



UCL Resources Limited

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ASX Market Announcements

Australian Securities Exchange

DFS CONFIRMS THE POTENTIAL OF THE SANDPIPER MARINE PHOSPHATE PROJECT UCL SECURES NEW CORNERSTONE INVESTOR TO FACILITATE THE FUNDING

UCL Resources Limited (**ASX – “UCL”**) is pleased to announce a Placement to compliment the positive technical and financial outcomes of the independent Definitive Feasibility Study (“**DFS**”) on the Sandpiper Marine Phosphate Project (“**Sandpiper**” or “**the Project**”). The Project is located off the Namibian coast and is held by the Namibian joint venture entity, Namibian Marine Phosphate (Pty) Limited (“**NMP**”).

Placement

MB Holding Company LLC (“**MB Holding**”), has 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 Sandpiper, 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 its in the interests of shareholders to seek their approval to the Placement as such constitutes a defeating condition under MAK's offer and 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 non-renounceable Rights Issue of 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

The Chairman of UCL, Mr. Ian Ross commented - "UCL has been working on funding its share of the development costs for the Sandpiper whilst completing the Definitive Feasibility Study and as is evident has made significant progress in this regard. The UCL team initially established an association with Montpellier Corporate Advisory, which provided an introduction to MB Holding and following a number of cordial meetings the Company is most pleased to report that it has entered into an MOU which will add MB Holding as a new long term, cornerstone shareholder in UCL. UCL is delighted to have entered into a MOU with a company of the calibre of MB Holdings. The credentials of MB Holding are impeccable, having a record as a supportive major shareholder in a range of investments, MB Holding has expressed great pleasure at the prospect of working with UCL and its stake-holders, to build a long term relationship while developing the Sandpiper Marine Phosphate Project."

About MB Holding Company LLC

MB Holding Company LLC ("MB Holding") and together with its subsidiaries ("MB Holding Group") is a diversified natural resource company from the Sultanate of Oman with significant operations in the Middle East, United Kingdom, Europe, North Africa, Asia, Asia-Pacific and Australia.

MB Holding conducts its operations through four main business segments which comprise 'Integrated Oil & Gas Services', 'Exploration and Production of Oil & Gas', 'Engineering and Manufacturing' and 'Mining'. In addition to these operations, MB Holding also undertakes strategic investments and manages financial investments of the MB Holding Group. MB Holding's commitment to high standards of health, safety and environment protection has the strong support of its esteemed customers. The company reliably meets its commitments and sets industry benchmarks in the process with great emphasis on maintaining the highest standards of business ethics and integrity.

Today, MB Holding employs more than 6500 employees from 51 nationalities who are committed to meet the challenges of a competitive global business environment MB Holding strives to provide opportunities for the self-development and professional growth of its employees. The company steadfastly forms social partnerships with the communities where it operates by developing nationals wherever possible and offers business to national companies. More than 80% of the employees are nationals of the respective host countries where MB Holding's subsidiary companies operate.

Sandpiper Marine Phosphate Project positive Definitive Feasibility Study and Measured Resource upgrade

HIGHLIGHTS

- ✓ Definitive Feasibility Study (“**DFS**”) led by Bateman Advanced Technologies Limited (“**Bateman**”) confirms the Sandpiper Project is **technically feasible and has the potential to be a long life project capable of delivering strong investment returns to shareholders**. The DFS Report was completed on time and on budget.
- ✓ The DFS envisages steady-state production of **3.0 million tonnes per annum (“Mtpa”) of phosphate concentrate product grading 27.5 - 28% P₂O₅ over an initial mine life of 20 years, after a two-year ramp up period.**
- ✓ An Increase in the estimated **Mineral Resource, Measured category to 60 million tonnes (“Mt”) at 20.8% P₂O₅ (at 15% P₂O₅ cut-off)** has also been completed. In conjunction with an estimated Indicated Mineral Resource of 105 Mt at 19.6% P₂O₅ in a sub-area of the Sandpiper Project Mining Lease. The combined resources support the **DFS for initial mining inventory sufficient for a 20 year mine life**. Upgrading of mineral resource estimates to ore reserve estimates is due shortly
- ✓ Independent marketing study completed by CRU Strategies (“**CRU**”) confirms:
3.0 Mtpa of Sandpiper concentrate expected to be marketable across three market segments, including Direct Application Rock Phosphate (“**DAPR**”) and as feedstock for the production of Single Super Phosphate (“**SSP**”) and Phosphoric Acid (“**PA**”).
- ✓ Steady state cash unit costs (assuming a 3.0Mtpa operation) **FOB cost** (ex Walvis bay) – **US\$59.70** (March 2012, excl. royalties)
- ✓ Financial summary (life of mine):

UCL modelled 3 cases based on the independently prepared DFS parameters, these are:

1. Low case – including a reverse osmosis desalination plant, which was not included in the DFS Study and a base revenue price of US\$114/t product sold
2. Base case – including a reverse osmosis desalination plant, which was not included in the DFS Study and a base revenue price of US\$119/t of product sold
3. High case - including a reverse osmosis desalination plant, which was not included in the DFS Study and a base revenue price of US\$129/t of product sold

	Life of Mine Low case	Life of Mine Base case	Life of Mine High case
Product Sales	57.4mt	57.4mt	57.4mt
Average selling price	US\$100.7/t	US\$105.1/t	US\$113.9/t
Revenue	US\$5.78bn	US\$6.03bn	US\$6.54bn
Operating Costs	US\$3.35bn	US\$3.35bn	US\$3.35bn
FOB Cost (ex Walvis Bay)	US\$59.7	US\$59.7/t	US\$59.7/t
EBIT	US\$2.01bn	US\$2.26bn	US\$2.76bn
Project free cashflow (undiscounted)	US\$1.11bn	US\$1.27bn	US\$1.59bn
10% - NPV Equity after tax (geared)	US\$238.6m	US\$297.1m	US\$413.4m
IRR – NPV Equity after tax (geared)	21.0%	23.6%	28.4%

- ✓ Capital Cost estimate

Capital costs to first production for a 3.0 Mtpa operation estimated at:

Capital Costs
EPCM
Contingency
Total Capital Cost

Pre-production
US\$260.8m
US\$23.5m
US\$42.1m
US\$326.3m*

*Assuming the requirement of a reverse osmosis desalination plant is estimated at a cost of US\$28.7m, the total capital cost will be US\$355.0m

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.

UCL's Chairman Mr. Ian Ross commented that;

"This was a significant step forward towards the development of the Sandpiper Marine Phosphate Project and the Joint Venture team and consultants are to be congratulated on their achievements. UCL looks forward to an exciting future for Sandpiper in the months ahead."



Ian W Ross
Chairman

About UCL Resources

UCL Resources Limited (ASX:UCL) is developing, and has a 42.5% interest in, the Sandpiper Marine Phosphate Project off the coast of Namibia. Sandpiper is believed to be the world's largest individual marine phosphate resource, with sufficient resources to support a 20-year mine life. A definitive feasibility study is expected to be completed by the end of March 2012 and production is expected to begin in the fourth quarter of 2013. UCL also has an interest in the Mehdiabad Zinc Project in Iran.

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**Definitive Feasibility Study
for
Namibian Marine Phosphate (Pty) Limited
and the
Sandpiper Marine Phosphate Project
April 2012**



INTRODUCTION

UCL Resources Ltd (ASX: UCL) (“UCL”) is pleased to announce the results of the DFS (accuracy of -5%/+15%) on the Sandpiper marine phosphate project (“Sandpiper Project” or “Project”).

The Sandpiper Project is located offshore from the Namibian coast and is held by the joint venture company, Namibian Marine Phosphate (Pty) Limited (“NMP”). NMP is owned by UCL (42.5%), Minemakers Limited (42.5%) and Tungeni Investments c.c. (15%).

The DFS builds on the scoping study undertaken by NMP in October 2010 (“Scoping Study”). It confirms 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)

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

¹Detailed pricing assumptions are provided below.

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

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.

BACKGROUND TO THE SANDPIPER PROJECT

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.

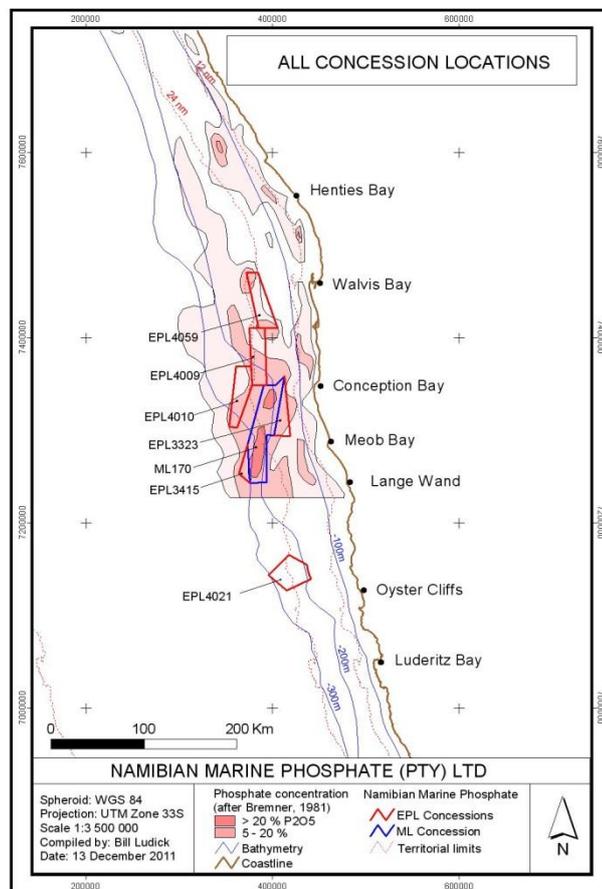


Figure 1: NMP tenements, with ML170 outlined in blue

This deposit has been known for some decades 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 based on a relatively simple beneficiation process which allows recovery of a commercially acceptable phosphate concentrate from the phosphate sands. NMP has performed 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 from the Project will be sold to the agricultural industry to be used for direct application on soil and to third party fertiliser 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. fertiliser and phosphoric acid production), which could occur in-country.

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 indicated and measured resources is expected to occur in May 2012.

The aim of the Measured Resource upgrade is 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.

This has now been achieved.

The Mineral Resource estimates have been prepared in compliance with JORC and NI 43-101 standards. 2D Inverse Distance Weighting (“IDW”) methods (to the power 3) were 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.

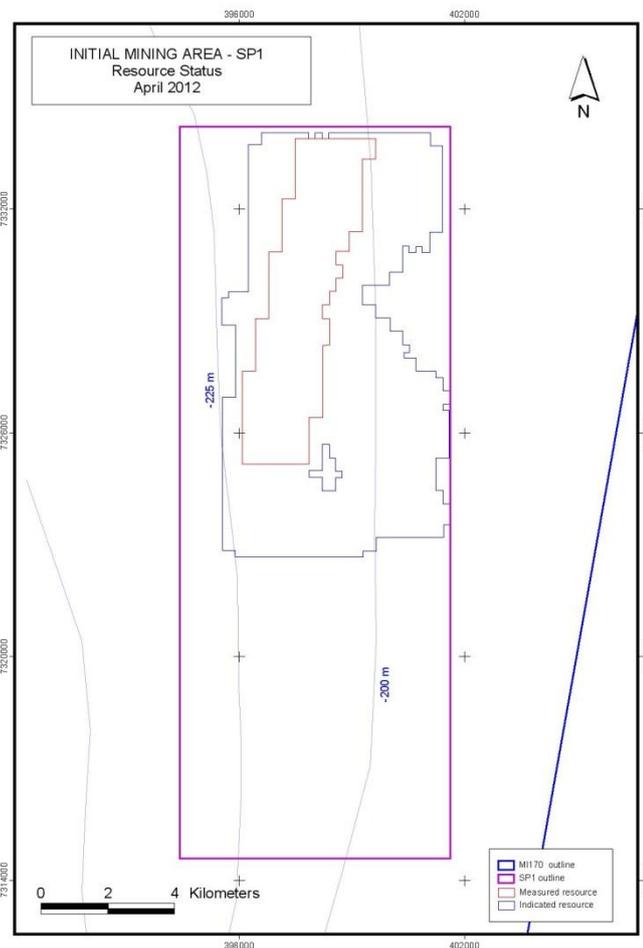


Figure 2 – Initial target Recovery area showing the defined areas of Measured and Indicated Resource to support the DFS production plan

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 165m 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.



Figure 3: 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 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.

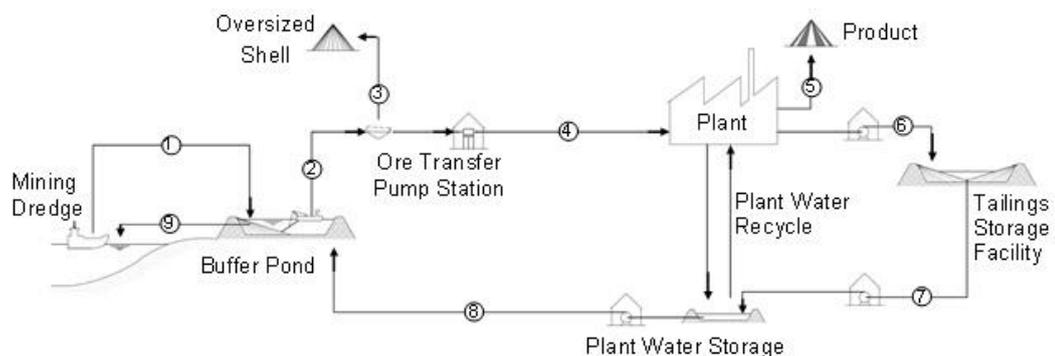


Figure 4: Overview of slurry and water handling system

PRODUCT MARKETING AND PRICING

Demand for phosphate rock is driven primarily by the demand for phosphate fertilisers, 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 fertilisers 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 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 product.

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

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 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.

² CRU Strategies, March 2012

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

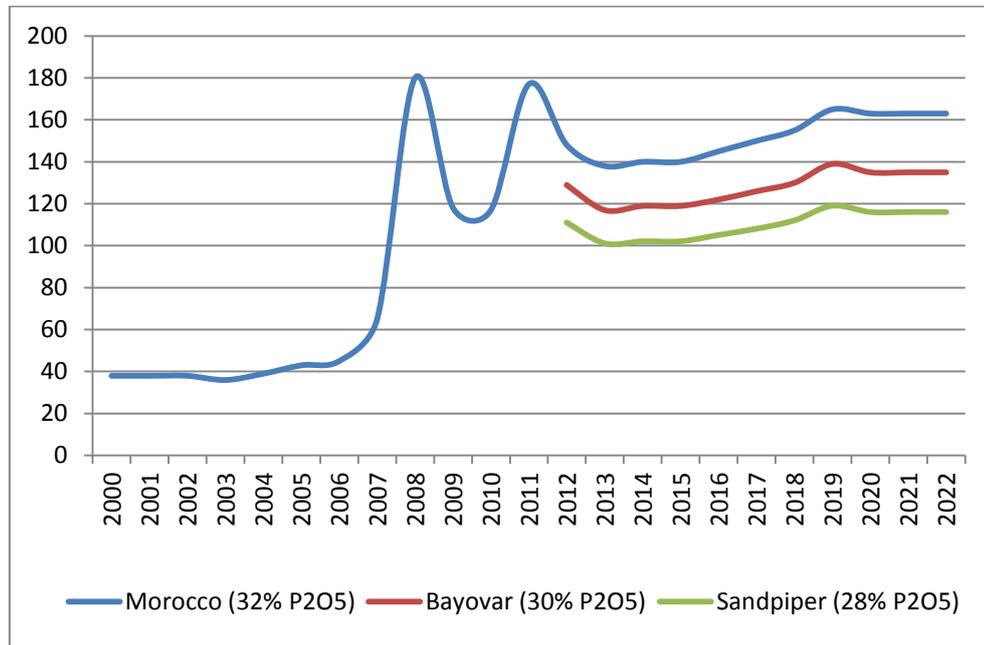


Figure 5: P₂O₅ price comparison

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%

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.

ECONOMIC EVALUATION

The economic evaluation of the base case in the DFS was completed using a discounted cash flow analysis on a real basis, using the revenue, operating cost and capital cost assumptions described above, tax assumptions based on the current Namibian corporate tax regime and an after tax discount rate of 10%. This economic evaluation projected the following outcomes on a geared basis:

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.

OTHER ONGOING ACTIVITIES

In addition to the above, the following key activities remain ongoing and to be completed in 2012:

- Independent testwork on Sandpiper concentrate for phosphoric acid production
- Construction of the extended dredge arm by Jan De Nul
- CAPEX optimisation and final front end engineering design
- Negotiation of contracts for dredging, EPCM, key staff positions
- Continued product marketing to secure off-take agreements; and
- Financing the Project

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:

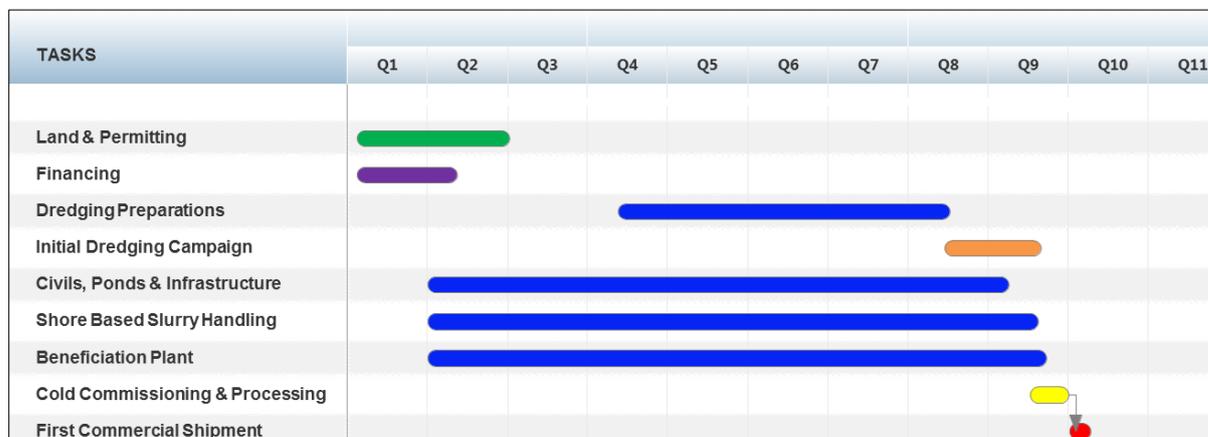


Figure 10: Sandpiper Project development schedule

BENEFITS FOR NAMIBIA

The Erongo Region and Namibians in the greater economy will benefit from a number of direct and in-direct 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, totalling 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.

DFS TEAM

The DFS is the culmination of 18 months of work by a number of consultants **led by Bateman Advanced Technologies Limited**, including the following:

Firm	Key Area(s) of Responsibility
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	Environmental, including ongoing EIA and EMPR studies
Jeremy Midgley & Associates	Management of environmental process
CSIR	External review of EIA and environmental process
Revaluate Pty Ltd	Financial modelling
Dr A E Annels	Independent resource estimation
John Sinden	Processing, marketing and project overview
Mike Erwin	Marketing
CRU Strategies	Independent marketing report
Mintek Laboratories	Pilot plant testwork

TECHNICAL DISCLOSURES

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 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.