

# **MINEMAKERS LIMITED**

**ABN 48 116 296 541**

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2014**

**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 2014 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 2014**

<b>Contents</b>	<b>Page</b>
<b>DIRECTORS' REPORT</b>	<b>3</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>6</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>7</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>8</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>9</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>10</b>
<b>DIRECTORS' DECLARATION</b>	<b>16</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS</b>	<b>17</b>

# **MINEMAKERS LIMITED**

**31 DECEMBER 2014**

## **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 2014.

### **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 OF OPERATIONS**

During the half year the Company advised that JDCJPhosphate Inc (JDCP) had successfully demonstrated the essential features of the IHP technology. JDCP's laboratory work resulted in the design of a proprietary means of addressing the strength of the feed agglomerates and reducing the dust generation inside the kiln; these methods were proven out at full demonstration plant scale. A period of engineering and optimisation to implement these changes in the demonstration plant is well under way.

JDCP has completed a significant body of laboratory testwork and engineering design. In addition to validating their proprietary method of strengthening the feedstock agglomerates, JDCP has identified a number of factors that influence the level of dust generation during processing. JDCP believes that it has quantified the relationships among grind size of the raw materials, moisture levels, optimum moisture addition placement, clay binder type and application rates and mechanical requirements for the kiln system to operate with minimal and acceptable dusting.

The proprietary process has been expanded to include process steps to reduce dusting and the purchase and installation of additional equipment at the demonstration plant, for which capital raising is currently in progress. JDCP believes that this expansion will have a favourable impact on long-term capital and operational costs. In the interim period JDCP has made modifications to the plant and is conducting a full operational campaign in order to assess the impact of these modifications. This campaign started in late January 2015 and concluded in February 2015 with the plant demonstrating the effectiveness of mechanical modifications to its ported rotary kiln intended to enhance kiln performance. JDCP has demonstrated all the key aspects of the IHP technology in operating runs and continues to improve performance, achieving a record 82% phosphorus yield from the kiln feed agglomerates during this latest run.

On 29 January 2015 JDCP successfully secured commitments for bridge financing from existing major shareholders. Funding of the bridge financing has now taken place with all major shareholders participating. Minemakers contribution was US\$557,102 (A\$718,100).

Whilst the validation process of the JDCP IHP technology continues a number of actions were taken by the Company in order to reduce the holding costs of the Wonarah tenements. These include completion of the rehabilitation of drill holes and exploration tracks, demobilising the leased camp facilities at the site and deferral of the rent on the main Wonarah Mineral Lease for a period of 12 months and furthermore, during the period the Company's review considered a small DSO operation as a base case and concluded that, even with these potential positive factors, a small DSO operation is still not feasible at Wonarah due to local costs still being too high.

Minemakers continued to focus on near-term production phosphate opportunities. As a result of the selective contracting out of Minemakers geological and development capability and the resultant knowledge of the opportunity, the Company is undertaking due diligence and is in negotiations in respect of a near-term production opportunity. Minemakers views this opportunity as a potential nearer-term project to complement the longer-term IHP based strategy and compares favourably with other opportunities that have been pursued over the past period.

### **FINANCIAL PERFORMANCE**

During the half year the Group reported an operating loss after tax of \$1,795,795 (half-year to 31 December 2013: \$1,325,327 – restated).

As at 31 December 2014 the total cash balance was \$19,389,336 (30 June 2014: \$22,075,533).

As part of Minemakers ongoing capital management strategy the Company announced an on-market share buy-back on 17 October 2014. The share buy-back process commenced on 6 November 2014 and during the period 1,300,000 shares were bought back at a cost of \$97,167.

**MINEMAKERS LIMITED**

**31 DECEMBER 2014**

**SUBSEQUENT EVENTS**

On 29 January 2015 the company participated in a JDCPhosphate Inc. bridge financing. The Company's contribution was a cash payment of US\$557,102.

**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 5.

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



Cliff Lawrenson  
Managing Director

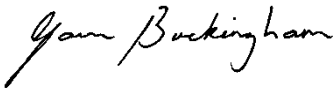
Perth, 16 March 2015

## Auditor's Independence Declaration to the Directors of Minemakers Limited

In relation to our review of the financial report of Minemakers Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Gavin Buckingham  
Partner  
16 March 2015

**MINEMAKERS LIMITED**  
**31 DECEMBER 2014**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Notes	31 December 2014 \$	Restated 31 December 2013 \$
<b>REVENUE</b>		<b>391,623</b>	567,936
Other income		19,277	234,297
<b>EXPENDITURE</b>			
Depreciation and amortisation expense		(44,034)	(57,924)
Salaries and employee benefits expense		(621,065)	(647,197)
Exploration expenditure		(900)	(5,678)
Impairment expense		(10,000)	-
Impairment losses on financial assets	3	(140,575)	(368,765)
Share based payment expense		(61,833)	(354,333)
Net foreign currency losses		(13,614)	(2,228)
Administration and other corporate expenses		(1,314,674)	(691,435)
<b>LOSS BEFORE INCOME TAX</b>		<b>(1,795,795)</b>	(1,325,327)
Income tax benefit / (expense)		-	-
<b>LOSS FOR THE HALF-YEAR</b>		<b>(1,795,795)</b>	(1,325,327)
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(12,292)	338
Available-for-sale financial assets			
Net fair value loss / (gain) on available-for-sale financial assets		117,821	(1,677,833)
Impairment of available for-sale financial assets		140,575	368,765
		<b>258,396</b>	(1,309,068)
Other comprehensive income/(expense) for the period, net of tax		<b>246,104</b>	(1,308,730)
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR</b>		<b>(1,549,691)</b>	(2,634,057)
Profit / (loss) for the period attributable to:			
Owners of Minemakers Limited		(1,785,059)	(1,325,327)
Non-controlling interest		(10,736)	-
		<b>(1,795,795)</b>	(1,325,327)
Total comprehensive loss for the period attributable to:			
Owners of Minemakers Limited		(1,538,955)	(2,634,057)
Non-controlling interest		(10,736)	-
		<b>(1,549,691)</b>	(2,634,057)
<b>Earning per share</b>			
From continuing operations			
Basic profit / (loss) per share (cents)		(0.72)	(0.54)
Diluted profit / (loss) per share (cents)		(0.72)	(0.54)

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

# MINEMAKERS LIMITED

## 31 DECEMBER 2014

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	31 December 2014	Restated 30 June 2014
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		19,389,336	22,075,533
Trade and other receivables		351,399	193,221
<b>TOTAL CURRENT ASSETS</b>		<b>19,740,735</b>	<b>22,268,754</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		1,481,600	1,481,600
Available-for-sale financial assets	5	1,444,841	1,353,678
Derivative financial assets	5	589,800	544,749
Plant and equipment		357,110	379,533
Capitalised exploration and evaluation expenditure	6	49,390,409	48,664,776
Intangible assets		214,902	227,709
<b>TOTAL NON-CURRENT ASSETS</b>		<b>53,478,662</b>	<b>52,652,045</b>
<b>TOTAL ASSETS</b>		<b>73,219,397</b>	<b>74,920,799</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		645,922	785,268
Provisions		138,814	138,887
<b>TOTAL CURRENT LIABILITIES</b>		<b>784,736</b>	<b>924,155</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions		1,505,461	1,482,419
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>1,505,461</b>	<b>1,482,419</b>
<b>TOTAL LIABILITIES</b>		<b>2,290,197</b>	<b>2,406,574</b>
<b>NET ASSETS</b>		<b>70,929,200</b>	<b>72,514,225</b>
<b>EQUITY</b>			
Contributed Equity	4	89,830,303	89,927,470
Reserves		11,918,140	11,610,203
Accumulated losses		(30,660,150)	(28,875,091)
Capital and reserves attributable to members of Minemakers Limited		71,088,293	72,662,582
Non-controlling interest		(159,093)	(148,357)
<b>TOTAL EQUITY</b>		<b>70,929,200</b>	<b>72,514,225</b>

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

# MINEMAKERS LIMITED

## 31 DECEMBER 2014

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Attributable to Owners of Minemakers Limited					
	Issued Capital	Reserves	Accumulated Losses	Total	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
<b>BALANCE AT 1 JULY 2013 – as previously stated</b>	89,927,470	12,523,535	(25,827,733)	76,623,272	268,130	76,891,402
Error Correction (Refer Note 1c)	-	(312,871)	312,871	-	-	-
<b>RESTATED BALANCE AT 1 JULY 2013</b>	89,927,470	12,210,664	(25,514,862)	76,623,272	268,130	76,891,402
Profit/(Loss) for the period – as previously stated	-	-	(956,562)	(956,562)	-	(956,562)
Error Correction (Refer Note 1c)	-	-	(368,765)	(368,765)	-	(368,765)
Other comprehensive income for the period	-	(1,308,730)	-	(1,308,730)	-	(1,308,730)
Total comprehensive income for the period	-	(1,308,730)	(1,325,327)	(2,634,057)	-	(2,634,057)
<b>Transactions with owners in their capacity as owners</b>						
Employee share options	-	354,333	-	354,333	-	354,333
<b>BALANCE AT 31 DECEMBER 2013</b>	89,927,470	11,256,267	(26,840,189)	74,343,548	268,130	74,611,678
<b>BALANCE AT 1 JULY 2014 – as previously stated</b>	89,927,470	10,920,114	(28,185,002)	72,662,582	(148,357)	72,514,225
Error Correction (Refer Note 1c)	-	690,089	(690,089)	-	-	-
<b>RESTATED BALANCE AT 1 JULY 2014</b>	89,927,470	11,610,203	(28,875,091)	72,662,582	(148,357)	72,514,225
Loss for the period	-	-	(1,785,059)	(1,785,059)	(10,736)	(1,795,795)
Other comprehensive income for the period	-	246,104	-	246,104	-	246,104
Total comprehensive income for the period	-	246,104	(1,785,059)	(1,538,955)	(10,736)	(1,549,691)
<b>Transactions with owners in their capacity as owners</b>						
Buy back of shares	(97,167)	-	-	(97,167)	-	(97,167)
Employee share options	-	61,833	-	61,833	-	61,833
<b>BALANCE AT 31 DECEMBER 2014</b>	89,830,303	11,918,140	(30,660,150)	71,088,293	(159,093)	70,929,200

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



# MINEMAKERS LIMITED

## 31 DECEMBER 2014

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	31 December 2014	31 December 2013
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,994,041)	(1,310,721)
Interest received		423,872	571,815
Receipts from customers		1,000	22,100
<b>Net cash outflow from operating activities</b>		<b>(1,569,169)</b>	<b>(716,806)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Research and development tax receipt		213,728	234,297
Payment for plant and equipment		-	(5,758)
Expenditure on mineral interests		(1,005,037)	(1,884,853)
Payment for available-for-sale financial assets		-	(571,508)
Repayment of loans from other entities		-	41,360
Payment for security deposits		(215,000)	(5,336)
<b>Net cash outflow from investing activities</b>		<b>(1,006,309)</b>	<b>(2,191,798)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for share buy-back		(97,167)	-
<b>Net cash outflow from financing activities</b>		<b>(97,167)</b>	<b>-</b>
Net (decrease) in cash and cash equivalents		(2,672,645)	(2,908,604)
Cash and cash equivalents at the beginning of the half-year		22,075,533	28,300,001
Effects of exchange rate changes on cash and cash equivalents		(13,552)	(2,269)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>		<b>19,389,336</b>	<b>25,389,128</b>

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

# MINEMAKERS LIMITED

31 DECEMBER 2014

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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

#### (a) Basis of preparation

These general purpose condensed financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Minemakers and its controlled entities (the "Group") as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report of Minemakers Limited for the year ended 30 June 2014 and considered together with any public announcements made by Minemakers Limited and its controlled entities during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules. Certain comparatives have been restated to conform with the current period presentation.

The half-year financial report has been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014.

#### (b) New and accounting standards for application in future periods

The Group has adopted all new and revised Accounting Standards and Interpretations effective from 1 July 2014, including:

- AASB 2012-3 'Amendments to Australian Accounting Standards –Offsetting Financial Assets and Financial Liabilities' (amendments to AASB 132);
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'.

The adoption of these new and amended Standards and Interpretations had no impact on the financial position or performance of the Group.

#### (c) Correction of Errors

Detailed below is an explanation of prior period errors identified during the current period.

- i) The Group assesses at each reporting date whether there is objective evidence that an investment is impaired (see note 3). The Board recently reviewed the carrying value of the Group's investment in JDCP and reassessed the judgements applied in determining what represented a significant decline in fair value of the investment for the purposes of recognising an impairment loss. In this regard, the Directors, after further discussion and consideration of generally accepted accounting practices, consider that a 20% decline in the fair value of the investment from its original cost represents a significant decline in value.

Following the review of the JDCP investment, the Board determined that whilst the carrying value of the investment had been written down to reflect fair value, the write down was, after further discussion and consideration of generally accepted accounting practices, deemed significant. Therefore, the investment was impaired in the prior periods 2011 and 2014. As a result impairment losses had not been reclassified from the Available-For Sales Financial Asset reserve to profit and loss in the periods that the impairment occurred. In addition, warrants held in JDCP had been incorrectly classified as available-for-sale financial assets. These derivative financial instruments should have classified as "fair value through profit and loss".

These errors have been corrected by restating prior periods. The impact of the correction on the financial statements is, as follows:

**MINEMAKERS LIMITED**  
**31 DECEMBER 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Cont'd)**

**Cumulative Impact on the Statement of Financial Position**

	As at 30 June 2014 \$	As at 30 June 2013 \$
Decrease in Available-for-sale financial assets	(544,749)	-
Increase in Derivative financial assets	544,749	-
Total Assets	-	-
Total Liabilities	-	-
Increase in Reserves	2,079,414	1,076,454
Increase in Accumulated Losses	(2,079,414)	(1,076,454)
Net impact on equity	-	-

**Impact on profit or loss (increase / (decrease) in profit)**

	Full Year 30 June 2014 \$	Half Year 31 December 2013 \$
Impairment losses on financial assets	(1,002,960)	(368,765)
<b>Net impact on loss for the period</b>	<b>(1,002,960)</b>	<b>(368,765)</b>

**Attributable to:**

Equity holders of the parent	(1,002,960)	(368,765)
Non-controlling interests	-	-
	<b>(1,002,960)</b>	<b>(368,765)</b>

**Impact on basic and diluted earnings per share (EPS) (increase / (decrease) in EPS)**

**Earnings per Share**

From continuing operations

Basic profit / (loss) per share (cents)	(0.41)	(0.12)
Diluted profit / (loss) per share (cents)	(0.41)	(0.12)

The change did not have an impact on the Statement of Cash Flows.

ii) After an internal review of the accounting treatment of the TNT Mines Limited ("TNT") demerger, that occurred in 2012, it was determined that a portion of the gain that arose on the deconsolidation of the subsidiary had been incorrectly recognised in the Available-For-Sale Financial Asset reserve. The gain, which arose on the remeasurement of the Group's retained interest in TNT at the date of demerger, should have been recognised in profit and loss as part of the gain on deconsolidation.

The error has been corrected by restating prior periods, as follows:

**Cumulative Impact on the Statement of Financial Position**

	As at 30 June 2013 \$
Total Assets	-
Total Liabilities	-
Decrease in Reserves	<b>(1,389,325)</b>
Decrease in Accumulated Losses	<b>1,389,325</b>
Net impact on equity	-

**MINEMAKERS LIMITED**  
**31 DECEMBER 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Cont'd)**

**Impact on profit or loss (increase / (decrease) in profit)**

	<b>Full Year</b>	<b>Half Year</b>
	<b>30 June 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
<b>Net impact on loss for the period</b>	-	-
	-	-

**Impact on basic and diluted earnings per share (EPS) (increase / (decrease) in EPS)**

	<b>Full Year</b>	<b>Half Year</b>
	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Earnings per Share</b>		
From continuing operations		
Basic profit / (loss) per share (cents)	Nil	Nil
Diluted profit / (loss) per share (cents)	Nil	Nil

The change did not have an impact on the Statement of Cash Flows.

**(d) Comparatives**

The comparatives have been restated to be presented on a consistent basis with the current half-year presentation. In particular expenditure on mineral interests has been reclassified from cash flows from operating activities to cash flows from investing activities in the Statement of Cash Flows to more appropriately reflect the nature of the cash flow.

**NOTE 2: SEGMENT INFORMATION**

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 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.

**NOTE 3: IMPAIRMENT**

**Available-for-sale financial investments**

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. The Board exercises judgement in the process of applying the Group's accounting policy on impairment at each reporting period. When an Available-for-sale investment carried at fair value is impaired, the cumulative fair value loss recognised in other comprehensive income (Available-For-Sale Financial Asset reserve) is reclassified to profit and loss for the period.

During the period an Australian listed investment was considered for impairment. The prolonged decline in the fair value of the investment was considered objective evidence of impairment and as such, an impairment of \$140,575 (2013: \$368,765 (see note 1)) was made and reclassified from other comprehensive income to the statement of profit or loss.

**MINEMAKERS LIMITED**  
**31 DECEMBER 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 4: EQUITY SECURITIES ISSUED**

	31 December 2014		30 June 2014	
	Shares	\$	Shares	\$
<b>(a) Contributed Equity</b>				
Issued Capital	246,204,006	89,830,303	247,504,006	89,927,470
Total Contributed Equity	<u>246,204,006</u>	<u>89,830,303</u>	<u>247,504,006</u>	<u>89,927,470</u>
<b>(b) Movements in ordinary shares during the half-year</b>				
Beginning of the period	247,504,006	89,927,470	247,504,006	89,927,470
Transactions during the period				
- Share buy-back (i)	(1,300,000)	(97,167)	-	-
End of the period	<u>246,204,006</u>	<u>88,830,303</u>	<u>247,504,006</u>	<u>89,927,470</u>

- (i) From 6 November 2014 to 19 November 2014 1,300,000 shares were bought back on market at an average price of 7.47 cents.

**Number of Options**  
**31 December 2014**

**(c) Movements of options during the half-year**

Expiration of 47 cent unlisted options on 1 July 2014	(500,000)
Expiration of 32 cent unlisted options on 16 October 2014	(300,000)
	<u>(800,000)</u>

**NOTE 5: FINANCIAL INSTRUMENTS**

The Group's financial instruments consist of cash and cash equivalents, available-for-sale financial assets, derivative assets, 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).

**MINEMAKERS LIMITED**  
**31 DECEMBER 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 5: FINANCIAL INSTRUMENTS (Cont'd)**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>December 2014</b>				
<b>Financial assets</b>				
Available-for-sale financial assets				
- Listed investment (i)	46,858	-	-	46,858
- Unlisted investment (ii)	-	-	1,397,983	1,397,983
Derivative financial assets				
- Warrants (iii)	-	-	589,800	589,800
	<u>46,858</u>	<u>-</u>	<u>1,987,783</u>	<u>2,034,641</u>

**June 2014**

**Financial assets**

Available-for-sale financial assets

- Listed investment	62,478	-	-	62,478
- Unlisted investment (iv)	-	-	1,291,200	1,291,200

Derivative financial assets (iv)

- Warrants	-	-	544,749	544,749
	<u>62,478</u>	<u>-</u>	<u>1,835,949</u>	<u>1,898,427</u>

- (i) The Group's listed 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 unlisted available for sale financial assets, representing the Group's interest in JDCPhosphate Inc., has been fair valued based on the net asset value of JDCPhosphate Inc. as at 31 December 2014.
- (iii) The Groups derivative assets are held in JDCPhosphate Inc. As the exercise price of the warrants is only US\$0.01 per warrant, the fair value of the warrants is considered to equate to the fair value of the underlying ordinary shares.
- (iv) The comparatives have been restated to reflect the appropriate valuation level for unlisted investments and derivatives.

*Reconciliation of Level 3 fair value measurements of financial assets*

	Available-for sale unlisted investments		Unlisted warrants at fair value through profit or loss	
	31 December 2014 \$	30 June 2014 \$	31 December 2014 \$	30 June 2014 \$
Opening Balance	1,291,200	2,698,705	544,749	-
Purchases	-	1,040,791	-	571,407
Total gains / (losses) in other comprehensive income	106,783	(2,448,296)	-	-
Total gains recognised in the profit or loss	-	-	45,051	(26,658)
Closing net carrying amount	<u>1,397,983</u>	<u>1,291,200</u>	<u>589,800</u>	<u>544,749</u>

**MINEMAKERS LIMITED**  
**31 DECEMBER 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 6: NON CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE**

	31 December 2014	30 June 2014
	\$	\$
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Opening net carrying amount	48,664,776	44,958,928
Capitalised exploration and evaluation costs	939,361	3,705,848
Research and development tax refund	(213,728)	-
Closing net carrying amount	<u>49,390,409</u>	<u>48,664,776</u>

The recovery of the carrying amount of the capitalised exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**NOTE 7: CONTINGENCIES**

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

**NOTE 8: DIVIDENDS**

There was no dividends paid or proposed during the half-year.

**NOTE 9: SUBSEQUENT EVENTS**

On 29 January 2015 the company participated in a JDCPhosphate Inc. bridge financing. The Company's contribution was a cash payment of US\$557,102.

Apart from the above as at the date of this report there is no matter or circumstance that has arisen since 31 December 2014, 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 2014**

**DIRECTORS' DECLARATION**

The directors' declare that:

1. the financial statements and notes set out on pages 6 to 15 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 2014 and of its performance for the half-year ended on that date; and
2. In their opinion 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, 16 March 2015



To the members of Minemakers Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Minemakers Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 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 2014 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 Minemakers Limited and the entities it controlled during the half-year, 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.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## 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 2014 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*.



Ernst & Young



Gavin Buckingham  
Partner  
Perth  
16 March 2015