MINEMAKERS LIMITED

ABN 48 116 296 541

EXCHANGE RELEASE

SUPPLEMENTARY TARGET'S STATEMENT

3 August 2012

Minemakers Limited (ASX & TSX: MAK and NSX: MMS) (**Minemakers**) refers to the off-market takeover bid for all of the ordinary shares in Minemakers by UCL Resources Limited ACN 002 118 872 (**UCL Offer**).

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), Minemakers attaches a copy of its supplementary target's statement dated 3 August 2012 in relation to the UCL Offer.

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MINEMAKERS LIMITED

ABN 48 116 296 541

Supplementary Target's Statement

in relation to the takeover bid by UCL Resources Limited ACN 002 118 872 for all the ordinary shares in Minemakers Limited ACN 116 296 541

1 Introduction

This document is a supplementary target's statement under section 644 of the Corporations Act. It is the first supplementary target's statement (**Supplementary Target's Statement**) issued by Minemakers Limited ACN 002 118 872 (**Minemakers**) in relation to the off-market takeover bid for all of the ordinary shares in Minemakers by UCL Resources Limited ACN 116 296 541 (**UCL**). This Supplementary Target's Statement supplements, and should be read together with, Minemakers' target's statement dated 23 July 2012 (**Original Target's Statement**).

2 Supplementary disclosure

Following the release of the Original Target's Statement, UCL communicated to Minemakers that it had certain concerns relating to the content of the Original Target's Statement.

Minemakers makes the following disclosures in relation to a number of these concerns.

2.1 Independent Expert's Report

UCL has expressed concerns in relation to the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd, which is contained in Annexure 1 to the Original Target's Statement, including in relation to:

- the calculation of comparable phosphate resources multiples in respect of the Wonarah project;
- the choice of comparable projects and the application of these comparable multiples to valuing the Wonarah project;
- the methodology applied in the valuation of the Sandpiper project;
- whether an updated cash position of both UCL and Minemakers should be used;
- the treatment of Minemakers' options; and
- the methodology used to determine the market value of Minemakers Shares.

Minemakers referred these concerns to the Independent Expert.

The Independent Expert has responded to the effect that following consultation with the independent technical expert, Optiro Pty Ltd, in relation to UCL's concerns, it believes there is no requirement to update its report or modify its opinion.

2.2 Economic analysis of the Sandpiper project

Following completion of the Sandpiper feasibility study, UCL released its economic analysis of the Sandpiper project to ASX on 18 April 2012 and provided further clarifying disclosure on 30 April 2012.

At the time of these announcements, Minemakers did not believe either party had a reasonable basis for releasing an economic analysis of the Sandpiper project. Minemakers provided its reasons for forming this view in a separate ASX announcement on 18 April 2012. Minemakers released its own economic analysis on 19 June 2012, when it had completed independent economic modelling and had reached further clarity on a number of key development issues relating to the Sandpiper project.

Minemakers' approach to the economic analysis of the Sandpiper project differed from UCL's, and has been criticised by UCL, because Minemakers:

- adopted different price forecast assumptions;
- did not conduct its economic analysis on a geared basis; and
- corrected a number of financial modelling discrepancies identified in the NMP financial model.

Minemakers addresses each of these points as follows.

Price forecasts

As part of the feasibility study process, CRU Strategies (**CRU**), an independent market expert, completed a comprehensive market study for NMP in March 2012. UCL and Minemakers have subsequently used that study, along with additional information, in providing an economic analysis of the Sandpiper project.

Minemakers presented two pricing scenarios in its announcement on 19 June 2012, one reflecting the current Bayovar spot price at the time, and one reflecting a price scenario provided by CRU. In reflecting the price forecasts provided by CRU, Minemakers' approach was to deflate the nominal CRU "likely case" price forecasts for each of the years 2012 – 2022 to March 2012 real terms and apply these forecasts in the financial model. This is the basis for the real US$108 – 114 per tonne price forecast range utilised in the economic analysis released by Minemakers on 19 June 2012. This approach was consistent with the overall financial model for the Sandpiper project, which was also stated in March 2012 real terms.

Based on UCL's announcement on 18 April 2012, Minemakers understands UCL's economic analysis assumes a flat price of US$119 per tonne for the entire life of mine, and that this price is based on CRU's nominal 2014 price. In Minemakers' view, it is incorrect to apply a nominal price (which contains an embedded inflation component) to a model that is otherwise stated in March 2012 real terms. Minemakers believes it is also incorrect to apply a single point forecast, when a time variable forecast was provided by CRU.

Beyond 2022, Minemakers economic analysis was based on applying a Minemakers' management assumption that a 2022 real price forecast of US$108 per tonne would continue for the remainder of the estimated life of mine (2023 – 2034).

Debt assumptions

Discussions to date with potential debt financiers of the Sandpiper project have been encouraging.

However, Minemakers believes that indications of potential debt quantum, tenor and pricing provided to NMP by lenders in February 2012 (prior to the completion of the feasibility study) do not provide a reasonable basis for incorporating debt assumptions into the economic analysis for two key reasons:

1 the indications received from these potential lenders were based on scoping study information. At that time, Minemakers understands that potential lenders did not have access to the feasibility study results, had not conducted due diligence, and had not been provided with a detailed financial model; and

2 Minemakers understands that the indications provided by potential lenders were preliminary in nature.

In these circumstances, Minemakers believes that it was, and continues to be, unduly speculative (and therefore potentially misleading) to make assumptions about the quantum or pricing of any debt finance, or to provide a geared net present value, for the Sandpiper project.

Minemakers' intention is to work with UCL to progress discussions with potential debt financiers as quickly as possible.

Financial modelling changes

Minemakers identified a number of discrepancies in the NMP financial model utilised by UCL in preparing its economic analysis. As a result, in May 2012, Minemakers commissioned its financial adviser, Azure Capital Limited (**Azure Capital**), to prepare a new financial model for the Sandpiper project. Minemakers has provided UCL with the details of many of the discrepancies identified in the NMP financial model and, subject to UCL's agreement, intends to have the financial model prepared by Minemakers adopted by NMP as the financial model going forward.

2.3 Nature of the UCL Offer consideration

The UCL Offer is 1 UCL Share for every 1.6 Minemakers Shares and $0.045 for each Minemakers Share. At the date of the announcement of the UCL Offer, the cash component of the UCL Offer represented approximately 22% of the consideration offered by UCL for a Minemakers Share.

The cash component of the UCL Offer has the benefit of providing certainty of value. However, Minemakers believes that this potential benefit for some Minemakers Shareholders is outweighed by the negative aspects of the cash component of the UCL Offer that are stated in section 1.4(d) in the Original Target's Statement. These include the fact that:

- Minemakers shareholders who accept the UCL Offer will be selling down part of their Minemakers shareholding for cash at an implied price that is at a discount to recent Minemakers share trading prices[1] and also well below the Independent Expert's valuation range for a Minemakers Share of $0.41 to $0.60, with a preferred value of $0.54. Based on the closing price of UCL shares on 2 August 2012 of $0.14, the UCL Offer had an implied value of $0.133 per Minemakers Share. Minemakers closing share price on 2 August 2012 was $0.145;
- UCL is not giving Minemakers Shareholders the ability to exchange all of their Minemakers Shares for shares in the Combined Group. This has the effect of reducing the proportion of the Combined Group held by Minemakers Shareholders; and
- capital gains tax (**CGT**) scrip-for-scrip roll-over relief will not be available in respect of the cash portion of the UCL Offer, meaning you may be required to pay CGT if you accept the UCL Offer (see section 7 of the Original Target's Statement for more details). It is recommended that Minemakers Shareholders obtain their own independent professional advice in relation to the taxation consequences of accepting the UCL Offer, including the impact of CGT scrip-for-scrip roll-over relief not being available in respect to the cash portion of the UCL Offer.

Minemakers notes that those Minemakers Shareholders who have a strong preference for the certainty of cash, rather than retaining exposure to Minemakers' assets, may be better served by selling down their Minemakers Shares on-market as opposed to accepting the UCL Offer. Depending upon the implied price of the UCL Offer at the relevant time, this may deliver a better outcome than accepting in to the UCL Offer. It also provides more flexibility in deciding the number of Minemakers Shares that are to be sold for cash, with the certainty of knowing that the cash consideration on sale will be received shortly after executing the trade.

As the UCL Offer remains conditional at this point in time, Minemakers Shareholders who accept the UCL Offer will not be paid the offer consideration (including the cash component of the UCL Offer) whilst the UCL Offer remains conditional.

2.4 Risks of holding Minemakers shares

As set out in section 6.4 of the Original Target's Statement, Minemakers Shareholders should be aware of the risks relating to Minemakers, its business and assets.

These risks were recently set out in Minemakers' bidder's statement for UCL dated 20 February 2012. A copy of those identified risk factors are attached as an annexure to this Supplementary Target's Statement.

Minemakers notes that accepting the UCL offer will not result in Minemakers Shareholders ceasing to be exposed to these risks.

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[1] As the UCL Offer includes UCL Shares, the implied value of the UCL Offer will fluctuate based on changes to the UCL Share price.

Rather, Minemakers Shareholders who accept the UCL Offer, in circumstances where that offer becomes unconditional, will continue to be exposed (albeit a reduced exposure) indirectly to these risks through their shareholding in UCL, for so long as UCL continues to hold a shareholding in Minemakers. They will also be exposed to the risks of holding UCL Shares in those circumstances, which include:

- holding UCL Shares which have historically been significantly less liquid than Minemakers Shares;
- the risk of UCL acquiring less than 90% of Minemakers Shares, meaning that the benefits of combining the two entities will not be fully realised; and
- the risk that UCL is required to procure that Minemakers dispose of its UCL shareholding, which may put downward pressure on the UCL Share price whilst any potential overhang is in the market.

3 Takeover offer – timetable and process

Your Directors continue to recommend that Minemakers Shareholders **REJECT** the UCL Offer, which is scheduled to close at 7.00 pm (Sydney time) on 20 August 2012 (unless extended).

Minemakers Shareholders who have any questions in relation to the UCL Offer should call the Shareholder Information Line on 1300 667 838 (a toll-free line for calls made from within Australia) or +61 2 8022 7902 (for calls made from outside Australia).

4 Consents

Each of Azure Capital and BDO has given, and not withdrawn before the lodgement of this Supplementary Target's Statement with ASIC, its written consent to be named in this Supplementary Target's Statement in the form and context in which it is so named.

These consents have been given on the basis that the person named as giving its consent:

- did not authorise or cause the issue of this Supplementary Target's Statement; and
- does not make, or purport to make, any statement in this Supplementary Target's Statement other than as specified in this Supplementary Target's Statement.

This Supplementary Target's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Supplementary Target's Statement. If you would like to receive a copy of any of these documents, or the relevant parts of the documents containing the statements, please contact the Offer

Information Line on 1300 667 838 (within Australia) or +61 2 8022 7902 (outside Australia) and you will be sent copies free of charge.

5 Forward looking statements

Some of the statements appearing in this Supplementary Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are either statements of current expectation or only predictions and are subject to inherent risks and uncertainties (including those set out in the annexure).

Those risks and uncertainties include factors and risks specific to the industry in which Minemakers and the members of the Minemakers Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Minemakers and its respective officers and employees, any persons named in this Supplementary Target's Statement or any person involved in the preparation of this Supplementary Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Supplementary Target's Statement reflect views held only as at the date of this Supplementary Target's Statement.

6 Other notices

Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning as in this Supplementary Target's Statement.

This Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

A copy of this Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Signed for and on behalf of Minemakers following a resolution of the directors of Minemakers.

Andrew Drummond
Executive Chairman

Annexure

8. Risk factors

8.1. Overview

If the Offer becomes unconditional, and you accept the Offer you will become a Minemakers Shareholder. In those circumstances, you will:

(a) continue to be exposed to the risks associated with an investment in UCL as a result of your indirect interest in UCL through Minemakers;

(b) be exposed to the risks which are specific to an investment in Minemakers; and

(c) be exposed to additional risks relating to the Offer and the Combined Group.

These risks are explained in detail below. You should read this Bidder's Statement carefully and consult your professional advisers before deciding whether to accept the Offer.

Broadly speaking, if you accept the Offer you will:

(a) diversify your risk across a greater number of projects owned and operated by Minemakers; and

(b) decrease your exposure to the Sandpiper Project.

The Sandpiper Project is a major asset that is jointly owned and operated by Minemakers, UCL and Tungeni Investments. It currently represents the sole asset of UCL that has the potential to proceed to production. Acceptance of the Offer is expected to result in the Combined Group having greater access to technical synergies and competitive funding (among other things), which is expected to benefit the development of the Sandpiper Project going forward and lower development related risks.

However, the financial performance and operation of Minemakers' business, the price of Minemakers Shares and the amount and timing of any distributions that Minemakers pays will continue to be affected and influenced by a range of risks. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, while others can be covered by insurance but some are outside the control of Minemakers and cannot be mitigated or insured against. Many of these risks also affect the businesses of other companies operating in the same industry.

Note that an investment in Minemakers carries no guarantee with respect to the payment of dividends, return of capital or price at which Minemakers Shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

8.2. Risks relating to the Sandpiper Project

In addition to the industry risks that the Combined Group will be exposed to, the following risks have been identified as being key risks relating to the Sandpiper Project. These are risks that you are currently exposed to and, by accepting the Offer, you will diversify your risk away from the risks associated with the Sandpiper Project.

Ability to raise sufficient capital to fund development

The continued development of the Sandpiper Project will be dependent upon the Combined Group's ability to obtain debt and/or equity financing. There is a risk that the Combined Group will not be able to access capital on terms that make the project economically viable, or at all. Even if the Combined Group is able to raise finance, it may be on terms that materially dilute your equity in the Combined Group.

Current market conditions, including volatility in European markets due to concerns about the sovereign debt position of various countries, has affected investor confidence. This has caused a noticeable contraction in the willingness of European banks to provide project finance for mining projects. These concerns have negatively impacted the availability and extent of capital for projects such as the Sandpiper Project.

Technical risks associated with extraction of phosphate products

The NMP Joint Venture's preference for mining of the unconsolidated phosphatic sediment of the Sandpiper Project is by a trailing suction hopper dredge. The ability to mine at the water depths of the NMP Joint Venture's deposits will require modification of a currently existing dredge. The NMP Joint Venture cannot guarantee that this can be successfully accomplished. If it cannot be modified in the manner anticipated, there are alternative mining techniques available, but they are expected to be less efficient and would negatively impact on the economic viability of the Sandpiper Project.

Operating in Namibia

The Sandpiper Project is located in Namibia. Namibia is exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks include currency exchange rates, rates of inflation, labour unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange, changing political conditions and governmental regulations.

Changes in any of these matters may adversely affect the Combined Group's operations or profitability.

The Namibian government is proposing to introduce changes to its taxation laws. These changes may generate tax consequences for upstream acquisitions such as the proposed acquisition of all UCL Shares by Minemakers under the Offer. It is currently uncertain if these proposed laws will be passed and if passed, it is not certain they apply to tax upstream acquisitions at all. However, if these changes come into effect in the form proposed and they are intended to capture upstream acquisitions, Minemakers would be taxed at the rate of 10% of the value of the UCL Shares it acquires after the date the legislation takes effect. The legislation, if passed, is not expected to take effect until 1 May 2012 at the earliest.

In addition, the Combined Group may be exposed to uncertainties regarding the future level of royalty payments required to be made under Namibian laws, although no changes to royalty payment laws are currently proposed. Any material changes in taxation laws in relation to the returning of capital or profits from Namibia may affect the viability and profitability of the Combined Group.

The Definitive Feasibility Study may not confirm the Sandpiper Project is economically viable

The results of the DFS, which is due for release at the end of March 2012, may be that the Sandpiper Project is not economically viable or sufficiently attractive to attract capital required for development. While Minemakers does not expect this will be the outcome, at the date of this Bidder's Statement the results of the DFS are yet to be released.

Environmental approvals are yet to be obtained

Although the NMP Joint Venture has submitted the Marine Environmental Impact Assessment and an Environmental Management Plan Report for environmental approvals for the Mining Licence, the NMP Joint Venture cannot guarantee that these approvals will be granted. If the approvals are not granted, the Sandpiper Project cannot proceed.

Product marketing risks

The successful development of the Sandpiper Project will result in a material amount of new rock phosphate product entering the world market. If this materially increases world supply, this has the potential to adversely impact on prices received for the Combined Group's product.

Despite having conducted marketing activity and technical testing on the likely demand for the product, there can be no certainty that based on the product specifications, the Combined Group will be able to secure off-take contracts enabling the product to be successfully sold.

8.3. Risks associated with Minemakers' projects other than the Sandpiper Project

In addition to the industry risks that the Combined Group will be exposed to, the following risks have been identified as being key risks relating to Minemakers' projects other than the Sandpiper Project. These are risks that UCL Shareholders are not currently exposed to and, by accepting the Offer, will become exposed to.

Capital raising risk – NMDC joint venture

There is a risk that the Combined Group will be unable to negotiate a joint venture agreement with NMDC or Legacy for the Wonarah Project in which case an alternate joint venture partner would need to be located. If a joint venture partner cannot be located and the Combined Group is not able to access capital from other sources, this would have a material adverse impact on the development of the Wonarah Project.

Product marketing risks

The successful development of the Wonarah Project has the potential to produce a material amount of fertiliser products entering the world market. Until the project is finally designed, it is not clear what proportion of the production will be rock phosphate, SPA, DAP or MAP. The potential to increase world supply of any of these products has the potential to have a negative impact on prices received for the Combined Group's product.

Process technology risk

Different process technologies are being considered for the Wonarah Project. One process being considered, the "improved hard process", is not yet commercially proven at the scale being contemplated and if able to be successfully adopted, could materially impact the design of the project and significantly increase the capital requirements of the project. JDC, the holder of the patent for the improved hard process, must prove its ability to produce at commercial scale. JDC is raising capital to construct and operate a demonstration plant in Florida and aims to have it completed around the end of 2012.

Infrastructure access arrangements

The Wonarah Project requires significant amounts of input materials to be transported to the project area and finished product to be delivered to domestic and export markets. To ensure this occurs, securing access to infrastructure at commercially reasonable rates, particularly the Adelaide – Darwin railway line, will be important. If this cannot be achieved, there is a risk that the project economics will be materially affected.

Input prices

Depending on the processing route chosen, various levels of input products may be required to be purchased for the Wonarah Project (e.g. sulphur, diesel, energy). Price increases in key inputs have the ability to detrimentally impact project economics.

Carbon Tax

The Australian Federal Government has announced the introduction of new regulations to address global warming and potential climate change.

Broadly, the proposed measures will apply as a fixed tax from 1 July 2012 to 30 June 2015. The carbon price will start at $23 per tonne and rise by 2.5 per cent a year in real terms. From 1 July 2015 onwards, the system is scheduled to switch to an emission trading scheme where the price of carbon pollution will be set by the market and the number of permits issued by the Government each year will be capped.

The new regulation, if introduced in accordance with the Australian Federal Government's proposal, may have an adverse impact on Minemakers' profitability, net assets and cash flow from its Australian operations. The impact could be direct, by way of being subject to the carbon tax, and also indirect, due to the increased cost of supplies that may reflect any carbon tax paid. The effect of the proposed regulation on the Combined Group's business cannot be stated with meaningful precision at this point due to the preliminary nature of the available information.

Joint ventures with product end-users

Mining projects are often conducted through unincorporated joint ventures or incorporated joint venture companies.

It is possible that joint venture partners may also be end-users of the expected Wonarah Project phosphate products. Partnering with a consumer of product gives rise to unique risks.

Joint ventures can often require unanimous approval of the parties to the joint venture or their representatives for certain fundamental decisions such as an increase or reduction of registered capital, merger, division, dissolution, amendment of the constituting documents, and the pledge of the joint venture assets, which means that each joint venture party may have a veto right with respect to such decisions, which could lead to a deadlock.

Native title and Aboriginal heritage

It is possible that, in relation to tenements in which Minemakers has an interest or will in the future acquire such an interest in Australia, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Minemakers to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues. For the same reasons, native title claims or procedures may preclude or delay the development of necessary infrastructure, in particular the Wonarah slurry pipeline route connecting the onshore buffer pond and beneficiation plant (which is currently the subject of cultural clearances).

If any known (or currently unknown but later discovered) Aboriginal heritage sites cannot be avoided on tenements held by Minemakers. By virtue of Aboriginal Heritage legislation, there is a risk that the presence of any Aboriginal heritage sites may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be experienced in obtaining clearances.

8.4. Industry risks for the Combined Group

You are currently exposed to these risks through your shareholding in UCL and will continue to be exposed to them as a shareholder in the Combined Group.

Tenure risks

Interests in exploration and mining tenements are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently the Combined Group could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

Similarly, overseas mining and exploration licences are also generally subject to periodic renewal and are governed by specific legislation. However, uncertainties with governmental policies and laws in developing countries means that there are no guarantees any of the overseas exploration licences or mining tenements currently held by the Combined Group will be renewed or retained. Conditions may also be imposed upon the Combined Group's exploration licences in the future. Refer to the section headed "General foreign operation risks" below for more information.

Development

There can be no assurance that any development activity in regard to the Combined Group's phosphate deposits, will result in a profitable operation.

Development, dredging, processing, export and marketing may be hampered by circumstances beyond the control of the Combined Group.

Operational and technical risks

The operations of the Combined Group may be affected by various factors, including failure to achieve predicted grades in mining, operational and technical difficulties encountered in dredging, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs and product quality, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure.

Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. There is no assurance that such infrastructure can be put in place or that the capital will be available to the Combined Group on satisfactory terms, or at all, in order to build and maintain such infrastructure, which would have a material adverse effect on the Combined Group's financial condition and results of operation.

Further, a serious failure of basic infrastructure, high occurrences of power outages across the country, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect production at the Combined Group's operations, financial condition and results of operations.

Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change. Accordingly, the actual resources may materially differ from these estimates and assumptions and no assurances can be given that the resource estimates and the underlying assumptions will be realised. This could result in alterations to development and mining/extraction plans, which may, in turn, affect the Combined Group's operations and ultimately its financial performance and value.

Commodity price fluctuations

In the event of feasibility exploration and development success, any future revenue derived through any future sales of phosphate products exposes the potential income of the Combined Group to commodity price risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Combined Group. These factors include world demand for commodities, aggressive marketing by competitors and the level of production costs in major commodity-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, commodities.

Low phosphate product prices or weak demand for phosphate-based products will have a materially adverse effect on the Combined Group. It is not possible to accurately predict future movements in phosphate product prices or supply and demand dynamics for the phosphate industry, particularly in the current uncertain global economic environment.

Exchange rate fluctuations

International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Combined Group, whilst operating on Namibian or Australian projects, will be in Namibian or Australian currency, exposing the Combined Group to the fluctuations and volatility of the rate of exchange between the United States dollar, the Australian dollar and the Namibian dollar, subject to any currency hedging the Combined Group may undertake.

Environmental risks

The operations and activities of the Combined Group are subject to State, Federal and Namibian laws and regulations concerning the environment. As with most dredging and mining operations, the Combined Group's activities are expected to have an impact on the environment. In Namibia, the NMP Joint Venture is still waiting on the determination of environmental conditions, if any, by the Namibian government. At Wonarah, there may be substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attaching to the mining tenements of the Combined Group, failure to meet such conditions could lead to forfeiture of these tenements.

Joint venture partners and contractors

The Combined Group would rely significantly on strategic relationships with other entities and also on a good relationship with regulatory and government departments and other interest holders. The Combined Group would also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Combined Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

Competition

The Combined Group will compete with other companies, including major phosphate product companies. Some of these companies have greater financial and other resources than the Combined Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Combined Group can compete effectively with these companies.

8.5. General investment risks

The business activities of the Combined Group will be subject to various general economic and investment risks that may impact on the future performance of the Combined Group. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Combined Group and cannot be mitigated. There are a number of general economic and investment risk factors that apply to companies generally and may include economic, financial, market or regulatory conditions.

The Combined Group may lack liquidity

There is no guarantee your new Minemakers Shares will be approved for quotation on ASX, TSX or NSX.

Even if your new Minemakers Shares are quoted on ASX, TSX or NSX, there is no guarantee that there will be an ongoing liquid market for Minemakers Shares. Accordingly, there is a risk that, should the market for Minemakers Shares become illiquid, Minemakers Shareholders will be unable to realise their investment in Minemakers.

General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Combined Group. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Combined Group's future possible revenues and share price can be affected by these factors, all of which are beyond the control of the Combined Group.

Equity market conditions

Securities listed on the stock market, and in particular securities of mining and exploration companies, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

Changes in Australian government policy and legislation

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Combined Group, and consequent returns to investors. The activities of the Combined Group will be subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards, occupational health and safety and other matters.

General foreign operation risks

The operations of the Combined Group will be exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign countries. UCL Shareholders are already exposed to these risks, as UCL already operates in Namibia (Sandpiper Project) and in Iran (Mehdiabad Project).

These risks and uncertainties vary from country to country and include, currency exchange rates, rates of inflation, labour unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange, changing political conditions and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from a particular jurisdiction or otherwise benefit residents of that country or region.

Changes if any, in mining or investment policies or shifts in political attitude may adversely affect the operations or profitability of the Combined Group and add uncertainties which cannot be accurately predicted.

Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non- insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Combined Group.

8.6. Risks relating to the Offer

Issue of Minemakers Shares as consideration

UCL Shareholders are being offered Minemakers Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Minemakers Shares. Accordingly, the market value of the Minemakers Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

Roll-over relief

If Minemakers does not acquire the number of UCL Shares sufficient to bring its total interest in UCL to at least 80% of the voting shares, scrip-for-scrip CGT roll-over relief will not be available to holders of UCL Shares.

Sale of Minemakers Shares

Under the Offer, Minemakers will issue a significant number of new Minemakers Shares. Some UCL Shareholders may not intend to continue to hold their Minemakers Shares and may wish to sell them (whether under the Sale Facility or otherwise). There is a risk that increased sales of Minemakers Shares may adversely impact on the price of and demand for Minemakers Shares in the short term.

Acquisition of less than 90% of UCL Shares

If Minemakers acquires less than 90% of all of the UCL Shares on issue under the Offer, this would prevent Minemakers compulsorily acquiring all remaining UCL Shares. The existence of a minority interest in UCL may have an impact on the operations of the Combined Group, although this impact will depend upon the ultimate level of UCL ownership acquired by Minemakers.

Due diligence

In preparing the information relating to UCL contained in this Bidder's Statement, Minemakers has relied on publicly available information relating to UCL. Risks may exist in relation to UCL (which will affect the Combined Group) of which Minemakers may be unaware. If any material risks are known to the UCL Directors, they must be disclosed in the Target's Statement to be issued by UCL.

Triggering change in control provisions

UCL is a party to agreements that may contain change of control provisions which may be triggered if, following completion of the Offer, Minemakers acquires control of UCL. The operation of these provisions could have a material adverse effect on the Combined Group (such as the loss of major contracts or the need to renegotiate financings). There are no change in control provisions in the NMP Joint Venture agreement.