



UCL Resources Limited

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Monday, 30 April 2012

Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES STATEMENT FOR PERIOD ENDED 31 DECEMBER 2011

ASX Code: UCL

Recent Announcements:

- EIA Lodged
- Final laboratory report
- Inferred resource upgrade
- MAK Bidder's Statement
- UCL Target's Statement
- Resource upgrade
- DFS update
- DFS Study received
- MOU with MB Holdings
- DFS results and Measured Resource upgrade

Issued Capital:

Ordinary Shares 80.8m

Top 40 Shareholders:

Hold 82.3%

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

Namibian Phosphate (Sandpiper Project)

- EIA and EMPR lodged
- Final laboratory work completed
- Indicated Resource upgrade
- Pilot plant testwork completed
- Marketing plan advanced
- Preliminary debt discussions advanced
- Definitive Feasibility Study received

Mehdiabad Project

- UCL's representatives have continued to negotiate with the Iranian authorities to seek a mutually beneficial solution to the ownership issues.

Corporate

- Cash - A\$0.53 million and US\$0.57 million on hand;
- Half Year Report released
- MAK announced an unsolicited takeover offer for UCL
- UCL Board unanimously rejected the takeover offer
- Independent Expert concluded the offer is not fair and not reasonable to UCL shareholders

Important post-quarter events

- Definitive Feasibility Study ("DFS") confirms that the Sandpiper Project is technically feasible and has the potential to be a long life project capable of delivering strong investment returns to shareholders
- Measured Resource upgrade
- MOU signed with MB Holding Company LLC for a 15% Placement

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 Minemakers Limited (ASX & TSX: “MAK”, NSX: “MMS”) (“Minemakers”) and Tungeni Investments cc (Namibian joint venture partner) (“Tungeni”) through the joint venture company Namibian Marine Phosphate (Pty) Ltd (“NMP”); and
2. ongoing negotiations with the Iranian authorities to seek a mutually beneficial solution to the ownership issues relating to the Mehdiabad Project.

Namibian Marine Phosphate Project (“Sandpiper Project” or “the Project”)

Introduction

The Sandpiper Project is located offshore from the Namibian coast and is held by the joint venture company, NMP. NMP is owned by UCL (42.5%), Minemakers (42.5%) and Tungeni (15%).

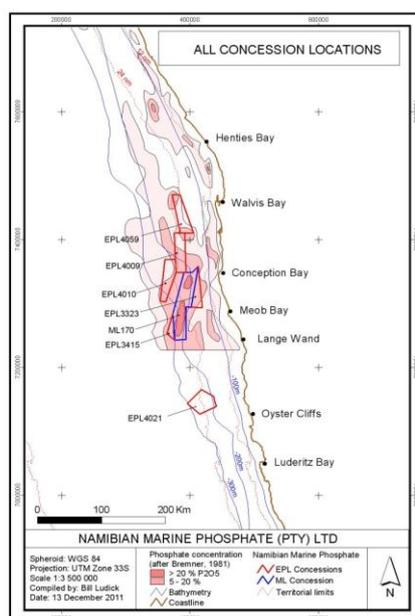
During the March 2012 quarter, UCL made a number of announcements in relation to the advancement of the Sandpiper Project. these included:

- ✓ EIA and EMPR lodged
- ✓ Final laboratory work completed
- ✓ Indicated Resource upgrade
- ✓ DFS update
- ✓ DFS Report received

In addition, post the end of the quarter, UCL announced:

- ✓ DFS confirms that the Sandpiper Project is technically feasible and has the potential to be a long-life project capable of delivering strong investment returns to shareholders
- ✓ Measured Resource upgrade

The Sandpiper Project comprises an extensive submarine deposit of phosphatic sand, mixed with seashells and mud, lying on the sea bed approximately 60 kilometres off the coast of Namibia.



This deposit was initially discovered in the 1970's but was not commercially developed due to economic and technical constraints at that time. Over the past four years, changes in the phosphate market as well as advances in dredging technology have enabled NMP's team and consultants to develop the Sandpiper Project concept based on a relatively simple beneficiation process which allows recovery of a commercially acceptable phosphate concentrate from the phosphatic sands. NMP has conducted intensive sampling and testing of this beneficiation process, including pilot plant testing at the Mintek facility in Johannesburg, South Africa to demonstrate the technical and commercial viability of the project.

Initially, it is intended that the phosphate concentrate produced will be sold to the agricultural industry to be used for direct application on soil and to third party fertilizer manufacturers for input into refined products. Consequently, the DFS has been limited to examining the production of beneficiated phosphate concentrate. However, as Namibia's infrastructure develops, it is intended that NMP will assess the opportunity to develop a downstream processing operation (i.e. fertilizer and phosphoric acid production), which could occur in-country.

EIA and EMPR lodged

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"), 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 has been 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 that 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 therefrom, of 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”

As indicated in the figures shown on pages 6 and 10, it is relevant to note that the Measured Resource lies in an area of approximately 20 sq km. Annual mining will impact on a maximum of 3 sq km of the 2,300 sq km ML 170, or approximately 0.1% of it.

While dredging will have an impact, it will be localised and on a comparatively small area on an annual basis.

NMP has a transparent Environmental Policy and will work according to the terms of its Environmental Impact Assessment and Environmental Management Plan Report.

Final laboratory work completed

The Test Work Report included all work carried out in the Batemans laboratory and set out the design parameters for the pilot plant phase that commenced in late 2011 at the MINTEK facility in Johannesburg, South Africa under Bateman’s supervision.

In the report Bateman concluded, as follows:

- ✓ “The results show that mineral was upgraded from 19.9% P₂O₅ to 27.7% P₂O₅ by a combination of classification, gravity separation and attrition. Further upgrading to > 28% P₂O₅ 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 P₂O₅ 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 purpose of the Bateman work was to confirm previous results from the Scoping Study test work, to provide operating parameters for the pilot test at the MINTEK facility and to provide a preliminary examination of the suitability of the concentrate for fertilizer manufacture. The work included the assessment of gravity separation as a beneficiation process carried out by SGA Germany with the participation of Bateman process engineers.



Microscopic pictures of Concentrate (binocular 100 x magnification)



Microscopic pictures of Tailings (binocular 100 x magnification)

The first stage of pilot scale beneficiation test work, with a circuit based on this Bateman's report was completed in December 2011. The second stage, completed in January 2012 involved a further 80t of bulk sample being processed to accommodate fine tuning of the indicated commercial beneficiation circuit and to provide further concentrate for marketing purposes.

Indicated Resource upgrade

The resource upgrade sampling programme in the initial target recovery area of the Sandpiper Project area resulted in a substantial increase in the Indicated Resource category estimate as well as an overall increase of the total mineral resource estimate. The overall results continued to meet high project expectations, particularly with respect to consistent grade and the high conversion rate to the higher resource categories.

The estimate of the phosphate mineral resource by independent geostatistical consultant Dr Alwyn E Annels, FIMMM, C.Eng. was revised to:

Resource Category	15% Cut off	
	Million tonnes	P ₂ O ₅ Grade
Measured	4.093	20.45%
Indicated	220.349	20.13%
Inferred	1,607.8	18.9%

Please note this resource has been superseded by a further resource upgrade announced on 18 April 2012

As previously announced, the Sandpiper Project deposit comprises two main layers with phosphate mineralisation. The upper layer (Layer 1) tends to be relative shelly, grading downwards into a second generally higher grade sandy layer (Layer 2) which overlies a poorly mineralised footwall clay.

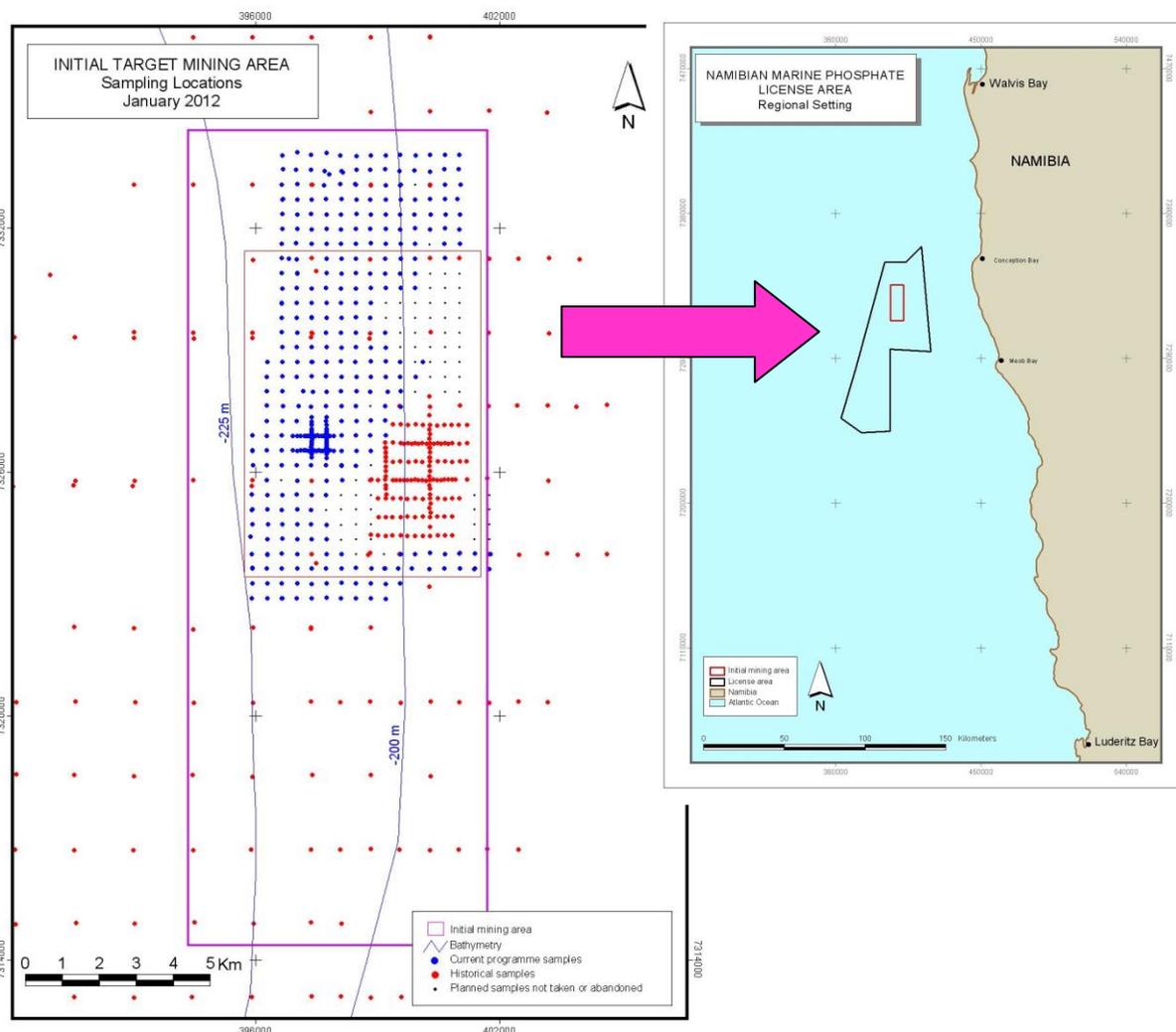
Measured and Indicated Mineral Resources have been calculated for the initial target recovery area in ML170 using combined assay and thickness data for Layers 1 and 2.

A 2D Inverse Distance Weighting (IDW) method (to the power 3) was used to interpolate thicknesses, grade, specific gravities and moisture content for 200 m N-S x 200 m E-W blocks. Extrapolation has been constrained by the search parameters used. The dimensions of the search areas were controlled by examination of the distribution and trends of data, the numbers of samples captured and by the results of current geostatistical studies.

Sampling Programme

Gravity cores recovered from 398 new sample sites on a 400 x 400m sample grid located in the northern half of the initial target recovery area of the Sandpiper Project Area with the objective of upgrading the resource base to support the DFS. This area lies in water depths of less than 225m which is targeted for dredging using Jan De Nul's dredge vessel MV Cristobal

Colon. The improved gravity coring system achieved an overall greater penetration than the previous phases of the regional resource sampling completed in 2009, 2010 and 2011 with an average sampling penetration depth of 1.93m (previously 1.45m) and maximum penetration of just over 3 metres. Sub-samples were taken from the new cores and submitted for P₂O₅ assay analysis in accordance with standard procedures which include duplicate samples as well as comparative testing by independent laboratories.



At the end of the March 2012 Quarter the DFS was nearing completion. Representatives of the Joint Venture met with lead consultant Bateman Advanced Technologies Limited (“Bateman”) in Johannesburg during the week of 12 March 2012 to review progress on the study.

Bateman was at that point compiling the study report after completing their 4 principal work programs:

- Phase 1* - Laboratory test-work to confirm process parameters
- Phase 2* - Pilot test-work to produce a bulk concentrate for marketing and design input
- Phase 3* - Basic engineering for the process plant
- Phase 4* - Front-end engineering design for the process plant

The sub-consultants that have worked with Bateman to complete the DFS included:

- Jan de Nul NV– Dredging

- Paterson & Cooke Consulting Engineers (Pty) Ltd – Pipeline and slurry handling systems
- Lithon Project Consultants (Pty) Ltd – Infrastructure, civils, ponds and logistics
- Enviro Dynamics – Environment including ongoing EIA and EMPR studies

Debt Financing

The Joint Venture commenced discussions with potential financiers in relation to the Sandpiper Project's debt funding requirements and mandated Wimmer Financial LLP as Financial Adviser on structuring the project debt requirements.

A number of meetings had already been held with prospective debt providers and non-binding, preliminary and indicative term sheets had been received. To ensure that the potential debt providers were fully apprised of the Project status, a briefing session was held in Johannesburg on 15 March 2012, where the Project and debt-related matters were discussed in an open forum with the Joint Venture representatives and consultants.

Product Marketing

Product marketing had been advanced with the appointment of CRU, which was commissioned to provide an independent 'Lenders' Market Report' covering:

- the phosphate rock market (for merchant sales as a direct application fertilizer or as a feedstock for single super phosphate or phosphoric acid production, which themselves are intermediate products in the manufacture of nitrogen/phosphorus/potassium-enhanced fertilizers);
- an assessment on the marketability of Sandpiper Project's phosphate rock production; and
- the cost-competitiveness of the Sandpiper Project.

CRU's report will form an integral part of the DFS and is expected to provide a solid base from which the Joint Venture's marketing strategy will be based.

Market opportunities for Sandpiper Project's "Namphos" phosphate concentrate product have been indicated as:

- Direct Application Phosphate Rock ("DAPR") – Recent tests by Bateman on concentrate characteristics demonstrate that the Namphos product is a highly reactive rock concentrate and is probably suitable for direct application in appropriate soil and climatic conditions;
- Single Super Phosphate ("SSP") – Bateman has completed laboratory bench test-work on the suitability of the rock concentrate to be used in SSP production, with positive results; and
- Rock Phosphate feed for Phosphoric Acid ("PA") - preliminary test-work has indicated the Namphos product may be used to produce phosphoric acid. Further pilot test-work is being conducted to ascertain its characteristics for commercial production of phosphoric acid.

Definitive Feasibility Study received

Bateman delivered the DFS Report to NMP for the Sandpiper Project on schedule at the end of the quarter.

NMP reviewed the DFS and provided the Joint Venture participants information facilitating a detailed announcement on Monday, 16th April 2012 including the technical and financial outcomes contained in the DFS.

Definitive Feasibility Study

The DFS builds on the scoping study undertaken by NMP in October 2010 (“Scoping Study”). It confirmed that the Sandpiper Project is technically feasible and, subject to certain qualifications set out below, has the potential to be a long life project capable of delivering strong investment returns to shareholders, and that it has the potential to be a long life project capable of delivering strong investment returns for NMP’s shareholders.

As a result of the work carried out as part of the DFS, NMP also advises an increase in the estimate for the Measured Resource category from 4.1 Mt at 20.5% P₂O₅ to 60 Mt at 20.8% P₂O₅ (at a 15% P₂O₅ cut-off). Further details are outlined below.

Key economic outcomes

The key economic outcomes in UCL’s opinion, using the UCL base case of the DFS for the Sandpiper Project include:

Item	Units	Value	Qualifications
Mine life	Years	20	
DFS accuracy	+/-	-5%/+15%	
Annual steady-state processing throughput	Mtpa	5.0	
Annual steady-state concentrate production	Mtpa	3.0	
Life of mine production	Mt	57.4	
Pre-production capital costs in DFS	US\$ million	US\$326.3m	
Pre-production capital costs, including Desalination Plants estimate	US\$ million	US\$355.0m	
Life-of-mine average concentrate sales price ¹	US\$ / tonne concentrate	US\$105.1/t	(1)
Average steady state cash unit operating cost	US\$ / tonne FOB Walvis Bay	US\$59.7/t	
Royalty rate	%	2.0%	
Namibian corporate tax rate	%	36.0%	
Discount rate	% post-tax real	10.0%	
Project NPV (geared)	US\$ million	US\$297.1m	(1&2)
Project IRR (geared)	%	23.6%	(1&2)
Payback (ungeared following commencement of production)	Years	3.5 years	(1&2)

¹Detailed pricing assumptions are provided below.

² Assuming the requirement for a reverse osmosis desalination plant at a cost of US\$28.7m.

Revaluate Pty Limited (“Revaluate”) prepared, independently from UCL, the sensitivity models as contained above and on page 3 of the Release.

Revaluate provides advisory services in mining valuation for corporate and government agencies. The principal of Revaluate is Victor Rudenno (B.E. Mining, M Comm, PhD) who is a Fellow of the Australasian Institute of Mining & Metallurgy and a Senior Fellow of the Financial Services Institute of Australasia. Dr Rudenno has over 35 years experience in stock broking and investment banking and has undertaken numerous independent expert reports and mining project valuations.

The information contained within each of the scenarios (low, base and high cases) included in the financial modelling has been sourced from the Definitive Feasibility Study (“DFS”). The various inputs for these scenarios were prepared by Bateman Technologies Limited, Jan de Nul, Lithon Engineering, Paterson and Cooke, CRU Strategies and, where applicable, Namibian Marine Phosphate Pty Limited (“NMP”). The model is currently undergoing a full audit.

The figures above are presented in US\$ in real terms assuming a base date of March quarter 2012, unless otherwise stated. The results reflect 100% of the Sandpiper Project and are stated on a geared basis, given the preliminary indications of possible bank funding. UCL notes that the fresh water requirements are now anticipated to be in excess of the capacity of the source previously identified. Accordingly, there is a requirement for the identification of an additional fresh water source for the Sandpiper Project. To this end, NMP is currently evaluating the commissioning of a Reverse Osmosis Desalination Plant which is estimated to cost in the order of US\$28.7m.

In arriving at the figures contained above and in the Release, Revaluate has relied on the following assumptions:

Mine life	20 years ¹
Annual steady state concentrate production	3.0mt
Price (Phosphate Rock)	US\$119 ² (refer to Product Marketing and Pricing below)
Royalty rate	2%
Namibian Corporate tax rate	36%
Depreciation straight line	3 years
Debt Equity ratio	50%
Interest rate	9.5%
Debt repayment period	7 years
Capital costs	refer to Capital cost estimate below
Opex costs	refer to Operating cost estimate below
Process plant recovery factor	62%
Discount rate (real, after tax)	10%

1. Note that measured and indicated resources are sufficient for a 30 year mine life
2. Note that CRU have provided price forecast through to 2022, beyond 2022 CRU use a straight line 2.5% for prices beyond their 10 year outlook

The following sensitivity analysis accompanies the above assumptions:

:

Change	Price NPV US\$m	Operating Cost NPV US\$m
-30.0%	-148.9	531.3
-20.0%	-3.5	441.1
-10.0%	137.0	358.5
0.0%	275.8	275.8
10.0%	413.6	192.7
20.0%	555.6	109.0
30.0%	703.6	24.4

The following risks may impact on the above predicted financial models, including

- No estimates of mineral reserves at this stage
- Dredging operation (contract, feasibility, production levels, feed grade)
- Geotechnical and construction (foundation) issues for the process plant given sand base
- Availability of fresh water (Reverse Osmosis plant)
- Availability of suitable port facilities (storage, ship loading, charges)

- Marketing of phosphate including attracting custom and market share
- Product pricing
- Issue of relevant Government permits to commence production

which are in addition to other risks identified in the Original Target's Statement dealing with UCL

In terms of methodology in determining the above estimates, the Sandpiper Project NPV was determined by the generally accepted method of discounting forecast equity cash flows at a discount rate of 10%. Cash flows were calculated on an after tax real basis (no inflation), and geared for the assumed 50% debt equity ratio. The internal rate of return was determined based on the same cash flows as defined in the preceding sentence. The cash flows were based on the assumptions listed above.

Figures are presented in US\$ in real terms assuming a base date of March quarter 2012, unless otherwise stated. The results reflect 100% of the Sandpiper Project and are stated on a geared basis, given the preliminary indications of possible bank funding. Please note that the fresh water requirements are now anticipated to be in excess of the determined source and there is a requirement for an additional source. NMP is currently evaluating a Reverse Osmosis Desalination Plant which is estimated to cost in the order of US\$28.7m.

Resource upgrade

Based on the resource development work undertaken through the DFS, the Mineral Resource estimates for the Sandpiper Project have been prepared by independent geostatistical consultant Dr A. Annels, FIMMM, C.Eng at a 15% P₂O₅ cut off. As a result of recently completed work as of 15 April 2012, the Measured Mineral Resource estimate has been increased significantly to 60 Mt at 20.83% P₂O₅. The current mineral resource estimates for the Sandpiper Project are as follows:

Category	Tenement	Mt	% P ₂ O ₅
Measured Resource (within the Initial Target Recovery Area)	ML170	60	20.8%
Indicated Resource (within the Initial Target Recovery Area)	ML170	105	19.6%
Indicated Resource (outside the Initial Target Recovery Area)	ML170	62	20.6%
Total Measured & Indicated	ML170	227	19.7%
Total Inferred	ML170, EPL 3323, EPL3415	1,607.8	18.9%

The Initial Target Recovery Area (approx. 16km x 8km) lies at the northern end of the 2,233 km² ML170 area, at water depths of less than 225 metres.

The production inventory for the assumed initial mine life of 20 years in the DFS is taken from the combined Measured and Indicated Resources defined within the Initial Target Mining area in ML 170.

NMP and its shareholders believe that a sufficient proportion of this production inventory of Measured and Indicated Resource will be converted to Proven and Probable Ore Reserves to support the proposed production rate for a 20 year mine life, for the following reasons:

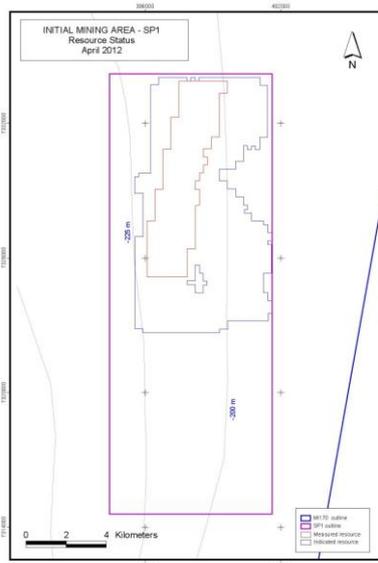
- The proposed mining area has an estimated Measured and Indicated Mineral Resource base of 165 Mt (compared to DFS mining inventory of 100 Mt);

- Previous conversion of Inferred Resources to Indicated Resources (109.5 Mt to 146.4 Mt), and subsequently to Measured and Indicated Resources (to 165 Mt) in the proposed mining area has occurred at greater than 100% conversion rate;
- Based on the testwork done to date, NMP sees no reason why further lateral testing of the Mining Lease in the proposed mining area should not result in further conversion of Mineral Resources from the Indicated to Measured categories; and
- The deposit is broadly homogenous (except for minor variations in grade), flat lying and lies on or close to the sea floor. Furthermore, unlike conventional open-cut mining techniques, the hopper dredging program envisaged for the Sandpiper Project is not expected to have any internal dilution or require recovery beyond the confines of the deposit. Accordingly a pit or mine design that is normally required for the estimation of an Ore Reserve is not required to be made in this case.

Estimation of Ore Reserves based on the current Measured and Indicated Resources is expected to occur in May 2012.

The aim of the resource upgrade was to satisfy the requirements of potential debt financiers (banks) by delineating sufficient Measured Resources to support the dredging rate of 5Mtpa required to maintain full production of 3 Mtpa concentrate for at least the initial 10 years.

The Mineral Resource estimates have been prepared in compliance with JORC and NI 43-101 standards. A 2D Inverse Distance Weighting (“IDW”) method (to the power 3) was used to interpolate thicknesses, grade, specific gravities and moisture content for 200m N-S x 200m E-W blocks. Extrapolation has been constrained by the search parameters used. The dimension of the search areas were controlled by examination of the distribution and trends of data, the numbers of samples captured and the results of current geostatistical studies.



Initial target Recovery area showing the defined areas of Measured and Indicated Resource to support the DFS production plan

Overview of proposed process flow

The production of phosphate concentrate from the Sandpiper Project is expected to occur in the steps outlined below.

Dredging and unloading

The phosphate sediment will initially be dredged from the ocean floor building up over 3 years to a rate of approximately 5.0 Mtpa, using a trailing suction hopper dredge with an extended dredge arm to reach water depths initially to 225 metres. An existing dredge with an operating water depth capacity of 165metres will be modified to allow dredging to 225 metres. This modification project represents a technical risk for the project, but NMP believes that it is a low risk. During dredging operations, the hopper dredge when full will steam to a position

south of Walvis Bay where it will discharge the material ashore into a buffer pond located to the south of an existing mining licence for a salt production project. The dredge vessel will use a submerged temporary pipeline attached to an anchored buoy for unloading. The excess sea water pumped ashore will discharge from the buffer pond back to the sea via the same pipeline.



Proposed Walvis Bay project layout Screening and transport to process plant

The phosphate material will be reclaimed as slurry from the buffer pond again by a dredging system and the plus 1mm coarse fraction shells will be screened out and stockpiled near the buffer pond. The minus 1mm phosphate sands and mud will be slurried and pumped via a 27 kilometre pipeline to the process plant site located approximately 6 kilometres inland to the south east of Walvis Bay.

The coarse screened shell may have commercial value and if a suitable market or business opportunity can be found for this material, it will be exploited. This does not form part of the DFS.

Processing and export

At the planned processing plant site, the slurry will be sized and attritioned (or polished) using sea water to produce phosphate concentrate, during which the fines material (clay, mud and shell grit) will be removed by hydrocyclones and gravity separation and stored as tailings. The tailings will be thickened using a biodegradable polymer flocculant and discharged into a tailings dam at the processing plant site. Design optimisation of the tailings dam is currently being undertaken with a view to reducing the upfront capital costs for the Project.

The resulting phosphate concentrate will then be filtered and washed in fresh water to remove sea salt. Initially Walvis Bay municipal grey water will be used, but a small reverse osmosis desalination plant will be required to be built during the ramp-up phase to achieve the proposed steady-state production rate of 3.0 Mtpa (the estimated capital cost is US\$28.7 million). The spent wash water will be recycled and finally sent back to the buffer pond with the excess process sea water and re-used if needed, or discharged back into the sea along with any other excess sea water.

Following this, the concentrate will be dried and stockpiled under cover, before being moved to the port at Walvis Bay for export to international and regional markets via bulk carrier.

Excess sea water from the beneficiation process will be pumped back to the buffer pond site.

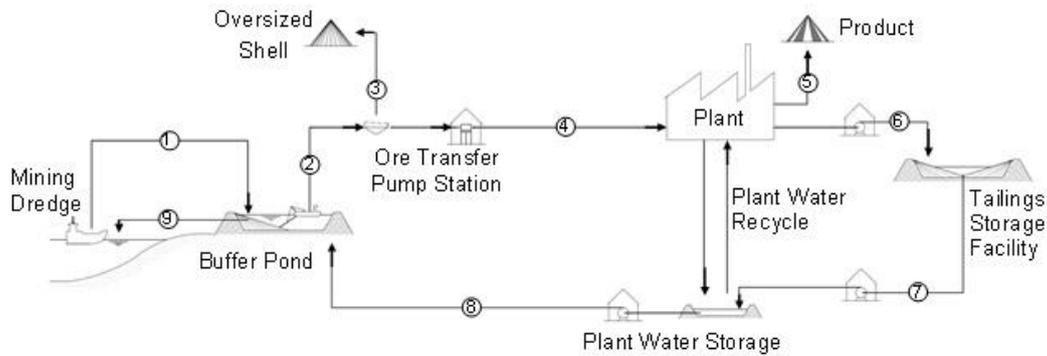


Figure 4: Overview of slurry and water handling system

Product marketing and pricing

Demand for phosphate rock is driven primarily by the demand for phosphate fertilizers, which is in turn driven by demand for agricultural products. With rising global population, rapid growth in incomes in developing countries and increased production of biofuels, demand for phosphate fertilizers and therefore phosphate rock is expected to exhibit strong growth.

Global rock phosphate consumption has increased from 145.5 Mt in 2000 to an estimated 186.7 Mt in 2011. An estimated 16.8% of this 2011 consumption (i.e. approximately 33.0 Mt) is satisfied by trade between countries, with the remainder of consumed within the country of production.²

CRU Strategies (“CRU”), an independent market expert, has completed a comprehensive marketing study as part of the DFS. Based on the conclusions of this report, NMP is targeting to produce and sell 3.0 Mtpa of phosphate concentrate grading approximately 27.5% - 28% P₂O₅ from the Sandpiper Project, comprising:

- 1.0 Mtpa into the direct application phosphate rock (“DAPR”) market;
- 1.0 Mtpa to manufacturers of single superphosphate (“SSP”); and
- 1.0 Mtpa to manufacturers of phosphoric acid (“PA”).

DAPR Market

CRU has confirmed that the proposed concentrate is suited for the DAPR market. Whilst the global traded market for DAPR is approximately 3 Mtpa, some key suppliers of the product are expected to exit the market over the medium term, thereby opening up marketing opportunities for Sandpiper Project product.

SSP Market

CRU has confirmed that whilst the Sandpiper Project product is slightly lower grade than other competing products in the SSP market, its higher solubility should partially offset this and should lead to demand from countries such as Brazil and India in the SSP market.

PA Market

The global PA market currently trades approximately 25 Mtpa of phosphate rock on an annual basis and therefore represents a sizeable potential market opportunity for Sandpiper Project product.

Independent testwork has confirmed that Sandpiper product should be suitable as a feedstock for the PA market, particularly as a blended feedstock.

² CRU Strategies, March 2012

Forecast Prices

CRU's analysis has indicated that the price of rock phosphate produced from Bayovar mine in Peru is the most appropriate benchmark by which to estimate prices for Sandpiper Project product.³ In estimating future prices for the Sandpiper Project, CRU have determined discounts to the Bayovar price based on comprehensive value-in-use analysis across each of the three target market segments.

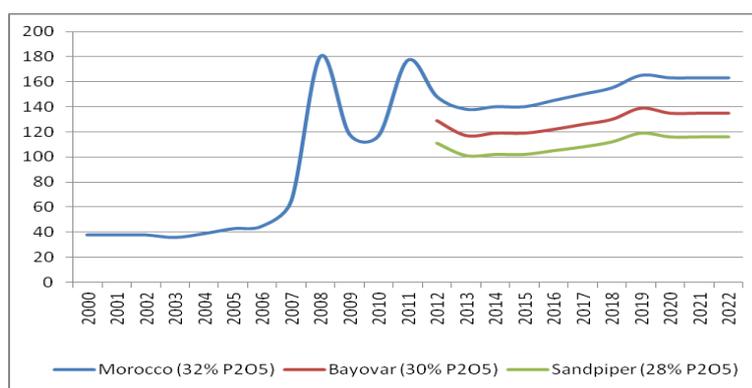


Figure 5: P₂O₅ price comparison

CRU provided a number of prices which UCL has adopted in the 3 financial models:

1. Low case – a 2014 nominal price of US\$119, which after applying inflation rates of 2% from 2012 equated to US\$114
2. Base case – the 2014 nominal price of US\$119, which UCL believes is most likely based on supply and demand
3. High case – the 2012 nominal price of US\$129

In addition CRU recommended that NMP apply the following discounts to the product range, which UCL included in the 3 financial models:

- DAPR – 5%
- SSP – 9.9%
- PA and blend material – 20%

³ Bayovar commenced production in 2010, and consequently long term historical prices are not available.

Capital cost estimate

The DFS capital cost estimate for the Sandpiper Project is US\$326.3 million (in March 2012 prices). This estimate is broken down as follows.

Construction	US\$ million	Area	US\$ million
Civil and structural	76.1	Dredging	5.3
Mechanical equipment	75.1	Buffer ponds	38.6
Piping, fitting and valves	32.8	Reclaim	5.1
Electrical equipment	7.8	Screening	3.3
Instrumentation / control equipment	5.8	Pumps and pipeline	42.1
Commissioning / spare parts	1.9	Process plant	96.0
Vendor construction costs	0.6	Tailings facility	24.1
Transportation	7.5	Power	15.6
Service facilities	33.3	Roads	13.1
Preliminary & General	19.6	Logistics	17.7
Sub total	260.8	Sub total	260.8
EPCM	23.5	EPCM	23.5
Contingency and ancillary	42.1	Contingency and ancillary	42.1
Total (excl. R/O plant)	326.3*	Total (excl. R/O plant)	326.3*

*As noted above, current fresh water requirements indicate that a small reverse osmosis desalination plant is required to be built during the ramp-up period, for which capital costs have been estimated at US\$28.7m.

Optimisation of this estimate is now in progress and will continue during the detailed front-end engineering and design ("FEED") work, with the aim of identifying savings.

The working capital requirement for the Project base case prior to it generating positive cash flows is estimated to be in the order of US\$86.0m, which includes financing costs and the cost of the first campaign dredge cycle to provide the process stockpile.

There are several areas in which significant capital savings may be identified, and these include the following:

- Undertaking staged construction of tailings storage facilities on an as-needed basis. The DFS costs include a single stage construction to cover the entire 20 years of operation, which is not general industry practice.
- Being able to move the buffer pond closer to the beneficiation plant which should result in reduced capital expenditure due to a shorter pipeline, smaller pump sizes and power requirements.

Comparison to Scoping Study Outcomes

The DFS capital cost estimate is significantly higher than the capital cost estimate presented in the Scoping Study of US\$144 million. The key drivers of this are shown in the table below:

Item	Impact	Estimated capital cost impact (US\$ million)
Primary screening relocated from the process plant site to the reclamation area	Additional power, water and civils required to be included in the process design	US\$5.5m
Buffer pond moved further south than original location (to accommodate existing salt works) and re-routing of pipeline due to archaeological considerations	Pipeline length increased from 16km to approximately 27km, with consequent additional pumping capacity, extended piping and greater energy requirements	US\$27.8m
Lining of dams for environmental and geotechnical purposes	Reclamation and tailings ponds required re-engineering, including the costs of lining	US\$8.3m
Final product drying	Commercial dryer installed in DFS design to reduce shipping moisture content to 3%	US\$5.8m
Road between the Plant and buffer pond	Required for access and maintenance	US\$15.7m
Final product storage at processing plant and port	Covered storage required at processing plant and port of Walvis Bay due to wind	US\$24.4m
General civils and infrastructure	Underestimated in Scoping Study largely due to adjustments of processing sites and layouts	US\$78.9m
Other	Power Supply	US\$15.6
Total		US\$182.0m

Operating cost estimate

Steady-state unit operating costs are estimated at approximately US\$59.67/tonne of concentrate for the life of the mine (at 2012 prices), which is on par with the Scoping Study estimate of approximately US\$58/tonne of concentrate. A detailed breakdown of the DFS unit operating cost estimate is shown in the table below:

Operating Cost Item	US\$ / tonne (2012 prices)
Labour	1.44
Flocculant	0.97
Water	1.42
Power	5.84
Fuel (other than Diesel)	7.95
Diesel	0.79
Mining	36.27
Logistics	2.51
Maintenance	2.44
Miscellaneous	0.04
Total	US\$59.67/t

In addition to the above, NMP expects to pay royalties to the Namibian Government at a rate of 2%, per tonne of concentrate.

It is expected that production of concentrate will ramp up progressively from 1.0 Mtpa in Year 1 to full capacity of 3.0 Mtpa in Year 3. As a consequence, unit operating costs for the first two years during the ramp-up phase will be significantly higher than shown above.

Approvals and land applications

Prior to commencement of production, NMP must obtain Environmental Clearances from the Namibian Ministry of Environment and Tourism (“MET”) to allow both offshore marine mining and onshore beneficiation operations.

In relation to the Environmental Clearance for offshore mining, following a period of mandatory public review and feedback, NMP has submitted its final Environmental Impact Assessment (“EIA”) and Environmental Management Plan Report (“EMPR”). These documents are currently being considered by the MET. To date, NMP is not aware of any issues arising from this review that it does not consider as being manageable.

In relation to onshore approvals, the final EIA and EMPR are currently being prepared by the DFS consultants and will be submitted to the MET prior to the end of May 2012.

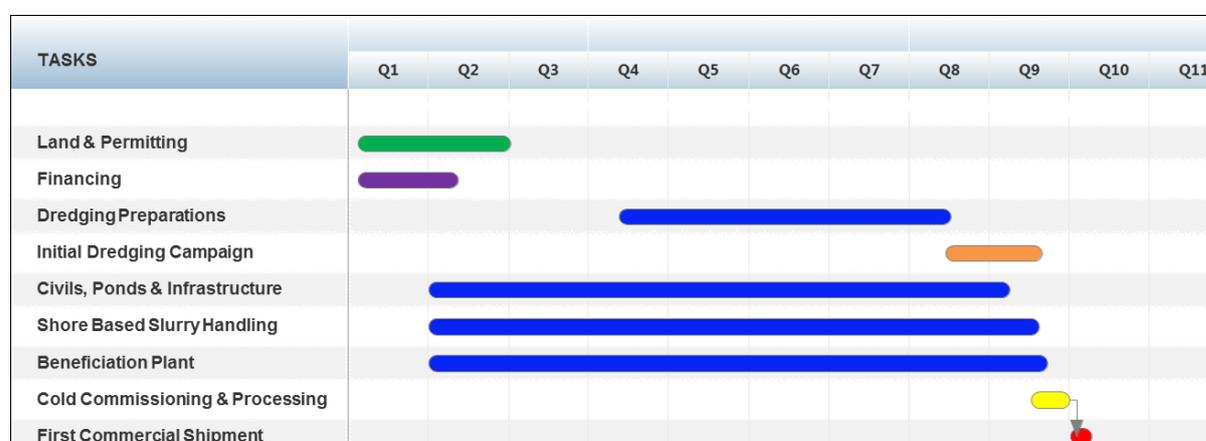
In addition, NMP is also awaiting the grant of land (most likely via long-term lease agreements) for the buffer pond and beneficiation plant areas, as well as for a servitude (ie. easement) for the pipeline route between these two sites. The pipeline route would also be occupied by a road, a power line and a return-water pipeline. Applications for this are currently being processed by the relevant Namibian authorities.

Debt funding

NMP and its shareholders have commenced discussions with potential financiers in relation to the Project’s debt funding requirements and have mandated Wimmer Financial LLP as financial adviser for this process. A number of meetings have already been held with prospective financiers and non-binding, preliminary and indicative term sheets have been received. Follow-up meetings will shortly be held with these parties.

Construction and commissioning timetable

Once a development decision has been made and financing for the Project has been secured, the project schedule developed as part of the DFS indicates that completion of construction and commissioning of the Project will take a further 24 months to the sale of first product as outlined below:



Sandpiper Project development schedule

Benefits for Namibia

The Erongo Region and Namibians in the greater economy will benefit from a number of direct and indirect economic benefits from the development of the Sandpiper Project based on the base case. These include but are not limited to:

1. Employment

The employment of Namibians will be in two phases:

- Development and Construction phase – in the order of 400 - 500 jobs will be created
- Operating phase – 150 employees on a fulltime basis and with the requirement for industry support services a further 150 to 200 jobs will be created, totaling in the order of 350 jobs

An integral part of the employment process will be the education, training and up-skilling of Namibians working at the Sandpiper Project.

2. Royalties and Taxation

The Namibian Government will derive significant revenue from the project including:

- A 2% Revenue based royalty, which over the current mine life is estimated to be in the order of N\$928m (US\$120m)
- Company taxation based on the profits from the project, which over the current mine life is estimated to be in the order of N\$6.3bn (US\$821m)
- Employee tax deductions.

3. Social

Through the exploration and feasibility stages of the Sandpiper Project, NMP established and continued to develop a reputable corporate social responsibility program, which is focused on education at the regional level. NMP will continue to develop the corporate social responsibility program expanding into further education and community social programs at both a regional and national level.

4. Environmental

NMP has a transparent Environmental Policy and through the Environmental Impact Assessment ("EIA") and the ongoing Environmental Management Plan Report ("EMPR") NMP will work with the local communities to ensure the preservation of the Namibian environment.

Future Work

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

- complete the upgrade of Mineral Resources to Ore Reserves;
- finalise the Independent testwork on Sandpiper Project concentrate for phosphoric acid production;
- Optimise 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 the follow up from the terrestrial environmental public scoping meetings held in Windhoek and Walvis Bay;
- continue discussions with regard 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

Mehdiabad Base Metal Project

Background

The Mehdiabad 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 Zinc Project on hold. The negotiations and discussions are ongoing but with no resolution having been reached at the date of this report.

Corporate

Cash position

The Company has A\$0.53 million and US\$0.57 million cash on hand.

Minemakers Limited takeover

On the 20 February 2010 Minemakers Limited (“MAK”) launched an unsolicited and hostile takeover (“offer”) for UCL, with the lodgement of a Bidders Statement. The UCL board considered MAK’s offer inadequate and opportunistic. Its reasons for recommending the offer’s rejection included, among others:

- MAK’s offer does not reflect the potential value of UCL’s 42.5% stake in the Sandpiper Marine Phosphate Project which is currently believed to be the world’s largest individual marine phosphate resource.
- MAK’s offer will dilute UCL shareholders’ interest in the Sandpiper Marine Phosphate Project which the board considers to be significantly superior to MAK’s other assets.
- MAK is offering only scrip, with no cash alternative. The future performance of UCL shareholders’ investment will depend therefore on the performance of MAK shares.

In addition to the above, on the 21 March 2012 UCL issued a response with the lodgement of the Target’s Statement. The Target’s Statement also included an Independent Experts Report (“IER”) and the IER concluded that:

1. the offer was not fair and not reasonable to UCL shareholders; and
2. UCL shares were valued at 43.1 – 46.3 cents by the Independent Expert.

At this date, the bid remains open and UCL Directors continue to recommend that UCL Shareholders reject the MAK takeover offer. UCL continues to maintain its professional relationship with Minemakers at the NMP Joint Venture level and UCL is committed to progressing the Sandpiper Project

MOU signed with MB Holding Company LLC for a 15% Placement

On 18 April 2012 the Company announced that MB Holding Company LLC (“MB Holding”), entered into a non-binding Memorandum of Understanding (“MOU”) with UCL to take a Placement of 15% in the Company post a rights issue to be undertaken by UCL in the near future.

The main points of the Placement are:

1. Priced at 30 Australian cents per share.
2. MB Holding intends to participate in future fund raisings, for UCL’s contribution to the development of the Sandpiper Project, thus providing UCL with a significant cornerstone investor.
3. Subject to shareholder approval. As UCL is currently the subject of a takeover offer by Minemakers Limited (ASX – “MAK”) it believes it is in the interests of shareholders to seek their approval to the Placement as such may constitute a defeating condition under MAK’s offer. The Company will shortly circulate the required notice for the meeting.
4. Subject to a short due diligence period.

Rights Issue

Prior to completing the Placement, UCL also intends to conduct a Rights Issue to raise A\$2.0 million, the details of which will be formally announced to the market shortly.

Use of Funds

The funds raised by the Placement and Rights Issue will be used for:

1. UCL's contribution to the pre-development costs of Sandpiper
2. Working capital for the ongoing requirements of UCL

For further information, please contact:

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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.

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.