



## **JUNE 2015 QUARTERLY ACTIVITIES REPORT**

30 July 2015

### **HIGHLIGHTS**

#### **BAOBAB PHOSPHATE PROJECT**

- Proposed acquisition of Baobab Phosphate Project - ASX announcement 27 April
- Maiden Inferred Resource - ASX announcement 11 May
- Grant of Small Mine Permit - ASX announcement 14 May
- MOU signed with operator of Port of Dakar – ASX announcement 22 July
- Continued overall project development toward anticipated rock phosphate production in 1H 2016

#### **JDCPHOSPHATE, INC. (JDCP)**

*(Minemakers Ltd approx. 8.0% equity)*

- There was one kiln run in the quarter to test new techniques to make hard, dust free feed agglomerates
- Extensive laboratory scale work to optimise equipment selection for JDCP's capital project was accomplished
- JDCP's capital raise to fund commercialisation continues, led by Macquarie Capital (USA)
- JDCP and Minemakers mourn the passing of JDCP's founder, Dr. Joseph A Megy

#### **WONARAH PHOSPHATE PROJECT**

*(Minemakers Ltd 100% equity)*

- Actions continue to reduce the holding cost of the Wonarah project while the IHP technology undergoes commercial validation

#### **CORPORATE**

- Sale of South African legacy assets realising A\$1.18m –ASX announcement 16 July
- Appointment of Foster Stockbroking Pty Limited and EAS Advisors LLC as corporate advisors
- Notice of General Meeting sent to Shareholders in relation to the proposed acquisition of Baobab Phosphate Project
- Cash balance at 30 June 2015 of A\$15.4m (excluding cash received from sale of South African assets)

Cliff Lawrenson, Managing Director, commented, *"This has been an active period with focus on the rapidly developing Baobab Phosphate Project. Our resource definition program continues and we are encouraged by ongoing results supported by metallurgical test work. Due to being on site for over 18 months and our familiarity with other phosphate mining operations in the area, we are confident we understand the project development issues under local conditions. Consequently, we have been able to materially advance our work in project feasibility, permitting and early mine planning. We look forward to the General Meeting on 21 August and encourage shareholders to contact Minemakers with any questions."*

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#### **MINEMAKERS LIMITED**

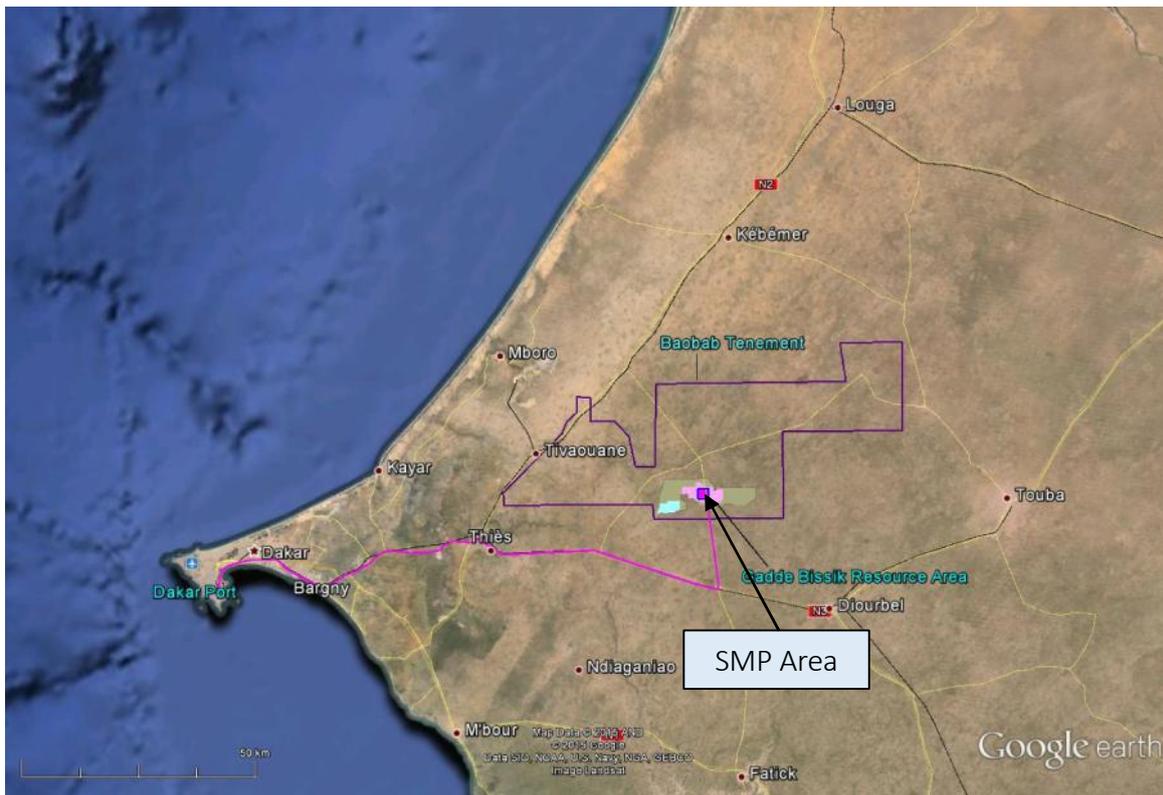
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#### **For further information:**

**Mr Cliff Lawrenson**  
Managing Director and CEO, Minemakers Limited  
**Mr Rod Wheatley**  
CFO and Company Secretary, Minemakers Limited

## 1. BAOBAB PHOSPHATE PROJECT

On 27 April 2015 Minemakers Limited (Minemakers or the Company) announced it had entered into a conditional agreement to acquire 100% of a potential near-term production rock phosphate project in the Republic of Senegal ("the Project") from Baobab Partners LLC, an affiliate of Agrifos Partners LLC ("Agrifos"). Agrifos is an affiliate of Vulcan Phosphates LLC ("Vulcan"), which is a co-investor with Minemakers in JDCP and a major Minemakers shareholder. The Project advances Minemakers focus on the nutrient and fertiliser sector and advances Minemakers nearer-term strategic objective of early cash flow generation with minimal capital expenditure and no technology risk.



**Figure 1: Tenement and Gadde Bissik prospect location**

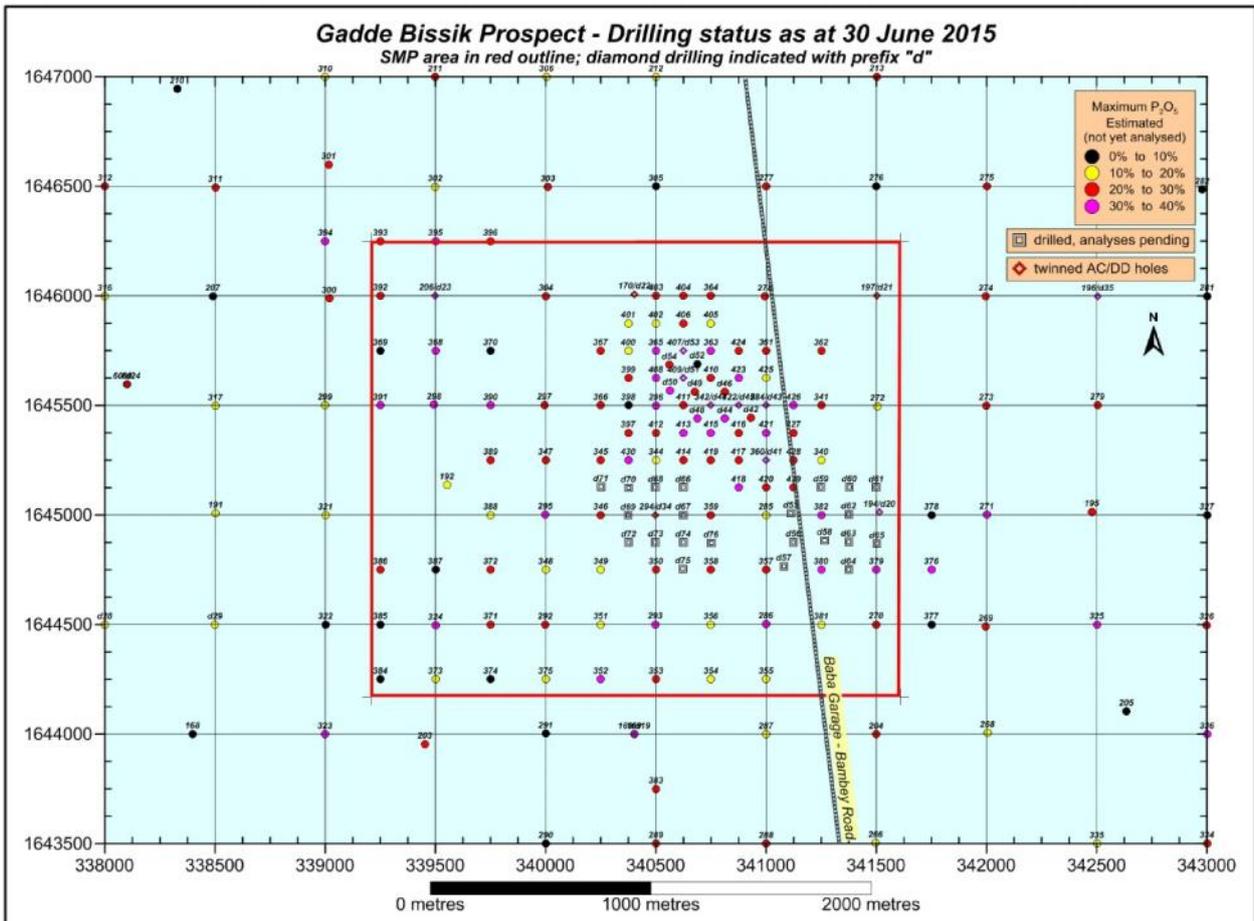
### 1.1 GEOLOGY AND EXPLORATION

Exploration activity during the June quarter was focussed on infill drilling within the Small Mine Permit ("SMP") area at the Gadde Bissik prospect. An air core program was completed in April and diamond drilling commenced in early May. The first phase of the diamond drilling program was designed to recover core for metallurgical test work in South Africa and also to provide duplicate holes for existing air core drill holes for quality assurance purposes. The second phase of the diamond program was resource definition drilling on a 125 x 125 metre grid pattern. Diamond drilling was selected as the preferred method for closer-scale infill drilling in order to provide more detailed geological information and to allow for samples for ongoing density determination as well as providing samples for marketing and more metallurgical test work if required.

Drilling is summarised in Table 1 below.

	Air core drilling		Diamond drilling	
Purpose of drilling	No. holes	No metres	No. holes	No metres
Resource definition	91	3939	22	908
Metallurgical and QAQC			14	811.2
<b>TOTAL</b>	<b>91</b>	<b>3939</b>	<b>36</b>	<b>1719.2</b>

**Table 1 Drilling statistics – June quarter**

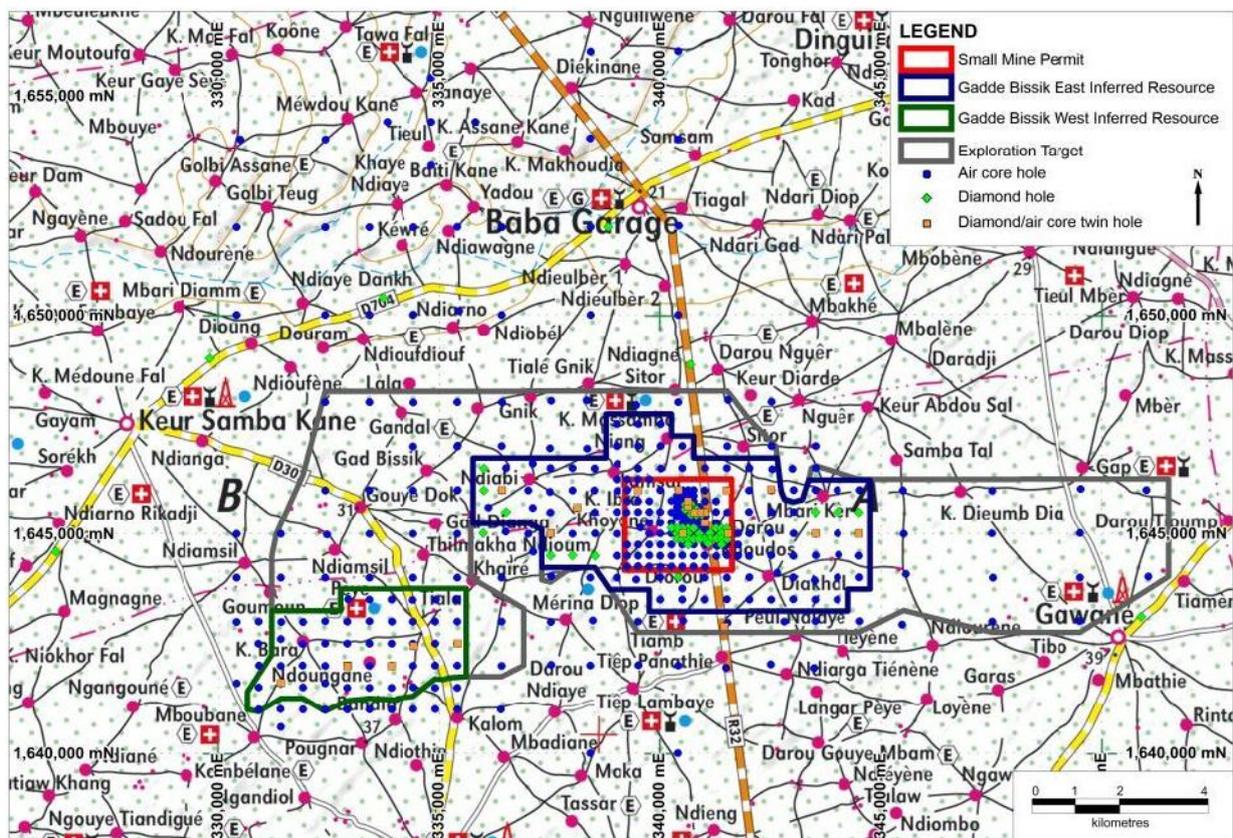


**Figure 2 Drill status plan - SMP**

A maiden Inferred Resource was estimated for the Gadde Bissik prospect by independent consultants MPR Geological and released in a market announcement dated 11 May 2015. An independent Technical Report was lodged on SEDAR on 11 June 2015 and is available to be viewed on that platform. The resource estimate is summarised in Table 2 below.

PROSPECT		CATEGORY	TONNES (million)	P <sub>2</sub> O <sub>5</sub> (%)	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)
Gadde Bissik East	Within SMP area	Inferred	25	23	31	0.10	2.0	3.1	38
	Outside SMP area	Inferred	40	21	29	0.14	2.4	3.9	39
	<b>Combined</b>	<b>Inferred</b>	<b>65</b>	<b>22</b>	<b>30</b>	<b>0.12</b>	<b>2.2</b>	<b>3.6</b>	<b>38</b>
Gadde Bissik West		Inferred	3	21	29	0.13	4.3	4.7	35
<b>Total Gadde Bissik</b>		<b>Inferred</b>	<b>68</b>	<b>22</b>	<b>30</b>	<b>0.12</b>	<b>2.3</b>	<b>3.6</b>	<b>38</b>

**Table 2 Gadde Bissik resource estimates**



**Figure 3 Resource outline – Gadde Bissik prospect**

The switch to diamond drilling resulted in a slowdown in data acquisition necessary to support a higher category of resource estimate. The first diamond rig arrived on site several weeks behind schedule and a second suitable rig was commissioned some weeks later.

Resource definition drilling within the SMP will continue through the third quarter of 2015, although the program might experience some delays due to the wet season which occurs in the July/September period. A sterilisation drill program within the 5km<sup>2</sup> SMP area to allow for planning of potential mining activities will commence shortly.

## **1.2 PROJECT DEVELOPMENT FOR LARGE SCALE BULK SAMPLING AND COMMENCEMENT OF MINING**

The work program for development of a large scale bulk sample open pit within the SMP Area at the Project was advanced further during the quarter. The open pit will be the point from which mining commences and this integrated planning is advancing simultaneously.

### **Small Mine Permit**

A SMP for the Baobab Phosphate Project was granted on 6th May 2015. The SMP covers all future mining activity within the identified 5km<sup>2</sup> area. The associated Environmental Impact Statement ("EIS") and a Community Relocation and Compensation Plan ("CRCP") are well advanced. Ongoing discussions have been undertaken with government departments and positive feedback has been received. In addition regional, district and village leader positions have been incorporated into the final EIS document.

Approval of the EIS and CRCP is expected in the near future.

### **Mining Options**

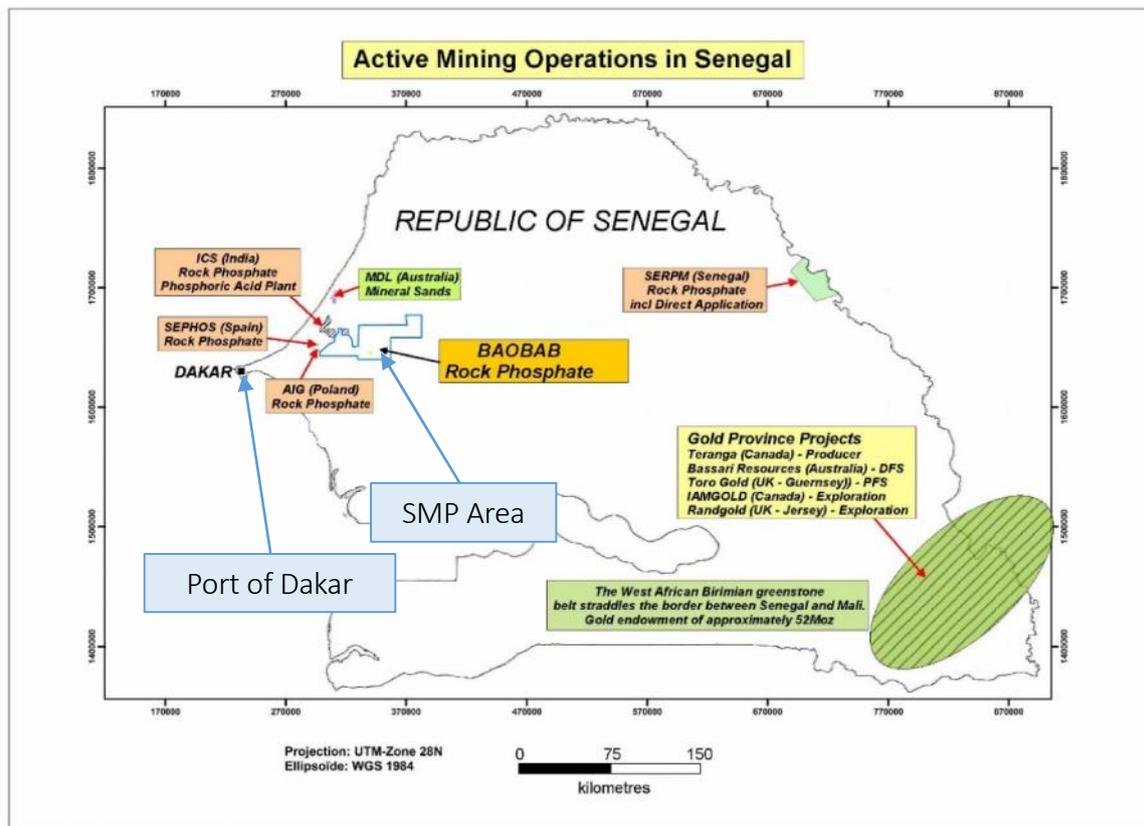
Following an initial mine plan developed for the large scale bulk sample open pit, the technical capabilities and budget quotes of unit mining rates from three local Senegalese mining contractors have been sourced and compared. In order to secure the availability of mining equipment when required, a Memorandum of Understanding ("MOU") has been concluded with the preferred mining contractor. This MOU is subject to Minemakers securing shareholder approval for the acquisition of the Baobab Phosphate Project and confirmation of the final mine design and schedule. This planning will also extend to commencement of mining which is likely be a continuous process after bulk sampling.

Australian Mining Consultants ("AMC") is assisting with the final mine design and scheduling within the SMP. This work is now 90% complete. The optimal schedule will be reviewed with the preferred mining contractor in order to finalise an appropriate mining contract.

### **Infrastructure/Logistics**

Following discussions with the Port of Dakar for the provision of port storage areas, export of bulk samples and for longer term export capacity, a MOU has been completed covering the storage and handling of production from the Baobab Phosphate Project. Please refer to ASX announcement dated 22 July 2015 for further details.

Road transport route options and local Senegalese transport contractor capabilities have been reviewed. The transport rates of the contractors studied proved competitive and a preferred contractor has been identified. Currently, the preferred road transport route runs south from the project area 20km to the town of Bambey and then uses the sealed N3 highway to access the port at Dakar.



**Figure 4: Location of Baobab Phosphate Project and Port of Dakar**

## Water Supply

Hydrogeological studies identified three potential locations to access shallow aquifers for potable water supply and a further two locations to access a separate and deeper aquifer for higher volume process water requirements. Water drilling permits for the five drill locations have been granted.

Review of local water drilling contractors has identified a preferred contractor to conduct this work. In order to secure the required personnel and equipment to conduct the required drilling programs in line with the overall development program a MOU has been signed with this preferred contractor.

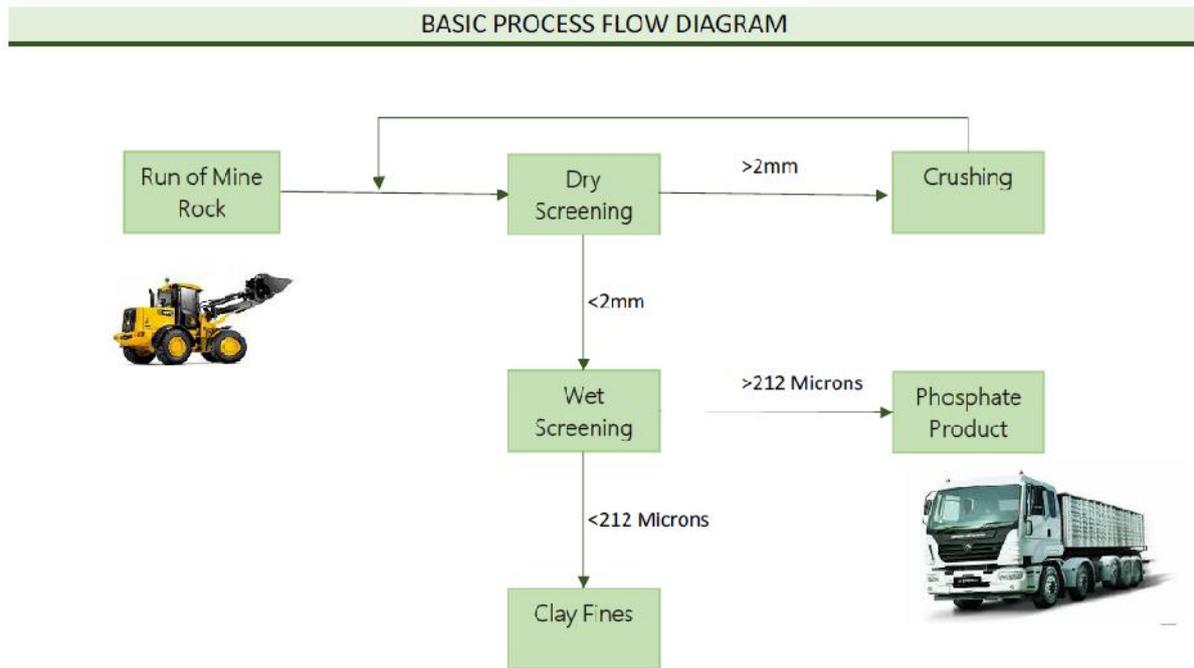
## Processing

Metallurgical investigations previously demonstrated significant upgrade of phosphate rock from approximately 22% P<sub>2</sub>O<sub>5</sub> to >30% P<sub>2</sub>O<sub>5</sub> using simple wet screening techniques. This process significantly reduces Al<sub>2</sub>O<sub>3</sub> and SiO<sub>2</sub> and marginally decreases Fe<sub>2</sub>O<sub>3</sub>. Test work also demonstrated the potential for cleaning iron from the final product using magnetic separation.

A further phase of magnetic separation testing during the quarter has confirmed the effectiveness of this magnetic separation step. Currently, capital and operating estimates for the magnetic separation are being compiled to assess the cost benefit of including this second process step.

A fifth phase of testing is currently underway to confirm design parameters for process equipment. This work is being conducted on diamond drill core recently produced from the bulk sample mining area and the surrounding area which is most likely to be mined first.

Design and engineering for the processing facility are well advanced, with long lead capital equipment items identified so that procurement of these items can be expedited to allow timely commencement of mining for the bulk sample. Designs are based on readily transportable plant modules that can be pre-tested before shipment to site. The modular design allows for reduced site installation requirements, with module pre-testing minimising on-site commissioning issues.



**Figure 5 Gadde Bissik Basic Process Flow Diagram**

Design options under consideration include:

- Option 1 – Owner Operated Crushing Module and Wet Screening Module
- Option 2 – Contract Crushing with an Owner Operated Wet Screening Module, and
- Option 3 – Owner Operated Crushing Module, Wet Screening and final product Magnetic Separation Module.

## Marketing

Initial discussions have been advanced with potential offtake partners focussed on both Single Super Phosphate (SSP) producers and Phosphoric Acid (PA) producers. Samples have been produced from drilling and these will be used in offtake discussions prior to bulk sampling material being available.

## 2. JDCPHOSPHATE, INC.

Minemakers owns approximately 8.0% of JDCP and has an exclusive licence to utilise the Improved Hard Process (IHP) technology in Australia for an extensive period of time. JDCP has constructed a demonstration plant in Fort Meade, Florida. This plant is a 1:18 scale of an anticipated full-scale plant, but is nonetheless expected to operate as a commercial plant over time.

JDCP and Minemakers mourn the passing of JDCP's founder, Dr. Joseph A Megy who passed away after a short battle with cancer. While Dr. Megy had not been involved with daily activities in some time, he played an important role in assembling the team to which he passed the baton of commercialising the IHP technology.

Tip Fowler, CEO of JDCP commented "Since the April Quarterly Report, JDCP has conducted extensive laboratory scale testing to quantify the positive effect of its proprietary methods for optimising operations in the reduction kiln on acid quality. It operated the demonstration plant on one occasion to evaluate operating materials and techniques to produce hard, dust free feed agglomerates. JDCP is progressing a capital financing that will both fund these plant additions and the ultimate commercialisation of the technology to support full commercial scale.

JDCP attended the International Fertiliser Association Annual Meeting in order to broaden and deepen strategic relationships with phosphate producers worldwide. JDCP presented to AgTech 2015 in San Francisco and has been invited to present at the 2015 Ag Innovation Showcase in St. Louis, two of the premier technical and investor conferences highlighting key disruptive technologies and industry trends. With global food production requirements increasing by 70% by 2050 on essentially a constant amount of arable land, agricultural innovation such as the Improved Hard Process is now being recognised to be both a practical imperative and an exceptional investment opportunity.

JDCP has benefited from the constant support of its investors and has used its resources to further validate the Improved Hard Process technology and substantially broaden JDCP's intellectual property footprint. Once financing is complete, JDCP will be in a position to execute the plant modifications that it has engineered and to carry forward to full commercialisation of its technology. Minemakers shareholders are encouraged to view the JDCP website <http://jdcphosphate.com/> ".

### 3. WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY

An independent valuation of the Wonarah assets was completed in June 2015 by Optiro Pty Ltd to support an Independent Expert Report prepared by BDO Corporate Finance relating to the proposed acquisition of the Baobab Phosphate Project.

In the report Optiro determined the fair market value of the Wonarah assets to lie within a range between \$16.1m and \$32.5m.

With the recent finalisation of the 2016 financial year budget, in addition to the ongoing actions taken in order to reduce the holding costs of the Wonarah project, including the reduction of management headcount and deferral of certain tenement payments, the Company will write down the carrying value of the Wonarah assets in the 30 June 2015 financial statements as required under Australian Accounting Standards to an amount within the range determined by Optiro.

### 4. GENERAL MEETING – 21 AUGUST 2015 AT 10AM, THE CELTIC CLUB, 48 ORD ST. WEST PERTH

Shareholders are encouraged to read the Notice of Meeting and Explanatory Memorandum, bound together with Independent Expert's reports, which was dispatched to all Shareholders on 21 July 2015. There is a single resolution (Resolution) in which Shareholders are being asked to approve or reject the acquisition of the Baobab Phosphate Project (Transaction).

Please note that the Minemaker's Directors UNANIMOUSLY RECOMMEND that Shareholders vote in favour of the Resolution outlined in the Notice of Meeting. The Directors are of the view that the advantages of the Transaction outweigh the disadvantages outlined in the Notice of Meeting.

Each Director who holds Shares (or whose associated entities hold Shares) and is entitled to vote will vote those Shares in favour of the Resolution.

Shareholders are encouraged to exercise their right to vote.

Shareholders are further encouraged to call the Company should they have any questions or wish to discuss the recommended Transaction.

## 5. CORPORATE AND INVESTMENTS

### 5.1 MATAYO TRADING 7 (PTY) LTD

On 16 July the Company announced that it had completed the sale of all its remaining legacy assets in South Africa to Spearhead Capital Limited. These assets remained from Minemakers' original takeover of Bonaparte Diamond Mines NL in 2009 and were no longer core to the business.

Sale proceeds totalling ZAR10,862,874 (A\$1,180,000) have been received. Under the sale agreement, ZAR1,852,406 (A\$200,000) is to be held in escrow by the Company until the fulfilment of two post-completion accounting conditions.

### 5.2 JDCPHOSPHATE, INC.

Minemakers holds approximately 8.0% equity interest in JDCPhosphate, Inc.

### 5.3 NIUMINCO GROUP (ASX:NIU)

Minemakers holds a 2.2% equity interest in Niuminco Group.

### 5.4 SHARE BUY-BACK

No share buy-back took place during the quarter.

### 5.5 CASH POSITION

At the end of the June 2015 Quarter, Minemakers had cash of \$15.4 million (excluding cash received from sale of South African assets).

Breakdown of cash spend for the quarter:

Tenement cost and maintenance	(\$0.04m)
Wonarah Project and JDCP	(\$0.07m)
Baobab Phosphate Project	(\$1.23m)
Net Admin and Corporate	(\$0.79m)

The Company has continued to reduce costs wherever possible as is reflected in the attached Quarterly Cashflow Report (Appendix 5B).

Cliff Lawrenson  
Managing Director

## Schedule of Minemakers Limited Tenements as at 30 June 2015

Location	Tenement Name	Tenement	Nature of Company's Interest
Northern Territory	Wakaya	EL24607	100%
Northern Territory	Arruwurra	EL29840	100%
Northern Territory	Wonarah	EL29841	100%
Northern Territory	Dalmore	EL29849	100%
Northern Territory	West Wonarah	EL23767	100%
Northern Territory	Wonarah Mineral Lease	ML27244	100%
Northern Territory	Dorcherty Island	EL24728	Application
Northern Territory	Tree Point	EL25555	Application
Northern Territory	Wadeye North	EL29050	Application
South Africa	Matayo (formerly Savanna)	ML25/2003	74%

### Competent Person's and Qualified Persons' Statement

*The scientific and technical information in this document is based on, and fairly represents, information and supporting documentation prepared by Russell Fulton, who is the Geological Manager of the Company and a Member of the Australian Institute of Geoscientists, and who has reviewed and approved the scientific and technical information in this document. Mr Fulton 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 2012 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 Fulton 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 on the Senegal Phosphate Project please refer to Minemakers' market announcements dated 11 May 2015 and 27 April 2015 ("Prior Announcements") and the NI43-101 technical report entitled "Technical Report Mineral Resource Estimation for the Gadde Bissik Phosphate Deposit, Republic of Senegal" dated 9 June, 2015 and available on SEDAR at [www.sedar.com](http://www.sedar.com). Minemakers is not aware of any new information or data that materially affects the information included in those Prior Announcements.*

*For further information on Wonarah, please refer to Minemakers' NI43-101 technical report entitled "Technical Report Mineral Resource Estimation for the Wonarah Phosphate Project, Northern Territory, Australia", dated March 2013 and available on SEDAR at [www.sedar.com](http://www.sedar.com) and to Minemakers' market announcement dated 30/04/2014.*

### Cautionary Statement Regarding Forward-Looking Information

*All statements, trend analysis and other information contained in this document 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.*