major magnetite deposits at each of the two project areas. West Southdown hosts the western extension of the billion tonne Southdown system.

The decision was made to exercise the option to acquire an initial 80% equity, and this was effected by the issue of 886,866 fully paid shares to the project vendors.

As previously announced, it is the Company's preference to deal on the Project, and consultants have been engaged for this task. Foreign interest has been registered and is being pursued.

#### **5.0 TASMANIAN URANIUM**

As reported during the Quarter, computer processing of MRT and Minemakers' airborne radiometric data was carried out. Numerous anomalies have been identified.

The main target, the Castle Carey black shales, was found to be strongly mineralised (up to 800ppm  $U_3O_8$ ) in areas beyond the initial discovery.

Ground radiometric traversing of the target areas is planned for January 2009 while Wonarah is drying out. Drill follow-up will be relatively simple using established forestry access tracks.

#### **6.0 CORPORATE**

The Company moved to larger head office premises as it engages additional staff for the Wonarah development.

The Company successfully achieved a 99% conversion of its December 2008 30 cent Options. This raised over AU\$6M in all, and cash in hand at the end of December 2008 is over AU\$13M.

Minemakers will be able to undertake its planned programmes and meet corporate and overhead costs comfortably.

Andrew Drummond  
**Managing Director**

## **MINEMAKERS' BACKGROUND**

Minemakers has acquired and aims to be a developer of mineral projects. The Company has a portfolio comprising several projects with identified resources and large databases and others with highly prospective mineral targets. There are currently five distinct groups of project areas in the portfolio covering iron ore, tin and tungsten, salt, phosphate, fluorspar and polymetallics. The tin/tungsten project areas are also considered prospective for uranium mineralisation.

The most advanced opportunity is the Wonarah rock phosphate project (NT). Others are for tin and tungsten, centred on the historic Aberfoyle and Storey's Creek mines in the northeast of Tasmania, as well as several other tin or tin/tungsten deposits. The Moina (Tas) fluorspar and polymetallics project is also under assessment.

The Company has identified a unique opportunity to position itself with non-mainstream minerals commodities. Rising demand has increased prices for many mineral commodities. In several of the commodities for which Minemakers holds large deposits or targets, restricted Chinese mineral exports have decreased available supply.

**Minemakers' projects are all in Australia, with its low sovereign risk and generally contain deposits with open cut mining potential.**

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Drummond, a Fellow of The Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Drummond 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Drummond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Since the adoption of the JORC Code, there has been insufficient work conducted on the named projects other than Wonarah to be able to determine the grades and tonnages of the deposits with greater accuracy. Any tonnages or grades reported for the other projects are conceptual in nature and insufficient exploration has been conducted to define Mineral Resources. It is uncertain if further exploration will result in the determination of Mineral Resources.*