UNION RESOURCES LIMITED

ANNUAL REPORT 2009

company profile

CORPORATE DIRECTORY

Directors
James Collins-Taylor (Chairman)
Frank Reid (Managing Director)
Ian Ross
Karl-Axel Waplan
Rt. Hon. Lord Lamont of Lerwick
John Lemon

Company Secretary
John Lemon

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Auditors
Hacketts DFK, Brisbane, QLD

Solicitors
Steinepreis Paganin, Perth WA

Stock exchange listing
Union Resources Limited shares and options are quoted on the Australian Securities Exchange as codes "UCL" and “UCLO” respectively.

SHAREHOLDER CALENDAR

Annual General Meeting
12:00pm, 20 November 2009, Mackellar Room, Novotel Hotel, 200 Creek Street, Brisbane, Queensland, Australia

Annual Report: September 2009

Half Yearly Report: March 2010

Quarterly Activities Report: last week of October, January, April and July

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A. Review of Operations

The Company's Projects

During the year ended 30 June 2009, Union Resources Limited ("Union" or "the Company") focussed largely on the development of the Company's Namibian offshore phosphate resource. This project is located in Namibia, approximately 60km offshore from the coast in Southern Africa.

The development of the Company's other project, the Mehdiabad Zinc-Lead-Silver Project in Iran, continues to be negatively affected by the political situation in that country which remains uncertain despite a general election held in August 2009. This uncertainty has been a significant impediment to foreign investment into the country. During the year, several major resource developers either exited from the country or put development plans on hold. In the current climate, availability of foreign capital for project development remains unlikely. The Company has filed a claim under its political risk insurance policy with EFIC (Export Finance and Insurance Corporation).

The total investment by Union since commencement up to 30 June 2009 on the Mehdiabad Project was US$16.8 million. The Company's management continues to consider it prudent to restrict further funding until such time as the Mehdiabad Project dispute has been resolved. Nevertheless, minimal development expenditure of A$77,341 has been necessary to ensure that the Project continues to operate. The remaining expenditure in Iran relates to the maintenance of the Company's representative office and in pursuing its claims. Expenditure on the representative office in Iran will be reduced further.

In contrast, in Namibia the country risk profile is significantly lower. Namibia also has a stable legal, political and commercial environment, and Union management is satisfied that the Company can operate effectively there.

Expenditure on the Namibian phosphate project increased during the financial year ended 30 June 2009 to A$364,029 and is expected to continue for the rest of the new financial year. As explained more fully below, as a consequence of the work done during the last financial year, the Company was able to announce on EPLs 3414 and 3415 an inferred resource of 924 million tonnes of P_2O_5 grading 19.3% and an indicated resource of 35.4 million tonnes P_2O_5 grading 21.7% Further work is being carried out to upgrade this resource. Additional inferred and indicated resources of 133.8 million tonnes (grading) and 12.2 million tonnes (grading) respectively were also announced on EPL 3323 which is being contributed by our Joint Venture Partner.

Capital Raising

During the year the Company raised the following capital:

1. $175,145 under a 1 for 5 non-renounceable rights issue which closed in December 2008;
2. $495,000 through the placement of shares to "professional" and "sophisticated" investors in February and March 2009; and
3. $3,931,200 through a fully underwritten 3 for 4 non-renounceable rights issue which closed in April 2009. Application funds totalling $1,430,114 were received from eligible shareholders and the Underwriter accounted for the balance.

B. Namibian Phosphate Project (Sandpiper)

In June 2008 the Company acquired the Namibian company Sea Phosphates (Namibia) Pty Limited ("SPL"). SPL 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 (see diagram next page). The combined total area of the EPLs is 200,000 ha.

In October 2008 the Company entered into a Joint Venture Agreement with Bonaparte Diamond Mines NL ("BDM") and Namibian company Tungeni Investments cc ("Tungeni"). A shareholders agreement governing the operation of the incorporated joint venture has been under negotiation but is yet to be concluded. During the latter part of the year BDM was subject to a successful takeover by Minemakers Limited ("Minemakers"). This takeover has complicated the completion of the shareholders agreement due to the fact that Minemakers operates a potentially competing resource which is also still at the pre-production phase. This could potentially lead to conflicts in several areas of the operations. The Joint Venture Partners are making progress in negotiating a shareholders agreement that takes into account the changed circumstances which now face the Joint Venture.

Under the terms of the proposed Joint Venture, the companies are to combine their offshore Namibian phosphate interests into a company owned 42.5% by each of Minemakers and Union, and 15% by Tungeni.

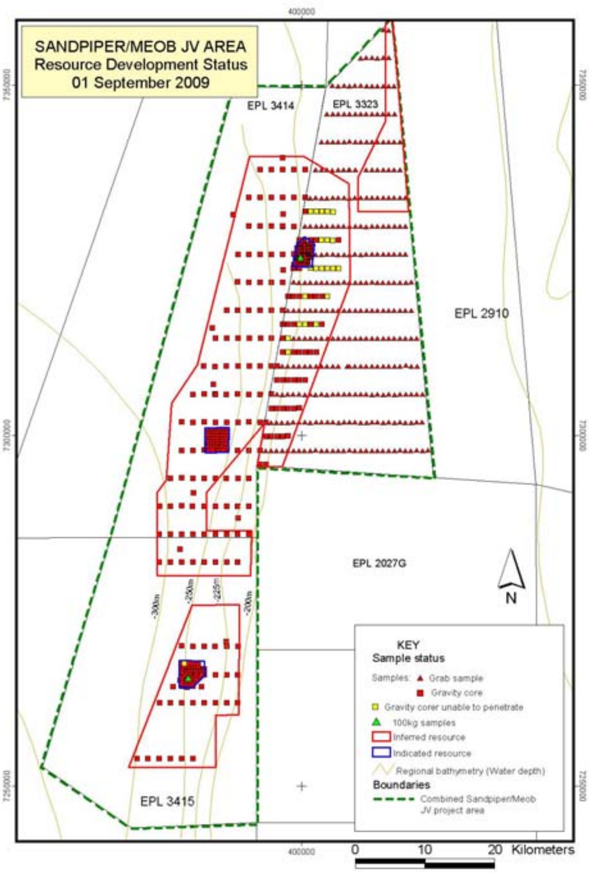
The reasons for this arrangement are dictated by the limitations of infrastructure in Namibia which make it attractive to combine projects to lessen delays. Furthermore, it was considered that rationalising the placing of a large new quantity of phosphate rock into the market would be more efficient through a combined marketing effort.

Exploration on EPLs 3414 and 3415 – Highlights

As of June 2009, the Company had delineated an inferred resource of 593.4 million tones of P_2O_5 grading 18.1% with a cut off grade of 15% P_2O_5.

- Post year end on 27 July 2009, the Company increased the inferred resource to 1,320 million wet tons (924 million dry tons) grading 19.3% P_2O_5, with an indicated resource of 47.2 million wet tons (35.4 million dry tons) grading 21.7% P_2O_5.
- These results have confirmed the Company's belief that the Namibian deposit is a major Phosphate province and that the Company holds a significant portion of that province.

- On 9 April 2009 approval was received from the Namibian Minister of Mines and Energy for the renewal of EPLs 3414 and 3415, and they were subsequently renewed on 1 July 2009 paving the way for the application of a Mining Licence over the area.
- The Company received a Project Assessment Report prepared by the Jan de Nul Group, the world's largest dredging contractor, assessing the proposed dredging operations in the area. Their report indicated that the dredging storing on board and ashore of the phosphate material does not create a challenge from an engineering standpoint up to depths of 225 metres.
- On the basis of the very large increases in resource tonnages and encouraging reports on the technical viability of mining at depth, the Company will be proceeding towards a definitive feasibility study during the 2009/10 financial year with a view to commencing production towards the end of 2011.



Immediate Program

The focus for the 2009/10 financial year will be to bring the deposit to a definitive feasibility study stage. In order to do this Union intends to:

- commence a bulk sampling program in order to confirm the behaviour of the material in Phosphoric Acid plant circuits;
- complete a process study augmenting the work done earlier by Prayon. The objective of this study will be to confirm that the ore can be treated in standard phosphoric acid plants, and on the basis of this to design a process flow diagram which will allow for greater certainty in the operating costs;
- initiate the environmental approvals process which will be a condition for the granting of a Mining License;
- undertake further studies of the cost economically effective ways of mining at depth;
- aggressively pursue the marketing of the material as results become available with the objective of indentifying potential offtakers;
- identifying a strategic partner in the area of submarine material recovery in order to confirm the technical viability of recovering around 3 million tpa of the material;
- confirming off-takers for the material; and
- in addition the Company will ensure that it has access to outside infrastructure such as transport and harbour facilities so that the economics of the Project are put on a firm footing.

C. Mehdiabad Zinc-Lead-Silver Project

Project history and status

The 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$16.8 million on exploration and feasibility activities relating to the Project.

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, During the year ended 30 June 2009 Union continued to hold discussions with the relevant Iranian parties in an effort to resolve the Project dispute and progress the Project. Union has also explored the possibility of resolving the matter through arbitration and has made initial preparations for instituting arbitration proceedings should that become necessary.

In the event the dispute is resolved, and given the poor prospects of significant foreign funding becoming available, Union has commenced work on planning a staged development of the Project. It is intended that this will allow initial development on a more modest scale, with reduce initial capital requirements. This will be done if the Company can ensure that the economics of the larger deposit as outlined in the Aker Kvaerner feasibility study (see below) are not adversely affected. The options for staged development include processing the oxide ore by heap leach as previously reported as well as other staged routes to full production.

The exploration status of the Project remains unchanged from 2008 and is summarised below.

The exploration activities at Mehdiabad have included over 52,000 metres of diamond drilling which has outlined a zinc (Zn), lead (Pb) and silver (Ag) resource totalling 394 million tonnes.

Details of the resource are:

Resource classification	Tonnes (mt)	Zn (%)	Pb (%)	Ag (g/t)
Measured	140	4.1	1.6	34
Indicated	222	4.2	1.6	36
Inferred	32	4.5	1.4	38
Total	394	4.2	1.6	36

NB: this resource was calculated utilising a 2% Zn cut-off grade.

Preliminary metallurgical test work suggests that overall recoveries of Zn, Pb, and Ag are 71%, 53% and 29% respectively. There is potential for the resource to grow as it is open to the north, over a width in excess of 1km.

In addition, during the year ended 30 June 2007, Union announced a copper (Cu) resource as follows:

Resource classification	Tonnes (mt)	Cu (%)
Oxide		
Indicated	29.1	0.61
Inferred	12.9	0.60
Total oxide	42.1	0.60
Sulphide		
Indicated	13.1	0.51
Inferred	17.2	0.40
Total sulphide	30.3	0.45
Total	72.3	0.54

NB: this resource was calculated utilising a 0.3% Cu cut-off grade.

An extensive study into the development of the Project ("the Study") has been completed by Aker Kvaerner Australia ("AKAU") to determine the "Optimum Mine Plan" and "Optimum Process Route". These have both been reported on previously.

AKAU have stated that the feasibility study identifying the "Optimum Mine Plan" and "Optimum Process Route" meets their standard for a feasibility study, subject only to:

- grant of an Exploitation Licence;
- receipt of necessary water rights and environmental clearances; and
- an indication of commitment to the Project from the Iranian Government.

These exceptions are the responsibility of the Company's Iranian partners in the Project and have not yet been completed.

The feasibility study has been independently reviewed by an Iranian consulting engineering firm, Aseh Sanat, which has agreed with AKAU's conclusions.

The Board of MZC has subsequently approved the feasibility study as bankable subject to the exceptions noted above, thereby finalising the key earn-in provisions of the agreements governing the Project.

As a result, Union has conducted studies into lower capital cost options that may be able to be financed while maintaining the long term viability of the site under the "Optimum Case".

Purported termination

As previously reported a letter dated 28 November 2006 was received on 5 December 2006 from IMIDRO, an Iranian government partner in the Mehdiabad Project purporting to terminate four of the five agreements under which Union maintains its interest in MZC.

Union is of the opinion that it has complied with all of its obligations under the agreements and that no grounds exist for the purported termination.

EFIC Claim

At the time of the purported termination by IMIDRO of several of the agreements governing the Project, Union held a political risk insurance policy in respect of its investment in MZC ("the Policy") with the Australian Government Export Finance and Insurance Corporation ("EFIC"). Following the purported termination Union notified EFIC of the purported termination. The limit of liability under the Policy is US$4.5 million. During the year, Union formally submitted a claim for compensation under the Policy arising out of the expropriation of Union's interest in the Project. The claim is currently being evaluated by EFIC whilst the Company's negotiations with its Iranian counterparts are ongoing.

Next steps

Union is currently negotiating to resolve the dispute and preparing for arbitration hearings to be held by the International Chamber of Commerce, if required. If agreement is reached on a new organisation of MZC, a substantial reorganisation of MZC will be required to reflect the new conditions under which the project will be operated. In addition, the conversion of Union's past expenditure to equity in the reorganised MZC will have to be recognised by MZC shareholders.

Outlook

Union remains committed to the development of the world class Mehdiabad zinc-lead-silver resource. However, pending the outcome of the current negotiations and given the current political environment in Iran, it may be some time before the development of the Mehdiabad Project can proceed and add value to the Company. Nevertheless, given the quality of the resource, the Company's commitment to the Project and the possibility of an improving political situation in Iran, Union management is of the view that it is worth maintaining an interest in the Project at this stage.

The information on Page 1 of this Report that relates to the Mineral Resource estimates for the Sandpiper/Meob Joint Venture Project (EPL3323, EPL3414 and EPL3415) is based on information compiled by Dr Alwyn Annels C.Eng, FIOM, who is not an employee of Union Resources Limited. Dr Annels 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". Dr Annels consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information on Pages 2 and 3 of this Report that relate to Mineral Resources for the Mehdiabad Project, including metallurgical recoveries and the appropriateness of the use of a 2% lower Zn cut-off grade (the appropriate lower economic cut-off for zinc resources) and 0.3% Cu cut-off grade (the appropriate lower economic cut-off for copper resources) for reporting of Resources, is based on information compiled by Mr Patrick Scott, consultant to Union Resources Limited. Mr Scott is a Director of PS Associates Pty Ltd and a Fellow of the AusIMM. Mr Scott 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 Scott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

James Collins-Taylor
Chairman

Frank Reid
Managing Director

The Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Union Resources Limited (referred to hereafter as "Union" or "the Company") and its controlled entities for the year ended 30 June 2009.

Directors

The following persons were Directors of Union Resources Limited during the whole of the financial year and up to the date of this report:

James Collins-Taylor (Chairman)
Frank Reid (Managing Director)
Ian Ross
Karl-Axel Waplan
The Rt. Hon. Lord Lamont of Lerwick
John Lemon

Stephen Gatley was a Director during the whole of the financial year but resigned as a Director on 30 June 2009.

Activities

The principal activity of the Company during the year was exploration and development of the Sandpiper/Meob Phosphate Project in Namibia.

Review of operations and results

The consolidated entity incurred a loss of $9.2 million for the year ended 30 June 2009 (2008: loss of $2.1 million). $6.9 million (2008: loss Nil) related to a write down against the Mehdiabad Project in the first half of the year. No dividends of the parent entity or any entity of the consolidated entity have been paid or declared or recommended since the end of the preceding year. The Directors do not recommend the payment of any dividend for the year ended 30 June 2009. Further details on the Company's activities and review of operations are referred to on pages 1 to 4.

Significant changes in the state of affairs

The Directors are not aware of any significant change in the state of affairs of the Company that occurred during the financial year other than as reported elsewhere in this Annual Report.

Events subsequent to balance date

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- the Group's operations;
- the results of those operations; or
- the Group's state of affairs in subsequent financial years.

Likely developments

The Directors believe that additional information as to the likely developments in the Group's operations in future financial years, including the expected results of those operations, would result in unreasonable prejudice to the interest of the Group. Such information has therefore not been included in this report. Further details on the Company's likely developments are referred to on pages 1 to 4.

Information on Directors and Secretary
The Directors and Secretary of the Company in office at the date of this report and their qualifications, experience and special responsibilities are as follows:

James Collins-Taylor – BA Bus ACA *(Chairman/ Non-executive Director)*
Mr Collins-Taylor has been a Director since May 2005. Mr Collins-Taylor is a chartered accountant and was formerly with Deloitte Touché Tohmatsu for 12 years. He has worked in the private equity and venture capital fields in Asia since 1992. He has extensive corporate finance experience and has been involved in a number of major transactions involving companies listed on the London and Hong Kong Stock Exchanges. Mr Collins-Taylor is currently a director of Gold Aura Limited (since 2005).

Mr Collins-Taylor is a member of the Audit Committee and the Remuneration & Nomination Committee.

Mr Collins-Taylor has an interest of 1,392,047 ordinary shares in the Company.

Frank Reid – BSc (Hons) *(Managing Director/CEO)*
Dr Reid has been a Director since 4 April 2007. Dr Reid has long experience in the mining and resources industry and has extensive mineral project development experience in the Middle East. Prior to joining Union, Dr Reid was a senior adviser to Ma'aden, the Saudi Arabian Government owned mining company responsible for US$9 billion in resources projects. Prior to that Dr Reid held senior management positions with Western Mining Corporation and with US-based capital funds.

Mr Reid has an interest of 27,446,495 ordinary shares and 7,999,998 options in the Company.

Ian Ross *(Non-executive Director)*
Mr Ross has been a Director since 23 June 2005. Mr Ross has over forty years experience in international business in Europe, USA, Asia and Australasia and has been at the leading edge of the development and implementation of new financial techniques, particularly for companies in the resources industry. He qualified as, and is currently, an Associate of the Chartered Institute of Bankers and holds a Diploma from the School of Management Studies, Regent Street, London. He has worked at the most senior level with many of the major Australian companies in resolving sensitive, difficult problems and providing financial advice. Mr Ross was previously a director of Intec Limited from 2003 to December 2007.

Mr Ross is Chairman of the Audit Committee and a member of the Remuneration & Nomination Committee.

Mr Ross has an interest of 4,466,853 ordinary shares in the Company.

Karl-Axel Waplan – MSc Mech Eng *(Non-executive Director)*
Mr Waplan has been a Director since 12 September 2005. Mr Waplan is the Executive VP European Operations of Northland Resources Inc. Prior to that he was President and CEO of Lundin Mining Corp. He has a Master of Science in Mechanical Engineering from the Royal Institute of Technology, Stockholm, Sweden. He brings over 25 years professional and mining experience to the Board and has extensive international experience in project financing, mine development, business negotiations and management of joint ventures. Mr Waplan is currently Non-executive Chairman of Endomines AB, Sweden, Chairman of Radkin AB Sweden, director of Raw Material Group AB, Sweden and director of Feralco AB, Sweden.

Mr Waplan is a member of the Remuneration & Nomination Committee.

Mr Waplan has an interest of 1,392,047 ordinary shares in the Company.

Rt. Hon. Lord Lamont of Lerwick *(Non-executive Director)*
Lord Lamont has been a Director since 23 November 2007. Lord Lamont worked as an investment banker in London before entering Politics. He entered the British Parliament in 1972 and became Parliamentary Under Secretary of State in 1979 under Prime Minister Margaret Thatcher. He was appointed to the British Cabinet in 1979 before serving as Chancellor of the Exchequer in the John Major Government from 1990 to 1993. Lord Lamont is the current Chairman of the British Iranian Chamber of Commerce and is a director of Balli Group Plc, which has extensive interests in Iran. He is also the Chairman of Jupiter Adria Limited and a director of RAB Capital Plc.

Lord Lamont has an interest of 3,579,547 ordinary shares and 6,000,000 options in the Company.

John Lemon – BA, LLB (Hons), GradDipAppFin(Finsia), GradDipAppCorpGov FCIS *(Director/Company Secretary)*
Mr Lemon has been Company Secretary since 13 February 2006 and a Director since 25 March 2008. Mr Lemon is a qualified solicitor and has held a number of positions as Company Secretary and/or Legal Counsel with various companies, including roles with MIM Holdings Limited, Gold Aura Limited General Electric Company and Bank of Queensland Limited.

Directors' interests in shares and options

The Directors interests in shares and options of the Company are set out in note 29 (c) to the financial statements.

Board Committee memberships

The Board has established the following Board Committees. A copy of the charter of each of the Committees is published on the Company's website. The membership of the Board Committees is as follows:

Name	Audit	Remuneration and Nomination
James Collins-Taylor	✓	✓
Frank Reid	×	×
Ian Ross[1]	✓	✓
Karl-Axel Waplan	×	✓
Rt. Hon. Lord Lamont of Lerwick	×	×
John Lemon	×	×
Stephen Gatley[2]	×	×

[1] Ian Ross is Chairman of the Audit Committee
[2] Stephen Gatley resigned as a Director of the Company on 30 June 2009

Directors' meetings

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2009, and the number of meetings attended by each Director, was:

Name	Board		Board Committees			
			Audit		Remuneration and Nomination	
	A	B	A	B	A	B
James Collins-Taylor	9	9	2	2	1	1
Frank Reid	8	9	*	*	*	*
Ian Ross	9	9	2	2	1	1
Karl-Axel Waplan	8	9	*	*	1	1
Rt. Hon. Lord of Lerwick	7	9	*	*	*	*
Stephen Gatley[1]	9	9	*	*	*	*
John Lemon	9	9	*	*	*	*

[1] Stephen Gatley resigned as a Director of the Company on 30 June 2009

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year.
* = Not a member of the relevant committee

Environmental regulation and performance

The Company has in the past applied sound environmental practice with respect to the Company's management of exploration carried out at the Mehdiabad Project in Iran. As part of the proposed future development of this project the Mehdiabad Zinc Company (MZC) will be subject to environmental regulations by the Ministry of the Environment in Iran.

The Company will follow sound environmental practices both on and off shore in regards to the future exploration and development of the Sandpiper/Meob Phosphate Project in Namibia.

Shares under option

Unissued ordinary shares of Union Resources Limited under option at the date of this report are as follows:

Expiry date	Issue price of shares	Number of shares under option
31 December 2010	2.0 cents	26,474,419
31 March 2013	2.0 cents	6,000,000
31 March 2015	2.10 cents	5,333,332
31 March 2015	1.30 cents	1,333,333
31 March 2015	0.5 cents	1,333,333

Option holders do not have any rights under the options to participate in any share issue of the Company.

Shares issued on the exercise of options

38,093 ordinary shares of Union Resources Limited were issued during the year ended 30 June 2009 as a result of the exercise of options over unissued shares in the Company. No shares have been issued since the end of the year as a result of the exercise of options over unissued shares.

Indemnification and insurance of Directors

During the year, Union Resources Limited paid a premium to insure the Directors and Officers of the Company in relation to all liabilities and expenses arising as a result of the performance of their duties in their respective capacities to the extent permitted by law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Auditor

Subsequent to the Company's incumbent auditor, Pitcher Partners' decision to cease to provide audit services, the Directors appointed Hacketts DFK to fill a casual vacancy resulting from the former audit partners' resignations. Hacketts DFK replaced Pitcher Partners as auditor of the Company on 12 February 2009. The appointment of the Company's auditor will be subject to shareholder approval at the next Annual General Meeting.

There are no former partners or directors of the Company's auditor, or former auditor, who is or was at any time during the year an officer of the company.

Non-audit services

The Company may decide to employ the Company's auditor (Hacketts DFK, 2008: Pitcher Partners) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out in note 31 to the financial statements.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Non-audit services				
Tax compliance services – Pitcher Partners[1]	2,975	19,936	2,975	19,936
Total remuneration for non-audit services	2,975	19,936	2,975	19,936

1 Pitcher Partners was the auditor of the Company until 12 February 2009.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the Auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Remuneration report

The information provided under headings (a)–(d) is provided in accordance with section 300A of the *Corporations Act 2001*. These disclosures have been audited.

(a) Principles used to determine the nature and amount of remuneration (audited)

The Remuneration and Nomination Committee is a committee of the Board which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and non-executive Directors. The Corporate Governance Statement provides further information on the role of this Committee.

Executive Remuneration

Contracts for executive services are reviewed on a regular basis and properly reflect the duties and responsibilities of the individuals concerned. The executive remuneration structure is based on a number of factors including relevant market conditions, knowledge and experience within the industry, organisational experience, performance of the Company and that the remuneration is competitive in retaining and attracting motivated people. There are no guaranteed pay increases included in the senior executives' contracts.

Currently the executive remuneration comprises of a total fixed remuneration and does not include any short term incentive schemes or equity based remuneration except for the Managing Director/Chief Executive Officer remuneration. In the case of the Managing Director/Chief Executive Officer, the short term incentives which are paid as equity based remuneration are linked to the objectives of the Company. An exception was made however during the year. The Managing Director/Chief Executive Officer, with approval of the Company's shareholders, was issued shares in the Company in lieu of payment of cash in respect of part of the remuneration which would have otherwise been payable to him. This measure was adopted, with the Managing Director/CEO's consent, to conserve cash for the Company.

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, those Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. Non-executive Directors' fees are usually paid by way of cash, however an exception was made however during the year. The Company's Non-executive directors, with approval of the Company's shareholders, were issued shares in the Company in lieu of payment of cash in respect of part of the Directors' fees which would have otherwise been payable to them. This measure was adopted, with the relevant Directors' consent, to conserve cash for the Company.

One of the Company's Non-executive directors, The Rt. Hon. Lord Lamont of Lerwick, was previously issued 6,000,000 options (which remain current) under his employment contract with the Company. The issue of the options to Lord Lamont was approved by the Company's shareholders.

Directors' Fees

The current base remuneration was last reviewed with effect from 1 July 2006.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $450,000 per annum and was approved by shareholders at the Annual General Meeting on 24 November 2006.

The following fees have applied for the year ended 30 June 2009 for the Company's Non-executive Directors:

- Base fee – $35,000 per annum
- Base fee – $90,000 per annum (Lord Lamont)
- Consulting fees for work outside normal scope of Directors' duties – $1,750/day

Except for retirement benefits provided by the superannuation guarantee legislation there are no retirement benefits for the Non-executive Directors.

(b) Details of remuneration (audited)

Details of the remuneration of the Directors and the key management personnel (as defined in section 300A *Corporations Act 2001*) of the Company and the Group are set out in the following tables.

The key management personnel of the Company and the Group includes the Directors as listed on page 7-8 and the following executive officers who have authority and responsibility for the planning, directing and controlling the activities of the entity:

- John Lemon – Company Secretary (appointed as a director on 25 March 2008)

There were no other Directors or officers/executives employed by the Group during the year.

(b) Details of remuneration (audited) (continued)

Director	Short-term: Base fees/salary $	Short-term: Other [5,7] $	Post-employment: Superannuation $	Post-employment: Retirement Benefit $	Share-Based Payments: Shares $	Share-Based Payments: Options $	Total $
2009							
Non-executive Directors							
James Collins-Taylor, *Chairman*	26,250	96,058	-	-	8,750	-	131,058
Ian Ross, *Audit Committee Chairman*	26,250	-	-	-	8,750	-	35,000
Karl-Axel Waplan	26,250	-	-	-	8,750	-	35,000
Rt Hon. Lord Lamont of Lerwick[6]	67,500	-	-	-	22,500	36,483	126,483
Stephen Gatley[1]	26,250	-	-	-	8,750	-	35,000
Subtotal (Non-executive Directors)	172,500	96,058	-	-	57,500	36,483	362,541
Executive Director							
Frank Reid, *Managing Director/CEO*[6]	528,846	35,695	-	-	141,218	32,471	738,230
Executive Director/Company Secretary							
John Lemon[2]	110,025	-	-	-	-	-	110,025
Accountant							
Azar Bahmani	57,333	5,670	-	-	-	-	63,003
Total	868,704	137,423	-	-	198,718	68,954	1,273,799
2008							
Non-executive Directors							
James Collins-Taylor, *Chairman*	35,000	20,275	-	-	-	11,390	66,665
Ian Ross, *Audit Committee Chairman*[7]	35,000	-	-	-	-	11,390	46,390
Karl-Axel Waplan	35,000	-	-	-	-	11,390	46,390
Rt Hon. Lord Lamont of Lerwick	54,500	-	-	-	-	56,509	111,009
Stephen Gatley[1,]	12,682	-	-	-	-	-	12,682
Rob Murdoch[3]	1,129	-	-	-	-	-	1,129
Kjell Larsson[4]	4,569	1,250	-	-	-	-	5,819
Subtotal (Non-executive Directors)	177,880	21,525	-	-	-	90,679	290,084
Executive Director							
Frank Reid, *Managing Director/CEO*[6]	535,800	-	-	-	-	45,661	581,461
Executive Director/Company Secretary							
John Lemon[2]	94,610	-	-	-	-	-	94,610
Executive Director/ CFO							
Mark Pratt[4]	60,193	-	5,417	-	-	-	65,610
Total	868,483	21,525	5,417	-	-	136,340	1,031,765

1. Mr Stephen Gatley resigned as a director on 30 June 2009.
2. Mr John Lemon does not receive Directors fees as he is paid consulting fees on an hourly basis.
3. Mr Rob Murdoch was Managing Director until his resignation on 29 April 2007. From 29 April 2007, Mr Murdoch served as a Non-executive Director up to his resignation from that position on 12 July 2007.
4. Mr Kjell Larsson resigned as a director on 17 August 2007. Mr Mark Pratt was appointed as a Director on 19 September 2007 and resigned as a Director and Chief Financial Officer on 25 March 2008.
5. Other relates to Board committee fees and/or consultancy services provided by Directors.
6. Option remuneration consists of Options issued in a prior period, vested in the current period.
7. Mr James Collins-Taylor's other payment relates to Consulting fees for the Sandpiper & Mehdiabad Projects and working in connection with the rights issue and takeover bid for BDM. Mr Ian Ross' other payment relates to Committee Fees. Mr Frank Reid's other payment consists of A$31,800 for his home allowance and A$3,895 for his medical allowance which was paid in advance in March 2009.

No other Directors, officers or executives of the Company received any share-based payments, other than those shown in the remuneration table above.

(b) Details of remuneration (audited) (continued)

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Key management personnel compensation				
Short term	1,006,127	890,008	1,006,127	890,008
Post-employment benefits	-	5,417	-	5,417
Share-based payments	267,672	136,340	267,672	136,340
	1,273,799	1,031,765	1,273,799	1,031,765

(c) Service agreements (audited)

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. Remuneration and other terms of employment for the Managing Director/Chief Executive Officer and other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below:

Key management personnel	Frank Reid *Managing Director/Chief Executive Officer*	John Lemon *Company Secretary*
Commencement date	4 April 2007	13 February 2006
Term of agreement	No fixed term	No fixed term
Base salary	US$400,000 per annum	$150 per hour for company secretarial services and legal services
Cost of living allowance	US$88,800 per annum	-
Superannuation	-	-
Share-based Payments	7,999,998 options[1]	-
Period of notice	6 month notice by the Company and 3 months by the employee	4 weeks

1 Details of Share-based payments are detailed in section (d) of the Remuneration Report.

(d) Equity based compensation (audited) (continued)

Share holdings

The number of shares in the Company held during the financial year by each Director of Union and other key management personnel of the Group, including their personally related parties are set out below:

Name	Balance at the start of the year	Granted during the year as compensation	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
2009					
James Collins-Taylor	-	795,455	-	596,592	1,392,047
Frank Reid[1]	-	21,731,579	-	3,291,422	25,023,001
Ian Ross	1,757,032	795,455	-	1,914,366	4,466,853
Karl-Axel Waplan	-	795,455	-	596,592	1,392,047
Rt. Hon. Lord Lamont of Lerwick	-	2,045,455	-	1,534,092	3,579,547
John Lemon	-	-	-	-	-
Stephen Gatley	-	795,455	-	596,592	1,392,047
2008					
James Collins-Taylor	-	-	-	-	-
Frank Reid	-	-	-	-	-
Ian Ross	1,507,032	-	-	250,000	1,757,032
Karl-Axel Waplan	-	-	-	-	-
Rt. Hon. Lord Lamont of Lerwick	-	-	-	-	-

Options and rights over equity instruments

The number of options over ordinary shares in the Company held during the financial year by each Director of Union Resources Limited and other key management personnel of the Group, including their personally related parties are set out below:

Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
2009					
James Collins-Taylor	1,000,000	-	-	(1,000,000)	-
Frank Reid	7,999,998	-	-	-	7,999,998
Ian Ross	1,507,032	-	-	(1,507,032)	-
Karl-Axel Waplan	1,000,000	-	-	(1,000,000)	-
Rt. Hon. Lord Lamont of Lerwick	6,000,000	-	-	-	6,000,000
John Lemon	-	-	-	-	-
Stephen Galey	-	-	-	-	-
2008					
James Collins-Taylor	-	-	-	1,000,000	1,000,000
Frank Reid	-	7,999,998	-	-	7,999,998
Ian Ross	507,032	-	-	1,000,000	1,507,032
Karl-Axel Waplan	-	-	-	1,000,000	1,000,000
Rt. Hon. Lord Lamont of Lerwick	-	6,000,000	-	-	6,000,000
John Lemon	-	-	-	-	-
Stephen Gatley	-	-	-	-	-

(d) Equity based compensation (audited) (continued)

Options granted as remuneration

No options were issued as part of remuneration for the year ended 30 June 2009.

1,000,000, options were issued to each of non-executive Directors James Collins-Taylor, Ian Ross and Karl-Axel Waplan under the Company's Employee Share Option Plan during the year ended 30 June 2008. Those options lapsed on 1 April 2009 without having been exercised. The value of those options at the time of lapse was $0.0 each.

In accordance with shareholder approval, in November 2007 the Company issued to Managing Director Frank Reid 7,999,998 options each exercisable on or before 31 March 2015 as part of his employment contract conditions. Those options remain current. The terms and conditions of the options are as follows:

Tranche	No. of Options	Vesting Date/Condition	Grant date fair value[1]	Exercise Price Conditions
1	1,333,333[2]	1 April 2008	0.01757 cents	Average market price of the ordinary shares of the Company on ASX for the five business days preceding the date of the Contract.*
2	1,333,333[2]	1 April 2009	0.01757 cents	Market price of the ordinary shares of the Company on ASX as at the close on the last business day 12 months after the date of the Contract.**
3	1,333,333	1 April 2010	0.01757 cents	Market price of the ordinary shares of the Company on ASX as at the close on the last business day 24 months after the date of the Contract.***
4	1,333,333	Upon transfer of Exploitation Licence or other acceptable secure tenure to the resource to Mehdiabad Zinc Company or its successors.	0.01757 cents	Average market price of the ordinary shares of the Company on ASX for the five business days preceding the date of the Contract.*
5	1,333,333	Upon raising of sufficient capital to develop a commercial-scale operating plant at Mehdiabad Project (the Mehdiabad Project Plant).	0.01757 cents	Average market price of the ordinary shares of the Company on ASX for the five business days preceding the date of the Contract.*
6	1,333,333	Upon commencement of commercial operation of Mehdiabad Project Plant.	0.01757 cents	Average market price of the ordinary shares of the Company on ASX for the five business days preceding the date of the Contract.*

1 Fair value calculated using the Black-Scholes pricing model.
2 Vested as at 30 June 2009

**The average market price of the Company's ordinary shares on the ASX for the five business days preceding the date of the Contract was 2.1 cents.*

***The average market price of the Company's ordinary shares on the ASX for the five business days preceding 12 months after the date of the Contract was 1.3 cents.*

****The average market price of the Company's ordinary shares on the ASX for the five business days preceding 24 months after the date of the Contract was 0.5 cents.*

(ii) In accordance with shareholder approval, in November 2007 the Company issued to The Rt. Hon. Lord Lamont of Lerwick for nil cash consideration a total of 6,000,000 options each exercisable on or before 31 March 2013 as consideration for his becoming a Director of the Company. The terms and conditions of the options are as follows:

Tranche	Grant date	No. of options	Vesting Date/Condition	Grant date fair value[1]	Exercise Price
1	23 November 2007	1,500,000[2]	22 May 2008	0.016307 cents	2.0 cents
2	23 November 2007	1,500,000[2]	22 November 2008	0.016307 cents	2.0 cents
3	23 November 2007	1,500,000[2]	22 May 2009	0.016307 cents	2.0 cents
4	23 November 2007	1,500,000	22 November 2009	0.016307 cents	2.0 cents

1 Fair value calculated using the Black-Scholes pricing model.
2 Vested as at 30 June 2009

(d) Equity based compensation (audited) (continued)

There were no other Share-based payments made to any other key management personnel or relevant executives other than those detailed above during the financial year.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have not been rounded off in accordance with that Class Order to the nearest thousand dollars, but to the nearest dollar.

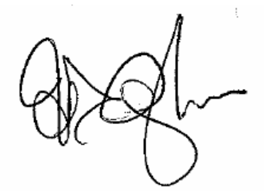
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 18 of the Annual Report.

Corporate governance

The Board of Directors is responsible for the Corporate Governance of the consolidated entity. The Board is committed to achieving the highest standards of corporate behaviour and accountability. The Company's corporate governance statement is contained in the following section of this report.

Signed for and on behalf of the Board in accordance with a resolution of the Directors.



James Collins-Taylor
Chairman

Frank Reid
Managing Director

30 September 2009

The Listing Rules of ASX Limited require that the Company's Annual Report contain a statement disclosing the extent to which the Company has followed the corporate governance "Best Practice Recommendations" ("Recommendations") of the ASX Corporate Governance Council during the financial year. There are 27 Recommendations, contained within 8 "Principles of Good Corporate Governance", and all are addressed in this Statement.

The Recommendations are guidelines rather than prescriptions, and a company has the flexibility to not adopt a particular Recommendation if the company considers it inappropriate to the company's particular circumstances, provided the company explains why it has not followed the particular Recommendation.

Principle 1 – Lay solid foundations for management and oversight

The Board has adopted a charter which details the functions reserved to the Board and those delegated to the Company's management. A copy of the Board Charter is published on the Company's website (www.unionresources.com.au). The functions reserved to the Board under the Board Charter are:

a) establishing the Company's corporate level and business level goals and monitoring and implementing strategies to achieve those goals;
b) setting the strategic direction and financial objectives of the Company and ensuring appropriate resources are available;
c) monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
d) reviewing the performance of all Board members and overseeing succession plans for the senior executive team;
e) ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility;
f) ensuring that effective audit, risk and controls are in place to protect the Company's assets;
g) formulating risk management strategies and identifying and designing and implementing appropriate policies;
h) monitoring the risk management process and strategies;
i) setting specific limits of authority for the executive management to commit to new expenditure and enter into new contracts without prior Board approval;
j) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the company;
k) monitoring compliance with regulatory requirements (including continuous disclosure obligations);
l) reviewing Board succession plans;
m) monitoring ASX and regulatory disclosure requirements;
n) monitoring the integrity of reporting including ensuring the preparation of accurate financial reports and statements;
o) ensuring effective and timely reporting to various stakeholders; and
p) ensuring that the Company's shareholders are informed of all major developments affecting the Company's state of affairs.

The functions delegated to the Company's management are:

a) overseeing the Company's transition from the exploration of the Mehdiabad resource to a development and production phase.
b) making recommendations to the Board concerning the restructuring of the Company's business incidental to the Company's transition to a development and production phase.
c) making recommendations to the Board concerning the transfer of the Company's head office to Europe or the Middle East.
d) overseeing and assessing the performance of the Company's Chief Operating Officer (who shall report directly to the Committee).

The Board evaluates the performance of senior executives on an ongoing basis.

Principle 2 – Structure the Board to add value

The Board considers that a majority of the Board (Messrs Collins-Taylor, Ross, Waplan and Lord Lamont) are independent directors. The Board notes that Mr Collins-Taylor provided significant consulting services to the Company during the year for which he was reimbursed, however the Board considers that in doing so Mr Collins-Taylor helped the Company to conserve funds it would otherwise have been required to expend on external consultants, and that Mr Collins-Taylor retains independent judgement in the exercise of his functions as a Director. Dr Reid is employed in an executive capacity by the Company and is therefore not classed as an independent director. Mr Lemon is a material service provider (of company secretarial and legal services) to the Company and is therefore not classed as an independent director. The other director who served on the Board during the year Mr Gatley was not an independent director as he was an officer of Lundin Mining AB which was a substantial shareholder of the Company during the year.

The roles of Chairperson and Chief Executive Officer were not exercised by the same person.

The Board established the Remuneration and Nomination Committee as a committee of the Board on 28 November 2005 and has adopted a written charter for the Remuneration and Nomination Committee. A copy of the charter can be found on the Company's website at (www.unionresources.com.au).

The Remuneration and Nomination Committee consists of at least 3 non-executive directors, Messrs Colins-Taylor, Ross and Waplan. The Chair of the Board may not chair the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee duties include evaluating and recommending to the Board:

- Board membership criteria;
- candidates for Board membership and the position of Managing Director;
- Board composition; and
- appraisal of performance of Board members and executives.

The skills, experience and expertise of each Director, and their terms of office, are included in the Directors' Report. Pursuant to the terms of their appointment Directors may seek independent professional advice at the expense of the Company.

The performance of all Directors is reviewed annually by the Chairman. The Board also monitors its own performance and the performance of Board committees on an ongoing basis. The performance criteria against which Directors and executives are assessed is in line with the Company's objectives. The Remuneration and Nomination Committee met once during the year to discuss revision to Frank Reid's contract subsequently approved by Shareholders.

Principle 3 – Promote ethical and responsible decision making

The Company is firmly committed to ethical business practices, a safe workplace and compliance with the law. Fair dealing with the Company's suppliers, advisors, customers, employees and competitors is expected at all levels of the organisation. All Directors, executive management and employees are expected to act with integrity to enhance the performance of the Company. The Company has a Code of Conduct which provides a guide to the Directors and employees as to the practices necessary to maintain confidence in the Company's integrity and ethical practices.

The Board has established written guidelines set out in its Corporate Ethics and Securities Trading Policy for trading in the Company's shares by the Company's Directors. The policy restricts the buying or selling of Company Shares within seven days prior to the release of the half year and annual reports and at any time during which the Directors are aware of unpublished price sensitive information.

The Code of Conduct is contained in the Corporate Governance Policy, which appears on the Company's website. The Corporate Ethics and Securities Trading Policy is also published on the Company's website (www.unionresources.com.au).

Principle 4 – Safeguard integrity in financial reporting

The Board requires that prior to adoption of the annual accounts, the Chief Executive Officer and Chief Financial Officer state in writing to the Board that the consolidated financial statements of the Company and its controlled entities present a true and fair view in all material respects of the Group's financial condition and operational results and are in accordance with applicable accounting standards.

The Audit Committee is a committee of the Board. It is the Audit Committee's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information, as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Audit Committee comprises two Non-executive Directors, both of whom are independent directors. The Chairman of the Audit Committee is not Chairman of the Board. The Board believes that, given the financial expertise and independence of the two Committee members, two is an adequate number for the Committee at this time.

The Audit Committee has a formal written charter which sets out the Committee's role and responsibilities, composition, structure and membership requirements.

Details of the names and qualifications of the Audit Committee members and meetings attended by them are contained in the Directors' Report. The Audit Committee Charter is published on the Company's website (www.unionresources.com.au). The Audit Committee Charter charges the Audit Committee with responsibility for recommending to the Board the appointment, evaluation and termination of the external auditor, and reviewing and discussing with the external auditor all significant relationships the auditor has with the Company in order to ensure independence of the auditor.

The Company's current auditor complies with its obligations under the *Corporations Act 2001* s324DA and consequently an individual who plays a significant role in the audit of the company will rotate off the audit after five years and will not participate in the audit again for a further two years. The Company was assigned a new partner for the previous financial year as part of the auditor's rotation process.

Principle 5 – Make timely and balanced disclosure

The Company has established policies and procedures designed to ensure compliance with the ASX Listing Rule requirements so that announcements are made in a timely manner, are factual, do not omit material information, are balanced, and are expressed in a clear and objective manner so as to allow investors to assess the information when making investment decisions. The Chief Executive Officer and Company Secretary are responsible for interpreting and monitoring the Company's disclosure policy and the Company Secretary is responsible for all communications with the ASX.

The Company's Corporate Governance Policy contains procedures relating to timely and balanced disclosure. A copy of this policy has been published on the Company's website (www.unionresources.com.au).

Principle 6 – Respect the rights of shareholders

The Company aims to keep shareholders informed of the Company's performance and all major developments on an ongoing basis. The Company regularly communicates to its shareholders in a timely manner through a communications strategy that consists of:

- relevant disclosures made in accordance with ASX Listing Rule disclosure requirements;
- making documents that have been released publicly available on the Company's website; and
- communicating with shareholders electronically through the Company's web-based application.

The Company's website contains a corporate governance section that includes copies of policies, procedures and charters.

The Company routinely requests that the external auditor attend the Company's annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

The Company recognises that it is necessary to undertake activities that involve a level of risk in order to achieve high levels of performance. The Board and Audit Committee are responsible for the oversight of the Group's risk management and control framework. During the reporting period the Board was of the view that given the size of the Company and the comprehensive nature of its reporting systems a formal internal audit process would not be cost effective nor reduce risk. The Board has adopted a Risk Management Policy. Under the policy the Board has delegated responsibility to the Audit Committee for risk oversight, management and internal control.

The Company's management reports to the Board from time to time as to the effectiveness of the Company's management of its material risks.

The Company's Chief Executive Officer and Chief Financial Officer are each asked to make an annual written statement to the Board that the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. These statements were made during the reporting period.

Principle 8 – Remunerate fairly and responsibly

Details of the Company's remuneration policies are set out in the Remuneration Report contained in the Directors' report.

The Company's Board of Directors constituted the Remuneration and Nomination Committee as a committee of the Board on 28 November 2005. The Remuneration and Nomination Committee has responsibility, inter alia, for making recommendations to the Board on appropriate remuneration, both in terms of quantum and composition, for Directors and Executives. The Remuneration and Nomination Committee consists of three independent Non-executive Directors. The chair of the Company's Board must not be the Chair of the Committee. The Remuneration and Nomination Committee has adopted a written charter.

Non-executive Directors are entitled to Director's Fees. Non-executive Directors are not entitled to any retiring allowance payable upon their retirement as a Director of the Company. The Company's Managing Director receives a salary and has been issued options over shares in the Company, conditional on the achievement of specific milestones and/or the Managing Director's continued employment with the Company.

Shareholder approval was sought and received for the payment of equity-based remuneration to the Company's Managing Director (refer above).

Incentive options have also been issued, with shareholder approval to non-executive Director The Rt Hon. Lord Lamont of Lerwick as a condition of his appointment as a director.

The Board recognises that the grant of options to Non-executive Directors is contrary to the guidelines in Recommendation 8.2 of the ASX Corporate Governance Council's Principles and Recommendations. However:

- the issue of options as part of the remuneration packages of Executive and Non-executive Directors is an established practice of junior public listed companies, and provides those companies with a means of conserving cash whilst attracting and properly rewarding directors;
- the exercise prices for the options issued to Non-executive Directors are designed to align any return to those directors with enhanced shareholder value in the form of an increased price of the Company's shares; and
- the Company's Non-executive Directors receive by way of remuneration only Directors' fees, and receive none of the non-cash benefits such as superannuation contributions or equity which are approved in Recommendation 8.2.

No schemes exist for retirement benefits for Non-executive Directors.

The Company does not have a policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. The Company believes that the Company's size and market capitalisation does not warrant such a policy.

The names of the members of the Remuneration and Nomination Committee and their attendance at meetings of the Committee are set out in the Directors' Report. There are no schemes for retirement benefits for Directors. The Remuneration and Nomination Committee Charter is published on the Company's website (www.unionresources.com.au .

auditor's independence declaration

HACKETTS DFK

30 September 2009

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The Chairman
The Board of Directors
Union Resources Limited
PO Box 728

Spring Hill QLD 4004

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF UNION RESOURCES LIMITED AND CONTROLLED ENTITIES

As lead audit partner for the audit of the financial report of Union Resources Limited and controlled entities for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully

HACKETTS DFK

Liam Murphy
Partner

Liability limited by a scheme approved under Professional Standards Legislation

income statements

for the year ended 30 June 2009

		Consolidated		Parent	
	Notes	2009 $	2008 $	2009 $	2008 $
Revenue from continuing operations	6	29,931	147,833	29,931	147,833
Other income	7	12,583	-	12,583	-
Expenses, excluding finance costs and impairment loss	8	(2,260,272)	(2,262,572)	(2,260,272)	(5,148,167)
Impairment loss	18 (b)	(6,944,130)	-	-	-
Finance costs		(1,452)	(2,685)	(1,452)	(2,685)
Loss before income tax		(9,163,340)	(2,117,424)	(2,219,210)	(5,003,019)
Income tax expense	9(a)	-	-	-	-
Loss for the year from continuing operations	26 (b)	(9,163,340)	(2,117,424)	(2,219,210)	(5,003,019)
Loss for the year attributable to:					
Members of Union Resources Limited		(9,163,340)	(2,117,424)	(2,219,210)	(5,003,019)

	Notes	Cents	Cents
Earnings per share for loss from operations attributable to the ordinary equity holders of the Company:			
Basic loss per share	10	(0.94)	(0.24)
Diluted loss per share	10	(0.94)	(0.24)

The above income statements should be read in conjunction with the accompanying notes.

balance sheets
as at 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
ASSETS					
Current assets					
Cash and cash equivalents	12	3,346,626	1,181,218	3,339,217	1,164,875
Trade and other receivables	13	125,608	256,294	125,608	256,294
Available-for-sale financial assets	14	52,400	159,838	52,400	159,838
Current tax assets		-	-	-	-
Total current assets		3,524,634	1,597,350	3,517,225	1,581,007
Non-current assets					
Trade and other receivables	15	-	-	17,267,820	16,870,684
Other financial assets	16	97,989	105,695	942,738	218,336
Investments accounted for using the equity method	17	50,419	-	-	-
Exploration and evaluation	18	17,748,898	17,417,118	-	-
Property, plant and equipment	19	19,545	28,806	18,518	27,114
Intangibles	20	837,982	144,000	-	-
Total non-current assets		18,754,833	17,695,619	18,229,076	17,116,134
Total assets		22,279,467	19,292,969	21,746,301	18,697,141
LIABILITIES					
Current liabilities					
Trade and other payables	21	360,152	372,234	339,844	371,611
Provisions	22	72,828	49,812	72,828	49,812
Total current liabilities		432,980	422,046	412,672	421,423
Non-current liabilities					
Provisions	23	9,486	11,278	9,486	11,278
Other financial liabilities	24	693,982	-	693,982	-
Total non-current liabilities		703,468	11,278	703,468	11,278
Total liabilities		1,136,448	433,324	1,116,140	432,701
Net assets		21,143,019	18,859,645	20,630,161	18,264,440
EQUITY					
Contributed equity	25 (a)	95,714,458	91,221,313	95,714,458	91,221,313
Reserves	26 (a)	1,830,287	(5,123,282)	1,276,451	1,184,665
Accumulated losses	26 (b)	(76,401,726)	(67,238,386)	(76,360,748)	(74,141,538)
Total equity		21,143,019	18,859,645	20,630,161	18,264,440

The above balance sheets should be read in conjunction with the accompanying notes.

statements of changes in equity

for the year ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Total equity at the beginning of the year		18,859,645	20,785,731	18,264,440	20,785,731
Exchange differences on translation of foreign operations	26 (a)	6,861,783	(2,290,390)	-	-
Revaluation of available-for-sale investments, net of tax	26 (a)	22,834	(22,834)	22,834	(22,834)
Net income recognised directly in equity		6,884,617	(2,313,224)	22,834	(22,834)
Loss for the year		(9,163,340)	(2,117,424)	(2,219,210)	(5,003,019)
Total recognised income and expense for the year		(2,278,723)	(4,430,648)	(2,196,376)	(5,025,853)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs		4,493,145	2,368,222	4,493,145	2,368,222
Fair value of options vesting to Directors	26 (a)	68,952	136,340	68,952	136,340
Total equity at the end of the year		21,143,019	18,859,645	20,630,161	18,264,440

The above statements of changes in equity should be read in conjunction with the accompanying notes.

cash flow statements

as at 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Cash flows from operating activities					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(1,693,471)	(2,497,036)	(1,509,075)	(1,864,343)
Interest received		33,396	147,665	33,396	147,665
Interest paid		(1,452)	(2,685)	(1,452)	(2,685)
Net cash (outflow) from operating activities	33 (a)	(1,661,527)	(2,352,056)	(1,477,131)	(1,719,363)
Cash flows from investing activities					
Payments for investment in associates		(50,419)	-	(50,419)	-
Proceeds from sale of property, plant and equipment		1,927	-	1,927	-
Payments for property, plant and equipment		(1,027)	(21,255)	(1,027)	(21,255)
Payments for exploration and evaluation		(411,311)	(418,024)	-	-
Proceeds from sale of financial assets		100,880	2,153	100,880	2,153
Proceeds from security deposits		20,000	-	20,000	-
Loans advanced to subsidiaries		-	-	(586,772)	(1,043,436)
Net cash (outflow) from investing activities		(339,950)	(437,126)	(515,411)	(1,062,538)
Cash flows from financing activities					
Proceeds from issue of ordinary shares and options		4,597,912	2,438,080	4,597,912	2,438,080
Share issue costs		(431,027)	(69,858)	(431,027)	(69,858)
Net cash inflow from financing activities		4,166,885	2,368,222	4,166,885	2,368,222
Net increase/(decrease) in cash and cash equivalents		2,165,408	(420,960)	2,174,342	(413,679)
Cash and cash equivalents at the beginning of the year		1,181,218	1,602,178	1,164,875	1,578,554
Cash and cash equivalents at end of the year	12	3,346,626	1,181,218	3,339,217	1,164,875

The above cash flow statements should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report includes separate financial statements for Union Resources Limited (the 'Company') as an individual entity and the consolidated entity consisting of Union Resources Limited and its subsidiaries ("Group"). Union Resources Limited is a public company limited by shares and domiciled in Australia.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASB), Australian Accounting Interpretation, and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS
Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted
The material account policies adoped in the preparation of this financial report are presented below.

Historical cost convention
The financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through the income statements, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of the financial report in conformity with Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company or parent entity as at 30 June 2009 and the results of all subsidiaries for the year then ended. Union Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

A list of consolidated entities is contained in note 32 to the financial statements.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Union Resources Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through income statements, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(f) Income Tax

The income tax expense or revenue for the year comprises current income tax expense or income and deferred tax expense or income.

Current income tax expense charged to the income statements is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the income statements when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation
Union Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003.

The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(h) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(m) Investments and other financial assets

Classification
The Group classifies its investments in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the balance sheet (notes Error! Reference source not found. and 15). They are subsequently measured at amortised cost using the effective internet rate method.

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories.

Financial Liabilities
Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Recognition and De-recognition
Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through income statements. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities which are classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

De-recognition
Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in income statements.

Subsequent measurement
Available-for-sale financial assets and financial assets at fair value through income statements are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through income statements category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through income statements is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Fair value
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statements is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(n) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is capitalised in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest or when activities in the areas of interest have not yet reached a stage which permit reasonable assessment of the existence of economically recoverable reserves.

The ultimate recoupment of capitalised costs is dependent on the successful development and commercial exploitation, or sale, of the respective areas of interest. Accumulated costs in relation to an abandoned area are written off in full against profit/loss in the year in which the decision to abandon the area is made.

Where costs are capitalised on exploration, evaluation and development, they are amortised over the life of the area of interest to which they relate once production has commenced. Amortisation charges are determined on a production output basis, unless a time basis is more appropriate under specific circumstances.

Exploration, evaluation and development assets are assessed for impairment if:

(i) sufficient data exists to determine technical feasibility and commercial viability, and

(ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(p) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Asset	Depreciation Rate
Plant and Equipment	5 - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave
The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based Payment Transactions
The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

The fair value of shares is ascertained as the market bid price. The fair value of option is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(t) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

(u) Rounding of amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have not been rounded off in accordance with that Class Order to the nearest thousand dollars, but to the nearest dollar.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

(w) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

(x) Intangible Assets

Exploration Licences
Exploration licences are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Exploration licences are amortised over their useful life which are based on the approval time provided by local government authorities.

(y) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets liabilities of associates are incorporated in the financial statements using the equity method of accounting. Under the equity method investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's shares of the net assets of the associate less any impairment in the value of individual assets.

Losses of the associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised as the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after assessment, is recognised immediately in profit and loss. Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

1 Summary of significant accounting policies (continued)

(z) Change in accounting policy

The Company changed its policy regarding the treatment of the functional currency of the wholly owned subsidiary Union Zinc Pty Ltd ("UZPL") for the financial year ended 30 June 2009. The Company has determined that as of 1 January 2009, the functional currency of UZPL is Australian dollars. This change has been implemented as the Directors are of the opinion that Australian dollars more accurately reflects the nature of UZPL's operations now that expenditure on UZPL's exploration and evaluation assets has significantly reduced as detailed in note 18(b) to the financial statements.

In accordance with AASB121: The Effects of Changes in Foreign Exchange Rates, the Company has applied the change in functional currency of UZPL prospectively from the date of the change being as of 1 January 2009. All items in UZPL were translated as at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from the translation of a foreign operation previously classified in equity are not recognised in profit or loss until their disposal of the operation.

The aggregate effect of the change in accounting policy on the financial statements for the year ended 30 June 2009 is as follows:

	2009		
	Previously Stated	Adjustment	Restated
Consolidated Group			
Income Statement			
Impairment loss	5,959,631	984,499	6,944,130
Profit (loss) before tax	(8,178,811)	(984,499)	(9,163,340)
Basic loss per share (cents per share)	(0.85)	(0.09)	(0.94)
Diluted loss per share (cents per share)	(0.85)	(0.09)	(0.94)
Balance Sheet			
Capitalised exploration and evaluation expenditure	15,285,756	2,463,142	17,748,898
Property, plant and equipment	19,399	146	19,545
Shares in associates	37,456	6,197	43,653

The change in accounting policy did not affect the Parent Company results.

2 New Accounting Standards and Interpretations

At the date of authorisation of the financial report, a number of standards and interpretations were in issue but not yet effective. Those relevant to the entity are considered below:

Outline of Amendment	Effective for annual reporting period beginning on or after	Expected to be initially applied in the financial year ending
AASB 8 'Operating Segments' and AASB 2007-3	1 January 2009	30 June 2010
AASB 101 'Presentation of Financial Statements'	1 January 2009	30 June 2010
AASB 2 'Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
AASB 3 ' Business Combinations'	1 July 2009	30 June 2010

2 New Accounting Standards and Interpretations (continued)

Initial application of the following Standards is not expected to have any material impact on the financial report of the Group and the company:

Outline of Amendment	Effective for annual reporting period beginning on or after	Expected to be initially applied in the financial year ending
AASB 172 ' Consolidated and Separate Financial Statements'	1 July 2009	30 June 2010
AASB 1 and AASB 127 Amendment – 'Cost of Investment in Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
Amendments to AASB 7, AASB 1023 and AASB 1038 – 'Disclosures about fair value measurements and liquidity risk'	1 January 2009	30 June 2010
Group Cash – settled Share-based Payment Transactions – Amendments to IFRS	1 January 2010	30 June 2010
AASB 2008-1 'Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
Improvements to IFRSs (2009)	1 July 2009	30 June 2010
Interpretation 17 Distributions of Non-Cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-Cash Assets to Owners	1 July 2009	30 June 2010

3 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out below.

(a) Exploration and evaluation expenditure

Union remains committed to the development of the world class Mehdiabad Zinc-Lead-Silver resource. However, pending the outcome of the current negotiations and given the current political environment in Iran, it may be some time before the development of the Mehdiabad Project can proceed. As previously reported a letter dated 28 November 2006 was received on 6 December 2006 from IMIDRO, purporting to terminate four of the five agreements under which Union maintains its interest in MZC. Union is of the opinion that it has complied with all its obligations under the agreements and that no grounds exist for the purported termination. Union's other Exploration and evaluation expenditure is related to the Sea Phosphate Project in Namibia.

Exploration and evaluation expenditure is reviewed regularly to ensure that the capitalised expenditure is only carried forward to the extent that it is expected to be recouped through the successful development of the area of interest or when activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. This policy is outlined in note 1.

(b) Recoverability of Deferred Tax Assets

Deferred tax assets are not recognised for deductible temporary differences as Directors consider that it is not probable that future taxable profits will be available to utilise those temporary differences.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimate uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Exploration, evaluation and development expenditure

The exploration, evaluation and development expenditure is reviewed regularly to ensure that the capitalised expenditure is only carried forward to the extent that it is expected to be recouped through the successful development of the areas of interest or when activities in the areas of interest have not yet reached a stage which permit reasonable assessment of the existence of economically recoverable reserves.

2 New Accounting Standards and Interpretations

(a) Exploration, evaluation and development expenditure

The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements. The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

(b) Share-based payment transactions

The Group measures the cost of equity-settled transactions with Directors by reference to the fair value of the equity instruments at year end for the purposes of recognising the serves between the service commencement date and grant date. The fair value is determined using a Black-Scholes model.

4 Financial Risk Management

The group's major area of risk is managing liquidity and cash balances and embarking on fundraising activities in anticipation of further projects.

The activities expose the Group to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, and other risks, ageing analysis for credit risk.

Risk management is carried out under policies set by the Managing Director and approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US dollar, United Kingdom pound, United Arab Emirates dirham and the Iranian rial.

As the Group is still in the exploration and evaluation stage, it has not needed to use forward contracts to manage foreign exchange risk. The Board will continue to monitor the Group's foreign currency exposures.

Price risk

The Group is exposed to commodity price risk including zinc, silver and lead prices. The commodity prices impact the economic evaluation of the Mehdiabad Project and the Group's capacity to raise additional funds.

(b) Credit risk

The credit risk on financial assets of the consolidated entity which have been recognised in the consolidated balance sheet is generally the carrying value amount, net of any provisions for doubtful debts.

(c) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the ability of the Group to raise funds on capital markets. The Managing Director and the Board continue to monitor the Group's financial position to ensure that it has available funds to meet its ongoing commitments (refer to note 5).

(d) Cash flow interest rate risk

The consolidated entity's main interest rate risk arises from its term deposits, which are held in banks/financial institutions. These financial assets expose the consolidated entity to cash flow interest rate risk.

4 Financial Risk Management (continued)

(d) Cash flow interest rate risk (continued)

The consolidated entity's exposure to interest-rate risk is summarised in the following table:

	Notes	Floating interest rate $	Non-interest bearing $	Total $
2009				
Financial assets				
Cash and cash equivalents	12	3,317,477	29,149	3,346,626
Trade and other receivables (excluding prepayments)	13	-	120,697	120,697
Available-for-sale financial assets	14	-	52,400	52,400
Other financial assets	16	45,260	52,729	97,989
Investments accounted for using the equity method	17	-	50,419	50,419
		3,362,737	305,394	3,668,131
Weighted average interest rate		3.4%		
Financial liabilities				
Trade and other payables	21	-	360,152	360,152
Other financial liabilities	24	-	693,982	693,982
			1,054,134	1,054,134
Net financial assets/(liabilities)		3,362,737	(748,740)	2,613,997
2008				
Financial assets				
Cash and cash equivalents	12	1,151,750	29,468	1,181,218
Trade and other receivables (excluding prepayments)	13	-	211,866	211,866
Available-for-sale financial assets	14	-	159,838	159,838
Other financial assets	16	45,260	60,435	105,695
		1,197,010	461,607	1,658,617
Weighted average interest rate		7.4%	-	
Financial liabilities				
Trade and other payables	21	-	372,234	372,234
		-	372,234	372,234
Net financial assets/(liabilities)		1,197,010	89,373	1,286,383

Sensitivity Analysis

Consolidated Entity
At 30 June 2009, if interest rates had changed by -/+ 1% absolute from the year end rates with all other variables held constant, the post tax loss for the year would have been $33,000 lower/higher (2008: $10,000 lower/higher).

Parent Entity
At 30 June 2009, if interest rates had changed by -/+ 1% absolute from the year end rates with all other variables held constant, the post tax loss for the year would have been $33,000 lower/higher (2008: $10,000 lower/higher).

4 Financial Risk Management (continued)

(e) Fair value estimation

The fair value assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

Summarised sensitivity analysis
The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

As at 30 June 2009		Interest rate risk			
	Carrying amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Financial assets					
Term Deposit	2,500,000	(25,000)	(25,000)	25,000	25,000
Total increase	2,500,000	(25,000)	(25,000)	25,000	25,000

Foreign Currency Risk Sensitivity Analysis
At 30 June 2009, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar, with all other variables remaining constant is as follows:

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Change in profit				
Movement in AUD to USD by + 5%	(10,378)	166,828	-	-
Movement in AUD to USD by - 5%	11,471	(175,166)	-	-
Change in Equity				
Movement in AUD to USD by + 5%	(352,079)	(481,152)	-	-
Movement in AUD to USD by - 5%	389,139	505,208	-	-

5 Going concern

The financial statements are prepared on a going concern basis. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

The consolidated entity has the ability to continue as a going concern so long as it is not materially affected by any adverse change in the external environment in which it operates. This would include, but not be limited to, its ability to raise sufficient capital to finance its exploration and development commitments on the Namibian Sea Phosphate Project, Mehdiabad zinc-lead-silver project and on-going operational expenditure and the impact of the letter purported to terminate four of the five agreements under which it maintains its interest in the Mehdiabad Zinc Company (refer note 18).

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
6 Revenue from continuing operations				
Interest	29,931	147,833	29,931	147,833

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
7 Other income				
Gain on sale of available-for-sale financial assets	12,583	-	12,583	-

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
8 Expenses				
Expenses, excluding finance costs, included in the income statements classified by nature				
Audit fees	94,021	27,069	94,021	27,069
Takeover bid	114,686	-	114,686	-
Iran				
- Representative Office/Administration & Legal Fees	182,593	391,769	-	-
- Development cost	18,270	9,288	500	-
	200,863	401,057	500	-
Consulting fees	154,938	124,812	154,938	124,812
AIM Listing & related cots	59,720	87,092	59,720	87,092
Legal fees	17,822	31,012	17,822	31,012
Director related expenses				
- Board fees	230,000	177,880	230,000	177,880
- Board committee fees	5,000	9,275	5,000	9,275
- Reimbursable expenses	23,289	47,214	23,289	47,214
- Share based payments to directors	68,952	90,679	68,952	90,679
Total Director related expenses	327,241	325,048	327,241	325,048
Depreciation and amortisation expense	10,850	18,598	9,623	17,587
Employee benefits expense	740,613	720,068	740,613	783,845
Foreign exchange losses (net)	2,080	3,629	2,080	3,629
General administration expenses	115,058	87,499	115,058	87,499
Insurance				
- Directors & officers indemnity insurance	46,597	44,912	46,597	44,912
- Political risk insurance	-		-	
- Other	3,816	7,125	3,816	7,125
	50,413	52,037	50,413	52,037
Loss on sale of available-for-sale assets	-	24	-	24
Marketing and promotion expenses	11,895	755	11,895	755
Rental expense relating to operating leases	88,726	81,013	88,726	81,013
Occupancy expenses	2,000	2,304	1,637	2,304
Interest expenses	369	-	369	-
Share registry / meeting costs	59,096	111,172	59,096	111,172
Telephone	28,957	19,752	26,285	14,379
Travel	40,876	169,631	27,556	132,496
Write off-Impairment of investment in Medical Science	140,048	-	-	-
Write off-Increase provision for Union Zinc Loan	-	-	357,993	-
Diminution of asset values	-	-	-	3,266,394
	2,260,272	2,262,572	2,260,272	5,148,167

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
9 Income Tax				
(a) The prima facie tax on profit/(loss differs from the income tax provided in the financial statements as follows:				
Total profit/(loss) before income	(9,163,340)	(2,117,424)	(2,219,810)	(5,003,019)
At the statutory income tax rate of 30% (2008 – 30%)	(2,749,002)	(635,227)	(665,763)	(1,500,906)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Effect of transactions within the tax consolidated group that are exempt from taxation	-	-	65,384	979,918
Share based payments	20,686	40,902	20,686	40,902
Other	-	797	-	797
	(2,728,316)	(593,528)	(579,693)	(479,289)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	2,728,316	593,528	579,693	479,289
Income tax expense/(revenue)	-	-	-	-

(b) Unrecognised net deferred tax assets:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Unused tax losses for which no deferred tax asset has been recognised	54,877,491	54,918,957	54,877,491	54,918,957
Unused capital losses for which no deferred tax asset has been recognised	11,017,692	11,270,005	11,017,692	11,270,005
Temporary differences for which deferred tax assets and liabilities have not been recognised:				
Foreign currency translation reserve	553,836	(6,307,947)	-	-
Exploration and evaluation	(12,949,748)	(12,705,577)	(375,219)	(11,190)
Property, plant & equipment	24,794	25,356	1,981	1,981
Accruals	62,028	43,684	62,028	43,684
Employee entitlements	82,314	61,090	82,314	61,090
Capital raising costs	481,381	297,533	481,381	297,533
Borrowing costs	-	215	-	215
Interest receivable	(1,971)	(5,436)	(1,971)	(5,436)
Shares held at fair value	244,271	22,834	244,271	22,834
Business related capital costs	258,104	236,963	2,438	1,200
	54,650,192	47,857,677	66,392,406	66,600,873
Potential tax effect at 30%	16,395,058	14,357,303	19,917,722	19,980,262

The above deferred tax liability has not been recognised as there are sufficient tax losses for which no deferred tax asset has been recognised to offset the potential deferred tax liability.

Unused losses which have not been recognised as an asset, will only be obtained if:

(i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
(ii) the economic entity continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the economic entity in realising the losses.

9 Income Tax (continued)

(c) Tax consolidation legislation

Union Resources Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has been notified of the formation of the Union Resources Limited tax consolidation group.

Where applicable, each entity in the group recognises its own current and deferred tax assets and liabilities, except for any amounts resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The wholly-owned entities have fully compensated Union Resources Limited for deferred tax liabilities assumed by Union Resources Limited that have been recognised in the accounts and have been fully compensated for any deferred tax assets transferred to Union Resources Limited that have been brought to account.

The entities have also entered into a tax sharing and funding arrangement. Under the terms of this agreement, the wholly-owned entities reimburse Union Resources Limited for any current income tax payable by Union Resources Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due. As there are significant income tax losses carried forward by the consolidation entity, no tax-related receivable/payable amounts have been recognised by Union Resources Limited.

In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Union Resources Limited.

	Consolidated	
	2009 cents	2008 cents
10 Loss per share		
(a) Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.94)	(0.24)
Loss from discontinued operations	-	-
Loss attributable to the ordinary equity holders of the Company	(0.94)	(0.24)
(b) Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.94)	(0.24)
Loss from discontinued operations	-	-
Loss attributable to the ordinary equity holders of the Company	(0.94)	(0.24)
(d) Weighted average number of shares used as a denominator		
Weighed average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share	972,710,277	876,561,022
(e) Net loss used as numerator		
Net loss used in calculation of loss and diluted loss per share	(9,163,340)	(2,117,424)

10 Loss per share (continued)

At the year end, the consolidated entity had 40,474,417 options on issue representing:

26,474,419 options with an exercise price of 2.0 cents;

6,000,000 unlisted options with an exercise price of 2.0 cents;

5,333,332 unlisted options with an exercise price of 2.1 cents;

1,333,333 unlisted options with an exercise price of 1.3 cents; and.

1,333,333 unlisted options with an exercise price of 0.5 cents.

It is unlikely that the options will be converted into shares as the share price at the end of the year was 0.5 cents, which was well below the exercise price for the options. The options have not been included in the calculation of diluted loss per share as they are anti-dilutive. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

11 Segment information

(a) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

(b) Description of segments

Business segments

The economic entity's operations are organised and managed according to the nature of the products and services they provide, with each segment offering different products and servicing different markets. The economic entity operates within the mineral exploration and development and corporate head office activities.

Geographic segments

Geographically, the group operates within three segments, being Australia, Namibia and Iran. The mineral exploration and evaluation are conducted in Namibia and Iran.

11 Segment information (continued)

(c) Primary reporting format – business segments

	Mineral exploration and evaluation $	Corporate $	Eliminations $	Consolidated $
2009				
Other revenue	-	29,931	-	29,931
Other Income	-	12,583		12,583
Total segment revenue	-	42,514	-	42,514
Segment result	(1,888,856)	(2,219,210)	(5,055,274)	(9,163,340)
Income tax benefit				-
Loss for the year				(9,163,340)
Segment assets	24,215,769	14,956,389	(16,892,691)	22,279,467
Segment liabilities	(25,475,321)	(1,116,041)	27,727,810	1,136,448
Acquisition of property, plant and equipment and other exploration assets	486,146	1,027	-	487,173
Depreciation and diminution in asset values	1,227	9,623	-	10,850
Other segment information				
Shares in associates	50,419	-	-	50,419
Impairment	6,944,130	-	-	6,944,130
2008				
Other revenue	-	147,833	-	147,833
Total segment revenue	-	147,833	-	147,833
Segment result	(3,503,377)	(5,003,019)	6,388,972	(2,117,424)
Income tax benefit				-
Loss for the year				(2,117,424)
Segment assets	17,455,320	18,697,140	(16,859,491)	19,292,969
Segment liabilities	(25,204,486)	(432,700)	25,203,862	(433,324)
Acquisition of property, plant and equipment and exploration assets	418,024	21,255	-	439,279
Depreciation and diminution in asset values	1,011	17,587	-	18,598

(d) Secondary reporting format – geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment and other exploration assets	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Australia	42,514	147,833	3,640,500	1,837,649	1,027	21,255
Namibia	-	-	1,213,201	-	405,253	-
Iran	-	-	17,425,766	17,455,320	80,893	418,024
	42,514	147,833	22,279,467	19,292,969	487,173	439,279

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $

12 Current assets - Cash and cash equivalents

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Cash at bank and in hand	846,626	181,218	839,217	164,875
Deposits at call	2,500,000	1,000,000	2,500,000	1,000,000
	3,346,626	1,181,218	3,339,217	1,164,875

The effective interest rate on short term bank deposit was 3.4% (2008: 7.5% (weighted average); these deposits have an average maturity of 30 days.

Reconciliation of Cash
Cash at the end of the financial year as shown in the cash flow statements is reconciled to items in the balance sheets as follows:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Cash at bank and in hand	846,626	181,218	839,217	164,875
Deposits at call	2,500,000	1,000,000	2,500,000	1,000,000
	3,346,626	1,181,218	3,339,217	1,164,875

13 Current assets – Trade and other receivables

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Trade debtors	65,509	195,075	65,509	195,075
Interest receivable	1,971	5,436	1,971	5,436
GST receivable	53,217	11,355	53,217	11,355
Prepayments	4,911	44,428	4,911	44,428
	125,608	256,294	125,608	256,294

14 Current assets – Available-for-sale financial assets

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Equity securities-unlisted at fair value	192,448	159,838	192,448	159,838
Provision for impairment of equity securities	(140,048)	-	(140,048)	-
	52,400	159,838	52,400	159,838

15 Non-current assets – Trade and other receivables

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Loans to controlled entities	-	-	43,470,438	42,855,358
Provision for impairment of receivables	-	-	(26,202,618)	(25,984,674)
	-	-	17,267,820	16,870,684

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
16 Non-current assets – Other financial assets				
Shares in subsidiaries	-	-	1,113,393	419,410
Provision for impairment of shares in subsidiaries	-	-	(275,410)	(275,410)
Shares in associates	43,653	31,359	50,419	-
Security deposits	54,336	74,336	54,336	74,336
	97,989	105,695	942,738	218,336

Union indirectly has a 24.5% interest in the Mehdiabad Zinc Company. Union owns 25,000 shares out of issued capital of 100,000 shares. This financial asset is carried at cost. Due to the status of the negotiations with MZC, the Group is not considered to have significant influence.

17 Non-current assets – Investments accounted for using the equity method

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Shares in associates	50,419	-	-	-

In December 2008, the Company entered into a Joint Venture Agreement with Bonaparte Diamond Mines NL ("BDM") and Tungeni Investments. Union has a 42.5% interest in A.S.S Investments Ninety Two (Proprietary) Limited being a Joint Venture Company where the principle activity is the exploration of phosphate in Namibia. Final completion of the Joint Venture depends on the joint venture parties agreeing to a new shareholders agreement for the Joint Venture Company. During the course of the year, BDM was subject to a successful takeover by Minemakers Ltd. This takeover has complicated the completion of the shareholders agreement due to the fact that Minemakers operates a potentially competing resource which is also still at the pre-production phase. This could potentially lead to conflicts in several areas of the operations. The Joint Venture Partners are making progress in constructing a shareholders agreement that takes into account the changed circumstances which now face the Joint Venture. The shares in associates are cash calls to the Joint Venture Company representing initial contributions subject to finalisation of the shareholder agreement and full operation of the Joint Venture.

18 Non-current assets – Exploration and evaluation

		Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Sandpiper Project – Namibia	a)	375,219	11,190	-	-
Mehdiabad Zinc Project – Iran	b)	17,373,679	17,405,928	-	-
		17,748,898	17,417,118	-	-

a) Non-current assets – Exploration and evaluation

Sandpiper Project, Namibia

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
At the beginning of the year				
Cost	11,190	-	-	-
Provision for impairment	-	-	-	-
Net book value	11,190	-	-	-
Opening net book value	11,190	-	-	-
Expenditure capitalised	364,029	11,190	-	-
Effect of movement in exchange rates	-	-	-	-
Disposals	-	-	-	-
Closing net book value	375,219	11,190	-	-
At the end of the year				
Cost	375,219	11,190	-	-
Provision for impairment	-	-	-	-
Net book value	375,219	11,190	-	-

18 Non-current assets – Exploration and evaluation (continued)

(i) Carrying value of Sandpiper Project, Namibia

As at 30 June 2009, the Company has incurred $375,219 of capitalised exploration and evaluation expenditure on the Sandpiper Project in Namibia. The costs have been incurred in the wholly subsidiary, Sea Phosphates (Namibia) Pty Limited as it is this company that holds the exploration licenses. The ultimate recovery of these costs is dependent upon the successful development and commercial exploitation or sale of the respected area of interest.

The Company has received in-kind contributions totalling approximately $101,561 in relation to the provision of engineering, conceptual design and evaluation services for the Sandpiper Project in Namibia. The Directors have decided not to capitalise the value of the in-kind contributions provided to date for the Sandpiper Namibian Phosphate Project

b) Non-current assets – Exploration and evaluation
Mehdiabad Zinc Project, Iran

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
At the beginning of the year				
Cost	17,405,928	19,287,334	-	-
Provision for impairment	-	-	-	-
Net book value	17,405,928	19,287,334	-	-
Opening net book value	17,405,928	19,287,334	-	-
Expenditure capitalised	77,341	406,834	-	-
Effect of movement in exchange rates	6,834,540	(2,288,240)	-	-
Disposals	-	-	-	-
Impairment	(6,944,130)	-	-	-
Closing net book value	17,373,679	17,405,928	-	-
At the end of the year				
Cost	24,317,809	17,405,928	-	-
Provision for impairment	(6,944,130)	-	-	-
Net book value	17,373,679	17,405,928	-	-

i) Effects of movements in exchange rates/provision for impairment

The Mehdiabad Project is recorded in the books of Union Zinc Pty Ltd ("UZPL") (Union's wholly owned subsidiary company) in US dollars. As disclosed in note 1(z) the Company changed the accounting policy regarding the functional currency of UZPL, as the Directors are of the opinion that Australian dollars more accurately reflects the nature of UZPL's operations now that expenditure on UZPL's exploration and evaluation assets has significantly reduced. The date of the change in functional currency of UZPL was 1 January 2009. During the year, up to the date of the change in accounting policy the Australian dollar depreciated significantly against the US dollar. The movement in exchange rate resulted in an increase in the carrying value of value of the Mehdiabad Project by A$6,834,540 as at 31 December 2008, and an accompanying movement in the foreign currency translation reserve as disclosed in Note 26.

As at 31 December 2008, the Directors, after considering the impact of the movement in foreign exchange and other matters, recognised an impairment loss of A$6,944,131 (US$4,796,311) against the carrying value of the Mehdiabad Project. As a result of the foreign currency translation, the impairment loss and expenditure incurred in the period, the carrying value of the Mehdiabad Project is $17,373,679 (30 June 2008: $17,405,928).

It is noted that the resulting movement in the foreign currency translation reserve is reflected in the equity section of the balance sheet whilst the impairment loss has been reflected in the loss for the year.

In accordance with AASB121: The Effects of Changes in Foreign Exchange Rates, the Company has applied the change in functional currency of UZPL prospectively from the date of the change being 1 January 2009. The capitalised exploration and evaluation expenditure balance of $17,373,679 as at 1 January 2009 is treated as the cost of this asset going forward. The aggregate of this change in accounting policy is disclosed in Note 1(z).

18 Non-current assets – Exploration and evaluation continued

(ii) Carrying value of the Mehdiabad Project

Capitalised exploration and evaluation expenditure relates to the Mehdiabad Project which operates as an incorporated joint venture through Mehdiabad Zinc Company ("MZC"). The Company holds 25% of the issued shares in MZC and when contributions convertible to equity in MZC are added, has a beneficial interest in excess of 40%. Contributions made to the joint venture that are considered as exploration and evaluation expenditure are capitalised.

As at 30 June 2009, only US$9.9 million (A$12.2 million) of the US$16.8 million (A$20.9 million) contributions subject to earn-in rights made to MZC have been entered into the accounts of MZC as loans to be converted to equity. As at the date of this report it is not possible to estimate when the remainder of the outstanding expenditure will also be entered into the accounts of MZC as loans to be converted to equity, or when the shareholders of MZC shall approve the conversion of the loans to equity. The Company is of the view that MZC and some of its shareholders are breaching the agreements through which the Company maintains its interest in MZC by not supporting the procedures required under Iranian law to enable MZC to enter the outstanding expenditure into the accounts of MZC as loans to be converted to equity, in accordance with the agreements. Supporting Union's view is confirmation received from the Ministry of Economics and Finance in Iran received on 13 January 2007 that the Group's investment in the project up until March 2006, totalling US$14 million, has been independently reviewed and approved by the Ministry and is now protected in Iran from expropriation under the Foreign Investment and Protection Act.

A letter dated 28 November 2006 was received on 5 December 2006 from the Iranian Mines and Mining Industries Development and Renovation Organization ("IMIDRO"), an Iranian government partner in the Mehdiabad zinc-lead-silver project, purporting to terminate four of the five agreements under which the Company maintains its interest in MZC.

The Company is of the opinion that it has complied with all of its obligations under the agreements and that no grounds exist for the purported termination.

IMIDRO's subsidiary company IMPASCO, which currently holds the Exploitation Licence for the Mehdiabad Project, has been called upon by MZC to transfer the Exploitation Licence to MZC as required under the agreements and to date has failed to do so. At the same time, the Company has continued to negotiate with its counterparts to the Mehdiabad Project in an effort to resolving the dispute and progress the Mehdiabad Project. Recent progress has been encouraging, although the final outcome cannot be predicted.

At the time of the purported termination by IMIDRO of several of the agreements governing the Project, Union held a political risk insurance policy in respect of its investment in MZC ("the Policy") with the Australian Government Export Finance and Insurance Corporation ("EFIC"). Following the purported termination Union notified EFIC of the purported termination. The limit of liability under the Policy is US$4.5 million. During the year, Union has now formally submitted a claim for compensation under the Policy arising out of the expropriation of Union's interest in the Project. The claim is currently being evaluated by EFIC whilst the Company's negotiations with its Iranian counterparts are ongoing.

Union is currently negotiating to resolve the dispute and preparing for arbitration hearings to be held by the International Chamber of Commerce, if required. If agreement is reached on a new organisation of MZC, a substantial reorganisation of MZC will be required to reflect the new conditions under which the project will be operated. In addition, the conversion of Union's past expenditure to equity in the reorganised MZC will have to be recognised by MZC shareholders.

Union remains committed to the development of the world class Mehdiabad zinc-lead-silver resource. However, pending the outcome of the current negotiations and given the current political environment in Iran, it may be some time before the development of the Mehdiabad Project can proceed and add value to the Company. Nevertheless, given the quality of the resource, the Company's commitment to the Project and the possibility of an improving political situation in Iran, Union management is of the view that it is worth maintaining an interest in the Project at this stage.

Whilst management are confident in the Company's position regarding the insurance claim and any potential legal claims, a material uncertainty exists regarding the carrying value of the MZC capitalised exploration costs as the value of the asset depends upon the successful outcome of a future event. Should the insurance claim and/or legal process be unsuccessful, the Company will have to make a material write-down of these assets.

19 Non-current assets – Property, plant and equipment

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Plant and equipment				
At the beginning of the year				
Cost	383,114	362,664	377,049	355,794
Accumulated depreciation	(354,308)	(336,236)	(349,935)	(332,348)
Net book value	28,806	26,428	27,114	23,446
Opening net book value	28,806	26,428	27,114	23,446
Additions	1,027	21,255	1,027	21,255
Disposals	(3,480)	-	(3,480)	-
Depreciation	(7,369)	(18,598)	(6,143)	(17,587)
Effects of movements in exchange rates	561	(279)	-	-
Closing net book value	19,545	28,806	18,518	27,114
At the end of the year				
Cost	383,089	383,114	374,596	377,049
Accumulated depreciation	(363,494)	(354,308)	(356,078)	(349,935)
Net book value	19,545	28,806	18,518	27,114

20 Intangible Assets

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Exploration Licence				
Cost	837,982	144,000	-	-
Accumulated amortisation and impairment	-	-	-	-
Net carrying value	837,982	144,000	-	-
Total intangible assets	837,982	144,000	-	-

20 Intangible Assets (continued)

Consolidated Group	Exploration Licences
Year ended 30 June 2008	
Balance at the beginning of year	-
Additions	-
Acquisitions through business combinations	144,000
Disposals	-
Amortisation charge	-
Impairment Loss	-
Closing value at 30 June 2008	144,000
Year ended 30 June 2009	
Balance at the beginning of year	144,000
Additions	-
Acquisitions through business combinations	693,982
Disposals	-
Amortisation Charge	-
Impairment Losses	-
Closing value at 30 June 2009	837,982

The intangible assets relate to the exploration licences as a result of the purchase of Sea Phosphates (Namibia) Pty Limited in Namibia. As at 30 June 2009 the Directors had not determined the useful life of the exploration licences. This will be determined and appropriately amortised and applied during a subsequent period.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
21 Current liabilities – Trade and other payables				
Trade payables	256,320	131,788	257,567	131,788
Other payables	103,832	240,446	82,277	239,823
	360,152	372,234	339,844	371,611
22 Current liabilities – Provisions				
Employee entitlements	72,828	49,812	72,828	49,812
23 Non-current liabilities – Provisions				
Employee entitlements	9,486	11,278	9,486	11,278
24 Non-current liabilities – Other financial liabilities				
Weitzenberg Foundation Vaduz	693,982	-	693,982	-

The Company acquired Sea Phosphates (Namibia) Pty Limited (SPL) on 29 May 2008 for an initial purchase consideration of $144,000 which was satisfied by the issue of 9,000,000 ordinary shares in the parent company at an issue price of 1.6 cents each, payment of US $50,000 upon the Namibian Minister of Mines and Energy either granting the renewal of the EPLs or granting a mining license over all or part of the area covered by the EPLs and payment of US $450,000 on 1 July 2010. The parent company is also required to issue to the vendor of SPL the additional consideration of 9,000,000 options over ordinary shares in Union and grant the Vendor a royalty capped at US $10,000,000, equal to 3% of the gross product derived from the ore mined on the EPLs on 1 July 2010. At balance date the parent company recorded a liability to the vendor of $693,982 (US $500,000).

	Parent			
	2009		2008	
	No of shares	Paid up value ($)	No of shares	Paid up value ($)
25 Contributed equity				
(f) Share capital				
Fully paid ordinary shares	1,851,612,435	95,714,458	898,373,543	91,221,313

(b) Movements in share capital

Date	Details	No of shares	Paid up value ($)
1 July 2007	Opening balance	777,172,727	88,853,091
3 August 2007	Options converted to shares at 10.0 cents per share	800	80
8 August 2007	Issue under Share Purchase Plan at 2.7 cents per share	15,111,239	408,000
5 September 2007	Placement at 2.0 cents per share	99,000,000	1,980,000
5 September 2007	Placement at 2.0 cents per share	2,500,000	50,000
28 November 2007	Bonus Issue to SPP participants to reduce price to 2.0 cents per share	4,588,777	-
	Less: Transaction costs arising on share issue	-	(69,858)
30 June 2008	Closing balance	898,373,543	91,221,313
1 July 2008	Opening balance	898,373,543	91,221,313
20 October 2008	Issue to Weitzenburg Foundation Vaduz	9,000,000	144,000
9 December 2008	Issue to Directors in lieu of Salary & Directors Fees at 1.1 cents per share	5,710,340	64,509
19 December 2008	Issue to Directors in lieu of Salary & Directors Fees at 1.1 cents per share	2,808,357	31,725
24 December 2008	Issue under Rights Issue Prospectus at 1.1 cents per share	15,922,339	175,146
13 February 2009	Placement at 0.425 cents per share	58,823,530	250,000
26 March 2009	Placement at 0.425 cents per share	57,647,060	245,000
26 March 2009	Options converted to shares at 10.0 cents per share	5	1
31 March 2009	Options converted to shares at 9.82 cents per share	9,500	933
31 March 2009	Options converted to shares at 10.0 cents per share	25,200	2,520
31 March 2009	Options converted to shares at 2.0 cents per share	280	5
6 May 2009	Issue to Managing Director in lieu of salary (January to April)	16,588,969	75,364
28 May 2009	Options converted to shares at 2.0 cents per share	3,108	62
2 June 2009	Issue to Managing Director in lieu of salary (May) at	1,851,188	10,663
16 June 2009	Issue under Rights Issue Prospectus at 0.5 cents per share	284,631,697	1,423,159
30 June 2009	Issue as Rights Issue Prospectus Shortfall at 0.5 cents per share	500,217,319	2,501,086
	Less: Transaction costs arising on share issue		(431,028)
30 June 2009	Closing Balance	1,851,612,435	95,714,458

25 Contributed equity (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

In a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Date	Details	Class of Options				
		UCLOA	UCLOB	UCLO	Unlisted	Total
1 July 2007	Opening balance	246,040,340	264,429,711	-	90,000,000	600,470,051
3 August 2007	Options converted to shares	-	(800)	-	-	(800)
28 November 2007	Options issued to the Rt Hon. Lord Lamont of Lerwick	-	-	-	6,000,000	6,000,000
28 November 2007	Options issued to Dr Frank Reid	-	-	-	7,999,998	7,999,998
20 May 2008	Options issued to Mr Ian Ross under Employee Share Option Plan	-	-	-	1,000,000	1,000,000
20 May 2008	Options issued to Mr James Collins-Taylor under Employee Share Option Plan	-	-	-	1,000,000	1,000,000
20 May 2008	Options issued to Mr Karl-Axel Waplan under Employee Share Option Plan	-	-	-	1,000,000	1,000,000
1 July 2008	Opening balance	246,040,340	264,428,911	-	106,999,998	617,469,249
24 December 2008	Options issued under Rights Issue	-	-	3,183,688	-	3,183,688
13 February 2009	Options issued under Placement	-	-	11,764,706	-	11,764,706
26 March 2009	Options issued under Placement	-	-	11,529,413	-	11,529,413
26 March 2009	Options converted to shares	-	(5)	-	-	(5)
31 March 2009	Options converted to shares	(9,500)	(25,200)	(280)	-	(34,980)
31 March 2009	Expiry of Listed Options	(246,030,840)	(264,403,706)	-	-	(510,434,546)
31 March 2009	Expiry of Unlisted Options	-	-	-	(90,000,000)	(90,000,000)
1 April 2009	Expiry of Unlisted Options	-	-	-	(3,000,000)	(3,000,000)
2 June 2009	Options converted to shares	-	-	(3,108)	-	(3,108)
30 June 2009	Closing balance	-	-	26,474,419	13,999,998	40,474,417

25 Contributed equity (continued)

(d) Options

UCLOA options had an exercise price of 2.0 cents per share and 9,500 options were converted to shares before the expiry date of 31 March 2009. The balance then lapsed on that date. UCLOB options had an exercise price of 10.0 cents per share and 25,200 options were converted to shares before the expiry date of 31 March 2009. The balance then lapsed on that date.

The 90,000,000 unlisted options issued to RAB Special Situations LLP had an exercise price of 7.5 cents per share and were not exercised so they lapsed on 31 March 2009. UCLO options have an exercise price of 2.0 cents per share and expire on 31 December 2010.

6,000,000 options with an exercise price of 2.0 cents were issued on 28 November 2007 to the Rt. Hon. Lord Lamont of Lerwick in consideration for his commencement as a Director of the Company. The options expire on 31 March 2013.

3,000,000 options were issued to Directors under the Company's Employee Share Option Plan during the 2007/08 financial year. Details of this issue are:

- 1,500,000 options exercisable at 2.0 cents on or before 1 April 2009 upon volume average weighted trading price of the Company's shares on ASX over a 5 day period having reached 5.0 cents or higher; and
- 1,500,000 options exercisable at 2.0 cents on or before 1 April 2009 upon volume average weighted trading price of the Company's shares on ASX over a 5 day period having reached 10.0 cents or higher.

These options expired on 1 April 2009 without any being converted into shares.

Each option entitles the holder to purchase one share. The names of all persons who currently hold share options, granted at any time, are entered in the register kept by the Company, pursuant to Section 168 of the *Corporations Act 2001*, which may be inspected free of charge. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the parent entity or any other body corporate.

(e) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital.

The capital structure of the Company includes cash and cash equivalents, equity attributable to equity holders, comprising of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities under taken by the Company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group's exposure to borrowings as at 30 June 2009 totals $nil (2008: $nil). The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group's strategy to capital risk management is unchanged from prior years.

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
26 Reserves and accumulated losses				
(a) Reserves				
Share-based payments reserve	1,276,451	1,207,499	1,276,451	1,207,499
Available-for-sale investment revaluation reserve	-	(22,834)	-	(22,834)
Foreign currency translation reserve	553,836	(6,307,947)	-	-
	1,830,287	(5,123,282)	1,276,451	1,184,665
Movements:				
Share-based payments reserve				
Balance 1 July	1,207,499	1,071,159	1,207,499	1,071,159
Fair value of options issued to Directors	68,952	136,340	68,952	136,340
Balance 30 June	1,276,451	1,207,499	1,276,451	1,207,499
Available-for-sale investment revaluation reserve				
Balance 1 July	(22,834)	-	(22,834)	-
Fair value Shares in Medical Science	22,834	(22,834)	22,834	(22,834)
Balance 30 June	-	(22,834)	-	(22,834)
Foreign currency translation reserve				
Balance 1 July	(6,307,947)	(4,017,557)	-	-
Currency translation differences arising during the year	6,861,783	(2,290,390)	-	-
Balance 30 June	553,836	(6,307,947)	-	-
(g) Accumulated losses				
Balance 1 July	(67,238,386)	(65,120,962)	(74,141,538)	(69,138,519)
Loss for the year	(9,163,340)	(2,117,424)	(2,219,210)	(5,003,019)
Balance 30 June	(76,401,726)	(67,238,386)	(76,360,748)	(74,141,538)

(c) Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve is used to recognise:

- The fair value of options issued to employees and Directors
- The fair value of options issued as consideration for goods or services rendered

Available-for-sale investment revaluation reserve
Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(m).

Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the income statements when the net investment is disposed of.

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$

27 Commitments

(a) Operating leases

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year				
Brisbane[1]	26,043	105,191	26,043	105,191
Dubai[2]	52,648	5,177	52,648	-
Later than one year but not later than five years				
Brisbane[1]	-	204,450	-	204,450
	78,691	314,818	78,691	309,641

[1] The Company is currently holding a one year lease from 15 December 2008 to 14 December 2009. Rent is payable monthly in advance.

[2] The property lease is a non-cancellable lease with a one-year term which started from 27 September 2008 and expires on 27 September 2009. Rent is payable 12 months in advance.

Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4.5% per annum.

28 Guarantees

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Bank guarantee provided to Queensland Department of Employment, Economic Development and Innovation in respect of rehabilitation commitments on mining leases in the Georgetown area	45,260	45,260	45,260	45,260

The Company received notification on 15 September 2009 from the Queensland Department of Employment, Economic Development and Innovation that it had satisfied the Department's requirements for the rehabilitation of the Georgetown leases and that the financial assurance of $45,260 had been released back to the Company.

29 Key management personnel disclosures

(a) Directors

The following persons were Directors of Union Resources Limited during the financial year:

Name	Position	Period (if not full year)
James Collins-Taylor	Chairman *(Non-executive)*	-
Frank Reid	Managing Director/Chief Executive Officer	-
Ian Ross	Director *(Non-executive)*	-
Karl-Axel Waplan	Director *(Non-executive)*	-
Rt. Hon. Lord Lamont of Lerwick	Director *(Non-executive)*	-
Stephen Gatley	Director *(Non-executive)*	-
John Lemon	Director and Company Secretary	-

29 Key management personnel disclosures (continued)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Period (if not full year)
2009		
John Lemon	Company Secretary	
Azar Bahmani	Accountant	
2008		
John Lemon	Company Secretary	
Mark Pratt	Chief Financial Officer	Resigned 25 March 2008

(c) Equity instrument disclosures relating to key management personnel

Options and rights over equity instruments

The number of options over ordinary shares in the Company held during the financial year by each Director of Union Resources Limited and other key management personnel of the Group, including their personally related parties are set out below:

Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
2009					
James Collins-Taylor	1,000,000	-	-	(1,000,000)	-
Frank Reid	7,999,998	-	-	-	7,999,998
Ian Ross	1,507,032	-	-	(1,507,032)	-
Karl-Axel Waplan	1,000,000	-	-	(1,000,000)	-
Rt. Hon. Lord Norman Lamont of Lerwick	6,000,000	-	-	-	6,000,000
John Lemon	-	-	-	-	-
Stephen Galey	-	-	-	-	-
2008					
James Collins-Taylor	-	-	-	1,000,000	1,000,000
Frank Reid	-	7,999,998	-	-	7,999,998
Ian Ross	507,032	-	-	1,000,000	1,507,032
Karl-Axel Waplan	-	-	-	1,000,000	1,000,000
Rt Hon. Lord Norman Lamont of Lerwick	-	6,000,000	-	-	6,000,000
John Lemon	-	-	-	-	-
Stephen Gatley	-	-	-	-	-

(c) Equity instrument disclosures relating to key management personnel (continued)

Shareholdings

The number of shares in the Company held during the financial year by each Director of Union Resources Limited and other key management personnel of the Group, including their personally related parties are set out below:

Name	Balance at the start of the year	Granted during the year as compensation	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
2009					
James Collins-Taylor	-	795,455	-	596,592	1,392,047
Frank Reid	-	21,731,579	-	3,291,422	25,023,001
Ian Ross	1,757,032	795,455	-	1,914,366	4,466,853
Karl-Axel Waplan	-	795,455	-	596,592	1,392,047
Rt Hon. Lord Norman Lamont of Lerwick	-	2,045,455	-	1,534,092	3,579,547
John Lemon	-	-	-	-	-
Stephen Gatley	-	795,455	-	596,592	1,392,047
2008					
James Collins-Taylor	-	-	-	-	-
Frank Reid	-	-	-	-	-
Ian Ross	1,507,032	-	-	250,000	1,757,032
Karl-Axel Waplan	-	-	-	-	-
Rt Hon. Lord Norman Lamont of Lerwick	-	-	-	-	-
John Lemon	-	-	-	-	-
Stephen Gatley	-	-	-	-	-

30 Share-based payment plan

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Expense arising from equity settled share-based payment transactions	126,453	136,340	126,453	136,340
Total expense arising from share-based payment transactions	126,453	136,340	126,453	136,340

(b) Employee option plan

The establishment of the Union Resources Limited Employee Share Option Plan was approved by shareholders on 23 November 2007. The Employee Share Option Plan is designed to provide long term incentives for executives to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

Options granted under the plan carry no dividend or voting rights.

30 Share-based payment plan (continued)

(c) Summary of options granted under the Employee Share Option Plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	Consolidated Group				Parent Entity			
	2009		2008		2009		2008	
	No.	WAEP $	No.	WAEP $	No.	WAEP $	No.	WAEP $
Outstanding at the beginning of the year	3,000,000	0.02	-	-	3,000,000	0.02	-	-
Granted	-	-	3,000,000	0.02	-	-	3,000,000	0.02
Forfeited	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	3,000,000	0.02	-	-	3,000,000	0.02	-	-
Outstanding at year-end	-	-	3,000,000	0.02	-	-	3,000,000	0.02
Exercisable at year-end	-	-	-	-	-	-	-	-

The outstanding balance as at 30 June 2009 was nil. 3,000,000 options previously issued under the Employee Share Option Plan expired on 1 April 2009.

(d) Shares issued to directors during the financial year

Director	Number of Shares Issued		Price per Share		Total Value ($)
	Compensation	Rights Issue	Compensation	Rights Issue	
James Collins-Taylor	795,455	596,592	1.1 cents	0.5 cents	11,733
Frank Reid	-	3,291,422	-	0.5 cents	16,457
Frank Reid	3,291,422	-	1.1 cents	-	38,734
Frank Reid	1,851,788	-	0.5 cents	-	10,663
Frank Reid	16,588,969	-	0.4 cents	-	75,364
Ian Ross	795,455	1,914,366	1.1 cents	0.5 cents	18,321
Karl-Axel Waplan	795,455	596,592	1.1 cents	0.5 cents	11,733
Rt. Hon. Lord Lamont of Lerwick	2,045,455	1,534,094	1.1 cents	0.5 cents	30,170
John Lemon	-	-	-	-	-
Stephen Gatley	795,455	596,592	1.1 cents	0.5 cents	11,733

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
31 Remuneration of auditors				
Audit and review of financial reports				
Hackets DFK	52,500	-	52,500	-
Pitcher Partners[1]	38,400	27,069	38,400	27,069
Non-audit services – tax compliance				
Pitcher Partners	2,975	19,936	2,975	19,936
Total remuneration for non-audit services	2,975	19,936	2,975	19,936
Total remuneration to audit and non-audit services	93,875	47,005	93,875	47,005

[1] 2009 remuneration paid to Pitcher Partners relates to the audit of the 30 June 2008 annual report.

32 Subsidiaries

(a) Ultimate controlling entity

The ultimate controlling entity of the economic entity is Union Resources Limited.

(b) Subsidiaries

Name of entity	Country of incorporation	Class of shares	Percentage ownership 2009	Percentage ownership 2008
Union Zinc Pty Ltd	Australia	Ordinary	100	100
Union Management Pty Ltd	Australia	Ordinary	100	100
Sea Phosphates (Namibia) Pty Limited	Namibia	Ordinary	100	100

The proportion of ownership interest is equal to the proportion of voting power held.

(c) Acquisition of controlled entities on 29 May 2008

The Company has acquired Sea Phosphates (Namibia) Pty Limited (SPL) on 29 May 2008 for an initial purchase consideration of $144,000 which was satisfied by the issue of 9,000,000 ordinary shares in the parent company at an issue price of 1.6 cents each, payment of US $50,000 upon the Namibian Minister of Mines and Energy either granting the renewal of the EPLs or granting a mining license over all or part of the area covered by the EPLs and payment of US $450,000 on 1 July 2010. The parent company is also required to issue to the vendor of SPL the additional consideration of 9,000,000 options over ordinary shares in Union and grant the Vendor a royalty capped at US $10,000,000, equal to 3% of the gross product derived from the ore mined on the EPLs on 1 July 2010.

(i) Acquisition of Companies

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition ($'000)
2008				
Sea Phosphates (Namibia) Pty Limited	Mineral Exploration	29 May 2008	100	837,982
				837,982

32 Subsidiaries (continued)

(c) Acquisition of controlled entities on 29 May 2008 (continued)

(i) Acquisition of Companies (continued)

Net assets acquired	Union Resources Limited Book value $	Fair value adjustment $	Fair value on acquisition $	Fair Value $
Non-current assets				
Intangibles note 20	-	837,982	837,982	
Net assets	-	837,982	837,982	
Cost of the combination:				
Shares issues				144,000
Consideration payable				693,982
				837,982
Goodwill				Nil

(d) Intercompany receivables

Details of the intercompany receivables are outlined in note 15. All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. No interest is charged on the outstanding balances. The amounts outstanding will be settled in cash. No guarantees have been given or received. Provisions for doubtful debts as detailed in Note 15 have been recognised in the period for the recoverability of the amounts owed to the Company by its subsidiaries. Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of the consolidated financial statements of the Group.

33 (a) Reconciliation of profit/(loss) after tax to net cash inflow/(outflow) from operating activities

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Net profit/(loss)	(9,163,340)	(2,117,424)	(2,219,210)	(5,003,019)
Adjustments for non-cash income and expense items:				
Depreciation and amortisation	10,849	18,598	9,623	17,587
Diminution of value of investments	6,944,130	-	-	-
Provision against loans to subsidiaries	-	-	217,945	3,266,394
Provision against investment in non-related company	140,048	-	140,048	-
Share-based payments	251,213	136,340	251,213	136,340
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	30,271	(290,762)	30,271	(290,762)
(Decrease)/increase in trade creditors and accruals	104,077	(105,992)	71,340	146,913
(Decrease)/increase in employee entitlements	21,225	7,184	21,225	7,184
Net cash inflow/(outflow) from operating activities	(1,661,527)	(2,352,056)	(1,477,131)	(1,719,363)

(b) Non-cash financing and investment activities

During the financial year the Company issued 9,000,000 ordinary shares at an issue price of 1.6 cents per share ($144,000) and incurred a liability (note 24) US$500,000 (A$693,982) for the acquisition of Sea Phosphates (Namibia) Pty Limited.

34 Post balance date events

The Company received notification on 15 September 2009 from the Department of Employment, Economic Development and Innovation that its obligations regarding the rehabilitation of the Georgetown leases had been completed and the financial assurance of $45,260 had been released.

There are no other significant subsequent events which are likely to have a material effect on the Company or the Group's financial statements.

director’s declaration

In the Directors’ opinion:

1 the financial statements and notes set out on pages 19 to 55 are in accordance with the *Corporations Act 2001*, including:

(a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) giving a true and fair view of the Company’s and consolidated entity's financial positions as at 30 June 2009 and of their performance, as represented by the results of their operations, changes in equity and cash flows, for the year ended on that date; and

2 the Managing Director/Chief Executive Officer has declared that:

(a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*; and

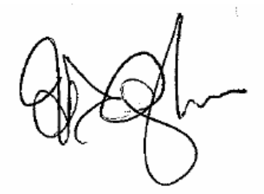
(b) the financial statements and notes for the financial year comply with the Accounting Standards; and

(c) the financial statements and notes for the financial year give a true and fair view;

3 in the Directors’ opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The audited remuneration disclosures set out on pages 9 to 14 of the Directors’ Report comply with Section 300A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



James Collins-Taylor
Chairman
Dated this 30th day of September 2009

HACKETTS DFK

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNION RESOURCES LIMITED

We have audited the accompanying financial report of Union Resources Limited ("the company") and Union Resources Limited and Controlled Entities ("the consolidated entity"), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ("IFRS") ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDIT & ASSURANCE

HACKETTS DFK
ABN « 33 873 151 348

independent auditor's report

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. the financial report of Union Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2009 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b. the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent uncertainty regarding capitalised exploration and evaluation costs

Without qualification to the statement expressed above, attention is drawn to the following matters:

(1) As a result of the matters described in Note 18 to the financial statements, there is significant uncertainty whether the consolidated entity will be able to fully recover capitalised exploration and evaluation costs stated in the financial report at $17,748,898 (2008: $17,417,118) as at 30 June 2009.

(2) Recorded in the financial report of the parent company as a non-current asset is an amount of $17,267,820 (2008: $16,870,684) for loans to controlled entities. The ultimate recovery of the carrying value of the loans is depended upon the recovery of the carrying value of exploration expenditure held by the controlled entities. As a result of the matters referred to in point (1) above and described in Note 18 to the financial statements there is significant uncertainty whether the company entity will be able to fully recover loans to controlled entities which are held by the company as at 30 June 2009.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 9 to 14 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Union Resources Limited and controlled entities for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

Hackett

HACKETTS DFK
Brisbane, 30 September 2009

Liam Murphy
Partner

statement of shareholdings

AS AT 16 SEPTEMBER 2009

(i) Voting rights

Ordinary shares – on a show of hands, are one vote for every registered holder and on a poll, are one vote for each share held by registered holders. Option holders have no voting rights.

(ii) Distribution of equity securities

Range	Class of security				
	Ordinary shares	Options UCLO	Options UCLOC	Options UCLOD	Options UCLOE
1 – 1,000	186	37	0	0	0
1,001 – 5,000	154	42	0	0	0
5,001 – 10,000	64	11	0	0	0
10,001 – 100,000	631	9	0	0	0
100,001 and over	642	7	1	1	1
	1,677	106	1	1	1

The number of security investors holding less than a marketable parcel of 62,500 securities is 851 and they hold 15,740,116 securities.

(iii) Substantial shareholders (As per last lodged Form 604 – Notice of Change of Interest of Substantial Holder)

Name	Number of shares in which relevant interest is held	% holding
Twynam Agricultural Group P/L	368,470,000	19.87
Minemakers Limited	276,057,759	14.89
Donwillow Pty Ltd	214,100,261	11.55
Keng Tin Enterprises Ltd	102,941,178	7.62
	961,569,198	46.31

(iv) Top 20 holders of securities

Name	Number of shares	% holding
Twynam Agricultural Group P/L	368,470,000	19.87
Minemakers Limited	276,057,759	14.89
Donwillow Pty Ltd	214,100,261	11.55
ANZ Nominees Limited <Cash Income A/c>	213,987,296	11.54
National Nominees Limited	109,364,905	5.90
Keng Tin Enterprises Ltd	102,941,178	5.55
Austock Nominees Pty Ltd <Custodian A/c>	41,173,539	2.22
Mr Frank William Reid	27,446,495	1.48
Berne No 132 Nominees Pty Ltd <376804 A/c>	22,572,075	1.22
HSBC Custody Nominees (Australia) Limited	20,814,728	1.12
Weitzenberg Foundation Vaduz	20,000,000	1.08
JP Morgan Nominees Australia Limited	12,126,630	0.65
Southway WA Pty Ltd <Nelson Super Fund A/c>	12,000,000	0.65
Mrs Virginia Warnecke	11,626,311	0.63
Mr Mark Randall & Mrs Virginia Jennifer Jane Warnecke <Mark Warnecke Super A/c>	10,646,923	0.57
Indigenous Energy Pty Limited	7,000,000	0.38
Mr Alan Clive Trickey	7,000,000	0.38
Mr Klaas Arie & Mrs Susan Boyd Valstar <K & S Valstar S/F A/c>	6,500,000	0.35
Ms Celia Goldman	6,125,000	0.33
Walpole St Andrew Nominees Limited <C120353 A/c>	5,260,000	0.28
Totals	1,495,213,100	80.65

statement of shareholdings

AS AT 16 SEPTEMBER 2009

Name	Number of options (UCLO)	% holding
Keng Tin Enterprises Ltd	11,764,706	44.44
Twynam Agricultural Group P/L	9,411,765	35.55
National Nominees Limited	2,260,000	8.54
Goffacan Pty Ltd	1,459,624	5.51
ANZ Nominees Limited <Cash Income A/c>	476,805	1.80
Mr Carl Norbert & Mrs Beverley Exon Reimer	376,471	1.42
Mr Mark Cornelis Van Kerkwyk	282,353	1.07
Mr James Kenneth & Mrs Teresa Alice Marychurch	54,545	0.21
Mr Ashley Dryer	40,093	0.15
HSBC Custody Nominees (Australia) Limited	35,120	0.13
Mr John Gordon Kellas	33,365	0.13
Dr John Langtree & Mrs Claire Augusta Black <Black Family Super Fund A/c>	20,000	0.08
Mr Peter Wyatt Platts <The Platts Family S/F A/c>	20,000	0.08
Mr Donald Mark & Mrs Lynette Mary Carpenter	11,976	0.05
Mr John Norman Kingston	11,200	0.04
Mrs Gail Margaret Barfoot	10,400	0.04
Mr Ian Charles Mitchell	10,000	0.04
Mr Jim Snell <Snell Family A/c>	10,000	0.04
Mr David Geoffrey Brandt	9,832	0.04
Mr David Lewis & Mrs Debra Gayle Glover	9,200	0.03
Totals	26,307,455	99.37

Name	Number of options (UCLOC)	% holding
Dr Frank William Reid	5,333,332	100.00

Name	Number of options (UCLOD)	% holding
Dr Frank William Reid	2,666,666	100.00

Name	Number of options (UCLOE)	% holding
Rt Hon. Lord Lamont of Lerwick	6,000,000	100.00

Name	Number of options (UCLESC)	% holding
HSBC Custody Nominees (Australia) Limited	9,000,000	100.00

1. (ASX Listing Rule 4.10.14) The Company has on issue 9,000,000 fully paid ordinary shares which are subject to voluntary escrow. The escrow period ends on 30 June 2010.

2. (ASX Listing Rule 4.10.15) The following are details of the Company's interests in mining tenements:

Tenement Description	Where Tenement is Situated	Company's % Interest in Tenement
EPL (Exclusive Prospecting Licence) 3414	Namibia	100% (through wholly owned subsidiary company Sea Phosphates (Namibia) Pty Ltd which is the holder of the tenement)
EPL 3415	"	"

3. (ASX Listing Rule 4.10.18) There is not a current on-market buy-back.

Union Resources Limited
ABN: 40 002 118 872