



UCL Resources Limited

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29 May 2012

Market Announcements Platform
Australian Securities Exchange

Rights Issue – Letter to Shareholders

Please find attached a copy of the letter which has been sent to the Company's Shareholders today advising details of the Company's rights issue.

John Lemon
Company Secretary



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Dear Shareholder

Non-Renounceable 1 for 12 Rights Issue

On 28 May 2012 the Company notified the Australian Securities Exchange (**ASX**) that it will undertake a one (1) for twelve (12) non-renounceable pro rata rights issue to raise up to \$2,297,878 through the issue of up to 7,659,595 fully paid ordinary shares at \$0.30 (30.0 cents) each ("**Rights Issue**"). Eligible shareholders will be offered the opportunity to purchase one share for every twelve shares held by them as at the record date of 5 June 2012. The shares issued will rank equally in all respects with the existing shares on issue in the Company. All fractional entitlements to shares will be rounded up to the nearest whole number.

Only those shareholders with registered addresses in Australia, New Zealand, Oman and Hong Kong will be eligible to participate in the Rights Issue. The Company's directors have determined that it would be unreasonable to make offers to shareholders in other countries given the number and value of shares that would be offered and the cost of complying with legal and regulatory requirements in other countries. If you are not eligible to participate in the Rights Issue you have been sent this letter for information purposes only.

The Company currently has on issue:

1. 92,928,135 shares, all of which are quoted on ASX;
 2. 33,335 options, none of which are quoted on ASX; and
 3. one convertible note with a face value of A\$500,000 convertible to 3,334 shares.
- The convertible note is not quoted on ASX.

If all 7,659,595 shares are issued under the rights issue the Company will have on issue 100,587,730 shares. Application will be made to the ASX for quotation of all shares issued under the Rights Issue.

Funds raised from the Rights Issue will be used for working capital, in particular to progress the Namibian Sandpiper Phosphate Project.

The Rights Issue will be conducted pursuant to section 708AA of the *Corporations Act 2001 (Cth)* ("**the Act**"). Consequently the Rights Issue will be made without disclosure to shareholders and investors pursuant to Part 6D.2 of the Act, i.e. without a prospectus. A personalised Entitlement and Acceptance Form will be mailed to you. Your share entitlement will be shown on the Entitlement and Acceptance Form.

The Rights Issue is fully underwritten by Mawarid Mining LLC ("**MML**") on the terms of the Underwriting Deed between MML and UCL dated 27 May 2012 ("**Deed**") at the above exercise price. Under the Deed MML agrees to pick up any shortfall shares following the Rights Issue. No underwriting fee is payable to MML under the Deed. The obligation of MML to underwrite the Rights Issue is subject to certain conditions precedent, including

evidence of satisfactory due diligence and offer documentation being acceptable to MML, and conditions subsequent, including UCL not being in breach of any representations or warranties or the Deed not being terminated.

Given the Rights Issue is fully underwritten there is no provision for shareholders to take up more than their initial pro rata entitlement.

The proposed timetable for the Rights Issue is as follows*:

1. Announcement of Rights Issue to ASX 2. Application to ASX for quotation of Shares (Appendix 3B) 3. Lodge Cleansing Notice with ASX 4. Advise option holders	Monday 28 May
Notice to Shareholders containing information in Appendix 3B	Tuesday 29 May
Shares trade "Ex" the entitlements issue on the ASX	Wednesday 30 May
Record Date to identify Eligible Shareholders and to determine Entitlements under the offer	Tuesday 5 June
1. Despatch of Offer and Entitlement and Acceptance Form ("Opening Date") 2. Advise ASX that despatch completed	Tuesday 12 June
Closing Date	Tuesday 26 June
Securities quoted on a deferred settlement basis	Wednesday 27 June
ASX notified of under-subscriptions	Friday 29 June
Despatch Share Holding Statements	Wednesday 4 July
Expected commencement of trading of new shares on ASX	Thursday 5 July

*The dates shown in the timetable are indicative only and, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth), the Company reserves the rights to change any date, including to extend the closing date or to close the offer early without prior notice.

The Record Date for determining eligibility to participate in the rights issue is 5 June 2012.

The offer closes at 5pm (AEST) on 26 June 2012.

If you have any questions regarding the rights issue or the Entitlement and Acceptance Form which will be sent to you please contact the Company Secretary, John Lemon (Tel 07 3832 1329).

Yours faithfully
UCL RESOURCES LIMITED



Ian Ross
Chairman