



No. 7

*The old stamper battery
at the Anchor Tin Mine.*





STANTON PARTNERS CORPORATE PTY LTD

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24 July 2006

The Directors
Minemakers Limited
Level 3
46 Ord Street
WEST PERTH WA 6005

Minemakers Limited

Investigating Accountant's Report

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Minemakers Limited ("Minemakers" or "the Company") for inclusion in a Prospectus to be dated on or around 31st July 2006 ("the Prospectus") relating to the proposed issue by Minemakers of 25,000,000 Shares to be issued at a price of 20 cents per Share, along with the issue of one free attached Option for every two Shares subscribed for to raise up to \$5,000,000. The minimum subscription has been set at \$3,000,000 (15,000,000 Shares and 7,500,000 free attached Options).

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the balance sheets of Minemakers and Minemakers Australia NL (refer below) and the pro-forma consolidated balance sheet of Minemakers as noted in Appendix 3. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stanton Partners Corporate Pty Ltd has not been requested to consider the prospects for the Minemakers Group, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a Shareholder and accordingly, has not done so, nor purports to do so. Stanton Partners Corporate Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 5 of the Prospectus.

3. Background

Minemakers was incorporated on 19 September 2005 with an issued capital of six Shares. In November 2005 it reached agreement to acquire all of the issued capital of Minemakers Australia NL ("MANL") a company that had been incorporated on 10 March 1998 as Desert Energy NL and changed to its current name in April 2005. The principal activities are that of mineral exploration and evaluation. The Company acquired all of the issued capital of MANL for the issue of 21,749,979 Shares at a deemed value of \$567,006. In addition, Minemakers issued 112,500 Shares at 8 cents each to extinguish a debt of \$9,000, issued 1,000,000 Shares at 0.5 cents each to promoters to raise \$5,000 and issued 6,000,000 Shares at 0.01 cents each to acquire tenements (\$6,000). On 14 June 2006, the Shareholders of the Company approved the reconstruction of capital and approved the cancellation of 10,000,000 Shares. At the same time, as part of the reconstruction and variation to various acquisition contracts as noted below, 11,100,000 Options were granted. Also a further 50,000 Shares and 50,000 Options were issued in relation to technical services. In July 2006, the Company issued a further 1,500,000 Shares at 12 cents each to raise a gross \$180,000 (\$156,150 received prior to 30 June 2006 and \$23,850 received in July 2006). MANL, in conjunction with the Company, has entered into the following significant contracts.

Tasmanian Tin and Tungsten Share Sale Agreement that was executed on 1 November 2005 and amended on 1 May 2006 with P Askins ("Askins") and Golden Archer Resources Pty Ltd ("Golden Archer Resources") whereby MANL acquires all of the issued capital of Allstrong Investments Pty Ltd ("Allstrong") subject to the Company listing on the Australian Stock Exchange ("ASX") by 25 August 2005 or such other date as mutually agreed. Allstrong is the holder of three exploration licences over tenements in Tasmania. The consideration payable is \$40,000 payable immediately (paid and disclosed as an investment in Allstrong as at 30 June 2006), 4,500,000 Shares in Minemakers (Shares issued prior to 31 December 2005 at a deemed value of \$4,500) and a payment for

the data base of \$200,000 if the public issue raises \$10,000,000 or more or \$220,000 worth of Minemakers Shares if the public issue raises less than \$10,000,000 (as the initial public offering is at 20 cents, it is expected that 1,100,000 Shares will be issued for the data base). The 4,500,000 Shares are to be cancelled if not listed by 25 August 2006 or as mutually agreed. As well as the above consideration, MANL agrees to pay Akins and Golden Archer Resources the following:

- \$100,000 (or \$110,000 worth of Shares in Minemakers) annually for five years, or until the initiation of any mining operations on the tenements the subject of the exploration licences, whichever comes first, for payment of technical services by Akins and Golden Archer Resources;
- \$1,000,000 (or \$1,100,000 worth of Shares in Minemakers) upon the commencement of any and each new mining operation of the tenements the subject of the exploration licences; and
- a 2.25% net smelter royalty.

Akins and Golden Archer Resources have the right to purchase any of the tenements the subject of the exploration licences back from MANL for \$1, if any of these tenements are relinquished by MANL.

Mineral Holdings Tenement Sale Agreement was executed on 20 October 2005 (and amended on 1 May 2006) to acquire one exploration licence application ("ELA") over a tenement in Tasmania for the consideration of 1,000,000 Shares in Minemakers. The Shares were issued prior to 31 December 2005 for a deemed issue price totalling \$5,000. On 14 June 2006, 500,000 of the Shares were cancelled and 500,000 2012 Performance Options were issued as the new consideration. A royalty of 50 cents per tonne, (adjusted on 1 January of each year by CPI), will be paid on ore mined and processed from the tenement if such ore contains not less than 37.5% magnesium oxide. If not listed by 25 August 2006 or some mutually agreed date, the remaining 500,000 Shares and the 500,000 2012 Performance Options will be cancelled.

Moina Project Option Agreement with Geotech International and Akins executed on 1 November 2005 (following an earlier heads of agreement reached on 12 April 2005) and updated on 1 May 2006. Under the Moina Option Agreement, MANL has an option period of 20 years in which to purchase an 80% interest in a retention licence in Tasmania. The initial consideration for the grant of the option was \$10,000 to Geotech (paid 5 May 2005) and 2,000,000 Shares in MANL to Akins for services rendered (issued prior to 30 June 2005 by MANL and subsequently on 14 June 2006, 1,000,000 Shares cancelled and then a further 50,000 Shares were issued). The securities consideration was amended to be 1,050,000 Shares for technical services at an issue price of 0.1 cents each and 1,050,000 2012 Performance Options. Upon exercise of the option, the Company on behalf of MANL will pay the following to Geotech:

- \$1,250,000 (or the issue of Shares in Minemakers at a discounted issue price of 10% of the listed price at the time the option is exercised) ("purchase price"); or
- If MANL has completed a bankable feasibility study over the tenement the subject of the retention licence, then the purchase price will not be required to be paid.

Any payment made upon the exercise of the option will be deducted from the purchase price.

As well as the consideration described above, MANL has agreed to pay \$250,000 to Rio Tinto/Anglo should the mine go into production and 200,000 Minemakers Shares annually to Akins for technical advice for each year the Company is listed on the ASX whilst the option remains unexercised. Geotech International has granted MANL the right to purchase its remaining 20% interest in the subject retention licence if it is to be relinquished by Geotech International during the Option period. MANL has granted Geotech International the right to participate in a joint venture with MANL to develop the tenement the subject of the retention licence. Geotech International would be granted a 20% participation interest under the terms of any joint venture.

Tay-Munglinup Nickel Project Option Agreement was executed as an option agreement with Golden Archer Resources, Akins and James Stewart ("Stewart") on 11 October 2005 following an earlier heads of agreement reached on 15 March 2005. The Option Agreement was amended on 1 May 2006 by a Deed of Variation. Under the Tay-Munglinup Option Agreement, MANL has an option period of 20 years in which to purchase an initial 80% interest in three exploration license applications ("ELA's") over tenements in Western Australia. The consideration for the option to explore is \$45,000 payable in two tranches of \$22,500 (the first paid on 30 June 2005 and the second paid on 30 September 2005) and initially 500,000 Shares in Minemakers at an issue price of 0.1 cent each to each of Akins and Stewart (1,000,000 Shares issued at a deemed consideration of \$1,000). The Shares were issued prior to 31 December 2005 and subsequently cancelled on 14 June 2006. The 1 May 2006 variation referred to the cancellation of the Shares and was replaced with the grant of 1,550,000 2010 Performance Options. Upon exercise of the option, MANL will pay:

- \$500,000; or
- If MANL has completed a bankable feasibility study over the tenements the subject of the ELA's then the purchase price will not be required to be paid. MANL has agreed to pay \$100,000 within 10 business days of the Company listing on the ASX (or \$111,111 worth of Shares in Minemakers), \$150,000 (or \$166,667 worth of Shares in Minemakers) on the first anniversary of the Company's listing on the ASX if the option remains unexercised and \$200,000 (or \$222,223 worth of Shares in Minemakers) annually for each year the Company is listed on the ASX whilst the option remains unexercised. Half of the value of such payments made will be deductible against the option exercise price.

MANL has also agreed that should a third party be introduced as a joint venture partner to develop the tenements, then the agreement would be renegotiated so that the vendors' interest will not be less than 5%. Parties withdrawing from any such joint venture arrangements will be entitled to a 2% gross royalty on the sale of any minerals produced from the tenements. MANL has the first right of refusal to acquire the remaining 20% interest from the vendors at terms to be agreed. If the Company does not list by 25 August 2006 or such other mutually agreed time, any cash payments made will not be refundable.

Wonarah Phosphate Project Option Agreement was executed on 25 October 2005 (and amended on 1 May 2006) with AKD Limited (now called Indo Mines Limited ("Indo")). Under the Wonarah Option Agreement, MANL has an option period in which to purchase a 100% interest in four exploration licences and one ELA over tenements in the Northern Territory. The initial consideration for the grant of the option was \$20,000 for the initial option period of 6 months (paid on 1 March 2005), \$25,000 for the extension of the option period by a further 6 months to 30 September 2005 (since paid) and \$25,000 for the extension of the option period by a further 6 months to 30 March 2006. The 1 May 2006 Deed of Variation amended the option period to 16 May 2006 (and \$5,000 paid as consideration) and extended to 16 August 2006 (by a further payment of \$20,000), and it was subsequently extended to 30 September 2006 for no additional fee. Upon exercise of the option by MANL, MANL will now pay the following:

- \$50,000; and
- The issue of 625,000 Shares and 625,000 2012 Performance Options. Minemakers can exercise the Option once it receives conditional approval from the ASX to be admitted to the official list of the ASX. If Minemakers fails to list by 30th September 2006 or some other mutually agreed time, then any Shares and Options issued will be cancelled.

As well as the above consideration, MANL has agreed to meet all expenditure conditions attaching to the exploration licences and the ELA. MANL has granted Indo the right to clawback 10% of the equity in the tenements the subject of the exploration licences and ELA, upon the repayment to MANL of 20% of the expenditure spent by MANL on the exploration licences and ELA prior to the exercise of the option. MANL has also granted Indo the first right of refusal to participate in a joint venture with MANL to develop the tenements should any development proceed. This only applies if the exploration and development relates to diamonds, gold and base metals. Indo would be granted a 50% participation interest under the terms of any joint venture. MANL will replace the performance bonds lodged by the vendor in respect of the tenements. A \$5,000 access to mining property payment was also made. During the option period, MANL is responsible for rates and taxes, native title and cultural costs. If MANL joint ventures the project to a third party and that third party has the right to retain at least a 50% interest in the tenements, then Indo may buy back a 5% interest in the tenements by paying MANL the amount equal to 10% of the expenditure of MANL and any other party since the beginning of the option period.

Fraser Iron Project Option Agreement executed on 30 June 2005 (and amended on 1 May 2006) with Askins and Stewart following an earlier heads of agreement reached on 15 March 2005. MANL has an option of 20 years in which to purchase an 80% interest in two granted exploration licences in Western Australia. The consideration payable for the grant of the option is \$30,000 payable in two tranches of \$15,000 (the first paid on 30 June 2005 and the second on 30 September 2005) and 500,000 Shares in Minemakers at an issue price of 0.1 cent each to each of Askins and Stewart for technical services

(Shares issued at a total deemed value of \$1,000 prior to 31 December 2005). The Shares were cancelled on 14 June 2006 and replaced with 1,550,000 2010 Performance Options. Upon exercise of the option, MANL will pay the following:

- \$500,000; or
- If MANL has completed a bankable feasibility study over the tenements the subject of the ELs, then the purchase price will not be required to be paid.

As well as the consideration noted above, MANL has agreed to pay \$150,000 (or \$166,667 worth of Shares in Minemakers) on the first anniversary of Minemakers achieving an ASX listing if the option remains unexercised and \$200,000 (or \$222,223 worth of Shares in Minemakers) annually for each year Minemakers is listed on the ASX whilst the option remains unexercised. Half of the value of such payments will be deductible against the option exercise price.

Under the Fraser Option Agreement, MANL is required to list on the ASX by 25 August 2006 unless an extension is mutually agreed upon. MANL has agreed that should a third party be introduced to develop the tenement, then the agreement would be renegotiated so that the vendors' interests will not be less than 5%. Parties withdrawing from any such joint venture arrangements will be entitled to a 2% gross royalty on the sale of any minerals produced from the tenements. If MANL withdraws from the option, any payments made prior to the withdrawal are not refundable. MANL has the first right of refusal to acquire the remaining 20% interest from Askins and Stewart at terms to be agreed. If MANL decides to surrender a tenement, the vendors may acquire the tenement for nil consideration.

Option to Purchase Mining Lease 55M/1989- Anchor Mine, Tasmania

MANL on 1 October 2005 entered into an option agreement to acquire the abovementioned lease by 31 March 2006 or some other mutually agreed time (now extended to 30th September 2006). The option fee was \$10,000 (paid) and the purchase price (option to be exercised on an ASX listing) is an initial \$40,000 and after certain rehabilitation work is completed by the vendor Spectrum Resources Australia ("Spectrum") a further payment of \$30,000. If the rehabilitation is not completed by Spectrum within twelve months of an ASX listing, MANL may still pay the \$30,000 but Spectrum retains the rehabilitation liability.

Employment Contract

The Company in June 2006 entered an employment contract with Andrew James Drummond. The basic terms (conditional on ASX listing of Minemakers) are to be a first year salary of \$211,000 plus statutory superannuation, increasing by mutual agreement but not less than CPI. Long service leave ("LSL") is payable after 7 years continuous service and twelve weeks leave is then payable. After seven years, LSL is paid every seven years of continuous service. The term of the contract expires when Andrew Drummond reaches 65 years of age or as mutually agreed. Mr Drummond is entitled to the use of a motor vehicle and all costs, including Fringe Benefits Tax are payable by the Company. By agreement, the Company is to acquire a Holden Commodore sedan from an entity associated with Mr Drummond for \$12,500 plus any GST.

Potential investors should read the Prospectus in full that includes an Independent Consulting Geologist's Report. We make no comments as to ownership or values of the current and proposed mineral tenement interests of Minemakers, MANL and Allstrong. Further details on all significant contracts entered into by the Company over the past two years are referred to in the Material Contracts Section 9 of the Prospectus.

4. Scope of Examination

You have requested Stanton Partners Corporate Pty Ltd to prepare an Independent Accountant's Report on:

- (i) The results (income statement) of Minemakers from incorporation to 30 June 2006 and for MANL for the period 1 July 2005 to 30 June 2006;
- (ii) The balance sheets of Minemakers and MANL as at 30 June 2006; and
- (iii) The pro-forma balance sheets of Minemakers at 30 June 2006 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited however has been subject to audit review. The Directors of Minemakers are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and, accordingly, we do not express such an opinion. Our examination included:

- (i) Discussions with Directors and other key management of Minemakers;
- (ii) Review of contractual arrangements;
- (iii) A review of publicly available information; and
- (iv) A review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma consolidated balance sheet as set out in Appendix 2 presents fairly, the pro-forma consolidated balance sheet of Minemakers as at 30 June 2006 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and balance sheets, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the balance sheets as at 30 June 2006 and the results of the periods identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2006, that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stanton Partners Corporate Pty Ltd or Stantons International do not have any material interest in Minemakers either directly or indirectly, or in the outcome of the offer. Stantons International, a firm that is related to Stanton Partners Corporate Pty Ltd were appointed as auditors of Minemakers and MANL in September 2005. Stanton Partners Corporate Pty Ltd and Stantons International were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stanton Partners Corporate Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTON PARTNERS CORPORATE PTY LTD

J P Van Dieren FCA
Director

Appendix 1 – Unaudited Income Statements

	Minemakers 19 September 2005 to 30 June 2006 \$	MANL 1 July 2005 to 30 June 2006 \$
Interest income	152	24
Option incentive costs	(746,980)	-
Capital raising costs written off	-	(129,720)
Technical services	-	(124,315)
Exploration costs expensed	(1,030)	(201,781)
Other operating costs	(8,537)	(67,960)
Net (loss) before tax	(756,395)	(463,752)
Income Tax expense attributable to net loss	-	-
Net (loss) after tax	(756,395)	(463,752)

Appendix 2 – Unaudited Balance Sheets

	Note	Minemakers 30 June 2006 \$	MANL 30 June 2006 \$	Pro-forma Consolidated Minemakers 30 June 2006 \$
Current Assets				
Cash assets	3	138,406	9,520	4,379,370
Receivables	4	13,625	96	2,513
Total Current Assets		152,031	9,616	4,381,883
Non Current Assets				
Receivables		-	-	19,000
Investments	5	1,141,319	44,500	-
Fixed assets	6	-	-	12,500
Capitalised acquisition costs	7	-	601,670	1,242,722
Total Non Current Assets		1,141,319	646,170	1,274,222
Total Assets		1,293,350	655,786	5,656,105
Current Liabilities				
Trade and other payables	8	166,274	10,000	-
Total Current Liabilities		166,274	10,000	-
Non Current Liabilities				
Owing to Minemakers	9	-	574,313	-
Total Non Current Liabilities		-	574,313	-
Total Liabilities		166,274	584,313	-
Net Assets		1,127,076	71,433	5,656,105
Equity				
Issued capital	10	549,556	567,006	5,479,556
Option reserve	10	1,333,915	-	1,453,477
Accumulated losses	11	(756,395)	(495,533)	(1,276,928)
Total Equity		1,127,076	71,433	5,656,105

Notes To The Unaudited Income Statements And Balance Sheets

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The unaudited Income Statements and unaudited Balance Sheets have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non – assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production.

(d) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(h) Issued Capital

Ordinary Shares are classified as equity.

Incremental costs directly attributable to the issue of new Shares or Options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new Shares or Options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Minemakers Limited and its subsidiaries ("the Group"). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless

costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Minemakers Limited has control.

(j) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share-based payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for Shares or rights over Shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(k) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Balance Sheet

Actual and proposed transactions adjusting the 30 June 2006 unaudited Balance Sheets of Minemakers and MANL in the pro-forma consolidated Balance Sheet of Minemakers are as follows:

- (a) The issue in July 2006 of 1,500,000 Shares at 12 cents each to raise a gross \$180,000 (\$156,150 received to 30 June 2006 transferred from payables).
- (b) The issue of 25,000,000 Shares at 20 cents each pursuant to the Prospectus to raise a gross \$5,000,000;
- (c) The payment of accounts payable of \$10,124 for Minemakers and \$10,000 for MANL;
- (d) The further payment of expenses of the Prospectus issue totalling an estimated \$487,946 and expensed against issued capital (this includes \$50,000 payable to DWCorporate and transferring \$12,054 from prepaid capital raising costs to share equity (total capital raising costs \$500,000));
- (e) The incurring of additional administration costs of say \$25,000;
- (f) The entering into a management contract with Andrew James Drummond and acquiring a motor vehicle from a related party for \$12,500;
- (g) The completion by MANL of the acquisition of all of the issued capital of Allstrong (refer note 16), the repayment of Allstrong payables of \$27,055 and the further issue of 1,100,000 Shares at 20 cents each in Minemakers (consideration \$220,000) for MANL to acquire a data base pursuant to the Tasmanian Tin and Tungsten Agreement;
- (h) The completion of the Mineral Holdings agreement to acquire a mineral tenement (all Shares and Options issued prior to 30 June 2006);
- (i) The payment of \$50,000 and the issue of 625,000 Shares at a deemed value on 1 May 2006 of 12 cents each (\$75,000) and 625,000 Options (valued at a total of \$74,562) under the Wonarah Phosphate Project Option Agreement on behalf of MANL;
- (j) The payment of \$100,000 as part consideration relating to the Tay-Munglinup Nickel Project Option Agreement on behalf of MANL;
- (k) The payment of \$70,000 relating to the Anchor Mine tenement; and
- (l) The issue of up to 4,500,000 Options to various brokers at an estimated fair value (deemed cost of service) of \$45,000 and expensed against share equity.

	Note 2	Unaudited Minemakers 30 June 2006	Unaudited MANL 30 June 2006	Unaudited Consolidated Minemakers Pro-forma 30 June 2006
		\$	\$	\$
3. Cash Assets				
The movements in cash at bank and on hand are as follows:				
Unaudited 30 June 2006		138,406	9,520	147,926
Cash acquired on acquisition of Allstrong (refer note 16)		-	-	219
Issue of Shares to seed investors	(a)	-	-	23,850
Issue of Shares	(b)	-	-	5,000,000
Payment of payables	(c)	-	-	(47,179)
Prospectus issue costs	(d)	-	-	(487,946)
Administration costs	(e)	-	-	(25,000)
Acquisition of motor vehicle	(f)	-	-	(12,500)
Wonarah payment	(i)	-	-	(50,000)
Tay-Munglinup payment	(j)	-	-	(100,000)
Anchor mine costs	(k)	-	-	(70,000)
		138,406	9,520	4,379,370

4. Receivables

Current				
Prepaid capital raising costs		12,054	-	12,054
Less: transferred to share equity	(d)	-	-	(12,054)
GST receivable/other		1,571	96	2,513
		13,625	96	2,513
Non Current				
Deposits in trust (refer note 16)		-	-	19,000

5. Investments

Shares in wholly owned subsidiaries				
MANL		567,006	-	567,006
Allstrong (refer note 16)		-	44,500	44,500
		567,006	44,500	611,506
Less eliminated on consolidation		-	-	(611,506)
		567,006	44,500	-
Loans to MANL/Allstrong				
Additional advances to MANL and Allstrong	(c) (g to k)	574,313	-	574,313
Less eliminated on consolidation		-	-	626,617
		-	-	(1,200,930)
		574,313	-	-
Total Investments		1,141,319	44,500	-

Refer note 9 below.

6. Fixed Assets

Plant and equipment and motor vehicle, at cost	(f)	-	3,280	15,780
Less: Accumulated depreciation		-	(3,280)	(3,280)
		-	-	12,500

	Note 2	Unaudited Minemakers 30 June 2006	Unaudited MANL 30 June 2006	Unaudited Consolidated Minemakers Pro-forma 30 June 2006
		\$	\$	\$
7. Capitalised Acquisition Costs				
Capitalised acquisition costs at 30 June 2006		-	601,670	601,670
Issue of Shares regarding Tasmanian Tin and Tungsten (g)		-	-	271,490
Wonarah share and option payment issues/payment (i)		-	-	199,562
Tay-Munglinup payment (j)		-	-	100,000
Anchor Mine costs (k)		-	-	70,000
		-	601,670	1,242,722

8. Trade and other payables

Trade and other payable		10,124	10,000	20,124
Seed capital received in advance		156,150	-	156,150
Payables on acquisition of Allstrong		-	-	27,055
Less: Transfer to issued capital (a)		-	-	(156,150)
Less: Payment of trade and other payables (c)(g)		-	-	(47,179)
		166,274	10,000	-

9. Owing from Minemakers

Loan from Minemakers at 30 June 2006		-	574,313	574,313
Trade and other payables paid (c)(g)		-	-	37,055
Monies paid and securities issued (g to k)		-	-	589,562
		-	574,313	1,200,930
Less: Eliminated on consolidation		-	-	(1,200,930)
		-	574,313	-

The amount owing to Minemakers is at call, unsecured and interest free. The ability of MANL and Allstrong to repay the debts due to Minemakers will depend upon the successful commercialisation of the mineral projects owned by MANL and Allstrong and/or the sale of the tenements at least equal to the amounts owing to Minemakers.

	Unaudited Minemakers 30 June 2006	Unaudited MANL 30 June 2006	Unaudited Consolidated Minemakers Pro-forma 30 June 2006
	\$	\$	\$

10. Issued Capital

a) Issued Share Capital				
18,912,474 Shares at 30 June 2006 (Minemakers only)		549,556	567,006	549,556
1,500,000 Shares at 12 cents each (a)		-	-	180,000
25,000,000 Shares pursuant to the Prospectus (b)		-	-	5,000,000
1,100,000 Shares at 20 cents each (g)		-	-	220,000
625,000 Shares at 12 cents each (i)		-	-	75,000
		549,556	567,006	6,024,556
Less: estimated share issue costs (d)(l)		-	-	(545,000)
Pro-forma (47,137,474 Shares)		549,556	567,006	5,479,556

In the event that the minimum number of Shares (15,000,000) are issued pursuant to the Prospectus, the number of Shares would reduce to 37,137,474, the issued capital would reduce to \$3,599,556 (assuming capital raising costs reduced by \$120,000) and cash would reduce to \$2,499,370.

	Unaudited Minemakers 30 June 2006	Unaudited MANL 30 June 2006	Unaudited Consolidated Minemakers Pro-forma 30 June 2006
	\$	\$	\$
b) Listed Option Reserve			
Balance as at 30 June 2006	1,333,915	-	1,333,915
Issue of 625,000 Options (i)	-	-	74,562
Issue of up to 4,500,000 Options (refer below) (l)	-	-	45,000
Balance at end (pro-forma)	1,333,915	-	1,453,477

On issue as at 30 June 2006

As at 30 June 2006, there were 9,600,000 2010 Performance Options outstanding exercisable at 0.1 cent each, on or before 31 December 2010 and the value ascribed to these share Options using the Black Scholes option valuation methodology was a total of \$1,144,320 (11.92 cents per share option). There are also 1,550,000 2012 Performance Options exercisable at 0.1 cent each, on or before 31 December 2012. The total value of such share options was calculated at \$184,915 (11.93 cents per share option). In addition there are 300,000 Options exercisable at 30 cents each, on or before 30 June 2009 pursuant to the Company's Employees and Contractors Option Incentive Plan ("Incentive Plan"). Details on the Incentive Plan adopted on 14 June 2006 are outlined in Section 10 of the Prospectus. The ascribed fair value of the 300,000 Options was calculated at \$4,680 (1.56 cents per share option).

The assumption used in arriving at the valuations as at 14 June 2006 for the share Options were a market price of the Shares of 12 cents, an interest rate of 5.50%, a share volatility of 50% and terms of risk free 4.57 years (31 December 2010 Options) and 6.57 years (31 December 2012 Options).

To be issued

The Company is to issue a further 625,000 2012 Performance Options exercisable at 0.1 cent each, on or before 31 December 2102. The share Options have been fair valued at a total of \$74,562 (11.93 cents per share option).

In addition, pursuant to the Prospectus, up to a further 12,500,000 share Options will be granted exercisable at 30 cents, on or before 31 December 2008. Brokers to the issue who raise funds for the Company will be entitled to receive one share option for every \$1 raised above a threshold to be determined by the Directors. It is assumed that up to 4,500,000 share options (exercisable at 30 cents each, on or before 31 December 2008) may be granted and the deemed value of the services to grant 4,500,000 share Options is \$45,000. A lesser number of share Options may be granted to the brokers and the deemed value is 1.0 cent per share option granted.

	Unaudited Minemakers 30 June 2006	Unaudited MANL 30 June 2006	Unaudited Consolidated Minemakers Pro-forma 30 June 2006
Note	\$	\$	\$

11. Accumulated Losses

Balance 30 June 2006	756,395	495,533	1,251,928
Further administration costs (e)	-	-	25,000
	756,395	495,533	1,276,928

12. Contingent Liabilities and Commitments

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in Section 3.3 of the Prospectus. Investors should read the Independent Solicitor's Report on Tenements (lodged on Minemakers website) and the Independent Consulting Geologist's Report for further possible contingencies and commitments. Various tenement areas are subject to native title claims. A number of tenements may be subject to royalty payments on production of minerals.

In summary the following additional cash may be paid or Shares issued:

Tasmanian Tin and Tungsten Agreement

- \$100,000 (or \$110,000 worth of Shares in Minemakers) annually for up to 5 years and \$1,000,000 (or \$1,100,000 of Shares in Minemakers) upon commencement of mining operations, along with a 2.5% net smelter royalty.

Moina Project Option Agreement

- On exercise of option, \$1,250,000 of Shares in Minemakers at a 10% discount to market at a time the option is exercised.
- 200,000 Shares in Minemakers annually for each year the option is unexercised.
- \$250,000 payable to Rio-Tinto/Anglo if Moina goes into production.

Tay-Munglinup Nickel Project Option Agreement

- Upon exercise of the option \$500,000 (nil if a bankable feasibility study has been completed).
- \$100,000 (or \$111,111 worth of Shares in Minemakers) within ten business days of the Company listing on the ASX (\$100,000 included in proforma balance sheet).
- \$150,000 (or \$166,667 worth of Shares in Minemakers) one year after listing, if the option is not exercised.
- \$200,000 (or \$222,223 worth of Shares in Minemakers) annually for each year the Company is listed on the ASX whilst the option remains unexercised.

Fraser Iron Project Option Agreement

- Upon exercise of the option, \$500,000 (nil if a bankable feasibility study has been completed).
- \$150,000 (or \$166,667 worth of Shares in Minemakers) one year after the ASX listing if the option remains unexercised.
- \$200,000 (or \$222,223 worth of Shares) annually for each year the Company is listed whilst the option remains unexercised.

13. Exploration Commitments

For details on proposed exploration commitments on mineral tenements, refer to the Independent Consulting Geologist's Report in the Prospectus and Section 3.3 of the Prospectus.

14. Rental Of Premises Commitments

The Company and MANL have no rental of premises commitments as at 30 June 2006. The Company may enter into a formal rental agreement once listed on the ASX. Currently it shares premises with several other listed companies.

15. Management Agreements

The Company has entered into an employment contract with Andrew James Drummond for the provision of management services. The contract is conditional upon the listing of Minemakers on the ASX. The contract will expire when Mr Drummond turns 65 years of age or such earlier date as mutually agreed. Mr Drummond is currently 55 years old. The first years' salary is \$211,000 plus statutory superannuation and a fully maintained vehicle is to be provided to Mr Drummond (say annualised cost of \$15,000). In addition, the Company has entered into a engagement letter with DWCorporate ("DWC") for DWC to provide company secretarial, financial and corporate services to Minemakers, effective from an ASX listing for a term of two years (may be extended by mutual consent after three months notice by either party) for an annual fee of \$75,000 plus GST. Assuming retirement at 65 for Mr Drummond, the amounts payable under the conditional contracts (and assuming a 3% CPI) are estimated as follows:

	Note 2	Consolidated Unaudited 30 June 2006	Consolidated Unaudited Pro-forma 30 June 2006
		\$	\$
Due 1 year		-	319,990
Due 1 to 2 years		-	327,340
Due 3 to 5 years		-	803,352
Due 6 to 10 years		-	1,507,821
		-	2,963,503

16. Acquisition of Allstrong

The estimated book value of assets and liabilities of Allstrong at date of proposed acquisition are estimated to be as follows:

Cash at bank		219
Cash in trust		19,000
Receivables		846
Payables		(27,055)
Net book value of liabilities acquired		(6,990)
Costs of acquisition (cash and Shares)	(i)	44,500
Fair value attributable to interest in mining projects		\$51,490

- (i) The Shares were issued and the cash paid prior to 30 June 2006 but the acquisition of Allstrong as a subsidiary is not effected until Minemakers achieves an ASX listing.