



UCL Resources Limited

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Friday, 27 January 2012

Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES STATEMENT FOR PERIOD ENDED 31 DECEMBER 2011

ASX RELEASE

Friday, 27 January 2012 ASX
Code: UCL

Recent Price Sensitive Announcements:

- Bateman Laboratory work completed
- EIA and EMP lodged
- Change of Name
- Share Consolidation
- Pilot plant progress
- Small Shareholders

Issued Capital:

Ordinary Shares 80.8m

Top 40 Shareholders:

Hold 81.5%

Largest Shareholders:

- Twynam Agricultural Group Pty Limited
- Minemakers Limited
- JP Morgan Nominees Australia Limited
- Donwillow Pty Limited

Directors:

Ian Ross
Gida Nakazibwe-Sekandi
Steve Gemell
Chris Jordinson

Company Secretary:

John Lemon

HIGHLIGHTS

Sandpiper Marine Phosphate Project

- Definitive Feasibility Study ("DFS") on schedule for completion at the end of March Quarter 2012
- Bulk sample successfully delivered
- Pilot Plant operational
- Laboratory test work completed
- Product specification finalised
- Marketing product produced from Pilot Plant
- Marine EIA and EMP lodged

Mehdiabad Base Metal Project

- UCL Resources Limited ("UCL or the Company") representatives are still progressing negotiations with the Iranian authorities to seek a mutually beneficial solution to the ownership issues.

Corporate

- Cash - A\$2.17 million on hand and US\$0.63 million (UCL share: US\$0.32 million) in the joint venture company Namibian Marine Phosphate (Pty) Limited;
- Small Shareholder unmarketable parcels sale initiated
- Share consolidation completed
- Change of name registered
- John Lemon retires as a Director

Introduction

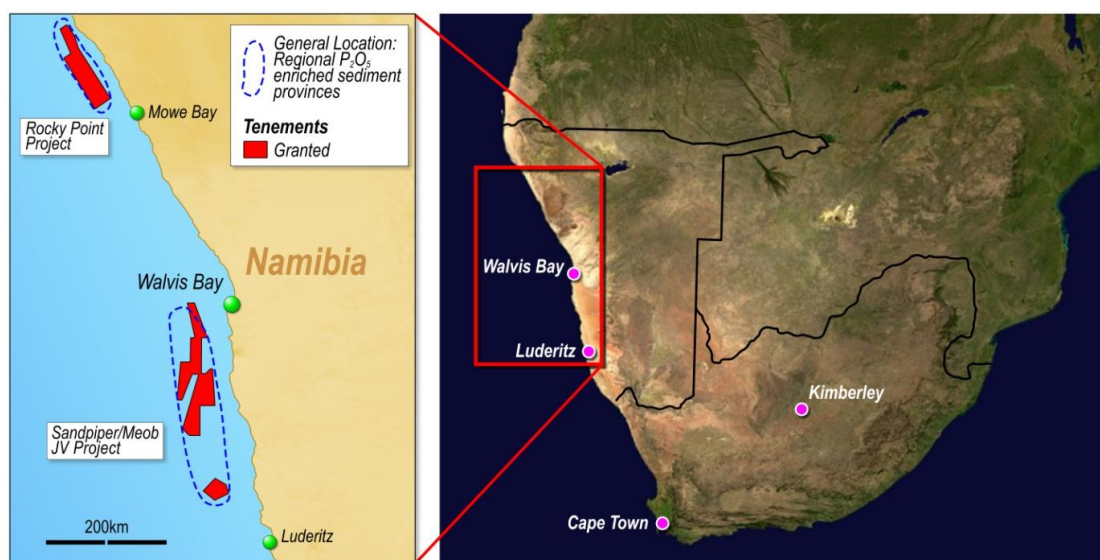
UCL is focused on:

1. exploration and development of the offshore Namibian Sandpiper Marine Phosphate Project with joint venture partners Minemakers Limited (ASX & TSX: "MAK", NSX: "MMS") ("Minemakers") and Tungeni Investments cc (Namibian partner) ("Tungeni") through the joint venture company Namibian Marine Phosphate (Pty) Ltd ("NMP"); and
2. continuing to work with the Iranian authorities to seek a mutually beneficial solution to the ownership issues relating to the Mehdiabad Base Metal Project.

Offshore Namibian Phosphate Project

Background

Joint Venture partners UCL (42.5%), Minemakers (42.5%), and Tungeni (15%), through NMP, continued to progress DFS for the Sandpiper Marine Phosphate Project, which is on schedule for completion at the end of the March Quarter 2012.



Project location

Bulk sampling programme

The MV Smit Madura docked in Walvis Bay in accordance with the DFS schedule on the 4th October 2011 to deliver the final batch of the bulk sample and was demobilized.



MV Smit Madura with grab installed

The programme was completed during the quarter in which grab sample loads were recovered from 105 sample locations from the seafloor in NMP's tenements offshore Namibia, using NMP's purpose-built 2.0m³ mechanical grab and recovery system. The NMP team was pleased that the equipment and MV Smit Madura crew handled operations in swells of between 3.0m to 5.5m. The area sampled is the likely first mining target in NMP's tenements. Approximately 265 tonnes were collected in 1.0m³ bulker bags which were unloaded in Walvis Bay and trucked by road to the MINTEK processing facility near Johannesburg.



Grab unloading into the hopper



MV Smit Madura with sample on deck in bulker bags

Pilot Plant processing

Under the supervision of Bateman the DFS lead consultants and NMP representatives, MINTEK commissioned the pilot plant.

It was successfully constructed and commissioned on schedule, meeting the objectives of:

1. achieving the key step of progressing from the laboratory defined process flow to a commercial scale beneficiation plant capable of producing consistent quality product; and
2. producing a marketable beneficiated product of phosphate rock concentrate for possible end users to test in their own facilities.

The photographic summary presented below illustrates the beneficiation process which employs conventional equipment to carry out a relatively simple process comprising particle sizing, attrition and dewatering circuits.

The run of mine (“ROM”) feed in Figure 1 shows the feed, recovered directly from the seabed.



Figure 1: ROM feed material

The first stage of the pilot process comprises primary screening of the material to a sub1mm size fraction, which involves the mixing of the bagged ROM feed with water to assist the sizing by vibrating screen.



Figure 2: ROM feed into the screening process



Figure 3: Screen used to remove the +1mm coarse material



Figure 4: +1mm coarse shell waste material

Following the primary screening, the sub 1mm material is passed to hydrocyclones for de-sliming to remove the minus 100 micron material. Following de-sliming, the feed material (-1000 +100 micron) proceeds to a gravity spiral separation process which separates fine shell from the phosphatic sands.

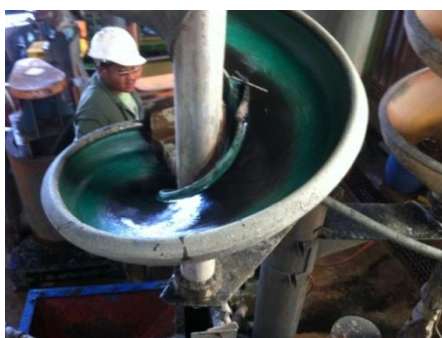


Figure 5: Spiral in operation. Beneficiated product is the dark colour (inside) and the shell fraction is the light colour (outside)



Figure 6: Fines waste material

The resulting feed is then passed through an attrition process to improve grade and quality of the concentrate.



Figure 6: Attrition process

Following the attrition cycle the concentrate material is washed in fresh water to remove the chloride (from sea water), then dewatered and dried to produce the final concentrate.

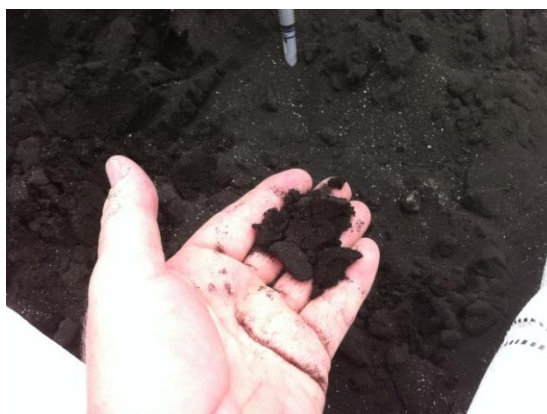


Figure 7: Final concentrate from Sandpiper, referred to as "Namphos" phosphate concentrate,

The results achieved to date have met upper expectations to produce final beneficiated product of approximately 28% P_2O_5 from a ROM feed grade of approximately 18% P_2O_5 .

The first stage of pilot scale beneficiation test work, with a circuit based on Bateman's laboratory test work report (see next section), was completed in December 2011. Second stage test work has commenced, with a further 80t of bulk sample being processed in order to fine tune the proposed process route and to provide a market assessment parcel.

On completion of the processing the pilot plant is expected to produce a total of approximately 125 tonnes of phosphate rock concentrate product which will be available for supply to potential end users.

Bateman laboratory test work

Bateman finalized the Phase 1 laboratory test work in early December 2011 and submitted its report in early January 2012. The report and laboratory test work results were pivotal in the design the pilot plant at the MINTEK facility.

In the test work report Bateman concluded, as follows:

"The results show that mineral was upgraded from 19.9% P_2O_5 to 27.7% P_2O_5 by a combination of classification, gravity separation and attrition. Further upgrading to > 28% P_2O_5 was achieved by calcination. The citric acid and formic acid solubilities of the phosphate concentrate are very high, compared with global results, indicating that the concentrate is suitable for Direct Application Phosphate Rock (DAPR).

Acidulation of pulverized and unpulverized concentrate produced very high solubility Single Super Phosphate (SSP).

Wet Process Phosphoric Acid (WPA) was produced on a bench scale, with an acid recovery of around 70%. The acid was upgraded by evaporation to 43%. This work needs to be repeated by a fertilizer company on a much larger scale.

Further work confirmed that a higher phosphate grade in the feed resulted in correspondingly higher grade in the concentrate.

Grinding and flotation were not effective for concentration of the P_2O_5 and the flotation process is not indicated as a possible beneficiation process for this ore. (Confirmed in independent testing by Bateman, ArrMaz Speciality Chemicals and KemWorks)."

The Bateman work confirmed previous results from the Scoping Study test work, and provided operating parameters for the pilot test at MINTEK in addition to providing a preliminary examination of the suitability of the concentrate for fertilizer manufacture. The work also included the assessment of gravity separation as a beneficiation process carried out by SGA Germany with the participation of Bateman process engineers, which proved to be successful and was incorporated in the pilot plant design.



Microscopic pictures of Concentrate (binocular 100 x magnification)



Microscopic pictures of Tailings (binocular 100 x magnification)

Product Marketing

The product specification sheet and marketing samples have been released to potential users of the Sandpiper Marine Phosphate Project or "NamPhos" phosphate beneficiated product. Those potential customers will now carry out their own laboratory scale test work to confirm the product specification and also the suitability of the product for their individual fertilizer plants or trading partners.

The market focus for use of the Namphos commercial product is:

- rock phosphate for phosphoric acid production – as set out in the Scoping Study, the beneficiated phosphate has been shown to be commercially viable for the production of phosphoric acid.
- direct application phosphate rock (DAPR) – tests by Bateman on concentrate characteristics have indicated that the rock phosphate is a highly reactive rock

concentrate and should be suitable for direct application in appropriate soil and climate conditions;

- Single Super Phosphate (“SSP”) – Bateman has completed the test-work on the suitability of the rock to be used in SSP, the results of which were positive; and

Environmental Studies

In accordance with the terms of the granted Mining Licence (“ML 170”) and in compliance with the Namibian Environmental Management Act (No. 7 of 2007) (“the Act”), Post the end of the quarter, NMP lodged the EIA and EMP on the 12th January 2012 at the Namibian Ministries of Mines and Energy and Environment and Tourism. The EIA and EMP was prepared by J Midgley and Associates in association with Namibian environmental consultants Enviro Dynamics and externally reviewed by CSIR Consulting and Analytical Services: Environmental Management Services (“CSIR”).

The key issues addressed in the EIA were determined through a scoping process as prescribed by the Act which included the participation of government authorities, the public, business, NGO’s and the EIA team.

The following aspects were covered in the EIA:

- Governance;
- The EIA process;
- Biogeochemical impacts;
- Benthic impacts;
- Marine fauna – flora impacts;
- Cumulative impacts;
- Socio-economic impacts, and
- Project impacts.

The EIA also included the full reports and findings of the four independent specialist studies that were undertaken to address the specific potential impacts on:

1. Fish and fisheries and seabirds and marine mammals;
2. Water column dynamics;
3. Macrobenthos; and
4. Jellyfish.

The draft report concluded ***“The significance of the potential impacts associated with the proposed Sandpiper project for dredging of marine phosphate-enriched sediment has been investigated and assessed in the Environmental Impact Assessment. There are presently no identified issues of environmental significance to preclude the dredging of phosphate-enriched sediments from the Mining Licence Area No. 170. There are however, management and mitigation measures that are to be implemented by NMP and their sub contractors”*** (as evaluated and detailed in the report).

Following CSIR’s comprehensive external review Mr. Patrick Morant M.Sc., Pr.Sci.Nat. of CSIR commented that ***“Having been involved throughout the process, my overall impression is that the Draft Environmental Impact Assessment Report is of high quality and is a good reflection of the professional competence and abilities of the EIA process manager, the public consultation team and the specialist scientists. The level of detail in all aspects of the study provides confidence in the assessment of the potential impacts and the conclusions drawn. The draft EIA report provides the necessary information to permit the authorities and the I&APs to verify that matters of concern have been addressed comprehensively. I, therefore, recommend that the Draft Environmental Impact Assessment Report be accepted as fulfilling the requirements for an Environmental Impact Assessment Report”***

During December 2011 the public consultation process was commenced for the terrestrial (land based) EIA, with meetings held in Windhoek and Walvis Bay. A number of matters were raised at the public scoping meetings and Enviro Dynamics, appointed independent consultant experts, and the NMP team is currently addressing the points raised.

Future Work

The work programme for the NMP Joint venture is as follows:

- Finalise the DFS which is due for completion at the end of March Quarter 2012;
- complete the upgrade of mineral resource estimates to support the DFS production schedule and the financial modelling;
- complete the processing of the final 80 tonnes remaining of the bulk sample through the pilot plant and produce additional marketing sample;
- complete test work on concentrate for production of the target set of fertiliser products;
- continue discussions with potential off-take parties to establish interest for sale of the Namibian concentrate for producing either phosphoric acid or SSP and for direct application;
- continue the follow up from the terrestrial environmental public scoping meetings held in Windhoek and Walvis Bay; and
- investigate and commence discussions with regard the available financing options for the development of the project;

Mehdiabad Base Metal Project

Background

The Mehdiabad Base Metal Project is carried on by UCL, Iranian Mines and Mining Industries Development and Renovation Organization (“IMIDRO”) and the company Itok GmbH (“Itok”) through an incorporated Iranian joint venture company, Mehdiabad Zinc Company (“MZC”). UCL has to date invested in excess of US\$16.8 million on exploration and feasibility activities relating to the Project.

As previously advised, IMIDRO purported to terminate several agreements governing the Project in December 2006. UCL stated then, and is still firmly of the opinion, that the agreements were invalidly terminated. Since that time UCL has been negotiating with various Iranian parties in an effort to resolve the impasse and progress the Project. At the same time, UCL has been exploring the possibility of resolving the matter through arbitration and has made initial preparations for instituting arbitration proceedings should that become necessary.

In line with the announcement to the ASX by UCL dated 21 February 2011 MZC has continued to negotiate a Memorandum of Understanding (“MOU”) with IMIDRO, as agreed at the meeting held on 21 December 2010 at the Office of the President (Iran).

During the Quarter

UCL Representatives continued to seek a resolution to the ongoing issues that have placed the Mehdiabad Base Metal Project on hold. The negotiations and discussions are ongoing but no resolution has been reached at the date of this report.

Corporate

Cash position

The Company has A\$2.17 million cash on hand excluding the funds held in the Joint Venture Company Namibian Marine Phosphates (Pty) Limited which totalled US\$0.63 million (UCL share US\$0.32 million).

Small Shareholder Sale

The process to sell the holdings of the small shareholder (unmarketable parcel – value of less than A\$500 at the record date) process was initiated during the December quarter. 543 shareholders holding unmarketable parcels totaling 10,293,219 shares were placed onto the market for sale. The sale process is ongoing and the Company anticipate the proceeds from the sale of the unmarketable parcels to be distributed to shareholders in February 2012.

	Non-marketable parcels	Shareholder responses	Change in shareholder numbers
Pre -small shareholder announcement (7 Oct 2011)	15,762,136	320	843
Post – small shareholder deadline (18 Nov 2011)	7,303,371	N/A	361
Shares for disposal	10,293,219	N/A	543

As a result of the above the number of shareholders in UCL is now in the order of 1,368 as compared to 1,938 (as at 16 September 2011) as set out in the 30 June 2011 Annual Report.

Share Consolidation

The Company completed the share consolidation on a 1 for 30 basis reducing the Company's ordinary fully paid issued shares from 2,424,195,686 to 80,807,074. The new Holding Statements were dispatched by Link Market Services on 13 December 2011.

With the share consolidation completed the Top 20 for UCL is now as follows:

Rank	Name	Shares	%
1	TWYNAM AGRICULTURAL GROUP PTY LTD	20,355,439	25.19%
2	MINEMAKERS LIMITED	10,590,815	13.11%
3	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C.	7,023,667	8.69%
4	DONWILLOW PTY LTD	5,251,343	6.50%
5	NATIONAL NOMINEES LIMITED	3,693,668	4.57%
6	KENG TIN ENTERPRISES LTD	3,431,373	4.25%
7	SELECT INVESTMENTS SUPER PTY LTD <SELECT INVESTMENTS S/F A/C>	2,104,714	2.60%
8	MRS VIRGINIA WARNECKE	1,830,660	2.27%
9	AUSTOCK NOMINEES PTY LTD <CUSTODIAN A/C>	1,190,682	1.47%
10	BRYAN WELCH PTY LTD <BRYAN WELCH S/F A/C>	1,133,334	1.40%
11	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,099,793	1.36%
12	BERNE NO 132 NOMINEES PTY LTD <376804 A/C>	967,375	1.20%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	812,413	1.01%
14	WEITZENBERG FOUNDATION VADUZ	666,667	0.83%
15	MR ADONIS KIRITSOPOULOS + MS JENNIFER ANNE FORD	500,000	0.62%
15	DR LEON EUGENE PRETORIUS	500,000	0.62%
16	WOODLANDS ASSET MANAGEMENT PTY LTD	347,200	0.43%

17	COLBERN FIDUCIARY NOMINEES PTY LTD	339,040	0.42%
18	UNION RESOURCES LIMITED <SALE OF NON MARKETABLE PARCELS OF SHARES A/C>	330,792	0.41%
19	MR PETAR ASSIM	250,000	0.31%
20	ROSS SUPER FUND PTY LTD <ROSS FAMILY SUPER FUND A/C>	233,334	0.29%
20	MR ALAN CLIVE TRICKEY	233,334	0.29%
TOP 20 - SUB TOTAL		62,885,643	77.82%
REMAINING SHAREHOLDERS		17,921,431	22.18%
TOTAL		80,807,074	100.00%

As a result of the share consolidation the distribution of equity securities is as follows:

Category	Shareholders	Shares
1 to 1,000	240	46,341
1,001 to 5,000	475	1,405,241
5,001 to 10,000	227	1,704,948
10,001 to 50,000	335	7,868,726
50,001 to 100,000	45	3,250,430
100,001 and over	46	66,531,388
Total	1,368	80,807,074

Change of Name

In accordance with the resolution passed at the Annual General Meeting held on the 29 November 2011, the Company changed its name to UCL Resources Limited.

Change of Director

Mr John Lemon was in accordance with the Companies Constitution due for re-election at the AGM. Prior to the commencement of the meeting Mr Lemon elected to not seek re-election and as such retired at the AGM.

For further information, please contact:

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