



- ▲ *Examining fluorite mineralisation at the old mill facility, Moina.*
- ▶ *Treatment plant artifacts Anchor Tin Mine.*



*Minemakers Limited***Risk Factors**

Any investment in the Company should be considered speculative.

The activities of the Company are subject to a number of risks and other factors, which may impact its future performance. Prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 5.1 Risks Specific to the Company

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

#### *Limited Operating History of Minemakers*

The Company has limited operating history on which it can base an evaluation of its prospects.

The prospects of the Company must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

#### *Commodity Price Volatility and Foreign Exchange Risk*

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for minerals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

#### *Title Applications*

Some of the Company's Projects to be acquired are applications for exploration licences. There is a risk that some or all of the applications may not be granted which may prejudice the interests of the Company.

#### *Contractual Rights under Options Agreements*

Minemakers' interests in several of its projects are through options that Minemakers holds. Details of those options are set out in Section 9.

There is a risk that Minemakers will not exercise some or all of its options, in which case expenditure on those projects and any value-add will be lost. Furthermore, there is also a risk that the necessary approvals to complete the transfer of tenements acquired by exercising an option will not be given, which will prejudice the Company.

Minemakers' obligations under some of the material contracts may include the obligation to issue further Shares. Issuing further Shares may require approval by Shareholders, and there is no certainty that this will be given. The Company may have insufficient funds to meet future payments and may be unable to raise funds. Such breaks in contractual arrangements may prejudice the interests of the Company.

## 5.2 Mineral Industry Risks

### *Exploration and Development Risks*

The mineral tenements of the Company as described in this Prospectus are in the early stages of exploration and potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of the Company to profit from any discovery.

Metal and mineral recovery are dependent on the metallurgical process, and by its nature contain elements of significant risk such as:

- (a) identifying a suitable metallurgical process to produce a saleable metal and/or concentrate;
- (b) developing an economic process rate to produce a metal and/or concentrate; and
- (c) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

There is no assurance that evaluation of the mineral interests currently held by the Company, or any other projects that may be acquired in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

The cost of the proposed exploration program of the Company described in the Independent Geologist's Report and Section 3.3 of the Prospectus are based on certain estimates and assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

### *Operational Risks*

The operations of the Company may be affected by various factors which are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company

currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

### *Payment Obligations*

Under the exploration tenements and licences and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. Failure to meet these work commitments will render the tenement or licence liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of interest held by the Company.

### *Environmental Risks*

Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. Future legislation and regulations governing mining may impose significant environmental obligations on the Company. The Company intends to conduct its activities in a responsible manner which minimises its impact on the environment, and in accordance with applicable laws.

The operations and proposed activities of the Company are subject to regulations concerning the environment. The Government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

One of the Company's projects (Anchor Tin) has historical mines located on it. The tenement the Company has acquired is an original tenement in which mining was undertaken. The Company will assume the liability for environmental rehabilitation for past mining activities on the tenement. Assumption of such liability could effect the interests of the Company.

#### *Reliance on Key Personnel*

The Company is reliant on a number of key personnel, contractors and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

#### *Native title and aboriginal heritage issues*

Both the Native Title Act 1993 (Commonwealth), related State or Territory legislation, and Aboriginal land matters and Aboriginal heritage legislation may affect the Company's ability to gain access to the prospective exploration areas or validity of title. Tenements may be subject to legitimate common law native title rights. If native title rights do exist, access to the Tenements, or progress to the development of economic projects, may be adversely affected. Compensatory obligations may be necessary in settling native title claims lodged over tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the Tenements. At this stage it is not possible to quantify the impact (if any) that these developments may have on the operations of the Company.

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### 5.3 General Risks

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#### *Securities Investment*

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Offer price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

#### *Share Market Conditions*

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### *Economic Risk*

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates and the rate of inflation.

#### *Future Capital Needs and Additional Funding*

The future capital requirements of the Company will depend on many factors including the results of future evaluation and business development activities. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund its evaluation work program, business development activities and other Company objectives in the short term as stated in this Prospectus.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

#### *Changes in Government Policies and Legislation*

Any material adverse changes in government policies or legislation within Australia may affect the viability and profitability of the Company.

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### 5.4 Investment Speculative

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The above list of risk factors faced by the Company or by investors in the Company ought not to be taken as exhaustive. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for securities pursuant to this Prospectus.