UCL Resources Limited

ABN 40 002 118 872

Interim Consolidated Financial report for the half-year ended 31 December 2012

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Your Directors present their report on the consolidated entity consisting of UCL Resources Limited ("UCL" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

Directors

The names and details of the Directors of the Company in office during the half-year and until the date of this report are:

I W Ross
CT Jordinson
G Nakazibwe-Sekandi
S Gemell
M Al-Barwani

Review of operations

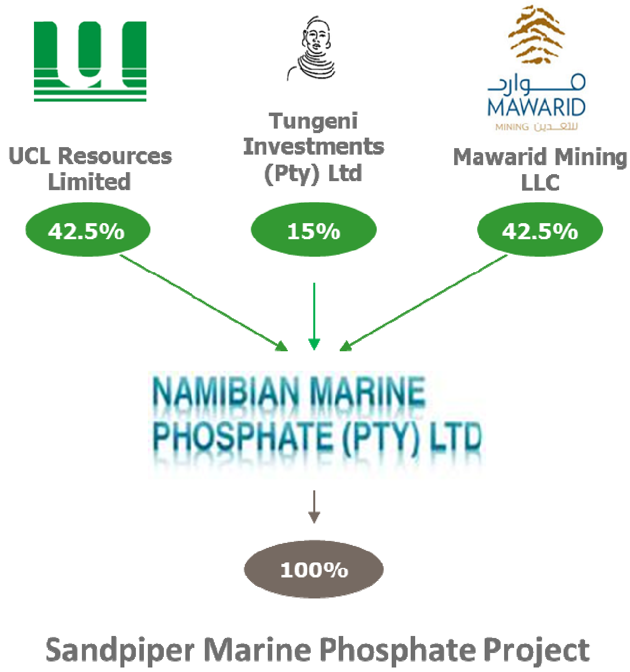
Background
UCL Resources Limited ("UCL" or "the Company") is focused on:

1. exploration and development of the offshore Namibian Sandpiper Marine Phosphate Project ("Sandpiper Project") with joint venture partners Mawarid Mining LLC ("MML")and Tungeni Investments cc ("Tungeni"); and
2. the development of the Mehdiabad Base Metal Project ("the Mehdiabad Project") located in Central Iran.

A. Offshore Namibian Phosphate Project

During the 6 months ended 31 December 2012 the finalisation of the sale in December 2012 of Minemakers Limited's 42.5% interest in the Namibian registered (joint venture company) Namibian Marine Phosphate (Pty) Limited ("NMP") to the Omani based Mawarid Mining LLC ("MML") subsidiary of MB Holdings LLC, paved the way for the project to progress to development.

UCL and Namibian registered Tungeni Investments (Pty) Limited ("Tungeni"), the Joint Venture partners of MML, embraced the change of ownership, underpinning the development of the Sandpiper Marine Phosphate Project ("Sandpiper Project").



Investment Structure of NMP

Despite the distractive corporate happenings, the Sandpiper Project progressed during 2012 at the Joint Venture level, with the announcement of:

- maiden reserves statement;
- consultation with the various stakeholders to advance the Environmental Impact Assessment;
- setting up a marketing platform;
- soil trials led by the International Fertilizer Development Center; and
- the optimisation of the project's projected capital expenditure and operating expenditure costs.

The maiden ore reserve announced in August 2012 set out that 90 per cent of the previously announced measured mineral resources and 75 per cent of the indicated mineral resources estimated within the initial target recovery area have been converted to proved and probable reserve estimates respectively:

Ore Reserves	Mt	$\%P_2O_5$
Proved	54.07	20.83
Probable	78.69	20.12
Total Proved and Probable	**132.76**	**20.41**

Remaining Mineral Resources:

Mineral Resources	Mt	$\%P_2O_5$
Measured	–	–
Indicated	79.75	19.82
Inferred	1608.00	18.90

Reserve estimations were also calculated on a 200-metre by 200-metre resource block basis, with a variable SG and moisture ratio based on grade, as was determined for the resource estimation. The individual block cut-off grade was determined on the basis of expected profit.

The mineral resource estimates for the Sandpiper Project were prepared by independent geo-statistical consultant, Dr A. Annels, FIMMM, C.Eng, at a 15 per cent P_2O_5 cut off.

Previous Mineral Resource Estimate (April 2012):

Mineral Resources Estimate	Mt	% P_2O_5
Measured (in ITRA*)	60.1	20.8
Indicated (in ITRA*)	105.0	19.6
Indicated (outside ITRA*)	61.8	20.6
Total Measured & Indicated	**226.9**	**20.2**
Inferred	1608	18.9

ITRA - Initial Target Recovery Area

A number of meetings were held to complete a programme of additional consultation with relevant Namibian stakeholders to advance the Environmental Impact Assessment ("EIA") and Environmental Management Plan Report ("EMPR").

Based on the outcome of the consultative meetings, NMP's independent environmental advisors have produced a revised verification programme for the EMPR, with participation of the Ministry of Fisheries and Marine Resources/Natmirc scientists. The updated EIA/EMPR has been lodged with the Namibian Ministry of Environment and Tourism ("MET") for assessment by the Environmental Commissioner ("EC"). With the EC now being satisfied with the thoroughness of the additional consultation process, the MET has now commenced the internal processing of the EIA/EMPR for assessment.

An external review of the EIA/EMPR will be undertaken as part of the process that has commenced under the guidance of MET. The timing for completion of the review and internal assessment process could not be quantified by MET; however, the Company is confident that appropriate feedback will be provided, allowing the project to advance.

The product from the pilot plant work program carried out at the MINTEK facility in Johannesburg as part of the Definitive Feasibility Study ("DFS") program has been utilised to further the marketing of the NamPhos product.

The market focus for use of the Sandpiper Project concentrate Namphos product includes:

- direct application phosphate rock ("DAPR");
- single super phosphate ("SSP"); and
- phosphoric acid production ("PA").

NMP commissioned the International Fertilizer Development Center ("IFDC") to quantify the phosphate rock ("PR") reactivity based on rock solubility, X-ray diffraction, and greenhouse evaluation with summer and winter crops.

The overall objective is to determine the suitability of the NamPhos PR to be used for direct application in acidic soils and how it performs relative to triple super phosphate ("TSP"), Gafsa PR from Tunisia, Egyptian PR and Sechura PR from Peru.

The trials have progressed well, with the initial results being positive and confirming the objectives that were set out to achieve. NMP expects to complete the program in June 2013, when the winter crop trial results will have been completed and analysed.

NMP has received results from product testing of the NamPhos product with a number of end users using their own facilities, the results of which have culminated in a number of Letters of Intent ("LOI") being entered into, confirming the market suitability and acceptance of the NamPhos Product. The LOIs received to date account for the Sandpiper Project's first year's projected production.

DRA Mineral Projects (Pty) Ltd carried out a capital and operating cost optimisation study, which has shown a number of areas where reductions can be achieved, which enhances the project's economics.

The areas identified by DRA in the capital expenditure are:

- reducing the number of Buffer Ponds from three to two without affecting the operation as a result of revising the water balance;
- reducing the screening building height by including a traditional thickener structure (removing the need of flocculant for classification);
- potential saving of 10 per cent in the capital expenditure;
- sourcing spirals from a local supplier and adopting triple start units; and
- change of conveying method of product from pipeline to conveyor, making the process simpler, more economic, and reducing the risk of interruption to processing through mechanical failure.

The previously announced economics supported by the DFS in April 2012 showed that the project is technically feasible and has the potential to be a long-life project capable of delivering strong investment returns to shareholders.

It is anticipated that development of the project will now commence in July 2013, subject to the final regulatory approvals and permits being received. With construction commencing in July 2013 and a construction period currently estimated at 24 months (including cold commissioning), it is anticipated that the first commercial shipment will occur in the third quarter of 2015.

B. **Mehdiabad Base Metal Project**

During the 6 months ending 31 December 2012 the Company continued to work with the Iranian authorities to seek an amicable solution to the dispute over the purported termination of Agreements. As previously advised, Iranian Mines and Mining Industries Development and Renovation Organization ("IMIDRO") purported to terminate several agreements governing the Project in December 2006, and since that time the parties have been negotiating in an effort to resolve the impasse and progress the Project.

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).

On the 7th September 2012 UCL announced that MZC had concluded a 25 year Production Agreement with IMIDRO. The agreement paves the way the way for development of an operation at the Mehdiabad zinc and lead project which will produce up to 200,000 tonnes of zinc per annum in the form of ingots and concentrate. Under the agreement, IMIDRO has agreed to assist with obtaining any permit, certificate or confirmation required for the project.

3. Results

The net loss for the half-year is $1,573,565 (December 2011: loss $676,620).

Outlook
The Company will continue to focus the majority of its efforts on its Sandpiper Project together with its joint venture partners with a view to achieving production in 2015.

The Company will also continue to attempt to resolve the Mehdiabad Project dispute, failing which it will consider instituting arbitration proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of Directors.

C T Jordinson
Managing Director

I W Ross
Director

5 March 2013

The information in this Report that relates to the Mineral Resources for the Namibian Phosphate Project is based on information compiled and reviewed by Roger J. Daniel, B.Sc. (Hons) Geology, London, Pr.Sci.Nat., who is a full-time employee of the Company and who is a Member of The Australian Institute of Mining and Metallurgy. Mr Daniel has sufficient experience deemed 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 Daniel consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT

TO THE DIRECTORS OF UCL RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012. There have been:

a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

b) No contraventions of any applicable code of professional conduct in relation to the review.

Lawler Partners

LAWLER PARTNERS
Chartered Accountants

S Tobutt

SCOTT TOBUTT
Partner

Sydney

Dated this 5th day of March 2013

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	December 2012 $	December 2011 $
Revenue from continuing operations	3	71,989	29,113
Audit fees		(12,680)	(34,179)
Consulting fees		(470,653)	(49,333)
Employee benefits expense		(213,780)	(294,172)
Directors fees		(98,705)	(57,743)
General administrative expense		(199,110)	(94,134)
Depreciation		(2,555)	(1,419)
Legal expenses		(267,096)	(25,453)
Rental expense relating to operating leases		(28,970)	(15,008)
Share registry / meeting costs		(205,384)	(66,222)
Travel		(139,026)	(54,322)
Finance costs		(13,164)	(20,622)
Share of profit of associates and jointly controlled entity accounted for using the equity method		5,569	6,874
Loss before income tax		(1,573,565)	(676,620)
Loss from continuing operations		(1,573,565)	(676,620)
Income tax		-	-
Loss for the half-year		(1,573,565)	(676,620)
Loss for the period is attributable to:			
Owners of the parent		(1,573,565)	(676,620)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		465,828	(288,808)
Gain on the revaluation of available-for-sale financial assets		-	(60,000)
Total other comprehensive income for the period, net of tax		465,828	(348,808)
Total comprehensive income for the period		(1,107,737)	(1,025,428)
Loss for the period is attributable to:			
Owners of the parent		(1,573,565)	(676,620)
Total comprehensive income for the period is attributable to:			
Owners of the parent		(1,573,565)	(676,620)
		Cents	Cents
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		(1.52)	(1.08)
Diluted earnings per share		(1.48)	(1.08)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	December 2012 $	June 2012 $
ASSETS			
Current assets			
Cash and cash equivalents		1,515,628	2,808,763
Trade and other receivables		35,733	139,072
Total current assets		1,551,361	2,947,835
Non-current assets			
Other financial assets		14,190	6,930
Investments accounted for using the equity method		9,420,188	7,473,657
Property, plant and equipment		16,434	15,298
Total non-current assets		9,450,812	7,495,885
Total assets		11,002,173	10,443,720
LIABILITIES			
Current liabilities			
Trade and other payables		447,692	911,425
Borrowings		-	500,000
Provisions		94,739	72,373
Total current liabilities		542,431	1,483,798
Total liabilities		542,431	1,483,798
Net assets		10,459,742	8,959,922
EQUITY			
Contributed equity	5	107,675,878	105,068,321
Reserves		1,360,230	894,402
Accumulated losses		(98,576,366)	(97,002,801)
Total equity		10,459,742	8,959,922

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Group	Ordinary Share Capital	Retained Earnings	Share Base Payment	Reserves Asset Revaluation	Foreign Currency Translation	Total
Balance at 1 July 2011	101,687,383	(96,092,954)	1,270,977	140,222	506,580	7,512,210
Comprehensive income						
Loss for the period	-	(676,620)	-	-	-	(676,620)
Other comprehensive income for the period	-	-	-	(60,000)	(288,808)	(348,808)
Total comprehensive income for the period	-	(676,620)	-	(60,000)	(288,808)	(1,025,428)
Employee share options – value of employee services	-	-	150,429	-	-	150,429
Balance at 31 December 2011	**101,687,383**	**(96,769,574)**	**1,421,407**	**80,222**	**217,774**	**6,637,211**
Balance at 1 July 2012	**105,068,321**	**(97,002,801)**	**153,379**	**-**	**741,023**	**8,959,922**
Comprehensive income						
Loss for the period	**-**	**(1,573,565)**	**-**	**-**	**-**	**(1,573,565)**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**465,828**	**465,828**
Total comprehensive income for the period	**-**	**(1,573,565)**	**-**	**-**	**465,828**	**(1,107,737)**
Transactions with owners in their capacity as owners:						
Shares issued during the period	**2,750,523**	**-**	**-**	**-**	**-**	**2,750,523**
Share issue costs	**(142,966)**	**-**	**-**	**-**	**-**	**(142,966)**
Balance at 31 December 2012	**107,675,878**	**(98,576,366)**	**153,379**	**-**	**1,206,851**	**10,459,742**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	December 2012 $	December 2011 $
Cash flows from operating activities		
Payments to suppliers and employees	(1,460,926)	(648,427)
Interest received	62,530	80,169
Interest Paid	(13,164)	-
Net cash (outflow) from operating activities	**(1,411,560)**	**(568,258)**
Cash flows from investing activities		
Payments for investments in associates	(1,940,962)	(1,678,789)
Payments for property plant & equipment	(3,691)	-
Net cash (outflow) from investing activities	**(1,944,653)**	**(1,678,789)**
Cash flows from financing activities		
Repayment of Loans	(500,000)	-
Proceeds from issue of ordinary shares	2,750,523	-
Share issue costs	(142,966)	(30,140)
Net cash inflow (outflow) from financing activities	**2,107,557**	**(30,140)**
Net decrease in cash and cash equivalents	**(1,249,106)**	**(2,277,187)**
Cash and cash equivalents at the beginning of the half-year	2,808,763	4,452,797
Effects of exchange rate changes on cash and cash equivalents	(44,029)	-
Cash and cash equivalents at end of the half-year	**1,515,628**	**2,175,610**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation of half-year report

This general purpose financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 - *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by UCL Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period
Presentation of Items of Other Comprehensive Income

The Group adopted AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income on 1 July 2012. AASB 2011–9 is mandatorily applicable from 1 July 2012 and amends AASB 101: Presentation of Financial Statements.
AASB 2011–9 amends the presentation requirements of other comprehensive income. It requires items of other comprehensive income to be grouped between:
– items that will not be reclassified subsequently to profit or loss; and
– those that will be reclassified subsequently to profit or loss when specific circumstances occur.
It also requires, when items of other comprehensive income are presented before the related tax effects with a single amount shown for the aggregate amount of income tax relating to those items, the amount of tax effect to be allocated between:
– items that will not be reclassified subsequently to profit or loss; and
– those that might be reclassified subsequently to profit or loss.
AASB 2011–9 also amends AASB 101 to change the title “income statement” to “statement of profit or loss” under the two-statement approach. Although other titles are also permitted, the Group has decided to use the title “statement of profit or loss”.8
The adoption of AASB 2011–9 only changed the presentation of the Group’s financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the Group’s financial statements.

2. Going concern

The financial statements have been prepared on the going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

3. Revenue from continuing operations

	December 2012 $	December 2011 $
Interest	52,157	55,634
Foreign Exchange Gain / (Loss)	19,605	(26,521)
Other	227	-
	71,989	29,113

4. Segment information

For management purposes, the group is organised into business units based on their products and activities and has two reportable operating segments as follows:

The Zinc segment being the exploration for and evaluation of zinc resources.

The phosphate segment being the exploration for and evaluation of phosphate resources.

For the half year ended 31 December 2012:	Phosphate Exploration & Evaluation $	Zinc Exploration & Evaluation $	Corporate $	Eliminations $	Consolidated $
Other revenue	-	-	52,157	-	52,157
Other income		-	19,832	-	19,832
Total segment revenue	-	-	71,989	-	71,989
Segment result	5,569	(531,418)	(1,105,017)	57,301	(1,573,565)
Income tax benefit	-	-	-	-	-
Loss for the 6 months	-	-	-	-	(1,573,565)
As at 31 December 2012:					
Segment assets	9,420,188	-	1,581,985	-	11,002,173
Segment liabilities	-	(25,761,783)	(542,431)	25,761,783	(542,431)
Depreciation and diminution in asset values	-	-	2,555	-	2,555
Investment in associates	1,940,961	-	-	-	1,940,961
Write-off of exploration assets	-	-	-	-	-
Share of profit of associates	5,569	-	-	-	5,569
For the half year ended 31 December 2011:					
Other revenue	-	-	55,634	-	55,634
Other income	-	-	(26,521)	-	(26,521)
Total segment revenue	-	-	29,113	-	29,113
Segment result	6,874	1,368,825	(952,633)	(1,009,685)	(676,620)
Income tax benefit	-	-	-	-	-
Loss for the 6 months	-	-	-	-	(676,620)
As at 30 June 2012:					
Segment assets	7,473,659	-	2,970,061	-	10,443,720
Segment liabilities	-	(25,761,783)	(1,483,798)	25,761,783	(1,483,798)
Acquisition of property, plant and equipment and other exploration assets	-	-	6,665	-	6,665
Depreciation and diminution in asset values	-	-	3,319	-	3,319
Investment in associates	3,859,826	-	-	-	3,859,826
Write off of exploration assets	-	43,653	-	-	43,653
Share of profit of associates	3,126	-	-	-	3,126

5. Equity securities issued

The following equity securities have been issued during the half year ended 31 December 2012:

Date	Details	No of shares	Paid up value ($)
1 July 2012	Opening balance	92,928,135	105,068,321
3 July 2012	1 for 12 Non-renounceable Rights Issue at $0.30 per share	7,659,595	2,297,879
	Less: Transaction costs from share issues	-	(139,967)
14 December 2012	Conversion of Convertible Notes at $0.15 per share	3,017,631	452,645
31 December 2012	Closing balance	103,605,361	107,675,878

6. After balance date events

There are no after balance date events to report.

7. Commitments and Contingencies

There have been no changes on the commitments or contingencies as outlined in the 30 June 2012 annual report.

8. Related Parties Transactions

Transactions between related parties occur on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. During the half year loan transactions occurred between the Parent Entity and it wholly owned subsidiaries.

Transactions and balances between the Company and its subsidiary were eliminated in full in preparation of Consolidated Financial Statements of the Group.

9. Estimates and Judgements

There has been no change in the estimates since the Group's last Annual Report.

The Directors of the Company declare that:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   a) giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half-year ended on that date of the consolidated entity; and
   b) complying with the Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporations Regulations 2001.

2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration was made in accordance with a resolution of the board of Directors.

C T Jordinson
Managing Director

5 March 2013

lawler partners chartered accountants

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF UCL RESOURCES LIMITED

REPORT ON THE HALF YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of UCL Resources Limited (the consolidated entity), which comprises of the statement of financial position as at 31 December 2012, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not presented fairly, in all material respects, in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of UCL Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF UCL RESOURCES LIMITED

REPORT ON THE HALF YEAR FINANCIAL REPORT (Continued)

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year report of UCL Resources Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2012, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Lawler Partners

LAWLER PARTNERS
Chartered Accountants

S Tobutt

SCOTT TOBUTT
Partner

Sydney

Dated this 5th day of March 2013

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