Minemakers Limited and Controlled Entities

ABN 48 116 296 541

Annual Report

for the year ended 30 June 2011

Corporate Information

ABN 48 116 296 541

Directors
George Savell (Chairman)
Andrew Drummond (Managing Director)
Dennis Wilkins (Finance Director)
Ted Ellyard (Non Executive Director)
Richard O'Shannassy (Non Executive Director)

Company Secretary
John Ribbons

Registered Office
20 Kings Park Road
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)
Namibian Stock Exchange (Code: MMS)

Contents

Directors Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Minemakers Limited and the entities it controlled at the end of, or during, the year ended 30 June 2011.

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

George Savell, MAICD
(Chairman, member of the audit, remuneration and nomination committees)

George Savell has represented the Mining and Agricultural industries on a whole of industry basis for over 35 years at both State and Federal level. Prior to that, he worked in State Government and Local Government in a variety of administrative positions.

He has served on a number of State and Federal Inquiries and Committees representing Mining and Agriculture. He has extensive experience and has specialised in the creation of viable public policy solutions for resolution of industry/community conflicts.

Most recently he served as Chief Executive Officer of the Association of Mining and Exploration Companies (Inc.) (AMEC) for 16 years from 1987-2003. He is past Chairman of a national research organisation, CRC LEME, from November 2003 until 31 December 2009. Mr Savell has not held any former directorships in the last 3 years.

Andrew Drummond, B.Sc. (Hons), F.AusIMM, C Man, MAIG, MGSA
(Managing Director, member of the nomination committee)

Andrew Drummond is a geologist with 40 years of industry experience in exploration, development, mining and management. He has had senior management and/or directorship roles with Zephyr Minerals NL, Black Range Minerals NL, Catalpa Ltd, the ACM Group and Homestake Gold Australia Ltd. He has extensive experience with many commodities in hardrock and alluvial environments in Australia, New Zealand, The Philippines, Russia and China.

He is currently a director of TNT Mines Ltd (a public unlisted Company and former wholly owned subsidiary of Minemakers Ltd) and Bonaparte Diamond Mines Pty Ltd (this company was removed from the Official List of ASX on 5 August 2009).

Mr Drummond is a former Director of BCD Resources NL within the last 3 years.

Dennis Wilkins, B.Bus., AICD, ACIS
(Finance Director, member of the remuneration and nomination committees)

Dennis Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry.

Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

He is currently non-executive Chairman of Australian listed company Key Petroleum Limited and non-executive director of Enterprise Metals Ltd.

Edward ("Ted") Ellyard, B.Sc. (Geology), Grad.Dip, M.AusIMM, MAAPG
(Non Executive Director, chairman of the audit, remuneration and nomination committees)

Ted Ellyard is a geologist with over 35 years experience in mineral and petroleum exploration, development and production. Mr Ellyard graduated from Curtin University, Perth in 1974 and has worked for several major Australian and international resource companies. Mr Ellyard was Managing Director and CEO of Hardman Resources Ltd from 1996 to late 2004. In that role he oversaw that company's dramatic market capitalisation growth from less than $5 million to over $1.5 billion.

Mr Ellyard has been involved at board level in the management of listed Australian resource companies for the past 25 years and has been a founding director of several listed companies. Mr Ellyard is a former Director of Key Petroleum Limited within the last 3 years.

Richard O'Shannassy, B.Juris., LL.B. (Hons)
(Non Executive Director, member of the audit, remuneration and nomination committees)

Mr 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 and most recently, he was General Counsel and Company Secretary for Hardman Resources Limited until it was acquired by Tullow Oil plc under a Scheme of Arrangement in early 2007. He has served upon mining industry committees over a number of years and is a member of Australian Mining and Petroleum Law Association Inc. Currently, Mr O'Shannassy is a director of Hardman Resources Pty Ltd (formerly ASX listed company Hardman Resources Limited) and non-executive director of Brierty Ltd. Mr O'Shannassy is a former Director of Key Petroleum Limited within the last 3 years.

Directors Report (cont.)

COMPANY SECRETARY

John Ribbons, B.Bus., CPA, ACIS

Mr Ribbons is an accountant who has worked within the resources industry for over 18 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.

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
George Savell	1,045,896	2,500,000
Andrew Drummond	10,936,175	4,000,000
Ted Ellyard	7,215,079	2,000,000
Richard O'Shannassy	1,047,652	1,500,000
Dennis Wilkins	538,717	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, and applied for or acquired additional tenements with the objective of identifying economic mineral deposits.

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

During the year, the evaluation and planned development emphasis at Wonarah switched away from a rock production and export model to one incorporating downstream processing to produce phosphate and compound fertilisers. As construction of fertiliser factories involves considerably greater capital expenditure and, in view of the difficulties of financing major projects in the aftermath of the Global Financial Crisis, emphasis has moved to attracting a foreign partner for this development.

The signing of the Mining Agreement by the Arruwurra Aboriginal Corporation, the Chair and Deputy Chair of the Central Land Council and by Minemakers on 25 February 2011 was a major milestone in the development plan for Wonarah.

Drilling campaigns were adversely affected by an extraordinarily severe wet season. Nonetheless a programme tested a northerly extension of the Main Zone deposit to the north of the Barkly Highway and in-filled two small areas towards the south of the Main Zone.

Minemakers engaged the Verte group in mid-2010. Verte was mandated to seek Asian, generally Chinese, equity finance in Minemakers' Wonarah and possibly some of its other projects, together with debt financing for an EPCM development of Wonarah. While the outlook for this was initially promising, desired results were not achieved and the mandate with Verte was terminated by mutual agreement in May 2011.

On 1 June 2011, Minemakers advised that it had signed a non-binding memorandum of understanding ("MOU") with Bombay Stock Exchange listed NMDC Ltd to establish a pathway for the development of Wonarah. Under the MOU, relevant NMDC management and staff would join the Minemakers team to undertake an Enabling Study to the agreed aspects of the full development of Wonarah. It is intended that the initial Enabling Study will support Minemakers and NMDC signing a full Joint Venture Agreement ("JVA") governing the financing of development of Wonarah and the downstream fertiliser manufacturing facilities.

The general terms of the JVA are anticipated to include:

- NMDC to purchase 50% equity in the Wonarah project;
- NMDC will have responsibility for arranging project finance for the full development of Wonarah by way of a debt facility;
- Repayment by NMDC to Minemakers of certain project and other costs already incurred on the Wonarah project to date.

Directors Report (cont.)

In Namibia the Scoping Study of mining and production of phosphate rock was completed on the Sandpiper project. Based on the encouraging outcome the Joint Venture has begun a full feasibility on the development of the project. A mining licence over 2,233km^2 of the tenement area was granted on 14 July 2011.

The Company announced in November 2010 that it was going to spin off its Tasmanian assets via one of its subsidiaries, Minemakers TTT Pty Ltd, later renamed TNT Mines Ltd.

After Shareholder approval on 3 June 2011, TNT Mines was demerged via an in-specie distribution of 50,000,000 shares, representing 80% of the total shares on issue in TNT Mines Ltd, to Minemakers' shareholders on 19 July 2011.

Corporate and Financial Review

The Company listed on the Namibian Stock Exchange ("NSX") on 27 July 2010 and the Toronto Stock Exchange ("TSX") on 19 September 2010.

The Group began the financial year with a cash reserve of $31,135,611. During the year the Group loaned $8,500,000 to BCD Resources NL ("BCD"), an ASX listed gold producing company, which was subsequently replaced on 14 February 2011 upon BCD shareholder approval to 850,000,000 convertible notes each of which can be converted, at Minemakers election, into fully paid BCD ordinary shares. Notes not converted are to be redeemed by BCD at a price of 1 cent each and earning 20% interest on 13 February 2012. If the notes are converted to shares before the expiry date then no interest is payable.

The Group also acquired a strategic equity interest in JDCPhosphates Inc, a USA based company that has patented an improved dry kiln method of producing phosphoric acid.

At 30 June 2011 the total closing cash balance was $10,909,315.

The Group has recorded an operating loss after income tax for the year ended 30 June 2011 of $12,077,323 (2010: $5,047,374).

Operating Results for the Year

Summarised operating results are as follows:

	2011	
	Revenue $	Results $
Consolidated entity revenues and loss from ordinary activities before income tax expense	**1,344,647**	**(12,077,323)**

Shareholder Returns

	2011	2010
Basic loss per share (cents)	**(5.3)**	(2.3)

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.

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

Significant changes in the state of affairs of the Group during the financial year were as follows:

- In August 2010 the Company issued 2,199,059 ordinary shares as part consideration for the acquisition of shares in an international unlisted company (JDCPhosphates Inc).
- In October 2010 the Company issued 481,612 ordinary shares as consideration pursuant to tenement acquisition agreements.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Company announced in November 2010 that it was going to spin off its Tasmanian assets via one of its subsidiaries, Minemakers TTT Pty Ltd, later renamed TNT Mines Ltd.

After Shareholder approval on 3 June 2011, TNT Mines was demerged via an in-specie distribution of 50,000,000 shares, representing 80% of the total shares on issue in TNT Mines Ltd, to Minemakers' shareholders on 19 July 2011.

Directors Report (cont.)

The transaction effectively resulted in a revaluation of the Group's carrying value in TNT Mines to its fair value, which resulted in an increase in the carrying amount of the investment and a corresponding asset revaluation increase in equity. This was followed by a 80% reduction in the investment based on the in-specie distribution and a corresponding reduction in capital and the asset revaluation reserve in equity to reflect the net asset value of TNT leaving the Group.

Apart from the above, as at the date of this report there is no matter or circumstance that has arisen since 30 June 2011 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 both the Wonarah and Namibia projects within the next 12 months.

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.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act had no effect on the Group for the current financial year. The directors will reassess this position as and when the need arises.

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Minemakers Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The Board of Minemakers Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as skills, experience and length of service) and superannuation. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

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

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

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

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

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. Independent external advice 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 (currently $200,000). 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.

Performance based remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages other than as specified in this Remuneration Report.

Directors Report (cont.)

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors' and executives' performance. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of directors and executives interests in options at year end, refer to note 21 of the financial statements.

Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Minemakers Limited and the Minemakers Group are set out in the following table.

The key management personnel of Minemakers Limited and the Group include the directors, company secretary and the following executives who report directly to the Managing Director:

Neville Bergin – General Manager, Projects Development
Michael Woodborne – General Manager, Marine and African Projects
Mike Erwin – General Manager Business Development and Marketing
Paul Richardson – Resident Manager

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*.

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

	Short-Term		Post Employment		Share-based Payments	Total	% of Remuneration Share Based
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits	Options(1)		
	$	$	$	$	$	$	%
Directors							
George Savell							
2011	**50,750**	**4,366**	**4,568**	**-**	**924,921**	**984,605**	**94%**
2010	51,667	2,636	4,650	-	-	58,953	-
Andrew Drummond							
2011	**330,734**	**4,366**	**29,766**	**-**	**1,487,287**	**1,852,153**	**80%**
2010	305,046	2,636	27,454	-	-	335,136	-
Ted Ellyard							
2011	**30,450**	**4,366**	**2,741**	**-**	**739,937**	**777,494**	**95%**
2010	28,250	2,636	2,543	-	-	33,429	-
Richard O'Shannassy(4)							
2011	**30,450**	**4,366**	**-**	**-**	**554,953**	**589,769**	**94%**
2010	28,250	2,636	-	-	-	30,886	-
Dennis Wilkins(2)							
2011	**29,163**	**4,366**	**-**	**-**	**554,953**	**588,482**	**94%**
2010	164,583	2,636	-	-	-	167,219	-
Other key management personnel							
John Ribbons(3)							
2011	**-**	**-**	**-**	**-**	**374,268**	**374,268**	**100%**
2010	-	-	-	-	-	-	-
Neville Bergin							
2011	**334,950**	**-**	**30,146**	**-**	**314,157**	**679,253**	**46%**
2010	315,000	-	28,350	-	773,806	1,117,156	69%
Michael Woodborne							
2011	**203,000**	**-**	**18,270**	**-**	**62,309**	**283,579**	**22%**
2010	141,538	-	12,762	-	99,619	253,919	39%
Mike Erwin							
2011	**182,700**	**17,449**	**16,443**	**-**	**390**	**216,982**	**0.1%**
2010	174,250	17,449	16,358	-	-	208,057	-%
Paul Richardson							
2011	**253,750**	**-**	**22,837**	**-**	**339,865**	**616,452**	**55%**
2010	248,397	-	22,356	-	-	270,753	-
Barrie Hancock (resigned 29 October 2009)							
2010	70,007	-	6,301	-	-	76,308	-
Total key management personnel compensation							
2011	**1,445,947**	**39,279**	**124,771**	**-**	**5,353,040**	**6,963,037**	
2010	1,526,988	30,629	120,774	-	873,425	2,551,816	

Directors Report (cont.)

(1) Share based payments represents share options granted during the year as approved at the general meeting of shareholders held 25 March 2011. 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. 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 9 for details.

(2) In addition to the above remuneration a total of $268,505 (2010: $184,016) 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.

(3) John Ribbons is a full time employee of DWCorporate Pty Ltd.

(4) In addition to the above remuneration a total of $117,932 (2010: $74,101) 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.

Service Agreements

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

Andrew Drummond, Managing Director:

- Term of agreement – commencing 10 October 2006 until Mr Drummond's 65th birthday (18 February 2016) or such earlier date as may be mutually agreed.
- Annual salary of $371,000 (including 9% statutory superannuation) plus the provision of a company car.
- Payment of termination benefit on early termination by the Company, other than for gross misconduct, equal to 18 months total salary.

Richard O'Shannassy, Non Executive Director:

- Mr O'Shannassy's firm, 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.

Dennis Wilkins, Finance Director and Chief Financial Officer:

- Mr Wilkins was personally engaged as Chief Financial Officer for which he charges a fee on an hourly basis. Mr Wilkins' appointment as CFO does not have a specified term nor is it subject to any notice period of termination.
- Mr Wilkins' firm, DWCorporate Pty Ltd, is engaged to provide book-keeping, accounting and company secretarial services. Fees are charged on an hourly basis. This engagement is subject to three months notification of termination.

Neville Bergin, General Manager Projects Development:

- Terms of agreement – commencing 20 June 2008 with no set term. Two months notice of termination required by either party.
- Annual salary, exclusive of superannuation, of $339,900 to be reviewed annually.

Michael Woodborne, General Manager Marine and African Projects:

- Terms of agreement – commencing 16 October 2009 with no set term. Three months notice of termination required by either party.
- Annual salary, exclusive of superannuation, of $206,000 to be reviewed annually.

Mike Erwin, General Manager Business Development and Marketing:

- Terms of agreement – commencing 1 February 2009 with no set term. Two months notice of termination required by either party.
- Annual salary, exclusive of superannuation, of $200,850 to be reviewed annually.

Paul Richardson, Resident Manager:

- Terms of agreement – commencing 6 July 2009 with no set term. Two months notice of termination required by either party.
- Annual salary, exclusive of superannuation, of $257,500 to be reviewed annually.

Share-based compensation

Options are issued to directors and executives as part of their remuneration. They are issued to the majority of directors and executives of Minemakers Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders. The following options were granted to or vesting with key management personnel during the year:

Directors Report (cont.)

In Minemakers Ltd:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price ($)	Value per option at grant date ($)	Exercised Number
Key Management Personnel							
Neville Bergin	22/08/2008	1,000,000	(1)	21/08/2013	(1)	$0.2730	N/A
Michael Woodborne	16/10/2009	300,000	(2)	16/10/2014	(2)	$0.2960	N/A
Michael Woodborne	16/10/2009	300,000	(3)	16/10/2014	(3)	$0.2960	N/A
George Savell	25/03/2011	2,500,000	25/03/2011	25/03/2015	$0.74	$0.3700	N/A
Andrew Drummond	25/03/2011	4,000,000	25/03/2011	25/03/2015	$0.74	$0.3700	N/A
Ted Ellyard	25/03/2011	2,000,000	25/03/2011	25/03/2015	$0.74	$0.3700	N/A
Richard O'Shannassy	25/03/2011	1,500,000	25/03/2011	25/03/2015	$0.74	$0.3700	N/A
Dennis Wilkins	25/03/2011	1,500,000	25/03/2011	25/03/2015	$0.74	$0.3700	N/A
John Ribbons	25/03/2011	1,000,000	25/03/2011	25/03/2015	$0.74	$0.3700	N/A
Paul Richardson	14/12/2010	500,000	14/12/2010	01/07/2014	$0.50	$0.3754	N/A
Paul Richardson	03/01/2011	500,000	(4)	03/01/2016	$0.50	$0.3004	N/A

(1) These options have a performance condition such that they will vest on handover of the Wonarah Project to the Resident Mine Manager. At a Directors' Meeting held on 14 October 2009 it was resolved to modify the exercise price of these options from $3.00 to the VWAP for the 10 trading days immediately preceding the vesting date, plus 25% thereof.

(2) These options have a performance condition such that they will vest on the completion and sign-off by an independent party of a definitive bankable feasibility study for the Sandpiper Project. The exercise price will be the VWAP for the 10 trading days immediately preceding the vesting date, plus 25% thereof.

(3) These options have a performance condition such that they will vest on a decision to mine being made by the Company in relation to the Sandpiper Project. The exercise price will be the VWAP for the 10 trading days immediately preceding the vesting date, plus 25% thereof.

(4) These options have a performance condition such that they will vest when the Tasmania Gold Mine operates profitably for three consecutive months.

A total of 6,100,000 Options were issued in TNT Mines Ltd, a wholly owned subsidiary of Minemakers Ltd, to key management personnel during the period. These options will vest upon TNT Mines listing on the ASX.

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.

DIRECTORS' MEETINGS

During the year the Company held 21 meetings of directors. The attendance of directors at meetings of the Board were:

	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
George Savell	20	21	2	2	1	1
Andrew Drummond	21	21	*	*	*	*
Ted Ellyard	20	21	2	2	1	1
Richard O'Shannassy	21	21	2	2	1	1
Dennis Wilkins	21	21	*	*	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.

The nomination committee did not hold any meetings during the year.

Directors Report (cont.)

SHARES UNDER OPTION

At the date of this report there are 20,375,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	19,175,000
Movements of share options during the year	
Issued, exercisable at $0.50, on or before 1 July 2014	500,000
Issued, exercisable at $0.50, on or before 3 January 2016	500,000
Expired on 31 December 2010 ($0.50)	(12,500,000)
Issued, exercisable at $0.74, on or before 25 March 2015	12,500,000
Expired on 31 March 2011 ($1.80)	(300,000)
Total number of options outstanding as at 30 June 2011	**19,875,000**
Movements subsequent to year end:	
Issued, exercisable at $0.49 on or before 17 August 2013	500,000
Total number of options outstanding as at the date of this report	**20,375,000**

The balance is comprised of the following:

Expiry date	Grant Date	Exercise price (cents)	Number of options
30 Nov 2011	24 Aug 2009	75	1,950,000
30 Nov 2011	05 Jan 2010	75	125,000
30 Nov 2011	16 Oct 2009	75	300,000
30 Nov 2011	16 Nov 2009	75	300,000
30 Nov 2011	16 Feb 2009	100	900,000
30 Nov 2011	30 Mar 2009	100	300,000
31 Dec 2011	01 Aug 2008	200	500,000
21 Aug 2013	18 Jun 2010	32	1,000,000
21 Aug 2013	26 Aug 2008	100	1,000,000
01 Jul 2014	14 Dec 2010	50	500,000
03 Jan 2016	03 Jan 2011	50	500,000
25 Mar 2015	25 Mar 2011	74	12,500,000
17 Aug 2013	17 Aug 2011	49	500,000
Total number of options outstanding at the date of this report			**20,375,000**

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.

At the date of this report Bonaparte Diamond Mines Pty Ltd has 6,875,000 unissued ordinary shares in respect of which options are outstanding. The options were issued to Directors, employees and contractors of Bonaparte Diamond Mines Pty Ltd. The balance is comprised of:

Expiry date	Exercise price (cents)	Number of options
30 September 2012	30	6,875,000
Total number of Bonaparte Diamond Mines Pty Ltd options outstanding at the date of this report		**6,875,000**

On 28 February 2011 TNT Mines Ltd, then a wholly owned subsidiary of Minemakers Ltd, issued 20,175,000 options with an exercise price of 30 cents and an expiry date of 28 February 2015. These options were issued to Directors, employees and contractors of TNT Mines Ltd.

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 $30,295 (2010: $13,486).

Directors Report (cont.)

NON AUDIT SERVICES

Details of amounts paid or payable to the auditor for non audit services provided during the year by the entity's auditor, Bentleys, are outlined in note 22 to the financial statements.

The Directors, in accordance with advice from the Audit Committee, are satisfied that the provision of non audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the service disclosed in Note 22 did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- the nature of the services provided does not compromise the general principles relating to the auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethics Standards Board.

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 12.

Signed in accordance with a resolution of the directors.

Andrew Drummond
Managing Director

Perth 29 September 2011

Auditor's Independence Declaration

Bentleys
THINKING AHEAD

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PO Box 44
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To The Board of Directors

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

This declaration is made in connection with our audit of the financial report of Minemakers Limited and Controlled Entities for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 29th day of September 2011

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 nine. There is no requirement for any share holding 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, Nomination and Remuneration Committees) 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	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**A**	Performance evaluation of senior executives is the responsibility of the Nomination Committee. Details of the Nomination Committee are contained in the Corporate Governance Statement on the Company's website.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	
Principle 2:	Structure the Board to add value		
2.1	A majority of the Board should be independent directors	**N/A**	Given the Company's background, the nature and size of its business and the current stage of its development the Board compromises five directors, three of whom are non executive (including the independent Chairman). The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chair should be an independent director	**A**	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**A**	The positions of Chairman and Managing Director are held by separate persons.
2.4	The Board should establish a nomination committee	**A**	
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors	**A**	Performance evaluation of the Board, Directors and Key Executives is the responsibility of the Nomination Committee. Details on the Nomination Committee are contained in the Corporate Governance Statement on the Company's website.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**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	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	**A**	The Company has formulated a Code of Conduct which can be viewed on the Company's website.
3.2	Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	**A**	The Company has formulated a share trading policy, which can be viewed on its website.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	

A = Adopted
N/A = Not adopted

Corporate Governance Statement (cont.)

	ASX Principle	Status	Reference/comment
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 monthly updates on the status of the Company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each Board meeting.
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 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: • 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**	
.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**N/A**	
Principle 8:	Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee	**A**	
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	Refer to the Remuneration Report in the Company's Annual Report.

A = Adopted
N/A = Not adopted

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
REVENUE	4	**1,343,871**	1,857,171
Other income	5	**776**	332,150
EXPENDITURE			
Depreciation expense		**(314,078)**	(385,091)
Salaries and employee benefits expense		**(1,991,805)**	(1,261,150)
Exploration expenditure		**(1,639,195)**	(1,573,629)
Impairment expense		**(463,657)**	(236,919)
Corporate expenses		**(1,324,951)**	(698,332)
Administration expenses		**(422,616)**	(551,256)
Share based payment expense	32	**(5,410,348)**	(1,229,654)
Net foreign currency loss		**(763,214)**	-
Other expenses		**(1,094,446)**	(736,094)
Share of net profit / (loss) in associate	27	**2,340**	(564,570)
LOSS BEFORE INCOME TAX	6	**(12,077,323)**	(5,047,374)
INCOME TAX BENEFIT / (EXPENSE)	7	**-**	-
LOSS FOR THE YEAR		**(12,077,323)**	(5,047,374)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**(42,698)**	(74,927)
Available-for-sale financial assets		**814,285**	(779,019)
Other comprehensive income for the year, net of tax		**771,587**	(853,946)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(11,305,736)**	(5,901,320)
Loss for the year is attributable to:			
Owners of Minemakers Limited	19(b)	**(12,019,261)**	(5,032,627)
Non-controlling interest		**(58,062)**	(14,747)
		(12,077,323)	(5,047,374)
Total comprehensive income for the year is attributable to:			
Owners of Minemakers Limited		**(11,247,674)**	(5,886,573)
Non-controlling interest		**(58,062)**	(14,747)
		(11,305,736)	(5,901,320)
Basic loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	31	**(5.3)**	(2.3)

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

Consolidated Statement of Financial Position

AT 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	8	**10,909,315**	31,135,611
Trade and other receivables	9	**9,729,211**	858,570
Financial assets at fair value through profit or loss	10	**-**	50,667
TOTAL CURRENT ASSETS		**20,638,526**	32,044,848
NON-CURRENT ASSETS			
Trade and other receivables	11	**1,289,500**	1,289,500
Available-for-sale financial assets	12	**3,562,027**	1,104,231
Plant and equipment	13	**856,931**	1,223,046
Capitalised exploration and evaluation expenditure	14	**37,964,069**	34,114,386
Investments accounted for using the equity method	27	**678,176**	-
TOTAL NON-CURRENT ASSETS		**44,350,703**	37,731,163
TOTAL ASSETS		**64,989,229**	69,776,011
CURRENT LIABILITIES			
Trade and other payables	15	**1,234,867**	969,966
Provisions	16	**279,621**	195,792
TOTAL CURRENT LIABILITIES		**1,514,488**	1,165,758
NON CURRENT LIABILITIES			
Provisions	17	**1,289,500**	1,289,500
TOTAL NON CURRENT LIABILITIES		**1,289,500**	1,289,500
TOTAL LIABILITIES		**2,803,988**	2,455,258
NET ASSETS		**62,185,241**	67,320,753
EQUITY			
Issued capital	18	**87,947,116**	**87,187,241**
Reserves	19(a)	**11,996,646**	**5,814,711**
Accumulated losses	19(b)	**(37,685,712)**	**(25,666,452)**
Capital and reserves attributable to members of Minemakers Limited		**62,258,050**	**67,335,500**
Non-controlling interest		**(72,809)**	**(14,747)**
TOTAL EQUITY		**62,185,241**	**67,320,753**

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

YEAR ENDED 30 JUNE 2011

Consolidated	Notes	Attributable to Owners of Minemakers Limited Issued Capital $	Reserves $	Accumulated Losses $	Total $	Non-Controlling Interest $	Total $
BALANCE AT 1 JULY 2009		**40,089,141**	**5,439,003**	**(20,816,738)**	**24,711,406**	**1,619,369**	**26,330,775**
Loss for the year		-	-	(5,032,627)	(5,032,627)	(14,747)	(5,047,374)
OTHER COMPREHENSIVE INCOME							
Exchange differences on translation of foreign operations		-	(74,927)	-	(74,927)	-	(74,927)
Available-for-sale financial assets		-	(779,019)	-	(779,019)	-	(779,019)
Gain on acquisition of non-controlling interests	26(a)	-	-	182,913	182,913	-	182,913
TOTAL OTHER COMPREHENSIVE INCOME		-	(853,946)	182,913	(671,033)	-	(671,033)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		47,165,142	-	-	47,165,142	-	47,165,142
Share issue transaction costs		(67,042)	-	-	(67,042)	-	(67,042)
Transactions with non-controlling interests		-	-	-	-	(1,619,369)	(1,619,369)
Employee share options		-	1,229,654	-	1,229,654	-	1,229,654
BALANCE AT 30 JUNE 2010		**87,187,241**	**5,814,711**	**(25,666,452)**	**67,335,500**	**(14,747)**	**67,320,753**
Loss for the year		**-**	**-**	**(12,019,261)**	**(12,019,261)**	**(58,062)**	**(12,077,323)**
OTHER COMPREHENSIVE INCOME							
Exchange differences on translation of foreign operations		**-**	**(42,698)**	**-**	**(42,698)**	**-**	**(42,698)**
Available-for-sale financial assets		**-**	**814,285**	**-**	**814,285**	**-**	**814,285**
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**771,587**	**-**	**771,587**	**-**	**771,587**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		**759,875**	**-**	**-**	**759,875**	**-**	**759,875**
Employee share options		**-**	**5,410,348**	**-**	**5,410,348**	**-**	**5,410,348**
BALANCE AT 30 JUNE 2011		**87,947,116**	**11,996,646**	**(37,685,712)**	**62,258,050**	**(72,809)**	**62,185,241**

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

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(4,459,615)**	(3,430,298)
Receipts from customers		**94,500**	252,820
Interest received		**1,082,966**	1,440,308
Research and development tax receipt		**-**	309,314
Other revenue		**-**	305,353
Expenditure on mining interests		**(4,975,671)**	(15,729,062)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	30(a)	**(8,257,820)**	(16,851,565)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(76,262)**	(116,653)
Proceeds on sale of plant and equipment		**20,017**	-
Payments for security deposits		**(63,222)**	(1,394,342)
Refund of security bonds		**7,650**	-
Proceeds from sale of financial assets		**51,497**	-
Purchase of financial assets		**(1,071,656)**	(125,000)
Loans to associates accounted for using the equity method		**(1,552,238)**	(841,094)
Loans to other entities		**(8,500,000)**	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(11,184,214)**	(2,477,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**-**	42,856,091
Payment of share issue costs		**-**	(67,042)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**-**	42,789,049
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(19,442,034)**	23,460,395
Cash and cash equivalents at the beginning of the financial year		**31,135,611**	7,677,898
Effects of exchange rate changes on cash and cash equivalents		**(784,262)**	(2,682)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	**10,909,315**	31,135,611

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 2011

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 28 September 2011. 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 2011 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 the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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 ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 28.

(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) identified on acquisition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-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 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 associate equals or exceeds its interest in the associate, 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 associate.

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

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests 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 a retained earnings within equity attributable to owners of Minemakers Limited.

When the Group ceases to have control, joint control or significant influence, 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 jointly controlled entity or associate 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(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;
- 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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(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.

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

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 three 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 and carried at original invoice amount less a provision for any uncollectible debts. 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 investments 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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(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 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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

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 revalued 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 revalued 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 to 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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(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').

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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(t) 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.

(u) 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.

(v) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

(i) AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

(ii) AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

(iii) AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

(iv) AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

(v) AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

(vi) AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

(vii) AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

(viii) AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

(w) 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.

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 $38m.

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.

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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 Namibian Dollar which is pegged 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:

	Consolidated	
	2011 ZAR	2010 ZAR
Cash and cash equivalents	**1,171,936**	1,497,226
Trade and other receivables	**913,144**	914,782
Trade and other payables	**(1,274,636)**	(1,326,787)

The Group also holds cash and cash equivalents of US$1,546,039 within the parent entity.

Sensitivity analysis

Based on the financial instruments held at 30 June 2011, 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.

(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 $10,909,315 (2010: $31,135,611) 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 4.44% (2010: 4.32%).

Sensitivity analysis

At 30 June 2011, 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 $165,599 lower/higher (2010: $297,000 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.

Apart from the convertible note with BCD Resources 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.

Collateral held by the Group securing receivables is detailed in Note 9.

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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (cont.)

(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.

(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.

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	Consolidated 2011 $	Consolidated 2010 $
Financial Assets			
Cash and cash equivalents	8	**10,909,315**	31,135,611
Trade and other receivables	9	**9,729,211**	858,570
Financial assets at fair value through profit or loss	10	**-**	50,667
Other non-current receivables	11	**1,289,500**	1,289,500
Available-for-sale financial assets			
- Listed investments	12	**3,494,970**	1,104,231
- Unlisted investments	12	**67,057**	-
Total Financial Assets		**25,490,053**	34,438,579
Financial Liabilities			
Trade and other payables	15	**1,234,867**	969,966
Total Financial Liabilities		**1,234,867**	969,966

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).

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (cont.)

	Level 1 $	Level 2 $	Level 3 $	Total $
2011				
Financial Assets				
Financial Assets at fair value through profit or loss				
- Listed investments	**-**	**-**	**-**	**-**
Available-for-sale financial assets				
- Listed investments	**3,494,970**	**-**	**-**	**3,949,970**
- Unlisted investments	**-**	**-**	**67,057**	**67,057**
	3,494,970	**-**	**67,057**	**3,562,027**
2010				
Financial Assets				
Financial Assets at fair value through profit or loss				
- Listed investments	50,667	-	-	50,667
Available-for-sale financial assets				
- Listed investments	1,104,231	-	-	1,104,231
- Unlisted investments	-	-	-	-
	1,154,898	**-**	**-**	**1,154,898**

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale unlisted investments 2011 $	2010 $
Opening Balance	**-**	-
Purchases	**1,143,510**	-
Total losses in other comprehensive income	**(1,076,453)**	-
Closing Balance	**67,057**	-

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 two reportable segments. Development of the Wonarah Project is the main focus of the Group, with these activities forming the Wonarah segment. The Group is also undertaking exploration activities for a range of commodities, in several locations around the world, with these activities classed as the Exploration segment. All assets, liabilities, revenues and expenses are monitored by the Board of Directors.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2011 is as follows:

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

3. SEGMENT INFORMANTION (cont.)

	Wonarah $	Exploration $	All other segments $	Total $
(i) Segment Performance				
30 JUNE 2011				
Revenue				
External Sales	**-**	**-**	**423,955**	**423,955**
Intersegment sales	**-**	**-**	**-**	**-**
Total segment revenue	**-**	**-**	**423,955**	**423,955**
Reconciliation of segment revenue to group revenue				
Other revenue				**776**
Interest revenue				**919,916**
Total group revenue				**1,344,647**
Segment net profit/(loss) before tax	**-**	**(1,639,575)**	**(132,280)**	**(1,771,855)**
Amounts not included in segment result but reviewed by the Board				
Depreciation	**(37,349)**	**-**	**(185,869)**	**(223,218)**
Impairment	**-**	**(463,857)**	**-**	**(463,857)**
Equity accounted losses of associates	**-**	**2,340**	**-**	**2,340**
Unallocated items				
Option expense				**(5,410,348)**
Other				**(4,210,385)**
Net loss before tax				**(12,077,323)**
30 JUNE 2010				
Revenue				
External Sales	-	-	252,820	252,820
Intersegment sales	-	-	-	-
Total segment revenue	**-**	**-**	**252,820**	**252,820**
Reconciliation of segment revenue to group revenue				
Other revenue				332,150
Interest revenue				1,604,351
Total group revenue				**2,189,321**
Segment net profit/(loss) before tax	-	(1,573,629)	82,513	(1,491,116)
Amounts not included in segment result but reviewed by the Board				
Depreciation	(31,240)	-	(258,645)	(289,885)
Impairment	-	(236,919)	-	(236,919)
Equity accounted losses of associates	-	(564,570)	-	(564,570)
Unallocated items				
Option expense				(1,229,654)
Other				(1,235,230)
Net loss before tax				**(5,047,374)**

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

3. SEGMENT INFORMANTION (cont.)

	Wonarah $	Exploration $	All other segments $	Total $
(ii) Segment Assets				
30 JUNE 2011				
Total segment assets	**39,703,537**	**1,858,353**	**629,112**	**42,191,002**
Total assets include:				
Investments in associates and JV partnerships	**-**	**678,176**	**-**	**678,176**
Additions to non-current assets	**-**	**-**	**-**	**-**
Reconciliation of segment assets to group assets				
Unallocated assets				**22,798,227**
Total Group assets				**64,989,229**
30 JUNE 2010				
Total segment assets	36,085,570	899,945	932,405	37,917,920
Total assets include:				
Investments in associates and JV partnerships	-	-	-	-
Additions to non-current assets	40,949	-	-	40,949
Reconciliation of segment assets to group assets				
Unallocated assets				31,858,091
Total Group assets				69,776,011
(iii) Segment Liabilities				
30 JUNE 2011				
Total segment liabilities	**1,953,403**	**342,991**	**-**	**2,296,394**
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities				**507,594**
Total Group liabilities				**2,803,988**
30 JUNE 2010				
Total segment liabilities	1,845,716	283,803	-	2,129,519
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities				325,739
Total Group liabilities				2,455,258

	Consolidated 2011 $	Consolidated 2010 $
(c) Revenue by geographical region		
Revenue attributable to external customers is disclosed below, based on the location of operation:		
Australia	**423,955**	-
Africa	**-**	252,820
(d) Assets by geographical region		
The location of segment assets by geographical location of the assets is disclosed below:		
Australia	**62,940,499**	68,707,280
Africa	**2,048,730**	1,068,731
Total assets	**64,989,229**	69,776,011

Notes to the Consolidated Financial Statements

30 JUNE 2010

	Consolidated 2011 $	Consolidated 2010 $
4. REVENUE		
From continuing operations		
Sales revenue		
Sale of goods	**-**	252,820
Provision of services	**423,955**	-
Other revenue		
Interest from financial institutions	**919,916**	1,604,351
	1,343,871	1,857,171
5. OTHER INCOME		
Foreign exchange gains (net)	**-**	305,353
Net gain on revaluation of financial assets at fair value through profit or loss	**776**	26,797
	776	332,150
6. EXPENSES		
Loss before income tax includes the following specific expenses		
Defined contribution superannuation expense	**226,700**	229,223
Minimum lease payments relating to operating leases	**299,700**	348,226
7. INCOME TAX		
(a) Income tax expense/(benefit)		
Current tax	**-**	-
Deferred tax	**-**	-
Adjustments for current tax of prior years	**-**	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(12,077,323)**	(5,047,374)
Prima facie tax benefit at the Australian tax rate of 30% (2010: 30%)	**(3,623,197)**	(1,514,212)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	**1,623,104**	368,896
Other	**141,536**	(4,827)
Bad debts	**-**	70,848
Share of loss in associate	**-**	169,371
Foreign subsidiary losses	**-**	112,021
	(1,858,556)	(707,903)
Movements in unrecognised temporary differences	**(843,326)**	(4,055,800)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**2,701,883**	4,853,703
Income tax expense/(benefit)	**-**	-
(c) Tax affect relating to each component of other comprehensive income		
Available-for-sale financial assets	**-**	(233,706)
	-	(233,706)
(d) Deferred Tax Assets		
Capital raising costs	**91,870**	216,531
Rehabilitation provision	**386,850**	386,850
Other provisions and accruals	**157,887**	20,112
Unrealised foreign currency losses	**228,550**	-
Tax losses	**10,534,612**	9,610,823
	11,399,769	10,234,316
Offset against deferred tax liabilities	**(11,399,769)**	(10,234,316)
Net deferred tax assets	**-**	-

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

7. INCOME TAX (cont.)

	Consolidated 2011 $	2010 $
(e) Deferred Tax Liabilities		
Capitalised exploration and evaluation costs	**(11,389,221**	(10,234,316)
Other accruals	**(10,548)**	-
	(11,399,769)	(10,234,316)
Offset against deferred tax assets	**11,399,769**	10,234,316
Net deferred tax liabilities	**-**	-
(f) Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	**7,253,858**	5,838,618

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2011 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:

i. 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;
ii. The Company continues to comply with conditions for deductibility imposed by law; and
iii. No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

Bonaparte's tax losses have not yet been assessed for conditions of deductibility, as it was only acquired during the prior year.

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2011	2010
Cash at bank and in hand (AA rated)	**2,394,315**	1,418,919
Short-term deposits (AA rated)	**8,515,000**	29,716,692
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**10,909,315**	31,135,611

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 three 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)(ii) for additional details on the impact of interest rates on cash and cash equivalents for the period.

9. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2011	2010
Trade receivables	**601,101**	18,243
Government taxes receivable	**166,578**	321,970
Sundry receivables	**107,343**	218,790
Security deposits	**354,189**	299,567
Convertible Notes[(1)(2)]	**8,500,000**	-
	9,729,211	858,570

(1) In October 2011 Minemakers Ltd loaned $8,500,000 to BCD Resources NL ("BCD"), an ASX listed gold producing company, which was subsequently replaced on 14 February 2011 upon BCD shareholder approval to 850,000,000 convertible notes each of which can be converted, at Minemakers election, into fully paid BCD shares. Notes not converted are to be redeemed by BCD at a price of 1 cent and earning 20% interest on 13 February 2012. If the notes are converted to shares before the expiry date then no interest is payable.

The Board of Minemakers has reviewed the carrying value of the convertible notes and based on their finding at the time of this report there is a reasonable basis for these notes being redeemed at their face value if they are not converted into BCD shares. However, redemption cannot be guaranteed to occur.

(2) Collateral held as security

The BCD convertible notes above are secured by a first ranking fixed and floating charge over all of BCD's assets.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

	Consolidated 2011 $	Consolidated 2010 $

10. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are all held for trading and include:

	2011 $	2010 $
Listed investments, at fair value		
- Australian listed equity securities	**-**	50,667

The Group has not designated any financial assets as at fair value through profit or loss on initial recognition.

11. NON CURRENT ASSETS – OTHER RECEIVABLES

	2011 $	2010 $
Security deposits	**1,289,500**	1,289,500
	1,289,500	1,289,500

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

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

	2011 $	2010 $
Listed investments, at fair value		
- Australian listed equity securities	**3,494,970**	1,104,231
Unlisted investments, at cost		
- International unlisted equity securities	**67,057**	-
	3,562,027	1,104,231

13. NON CURRENT ASSETS – PLANT AND EQUIPMENT

	2011 $	2010 $
Plant and equipment		
Cost	**3,092,246**	3,393,260
Accumulated depreciation	**(2,235,315)**	(2,170,214)
Net book amount	**856,931**	1,223,046
Movements in carrying amounts		
Opening net book amount	**1,223,046**	1,575,472
Addition	**76,262**	110,366
Disposals	**(67,668)**	(14,281)
Depreciation charge	**(314,078)**	(420,277)
Foreign currency exchange differences	**(60,631)**	(28,234)
Closing net book amount	**856,931**	1,223,046

14. NON CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	2011 $	2010 $
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Opening net book amount	**34,114,386**	18,818,688
Capitalised exploration and evaluation costs	**3,849,683**	15,295,698
Closing net book amount	**37,964,069**	34,114,386

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.

15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2011 $	2010 $
Trade payables	**779,625**	751,192
Other payables and accruals	**455,242**	218,774
	1,234,867	969,966

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

	Consolidated 2011 $	Consolidated 2010 $
16. CURRENT LIABILITIES – PROVISIONS		
Employment benefits	**279,621**	195,792
	279,621	195,792
17. NON-CURRENT LIABILITIES – PROVISIONS		
Mine rehabilitation and restoration	**1,289,500**	1,289,500
	1,289,500	1,289,500
Movements in mine rehabilitation and restoration provision		
Opening net book amount	**1,289,500**	-
Increase in provision	**-**	1,289,500
Closing net book amount	**1,289,500**	1,289,500

	Notes	2011 Number of shares	2011 $	2010 Number of shares	2010 $
18. ISSUED CAPITAL					
(a) Share capital					
Ordinary shares fully paid	18(b), 18(d)	**227,003,950**	**87,947,116**	224,323,279	87,187,241
Total issued capital		**227,003,950**	**87,947,116**	224,323,279	87,187,241
(b) Movements in ordinary share capital					
Beginning of the financial year		**224,323,279**	**87,187,241**	115,500,139	40,089,141
Transactions during the year:					
– Issued as part consideration for the acquisition of shares in a non listed foreign company		**2,199,059**	**571,755**	-	-
– Issued as consideration pursuant to tenement acquisition agreement at 39 cents per share		**481,612**	**188,120**	-	-
– Issued on conversion of 75 cent options		**-**	**-**	96,791	72,591
– Issued as part consideration for the acquisition of shares in an ASX listed company		**-**	**-**	3,381,250	1,758,250
– Issued as consideration for consulting services at 44 cents per share		**-**	**-**	25,000	11,000
– Issued for cash at 43 cents per share		**-**	**-**	100,000,000	42,783,500
– Issued as consideration pursuant to tenement acquisition agreement at 39.5 cents per share		**-**	**-**	200,000	79,000
– Issued as consideration pursuant to tenement acquisition agreement at 38.6 cents per share		**-**	**-**	285,336	110,000
– Issued as consideration for the acquisition of Bonaparte Diamond Mines Pty Ltd		**-**	**-**	4,834,763	2,350,801
Less: Transaction costs		**-**	**-**	-	(67,042)
End of the financial year		**227,003,950**	**87,947,116**	224,323,279	87,187,241

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

18. ISSUED CAPITAL (cont.)

	Number of options	
	2011	2010
(c) Movements in options on issue		
Beginning of the financial year	**19,175,000**	16,200,000
Issued during the year:		
– Exercisable at 50 cents, on or before 1 Jul 2014	**500,000**	-
– Exercisable at 74 cents, on or before 25 Mar 2015	**12,500,000**	-
– Exercisable at 50 cents, on or before 3 Jan 2016	**500,000**	-
– Exercisable at 32 cents, on or before 21 Aug 2013	**-**	1,000,000
– Exercisable at 75 cents, on or before 31 May 2010	**-**	50,000,000
– Exercisable at 75 cents, on or before 30 Nov 2011	**-**	2,675,000
Exercised during the year:		
– 75 cents, 31 May 2010	**-**	(96,791)
Expired/cancelled during the year		
– 50 cents, 31 Dec 2010	**(12,500,000)**	-
– $1.80, 31 Mar 2011	**(300,000)**	-
– 30 cents, 30 Jun 2010	**-**	(200,000)
– 75 cents, 31 May 2010	**-**	(49,903,209)
– $1.00, 13 Oct 2013	**-**	(500,000)
End of the financial year	**19,875,000**	19,175,000

At 30 June 2011 Bonaparte Diamond Mines Pty Ltd has 6,875,000 options on issue with exercise prices ranging from 20 cents to 30 cents and an expiry date of 30 September 2012. These options were issued to Directors, employees and contractors of Bonaparte Diamond Mines Pty Ltd.

On 28 February 2011 TNT Mines Ltd, a wholly owned subsidiary of Minemakers Ltd, issued 20,175,000 options with an exercise price of 30 cents and an expiry date of 28 February 2015. These options were issued to Directors, employees and contractors of TNT Mines Pty Ltd.

(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 30 June 2011 and 30 June 2010 is as follows:

	Consolidated	
	2011 $	2010 $
Cash and cash equivalents	**10,909,315**	31,135,611
Trade and other receivables	**9,729,211**	858,570
Financial assets at fair value through profit or loss	**-**	50,667
Trade and other payables	**(1,234,867)**	(969,966)
Working capital position	**19,403,659**	31,074,882

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

	Consolidated 2011 $	Consolidated 2010 $
19. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Available-for-sale financial assets	**35,266**	(779,019)
Foreign currency translation	**(117,625)**	(74,927)
Share-based payments	**12,079,005**	6,668,657
	11,996,646	5,814,711
Movements:		
Available-for-sale financial assets reserve		
Balance at beginning of year	**(779,019)**	-
Revaluation	**814,285**	(779,019)
Balance at end of year	**35,266**	(779,019)
Foreign currency translation reserve		
Balance at beginning of year	**(74,927)**	-
Currency translation differences arising during the year	**(42,698)**	(74,927)
Balance at end of year	**(117,625)**	(74,927)
Share-based payments reserve		
Balance at beginning of year	**6,668,657**	5,439,003
Employee share options	**5,410,348**	1,229,654
Balance at end of year	**12,079,005**	6,668,657
(b) Accumulated losses		
Balance at beginning of year	**(25,666,452)**	(20,816,738)
Net loss for the year	**(12,019,261)**	(5,032,627)
Acquisition of additional ownership in Bonaparte Diamond Mines Pty Ltd (see note 26a)	**-**	182,913
Balance at end of year	**(37,685,713)**	(25,666,452)

(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.

	Consolidated 2011 $	Consolidated 2010 $

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2011 $	2010 $
Short-term benefits	**1,485,226**	1,557,617
Post employment benefits	**124,771**	120,774
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**5,353,040**	873,425
	6,963,037	2,551,816

Detailed remuneration disclosures are provided in the Remuneration Report on pages 6 to 9.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report on pages 8 and 9.

(ii) 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
2011							
Directors of Minemakers Limited							
George Savell	**2,500,000**	**2,500,000**	**-**	**(2,500,000)**	**2,500,000**	**2,500,000**	**-**
Andrew Drummond	**4,000,000**	**4,000,000**	**-**	**(4,000,000)**	**4,000,000**	**4,000,000**	**-**
Ted Ellyard	**2,000,000**	**2,000,000**	**-**	**(2,000,000)**	**2,000,000**	**2,000,000**	**-**
Richard O'Shannassy	**1,500,000**	**1,500,000**	**-**	**(1,500,000)**	**1,500,000**	**1,500,000**	**-**
Dennis Wilkins	**1,500,000**	**1,500,000**	**-**	**(1,500,000)**	**1,500,000**	**1,500,000**	**-**
Other key management personnel of the Group							
John Ribbons	**1,000,000**	**1,000,000**	**-**	**(1,000,000)**	**1,000,000**	**1,000,000**	**-**
Neville Bergin	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**2,000,000**	**-**
Michael Woodborne	**300,000**	**-**	**-**	**-**	**300,000**	**300,000**	**-**
Mike Erwin	**300,000**	**-**	**-**	**-**	**300,000**	**300,000**	**-**
Paul Richardson	**-**	**1,000,000**	**-**	**-**	**1,000,000**	**1,000,000**	**-**

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

A total of 6,100,000 Options were issued in TNT Mines Ltd, a wholly owned subsidiary of Minemakers Ltd, to key management personnel during the period. These options will vest upon TNT Mines listing on the ASX.

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
2010							
Directors of Minemakers Limited							
George Savell	2,500,000	-	-	-	2,500,000	2,500,000	-
Andrew Drummond	4,000,000	-	-	-	4,000,000	4,000,000	-
Ted Ellyard	2,000,000	-	-	-	2,000,000	2,000,000	-
Richard O'Shannassy	1,500,000	-	-	-	1,500,000	1,500,000	-
Dennis Wilkins	1,500,000	-	-	-	1,500,000	1,500,000	-
Other key management personnel of the Group							
John Ribbons	1,000,000	-	-	-	1,000,000	1,000,000	-
Neville Bergin	1,000,000	1,000,000	-	-	2,000,000	2,000,000	-
Michael Woodborne	-	300,000	-	-	300,000	300,000	-
Mike Erwin	300,000	-	-	-	300,000	300,000	-
Barrie Hancock[1]	500,000	-	-	(500,000)	-	-	-

[1] Option holding at resignation date

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

21. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(iii) 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. There were no shares granted during the reporting period as compensation.

	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
2011				
Directors of Minemakers Limited				
Ordinary shares				
George Savell	**1,045,896**	**-**	**-**	**1,045,896**
Andrew Drummond	**10,936,175**	**-**	**-**	**10,936,175**
Ted Ellyard	**7,215,079**	**-**	**-**	**7,215,079**
Richard O'Shannassy	**1,047,652**	**-**	**-**	**1,047,652**
Dennis Wilkins	**688,717**	**-**	**(150,000)**	**538,717**
Other key management personnel of the Group				
Ordinary shares				
John Ribbons	**800,000**	**-**	**-**	**800,000**
Neville Bergin	**56,926**	**-**	**-**	**56,926**
Michael Woodborne	**146,666**	**-**	**(140,000)**	**6,666**
Mike Erwin	**2,000**	**-**	**-**	**2,000**
Paul Richardson	**-**	**-**	**-**	**-**
2010				
Directors of Minemakers Limited				
Ordinary shares				
George Savell	1,009,500	-	36,396	1,045,896
Andrew Drummond	10,805,743	-	130,432	10,936,175
Ted Ellyard	6,953,750	-	261,329	7,215,079
Richard O'Shannassy	943,000	-	104,652	1,047,652
Dennis Wilkins	887,500	-	(198,783)	688,717
Other key management personnel of the Group				
Ordinary shares				
John Ribbons	656,005	-	143,995	800,000
Neville Bergin	2,390	-	54,536	56,926
Mike Woodborne	-	-	146,666	146,666
Mike Erwin	2,000	-	-	2,000
Barrie Hancock[(1)]	4,710	-	14,179	18,889

(1) Shareholding at resignation date

(c) Loans to key management personnel

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

(d) Other transactions with key management personnel

Services

A total of $268,505 (2010: $186,016) 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 Minemakers Group during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis.

A total of $117,932 (2010: $74,101) was paid to Richard O'Shannassy & Co Pty Ltd, a business of which Mr O'Shannassy is principal, providing legal services to the Minemakers Group during the year. The amounts paid were at usual commercial rates and are included as part of Mr O'Shannassy's compensation.

Richard O'Shannassy & Co Pty Ltd sub-leased office accommodation from Bonaparte Diamond Mines Pty Ltd for the period 1 July 2010 to 31 December 2010 year at a rent and share of outgoings consistent with the head lease (pro rata for area occupied).

	Consolidated 2011 $	Consolidated 2010 $

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:

	2011 $	2010 $
Audit services		
Bentleys - audit and review of financial reports	**54,000**	50,670
Bentleys - other non audit services (investigating accountants report)	**10,000**	-
	64,000	50,670
Remuneration of other auditors of subsidiaries for audit and review of financial statements	**21,450**	22,415
	21,450	22,415

23. CONTINGENCIES

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

Tasmanian Tin and Tungsten Agreement

- $100,000 (or $110,000 worth of shares in the Company) annually for up to 5 years ending 31 December 2012 and $1,000,000 (or $1,100,000 of shares in the Company) upon commencement of mining operations, along with a 2.5% net smelter royalty.

Moina Project Option Agreement

- On exercise of option, $1,250,000 of shares in the Company at a 10% discount to market at the time the option is exercised.
- 200,000 shares in the Company annually for each year the option is unexercised.
- $250,000 payable to Rio-Tinto/Anglo if Moina goes into production.

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:

	Consolidated 2011 $	Consolidated 2010 $
within one year	**1,904,571**	1,298,358
later than one year but not later than five years	**3,084,734**	4,013,981
later than five years	**6,437,200**	-
	11,426,505	5,312,339

(b) Lease commitments: Group as lessee

	2011 $	2010 $
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	**314,162**	358,221
later than one year but not later than five years	**498,459**	774,273
later than five years	**-**	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**812,621**	1,132,494

The Group has a non-cancellable office lease, expiring within three years. 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 four 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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

24. COMMITMENTS (cont.)

	Consolidated 2011 $	Consolidated 2010 $

(c) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in the remuneration report on page 8 that are not recognised as liabilities and are not included in the key management personnel compensation (assuming a 3% CPI in regards to Mr Drummond's contract).

	2011 $	2010 $
within one year	**386,225**	374,975
later than one year but not later than five years	**1,498,743**	1,596,427
later than five years	**-**	429,482
	1,884,968	2,400,884

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] 2011 %	Equity Holding[1] 2010 %
Minemakers Australia Pty Ltd	Australia	Ordinary	**100**	100
TNT Mines Ltd (formerly Minemakers TTT Pty Ltd)	Australia	Ordinary	**100**	100
Minemakers (Iron) Pty Ltd	Australia	Ordinary	**100**	100
TNT Mines (Moina) Pty Ltd (formerly Minemakers (Moina) Pty Ltd) [6]	Australia	Ordinary	**100[7]**	100
Minemakers (Nickel) Pty Ltd	Australia	Ordinary	**100**	100
Minemakers (Salt) Pty Ltd	Australia	Ordinary	**100**	100
Minemakers (Gold) Pty Ltd (formerly Minemakers (Phosphates) Pty Ltd	Australia	Ordinary	**100**	100
Bonaparte Diamond Mines Pty Ltd	Australia	Ordinary	**100**	100
Trident Minerals Pty Ltd)[2], [4]	Australia	Ordinary	**-**	100[3]
Minemakers (Namibia) (Pty) Ltd (formerly Bonaparte Diamond Mines (Namibia) (Pty) Ltd)[2]	Namibia	Ordinary	**100[3]**	100[3]
Namibia Minerals Exploration (Pty) Ltd[2], [5]	Namibia	Ordinary	**-**	100[3]
Bonaparte Diamonds Tungeni Joint Venture Exploration (Pty) Ltd[2]	Namibia	Ordinary	**70[3]**	70[3]
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.
(4) Company deregistered on 12 August 2010
(5) Company deregistered on 28 October 2010
(6) This entity is controlled by TNT Mines Ltd
(7) Voting power held by TNT Mines Ltd

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

26. SUBSIDIARIES (cont.)

(a) Transactions with non-controlling interests

During August 2009 the Company completed the 100% acquisition of Bonaparte Diamond Mines Pty Ltd (85.7% interest held at 30 June 2009) via an off market takeover involving scrip for scrip consideration. A total of 4,834,763 ordinary shares were issued as consideration for the takeover during the year ended 30 June 2010, with a total deemed value of $2,350,801. Of this, 1,810,585 ordinary shares with a value of $914,345 was the settlement of contingent consideration which had been accrued at 30 June 2009. The remaining balance of $1,436,456 represents the consideration paid to acquire the 14.3% interest held by non-controlling interests during the year ended 30 June 2010. The carrying amount of the non-controlling interests in Bonaparte Diamond Mines Pty Ltd on the date of acquisition was $1,619,369. The Group recognised a decrease in non-controlling interests of $1,619,369 and an increase in retained earnings of $182,913. The effect of changes in the ownership interest of Bonaparte Diamond Mines Pty Ltd on the equity attributable to owners of Minemakers Limited during the year is summarised as follows:

	Consolidated	
	2011 $	2010 $
Carrying amount of non-controlling interests acquired	-	1,619,369
Consideration paid to non-controlling interests	-	(1,436,456)
Excess of carrying amount recognised in retained earnings	-	182,913

27. INVESTMENT IN ASSOCIATE

(a) Carrying amount

Information relating to the associate is set out below.

Name of Company	Principal Activity	Ownership Interest 2011 %	Ownership Interest 2010 %	Carrying amount of investment 2011 $	Carrying amount of investment 2010 $
Unlisted					
Namibian Marine Phosphate (Pty) Ltd	Mineral exploration	**42.5**	42.5	**678,176**	-

The above entity was incorporated in Namibia. The Group obtained their interest in this associate via the takeover of Bonaparte Diamond Mines Pty Ltd. The share in associate profit / (loss) for the year was $2,340 (2010: ($564,570)).

(b) Movements in carrying amount

	Consolidated	
	2011 $	2010 $
Opening net book amount	**-**	-
Additions	**438,918**	801,488
Share of profits/(losses)	**2,340**	(564,570)
(Impairment)/reversal of impairment	**236,918**	(236,918)
Closing net book amount	**678,176**	-

(c) Summarised financial information of associate

	Gross Amount of:			
	Assets $	Liabilities $	Revenues $	Profit/(Loss) $
2011				
Namibian Marine Phosphate (Pty) Ltd	**4,838,787**	**(5,191,180)**	**-**	**(3,805)**
2010				
Namibian Marine Phosphate (Pty) Ltd	502,702	(2,223,659)	-	(1,328,401)

Notes to the Consolidated Financial Statements (cont.)

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27. INVESTMENT IN ASSOCIATE (cont.)

(d) Share of associate's expenditure commitments, other than for the supply of inventories

Namibian Marine Phosphate (Pty) Ltd has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Minemakers share of outstanding exploration commitments at balance date are as follows:

	2011 $	2010 $
within one year	**123,911**	-
later than one year but not later than five years	**59,819**	-
later than five years	**-**	-
	183,730	-

This amount is included in Note 24(a).

(e) Contingent liabilities of associate

Namibian Marine Phosphate (Pty) Ltd does not have any contingent liabilities at 30 June 2011.

28. INTERESTS IN JOINT VENTURES

Newcastle Waters, Northern Territory

On 11 March 2009 Minemakers Australia Pty Ltd, a 100% owned subsidiary of Minemakers Limited, entered into a joint venture agreement with Geotech International Pty Ltd, a private Australian company, to explore for minerals at Newcastle Waters (tenement EL26813). Until a decision to mine is made by Minemakers (80% participating interest in the joint venture), the 20% participating interest in the joint venture of Geotech is to be free carried. Thereafter, each party shall contribute to further expenditure in accordance with its respective participating interest. The joint venture is in relation to all minerals, and has a nil carrying value.

Boegoe Hills, Namibia

During March 2006 Bonaparte Diamond Mines Pty Ltd entered into a joint venture agreement with Nased Enterprises (Pty) Ltd, a Namibian company, to acquire a 75% interest in the Boegoe Hills project to explore for alluvial diamonds. Bonaparte will acquire a 75% interest upon reaching a total exploration expenditure of N$1 million. Thereafter Bonaparte will continue to provide 100% of exploration costs up to issue of a mining licence for all or part of the joint venture area. On issue of a mining licence, the joint venture parties will contribute pro rata to operational costs.

29. EVENTS OCCURRING AFTER THE BALANCE DATE

The Company announced in November 2010 that it was going to spin off its Tasmanian assets via one of its subsidiaries, Minemakers TTT Pty Ltd, later renamed TNT Mines Ltd.

After Shareholder approval on 3 June 2011, TNT Mines was demerged via an in specie distribution of 50,000,000 shares, 80% of the total shares on issue in TNT Mines Ltd, to Minemakers' shareholders on 19 July 2011.

The transaction effectively resulted in a revaluation of the Group's carrying value in TNT Mines to its fair value, which resulted in an increase in the carrying amount of the investment and a corresponding asset revaluation increase in equity. This was followed by a 80% reduction in the investment based on the in specie distribution and a corresponding reduction in capital and the asset revaluation reserve in equity to reflect the net asset value of TNT leaving the Group.

Apart from the above, as at the date of this report there is no matter or circumstance that has arisen since 30 June 2011 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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

	Consolidated 2011 $	Consolidated 2010 $
30. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(12,077,323)**	(5,047,374)
Non-Cash Items		
Depreciation of plant and equipment	**314,078**	385,091
Net loss/(gain) on disposal of plant and equipment	**47,651**	14,281
Option expense	**5,410,348**	1,229,654
Tenement acquisitions settled by the issue of shares or options	**188,220**	200,000
Fair value loss/(gain) on financial assets at fair value through profit or loss	**(776)**	(26,797)
Net foreign currency loss / (gain)	**763,214**	-
Impairment expense	**463,657**	236,919
Share of losses in associate	**(2,340)**	564,570
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
(Increase)/decrease in trade and other receivables	**121,700**	462,955
(Increase) in mining properties	**(3,849,682)**	(13,974,849)
Increase in trade and other payables	**363,433**	(896,015)
Net cash outflow from operating activities	**(8,257,820)**	(16,851,565)

(b) Non-cash investing and financing activities

(i) A total of $188,220 (2010: $200,000) included in loan to subsidiary represents the issue of ordinary shares or options by the parent entity in satisfaction of obligations of the subsidiary.

(ii) 2,199,059 shares were issued as part consideration for the acquisition of shares in JDCPhosphate Inc, an unlisted foreign company, at a value of $571,755.

	Consolidated 2011 $	Consolidated 2010 $
31. LOSS PER SHARE		
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(12,019,261)**	(5,047,374)
	Number of shares	**Number of shares**
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**227,659,591**	217,625,384

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2011, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

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 32 cents to $2.00 per Minemakers Ltd option and 30 cents per TNT Mines ltd option. All Minemakers Ltd options granted have expiry dates ranging from 30 November 2011 to 3 January 2016 while all TNT Mines Ltd options granted expire on 28 February 2015.

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			
	2011		2010	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**20,775,000**	**60**	19,200,000	113.5
Granted	**13,500,000**	**72**	3,275,000	75
Forfeited	**-**	**-**	(1,500,000)	283.3
Exercised	**-**	**-**	-	-
Expired	**(12,800,000)**	**53**	(200,000)	30
Outstanding at year end	**21,475,000**	**72**	20,775,000	60
Exercisable at year end	**21,475,000**	**72**	20,775,000	60

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.83 years (2010: 1.19 years), and the exercise prices range from 32 cents to $2.00.

The weighted average fair value of the options granted during the year was 36.76 cents (2010: 23.70). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2011	2010
Weighted average exercise price (cents)	**72.22**	75
Weighted average life of the option (years)	**4.02**	2.72
Weighted average underlying share price (cents)	**52.35**	41.8
Expected share price volatility	**107.73%**	119.17%
Weighted average risk free interest rate	**4.75%**	3.14%

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.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

32. SHARE BASED PAYMENTS (cont.)

	TNT Mines Ltd			
	2011		2010	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**-**	**-**	-	-
Granted	**20,175,000**	**30**	-	-
Outstanding at year end	**20,175,000**	**30**	-	-
Exercisable at year end	**-**	**-**	-	-

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 3.67 years (2010: Nil), and the exercise price is 30 cents.

The weighted average fair value of the options granted during the year was 0.41 cents (2010: Nil). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2011	2010
Weighted average exercise price (cents)	**30**	-
Weighted average life of the option (years)	**3.91**	-
Weighted average underlying share price (cents)	**3.40**	-
Expected share price volatility	**72.78%**	-
Weighted average risk free interest rate	**4.75%**	-

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.

(b) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period were as follows:

	Consolidated	
	2011 $	2010 $
Options issued to directors, employees and contractors	**5,410,348**	1,229,654

33. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Minemakers Limited, at 30 June 2011. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

(a) Financial position

Assets		
Current assets	**10,996,665**	30,559,420
Non-current assets	**45,549,929**	36,519,387
Total assets	**56,546,594**	67,078,807
Liabilities		
Current liabilities	**507,593**	325,737
Total liabilities	**507,593**	325,737
Equity		
Contributed equity	**87,947,116**	87,187,241
Reserves:		
- Share Based Payment Reserve	**11,997,091**	6,668,657
- Available-for-sale financial assets reserve	**35,266**	(779,019)
Accumulated losses	**(43,940,472)**	(26,323,809)
Total equity	**56,039,001**	66,753,070

(b) Financial Performance

Loss for the year	**(17,616,662)**	(6,958,902)
Other comprehensive income	**814,285**	(779,019)
Total comprehensive loss for the year	**(16,802,377)**	(7,737,921)

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

33. PARENT ENTITY INFORMATION (cont.)

	Consolidated 2011 $	Consolidated 2010 $

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

The parent entity does not have any contingent liabilities at 30 June 2011.

(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

	2011 $	2010 $
Loans to subsidiaries		
Beginning of the year	**34,174,770**	18,632,988
Loans advanced	**13,130,873**	17,536,007
Interest charges	**3,245,431**	2,108,074
Provision for impairment	**(11,875,002)**	(4,102,299)
End of the year	**38,676,072**	34,174,770

Director's Declaration

The directors' declare that:

a) the financial statements and notes set out on pages 17 to 51 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 2011 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.

Andrew Drummond
Managing Director

Perth, 29 September 2011

Independent Auditor's Report

To the Members of Minemakers Limited

Bentleys
THINKING AHEAD

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We have audited the accompanying financial report of Minemakers Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Company and 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.

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.

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*.

Auditor's 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 2011 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 report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter – Inherent Uncertainty Regarding The Carrying Value of Convertible Notes

Without qualification to the opinion expressed above, the Consolidated Entity has recorded convertible notes relating to BCD Resources NL ("BCD") of $8,500,000. The recoverability of these convertible notes has been based on the information provide at Note 9 and is carried forward to the extent that they are expected to be recouped.

There is uncertainty in regard to the reasonableness of the carrying value of the convertible notes as they are intrinsically linked to the operations of BCD and other factors as detailed in Note 9.

These items represent significant assets recorded by the Consolidated Entity and at the date of this report the eventual outcome of these events remains uncertain. Therefore there remains an inherent uncertainty with regard to the carrying value of these assets.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2011. 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.

Independent Auditor's Report

To the Members of Minemakers Limited*(Continued)*

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Auditor's Opinion

In our opinion, the Remuneration Report of Minemakers Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 29th day of September 2011