



- ▲ *The old open cut at the Royal George tin mine.*
- ▶ *Treatment plant artifacts at Anchor Tin Mine.*



*Minemakers Limited***Overview of Minemakers****3.1 Minemakers and the Minerals Supercycle**

The philosophy underlying the establishment of Minemakers is driven by the following concepts:

- Large mineral deposits are uncommon, and often difficult and costly to find.
- Previous low commodity prices have resulted in an inability to develop some large deposits and some mines having to be shut down before exhaustion of the mineralisation.
- The world-wide exploration and development successes of the 1960-1990 period and the more recent Chinese exports of many minerals led to a general over-supply from mines and consequent depressed metal prices.
- Low commodity prices resulted in a severe contraction of the world's exploration industry during the 1990s and a sharp decrease in mineral deposit delineation and development. Yet it has been estimated that the world needs to find and mine as much in the next 25 years or so as it has done since mining historically began.
- Inexorable depletion of the current ore bodies, coupled with world population growth and presumed economic expansion, should reasonably lead to increased consumption and potential increases in at least some mineral commodity prices.
- The Directors consider that this philosophy is exemplified by the oil industry where today's price of over US\$70 per barrel at least in part results from increased demand not able to be met consequent upon the under-exploration and under-development caused by an oil price which fell to the US\$10-15 range in the early to mid 1990s.
- Accordingly, the Company has targeted projects as follows:
  - Those with significant known deposits, or mines that were closed because of past low metal prices
  - Those containing commodities whose prices have risen, or where there is a reasonable expectation that they may do so
  - Those with extensive databases derived by previous operators
  - Within Australia so as to reduce sovereign risk
  - Preferably amenable to open cut mining so as to reduce capital demands and operating risk.
- Minemakers is to concentrate on the development of mineral deposits. Some of Minemakers' projects have the potential to be of international significance. For these, the Company generally aims to introduce a significant foreign partner so as to fund development and secure markets at the appropriate time in the commodity price cycle. The Wonarah Phosphate, Port Keats Salt and Fraser Iron Projects all fit into this category.
- For the medium size deposits, Minemakers will generally aim to take them to production by itself or to maintain its majority equity so as to generate fully self-controlled mining income. These include the tungsten/tin and fluorite/polymetallic projects in Tasmania.
- Minemakers will set a low priority on exploration but will involve itself in exceptional opportunities, if it believes it can quickly and cost effectively add value. This is exemplified by its acquisition of the Fraser Iron Project, and by its intent to farm-out the earlier acquired prospective but greenfields Tay-Munglinup Nickel-Gold Project.

### 3.2 Corporate Objectives and Strategies

- Minemakers controls a suite of mineral evaluation properties. The Company was founded with the purpose of identifying and acquiring large mineral deposits and significant evaluation opportunities.
- The Company's goal is to provide Shareholders with capital growth potential by the evaluation and development of substantial mineral deposits, with due and proper regard to social and environmental responsibilities.
- On at least some of the Projects detailed in this Prospectus, the Company's main objective for the next two years will be to work towards completion of feasibility and commitment to development. The Company aims to become a significant and profitable miner of tungsten, tin and fluorite and to maintain its 100% or majority equity in the Storey's Creek and Aberfoyle tungsten/tin and the Moina fluorite/polymetallic Projects, respectively.
- In the Company's other projects, it intends to value-add with its early investigations and then to set up joint ventures to assist in financing the development costs, as warranted, for any iron ore, salt and phosphate deposits, and in marketing of the mined products.
- Work programmes will be carried out as described in Section 4 and the Independent Geologist's Report and in accordance with the table showing the application of funds.

- In the near term, Minemakers intends to undertake the following tasks:
  - Immediate initiation of drilling and feasibility studies on the Storey's Creek and Aberfoyle Projects, and of metallurgical and feasibility studies on Moina.
  - Fast-track drill assessment of the aeromagnetic anomalies interpreted to be the fault-offset extensions of the Southdown magnetite iron ore deposit, and also of a proximal second extensive target zone near Frankland.
  - Early drilling programmes at the other projects so as to establish or upgrade resources as the necessary first step in their evaluation.

### 3.3 Use of Funds/Indicative Evaluation Expenditure

The funds raised from the Offer are primarily for the purpose of mineral deposit delineation, evaluation and feasibility. Programmes and budgets have been prepared for the first two years of each project based on present knowledge of prospectivity. In each case, expenditure will be based on progressive evaluation of results at defined stages in each of the programmes. On completion of the Offer, the Directors believe that the Company will have sufficient working capital to carry out its stated objectives for a minimum period of two years. The projected use of funds over the first two years from date of listing is summarized in Table 1 which presents the alternative uses of funds for the maximum and minimum raisings, respectively. Work programmes and extent will be varied according to final amount subscribed.

### Capital Structure

The pro forma capital structure of the Company following successful completion of the Offer is as follows:

<i>Shares</i>	<i>No. of Shares</i>
Present Issued Capital	20,412,479
To be issued pursuant to this Prospectus	25,000,000
To be issued upon conditional admission to ASX	1,725,000
<b>Total Shares</b> (Note 1)	<b>47,137,479</b>
<i>Options</i>	<i>No. of Options</i>
Listed Options (Note 2)	16,000,000
ESOP Options (Note 3)	300,000
2010 and 2012 Performance Options (Note 4)	11,775,000
<b>Total Options</b>	<b>28,075,000</b>

Note 1: If only minimum subscription is reached, the total number of Shares will be decreased by 10,000,000. In addition, the various Agreements to which the Company is party (refer Section 9) may result in future issue of Shares.

Note 2: Up to 12,500,000 free attaching Listed Options will be issued on the basis of one Listed Option for each two Shares subscribed for via this Prospectus. Refer to Section 10.2 for details on these Listed Options. At the Directors' discretion, up to 4,500,000 Listed Options will be issued to share brokers. Refer to Section 1.16 for details.

Note 3: ESOP options are exercisable in accordance with the Company's Employee Share Option Plan ("ESOP") each at 30 cents prior to 30 June 2009. Refer to Section 10.3 for details on ESOP Options.

Note 4: Refer to Sections 10.4 and 10.5, respectively, for details on the 2010 and 2012 Performance Options.

Table 1 Application of Funds

<i>Proposed Expenditure</i>	<i>\$5m capital raising</i>			<i>\$3m capital raising</i>		
	<i>Year 1 \$000</i>	<i>Year 2 \$000</i>	<i>Total \$000</i>	<i>Year 1 \$000</i>	<i>Year 2 \$000</i>	<i>Total \$000</i>
<b><i>Evaluation</i></b>						
Tasmanian Tungsten/Tin						
Storey's Creek	630	500	1130	400	200	600
Aberfoyle	300	200	500	250	150	400
Royal George	50	30	80	20	20	40
Great Pyramid	50	30	80	20	20	40
Anchor	50	30	80	20	20	40
Moina	200	100	300	80	10	90
Wonarah	250	150	400	200	80	280
Port Keats	180	20	200	60	0	60
Fraser Iron	150	50	200	80	0	80
Tay-Munglinup	30	-	30	-	-	-
<b><i>Sub Total</i></b>	<b><i>1890</i></b>	<b><i>1110</i></b>	<b><i>3000</i></b>	<b><i>1130</i></b>	<b><i>500</i></b>	<b><i>1630</i></b>
<b><i>Overheads</i></b>						
<i>Acquisition costs</i>	<i>90</i>	<i>-</i>	<i>90</i>	<i>90</i>	<i>-</i>	<i>90</i>
<i>Administration costs</i>	<i>470</i>	<i>500</i>	<i>970</i>	<i>400</i>	<i>440</i>	<i>840</i>
<i>Expenses of the Issue</i>	<i>500</i>	<i>-</i>	<i>500</i>	<i>400</i>	<i>-</i>	<i>400</i>
<b><i>Sub Total</i></b>	<b><i>1060</i></b>	<b><i>500</i></b>	<b><i>1560</i></b>	<b><i>890</i></b>	<b><i>440</i></b>	<b><i>1330</i></b>
Working Capital		440	440		40	40
<b><i>TOTAL</i></b>	<b><i>2950</i></b>	<b><i>2050</i></b>	<b><i>5000</i></b>	<b><i>2020</i></b>	<b><i>980</i></b>	<b><i>3000</i></b>

It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from the evaluation work carried out on each Project. This will involve an ongoing assessment of the Company's mineral interests. The results obtained from the programs may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis. The above programmes and allocation of funds are therefore subject to change depending on circumstances, results or other opportunities. In due course the Company may consider obtaining funding for certain projects by further capital raising, bank finance, or by seeking joint ventures to accelerate development.

Should only \$3 million be raised via this Prospectus, the Company may have to consider decreasing its project portfolio after early investigations.

Minemakers holds options over the Anchor, Moina, Fraser Iron and Tay-Munglinup projects. The Company will not recover any expenditure it makes on projects on which it does not exercise its option. Furthermore, there is a risk that the necessary approvals will not be given for the transfer of projects for which Minemakers exercises its option.