



Union Resources Limited

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Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES STATEMENT FOR PERIOD ENDED 31 MARCH 2009

Background

Union Resources Limited (“Union” or “the Company”) is focused on:

1. exploration and development of the offshore Namibian Sandpiper–Meob Phosphate Project with joint venture partners Bonaparte Diamond Mines NL and Tungeni Investments cc; and
2. the development of the Mehdiabad Base Metal Project (“the Mehdiabad Project”) located in Central Iran.

A. Offshore Namibian Phosphate Project

Background

In June 2008 Union acquired Namibian company, Sea Phosphates (Namibia) Pty Limited, which holds two Exclusive Prospecting Licences nos. 3414 and 3415 (“the EPLs”) issued by the Namibian Ministry of Mines and Energy for Phosphates and Precious Stones. The EPLs lie approximately 60km offshore from the coast of Namibia between Walvis Bay and Luderitz, and make up Union’s Sandpiper Project.

During the quarter ended 31 December 2008, Union entered into a joint venture agreement (“the JVA”) with another ASX-listed Australian Company, Bonaparte Diamond Mines NL (“Bonaparte”) and Namibian company Tungeni Investments cc (“Tungeni”) to jointly develop Union’s, Bonaparte’s and Tungeni’s combined marine phosphate tenements off the coast of Namibia.

Under the terms of the JVA, licenses held by Union in its Sandpiper Project and those held by Bonaparte/Tungeni in their Meob Project are to be transferred to a Joint Venture company to be held 42.5% each by Bonaparte and Union and 15% by Tungeni. The Meob Project holds licenses adjacent to Union’s Sandpiper Project.

In December 2008 Union entered into an agreement with Coromandel Fertilisers Limited (“Coromandel”) of India pursuant to which Coromandel will undertake testing of marine phosphate from the Sandpiper/Meob joint venture area in order to confirm the quality and suitability of the rock phosphate.

During the Quarter

In January of this year, following sampling undertaken in late 2008, Bonaparte announced its maiden independent mineral resource estimate for the 1,000km² EPL 3323 marine phosphate tenement in the Meob Project area off the coast of Namibia.

Bonaparte advised that:

- a total Inferred Mineral Resource estimate of 196.1 million tonnes at grades ranging from 13.4% to 18.1% is estimated from a total of 115.3 million m³ at a 10% P₂O₅ lower cut off grade and an estimated in-situ wet bulk density of 1.7 tonnes per m³;
- the estimate is based predominantly on coverage from grab samples which have a lower grade than the deeper sediments accessed to date with a limited program of coring, as indicated in Table 1 below;
- an upgrade of this resource estimate is expected on completion of further core sampling planned for early 2009; and
- the resource occurs in two main areas in the tenement as shown in Table 1.

Table 1 – Summary of Meob Project (EPL 3323) Inferred Mineral Resource Estimate

Sample Type	Resource Area	Volume x 10 ⁶ (m ³)	Estimated * Tonnage x 10 ⁶	Grade* (%P ₂ O ₅)
Grab	Western	75.8	128.9	16.4
Grab	North Eastern	29.1	49.5	13.4
Gravity Core	Detailed Sampling	10.4	17.7	18.1
Total Inferred Mineral Resource		115.3	196.1	15.8

*NOTE: The whole sample grade was calculated from assay results for sub-1mm sediment fractions, adjusted for replacement of coarse sediment (>1mm) by weight percent coarse fraction and for mud fraction (<63 micron) loss in wet-sieving by 11% downgrade of concentrations.

The joint venture partners decided to treat the Sandpiper and Meob Project areas as a single geological entity and rationalised the sampling programme to cover a combined resource development area of some 1,000km², including an 800km² area in the Sandpiper Project adjacent to the Meob Project.

During the quarter a sampling programme consisting of core sampling and grab sampling was carried out over EPLs 3414 and 3415. A total of 132 gravity core samples were recovered - 90 samples were retrieved on EPL 3414 which is adjacent to Bonaparte's EPL 3323, and 42 samples from EPL 3415 which is to the south of EPL 3414.

Post Quarter

In April Union announced, as a result of the sampling programme undertaken during the quarter ended 31 March, that:

1. the sampling program had yielded an Inferred Resource for the purposes of the JORC Code of 593.4 million tonnes of phosphate at a grade of 18.1% P₂O₅ on EPLs 3414 and 3415 (see Table 2 below). The Inferred Reserve is based on a cut-off grade of 15% P₂O₅; and

2. combined with Bonaparte's previously announced Inferred Mineral Resource estimate of 196.1 million tonnes @ 15.8% P₂O₅ for PEL 3323 the results are indicative of a major world-class phosphate project.

The successful completion of this program represents a major step forward for the Project and has given the Company's management increased confidence as it moves towards taking the Project to full feasibility.

Table 2 Resource Estimate for Sandpiper-Meob JV

Resource Area	Sample/pe	Volume (10 ₆) Cu M	Tons (10 ⁸ Cu M ³)	Grade (%P ₂ O ₅)
EPL 3414 North	Core	99.0	168.3	17.6
EPL 3414 South	Core	9.7	16.5	19.6
EPL 3415 North	Core	67.0	113.9	19.6
EPL 3415 Central	Core	119.7	203.5	17.2
EPL 3415 South	Core	53.7	91.2	19.0
Total			593.4	

B. Mehdiabad Base Metal Project

Background

The Mehdiabad Project is carried on by Union, 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"). Union has to date invested in excess of US\$15 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. Union stated then, and is still firmly of the opinion, that the agreements were invalidly terminated. Since that time Union has been negotiating with various Iranian parties in an effort to resolve the impasse and progress the Project. At the same time, Union has been exploring the possibility of resolving the matter through arbitration and has made initial preparations for instituting arbitration proceedings should that become necessary.

During the Quarter

During the quarter Union continued to hold discussions with the relevant Iranian parties in an effort to resolve the Project dispute and progress the Project, however no substantive progress was made.

Post Quarter

On 30 April 2009 Union lodged a claim with the Australian Government Export Finance and Insurance Corporation (EFIC) under the Company's political risk insurance policy with EFIC seeking compensation for expropriation of the Company's interest in the Mehdiabad Zinc Company which carries on the Mehdiabad Zinc Project.

C. Private Placements

During the quarter \$495,000 working capital was raised through private placements to various sophisticated and professional investors.

D. Expenditure on Exploration Activity

Direct expenditure by the Company on exploration and other activities in relation to the Namibian Sandpiper-Meob Phosphate Project during the quarter was \$498,000.

E. Mining Production and Development

Through its strategic partner (Jan de Nul) the Company undertook further preliminary assessment of dredging feasibility and costs during the quarter. The Company determined that dredging is technically and economically feasible to depths of at least 225 metres. Jan de Nul has established a target depth of 250 metres for the next stage of detailed engineering. The costs of this work were born by Jan de Nul.

F. Other Post Quarter Events

In April 2009 Union:

1. issued a prospectus to raise up to approximately \$3,931,000 through a conditionally fully underwritten 3 for 4 non-renounceable rights issue; and
2. announced its intention to make a takeover bid for all the issued shares in its Sandpiper-Meob Joint Venture partner Bonaparte Diamond Mines NL.

Yours faithfully

UNION RESOURCES LIMITED



Dr Frank Reid
Managing Director

The information contained in this report relating to exploration results and mineral resources for the Sandpiper-Meob Joint Venture Project is based on information compiled by Mr. Michael Woodborne (M.Sc, AusIMM, AIG, Pr.Sci.Nat). Mr. Woodborne is employed by Bonaparte Diamond Mines NL. Mr. Woodborne has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Woodborne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.