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EXCHANGE RELEASE

RESULTS OF ECONOMIC MODELLING OF SANDPIPER PROJECT FEASIBILITY STUDY AND PROPOSED WORK PLAN AND TIMING

19 June 2012

Highlights

- **Minemakers confirms attractive economics of Sandpiper Marine Phosphate Project**
- **Post-tax ungeared NPV of US\$217 million based on CRU's long term Bayovar rock phosphate price forecasts and US\$554 million using the current Bayovar rock phosphate price¹**
- **Post-tax ungeared project IRR of 18.5% based on CRU's price forecasts and 28.3% based on current Bayovar rock phosphate price**
- **Significant opportunities to further optimise capital and operating costs estimates**
- **Confidence in the ability to secure project debt to improve returns for equity investors**
- **Minemakers has clear, methodical and achievable plans to address outstanding matters and bring feasibility studies up to a bankable level, and then to finance and develop the Project**

Minemakers Limited (ASX/TSX: MAK, NSX: MMS, **Minemakers**) is pleased to provide an update on the Sandpiper Marine Phosphate Project in Namibia (**Sandpiper Project** or the **Project**). The Sandpiper Project is located offshore from the Namibian coast and is held by the joint venture company, Namibian Marine Phosphate (Pty) Limited (**NMP**). NMP is owned by Minemakers (42.5%), UCL Resources Limited (42.5%) (**UCL**) and Tungeni Investments cc (15%), and is jointly managed by Minemakers and UCL.

1. Initial Economic Analysis of Sandpiper Feasibility Study

On 18 April 2012, Minemakers announced positive initial results from the ongoing feasibility study on the Sandpiper Project (**Feasibility Study**), which indicated that the Project is expected to be technically and economically feasible and has the potential to be a long-life project capable of delivering attractive investment returns for the owners.

At the time of this announcement, Minemakers did not publish an economic analysis of the Feasibility Study results due to there being material uncertainty on a number of key items. Whilst a number of items remain outstanding, as outlined in section 2 below, Minemakers believes it now has a

¹ NMP's marketing consultant, CRU, believes that the Bayovar rock phosphate price (FOB Peru) is the most applicable price benchmark for Sandpiper products and that Sandpiper's product mix will on average receive a 12% discount to this benchmark price. The post-tax ungeared NPV of US\$554 million is based on the same blended average discount of 12% to the current spot price of Bayovar rock phosphate (FOB Peru) of US\$145 / tonne. CRU's "likely case" forecasts for the long term Bayovar rock phosphate price is US\$108 – 114 / tonne (real March 2012 prices).

MINEMAKERS LIMITED

ABN 48 116 296 541
ASX & TSX Code: MAK / NSX: MMS
Level 2, 34 Colin Street, West Perth Western Australia 6005
Phone: +61 8 9264 7000 | Facsimile: +61 8 9264 7099
Website: www.minemakers.com.au

CONTACTS

Mr Cliff Lawrenson
CEO and Managing Director, Minemakers Limited
Mr Andrew Drummond
Executive Chairman, Minemakers Limited
Mr John Gardner
MAGNUS Investor Relations + Corporate Communication
Phone: +61 413 355 997

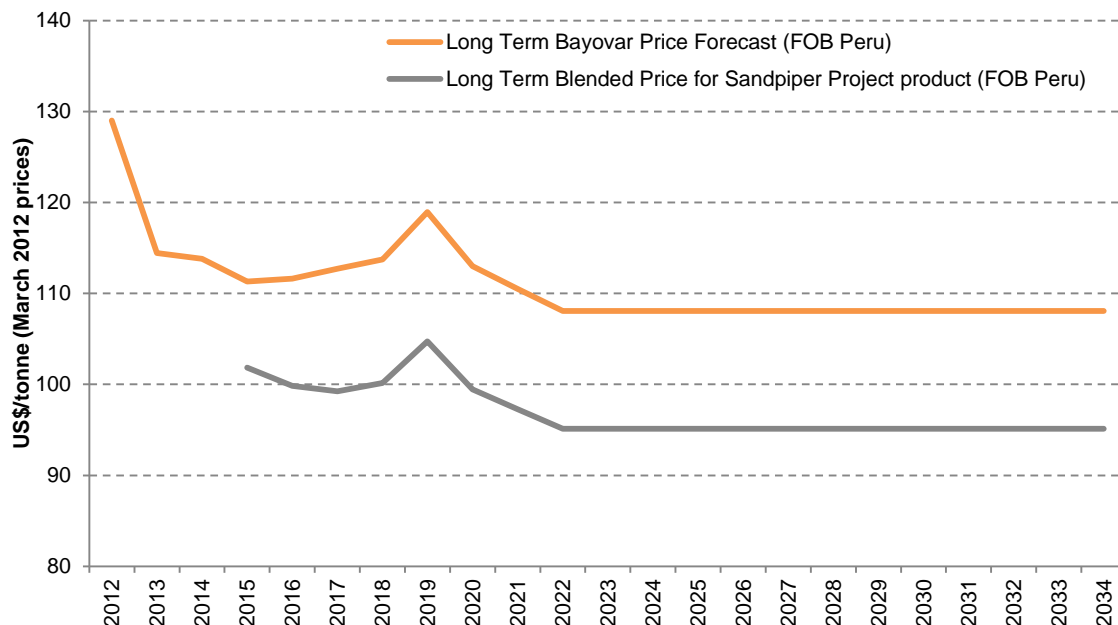
reasonable basis to report the results of preliminary economic modelling using key outputs from the Feasibility Study.

The table below shows ungeared Project NPV and IRR estimates for the Sandpiper Project using a range of long-term pricing scenarios. These pricing scenarios have primarily been derived from CRU's long-term price forecasts for Bayovar rock phosphate (FOB Peru) as a benchmark, then applying CRU's estimated discounts for freight and quality across the three product segments being targeted for product from the Sandpiper Project. A further scenario, reflecting the current spot price of Bayovar rock phosphate of US\$145 / tonne (FOB Peru) as a benchmark, then applying the same CRU discounts for freight and quality, has also been modelled.

Scenario	Long-term Bayovar Price Forecast (US\$ / tonne, FOB Peru, March 2012 prices)	Long-term Blended Price Achieved (US\$ / tonne, FOB Namibia)	Ungeared Project NPV at 10% post-tax real (US\$ million)	Ungeared Project IRR (% post-tax real)
CRU Likely Case	108 – 114	95 – 105	217	18.5%
CRU Likely Case less 10%	97 – 116	86 – 94	106	14.4%
CRU Likely Case plus 10%	119 – 142	105 – 115	326	22.1%
Current Bayovar Price	145	128 – 133	554	28.3%

Key Assumptions

The relevant CRU Bayovar benchmark price forecasts and blended average price achieved for Sandpiper product are shown in the chart below.



Source: CRU Marketing Report, March 2012

Other key assumptions and outputs of the Minemakers economic modelling are shown in the table below:

Item	Units	Value
Mine life	years	20
Date of first production	date	1-Apr-15
Steady-state processing throughput	Mtpa	4.8
Steady-state concentrate production	Mtpa	3.0
Life of mine production	Mt	56.3
Pre-production capital costs	US\$ million	326
Total upfront funding requirement	US\$ million	382
Steady-state cash unit operating costs	US\$ / tonne concentrate	54.60
Namibian corporate tax rate	%	37.5%
Royalty rate	%	2.0%
Valuation date	date	30-Jun-12
Discount rate	% post-tax real	10.0%
Ungeared post-tax project NPV ²	US\$ million	217
Ungeared post-tax project IRR ²	%	18.5%
Ungeared project payback (post production) ²	years	5

The assumed capital cost of US\$326 million is as per the capital cost estimate announced on 18 April 2012, stated in March 2012 prices. It has been confirmed that the potential requirement for a reverse osmosis desalination plant alluded to in Minemakers' 18 April 2012 announcement is unlikely to be required, as Namibia Water Corporation (**NamWater**) has advised that it will be able to supply sufficient water for the Project's needs and these estimated costs are included in the operating costs estimate. The life of mine steady state cash operating costs (March 2012 real terms) forecast is US\$54.60 per tonne. This updates the forecast stated in Minemakers' 18 April 2012 announcement of US\$59.67 per tonne and reflects updated operating cost information provided by Bateman Advanced Technologies.

The funding requirement of US\$382 million shown above is comprised of the total capital costs, plus approximately US\$56 million of working capital and pre-production operating costs. This includes the cost of the first campaign dredge cycle to provide the process stockpile, but excludes any financing costs.

The sensitivity of the ungeared Project NPV and IRR estimates to changes in the likely case operating and capital cost estimates is shown below.

Sensitivities to CRU Likely Case	Ungeared Project NPV (US\$ million)	Change in NPV vs. CRU Likely Case	Ungeared Project IRR (%)	Change in IRR vs. CRU Likely Case
CRU Likely Case	217	-	18.5%	-
Operating costs + 10%	147	(70)	15.9%	(2.6%)
Operating costs – 10%	286	69	20.9%	2.4%
Capital costs + 10%	195	(22)	17.1%	(1.4%)
Capital costs – 10%	238	21	20.0%	1.5%

² Applying CRU "Likely Case" price forecasts.

Comparison to UCL Economic Analysis

Minemakers notes that its joint venture partner, UCL, published results of its own economic modelling at the same time as it announced the initial results of the Feasibility Study on 18 April and provided details for this analysis on 30 April 2012. UCL stated a base case, “geared project NPV” of US\$297 million.³

Minemakers could not endorse the UCL economic analysis published at that time because:

- UCL did not apply the long-term price forecasts provided by CRU as its base case;
- the NMP financial model used to derive the economic analysis was not sufficiently robust;
- there remained material uncertainty over a number of matters, including the capital cost estimate of the desalination plant (it has now been determined that this plant is unlikely to be required); and
- there is insufficient certainty on likely quantum and pricing of debt to produce a geared NPV analysis.

Minemakers has subsequently developed its own financial model and refined a number of key inputs to the economic analysis. The table below shows the key sources of difference between Minemakers’ and UCL’s published base case NPV.

Item	Valuation impact (US\$ million)
UCL geared Project NPV estimate (10% post-tax real weighted average cost of capital)	297
Impact of gearing removed (as Minemakers believes it premature for debt assumptions to be applied)	(21)
Capex adjustments (including removal of desalination plant)	21
CRU “likely case” price forecasts adopted	(93)
Assumed project commencement date is 1-Apr-2013 (9 months later)	(14)
Combined impact of other financial modelling improvements (net effect)	27
Minemakers ungeared Project NPV estimate (10% post-tax real weighted average cost of capital) using CRU forecast prices	217
Applying current Bayovar benchmark price	337
Minemakers ungeared Project NPV estimate (10% post-tax real weighted average cost of capital) using current Bayovar price	554

2. Outstanding Matters

The favourable economic analysis shown above together with the studies completed to date, provide a solid technical foundation for development of the Sandpiper Project. However, a number of matters remain outstanding before the Project can be considered “bankable” and ready for financing, including the matters set out in the table below.

³ Assuming a 10% post-tax real weighted average cost of capital.

Matter Outstanding	Comments
Converting Mineral Resources to Ore Reserves	<ul style="list-style-type: none"> • Minemakers believes that sufficient Mineral Resources will convert into Ore Reserves in due course to support the estimated Project life. • NMP is in the process of completing the work required to convert the current 'measured' and 'indicated' Mineral Resources to 'proven' and 'probable' Ore Reserves.
Finalising location and securing land for processing sites	<ul style="list-style-type: none"> • NMP has yet to finalise the optimum location for buffer ponds and processing sites. • Tenure has been applied for over preliminary locations and is still in the process of being approved by authorities. • Significant capital savings may be achieved if the site assumed in the Feasibility Study can be relocated to a more favourable location.
Access to port and estimated port charges	<ul style="list-style-type: none"> • NMP is yet to finalise the terms of the bulk storage facility at the port, and access to bulk loading facilities, with Namibia Port Authority (NamPort). • To accommodate a ramp-up to 3 Mtpa production, bulk loading facilities at the port will likely need to be expanded, as is currently being planned by NamPort.
Water strategy	<ul style="list-style-type: none"> • NamWater has undertaken to supply the water but there is not yet an agreement in place which covers the capital cost of connecting to that supply, the supply cost of that water, and a guaranteed delivery time. • The current cost estimates assume that NamWater supplies the required water and that no reverse osmosis plant is required to be constructed by NMP.
Environmental studies and permitting	<ul style="list-style-type: none"> • Due process is being followed in submission and assessment of the Environmental Impact Assessment and the Environmental Management Programme Reports for both the intended marine and onshore activities. Minemakers does not control this process, so is unable to commit to timing for approvals at this stage. Minemakers has no reason to believe these approvals will not be granted within normal regulatory time periods.
Refinement of product marketing strategy	<ul style="list-style-type: none"> • The significant work undertaken to date has indicated that there are likely to be available markets for concentrate of Sandpiper specification. However, no binding sales agreements or letters of intent have yet been executed with potential customers. • There is a preference for a higher degree of comfort on off-take arrangements, e.g. a portion of committed off-take and/or letters of intent in order to secure competitive debt and equity finance.
General optimisation of capital and operating cost items	<ul style="list-style-type: none"> • As is customary for a project of this nature at this stage of development, there a number of aspects requiring further refinement. There is significant potential for optimisation in this process.

Matter Outstanding	Comments
Completion of a detailed financial model suitable for project financing purposes	<ul style="list-style-type: none"> • Minemakers considers that the current financial model prepared by NMP is not suitable for project financing purposes • Consequently, Minemakers has developed its own financial model independently of NMP for its own purposes. UCL has not yet approved this model being adopted by NMP, but Minemakers' desire is for one consistent financial model to be utilised by all parties

3. Debt Update

Discussions to date with potential debt financiers have been encouraging. However, these discussions are only at a preliminary stage and Minemakers believes that indications of potential debt quantum, tenor and pricing provided in February 2012 (prior to the completion of the Feasibility Study) are no longer valid, as they were based on scoping study information. Potential lenders have not yet reviewed the Feasibility Study in detail, conducted due diligence or been provided a detailed financial model, but Minemakers' intention is to progress forward with debt discussions as quickly as possible.

4. Forward Work Plan and Timing

A clear, methodical and achievable plan over realistic timelines is required to address each of the outstanding matters above, to obtain finance for, and then develop the Sandpiper Project.

Minemakers believes that the following activities must be completed before NMP can expect to secure competitive and committed financing to allow project construction:

- addressing the major outstanding matters listed above;
- continuing to optimise capital and operating cost estimates, and undertaking final front end engineering design; and
- completing the negotiations on contracts for dredging, EPCM and key staff positions.

Minemakers cannot predict with certainty the length of time to complete these activities, but believes that completing these activities plus financing during the 2012 calendar year (as targeted by UCL) will be difficult to achieve.

Every effort will be taken to address the remaining outstanding feasibility issues and financing activities in parallel, rather than sequentially. However, by their nature, in order to achieve a competitive financing solution, some financing activities cannot be undertaken until key project issues are addressed.

Minemakers estimates that the financing process may itself take approximately six months, notwithstanding that NMP has had early indicative discussions with project finance lenders. Minemakers has held numerous discussions with potential equity providers and capital markets intermediaries and is confident of its ability to attract competitively-priced equity at the appropriate time for its share of equity requirements.

Taking into account the total construction (21 months) and commissioning (three months) periods estimated by the Feasibility Study (i.e. a total of 24 months), plus the time periods to finalise feasibility issues and financing, as outlined above, Minemakers believes it is more likely that first production from the Sandpiper Project will be achieved in the first half of calendar year 2015.

Minemakers notes that UCL has recently published a number of more aggressive development timetables. In Minemakers' opinion, these estimates are likely to be overly optimistic. Minemakers, through NMP, intends to work with UCL to develop an agreed and achievable timetable.

Minemakers management remains committed to working proactively and collaboratively with the UCL management to ensure the Sandpiper Project is advanced as quickly as possible, despite the present relationship between Minemakers and UCL at the corporate level.

Cliff Lawrenson
Chief Executive

Andrew Drummond
Executive Chairman

The qualified person in relation to this press release is Andrew Drummond, who is Executive Chairman of the Company and a Fellow of The Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Drummond has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and a 'Qualified Person' as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI43-101"). Mr Drummond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information regarding the Sandpiper Marine Phosphate Programme, please refer to Minemakers' NI43-101 compliant technical report entitled "Updated Estimation of Phosphate Resources for the Sandpiper Project in EPLs 3415 and 3323, Namibia", dated March 11, 2011 and available on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Information

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

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