



UCL Resources Limited

A.B.N. 40 002 118 872

Tel: +61 2 9233 4750
Fax: +61 2 9233 4749

Suite 2, Level 2, Watson House, 300 George Street
Sydney, NSW, Australia

Postal Address:
GPO Box 1494
Sydney
NSW 2001
Australia

Thursday, 31 January 2013

Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES STATEMENT FOR PERIOD ENDED 31 DECEMBER 2012

HIGHLIGHTS

ASX Code: UCL

Recent Announcements:

- UCL welcomes new Sandpiper JV partner Mawarid Mining LLC
- 2012 AGM and results
- MAK Sale of Minemakers Interests In Sandpiper and Rocky Point

Issued Capital:

Ordinary Shares 103.6m

Top 40 Shareholders:

Hold 89.03%

Largest Shareholders:

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

Directors:

Ian Ross
Gida Nakazibwe-Sekandi
Steve Gemell
Mohammed Al Barwani
Chris Jordinson

Company Secretary:

John Lemon

Namibian Phosphate (Sandpiper Project)

- Minemakers sold their interests in Sandpiper to UCL cornerstone investor Mawarid Mining LLC
- NMP progresses towards approval of the Marine EIA/EMPR and continues to work with the Namibian Stakeholders
- Agronomic evaluation by the International Fertiliser Development Center (IFDC), Florida, USA, continues for accredited certification of NMP's "Namphos" concentrate as Direct Application Phosphate Rock (DAPR)

Mehdiabad Project

- Negotiations continued with the Iranian stakeholders

Corporate

- Cash - A\$1.52 million on hand;
- UCL's scrip and cash takeover offer for Minemakers lapses

Introduction

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 (Namibian joint venture partner) ("Tungeni") through the joint venture company Namibian Marine Phosphate (Pty) Ltd ("NMP"); and
2. planning the strategic development of the Mehdiabad Zinc Project in Iran.

Namibian Marine Phosphate Project ("Sandpiper Project" or "the Project")

Introduction

The Sandpiper Project is located in Namibia and is held by the joint venture company, NMP. NMP is owned by UCL (42.5%), MML (42.5%) and Tungeni (15%). The phosphate ore is located off the coast of Namibia, to be recovered for beneficiation to concentrate an onshore processing plant near the port of Walvis Bay.

Minemakers Limited sale to Mawarid Mining LLC

Minemakers Limited completed the sale of their 42.5% stake in the Sandpiper Project to UCL's cornerstone investor Mawarid Mining LLC on 12 December 2012.

Marine Environmental Impact Assessment ("EIA")

A number of meetings were held during the quarter, along with a complete programme of additional consultations with relevant Namibian stakeholders.

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. The Environmental Commissioner was satisfied with the thoroughness of the additional consultation process and has 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 and this process has now commenced. The timing for completion of the review and internal assessment process could not be quantified by the Environmental Commissioner. The Company is confident that appropriate feedback will be provided in due course.

International Fertiliser Development Center ("IFDC")

NMP commissioned 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 if the NamPhos phosphate rock can be used for direct application in acidic soils and how it performs in relation to triple super phosphate ("TSP"), Gafsa PR from Tunisia, Egyptian PR and Sechura PR from Peru.

The trials are well advanced and NMP expects to announce the results of the rock solubility, x-ray diffraction and summer crop greenhouse evaluation during the 1st Quarter of 2013.

Future Work

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

- Finalise the optimisation of capex and final front end engineering design;
- negotiate contracts for dredging, EPCM, and key staff positions;
- construct the extended dredge arm by Jan De Nul;
- continue discussions with potential off-take parties to establish interest for sale of the Namibian concentrate for producing either phosphoric acid or SSP;
- continue with procurement of environmental clearances;

- continue discussions with regard to the available financing options for the development of the project; and
- sustain an effective dialogue with key stakeholders in Namibia to update them on progress of the project and ensure their continuing support.

Mehdiabad Base Metal Project

Introduction

The Mehdiabad Project is carried on by UCL, Karoun Dez Dasht("KDD") and 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, Iranian Mines & Mining Industry Development & Renovation Organisation ("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.

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).

In an announcement dated 7 September 2012 UCL announced that MZC had concluded a 25 year production agreement with IMIDRO. The agreement paves 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.

MZC has continued to negotiate with the various stakeholders, including IMIDRO in order to advance the development of the Mehdiabad zinc and lead project.

Corporate

Cash position

The Company has A\$1.52 million cash on hand.

UCL scrip and cash takeover offer for Minemakers Limited

On 16 October 2012 UCL confirmed that the offers made under its takeover bid for Minemakers lapsed at 5:00pm on 15 October 2012.

Weitzenberg Foundation, Vaduz

UCL received a Notice of Assignment dated 5 November 2012 from the Weitzenberg Foundation, Vaduz ("WFV") in accordance with the Agreement for Sale of Shares dated 29 May 2008 ("the Agreement").

WFV notified UCL and Sea Phosphates (Namibia) (Pty) Limited ("SPN") for the purposes of section 199 Property Law Act 1974 (Qld) and for all other purposes that it has assigned to each of the assignees absolutely (i) the right to receive payment by SPN of the stated percentages of the Royalty payments otherwise payable by SPN to WFV in accordance with clause 22 and Schedule 7 of the Agreement; and (ii) all of WFV's other rights in relation to the Royalty under the Agreement (other than the right to receive payment of the balance of the Royalty payments payable by SPN to WFV under the Agreement). In accordance with Clause 24.2(a) of the Shareholders Agreement, Namibian Marine Phosphate (Pty) Limited assumed the obligation of the SPN Royalty payments.

In accordance with the assignment, three UCL officers Messrs Jordinson (Managing Director), Daniel (Chief Operating Officer) and Lemon (Company Secretary) advised that they had been included as assignees under the Notice.

The UCL non-executive directors sought independent legal advice on the obligations of the Directors of UCL in the circumstances where an officer of UCL has disclosed that an interest in a royalty payable by a UCL wholly owned subsidiary SPN and NMP is being assigned to him by the original seller of shares in SPN to UCL without providing any further explanation.

The UCL non-executive directors investigated the matter with particular reference to sections 180, 182 and 183 of the Corporations Act, including corresponding with each of the officers, Mr le Riche and the Weitzenberg Foundation.

As a result of the investigations carried out it was concluded that no breaches of the Corporations Act had occurred and that the officers had not solicited the assignment of the Royalty Interest.

For further information, please contact:

Chris Jordinson
Managing Director
Mobile: 0411 224 712
Email: chris.jordinson@UCLresources.com.au

Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this report relative to markets for UCL's trends in resources, recoveries, production and anticipated expense levels, as well as other statements about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. UCL does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements.