



ABN 48 116 296 541

EXCHANGE RELEASE

SALE OF MINEMAKERS' INTERESTS IN THE SANDPIPER AND ROCKY POINT PROJECTS

4 October 2012

HIGHLIGHTS

- Resolution of significant uncertainty through the sale of 42.5% direct interest in the Sandpiper Project and 70% interest in the Rocky Point Project to Mawarid Mining LLC for approximately \$25 million in cash
- Minemakers to retain exposure to upside in Sandpiper through its 14.2% shareholding in UCL Resources Limited
- Minemakers to focus on development of the world class Wonarah Project in Australia. Proceeds from sale will provide financing flexibility for development of Wonarah
- Minemakers remains committed to introducing a strategic partner at Wonarah. The strategic partnership process is progressing well
- UCL is expected to announce today that it will not extend its takeover offer for Minemakers beyond 15 October 2012 and will not waive any defeating conditions.¹ As a result, UCL's takeover offer will have no reasonable prospect of success
- The sale is subject to this UCL announcement occurring, Minemakers shareholder approval and Namibian Competition Commission approval. Minemakers shareholder approval will be sought in a Minemakers shareholder meeting planned for 29 November 2012

Background

Minemakers Limited (ASX and TSX: MAK; NSX: MMS) (**Minemakers**) is pleased to announce it has entered into a share sale agreement (**SSA**) with Mawarid Mining LLC (**Mawarid**) for the sale of its 42.5% interest in the Sandpiper Project and 70% interest in the Rocky Point Project for \$25 million (subject to final adjustments for intercompany debts and joint venture cash calls between signing and completion).

¹ It is a condition precedent to the proposed transaction that UCL make an announcement to this effect.

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Rationale for the Sale

The Sandpiper Project represented an attractive medium-term development opportunity for Minemakers, which complemented its larger, 100%-owned Wonarah Project. However, the ownership structure for Sandpiper was not conducive to the efficient development and financing of the project such that Minemakers believes that full value would not be created for shareholders in a timely manner. Accordingly, Minemakers considers that realising an attractive and certain value for its interest in the Sandpiper Project at this time is in the best interests of its shareholders. At this time of very weak market conditions and limited availability of capital, Minemakers has also avoided the dilutionary equity capital raisings which would likely be necessary to fund the development of the Sandpiper Project.

Minemakers' existing available tax losses are expected to be able to be applied to any capital gains resulting from the sale. As a result Minemakers will not have tax payable on the proceeds from the sale.

Minemakers will still retain an indirect interest in the Sandpiper Project through its 14.2% shareholding in UCL Resources Limited (**UCL**) providing Minemakers shareholders with exposure to the value upside from the project.

Following completion of the sale, Minemakers will focus on its 100%-owned Wonarah Project. Wonarah is Australia's largest known rock phosphate deposit which Minemakers aims to develop into a vertically integrated fertiliser production operation.

In June 2012 Minemakers commenced a strategic partnership process to attract a joint venture partner to co-fund a bankable feasibility study at Wonarah and facilitate the securing of development funding. Minemakers remains committed to this process. The process is progressing well and Minemakers has received significant interest in Wonarah from a number of parties.

Minemakers CEO Cliff Lawrenson commented: *"We are excited at the prospect of focusing our attention on the world-class Wonarah Project. The funds raised from this sale will provide us with additional flexibility in relation to Wonarah, allowing the project to be further advanced whilst our search for a suitable joint venture partner continues."*

"We are also increasingly encouraged at the potential for JDCPhosphate's dry kiln technology to transform the development plan for Wonarah."

Minemakers holds the sole Australian rights to JDCPhosphate's dry kiln technology for a period of seven years until September 2019. This technology potentially offers both capital and operating cost advantages in the production of super phosphoric acid, relative to the more common wet acid process. It also has the potential to be constructed in 200,000 tonne per annum modular increments, which is likely to increase the prospects of achieving funding and operational efficiencies. JDCPhosphate is intending to evaluate the viability of this technology in a demonstration plant in the first half of 2013.

Key Terms of the SSA

Under the SSA, Mawarid will acquire 100% of the shares in Minemakers Mauritius (Pty) Ltd and the intercompany loans provided by Minemakers to the Sandpiper joint venture entity, Namibian Marine Phosphate (Pty) Ltd (**NMP**), for \$25 million in cash. If completion occurs, Mawarid will also reimburse Minemakers its share of expenditure on the Sandpiper and Rocky Point projects post 1 October 2012.

Mawarid has agreed to pay a deposit of \$500,000, which will be forfeited if the SSA is terminated due to a breach of that agreement by Mawarid or otherwise for reasons that are within Mawarid's control.

The sale is conditional upon Minemakers shareholder approval, and Namibia Competition Commission approval being obtained.

The sale is also conditional upon UCL committing to not extend its current takeover offer for Minemakers beyond its scheduled closing date of 15 October 2012, to waive the relevant defeating condition to that offer to the extent necessary to permit the proposed transaction to proceed, and to otherwise not waive any other defeating conditions to its takeover offer.

Minemakers has agreed to not engage in any activities that compete directly with the Sandpiper Project in Namibia for a period of 5 years except as it relates to JDCPhosphate Inc. or its dry kiln technology.

Shareholder Approval

Minemakers intends to seek shareholder approval for the sale at its Annual General Meeting on 29 November 2012. The Minemakers Board of Directors recommends that shareholders vote in favour of the sale and Minemakers has agreed to procure that each of its directors will vote all shares they hold or control in favour of the sale. Further details will be provided in a notice of meeting that will be sent to shareholders in due course.

Minemakers has agreed to pay Mawarid a break fee of \$250,000 if a director of Minemakers changes their recommendation to Minemakers shareholders to vote in favour of the sale.

UCL Offer

Minemakers is currently the subject of an off-market takeover bid by UCL. On the basis that UCL commits to not extending the UCL Offer beyond its current scheduled closing date of 15 October 2012, and not waiving any defeating conditions (other than the defeating condition relating to material acquisitions or disposals by Minemakers), being a condition to the sale agreement entered into with Mawarid, Minemakers believes there is no reasonable prospect of the UCL Offer being successful.

The Minemakers Board continues to recommend that Minemakers' shareholders reject the UCL Offer for Minemakers. To reject the UCL Offer, Minemakers' shareholders should simply take no action.

Cliff Lawrenson
Managing Director

Andrew Drummond
Executive Chairman