



UCL Resources Limited

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3 May, 2012

ASX Market Announcements
Australian Securities Exchange

Takeover Bid – Letter to Shareholders

Please find attached a copy of a letter which has been sent to the Company's shareholders.

UCL RESOURCES LIMITED

John Lemon
Company Secretary



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Thursday, May 03, 2012

Dear UCL Shareholder,

All UCL Resources Limited ("UCL") shareholders will shortly receive a letter from Minemakers Limited ("Minemakers" or "MAK") containing a revised acceptance form with respect to MAK's revised reduced offer. The Board of UCL maintains you should take **NO ACTION** with respect to the offer.

The Directors of UCL continue to recommend unanimously that you **REJECT** MAK's offer and note the following:

- Under the offer, **UCL shareholders will decrease their effective stake in the Sandpiper Marine Phosphate Project ("Sandpiper Project") from 42.5% to 27.96%¹;**
- Based on MAK's closing share price of \$0.225 on 30 April 2012, the offer values UCL's shares at \$0.293 per share, a headline offer price 3.0% **lower** than MAK's previous offer;
- UCL's Board remains confident in its ability to raise requisite funding to support the Sandpiper Project having recently announced that it has secured a new investor prepared to invest cash in UCL at 30 cents per UCL share - a premium to MAK's headline offer value. UCL will also concurrently undertake a Rights Issue in order that all UCL shareholders have the opportunity to continue to participate in the development of the Company.

In addition, in the Minemakers letter, a number of points are made which UCL believes are possibly misleading. In particular, UCL draws your attention to:

1. Minemakers: "An increase in the Offer by 44% to 13 Minemakers Shares for every 10 UCL shares"
UCL response: MAK has increased the number of shares it is offering under the offer. However, MAK fails to mention that based on the current MAK share price (which at close of business on 30 April 2012 was 22.5c), the offer values UCL shares at a headline value of 29.25c. This is below the value of MAK's initial offer of 30.2c (based on the then closing share price of 33.5c on 10 February 2012). In other words this is a 3.0% decrease in the value of its offer based on the value of MAK's initial offer of 30.2c!
2. Minemakers: "The increased funding requirement for the Sandpiper Project makes the rationale for consolidating ownership even more compelling."
UCL response: UCL's Board remains confident in its ability to raise requisite funding for its equity portion of the funding for the Sandpiper Project. For the last six months, UCL has sought to engage with MAK regarding a transaction which would combine the two companies' respective ownership of the Sandpiper Project under a single entity in a way which would deliver value to both MAK and UCL shareholders. These attempts have been flatly rejected by MAK's Board.

UCL's Board maintains that the MAK offer was ill conceived, is opportunistic and substantially undervalues UCL's share of the Sandpiper Project.

The UCL Board once again encourages UCL shareholders to **REJECT** the unsolicited offer from Minemakers. To **REJECT** the offer shareholders should **DO NOTHING** and take **NO ACTION**. The Independent Expert, Grant Thornton is in the process of reviewing MAK's offer. In the meantime shareholders are urged to take **NO ACTION** in relation to the offer.

¹ The effective interest after the takeover is calculated as the sum of the effective interests of Twynam, Donwillow and UCL's other shareholders in Sandpiper, excluding MAK on the assumption that all non-MAK shareholders accept the offer with the exception of Twynam and Donwillow. The calculations have been completed on an undiluted basis.

If you are in any doubt about how to deal with this letter, please contact your broker, financial adviser, legal adviser or other professional adviser or contact the UCL Shareholders Information Line on +61 2 9233 4750.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Ian Ross', with a horizontal line underneath.

Ian Ross
Chairman
UCL Resources Limited

About UCL

UCL Resources Limited (ASX: UCL) is developing, and has a 42.5% interest in, the Sandpiper Marine Phosphate Project off the coast of Namibia. The Sandpiper Project is believed to be the world's largest individual marine phosphate resource, with sufficient resources to support a 20-year mine life. A definitive feasibility study has been completed and production is expected to begin in the fourth quarter of 2013. 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 Mr 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.

Please direct enquiries or requests for further information to:

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