

# **MINEMAKERS LIMITED**

**ABN 48 116 296 541**

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2013**

**This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by Minemakers Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.**

**MINEMAKERS LIMITED**

**31 DECEMBER 2013**

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# MINEMAKERS LIMITED

31 DECEMBER 2013

## DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Minemakers Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

### DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Richard H (Dick) Block (Non-executive Chairman)  
Cliff Lawrenson (Managing Director and CEO)  
Richard O'Shannassy (Non-executive Director)  
Ian McCubbing (Non-executive Director)

### REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2013	
	Revenues	Results
	\$	\$
Consolidated entity from continuing operations	802,233	(956,562)
Consolidated entity from continuing and discontinuing operations	802,233	(956,562)

During the half year the Company continued the Feasibility Study ("FS") on the development of the Wonarah project in the Northern Territory.

#### (i) JDCPhosphate, Inc. – Florida Demonstration Plant Progress

Minemakers owns approximately 7.5% of JDCPhosphate, Inc. ("JDCP"), the holder of the patents for the IHP technology. JDCP successfully concluded the funding for its demonstration plant in Fort Meade, Florida in August 2012. Construction of the demonstration plant commenced in March 2012 and was substantially complete by September 2013.

The plant is a 1:18 scale of an anticipated full-scale plant, but is nonetheless expected to operate as a commercial plant and over time generate a positive cash flow.

On 30 January 2014, Tip Fowler, JDCP CEO, reported:

*"Startup of the front end of the JDCP Demonstration Plant was sufficiently advanced by November 2013 to allow curing of the kiln refractories and full initial operation of the integrated plant. The integrated plant operated intermittently during late November and December. Three important hot operating intervals were completed where important milestones were achieved and operating data collected for analysis. The operation identified several modifications which require equipment and procedural modification. These modifications are currently in progress and operation is planned to recommence in mid-February. Initial operation was important to training operators in the new process and data accumulated will allow more precise operating protocol changes that will improve reliability and performance when operation resumes.*

*The kiln was first operated to cure the refractories in mid-November during which it was systematically brought up through the cure schedule. The first hot operating interval immediately followed this exercise. During this run we discovered several front end equipment problems that limited control of the kiln. Nonetheless, several tons of phosphorus was yielded from the kiln charge to the acid plant and 17,000 gallons of >5% P<sub>2</sub>O<sub>5</sub> acid was produced. Inadequate temperature control during this first run resulted in excessive kiln temperatures with clinker formation exacerbated by excessive dust generation from inadequate feed agglomerates.*

*After making critical equipment modifications and cleaning the clinkers from the system, the kiln was re-heated and feed agglomerates were introduced for the second time in the second week of December. Excellent temperature control of the kiln was achieved during this operating period proving the efficacy of the equipment modifications. Operating problems in the front end of the plant terminated this operating period and the plant was put in hot standby status while repairs were carried out.*

*The third operating interval occurred later in December once temporary repair and operating improvements were made. Good temperature control was maintained throughout the operating period and the phosphorus yield was moved up near the nominal range. Having learned where the constraints in the system were during this sequence of three hot operating intervals, persistent problems in the front end of the plant drove the decision to cease operations until additional mechanical and procedural changes could be implemented. These plant modifications are now largely complete as are procedural modifications designed to improve the reliability of the operation. We are well placed to collect future information needed to optimise operations with the knowledge of what our real constraints have been.*

## MINEMAKERS LIMITED

31 DECEMBER 2013

### DIRECTORS' REPORT

*Even though a number of problems interfered with operations three important milestones have been demonstrated:*

- (a) *High yield of phosphate was extracted from the feed agglomerates (albeit without adequate temperature control) and reported to the hydrator as phosphoric acid over a five-hour period.*
- (b) *The kiln was operated under a levelled, controlled temperature operation for several days.*
- (c) *A significant and controlled phosphorus reduction was obtained under a levelled and controlled temperature operation for nine hours without melting or clinkering.*

*The schedule for completion of the maintenance items and protocol changes is determined by the installation of a new mixer, which is projected to be installed by early February. We will test the new mixer and its effect on making robust feed agglomerates immediately following the installation and, if the results are acceptable, we plan to heat up the kiln and begin introducing feed agglomerates to the kiln in mid-February. The repairs and adjustments made since the last run and targeted for completion in early February are intended to be sufficient to allow longer-term operation of the Demonstration Plant at reduced rate under conditions that will make product phosphoric acid. The achievement of that aim depends on successfully controlling a number of factors that we have put control systems around, but which we are still learning about. Nothing that we have learned however diminishes our confidence in achieving our ultimate goal of producing projected volumes of acid and at expected yields."*

Members of the Minemakers management team have continued to make regular visits to the Fort Meade site to monitor commissioning progress at the Demonstration Plant and to interface with the JDCP technical team who are leading the Inside-Battery-Limits study for Minemakers. This face-to-face interaction has been supported by regular conference calls to track progress with their study and ensure complete integration of the IHP component into the overall Wonarah FS.

#### **(ii) JDCP Financing**

The slower than anticipated commissioning of the Demonstration Plant resulted in JDCP raising additional finance from its investors to cover ongoing commissioning and operating costs.

Due to the importance of the IHP as an enabling technology to Wonarah and to avoid dilution Minemakers participated in JDCP capital raisings that occurred between September and November 2013, the total Minemakers contribution was US\$400,000.

On 26 February 2014 the Company participated in a JDCPhosphate Inc. capital raising to maintain its approximate equity holding in JDCPhosphate Inc. The Company's contribution was a cash payment of US\$910,045.

#### **(iii) Wonarah Feasibility Study**

With the insight derived from the 2010 Scoping Study, the FS is to focus solely on the development of Wonarah using the patented JDCP IHP technology.

The logic for this singular process investigation is that whilst the Scoping Study demonstrated that a conventional Wet Acid Process project was technically feasible and produced reasonable financial metrics, the quantum of the capital required to implement such a project, being over US\$2 billion, is likely to be beyond the reach of the Company, particularly in the current economic climate. Therefore, this option was set aside as being practically unachievable.

The FS is divided into two separate but interlinked areas of study. The area within the battery-limits of the IHP plant is being studied by the JDCP team, which includes a number of equipment suppliers and members of the team who designed and have constructed the JDCP demonstration plant, in Florida. Minemakers benefits from the expertise and "hands-on" experience of this team. The second area is that outside of the battery-limits of the IHP plant and comprises all of those studies necessary to support an IHP operation. Key amongst those studies is the metallurgical testwork to establish the beneficiation route required for the ore and silica sand.

#### **(iv) Improved Hard Process**

Minemakers is focused on the downstream production of high-value superphosphoric acid at Wonarah utilising the IHP technology.

In summary, IHP entails:

- Mining
- Simple beneficiation to 15-20% P<sub>2</sub>O<sub>5</sub>
- Grinding with raw 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  $\pm 70\%$  P<sub>2</sub>O<sub>5</sub> (a high strength product with thermal acid properties with both agricultural and industrial applications)
- By-product is low environmental impact and usable inert spent pellets (J-Rox)

## **MINEMAKERS LIMITED**

**31 DECEMBER 2013**

### **DIRECTORS' REPORT**

Minemakers is investigating potential commercial uses of J-Rox as an aggregate. J-Rox can also be used as inter fill for mine pits and other infrastructure works as part of the rehabilitation process.

#### **(v) Metallurgical Testwork**

Good progress has been made on the metallurgical testwork:

- The results of variability testing as reported previously, confirmed that the optimised operating regime provided satisfactory performance across the likely range of ore profiles.
- The beneficiated samples of silica sand and ore dispatched to JDCP have been used by JDCP to undertake binder testing, and by Metso to determine work indices. The results of these tests have now been received and incorporated into JDCP's component of the FS. An apparently suitable binder regime has been defined for the Wonarah ore that appears to produce a satisfactory feed material for the kiln. On-going work will focus on optimising this binder regime.
- The first round of High Pressure Grinding Rolls (HPGR) test work was undertaken by JKTech at their laboratory in Brisbane. The products of that initial round of tests were returned to Adelaide and were subjected to the optimised attritioning regime. The products from the attrition tests have been sent for assay and the results are awaited.
- Following receipt of the assays from the first round of testwork, a second round of HPGR testwork will ensue, using optimised conditions that will be determined following receipt of the assays mentioned above.

#### **(vi) Mine Plan**

Work was undertaken in order to simplify the optimisation algorithm as it was believed to be unreasonably restricting the material that could be included in the optimised pit shell. An amended physical schedule will be produced as a result of the revised optimisation and included in the early stage internal financial model. However, completion of this model will require validation data from operation of the IHP demonstration plant as well as capital and operating cost inputs that will emerge from the work currently being undertaken by JDCP. The model is intended for internal use only to guide the next phase of the FS.

Ground disturbing work such as further resource in-fill drilling, water bore drilling, civil geotechnical investigation and slimes storage facility site investigation will not now occur until an extended period of demonstration plant operation.

#### **(vii) Engineering, Procurement and Construction ("EPC")**

Discussions with potential EPC parties, including JDCP partners, were on-going. These discussions have been promising and will continue as we better define Wonarah through the FS work and the demonstration plant performance.

#### **(viii) Strategic Partnership Process**

Minemakers continues to engage actively with potential partners for Wonarah seeking an appropriate value sharing model. The key attributes for a potential partner remain the ability to add technical input, support in financing and provide off-take for product.

Minemakers will ensure that its choice of strategic partner and any ensuing business combination is value enhancing and sustainable for the Company and its shareholders.

#### **(ix) Financial**

As at 31 December 2013 the total cash balance was \$25.4 million.

#### **AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of directors.

**Cliff Lawrenson**  
Managing Director

Perth, 28 February 2014

**MINEMAKERS LIMITED**

**31 DECEMBER 2013**



**Bentleys Audit & Corporate  
(WA) Pty Ltd**

Level 1, 12 Kings Park Road  
West Perth WA 6005

Australia

PO Box 44

West Perth WA 6872

Australia

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the  
Corporations Act 2001**

As lead audit director for the review of the financial statements of Minemakers Limited for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

A stylized signature of the word "Bentleys" in blue ink.

**BENTLEYS**  
**Chartered Accountants**

A handwritten signature in blue ink that reads "Mark DeLaurentis".

**MARK DELAURENTIS CA**  
**Director**

DATED at PERTH this 28<sup>th</sup> day of February 2014



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**MINEMAKERS LIMITED**  
**31 DECEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Notes	31 December 2013	31 December 2012
		\$	\$
<b>Continuing operations</b>			
<b>REVENUE</b>		<b>567,936</b>	327,782
Other income		234,297	757,098
<b>EXPENDITURE</b>			
Depreciation expense		(57,924)	(65,614)
Salaries and employee benefits expense		(647,197)	(2,370,812)
Exploration expenditure		(5,678)	(332,460)
Impairment (expense)/reversal		-	693
Corporate expenses		(336,223)	(1,291,341)
Administration expenses		(320,292)	(1,185,357)
Share based expense		(354,333)	(302,252)
Net foreign currency losses		(2,228)	-
Other expenses		(34,920)	(45,417)
<b>LOSS BEFORE INCOME TAX</b>		<b>(956,562)</b>	(4,507,680)
Income tax benefit / (expense)		-	-
<b>LOSS FOR THE HALF-YEAR FROM CONTINUING OPERATIONS</b>		<b>(956,562)</b>	(4,507,680)
<b>Discontinued operation</b>			
Profit / (loss) for the period from discontinued operation		-	21,960,547
<b>PROFIT / (LOSS) FOR THE HALF-YEAR</b>		<b>(956,562)</b>	17,452,867
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations			
Exchange differences arising during the period		338	(152,062)
Reclassification adjustments relating to foreign operations disposed of in the period		-	(1,309,896)
		338	(1,461,958)
Available-for-sale financial assets		(1,677,833)	(98,054)
Other comprehensive income for the period, net of tax		(1,677,495)	(1,560,012)
<b>TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR</b>		<b>(2,634,057)</b>	15,892,855
Profit / (loss) for the period attributable to:			
Owners of Minemakers Limited		(956,562)	17,467,385
Non-controlling interest		-	(14,518)
		(956,562)	17,452,867
Total comprehensive income for the period attributable to:			
Owners of Minemakers Limited		(2,634,057)	15,907,373
Non-controlling interest		-	(14,518)
		(2,634,057)	15,892,855
<b>Earning per share</b>			
From continuing and discontinuing operations			
Basic profit per share (cents)		(0.4)	7.5
Diluted profit loss per share (cents)		(0.4)	6.5
From continuing operations			
Basic profit / (loss) per share (cents)		(0.4)	(1.9)
Diluted profit / (loss) per share (cents)		(0.4)	(1.7)

*The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# MINEMAKERS LIMITED

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Notes	31 December 2013	30 June 2013
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		25,389,128	28,300,001
Trade and other receivables		259,358	334,551
<b>TOTAL CURRENT ASSETS</b>		<b>25,648,486</b>	<b>28,634,552</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		1,481,600	1,481,600
Available-for-sale financial assets	4	2,086,098	3,192,422
Plant and equipment		437,711	485,198
Capitalised exploration and evaluation expenditure	5	46,889,421	44,958,928
Intangible assets		240,517	256,148
<b>TOTAL NON-CURRENT ASSETS</b>		<b>51,135,347</b>	<b>50,374,296</b>
<b>TOTAL ASSETS</b>		<b>76,783,833</b>	<b>79,008,848</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		755,259	690,946
Provisions		127,396	137,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>882,655</b>	<b>827,946</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions		1,289,500	1,289,500
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>1,289,500</b>	<b>1,289,500</b>
<b>TOTAL LIABILITIES</b>		<b>2,172,155</b>	<b>2,117,446</b>
<b>NET ASSETS</b>		<b>74,611,678</b>	<b>76,891,402</b>
<b>EQUITY</b>			
Issued capital	3	89,927,470	89,927,470
Reserves		11,200,373	12,523,535
Accumulated losses		(26,784,295)	(25,827,733)
Capital and reserves attributable to members of Minemakers Limited		<b>74,343,548</b>	<b>76,623,272</b>
Non-controlling interest		268,130	268,130
<b>TOTAL EQUITY</b>		<b>74,611,678</b>	<b>76,891,402</b>

*The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**MINEMAKERS LIMITED**

**31 DECEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Attributable to Owners of Minemakers Limited					
	Issued Capital	Reserves	Accumulated Losses	Total	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
<b>BALANCE AT 1 JULY 2012</b>	87,407,470	10,523,235	(40,603,736)	57,326,969	(95,012)	57,231,957
Profit/(Loss) for the period	-	-	17,467,385	17,467,385	(14,518)	17,452,867
Other comprehensive income for the period	-	(1,560,012)	-	(1,560,012)	-	(1,560,012)
Total comprehensive income for the period	-	(1,560,012)	17,467,385	15,907,373	(14,518)	15,892,855
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period	-	-	-	-	-	-
Share issue transaction costs	-	-	-	-	-	-
Employee share options	-	302,252	-	302,252	-	302,252
Derecognition of non- controlling interest in disposal of subsidiary	-	-	-	-	377,658	377,658
<b>BALANCE AT 31 DECEMBER 2012</b>	87,407,470	9,265,475	(23,136,351)	73,536,594	268,128	73,804,722
<b>BALANCE AT 1 JULY 2013</b>	<b>89,927,470</b>	<b>12,523,535</b>	<b>(25,827,733)</b>	<b>76,623,272</b>	<b>268,130</b>	<b>76,891,402</b>
Loss for the period	-	-	(956,562)	(956,562)	-	(956,562)
Other comprehensive income for the period	-	(1,677,495)	-	(1,677,495)	-	(1,677,495)
Total comprehensive income for the period	-	(1,677,495)	(956,562)	(2,634,057)	-	(2,634,057)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period	-	-	-	-	-	-
Share issue transaction costs	-	-	-	-	-	-
Employee share options	-	354,333	-	354,333	-	354,333
<b>BALANCE AT 31 DECEMBER 2013</b>	<b>89,927,470</b>	<b>11,200,373</b>	<b>(26,784,295)</b>	<b>74,343,548</b>	<b>268,130</b>	<b>74,611,678</b>

*The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

# MINEMAKERS LIMITED

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 \$	31 December 2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,310,721)	(4,548,870)
Interest received		571,815	207,453
Receipts from customers		22,100	54,007
Research and development tax receipt		234,297	-
Expenditure on mineral interests		(1,884,853)	(1,559,242)
<b>Net (cash outflow) from operating activities</b>		<b>(2,367,362)</b>	<b>(5,846,652)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(5,758)	(35,217)
Net cash inflow on disposal of subsidiary		-	24,965,817
Payment for available-for-sale financial assets		(571,508)	-
Proceeds on sale of available-for-sale financial assets		-	37,617
Loan to associate accounted for using the equity method		-	(647,905)
Repayment of loans from other entities		41,360	-
Refund of security deposits		-	21,804
Payment for security deposits		(5,336)	-
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(541,242)</b>	<b>24,342,116</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of capital raising fees		-	(50,000)
<b>Net cash outflow from financing activities</b>		<b>-</b>	<b>(50,000)</b>
Net increase/(decrease) in cash and cash equivalents		<b>(2,908,604)</b>	18,495,464
Cash and cash equivalents at the beginning of the half-year		<b>28,300,001</b>	8,851,764
Effects of exchange rate changes on cash and cash equivalents		<b>(2,269)</b>	1,129
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>		<b>25,389,128</b>	<b>27,348,357</b>

*The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# MINEMAKERS LIMITED

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Minemakers Limited and its controlled entities (the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2013, together with any public announcements made during the half-year.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2013.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities' AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The above standards have extensive disclosure requirements, however these do not effect this half year financial report apart from the impact of the application of AASB 13. The group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value is the exit price regardless of whether that price is directly observable or estimated using another valuation technique. AASB 13 has extensive disclosure requirements, which have been set out in Note 4: Financial Instruments.

The Group has not made any new disclosures required by AASB 13 for the comparative periods, the application of AASB 13 has not had a material impact on the amounts recognised in the consolidated financial statements.

The adoption of the other standards listed above have not had a material impact on this half year financial report.

### NOTE 2: SEGMENT INFORMATION

#### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business from both a functional and geographic perspective and has identified that since the sale of its Namibian operations in December 2012, there is only one reportable segment, being exploration and development of the Wonarah Project in the Northern Territory.

Refer to the relevant financial statements for details on assets, liabilities, revenues and expenses monitored by the Board.

# MINEMAKERS LIMITED

31 DECEMBER 2013

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

### NOTE 2: SEGMENT INFORMATION (cont'd)

#### (b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the previous reporting period end 31 December 2012 is as follows:

	Wonarah \$	Exploration \$	All other segments \$	Consolidated \$
<b>31 December 2012</b>				
Revenue				
External sales	-	-	111,731	111,731
Intersegment sales	-	-	-	-
Total segment revenue	-	-	111,731	111,731
Segment net loss before tax	-	(332,460)	(55,788)	(388,248)
<u>Amounts not included in segments result but reviewed by the Board</u>				
Depreciation	(12,764)	-	(29,691)	(42,455)
<u>Unallocated items</u>				
Option expense				(302,252)
Gain on deconsolidation of subsidiary				693
Other				(3,775,418)
Net profit/(loss) before tax (continuing operations)				(4,507,680)

The following is an analysis of the Group's assets by reportable operating segment for its continuing operations.

	Wonarah \$	Exploration \$	All other segments \$	Consolidated \$
<b>31 December 2012</b>				
Total segment assets	44,303,967	-	440,792	44,744,759
Unallocated assets				31,641,545
Total Group assets				76,386,304

### NOTE 3: EQUITY SECURITIES ISSUED

	31 December 2013		31 December 2012	
	Shares	\$	Shares	\$
<b>(a) Share Capital</b>				
Ordinary Shares Fully Paid	247,504,006	89,927,470	233,504,006	87,407,470
Total Issued Capital	247,504,006	89,927,470	233,504,006	87,407,470
<b>(b) Movements in ordinary shares during the half-year</b>	-	-	-	-

**MINEMAKERS LIMITED**  
**31 DECEMBER 2013**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2013**

**NOTE 3: EQUITY SECURITIES ISSUED (Cont'd)**

	<b>Number of Options 31 December 2013</b>
<b>(c) Movements of options during the half-year</b>	
Unlisted options, exercisable at 18 cents, on or before 29 July 2016 (i)	3,550,000
Expiration of 47 cents unlisted options on 17 August 2013	(500,000)
Expiration of 29 cent unlisted options on 21 August 2013	(1,000,000)
Expiration of 97 cent unlisted options on 21 August 2013	(1,000,000)
Unlisted options, exercisable at 22.5 cents, on or before 20 November 2016 (ii)	5,500,000
	6,550,000

- (i) These share options had a fair value at grant date of \$0.037 per share option.  
(ii) These share options has a fair value at grant date of \$0.0524 per share option.

**NOTE 4: FINANCIAL INSTRUMENTS**

The Group's financial instruments consist of cash and cash equivalents, trade and other receivable – current, trade and other receivable-non current and trade payables. These financial instruments are measured at cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

*Financial instruments measured at fair value*

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in the making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>December 2013</b>				
<b>Financial assets</b>				
Available-for-sale financial assets				
- Listed investments (i)	568,099	-	-	568,099
- Unlisted investments (ii)	-	1,517,999	-	1,517,999
	568,099	1,517,999	-	2,086,098

**June 2013**

<b>Financial assets</b>				
Available-for-sale financial assets				
- Listed investments	400,000	-	-	400,000
- Unlisted investments	-	2,792,422	-	2,792,422
	400,000	2,792,422	-	3,192,422

- (i) The Groups available for sale financial assets are valued using the quoted bid prices from the Australian Securities Exchange as at the reporting date.  
(ii) The Groups available for sale financial assets are held in JDCPhosphate Inc., and are valued using the most recent issue price of the equity raising.

**MINEMAKERS LIMITED**  
**31 DECEMBER 2013**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2013**

**NOTE 5: NON CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>31 December 2013</b>	<b>30 June 2013</b>
	\$	\$
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Opening net carrying amount	<b>44,958,928</b>	41,144,746
Capitalised exploration and evaluation costs	<b>1,930,493</b>	3,814,182
Closing net carrying amount	<b>46,889,421</b>	44,958,928

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

**NOTE 6: CONTINGENCIES**

There has been no change in contingent assets or contingent liabilities since the last annual reporting date.

**NOTE 7: SUBSEQUENT EVENTS**

On 26 February 2014 the company participated in a JDCPhosphate Inc. capital raising to maintain its approximate equity holding in JDCPhosphate Inc. The Company's contribution was a cash payment of US\$910,045.

Apart from the above as at the date of this report there is no matter or circumstance that has arisen since 31 December 2013, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

## **MINEMAKERS LIMITED**

**31 DECEMBER 2013**

### **DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards AASB 134: Interim Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Minemakers Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

**Cliff Lawrenson**  
Managing Director

Perth, 28 February 2014

# MINEMAKERS LIMITED

31 DECEMBER 2013

## Independent Auditor's Review Report

### To the Members of Minemakers Limited



We have reviewed the accompanying half-year financial report of Minemakers Limited ("the Company") and its Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other selected explanatory information and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Bentleys Audit & Corporate  
(WA) Pty Ltd

Level 1, 12 Kings Park Road

West Perth WA 6005

Australia

PO Box 44

West Perth WA 6872

Australia

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

[bentleys.com.au](http://bentleys.com.au)

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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Accountants

Auditors

Advisors

**MINEMAKERS LIMITED**

**31 DECEMBER 2013**

**Independent Auditor's Review Report**

To the Members of Minemakers Limited (Continued)



**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minemakers Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**BENTLEYS**  
**Chartered Accountants**

**Mark Delaurentis CA**  
**Director**

DATED at PERTH this 28th day of February 2014