



UCL Resources Limited

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Friday, 18 May 2012
Market Announcements Platform
Australian Securities Exchange

ASX:UCL

UCL announces scrip and cash offer for Minemakers

Up to A\$9 million Convertible Note agreed with Mawarid

UCL Resources Limited (“UCL” or the “Company”) is pleased to announce its offer to acquire all shares in Minemakers Limited (“Minemakers” or “MAK”), by way of an off-market takeover bid.

Each company currently has a 42.5% stake in the Sandpiper Marine Phosphate Project (“Sandpiper” or the “Project”), and each company recognises the importance of having a single entity to facilitate financing this Project.

Accordingly, under the offer MAK shareholders will receive:

- **1 UCL share for every 1.6 MAK shares held; plus**
- **4.5 cents cash for each MAK share held (the “Offer”).**

This merger Offer implies a value of A\$0.208 per MAK share and represents a 6.4% premium to the closing price of MAK shares on Thursday, 17 May 2012.

The UCL Board believes that the Offer is compelling for MAK shareholders and notes the following:

- **Financial terms of the Offer are superior to the terms implied by MAK’s own offer to UCL shareholders;**
- **The Offer will allow MAK shareholders to benefit from an exchange of their MAK shares for UCL shares plus cash consideration. The UCL Board notes that MAK has not to date delivered a dividend to MAK shareholders. The UCL Board believes that if the Offer is successful, prospective commercial development of Sandpiper may be accelerated and the payment of dividends from Sandpiper cash flows may result;**
- **Under the Offer the interests of both MAK and UCL Shareholders in Sandpiper will remain close to current levels;**
- **The Offer will allow MAK and UCL to achieve their shared objective of combining the ownership of Sandpiper;**
- **UCL believes financing is critical to the value in Sandpiper being unlocked. The Offer will allow MAK Shareholders to benefit from the relationships that UCL has developed with strategic investors prepared to support UCL’s Board and management team in commercialising Sandpiper. UCL has a proven track record in attracting major strategic investors, and is well advanced in attracting additional equity.**

The Definitive Feasibility Study (“DFS”), published in April 2012 confirmed Sandpiper is both technically feasible and has the potential to be a long life project capable of delivering strong investment returns to shareholders of both MAK and UCL. The study indicates that the funding requirement to develop Sandpiper is in excess of US\$400 million. UCL is confident in its ability to source funding for the Project and that the synergies resulting from the combined entity under UCL’s Offer will facilitate the rapid development of Sandpiper to the benefit of the shareholders in both companies.

Despite several attempts over the past nine months, UCL's Board has been unable to engage in any meaningful discussions with MAK's board in relation to a proposal to combine the two entities and hence the UCL Board has put forward this Offer directly to MAK shareholders. In doing so UCL is seeking to ensure equitable treatment for both MAK and UCL shareholders while ensuring that the Combined Group can focus clearly on advancing the Sandpiper Project.

The Combined Group

Following completion of the Offer, the Combined Group will have the following key attributes:

- an 85% interest in Sandpiper;
- a simplified corporate structure for Sandpiper;
- a combined pro-forma market capitalisation of A\$65.2 million¹;
- pro-forma combined cash reserves of A\$16.5 million²;
- a 100% interest in Wonarah.

Should UCL's Offer be successful the Board of UCL intends to invite Mr Edward Ellyard, a non-executive Director of MAK to join the Board of UCL to draw on his business expertise and provide continuity for MAK shareholders. UCL would also consider favourably the appointment of an additional non-executive director from the MAK board to join the UCL Board, if such candidate, in the opinion of the UCL Board, were to offer complementary skills to those of the UCL Directors.

On completion of the Offer UCL intends to implement a strategy for the Combined Group focused on actively progressing the operational aspects of the Sandpiper Project. The UCL Board believes that if the Offer is successful, prospective commercial development of Sandpiper may be accelerated, with prospective cash flows anticipated to be generated from 2014.

Further, UCL intends to conduct a review of MAK's Wonarah and other projects aimed at identifying and assessing how best to extract value from these activities in a manner which does not impede the rapid commercialisation of Sandpiper, or dilute the returns anticipated to be generated from the Project.

Offer conditions

The Offer is subject to conditions including:

- 50.1% minimum acceptance;
- Namibian Competition Commission approval;
- no loss or announcement of loss of rights to the tenements comprising the Sandpiper and Wonarah projects, or rejection of licence applications or renewals materials to these projects;
- no prescribed occurrences, regulatory prohibition, judicial restraint or unanticipated distribution occurring; and
- customary conduct of business conditions.

Funding

The total amount of cash that UCL may become obliged to pay to satisfy all expenses incurred by UCL in relation to the Offer, including the cash component of the consideration, will be provided under a convertible note agreement ("Convertible Note Agreement") entered into between UCL and its cornerstone shareholder, Mawarid Mining LLC ("Mawarid" or "MML") on 17 May 2012, and from UCL's current cash resources. In addition, MML has agreed to have in place, for the purposes of the Offer, additional funds to be distributed to UCL as required in order for UCL to satisfy its obligations under the Offer.

¹ Includes adjustment for net cash as a result of the Offer and estimated costs associated with UCL's response to MAK's offer but does not include costs associated with the Convertible Note Agreement or the Offer. Excludes the impact of UCL's proposed rights issue.

² Includes estimated costs associated with UCL's response to MAK's offer. Excludes the impact of the cash component of the consideration payable with respect to the Offer and the impact of UCL's proposed rights issue.

The Convertible Note Agreement provides for the provision of a loan for an amount being the lower of (i) A\$9,000,000, (ii) the amount required to fund the cash component of the Offer in relation to securities of MAK where the holder of those securities has accepted the Offer in accordance with its terms; or (iii) that amount which will, on a fully diluted basis, result in MML's Voting Power in UCL exceeding 19.9% ("**Subscription Sum**"). Interest on the Subscription Sum accrues at 7.5% per annum, (based on a 360 day year) or 12.5% in the case of an Event of Default but only for the duration of the default, payable 6 monthly in arrears. The loan redemption date under the Convertible Note Agreement is 18 months from loan advance. The loan is redeemable in UCL shares at an issue price of 25 Australian cents (A\$0.25) per share (or lower in the case of an Event of Default), which if fully redeemed means the Company will issue 36,000,000 fully paid ordinary shares. Further details will be included in UCL's Bidder's Statement.

Mawarid is the wholly owned subsidiary of MBHolding Company LLC ("MBHolding"). MBHolding, together with its subsidiaries ("MBHolding Group"), is a diversified natural resource company from the Sultanate of Oman with significant operations in the Middle East, United Kingdom, Europe, North Africa, Asia, Asia-Pacific and Australia. MBHolding conducts its operations through four main business segments which comprise 'Integrated Oil & Gas Services', 'Exploration and Production of Oil & Gas', 'Engineering and Manufacturing' and 'Mining'. In addition to these operations, MBHolding also undertakes strategic investments and manages the financial investments of the MBHolding Group.

Bidder's Statement

Full details regarding the Offer will be contained in the UCL Bidder's Statement, which is expected to be lodged with ASIC and ASX in the week commencing 21 May 2012. A full timetable for the Offer will be included in the Bidder's Statement. The UCL Board encourages you to **ACCEPT** the Offer, by completing the Acceptance Form, once the Bidder's Statement is sent to you.

MAK offer

UCL's Board continues to recommend to UCL shareholders that they **REJECT** the revised takeover offer from MAK for their UCL shares.

Advisers

UCL has appointed Pottinger as financial adviser and Eakin McCaffery Cox as legal adviser.

Shareholders' information line

Should MAK shareholders have any queries in relation to the Offer they are encouraged to contact the Shareholders' Information Line on (02) 9233 4750 or +61 2 9233 4750 (for calls made from outside Australia).



Ian Ross

Chairman

UCL Resources Limited

About UCL

UCL Resources Limited (ASX:UCL) is developing, and currently has a 42.5% interest in, the Sandpiper Marine Phosphate Project ("Sandpiper" or the "Project") off the coast of Namibia. Sandpiper is believed to be the world's largest individual marine phosphate resource, with sufficient resources to support a 20-year mine life. The DFS has been delivered and the Project is both technically feasible and economically viable. UCL also has an interest in the Mehdiabad Zinc Project in Iran.

Competent Persons' Statement

The information in this announcement that relates to Mineral Resources for the Sandpiper Marine Phosphate Project is based on information compiled by Roger Daniel who is a member of the Australasian Institute of Mining and Metallurgy. Mr Daniel is a full-time employee of the Company. Mr Daniel has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Daniel consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Other information

This announcement may contain forward-looking statements which can be identified by the use of words such as "may", "should", "will", "expect", "anticipate", "projected", "believe", "estimate", "intend", "scheduled" or "continue" or similar expressions. Any forward-looking statements contained in this announcement are subject to significant risks (both known and unknown), uncertainties, assumptions, contingencies and other factors, many of which are outside the control of, and unknown to, UCL, its officers, employees, agents and associates. This may cause the actual results or performance of UCL to be materially different from any future result so performed, expressed or implied by such forward-looking statements. There can be no assurance or guarantee that actual outcomes will not differ materially from these statements. No responsibility is accepted by UCL or any of its related entities, employees, agents or advisers, for any of the information or for any action taken by you on the basis of the information or opinions expressed in the course of this announcement.

Any information in this announcement concerning MAK, MAK's assets and securities, or where information regarding MAK has been used to prepare information with respect to the Combined Group, has been prepared from publicly available information. This information has not been independently verified and, accordingly, UCL makes no representations and warranties, express or implied, as to the accuracy or completeness of such information to the extent permitted by the Corporations Act. The information on MAK should not be considered comprehensive.

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