



Union Resources Limited

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Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES STATEMENT FOR PERIOD ENDED 30 SEPTEMBER 2009

Background

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

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

A. Offshore Namibian Phosphate Project

Background

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

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

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

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

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

1. the sampling program had yielded an Inferred Resource for the purposes of the JORC Code of 593.4 million wet tonnes of phosphate at a grade of 18.1% P₂O₅ on EPLs 3414 and 3415. The Inferred Resource is based on a cut-off grade of 15% P₂O₅;
2. combined with Bonaparte's previously announced Inferred Mineral Resource estimate for EPL 3323 the cumulative Inferred Mineral Resource estimate for the three primary JV tenements (3414, 3415 & 3323) stands at some 789.5 million wet tonnes comprising 611.1 million wet tonnes at 18.1% (from gravity core samples) and 178.4 million wet tonnes at 15.6% (from grab samples); and
3. the results are indicative of a potential major world class phosphate deposit.

During the Quarter

During the quarter (on 27 July) Union announced a maiden Indicated Resource Statement and a substantial increase on the Inferred Resource on EPL 3414.

A summary of the results is:

- Indicated Resource of 47.2 million wet tonnes (35.4 million dry tonnes) grading 21.7% P₂O₅
- Inferred Resource of 1,232.0 million wet tonnes (924.0 million dry tonnes) grading 19.3% P₂O₅

Later in the quarter the total phosphate mineral resource position for the Sandpiper Meob JV project was further increased with the inclusion of remaining assay results from the completed programme of lateral and infill sampling.

Independent estimates of the phosphate Mineral Resources now stand at:

Indicated category:	73.9 million dry tonnes at 20.57% P ₂ O ₅
Inferred category:	1,507 million dry tonnes at 18.7% P ₂ O ₅
Total:	1,581 million dry tonnes at 18.8% P ₂ O ₅

Independent assessment of the assay results from the final set of samples in EPL3415 recovered in the initial sampling programme delivered revised final resource estimates including:

- a new area of Indicated Mineral Resource of 26.3 Mt (dry) at 19.1% P₂O₅, as well as
- an increase in the Inferred Mineral Resource estimate to 449.5Mt (dry) at 18.5%P₂O₅.

At completion of this initial sampling and resource development programme the total mineral resource estimate in the Indicated and Inferred categories for the three key tenements sampled to date now stands at 1,581 Mt at 18.8% P₂O₅

The revised totals show a 10% increase in Inferred Mineral Resource and a 55% increase in Indicated Mineral resource compared to the previous interim totals.

The defined resources exceed by 58% the original programme delineation target of 0.5 - 1 billion tons at greater than 15% P₂O₅ and have also confirmed the historical coring and regional mapping data relating to provenance, lateral continuity and grade of the deposit.

Detailed resource estimates are provided in Tables 1 and 2 below.

Table 1 Inferred Mineral Resources (Phosphate) JV Licence Areas

EPL	Sample Type	Resource Area	Wet Tonnes x 10 ⁶	Dry Tonnes x 10 ⁶	Grade (% P ₂ O ₅)	Date Reported
3323	Grab	West*	128.9	96.7	16.4	Dec 08
3323	Grab	North East	49.5	37.1	13.4	Dec 08
3415	Core	North	138.0	103.5	19.8	Sept 09
3415	Core	Central+South	461.0	346.0	18.1	Sept 09
3414	Core	All	1,232.0	924.0	19.3	July 09
		Combined	2009.4	1,507.3	18.7	

Table 2 Indicated Mineral Resources (Phosphate) JV Licence Areas

EPL	Sample Type	Resource Area	Wet Tonnes x 10 ⁶	Dry Tonnes x 10 ⁶	Grade (% P ₂ O ₅)	Date Reported
3323	Core	West	16.2	12.2	20.5	June 09
3414	Core	Detailed	47.3	35.4	21.7	July 09
3415	Core	Detailed	35.4	26.3	19.1	Sept 09
		Combined	98.9	73.9	20.6	

Note: Resources listed in Tables 1 for grab sampled areas are based on a 10% block cut-off grade while those for cored areas are based on a 15% block cut-off. For those core based resources produced prior to September 2009, average wet tonnage factors of 1.70 tonnes per cubic metre have been applied and these were converted to dry tonnages using a factor of 0.75. - Mineral Resources listed in EPL3415 calculated in August 2009 are based on a flexibly applied 15% block cut-off grade and on a minimum mining thickness of 25 cm. Average wet tonnage factors of 1.68 tonnes per cubic metre are applied to Inferred Mineral Resources which are converted to dry tonnages using a factor of 0.75. In the case of Indicated Mineral Resources, Layer 1 and 2 tonnages are produced using new SGs of 1.75 and 1.69 tonnes per m3 respectively and new dry tonnages conversion factors of 0.80 and 0.71 respectively.

The sampling programme to date has been extensive (see Figure 1 below) and has reasonably defined the lateral extent of mineralisation in the upper 2m of the deposits within the key licence areas. The gravity coring did not attain full penetration of the phosphatic sediments particularly in EPL3414 and 3415 where historical sampling records by previous operators has shown thicknesses of up to 6m in some places.

Further work has been done on mining methods to extend the work previously undertaken by Jan de Nul. The study will continue into next quarter, and will focus on ensuring that the most economic and lowest cost options are evaluated.

Future Work

The Joint Venture has committed to commercial evaluation of these world class Namibian Marine phosphate deposits and is currently conducting a scoping study on their development. The next phase of core sampling will be conducted using a vibra-coring device with capacity to penetrate to 5m of sediment thickness. This is currently being constructed and will be deployed as soon as this is completed

In September/October 2009 it is planned to recover vibracore samples and to carry out a further set of analyses as part of the scoping study with particular attention paid to extending our knowledge of the behaviour of the material during processing. This will extend the initial work done on the material by Prayon. The work will also assist in identifying the best sub-area - in terms of sediment thickness, grade and water depth - for planning of the first phase of mining.

B. Mehdiabad Base Metal Project

Background

The Mehdiabad Project is carried on by Union, Iranian Mines and Mining Industries Development and Renovation Organization ("IMIDRO") and the company Itok GmbH ("Itok") through an incorporated Iranian joint venture company, Mehdiabad Zinc Company ("MZC"). Union has to date invested in excess of US\$16.8 million on exploration and feasibility activities relating to the Project.

As previously advised, IMIDRO purported to terminate several agreements governing the Project in December 2006. Union stated then, and is still firmly of the opinion, that the agreements were invalidly terminated. Since that time Union has been negotiating with various Iranian parties in an effort to resolve the impasse and progress the Project. At the same time, Union has been exploring the possibility of resolving the matter through arbitration and has made initial preparations for instituting arbitration proceedings should that become necessary

During the Quarter

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

Post Quarter

On 30 April 2009 Union lodged a claim with the Australian Government Export Finance and Insurance Corporation (EFIC) under the Company's political risk insurance policy with EFIC seeking compensation for expropriation of the Company's interest in the Mehdiabad Zinc Company which carries on the Mehdiabad Zinc Project. On 1 October Union received notification from EFIC that in EFIC's opinion the acts or omissions described in Union's claim do not constitute expropriation and therefore EFIC will not meet union's claim under the Policy. EFIC provided no reasons for its assertion and Union is currently taking advice in relation to the matter and considering its options.

C. Expenditure on Exploration Activity

Direct expenditure by the Company on exploration and other activities in relation to the Namibian Sandpiper-Meob Phosphate Project during the quarter was \$258,000.

D. Mining Production and Development

No mining production or development were undertaken.

Yours faithfully

UNION RESOURCES LIMITED



Dr Frank Reid
Managing Director

The information in 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.

FIGURE 1 LOCATION OF MINERAL RESOURCE AREAS

