MINEMAKERS LIMITED

ABN 48 116 296 541

EXCHANGE RELEASE

RESPONSE TO THE UCL BOARD'S REJECTION OF INCREASED OFFER

2 May 2012

Minemakers Limited (ASX & TSX: MAK and NSX: MMS) (**Minemakers**) wishes to respond to recent statements by UCL Resources Limited (**UCL**) in relation to Minemakers' takeover offer for UCL (**Offer**).

In particular, Minemakers notes UCL's ASX announcement dated 1 May 2012 in response to Minemakers increasing its Offer to 13 Minemakers shares for every 10 UCL shares held (**Increased Offer**), and wishes to clarify a number of issues raised and factual inaccuracies in that announcement.

UCL Statement 1 May 2012	Minemakers Response
Minemakers Offer is "reduced"	The Offer has not been reduced. Minemakers has **increased** its Offer from 9 Minemakers shares for every 10 UCL shares held, to 13 Minemakers shares for every 10 UCL shares held. In UCL's Target's Statement dated 21 March 2012, UCL's Independent Expert assessed the value of the Offer by assessing the fundamental value of both UCL's and the Combined Group's assets. Using that methodology, the increase in the offer ratio to 13-for-10 will **increase (not decrease)** the Independent Expert's assessed value of the Offer.
UCL continues to unanimously recommend that you REJECT Minemakers Offer	Despite UCL's own Independent Expert assessing that the value of the Offer consideration falls within the expert's assessed valuation range of UCL shares, the UCL Board continues to recommend rejection of the Offer. The UCL Board has not provided any material explanation as to why it maintains its opposition to the Offer, or its reluctance to engage with Minemakers on any revised offer ratio. Minemakers notes that UCL's Independent Expert has yet to publish its updated opinion following the Increased Offer.
The Offer will dilute UCL shareholders' "effective stake in the Sandpiper Project from 42.5% to 27.96%"	UCL shareholders who accept the Increased Offer will swap their direct exposure to the Sandpiper Project for a direct and indirect exposure in the Sandpiper Project (through Minemakers 42.5% direct interest and its shareholding in UCL). Those UCL shareholders will also gain a corresponding increase in exposure to Minemakers' other assets, including A$12.3 million in cash. UCL shareholders (excluding Minemakers) currently have a 36.9% effective interest in Sandpiper (86.9% of UCL x 42.5% of Sandpiper) which will reduce to 28.4% if all shareholders other than Twynam accept the Offer (being a

	combination of direct and indirect interests). UCL shareholders who do not accept the Increased Offer face dilution if they do not take-up their rights under the proposed rights issue and further dilution from the proposed placement to MB Holding, as well as any subsequent equity raising to fund UCL's share of development costs of the Sandpiper Project on a standalone basis. For example, if the UCL rights issue was priced at a 20% discount to the current UCL market price of $0.27, UCL shareholders who did not take up their rights would hold a 28.8% effective interest in Sandpiper. This is a similar level of dilution as under the proposed Offer. Unlike UCL, Minemakers has no immediate requirement to raise funds and is should be better placed than UCL to fund its share of the development costs of the Sandpiper Project.
UCL has "recently <u>secured</u> a new investor"	According to UCL's previous ASX announcements, the Memorandum of Understanding between UCL and MB Holding Company LLC is non-binding and remains subject to MB Holding's due diligence. Given that these arrangements are expressed to be non-binding, it is unclear how UCL can describe this new investor as being "secured".
"Minemakers now values its other projects, including the Wonarah project, at under $12 million"	Minemakers **does not** "value" its other assets at "*under $12 million*". Minemakers was simply making the point that the Increased Offer terms allow UCL shareholders who accept the Offer to gain exposure to these assets at an amount of $11.8 million, being a large discount to: • what Minemakers believes is the underlying value of these assets; • the implied value ascribed to these assets based on the UCL's Independent Expert valuation being between A$47.1 - $50.1 million.
UCL sought to engage with Minemakers on a transaction … which was flatly rejected.	UCL has previously approached Minemakers in relation to Minemakers vending its 42.5% share of the Sandpiper Project into UCL in return for UCL shares to be distributed to Minemakers' shareholders. The transaction proposed by UCL was conditional on the UCL Board and management continuing to control the development of the Sandpiper Project. Minemakers did not agree to this proposal primarily because: • the structure proposed by UCL would result in different entities owning the Wonarah and Sandpiper Projects – Minemakers believes that these two projects are complementary, and that there are material cost synergies and capital markets benefits of combining these two assets in the same entity; and • Minemakers believes that it is much better positioned to attract the necessary capital (e.g. through its higher liquidity and TSX listing) required to develop, and to govern and manage the development of, the Sandpiper Project. The results of the recent Feasibility Study make this logic even more compelling. Minemakers has recently announced the appointment of Mr Cliff Lawrenson as CEO and Managing Director, adding significant financial markets, project development and managerial experience to the company. Minemakers attempted to engage with UCL prior to announcing its Increased Offer. However, to date, UCL has declined to engage with Minemakers in

	relation to the Offer, or propose any terms on which the UCL Board would be prepared to recommend the Offer.

Minemakers also notes the release of UCL's Second Supplementary Target's Statement on 30 April 2012.

In particular, Minemakers notes the statements attributed to Snowdens in that document to the effect that the Sandpiper Project Feasibility Study is not yet at a bankable feasibility study level, as there are a number of uncertainties and risks that need to be addressed or mitigated.

Minemakers also notes the statements attributed to Grant Thornton in that document to the effect that:

> "*Based on the issues raised in Snowden's high level review of the [Feasibility Study] and the uncertainty relating to future funding requirements, Grant Thornton has not undertaken a valuation assessment of the Sandpiper Project based on a [discounted cash flow] approach as it believes there is a material degree of uncertainty in relation to some key project milestones, operating assumptions in the forecast and the potential impact of future capital raisings."*

Minemakers notes that UCL has not yet updated UCL shareholders on the impact of the issues raised by Snowdens and Grant Thornton on its NPV and IRR assessments of the Sandpiper Project, its ability to fund its share of project development costs, or the proposed development timetable for the Sandpiper Project.

Andrew Drummond
Executive Chairman