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WONARAH ROCK PHOSPHATE PROJECT DEVELOPMENT PROGRESS UPDATE

11 June 2009

HIGHLIGHTS

- Drilling is almost completed and Direct Shipping Ore (“DSO”) resources are being estimated. A significant increase in total resources can be reasonably anticipated underpinning the potential for a very long-life mine.
- Arruwurra Deposit DSO test material is being positively received by potential customers. Main Zone Deposit material will be available for customer testing in the next month. Planning and permitting for requested follow up bulk samples are in progress.
- Mining, freight, port and export logistics are being progressed on schedule. The independent bankable feasibility study is on schedule for completion by the end of the third Quarter 2009.
- Permitting procedures for mine start up are likely to take 2-3 months longer than anticipated. Current start up is now targeted for end of second Quarter 2010.
- Rock Phosphate prices are currently low due to global financial crisis however markets are anticipated to recover on fundamental future demand grounds.

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RESOURCE ESTIMATION

The principal programmes of RC drilling at the Arruwurra and Main Zone Deposits are complete, entailing some 20,239m. The data is being modelled prior to a final couple of weeks' drilling which will begin later this month. This last programme will infill the margins of the high grade and potential DSO in the Arruwurra Deposit over a 125m x 125m grid to allow final pit design and estimation of mineable reserves therein to JORC Measured Resource status. At the Main Zone Deposit several high grade mineralisation trends will be closed off also in this last programme. DSO resources are currently being estimated by our independent consultants.

The independent consultants undertaking the bankable feasibility study, AMC Consultants Pty Ltd, will shortly be modelling pits on both the Main Zone and Arruwurra Deposits and this will lead to mine scheduling and optimisation of mining rates.

As previously advised, whilst the 2009 drilling has concentrated upon a search for, and delineation of, potential DSO deposits rather than on seeking additional resources per se, the discovery of widespread additional mineralisation can reasonably be expected to result in a significant increase in total Wonarah resources and, hence, potential project mine life. New resource estimates are anticipated at about the end of June.

BENEFICIATION STUDIES

Diamond drilling for study samples at the Arruwurra Deposit has been completed and the Main Zone Deposit drilling should be completed by the end of June. Samples are being dispatched to the metallurgical laboratories in Adelaide and flotation and washing beneficiation testwork continues.

MARKETING DEVELOPMENTS

Potential major customers throughout the Asian and Australasian region have been provided with test material from the Arruwurra Deposit. To date, most have responded positively with all but one reporting that the product could meet their specifications and most seeking larger follow-up samples.

The diamond drilling of the Main Zone Deposit likely DSO areas will also allow provision of marketing samples for this richer and more extensive area of mineralisation.

There is strong interest from potential customers in purchasing our product and this is being elevated by our relatively short shipping distances to likely markets, and hence lower freight costs.

A 60t sample has been requested by one potential customer and a second has indicated a desire for 10,000t with which to test-run their fertilizer plant for a week. Negotiations on pricing have begun on the potential large sample arrangements. Provision of large samples will require a trial pit which will be the subject of an approvals process.

HYDROLOGY

Extensive drilling (7,829m) into the basalts below the phosphate beds in our tenements has indicated that the aquifers intercepted are unlikely to provide the required volumes of water for our intended mining operations. Accordingly, drilling will be extended to the north and east of the tenements where historic drilling for the pastoral industry has indicated superior flow potential. Development of borefields in these areas will then require piping to our minesites.

PERMITTING PROGRESS

Environmental field studies have been completed and no issues of significant concern have been found. The necessary permitting stages are being progressively met by Minemakers and its consultants. The Northern Territory Minister for Natural Resources, the Environment and Heritage determined that the Project should be assessed by an Environmental Impact Statement, and guidelines are in preparation.

The Federal Department of Environment, Water, Heritage and the Arts determined that the Wonarah Project was not a controlled action under the Environment Protection and Biodiversity Conservation Act and this has allowed a potential telescoping of time lines in some areas.

The Mineral Lease application has been advertised and it is thought that grant may be early in the next Quarter.

LOGISTICS AND MINING

As previously announced, a Heads of Agreement with the Darwin Port Corporation has been executed.

The Land Development Corporation has advised availability of suitable land adjacent to the Port for storage of our export product and both parties are working towards a timely subdivision of this site and a long-term lease arrangement: the preferred site is immediately adjacent to the railway which will bring in our product. Design work and costing is in progress for the concentrate off-loading, shed storage and conveyor system.

Minemakers has identified preferred partners for a mining contract and all parties are working towards an agreement. A preferred consortium of road, rehandling, rail and stevedoring contractors has been identified and satisfactory progress is being made with respect to an agreement. Operating cost estimates from those contractors will be used in the bankable feasibility study which is on track to be finished about the end of September 2009.

A preliminary site plan was provided to the Central Land Council concerning the pre-development work on the village, airstrip and roads. An updated plan and description will be provided shortly. There is agreement in principle that this be allowed to be done prior to all mining approvals as the land is privately owned. This pre-approval will cover in general the ability to undertake the trial mining and extraction of 10,000t marketing parcels, subject to all other required Government approvals.

Work on the ATEC JV railway feasibility study continues. Preferred route alternatives have been identified and the first stage of the study should be completed shortly.

PHOSPHATE MARKET OVERVIEW

As has been widely published, a combination of high fertilizer prices occasioned by last year's extreme raw material prices and the global financial crisis has led to very low levels of fertilizer purchases and applications by the agricultural sector this year. With unsold fertilizer inventories remaining high and with sales being weak, the manufacturers are currently buying much reduced amounts of feedstocks such as rock phosphate, and this has forced prices down to unsustainable levels in the short term.

Minemakers attended and presented at the BMO Fertilizer Conference in New York in May, and then attended the annual meeting of the International Fertilizer Association (of which it is a member) in Shanghai.

A synopsis of the current world fertilizer market is as follows:

- Potash fertilizer suppliers are few in number, have cut output to match demand and maintained strong profit margins. Farmer resentment at strong potash prices has resulted in lesser fertilizer buying and application and this has had a carryover effect onto phosphate fertilizers.
- Current raw material prices of sulphur, sulphuric acid and rock phosphate are unsustainably low.
- The world is under-fertilizing and current cropping is depleting the fertilizer levels in soils. This will lead to a drop in farm output and grain shortages, resultant higher prices and farmers' margins and a return to appropriate levels of fertilizer application, not just for the next harvest, but also to replenish fertilizer to long-term optimal levels.
- Fertilizer application can only be deferred, not foregone, and that deferral needs be made up later.

In anticipation of increased returns, share prices of most of the large world fertilizer manufacturers have increased.

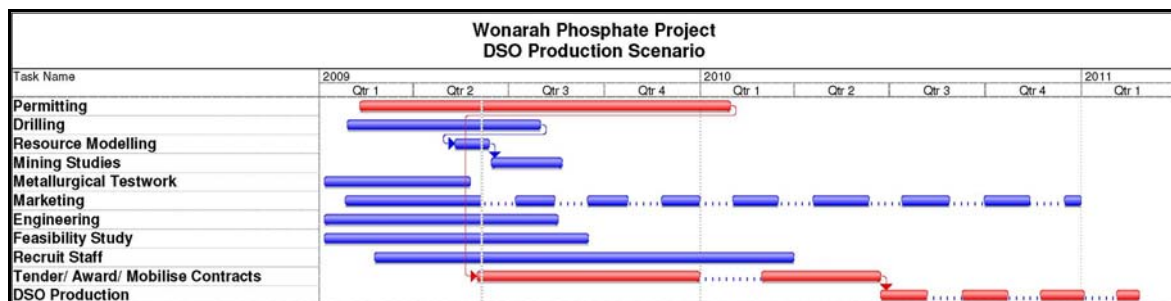
TIMETABLE

The technical appraisal, leading to the independent bankable feasibility study, remains on track to be completed at the end of the third Quarter 2009. Some areas of the permitting process have taken longer to be completed by the government agencies than had been planned and this area is being addressed at present, and we now expect completion in January 2010, rather than October 2009.

The chief project development concern at present is the temporary collapse in demand for rock phosphate due to the factors outlined above. Obviously, Minemakers will not start a mine until it has sales contracts in place and can provide justification to the road and rail haulage contractors that they should buy their truck fleet and train sets.

To be prudent, we are now planning on mine start up at the end of the second Quarter 2010 rather than at the start of it.

In the meantime, the pace of all evaluation studies is being maintained so that production can be initiated just as soon as the marketing opportunities crystallise.



Andrew Drummond
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Drummond, a Fellow of The Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Drummond has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Drummond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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