



# Union Resources Limited

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21 November 2008

Company Announcements Office  
Australian Securities Exchange

**ANNUAL GENERAL MEETING – 1. CHAIRMAN’S ADDRESS  
2. MANAGING DIRECTOR’S PRESENTATION**

Please find attached:

1. address to be delivered by the Company’s Chairman of Directors at today’s Annual General Meeting; and
2. Managing Director’s presentation concerning the Company’s Sandpiper Namibian Phosphate Project which will be given at the Annual General Meeting.

Yours faithfully  
**UNION RESOURCES LIMITED**

John Lemon  
Company Secretary

## UNION RESOURCES LIMITED

### Annual General Meeting 2008

#### Chairman's Address

Ladies and Gentlemen,

In keeping with many companies and in particular junior exploration companies, your company has been faced with challenges outside of its control which have not been experienced for many years in the global markets.

As is the standard for the majority of junior exploration/development focused companies, Union went into the current financial year fully aware that it had to raise funds during the year to advance its project in Iran, find additional projects, and significantly advance them to diversify the risk faced with Iran.

In June 2008, the Company announced that it had secured control of a very promising phosphate deposit in Namibia (the "Sandpiper Project") and in October 2008 merged the Sandpiper Project with additional phosphate interests held by Bonaparte Diamond Mines NL and Tungeni Investments which are also in Namibia. During the course of this meeting, Dr Reid, the company's managing director, will give a presentation on the merged joint venture. The rationale for this merger was to accelerate the development of the combined projects with a view to creating a significantly stronger project than each of Union or Bonaparte could hope to achieve individually.

While successful in August and September 2007 in raising AUD 2.4 million, the increased political tensions between Iran and the West and the declining global markets have made raising further funds since then extremely difficult. The company in late October 2008 announced a rights issue to raise AUD 2 million specifically for the Sandpiper Project. In addition to the rights issue, your Board is currently exploring a number of alternatives to finance the Sandpiper Project.

However, deteriorating market conditions for all companies and in particular, junior explorers, is making the rights issue difficult to successfully complete.

Despite significant progress in resolving the issues the Company faces in Iran and the securing of the Sandpiper Project in Namibia, the performance of the Company's share price has been extremely disappointing.

The continuing deterioration of the Company's share price in the face of the global Market problems and in particular global commodity prices has resulted in an unprecedented liquidity freeze which has made fundraising

from traditional methods near obsolete. The Board is currently pursuing a series of alternatives to resolve this.

In the absence of a successful fund raising via the rights issue or the securing of alternative financing the Company is facing significant problems and the alternative may be more dilutive to existing shareholders.

Your board therefore continues to consider alternative proposals to generate value from the Company's assets. The fundamental potential of the Company's assets and in particular the Sandpiper Project remains strong despite market conditions. It will be the Company's ability to continue to demonstrate this value by further development and exploration of the Sandpiper Project while resolving the problems in Iran that will lead to the long term success of the Company. For this reason I urge all Shareholders to support the current rights issue.

I thank Shareholders for their support in this current trying environment and look forward to describing a more positive report on the Company in 2009.

**James Collins-Taylor**

**Chairman**

# Phosphate Joint Venture November 2008

*This presentation contains forward-looking statements that are subject to risk factors associated with exploration, mine development, mining, processing and sale of minerals. Forward-looking statements include those containing such words as anticipate, estimates, should, will, expects, plans or similar expressions.*

*It is believed that the expectations reflected in these statements are reasonable but they may be affected by a range of variables and changes in underlying assumptions which could cause actual results or trends to differ materially. These include, but are not limited to: price and currency fluctuations, actual demand, production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.*



# Project Highlights



- The Sandpiper project (see ownership below) is based on a large off-shore phosphate deposit identified in the 1980's which was investigated by Gencor in the 1990's and additional prospective areas in Namibia.
- Management consider the JV project to have the potential to be brought into production by 2011 and will focus on a plan for the rapid development of an 3 million tons per annum rock phosphate operation and anticipate the potential for significantly greater volumes.
- The production targets are based on the Gencor historical sampling program which identified a surveyed area of 8km x 8 km where 11 holes were drilled and returned an average thickness of 4.6 meters at 17% P<sub>2</sub>O<sub>5</sub>
- Compared to land-based projects both capital and operating costs are anticipated to be highly competitive and should put the project in first-quartile costs.
- Standard marine dredging technology can be used for recovery
- At projected long-term forecast prices, annual revenues based on 3 million tons per annum are approximately US\$ 240 million
- The Project on this basis has an attractive IRR and NPV
- The Project is jointly owned by Union Resources Limited(42.5%) and Bonaparte Diamond Mines (42.5%) and Tungeni Investments (15%)



# Agenda



**A**

**Brief Phosphate Overview**

**B**

**Sandpiper Project – The Key Deposit**

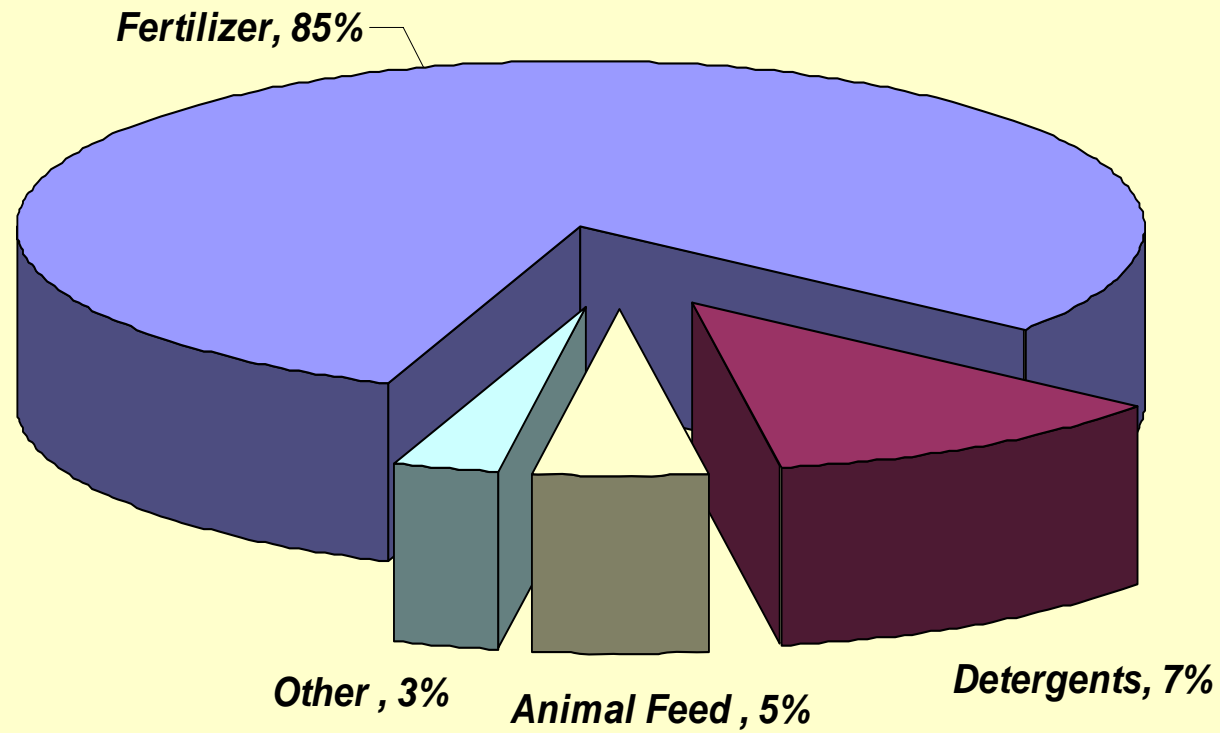
**C**

**Approach to Development**

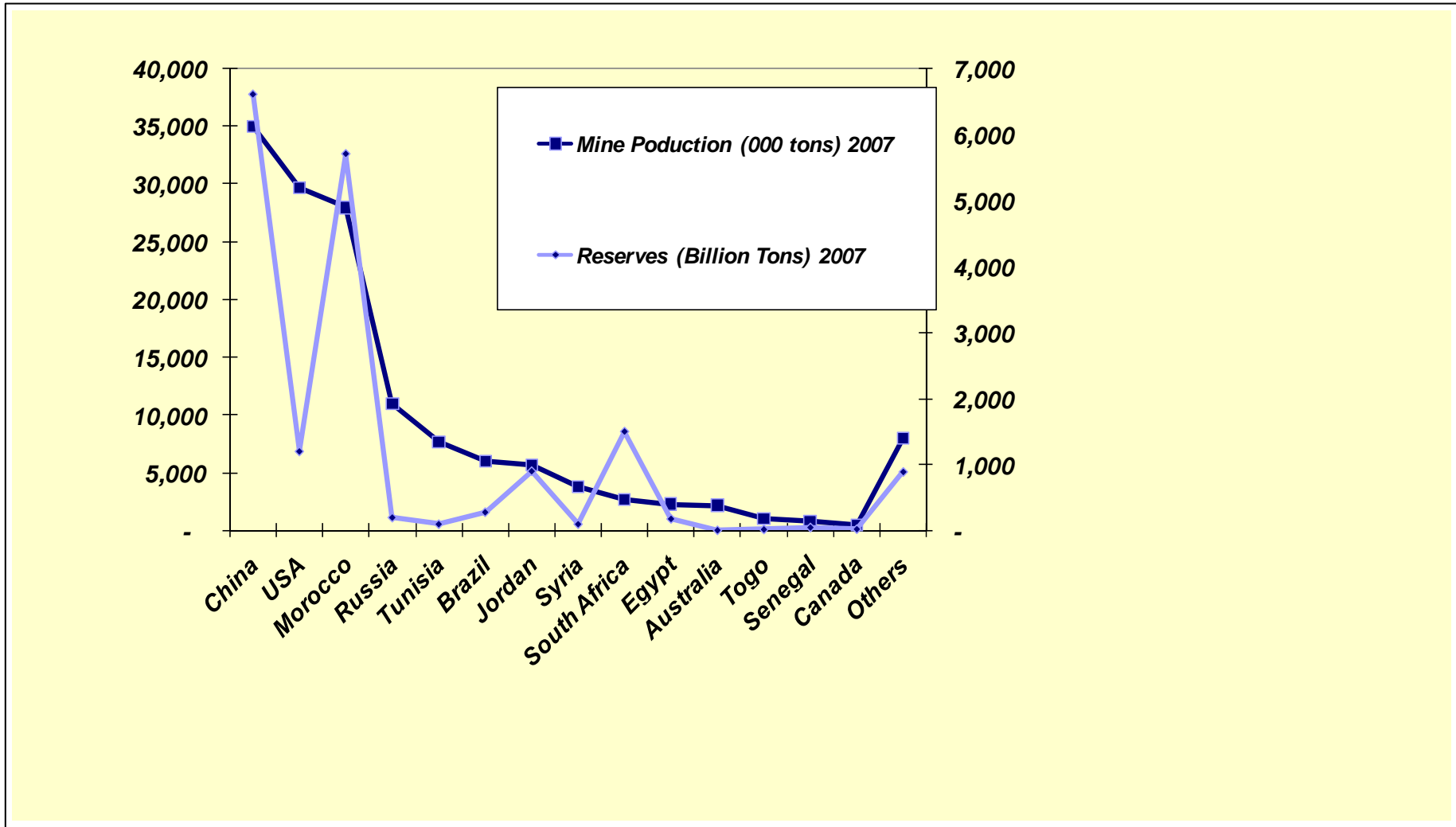
**D**

**Outlook**

# Utilization of Rock Phosphate



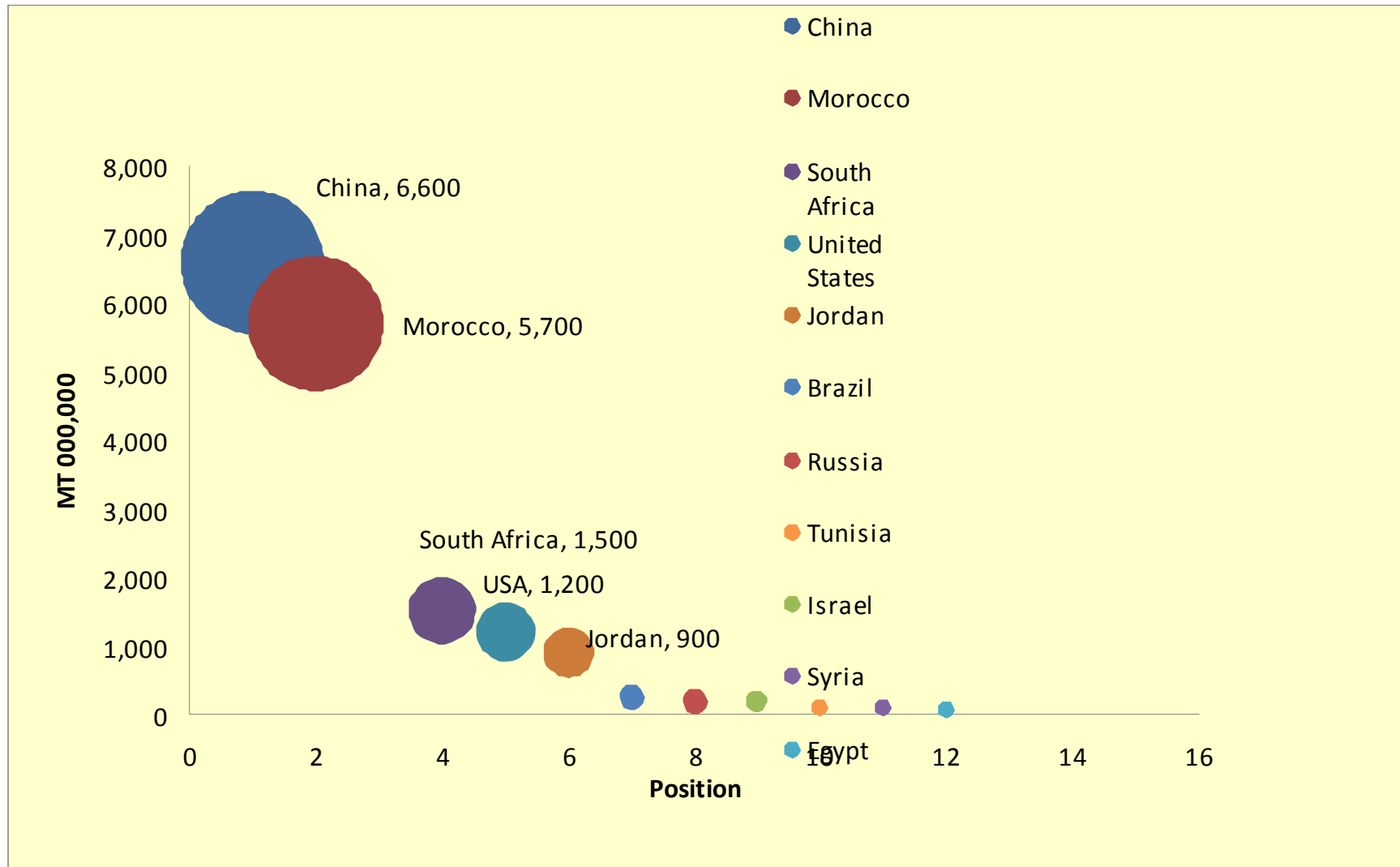
# World Production and Reserve Base



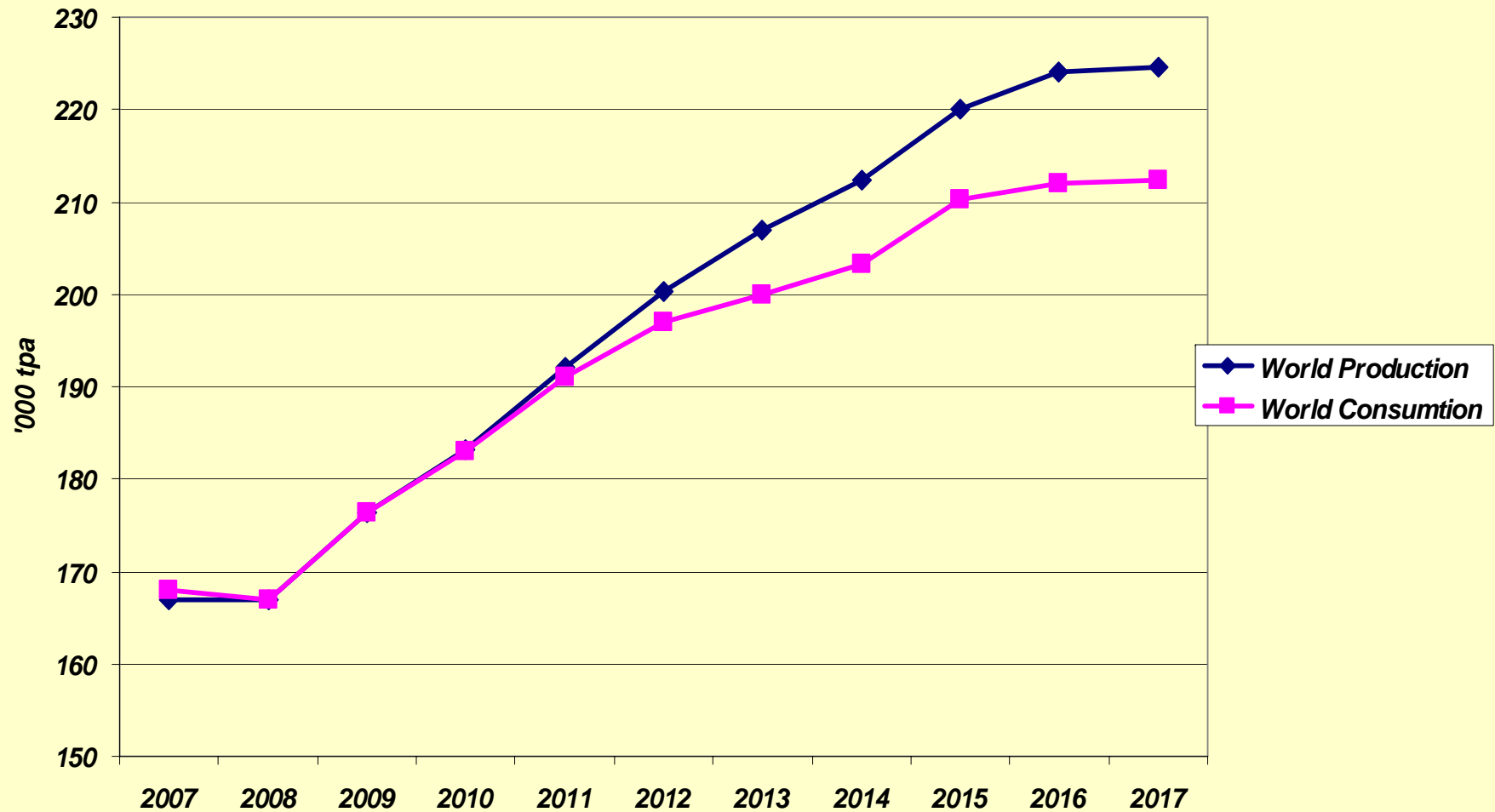


# Phosphate Rock Reserves

## 000,000' MT (USGS)



# Phosphate Rock Balance



# Significant Market Factors



- *There is no potential for tightness on the supply side – world reserves are very large, however, high grade – low cost deposits are depleting*
- *Profitability in the industry over the long term depends on low operating costs and transportation costs*
- *Capital expenditure for new mines is high*
- *Agricultural unit productivity will have to rise because of limited suitable new land for clearance and current trends towards bio-fuels*
- *Export volumes from the two largest producers are on a downward trend*
- *Environmental pressures are increasing in the US*
- *Increasing export tariffs in China*

# Future considerations



- *Supply and demand are currently tightly balanced*
- *Numerous expansion projects have been announced, but mainly to downstream projects*
- *Nevertheless up to 12mt of export rock phosphate capacity has been identified and the first may start coming on stream in 2010 (4 Mtpa in Peru) and this will have a moderating effect on prices*
- *Indicative costs for a land based 4 Mtpa mine and plant are around \$600 million, Sandpiper has the potential to have far lower capital costs*



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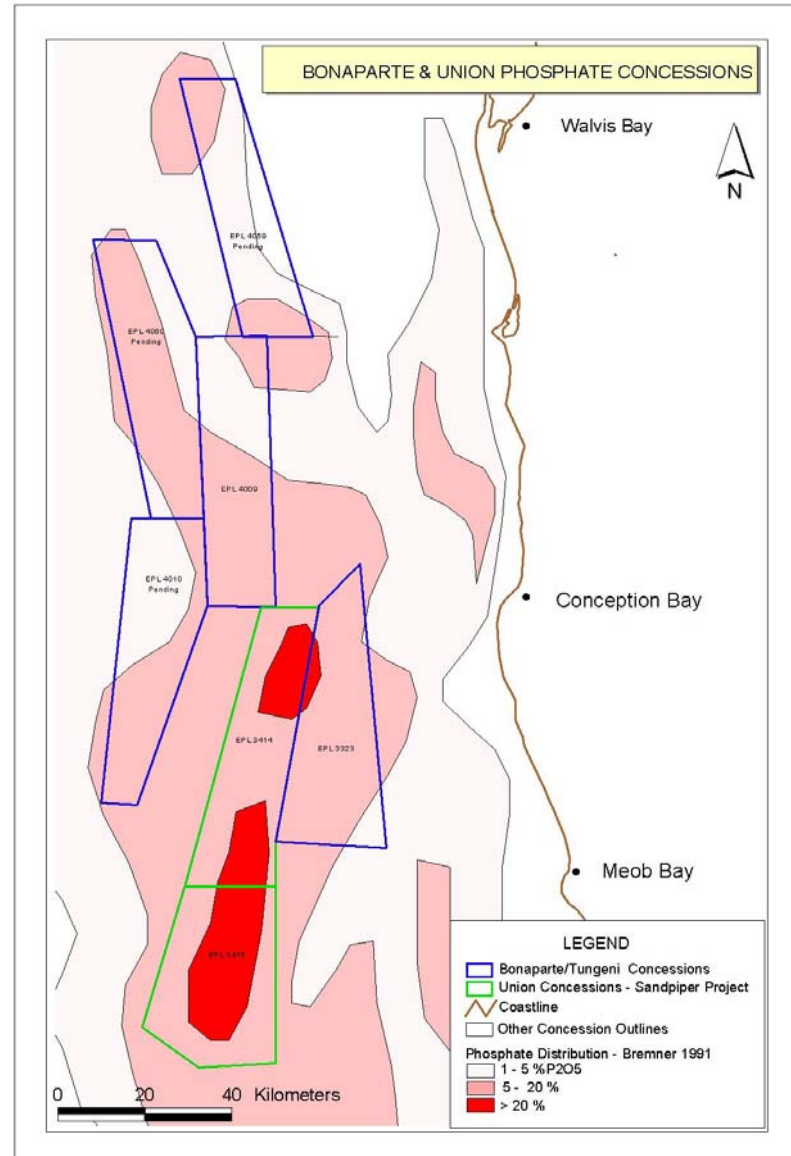
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# Sandpiper - Location



# Project History



- *Discovered by off shore surveys in 1970's and 80's*
- *Initially investigated by Gencor in 1990's, who lost interest after Billiton take over and a decision that they would not pursue industrial minerals*
- *Interest by Foskor as a blend for its igneous phosphate. Poor blend because Sandpiper material is very reactive compared with the Foskor material*
- *Acquired by Union Resources in June 2008 and was transfer to the JV*
- *Union Resources and the Bonaparte Diamonds-Tungeni JV combined holdings in October 2008 and now control most of the highest potential off-shore phosphate areas in Namibia*

# Sandpiper Project



## Sandpiper – Resource Synopsis

- *A submarine phosphate deposit*
- *It occurs 60 km offshore from the Namibian coast between Walvis Bay and Luderitz*
- *Geologically simple and well understood – consists of unconsolidated sediment with no cover*
- *Mainly peletal francolite with phosphate granules of about 1mm*
- *Re-interpretation of previous work has already commenced. The Gencor historical sampling identified a surveyed area of 8 km x 8 km where 11 holes were drilled and returned an average thickness of 4.6 meters @ 17% P<sub>2</sub>O<sub>5</sub>. Confirmatory coring is under way to bring the previous work to JORC compliant status\*.*
- *Is easily minable once technical issues are addressed. Initial evaluation suggests this is not a problem*
- *Potentially easy to beneficiate with simple screening to remove shells and cyclone to remove fines, wash with fresh water to produce feedstock for standard PA plant*

\* The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral resource and that it is uncertain if further exploration will result in the determination of a Mineral Resources



# Pilot Plant Results - PA



| <i>Sandpiper</i>                   | Concentrate | Acid  |
|------------------------------------|-------------|-------|
| P <sub>2</sub> O <sub>5</sub> (%)  | 27.1        | 51.8  |
| CaO (%)                            | 44.9        | 0.008 |
| F (%)                              | 3.1         | 0.7   |
| Al <sub>2</sub> O <sub>3</sub> (%) | 1.27        | 0.90  |
| SiO <sub>2</sub> (Total) (%)       | 7.91        | 0.09  |
| SiO <sub>2</sub> (Reactive) (%)    | 4.83        | -     |
| C (Total) (%)                      | 2.4         | -     |
| C (Organic) %                      | 1.06        | -     |
| Fe <sub>2</sub> O <sub>3</sub> (%) | 3.94        | 1.12  |
| MgO (%)                            | 1.05        | 1.66  |
| Cd (ppm)                           | 23.5        | 8.6   |
| As (ppm)                           | 98          | -     |

| <i>Foskor</i>                      | Concentrate | Acid |
|------------------------------------|-------------|------|
| P <sub>2</sub> O <sub>5</sub> (%)  | 37.6        | 51.7 |
| CaO (%)                            | 53.1        | 0.02 |
| F (%)                              | 2.2         | 0.49 |
| Al <sub>2</sub> O <sub>3</sub> (%) | 0.16        | 0.23 |
| SiO <sub>2</sub> (Total) (%)       | 1.78        | 0.13 |
| SiO <sub>2</sub> (Reactive) (%)    | 1.61        | n.a  |
| C (Total) (%)                      | -           | na   |
| C (Organic) %                      | -           | na   |
| Fe <sub>2</sub> O <sub>3</sub> (%) | 0.42        | 0.59 |
| MgO (%)                            | 0.93        | 1.01 |
| Cd (ppm)                           | 2.4         | n.a  |
| As (ppm)                           | 7.4         | n.a  |



# Previous Work – By others



| Date | Work by          | Subject  | Comment  |
|------|------------------|--|--|
| 1994 | Gencor           | Vibracore Drilling and seismics                                      | Logs of 49 holes recovered,  |
| 1994 | Gencor           | Feasibility study  | Evaluated the project economics and recommended further expenditure                                |
| 2002 | Foskor           | Process Testing  | Noted organics and high Fe but indicated PA production is achievable                               |
| 2002 | University Liege | Mineralogy   | Detailed description of mineralogy allowing far better understanding of processing characteristics |
| 2004 | Prayon.          | Process testing<br>Attack-Filtration, Concentration<br>Clarification | Designed to evaluate a blend of materials. Sandpiper produced. Noted the need for flocculants      |
| 2004 | MTI              | Desk top study on dredgability                                       | Noted the technical challenge, but showed that development was likely to be economic               |

# Approach to Sandpiper



- ***It is a dredging operation which means***
  - *Lower capital costs than traditional mine*
  - *Lower start up capital, improving EVA*
  - *No overburden, no stripping costs*
  - *Recovered material approximately 70% product*
- ***Bring it into operation quickly***
  - *Significant previous work available*
  - *No pre strip of overburden as deposit is exposed*
  - *No pre-mining preparation*
  - *Logistics and infrastructure are mostly in place*
- ***Use a well qualified operational team***
  - *The company has identified highly qualified phosphate project development and operational personnel*
  - *We intend to involve strategic partners with local knowledge, dredging expertise, and seek off-takers from among established industry players*



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# Work to be undertaken



*To Maximize the value of the Joint Venture the following is proposed:*

- *Bring historical resource estimates up to JORC standard classification though:*
  - *Reinterpreting previous drill results*
  - *Performing confirmatory and infill coring program*
- *Confirm earlier work that has indicated that dredging from the depth of the deposit is technically feasible and economically viable*
  - *Work with a credible strategic partner in the dredging business – already under way. Co-operation Memorandum of Understanding with Jan de Nul signed and initial work done.*
- *Expand earlier work that has shown that a satisfactory product can be produced in standard Phosphoric Acid plants*
- *Complete a pre-feasibility study on the logistics and economics of the deposit to confirm that it can be a low cost producer*
- *Work towards identifying an established industry off taker*
  - *Already under way*



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# Summary of Approach



- ***Union-Bonaparte-Tungeni JV brings together a well balanced team:***
  - *Bonaparte has extensive experience in the Namibian offshore environment*
  - *Tungeni is well respected in Namibia and is a strong local partner*
  - *Union has experience in large phosphate resource project development*
- ***Streamline external factors. JV means a cooperative, rather than competitive approach to:***
  - *government and other stakeholders*
  - *Access to infrastructure such as ports, power, etc*
  - *Regulatory approvals such as environment, mining licenses and other permissions*
  - *Dealing with suppliers*
  - *Dealing with, retaining and developing customers*
- ***Keep development costs low***
  - *Avoid upfront capital through leasing dredging capability*
  - *FS done mainly in-house and audited to bankable status*
  - *Maximize use of strategic partners*
  - *Technology Memorandum of Understanding with a world class dredging partner is in place*
  - *Seek value add relationships with customers*
- ***Commence production as soon as possible***
  - *Body of quality previous work to accelerate work*
  - *Mining License application targeted for March 2009*
  - *Immediately commence feasibility study work*
  - *Production Target 2011*

