

Second Supplementary Bidder's Statement

In relation to the Offer by UCL Resources Limited ACN 002 118 872 (UCL) to acquire all of your shares in Minemakers Limited ACN 116 296 541 (MAK)

This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your legal, financial, tax or other professional advisor immediately.

Second Supplementary Bidder's Statement

1 Introduction

This document is a second supplementary bidder's statement issued by UCL Resources Limited (ACN 002 118 872) (**UCL or Company**). It is dated 7 September 2012 and given under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

It is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) to the bidder's statement dated and lodged with ASIC and ASX on 28 May 2012 (**Original Bidder's Statement**) in relation to UCL's off-market takeover bid for all of the ordinary shares in Minemakers Limited ACN (ACN 116 296 541) (**Minemakers**).

This Second Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement and the first supplementary bidder's statement (which incorporated UCL's replacement bidder's statement) dated and lodged with ASIC and ASX on 13 July 2012 (**First Supplementary Bidder's Statement**).

This document will prevail in the event of any inconsistency with the Original Bidder's Statement and First Supplementary Bidder's Statement.

Unless the context requires otherwise, terms defined in the Original Bidder's Statement and the First Supplementary Bidder's Statement have the same meaning where used in this document.

2 Mehdiabad project update

UCL owns 24.5% of the shares in Mehdiabad Zinc Company, an Iranian company which owns the Mehdiabad zinc project. On 4 September 2012, Mehdiabad Zinc Company advised UCL that it has entered into a production agreement with the Iranian Mines and Mining Industries Development and Renovation Organisation (**IMIDRO**) which authorises it (Mehdiabad Zinc Company) to produce up to a maximum of 100,000 tonnes of zinc ingots and 100,000 tonnes of zinc concentrate per annum for a period of 25 years.

The Mehdiabad zinc project has significant zinc resources as set out in the table below:

Resource category	Million tonnes	Zn %	Pb %	Ag g/t
Measured	140	4.1%	1.6%	34
Indicated	222	4.2%	1.6%	36
Inferred	32	4.5%	1.4%	38
Total	394	4.2%	1.6%	36

In December 2006 IMIDRO purported to terminate several agreements between the shareholders of Mehdiabad Zinc Company. This severely delayed progress in relation to the project and UCL's board reduced the carrying value of UCL's interest to zero in its accounts for the period ended 31 December 2010.

Under the agreement, IMIDRO has agreed to assist with obtaining any permit, certificate or confirmation required for the project.

UCL's board intends to consider the impairment carried out in December 2010 during the preparation of the Company's accounts for the period ended 31 December 2012 in consultation with the Company's auditors.

UCL remains committed to the development of the Mehdiabad zinc project. However, given the current political environment in Iran, it may be some time before development can proceed and the project can add value to the Company.

Competent Person:

The information relating to Mineral Resources for the Mehdiabad Project is based on information compiled by Mr Patrick Scott, consultant to UCL Resources Limited in May 2006. Mr Scott is a Director of PS Associates Pty Ltd and a Fellow of the AusIMM. Mr Scott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Scott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

3 Trading prices of UCL and Minemakers Shares

Pages 6 and 7 of the Minemakers' target's statement dated 23 July 2012 (**Target's Statement**) set out share price information in respect of UCL and Minemakers shares dating back to 1 January 2009 with a view to establishing that the trading price of Minemakers shares is higher than the value of the consideration offered by UCL under the Offer.

In UCL's view the trading price of Minemakers shares on 1 January 2009 has no relevance whatsoever to their value today.

4 Sale of UCL shares by Minemakers

UCL is aware that in the period from 7 June 2012 to 6 July 2012, Minemakers sold 278,133 UCL shares. UCL's directors consider that these sales were likely to have adversely impacted the trading prices of UCL shares.

5 Minemakers' plans for the Wonarah project

The Target's Statement indicates that Minemakers has commenced discussions with a number of large strategic players to form a joint venture in relation to the Wonarah project.

The stage that these discussions are at and the likely value of Wonarah is an important issue for shareholders in considering the value of Minemakers.

The BDO report indicates that:

- (a) Minemakers previously entered into a memorandum of understanding with NMDC in relation to development of the Wonarah project;
- (b) the memorandum of understanding has expired; and
- (c) Minemakers remains open to NMDC participating in the process.

In an article in the Economic Times on 8 June 2012, NMDC indicated that:

- (a) it is not 'keen on participating in a fresh process'; and
- (b) its transaction adviser presented the Minemakers case as unprofitable, which it has communicated to Minemakers.

Minemakers shareholders should carefully consider whether Minemakers is likely to be able to enter into a joint venture on terms which reflect the valuation for Wonarah that Optiro Pty Ltd has proposed in its report which is included in the Target's Statement.

6 Sandpiper project

The Target's Statement repeatedly states that Minemakers has outlined clear, methodical and achievable plans to finance and develop the Sandpiper project.

These plans are not set out in the Target's Statement.

UCL notes that on 27 August 2012, both Minemakers and UCL announced a maiden reserves estimate for the Sandpiper project.

In its report, BDO did not consider Minemakers' announced post-tax ungeared net present value range of US\$217 million-US\$554 million for the Sandpiper project. BDO stated at page 9:

"These values have not been considered in the valuation of the Sandpiper Project for the purposes of this report because under RG 111, it is only considered appropriate to use a DCF where Reserves are present."

The valuation of the Sandpiper project is highly material to BDO's report and conclusions, and to Minemakers shareholders in considering UCL's offer. Given the announcement of the maiden reserves estimate, BDO should either provide an updated discounted cash flow based valuation of the Sandpiper Project or explain why it does not consider that it is appropriate for it to do so.

7 Terms of Mawarid investments

The Target's Statement repeatedly asserts that the terms of Mawarid Mining LLC's (**Mawarid's**) investment in UCL are unattractive.

UCL notes that:

- (a) Mawarid's investment in UCL shares has been at a significant premium to UCL's recent trading prices. UCL is not aware of any other company listed on ASX which has been able to raise significant equity capital at a premium to its recent trading prices during what has been a volatile period in the market;
- (b) Mawarid did not charge an underwriting fee in respect of UCL's recent rights issue for which it took up a significant proportion of the total shares issued;
- (c) the interest rate payable on the convertible notes issued to Mawarid represents a significant discount to other unsecured debt facilities obtained by other junior resources companies. Further, the conversion right granted to Mawarid is again at a premium to recent trading prices of UCL shares; and

- (d) Mawarid's first right of refusal in respect of future equity raisings is unlikely to materially impact on UCL if it is successful in acquiring 100% of Minemakers shares. On conversion of the convertible note, Mawarid's voting power in UCL could exceed 19% giving it limited capacity to take up further shares in a placement without obtaining the approval of UCL shareholders.

The investment by Mawarid contrasts with the terms of the facility Minemakers has entered into with Haverstock Master Fund LLC which provides for the issue of Minemakers' shares at a discount to prevailing market prices.

8 Cash component of Offer

The Target's Statement contains a number of incorrect statements in respect of the UCL Board's rejection of Minemakers' offer resulting in:

- (a) a shift in value to Mawarid; and
- (b) a dilution of Minemakers shareholders' interest in its assets.

In making these statements, Minemakers has ignored the value of the cash component of the Offer. This is seriously misleading to Minemakers shareholders.

Mawarid has paid in excess of market prices for its interest in UCL and Minemakers shareholders will receive the benefit of its investment if they accept UCL's Offer.

Minemakers has also asserted that the cash component of the Offer will adversely impact on the merged entity's ability to raise funds. Again, this is completely untrue. The majority of funds raised by UCL from Mawarid's investments are specifically for the purpose of consolidating ownership of the Sandpiper project and are either equity or quasi-equity. There is no basis whatsoever on which to suggest that Mawarid's investment will adversely impact UCL's ability to finance the Sandpiper project.

9 Tax implications for shareholders

Minemakers' historic share price performance combined with its relatively high liquidity mean that a significant proportion of its shareholders will crystallise a capital loss as a result of accepting the Offer.

This is likely to be a material issue for these shareholders.

10 Respective boards and management teams

The Target's Statement repeatedly asserts that UCL does not have the same level of depth, fertiliser knowledge or project development experience at board or management level as Minemakers.

This is simply untrue.

The board and management team of UCL demonstrably has the experience to run the merged entity. Each member of the board is well respected and to suggest otherwise is misleading.

Ian Ross

Ian Ross has over 40 years experience working specifically in the mining and resource finance industries. Of particular relevance is his experience as a corporate officer of Occidental Petroleum Corporation, the 4th largest US oil company, in which he was involved in its major US based phosphate and fertiliser subsidiary OxyChem.

Mr Ross was also instrumental in developing the initial feasibility study and planning of Western Mining's Phosphate Hill project.

Mr Ross spent many years at the forefront of financing the world's largest and most challenging mining projects, as well as authoring papers and articles on the subject. The final 10 years of Mr Ross' executive career were in the role of chief financial officer of the Ivanhoe Group, which controlled many well known public companies such as Ivanhoe Mines, Ivanhoe Energy, South Gobi Resources and Ivanhoe Australia.

Steve Gemell

Steve Gemell is a well respected mining engineer with some 30 years specific experience in his field. He has particular expertise in building projects, especially in technically, socially and environmentally challenging environments, with a focus on Southern Africa and Australasia. Of specific relevance is his experience in Namibia, where he was a mining engineer with Goldfields of South Africa, and has undertaken consulting work in Namibia since the early 1990s. In addition he has worked as a project engineer and technical director on project development in Zimbabwe and South Africa.

Gida Nakazibwe-Sekandi

Gida Nakazibwe-Sekandi is a Namibian resident with legal, public relations and financial experience. She has mining experience in Namibia having worked for Rossing Uranium, a large subsidiary of Rio Tinto. She has senior level contacts in Namibia and her public relations skills will provide a vital and complementary link for the board and senior management of the merged entity.

Dr Mohammed Al-Barwani

Dr Mohammed Al-Barwani is a highly qualified and experienced engineer, controlling a large private group of companies. He has many years experience in building companies in the oil services and mining sectors and has the ability to access technical managers from his many commercial interests at short notice to assist the merged entity.

Chris Jordinson

Chris Jordinson has over 15 years experience in senior roles at Australian public companies in the junior exploration sector, including as chief executive officer of Copper Resources Corporation and Outback Metals Limited. He also brings his professional experience as an accountant and company secretary as balance to the board.

Roger Daniel

Roger Daniel is a registered geologist, a member of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and a fellow of the South African Institute of Mining & Metallurgy (**SAIMM**). He has over 40 years mining experience encompassing multi commodity mineral exploration and mining, project assessment and mine and project management at both operating and board levels.

Mr Daniel has extensive experience in marine mining in Namibia where he was project director to marine diamond company Namibian Minerals Corporation Ltd between 1992 and 1998. He also worked with Diamond Fields International Ltd (**DFI**) from 2001-2007 initially as operations director and from 2005 as president and chief executive officer. DFI's core business was marine diamond mining offshore in Namibia.

In 2008 he relocated to Australia and worked as chief operations officer for Bonaparte Diamond Mines NL until May 2009 when Bonaparte was taken over by Minemakers. His work involved marine diamond mining and the early development of the Sandpiper project.

UCL notes that in its bidder's statement in respect of its bid for UCL, Minemakers indicated that it intended to offer Chris Jordinson and Roger Daniel employment with the merged entity.

11 Cornerstone investors

The Target's Statement asserts that the presence of Mawarid and Twynam Agricultural Group Pty Ltd (**Twynam**) on UCL's register are likely to reduce flexibility with regard to project financing and discourage additional institutional investors from joining the register.

Mawarid and Twynam are high net worth investors with the capacity to support the growth of the merged entity.

In volatile capital markets, UCL's view is that this is likely to be an advantage for the merged entity.

12 Toronto Stock Exchange listing

The Target's Statement asserts that Minemakers' listing on the Toronto Stock Exchange makes it the preferred vehicle for consolidation of ownership of Sandpiper.

To UCL's knowledge, Minemakers has not raised any capital from Canadian investors. Further, section 10.2 of the BDO report notes that less than 1% of Minemakers shares traded on the Toronto exchange in the last 12 months.

13 Variation of Offer – extension of offer period

UCL has varied its bid by extending the period during which the offers contained in UCL's replacement bidder's statement dated 13 July 2012 (**Offers**) will remain open so that the Offers will now close at 5.00 pm on 15 October 2012 (unless extended further).

A notice of variation of offer extending the offer period (**Notice**) accompanies this Second Supplementary Bidder's Statement.

As the variation (combined with the previous notice) results in UCL varying the Offer in a way that postpones for more than 1 month the time when UCL has to meet its obligations under the bid, each person to whom UCL has made an Offer and who has accepted the Offer before the date of the Notice, has the right to withdraw their acceptance within one month beginning on the day after the day on which the Notice was received, in accordance with section 650E of the Corporations Act.

Further details on the right to withdraw are set out in the Notice.

14 Variation of Offer - extension to Minemakers Shares issued after 28 May 2012

UCL has obtained a declaration from ASIC in order to enable it to extend its Offer to Minemakers Shares that came to be in the bid class during the period from and including 7:00pm on 28 May 2012 (**Extension Securities**).

ASIC's declaration provides that Chapter 6 of the Corporations Act will apply to UCL as if certain provisions were modified or varied to enable the Offer to extend to the Extension Securities.

UCL intends to lodge a notice with ASIC to extend the Offer to the Extension Securities.

The holders of any Extension Securities to which the Offer has been extended may apply to UCL to be sent a copy of:

- (a) UCL's replacement bidder's statement dated 13 July 2012
- (b) the Target's Statement;
- (c) each supplementary statement lodged with ASIC under subsection 647(3) in relation to the bid up to and including that date; and
- (d) the notice lodged with ASIC.

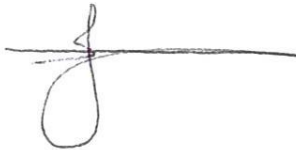
Copies of these documents will automatically be provided to the persons to whom the Extension Securities were issued.

15 Approval of Second Supplementary Bidder's Statement

This Second Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the directors of UCL.

Dated 7 September 2012

Signed for and on behalf of UCL Resources Limited



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Chris Jordinson
Director