
SEPTEMBER 2012 QUARTERLY ACTIVITIES REPORT

31 October 2012

HIGHLIGHTS

PHOSPHATE, AUSTRALIA

Wonarah Project (Minemakers 100%)

- Bankable feasibility study on a mining operation and production facility is advancing.
- Resource position increased and improved.
- Stronger focus on the application of JDCP's IHP kiln based patented technology to produce superphosphoric acid.
- Metallurgical testwork underway.
- Continuing discussions with potential strategic investors.

PHOSPHATE, NAMIBIA

Sandpiper & Rocky Point Projects (Minemakers 42.5% & 70% direct interest, respectively)

- A share sale agreement signed with Mawarid Mining LLC, with Minemakers to exit its Namibian interests for approximately \$25 million. The agreement is subject to Minemakers shareholder approval at the Annual General Meeting to be held on 29 November 2012 and also the Namibian Competition Commission.
- Feasibility optimisation and permitting matters are advancing.

CORPORATE

- On 15 October 2012 the takeover bid for Minemakers by UCL Resources Ltd lapsed. UCL did not acquire any Minemakers shares pursuant to this bid.
- Minemakers has free cash of \$6.2 million and approximately \$2.5 million in tradeable shares of ASX listed companies.

MINEMAKERS LIMITED

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

For further information:

Mr Andrew Drummond
Executive Chairman
Minemakers Limited

Mr Cliff Lawrenson
Managing Director
Minemakers Limited

Mr John Gardner
Magnus Investor Relations
& Corporate Communication
Phone: +61 413 355 997

WONARAH ROCK PHOSPHATE PROJECT, NORTHERN TERRITORY (100% Equity)



Figure 1: Wonarah Locality Map

INTRODUCTION

The Wonarah rock phosphate deposit is a world class asset, as can be seen by comparison between the project and the published resources of other important production centres, as follows.

Ma'Aden (Saudi Arabia)	± 532Mt @ 19.3% P ₂ O ₅
Bayovar (Peru)	± 230Mt @ 17.2% P ₂ O ₅
Wonarah	± 842Mt @ 18.1% P ₂ O ₅

Source: Ma'aden Annual Report 2011
Vale Form 20-F Dec 2011

Minemakers aims to take advantage of Wonarah's favourable infrastructure position and political stability to develop a major centre for the production of beneficiated rock and downstream phosphatic fertilisers and/or intermediate products. Wonarah's advantages, apart from its size and grade, include:

- Bitumen highway access.
- Proximity to a standard gauge railway with spare freight capacity.
- Proximity to a natural gas supply, the pipeline for which closely follows the railway line.
- Access to an established bulk commodity port at Darwin.
- Situated in a stable political jurisdiction.
- Situated on land owned by the Traditional Owners, with whom a life of mine Mining Agreement has been signed which covers mining, processing and fertiliser production.
- Proximity to ample groundwater.
- Proximity to a regional population centre at Tennant Creek.

FEASIBILITY STUDY

A Bankable Feasibility Study ("BFS") is underway, which considers two technical options for Wonarah's development; the traditional wet acid process ("WAP") and the IHP kiln based patented technology ("IHP"), owned by JDCPhosphate Inc. ("JDCP") of Florida. The study represents an extension of the work that was undertaken for the direct shipping ore ("DSO") feasibility study in 2010.

The BFS will update, extend and/or validate the earlier studies and initiate new studies for aspects of the project that were not required in earlier evaluations, such as tailings storage. Investigations will cover the full range required for preparation of a BFS, the major elements of which will include;

- Approvals
- Environmental and Social
- Geology and Resources
- Mining and Reserves
- Beneficiation
- IHP
- Tailings Storage Facility
- Project Logistics
- Surface Hydrology
- Hydrogeology, Water Supply and Water Balance
- Marketing
- Financial Analysis

A technical decision on the development route for the project will be taken in mid-2013.

1. *Wet Acid Process*

The production of high-analysis granular phosphate fertilisers, such as DAP and MAP, near the township and regional centre of Tennant Creek, which provides natural gas, rail and highway connections, and its social infrastructure. The process entails:

- Mining
- Beneficiation to 30% P₂O₅ on site
- Slurry pipeline transport of beneficiated rock to Tennant Creek
- Reaction with sulphuric acid to produce phosacid
- Filtration to remove gypsum
- Concentration of acid through condenser to MGA (54% P₂O₅)
- Ammoniation of phosacid and granulation, introduced to produce DAP/MAP – high nutrient value products

2. *Improved Hard Process*

The production of high-value superphosphoric acid (“SPA”) on site utilising the IHP. Minemakers owns 3.2% (post recent dilution) of JDCP, and additional news on JDCP is presented below under the header, “*JDCPhosphate Inc. – Florida Demonstration Plant*”. Through its investment in JDCP, Minemakers has exclusive rights to the IHP in Australia until 2019. The IHP entails:

- Mining
- Beneficiation to 15-20% P₂O₅
- Grinding with petroleum coke and silica
- Pelletisation
- Roasting in a ported rotary kiln
- Delivery of a phosphorus rich gas
- Hydration process
- Superphosphoric acid production at a contained 70% P₂O₅ – a very high nutrient product

Both alternatives will likely require some beneficiation of the mined phosphate rock. Diamond drilling to obtain samples for testwork was completed during the June 2012 Quarter, and samples were freighted to Adelaide where they have been crushed, assayed and composited in preparation for various tests.

The testwork programme has been designed to maximise the collection of data for both processing routes. The IHP is likely to require far less beneficiation than for WAP, possibly only crushing and scrubbing, and this data will be obtained early in the testwork regime.

INCREASED AND IMPROVED RESOURCE POSITION

Previous resource estimates released in November 2011 resulted from exploration targeting higher grade areas suitable for DSO phosphate rock production. Delineation of high grade bodies requires relatively close spaced drilling for resource estimation at even the Indicated confidence level.

As the development plan for Wonarah is now for a larger downstream fertiliser operation rather than a DSO operation, Minemakers has recently been focussed upon broader areas of mineralisation, which could be mined at a lower grade as this will be feed to a beneficiation plant. Additionally, should the IHP be adopted, a lower P₂O₅ ore grade with a higher silica content will be required.

Minemakers' independent geostatistical consultants, MPR Geological Consultants Pty Ltd ("MPR"), were requested to analyse Minemakers' extensive drill data base to re-estimate resources, based on the requirement to feed a beneficiation plant.

The new resource estimates, at a 10% cut-off are as follows:

	Measured		Indicated		Measured + Indicated		Inferred	
	Mt	P ₂ O ₅ %	Mt	P ₂ O ₅ %	Mt	P ₂ O ₅ %	Mt	P ₂ O ₅ %
Arruwurra	25.7	18.7	27.7	17.8	53.4	18.2	82	16
Main Zone	52.6	21.8	194	17.4	247	18.3	460	18
Total	78.3	20.8	222	17.5	300	18.3	542	18

The Measured and Indicated resource categories can be used in due course as the basis for determination of Proven and Probable Reserve estimates as part of the ongoing BFS.

Although it is not certain that future drilling will be successful, infill drilling has the potential to convert a significant portion of the Inferred resources to higher confidence categories.

As feed to an IHP kiln is likely to be at a lesser grade, resources combined for the two deposits estimated at a 5% cut-off are as follows, and they indicate the very large size of the Wonarah deposit:

Measured		Indicated		Measured + Indicated		Inferred	
Mt	P ₂ O ₅ %	Mt	P ₂ O ₅ %	Mt	P ₂ O ₅ %	Mt	P ₂ O ₅ %
82.3	20.2	391	13.2	473	14.4	933	13

The extent to which mining, metallurgical, infrastructure, permitting, marketing and other financial factors may affect the Mineral Resource Estimates has not yet been established. Mineral Resources that are not Mineral Reserves do not have demonstrated economic validity.

The following table compares the 2012 estimated resources to the previous 2010 estimate. As that latter estimate did not include Measured resources, the 2012 Measured and Indicated categories were combined for comparative purposes.

MAIN ZONE			ARRUWURRA		
	Mt	P ₂ O ₅ %		Mt	P ₂ O ₅ %
November 2011			November 2011		
Indicated	252	18.2	Indicated	51	18.3
Inferred	395	18	Inferred	84	16
Current			Current		
Indicated	247	18.3	Indicated	53.4	18.2
Inferred	460	18	Inferred	82	16
Differences			Differences		
Indicated	-2%	1%	Indicated	5%	0%
Inferred	16%	0%	Inferred	-2%	0%

The 2012 Inferred estimates represent an increase in estimated resource tonnages of 16% for Main Zone, and 13% for the combined project.

MPR estimated that, in addition to the Mineral Resources described above, broadly spaced drill holes at Main Zone suggest the presence of further mineralisation with exploration potential of approximately 150 to 250Mt at an average P₂O₅ grade of approximately 15 to 20%. This potential mineralisation is based on broadly spaced drilling and has had insufficient exploration to define a Mineral Resource, and the estimates of tonnage are conceptual in nature. It is uncertain that further drilling will convert any of the exploration potential to a Mineral Resource.



Figure 2: Wonarah Locality and Infrastructure

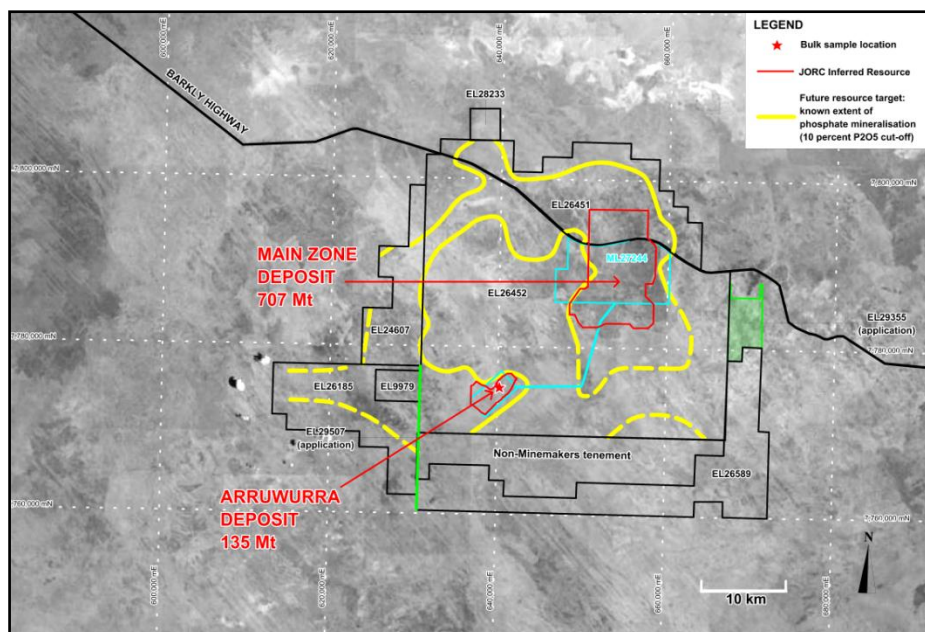


Figure 3: Wonarah Deposit

SITE INVESTIGATIONS

A RC drilling programme commenced on 8 September 2012 drilling through to 24 September 2012 when crew break and rig maintenance interrupted the programme. The programme was completed in early October. This programme was targeting high grade and relatively shallow phosphate intersections to the north of Main Zone and close to the Barkly Highway, as well as broadly spaced testing to the northwest of Main Zone and in the western target area to determine their overall prospectivity and to confirm areas that need to be retained for potential future production. A total of 2,945m was drilled during the Quarter. Assay results for the entire programme are awaited.

Strategic Partnership Process

We continue to engage actively with potential project partners for the Wonarah project. The key criteria remain technical input, support in financing and off-take of product.

Our increasing understanding of the IHP, especially as it relates to timing and extent of capital expenditure coupled with the expected incoming cash from the sale of our Namibian assets (subject to shareholder approval on 29 November 2012 and Namibian Competition Commission approval), allows us more flexibility as it relates to partner selection. It is possible, should the IHP technology be selected as the preferred technical route, that Minemakers proceeds to the first 200,000tpa module without a partner or with a minority off-take concentrated partner, albeit our preference remains to secure a JV partner at this stage.

As a consequence of the above, we are able to be more selective in our partner choice and ensure that the ensuing business combination is sustainable and value enhancing.

JDCPhosphate Inc. – Florida Demonstration Plant

As noted earlier, Minemakers owns 3.2% of JDCP which owns the patented process to produce SPA by the IHP.

JDCP successfully concluded the first tranche of funding for its demonstration plant in late 2011 and in August this year announced that a second tranche had been concluded. Notable amongst the investors in the second tranche were Mitsui & Co (USA) Inc. and Vulcan Phosphates LLC (a special purpose entity formed by the owners of Agrifos Fertilisers LLC). The participation of these two companies provides strong encouragement as to the prospects of commercialising this technology.

In the March 2012 Quarter, JDCP commenced construction of a demonstration plant at its site in Fort Meade, Florida. Commissioning is anticipated in the first half of 2013. The plant will have a capacity of 12,000tpa of high quality and high concentration SPA.

It is expected that each commercial IHP production train will produce 200,000t of contained P₂O₅. Were Wonarah to be developed using the IHP technology it would enable the option of a staged approach to be taken, which would minimise the initial capital outlay to enter production and spreading total capital expenditure over several years.



Figure 4: JDCP Demonstration Plant under construction September 2012

The company's attendance at the recent TFI conference in Boston generated significant interest in Wonarah amongst major industry players, specifically with respect to its potential if the IHP is successfully demonstrated in the first half of 2013. These discussions are being actively continued.

SANDPIPER MARINE PHOSPHATE PROJECT (42.5% Equity) **ROCKY POINT PROJECT (70% Equity)**

Share Sale Agreement

On 4 October Minemakers announced it had entered into a share sale agreement ("SSA") with Mawarid Mining LLC ("Mawarid") for the sale of its interest in the Sandpiper and Rocky Point Projects for \$25 million (subject to final adjustments for intercompany debts and joint venture cash calls between signing and completion).

The Board considered that Sandpiper 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 considered 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 of capital raisings which would likely be necessary to fund the development of the Sandpiper Project.

Australian tax counsel advise that 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.

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, 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 remains conditional upon Minemakers shareholder approval, and upon Namibia Competition Commission approval being obtained.

Should the sale proceed, Minemakers has agreed to not engage in any activities that compete directly with the Sandpiper Project in Namibia for a period of five years except as it relates to JDCP 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 (refer Notice of Meeting lodged with ASX, TSX and NSX on 26 October 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 have been provided in a notice of meeting which has been sent to shareholders.

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

Sandpiper Progress

During the Quarter efforts have been primarily directed towards feasibility optimisation and permitting matters.

In view of the intended sale of the Minemakers interest in Sandpiper, it is considered appropriate that interested shareholders access the quarterly report by UCL for a detailed view of the work undertaken during the Quarter and timing projections for development of the project.

Rocky Point Progress

A drop coring scoping programme was undertaken to test phosphate potential below the upper shelly and quartz sandy layer which directly forms the seafloor. Results will be reported in due course.

INVESTMENTS

1. JDCPHOSPHATE INC.

Refer to earlier in this report.

2. UCL RESOURCES LIMITED

Minemakers holds 14.2% equity in the company, worth approximately \$2 million at the end of the Quarter.

3. AUSTRALIA MINERALS & MINING GROUP LIMITED

Minemakers holds 4.65% of Australia Minerals & Mining Group Ltd worth approximately \$0.5 million.

4. TNT MINES LIMITED (19% equity)

TNT Mines has advised Minemakers that it is now focused on obtaining an ASX listing and is considering both IPO and backdoor routes.

CORPORATE

At the end of the September Quarter Minemakers had cash of A\$6.2 million. Subject to completion of the sale of the Namibian assets to Mawarid Mining LLC, Minemakers will have a further approximately A\$25 million in cash. Refer to the September Quarterly Cashflow Report of today's date.

Andrew Drummond
Executive Chairman

Cliff Lawrenson
Managing Director

Competent Persons' Statement

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 mineralization 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. 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.

With respect to the JORC, Clause 18, and in respect of some targets the potential quantity and grade of them are conceptual in nature, and there may have been insufficient exploration to date to define a Mineral Resource and is uncertainty if further exploration would result in the determination of a Mineral Resource.

For further information on Wonarah, please refer to Minemakers' NI43-101 compliant technical report entitled "Technical Report Mineral Reserve Estimation for Wonarah Phosphate Project, Northern Territory, Australia", dated September 2010 and available on SEDAR at www.sedar.com. The 2012 Mineral Resource estimate is being prepared for SEDAR.

Information on TNT Mines Limited has been provided by that company's acting Managing Director, Mr Michael Beer.

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.