UNION RESOURCES LIMITED

ANNUAL REPORT 2010

company profile

CORPORATE DIRECTORY

Directors
Chris Jordinson (Managing Director)
James Collins-Taylor
Ian Ross
John Lemon

Company Secretary
John Lemon

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Auditors
Lawler Hacketts Audit, Brisbane, QLD 4000

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 – 24 November 2010

Annual Report: September 2010

Half Yearly Report: March 2011

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

CONTENTS

Review of Operations

A. The Company's Projects

During the year ended 30 June 2010 Union Resources Limited ("Union" or "the Company") focused on progressing the development of the Company's Namibian offshore phosphate project. This project is located in Namibia with the prospecting licences situated approximately 60km offshore from the coast.

Port loading facilities at Walvis Bay, Namibia

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.

Mehdiabad Project waste stockpile and pre-strip of East Ridge

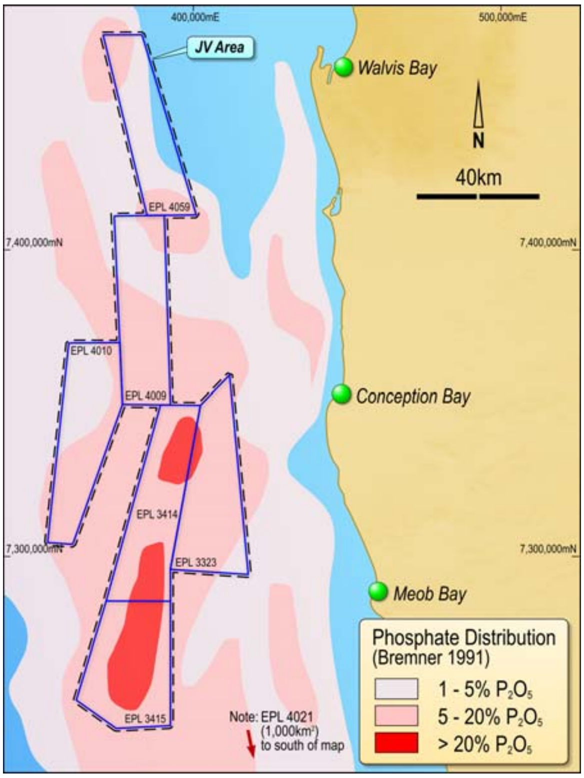
Additional UN sanctions placed on Iran have increased the uncertainty of attracting foreign investment into the country and as such the availability of foreign capital for project development remains unlikely. However, Union remains committed to the development of this world class zinc-lead-silver resource but, pending the outcome of 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.

In contrast, Namibia's 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.

B. Namibian Phosphate Project (Sandpiper)

Shortly after the end of the financial year (on 30 July 2010) Union's wholly owned Namibian subsidiary company Sea Phosphates (Namibia) Pty Limited ("SPL"), which holds two Exclusive Prospecting Licences No's. 3414 and 3415 ("the EPLs"), executed a Shareholder's Agreement ("SHA") with joint venture partners Minemakers (Namibia) (Pty) Limited (a wholly owned subsidiary of ASX-listed Australian company Minemakers Limited (ASX – MAK)) and Namibian company Tungeni Investments cc.

The EPLs lie approximately 60km offshore from the coast of Namibia between Walvis Bay and Luderitz. The combined total area of the EPLs is 200,000 ha.



Joint Venture – Highlights

In September 2009 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.

review of operations

Independent estimates of the phosphate Mineral Resources at completion of the initial sampling and resource development programme for the three key tenements sampled to date now stand at:

Indicated category:
73.9 million dry tonnes at 20.57% P_2O_5
Inferred category:
1,507 million dry tonnes at 18.7% P_2O_5
Total:
1,581 million dry tonnes at 18.8% P_2O_5

Core recovered from the vibracorer

The environmental baseline study has been agreed in consultation with the Company's JV partners and work is well advanced.

Work undertaken by Bateman Advanced Technologies Limited ("Bateman") as part of the Project Scoping Study has produced encouraging initial results.

Heavy liquid separation studies show that the phosphate rich size fraction (-1mm to +0.074mm) can be enriched up to 26% P_2O_5 from whole rock samples with an average grade of 18-21% P_2O_5 using standard gravity separation techniques.

In addition, preliminary wet screening and attrition tests have shown trends favouring a slight improvement in the P_2O_5 concentrate grade along with partial removal of the contaminant gangue including iron (Fe), magnesium (Mg), aluminium (Al) and insoluble matter into the slimes waste stream (tailings) from the phosphate rich size fraction.

The attrition and heavy liquid test work results indicate that the trends are coherent per layer in the two layers comprising the ore horizon and that the shelly layer 1 (top layer) and layer 2 (middle layer) are able to be blended as composites. From the results to date it would appear that layer 2 is more responsive to heavy liquid separation mainly due to more complete liberation of the phosphate particles versus layer 1 size fractions. The results indicate that there is significant enrichment of layer 2 size fractions particularly at the coarsest and finest sizes, ie. 1.00mm x 0.50mm and 0.150mm x 0.074mm. Layer 3 when present (bottom layer) is a marine clay with a low concentration of phosphatic material which forms a natural footwall to the deposit.

Bateman's final report setting out the test work results is expected to be issued in October 2010.

The Company commenced the Scoping Study which will outline the parameters for the Bankable Feasibility Study, which should ultimately confirm the project's economics and allow the Joint Venture to commence development.

The Scoping Study includes work being carried out by various third party consultants including:

- Bateman – processing and beneficiation;
- IHC MMP – marine mining options;
- Jan de Nul Group – dredging contractor.

Jan de Nul ship the "Cristobal Colon" in operation

Immediate Program

The focus for the 2010/11 financial year will be to complete the Scoping Study and commence the Bankable Feasibility Study and includes:

- continue the core sampling programme for further resource development using a vibracorer that has the capacity to penetrate up to 5 metres of sediment thickness;

Vibracorer in operation

- work with strategic partners and complete further cost studies of economically effective mining options to recover around 3 million tonnes per annum of phosphatic sediment;
- aggressively pursue the marketing of the material with the objective of indentifying and confirming potential off-takers;
- confirm the beneficiation and processing flow sheet and investigate construction and civil engineering requirements therefore;
- continue to progress the environmental work programme which forms part of the approval process and is a condition for the granting of a Mining Licence; and
- ensure that the Project has access to infrastructure such as power, fresh water, land, transport, harbour facilities.

C. Mehdiabad Zinc-Lead-Silver Project

Project history and status

The Project is operated 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 2010, Union continued to hold discussions with the relevant Iranian parties in an effort to resolve the Project dispute and progress the Project.

In December 2009 the Company's Directors, following discussion with the Company's auditors on the interpretation of relevant accounting standards, and taking note of the recent perceived deteriorating economic and political situation in Iran, decided to impair the carrying value of the Company's expenditure on exploration associated with the Mehdiabad Project. This means that the exploration expenditure to date, which has previously been treated as an asset in the Company's balance sheet, is shown as a loss item in the Company's consolidated statement of comprehensive income for the year ended 30 June 2010. The Directors' decision to do this is in accordance with applicable accounting standards to reflect the perceived uncertainty surrounding the Mehdiabad Project and thereby the Company's ability to recoup all exploration expenditure associated with the Project. It is important to note, however, that this accounting treatment does not constitute the writing off of the Mehdiabad Project expenditure, and that the impairment does not change the strategy of the Company in its continued efforts to achieve a positive outcome in relation to the Project.

Union has continued to explore 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 continued to explore the possibility of a staged development of the Project.

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.

Core stored at the Mehdiabad Project (July 2010)

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. In the 2009 financial year Union lodged a claim with EFIC for the full liability of US$4.5 million, however EFIC has rejected Union's claim and Union is currently seeking legal advice with regards to the mechanisms, costs and possibility of success in continuing to pursue the EFIC claim.

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.

C. Capital Raising

No capital raising was undertaken during the financial year ended 30 June 2010.

D. Corporate

On 1 March 2010, Mr Chris Jordinson was appointed as the acting Managing Director of the Company to replace Dr Frank Reid who resigned from the position.

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 Roger Daniel 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 3 and 4 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.

Chris Jordinson
Managing Director

James Colins-Taylor
Non-Executive Director

directors' report

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 2010.

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
Ian Ross
John Lemon

Chris Jordinson was appointed as acting Managing Director on 1 March 2010.
The Rt Hon Lord Lamont of Lerwick resigned as a director on 24 November 2009.
Karl-Axel Waplan resigned as a director on 24 November 2009.
Frank Reid resigned as a director on 1 March 2010.
James Collins-Taylor resigned as Chairman on 1 March 2010 but remains a Director.

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 $18.6 million for the year ended 30 June 2010 (2009: loss of $9.2 million). $17.4 million (2009: loss $6.9 million) 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 2010. Further details on the Company's activities and review of operations are referred to on pages 1 to 5.

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

Union's wholly owned Namibian subsidiary Sea Phosphates (Namibia) Pty Limited entered into a Shareholders Agreement dated 30 July 2010 with Joint Venture partners Minemakers (Namibia) Pty Limited (a wholly owned subsidiary of Minemakers Limited (ASX – MAK) and Namibian company Tungeni Investments cc (the Namibian Partner). The Shareholders Agreement formalises the Joint Venture and set the parameters under which the Joint Venture will be managed.

Under the terms of the SHA the companies are to combine their offshore Namibian phosphate interests into the Namibian registered company Namibian Marine Phosphate Pty Limited ("NMP") under the ownership structure:

- 42.5% - Sea Phosphates (Namibia) Pty Limited (wholly owned subsidiary of Union Resources Limited)
- 42.5% - Minemakers (Namibia) Pty Limited (wholly owned subsidiary of Minemakers Limited) and;
- 15% - Tungeni Investments cc.

The process of completing the transfers of the EPLs has commenced and the relevant documentation has been lodged with the Namibian Ministry of Mines and Energy. The EPLs that form the basis of the Joint Venture are as follows:

EPL 3414 – transfer from Union to NMP

EPL 3415 – transfer from Union to NMP

EPL 3323 - transfer from Minemakers/Tungeni to NMP

EPL 4009 - transfer from Minemakers/Tungeni to NMP

EPL 4010 - transfer from Minemakers/Tungeni to NMP

EPL 4021 - transfer from Minemakers/Tungeni to NMP

EPL 4059 - transfer from Minemakers/Tungeni to NMP

Events subsequent to balance date (continued)

The Directors are not aware of any other matters or circumstances that have arisen since 30 June 2010 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 5.

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:

Chris Jordinson B.Com *(Managing Director)*

Chris Jordinson was formerly Chief Executive Officer of Outback Metals Limited, a company listed on the Australian Securities Exchange ("ASX"). Before joining Outback Metals Limited, Mr Jordinson was the Chief Executive Officer of Copper Resources Corporation, which was listed on the Alternative Investment Market ("AIM") of the London Stock Exchange. Prior to that, Mr Jordinson was the Company Secretary of Queensland Ores Limited during which time he assisted that company to list on the ASX in May 2005. Mr Jordinson has more than fourteen years experience as a Chief Executive Officer, Company Secretary and Financial Controller for various Australian public companies. Mr Jordinson was previously a director of Outback Metals Limited.

Mr Jordinson does not have any shares in the Company.

James Collins-Taylor – BA Bus ACA *(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 Anomaly 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.

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.

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, General Electric Company and Bank of Queensland Limited. He is currently Company Secretary of several other companies, including a number of ASX-listed companies.

Mr Lemon does not have any shares in the Company.

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
Chris Jordinson	×	×
James Collins-Taylor	✓	✓
Ian Ross[1]	✓	✓
John Lemon	×	×

[1] Ian Ross is Chairman of the Audit Committee

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 2010, and the number of meetings attended by each Director, was:

Name	Board		Board Committees			
			Audit		Remuneration and Nomination	
	A	B	A	B	A	B
Chris Jordinson	6	6	*	*	*	*
James Collins-Taylor	15	15	3	3	1	1
Frank Reid	9	10	*	*	*	*
Ian Ross	15	15	3	3	1	1
Karl-Axel Waplan	2	2	*	*	*	*
Rt. Hon. Lord Lamont of Lerwick	2	2	*	*	*	*
John Lemon	15	15	*	*	*	*

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
30 April 2011	13.0 cents	9,000,000
31 March 2013	2.0 cents	6,000,000
31 March 2015	2.10 cents	1,333,333
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

No ordinary shares of Union Resources Limited were issued during the year ended 30 June 2010 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

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 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	
	2010 $	2009 $	2010 $	2009 $
Non-audit services				
Tax compliance services – Pitcher Partners[1]	-	2,975	-	2,975
Total remuneration for non-audit services	-	2,975	-	2,975

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

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 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.

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

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, although the Company reserve the right to issue incentive securities to reward and incentivise Directors in appropriate circumstances.

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 2010 for the Company's Non-executive Directors:

- Base fee – $35,000 per annum
- 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 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)
- Azar Bahmani – Financial Accountant (terminated 19 December 2009)

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

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

Director	Short-term		Post-employment		Share-Based Payments		Total
	Base fees/salary $	Other [2] $	Superannuation $	Retirement Benefit $	Shares $	Options[3] $	$
2010							
Non-executive Directors							
James Collins-Taylor[4]	35,000	45,090	-	-	-	-	80,090
Ian Ross, *Audit Committee Chairman*	35,000	-	3,150	-	-	-	38,150
Karl-Axel Waplan	14,030	-	-	-	-	-	14,030
Rt Hon. Lord Lamont of Lerwick[3]	36,000	-	-	-	-	4,852	40,852
Subtotal (Non-executive Directors)	120,030	45,090	3,150			4,852	173,122
Executive Director							
Frank Reid, *Managing Director/CEO*[3,4]	432,137	-	-	27,720	-	(10,327)	449,530
Chris Jordinson, *Managing Director*	51,200	-	4,608	-	-	-	55,808
Executive Director/Company Secretary							
John Lemon[1]	70,742	-	-	-	-	-	70,742
Accountant							
Azar Bahmani	32,713	-	2,944	-	-	-	35,657
Total	706,822	45,090	10,702	27,720		(5,475)	784,859
2009							
Non-executive Directors							
James Collins-Taylor, *Chairman*	26,250	96,058	-	-	8,750	-	131,058
Ian Ross, *Audit Committee Chairman*[3]	26,250	5,000	-	-	8,750	-	40,000
Karl-Axel Waplan	26,250	-	-	-	8,750	-	35,000
Rt Hon. Lord Lamont of Lerwick	67,500	-	-	-	22,500	36,483	126,483
Stephen Gatley	26,250	-	-	-	8,750	-	35,000
Subtotal (Non-executive Directors)	172,500	101,058	-	-	57,500	36,483	367,541
Executive Director							
Frank Reid, *Managing Director/CEO*	528,846	35,695	-	-	141,218	32,471	738,230
Executive Director/Company Secretary							
John Lemon[1]	110,025	-	-	-	-	-	110,025
Accountant							
Azar Bahmani	57,333	-	-	-	-	-	63,003
Total	868,704	142,423	-	-	198,718	68,954	1,278,799

1 Mr John Lemon does not receive Directors fees as he is paid consulting fees on an hourly basis.
2 Other relates to Board committee fees and/or consultancy services provided by Directors.
3 Option remuneration consists of Options issued in a prior period, vested in the current period.
4 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 in 2009 consists of A$31,800 for his home allowance and A$3,895 for his medical allowance which was paid in advance in March 2010.

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	
	2010 $	2009 $	2010 $	2009 $
Key management personnel compensation				
Short term	751,912	1,006,127	751,912	1,006,127
Post-employment benefits	38,422	-	38,422	-
Share-based payments	(5,475)	267,672	(5,475)	267,672
	784,859	1,273,799	784,859	1,273,799

(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*[1]	Chris Jordinson *Managing Director*[1]	John Lemon *Company Secretary*
Commencement date	4 April 2007	1 March 2010	13 February 2006
Term of agreement	No fixed term	No fixed term	No fixed term
Base salary	US$400,000 per annum	$800 per day (or pro-rata)	$150 per hour for company secretarial services and legal services
Cost of living allowance	US$88,800 per annum	-	-
Superannuation	-	9%	-
Share-based Payments	7,999,998 options[2]	-	-
Period of notice	6 month notice by the Company and 3 months by the employee	-	4 weeks

1 Frank Reid resigned on 1 March 2010 as Managing Director and Chris Jordinson was appointed as Managing Director. Frank Reid remained with the Company as General Manager-Key Operations until his resignation on 31 May 2010.

2 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/Date of Resignation
2010					
Chris Jordinson	-	-	-	-	-
James Collins-Taylor	1,392,047	-	-	-	1,392,047
Frank Reid[1]	25,023,001	2,423,494	-	-	27,446,495 (Resigned 01/03/10)
Karl-Axel Waplan[2]	1,392,047	-	-	-	1,392,047 (Resigned 24/11/09)
Rt. Hon. Lord Lamont of Lerwick[2]	3,579,547	-	-	-	3,579,547 (Resigned 24/11/09)
Ian Ross	4,466,853	-	-	-	4,466,853
John Lemon	-	-	-	-	-
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 Lamont of Lerwick	-	2,045,455	-	1,534,092	3,579,547
John Lemon	-	-	-	-	-
Stephen Gatley	-	795,455	-	596,592	1,392,047

1 Frank Reid resigned as a Director on 1 March 2010 and as an employee on 31 May 2010.
2 The Rt Hon Lord Lamont of Lerwick and Mr Karl-Axel Waplan resigned as directors on 24 November 2009.

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

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/Date of Resignation
2010					
Chris Jordinson	-	-	-	-	-
James Collins-Taylor	-	-	-	-	-
Frank Reid[1]	7,999,998	-	-	(3,999,999) [3]	4,000,000 (Resigned 01/03/10)
Karl-Axel Waplan[2]	-	-	-	-	- (Resigned 24/11/09)
Rt. Hon. Lord Lamont of Lerwick[2]	6,000,000	-	-	-	6,000,000 (Resigned 24/11/09)
Ian Ross	-	-	-	-	-
John Lemon	-	-	-	-	-
2009					
James Collins-Taylor	1,000,000	-	-	(1,000,000)[4]	-
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 Gatley	-	-	-	-	-

1 Frank Reid resigned as Managing Director on 1 March 2010 and as an employee on 31 May 2010.
2 The Rt Hon Lord Lamont of Lerwick and Mr Karl-Axel Waplan resigned as directors on 24 November 2009.
3 Forfeited upon resignation from the Company on 31 May 2010.
4 Expired during the year.

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 19 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.

ASIC Class Order 10/654 Parent Entity Financial Statements

The directors have elected to apply ASIC Class Order 10/654 and disclose parent entity statements in the financial report.

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

Chris Jordinson
Managing Director

James Collins-Taylor
Non-Executive Director

30 September 2010

corporate governance statement

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 had previously adopted a charter which detailed the functions reserved to the Board and those delegated to the Company's management. In June 2010 the Board adopted a new Corporate Governance Charter (which can be found on the Company's website) ("the Corporate Governance Charter") which provides that the Board's broad functions are to:

a) chart strategy and set financial and other targets for the Company and its controlled entities ("the Group");
b) monitor the implementation and execution of strategy and performance against financial and other targets, and;
c) appoint and oversee the performance of executive management,

and generally to take an effective leadership role in relation to the Group.

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

Principle 2 – Structure the Board to add value

Up until the resignation of two of the Company's directors on 24 November 2009 the Company had a majority of independent directors. The Board considers that Messrs Collins-Taylor and Ross were independent directors during the reporting period. Dr Frank Reid was employed in an executive capacity by the Company until his resignation on 1 March 2010 and was therefore not considered to be independent. The same applies to his successor as Managing Director, Mr Chris Jordinson. Throughout the reporting period Mr John Lemon was a material service provider (of company secretarial and legal services) to the Company and therefore not classed as an independent director.

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

Up to March 2010 the Company's Chair was an independent director (Mr Collins-Taylor). Since that time, the Company has not had a permanent Chair.

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.

The Remuneration and Nomination Committee consists of 2 non-executive directors, Messrs Collins-Taylor and Ross. 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 Board 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.

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. Prior to the adoption of the Corporate Governance Charter in June 2010, the Company had a Code of Conduct which provided a guide to the Directors and employees as to the practices necessary to maintain confidence in the Company's integrity and ethical practices. The Corporate Governance Charter contains such a code.

The Board had previously 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 Corporate Governance Charter contains a policy concerning trading in Company securities by Directors, executives and other employees of the Group. Those persons are prohibited from trading in the Company's securities except during certain permitted periods (4 weeks following release of the half year and full year accounts respectively and 4 weeks after the AGM) unless the written consent of the Board is first obtained. The overriding obligation is that such persons must not trade when in possession of price sensitive information or to do so would be otherwise contrary to law.

Principle 4 – Safeguard integrity in financial reporting

The Board requires that prior to adoption of the annual accounts, the Chief Executive Officer and any 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.

At all times during the reporting period, the Audit Committee comprised two Non-executive Directors, both of whom were independent directors. The Chairman of the Audit Committee was 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. 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 Charter (and before that the Company's Corporate Governance Policy) contains procedures relating to timely and balanced disclosure.

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 charters adopted by the Company.

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. Prior to the adoption of the Corporate Governance Charter in May, the Board had adopted a Risk Management Policy. Under the policy the Board has delegated responsibility to the Audit Committee for risk oversight, management and internal control. Under the Corporate Governance Charter the CEO and any CFO are charged with ensuring the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

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 any 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 two 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 current Managing Director, appointed in March 2010, receives a salary. Prior to that the Company's previous Managing Director received a salary and was 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 previous Managing Director (refer above).

Incentive options had also been previously issued, with shareholder approval to non-executive Director The Rt Hon. Lord Lamont of Lerwick (who resigned as a Director on 24 November 2009) 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 Corporate Governance Charter contains a prohibition on 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.

lawler hacketts chartered accountants

Auditor's Independence Declaration
under Section 307C of the Corporations Act 2001
to the Directors of Union Resources Limited

I declare that, to the best of my knowledge and beliefs, during the year ended 30 June 2010 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.

Liam Murphy
Partner
Dated at Brisbane, 30 September 2010

Lawler Hacketts Audit
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consolidated statement of comprehensive income

for the year ended 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Revenue from continuing operations	6	75,248	29,931	75,248	29,931
Other income	7	151,472	12,583	151,472	12,583
Expenses, excluding finance costs and impairment loss	8	(1,245,739)	(2,260,272)	(1,105,394)	(1,902,279)
Finance costs		(571)	(1,452)	(571)	(1,452)
Impairment loss on Mehdiabad Project	18 (b)	(17,373,679)	(6,944,130)	-	-
Impairment-loan to Union Zinc Limited		-	-	(17,052,447)	(357,993)
Impairment-loan to Sea Phosphates (Namibia) Pty Ltd		-	-	(252,497)	-
Share of loss of associates and jointly controlled entity accounted for using the equity method	17	(195,912)	-	-	-
Write-off exploration assets	18 (a)	(56,585)	-	-	-
Loss before income tax		(18,645,766)	(9,163,340)	(18,184,189)	(2,219,210)
Loss for the year from continuing operations	26 (b)	(18,645,766)	(9,163,340)	(18,184,189)	(2,219,210)
Income Tax		-	-	-	-
Loss for the year		(18,645,766)	(9,163,340)	(18,184,189)	(2,219,210)
Other comprehensive income					
Foreign currency translation reserve		2,976	6,681,783	-	-
Available-for-sale investment revaluation reserve		120,223	22,834	120,223	22,834
Total other comprehensive income for the period, net of tax		123,199	6,704,617	120,223	22,834
Total comprehensive income for the period		(18,522,567)	(2,458,723)	(18,063,966)	(2,196,376)
Loss for the year is attributable to:					
Owners of the parent		(18,645,766)	(9,163,340)	(18,184,189)	(2,219,210)
Total comprehensive income for the period is attributable to:					
Owners of the parent		(18,522,567)	(2,458,723)	(18,063,966)	(2,196,376)

	Notes	Cents	Cents
Earnings per share for loss from operations attributable to the ordinary equity holders of the Company:			
Basic loss per share	10	(0.99)	(0.94)
Diluted loss per share	10	(0.99)	(0.94)

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

consolidated statement of financial position

as at 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
ASSETS					
Current assets					
Cash and cash equivalents	12	531,203	3,346,626	520,597	3,339,217
Trade and other receivables	13	27,177	125,608	27,177	125,608
Available-for-sale financial assets	14	130,000	52,400	130,000	52,400
Current tax assets		-	-	-	-
Total current assets		688,380	3,524,634	677,774	3,517,225
Non-current assets					
Trade and other receivables	15	-	-	1,251,687	17,318,239
Other financial assets	16	52,728	97,989	807,099	892,319
Investments accounted for using the equity method	17	1,251,687	50,419	-	-
Exploration and evaluation	18	-	17,748,898	-	-
Property, plant and equipment	19	15,496	19,545	15,496	18,518
Intangibles	20	798,022	837,982	-	-
Total non-current assets		2,117,933	18,754,833	2,074,282	18,229,076
Total assets		2,806,313	22,279,467	2,752,056	21,746,301
LIABILITIES					
Current liabilities					
Trade and other payables	21	179,012	360,152	179,012	339,844
Provisions	22	16,108	72,828	16,108	72,828
Total current liabilities		195,120	432,980	195,120	412,672
Non-current liabilities					
Provisions	23	-	9,486	-	9,486
Other financial liabilities	24	-	693,982	-	693,982
Total non-current liabilities		-	703,468	-	703,468
Total liabilities		195,120	1,136,448	195,120	1,116,140
Net assets		2,611,193	21,143,019	2,556,936	20,630,161
EQUITY					
Contributed equity	25 (a)	95,710,673	95,714,458	95,710,673	95,714,458
Reserves	26 (a)	1,948,012	1,830,287	1,391,200	1,276,451
Accumulated losses	26 (b)	(95,047,492)	(76,401,726)	(94,544,937)	(76,360,748)
Total equity		2,611,193	21,143,019	2,556,936	20,630,161

The above statements of financial position should be read in conjunction with the accompanying notes.

consolidated statement of changes in equity

for the year 30 June 2010

		Consolidated		Parent	
	Notes	2010 $	2009 $	2010 $	2009 $
Total equity at the beginning of the year		21,143,019	18,859,645	20,630,161	18,264,440
Other comprehensive income		123,199	6,884,617	120,223	22,834
Net income recognised directly in equity		123,199	6,884,617	120,223	22,834
Profit/(Loss) for the year		(18,645,766)	(9,163,340)	(18,184,189)	(2,219,210)
Total comprehensive income for the year attributable to the owners of the parent		(18,522,567)	(2,278,723)	(18,063,966)	(2,196,376)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs		(3,785)	4,493,145	(3,785)	4,493,145
Option premium, net of transaction costs		(5,474)	68,952	(5,474)	68,952
Total equity at the end of the year		2,611,193	21,143,019	2,559,936	20,630,161

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

consolidated statement of cash flows

as at 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Cash flows from operating activities					
Payments to suppliers and employees		(1,380,662)	(1,693,471)	(1,224,014)	(1,509,075)
Interest received		75,873	33,396	75,873	33,396
Interest paid		(571)	(1,452)	(571)	(1,452)
Net cash (outflow) from operating activities	33 (a)	(1,305,360)	(1,661,527)	(1,148,712)	(1,477,131)
Cash flows from investing activities					
Payments for investment in associates		(1,071,687)	(50,419)	-	-
Proceeds from sale of property, plant and equipment		-	1,927	-	1,927
Payments for property, plant and equipment		-	(1,027)	-	(1,027)
Payments for exploration and evaluation		-	(411,311)	6,860	-
Payments for borrowings		-	-	(534,567)	--
Proceeds from sale of financial assets		-	100,880	-	100,880
Proceeds from loans		64,023	-	64,023	-
Proceeds from security deposits		45,260	20,000	45,260	20,000
Loans advanced to subsidiaries		(534,567)	-	(1,656,816)	(637,191)
Net cash (outflow) from investing activities		(1,496,971)	(339,950)	(1,656,816)	(515,411)
Cash flows from financing activities					
Proceeds from issue of ordinary shares and options		-	4,597,912	-	4,597,912
Share issue costs		(13,092)	(413,027)	(13,092)	(431,027)
Net cash inflow from financing activities		(13,092)	4,166,885	(13,092)	4,166,885
Net increase/(decrease) in cash and cash equivalents		(2,815,423)	2,165,408	(2,818,620)	2,174,342
Cash and cash equivalents at the beginning of the year		3,346,626	1,181,218	3,339,217	1,164,875
Cash and cash equivalents at end of the year	12	531,203	3,346,626	520,597	3,339,217

The above statements of cash flows 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 2010 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

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact
Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact
AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

(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 non-controlling 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 (note 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.

(z) Investment in joint venture

The consolidated group's interests in joint venture entities, are brought to account, using the equity method of accounting (refer to Note 1(y) for details) in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account at cost.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group however will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

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
AASB 2008-1 Amendments to Australian Accounting Standard – Share-based payments: Vesting Conditions and Cancellations effective 1 January 2009.
AASB 8 Operating Segments effective 1 January 2009.
AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009.
AASB 123 Borrowing Costs (revised 2007) effective 1 January 2009.
AASB 2009-6 Amendments to Accounting Standards operative for periods beginning on or after 1 January 2009 that end or after 30 June 2009.
AASB 3 Business Combinations (revised 2008) effective 1 July 2009.
AASB 127 Consolidated and Separate Financial Statements (revised 2008) effective 1 July 2009.
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 effective 1 July 2009.
AASB 2008-5 Amendments to Accounting Standards arising from the Annual Improvements Project effective 1 January 2009.
AASB 2008-6 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1 & AASB 5) effective 1 July 2009.
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Projects effective 1 July 2009.

The adoption of the Standards or Interpretations has resulted in a change in the presentation of the financial statements. AASB 101 details the contents and structure of financial statements. The changes include the replacement of the Income Statement with a Statement of Comprehensive Income.

2 New Accounting Standards and Interpretations (continued)

Standards and Interpretations issued but not yet effective

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 2009-5 Further Amendments to Australians Standards arising from Annual Improvements Project	1 January 2010	30 June 2011
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-10 Amendments to Australian to Australian Accounting Standards – Classification of Rights Issue	1 January 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Accounting Standards	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

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.

(c) 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.

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.

3 Critical Accounting Estimates and Judgements (continued)

(d) 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 $
2010				
Financial assets				
Cash and cash equivalents	12	400,000	131,203	531,203
Trade and other receivables (excluding prepayments)	13	-	14,085	14,085
Available-for-sale financial assets	14	-	130,000	130,000
Other financial assets	16	-	52,728	52,728
Investments accounted for using the equity method	17	-	1,251,687	1,251,687
		400,000	1,579,703	1,979,703
Weighted average interest rate		4.5%		
Financial liabilities				
Trade and other payables	21	-	179,012	179,012
Other financial liabilities	24	-	-	-
		-	179,012	179,012
Net financial assets/(liabilities)		400,000	1,400,691	1,800,691
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	-	97,989	97,989
Investments accounted for using the equity method	17	-	50,419	50,419
		3,317,477	350,654	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)		3,317,477	(703,480)	2,613,997

4 Financial Risk Management (continued)

Sensitivity Analysis

Consolidated Entity
At 30 June 2010, 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 $4,000 lower/higher (2009: $33,000 lower/higher).

Parent Entity
At 30 June 2010, 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 $4,000 lower/higher (2009: $33,000 lower/higher).

(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 2010		Interest rate risk			
	Carrying amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Financial assets					
Term Deposit	400,000	(4,000)	(4,000)	4,000	4,000
Total increase	400,000	(4,000)	(4,000)	4,000	4,000

Foreign Currency Risk Sensitivity Analysis
At 30 June 2010, 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	
	2010 $	2009 $	2010 $	2009 $
Change in profit				
Movement in AUD to USD by + 5%	(17,645)	(10,378)	-	-
Movement in AUD to USD by - 5%	15,971	11,471	-	-
Change in Equity				
Movement in AUD to USD by + 5%	(10,870)	(352,079)	-	-
Movement in AUD to USD by - 5%	9,834	389,139	-	-

5 Going concern

The Directors are of the opinion that the preparation of the Annual Report on a going concern basis is appropriate in the circumstances which considers the realisation of assets and the settlement of liabilities in the normal course of business and the maintenance of the current business activities. The consolidated entity has the ability to continue as a going concern so long as it is not materiality affected by any future adverse changes in circumstances to the external environment in which it operates.

5 Going concern (continued)

The Directors believe that the consolidated entity will be able to continue to pay its debts as and when they fall due and payable. Even though the Company has reduced its current operational expenditure levels it will need to consider raising additional capital, entering into joint ventures, securing finance, ensuring support from suppliers and realising its assets to ensure that it will continue to pay its debts as and when they fall due and payable. The Directors believe that the Company will be able to raise sufficient funds to meet ongoing commitments.

The financial statements have been prepared on a going concern basis which assumes that the consolidated entity will realise its assets and extinguish its liabilities in the normal course of business. Given the past losses, the current financial environment of reduced liquidity, the difficulty to raise new funds and the difficulties in forecasting cash for the group and the other matters described above, there is significant uncertainty that the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

6 Revenue from continuing operations

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Interest	75,248	29,931	75,248	29,931

7 Other income

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Gain on sale of available-for-sale financial assets	-	12,583	-	12,583
Foreign exchange gain	151,472	-	151,472	-
	151,472	12,583	151,472	12,583

8 Expenses

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Expenses, excluding finance costs, included in the income statements classified by nature				
Audit fees	60,446	94,021	60,446	94,021
Takeover bid	-	114,686	-	114,686
Iran				
- Representative Office/Administration & Legal Fees	80,144	182,593	-	-
- Development cost	-	18,270	-	500
	80,144	200,863	-	500
Consulting fees	188,894	154,938	166,841	154,938
AIM Listing & related costs	-	59,720	-	59,720
Legal fees	4,967	17,822	4,967	17,822
Director related expenses				
- Board fees	133,026	230,000	133,026	230,000
- Board committee fees	-	5,000	-	5,000
- Reimbursable expenses	10,760	23,289	10,760	23,289
- Share based payments to directors	(5,475)	68,952	(5,475)	68,952
Total Director related expenses	138,311	327,241	138,311	327,241
Depreciation and amortisation expense	3,826	10,850	3,022	9,623
Employee benefits expense	439,578	740,613	438,977	740,613
Foreign exchange losses (net)	-	2,080	-	2,080
General administration expenses	60,906	115,058	47,708	115,058
Insurance				
- Directors & officers indemnity insurance	9,648	46,597	9,648	46,597
- Political risk insurance		-		-
- Other	4,237	3,816	4,237	3,816
	13,885	50,413	13,885	50,413
Loss on sale of available-for-sale assets		-		-
Marketing and promotion expenses	4,667	11,895	4,667	11,895
Rental expense relating to operating leases	72,497	88,726	65,657	88,726
Occupancy expenses	3,838	2,000	3,838	1,637
Interest expenses	-	369	-	369
Share registry / meeting costs	50,335	59,096	50,335	59,096
Telephone	31,275	28,957	31,034	26,285
Travel	49,547	40,876	33,083	27,556
Write off-Impairment of investment in Venture Axess	42,623	140,048	42,623	-
	1,245,739	2,260,272	1,105,394	1,902,279

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
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	(18,645,766)	(9,163,340)	(18,184,189)	(2,219,810)
At the statutory income tax rate of 30% (2009 – 30%)	(5,593,730)	(2,749,002)	(5,455,257)	(665,763)
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	-	-	5,115,734	65,384
Share based payments	(1,643)	20,686	(1,643)	20,686
Expenditure incurred in relation to non-assessable non-exempt income	5,254,207	2,120,321	-	-
	(341,166)	(607,995)	(341,166)	(579,693)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	341,166	607,995	341,166	579,693
Income tax expense (income)	-	-	-	-

(b) Unrecognised net deferred tax assets:

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Unused tax losses for which no deferred tax asset has been recognised	38,251,840	37,055,467	38,251,840	37,055,467
Unused capital losses for which no deferred tax asset has been recognised	11,026,053	11,026,053	11,026,053	11,026,053
Temporary differences for which deferred tax assets and liabilities have not been recognised:				
Property, plant & equipment	618	24,794	618	1,981
Accruals	56,777	62,028	56,777	62,028
Employee entitlements	16,108	82,314	16,108	82,314
Capital raising costs	493,559	481,381	493,559	481,381
Interest receivable	(1,346)	(1,971)	(1,346)	(1,971)
Shares held at fair value	(82,500)	4,877	(82,500)	4,877
Business related capital costs	91,650	126,385	91,650	126,385
Loan impairment	252,497	-	252,497	-
	50,105,258	48,861,328	50,105,258	48,838,515
Potential tax effect at 30%	15,031,577	14,658,398	15,031,577	14,651,555

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	
	2010 cents	2009 cents
10 Loss per share		
(a) Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.99)	(0.94)
Loss from discontinued operations	-	-
Loss attributable to the ordinary equity holders of the Company	(0.99)	(0.94)
(b) Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.99)	(0.94)
Loss from discontinued operations	-	-
Loss attributable to the ordinary equity holders of the Company	(0.99)	(0.94)
(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	1,877,512,032	972,710,277
(e) Net loss used as numerator		
Net loss used in calculation of loss and diluted loss per share	(18,645,766)	(9,163,340)

10 Loss per share (continued)

At the year end, the consolidated entity had 45,474,418 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;

1,333,333 unlisted options with an exercise price of 2.1 cents;

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

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

9,000,000 unlisted options with an exercise price of 13.0 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 in most cases, 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) Adoption of AASB 8 Operating Segments

The Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. It is noted that management personal also considers business and geographical segments when considering the segment results. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has not changed.

(b) Description of segments

The Group's business operations are organised and managed according to the type of mineral exploration and development undertaken and the corporate head office activities. Geographically the operations are the same as the Group's business operations with Phosphate Exploration and Evaluation undertaken in Namibia, Zinc Exploration and Evaluation undertaken in Iran and Corporate activities undertaken in Australia.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year is similar to prior year's disclosure with additional information provided for disclosure purposes required to conform to the requirements of AASB 8.

11 Segment information (continued)

(c) The following is analysis of the business operations.

	Phosphate Exploration & Evaluation $	Zinc Exploration & Evaluation $	Corporate $	Eliminations $	Consolidated $
2010					
Other revenue	-	-	75,248	-	75,248
Other Income	-	-	151,472	-	151,472
Total revenue from continued operations	-	-	226,720	-	226,720
Segment result	(195,912)	(19,006,119)	(18,184,189)	18,740,454	(18,645,766)
Income tax	-	-	-	-	-
Loss for the year					(18,645,766)
Segment assets	2,049,710	54,258	2,752,057	(2,049,712)	2,806,313
Segment liabilities	(2,049,710)	(25,614,760)	(195,120)	27,664,470	(195,120)
Acquisition of property, plant and equipment and other exploration assets	-	-	-	-	-
Depreciation and diminution in asset values	-	804	3,022	-	3,826
Other segment information	-	-	-	-	-
Investment in associates	1,397,180	-	-	-	1,397,180
Impairment	-	17,373,679	42,623	-	17,416,302
Write-off of exploration assets	56,585	-	-	-	56,585
Share of loss of associates	195,912	-	-	-	195,912
2009					
Other revenue	-	-	29,931	-	29,931
Other Income	-	-	12,583	-	12,583
Total revenue from continued operations	-	-	42,514	-	42,514
Segment result		(1,888,856)	(2,219,210)	(5,055,274)	(9,163,340)
Income tax	-	-	-	-	-
Loss for the year					(9,163,340)
Segment assets	1,263,620	17,425,766	21,746,301	(18,156,220)	22,279,467
Segment liabilities	(724,040)	(25,475,321)	(1,116,041)	26,178,954	(1,136,448)
Acquisition of property, plant and equipment and exploration assets	364,029	77,341	1,027	-	442,397
Depreciation and diminution in asset values	-	1,227	9,623	-	10,850
Other segment information					
Investment in associates	50,419	-	-	-	50,419
Impairment	-	6,944,130	-	-	6,944,130
Share of loss of associates	-	-	-	-	-

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1.

(d) Geographical areas

The Group operates in the principal geographical areas being Australia, Iran and Namibia. The segment information for the geographical areas are the same as the business operation segments. Details of the geographical areas are outlined below:

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment and other exploration assets	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Australia	226,720	42,514	702,345	3,640,500	-	1,027
Namibia	-	-	2,049,710	1,213,201	1,397,180	405,253
Iran	-	-	54,258	17,425,766	-	80,893
	226,720	42,514	2,806,313	22,279,467	1,397,180	487,173

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $

12 Current assets - Cash and cash equivalents

Cash at bank and in hand	131,203	846,626	120,597	839,217
Deposits at call	400,000	2,500,000	400,000	2,500,000
	531,203	3,346,626	520,597	3,339,217

The effective interest rate on short term bank deposit was 4.9% (2009: 3.4% (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:

Cash at bank and in hand	131,203	846,626	120,597	839,217
Deposits at call	400,000	2,500,000	400,000	2,500,000
	531,203	3,346,626	520,597	3,339,217

13 Current assets – Trade and other receivables

Trade debtors	1,486	65,509	1,486	65,509
Interest receivable	1,346	1,971	1,346	1,971
GST receivable	11,253	53,217	11,253	53,217
Prepayments	13,093	4,911	13,093	4,911
	27,177	125,608	27,177	125,608

14 Current assets – Available-for-sale financial assets

Equity securities-listed at fair value	312,672	192,448	312,672	192,448
Provision for impairment of equity securities	(182,672)	(140,048)	(182,672)	(140,048)
	130,000	52,400	130,000	52,400

15 Non-current assets – Trade and other receivables

Loans to controlled entities	-	-	44,563,337	43,520,857
Provision for impairment of receivables	-	-	(43,311,650)	(26,202,618)
	-	-	1,251,687	17,318,239

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$

16 Non-current assets – Other financial assets

Shares in subsidiaries	-	-	1,073,434	1,113,393
Provision for impairment of shares in subsidiaries	-	-	(275,410)	(275,410)
Shares in associates	43,653	43,653	-	-
Security deposits	9,075	54,336	9,075	54,336
	52,728	97,989	807,099	892,319

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

Opening balance	50,419	-	-	-
Additions	1,397,180	50,419	-	-
Share of loss of associates and jointly controlled entity accounted for using the equity method	(195,912)	-	-	-
Net book value	1,251,687	50,419	-	-

In October 2008, the Company entered into a Joint Venture Agreement with Bonaparte Diamond Mines NL ("BDM") (now a subsidiary of Minemakers Limited) and Tungeni Investments. On the 30 July 2010 Union, along with Joint Venture Partners Minemakers Limited ("Minemakers") and Tungeni Investments cc ("Tungeni") formalised the incorporated Joint Venture, through the execution of the Shareholders Agreement ("SHA"). Under the terms of the SHA Union has, through its wholly owned Namibian subsidiary Sea Phosphates (Namibia) Pty Limited, a 42.5% equity interest in Namibian Marine Phosphate Pty Limited ("NMP") (formerly A.S.S. Investments Namibia Pty Limited), along with Minemakers (42.5%), through their wholly owned Namibian subsidiary Minemakers (Namibia) Pty Limited and Namibian partner Tungeni (15%). NMP has been established for the principle activity of exploration and development of phosphate projects in Namibia. The loans to associates are cash calls to NMP and invoices for exploration and evaluation costs to the Joint Venture Company representing contributions to the successful operation of the Joint Venture.

18 Non-current assets – Exploration and evaluation

Sandpiper Project – Namibia	a)	-	375,219	-	-
Mehdiabad Zinc Project – Iran	b)	-	17,373,679	-	-
		-	17,748,898	-	-

a) Non-current assets – Exploration and evaluation
Sandpiper Project, Namibia

At the beginning of the year				
Cost	375,219	11,190	-	-
Provision for impairment	-	-	-	-
Net book value	375,219	11,190		-
Opening net book value	375,219	11,190	-	-
Expenditure capitalised	648,091	364,029	-	-
Effect of movement in exchange rates	-	-	-	-
Disposals	-	-	-	-
Write off	(56,585)	-	-	-
Transfer to investment in associates	(966,725)	-	-	-
Closing net book value	-	375,219	-	-

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

(i) Carrying value of Sandpiper Project, Namibia
During the financial year, the consolidated entity wrote off development costs of $56,585.

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

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
At the beginning of the year				
Cost	17,373,679	17,405,928	-	-
Provision for impairment	(17,373,679)	-	-	-
Net book value	-	17,405,928	-	-
Opening net book value	17,376,679	17,405,928	-	-
Expenditure capitalised	-	77,341	-	-
Effect of movement in exchange rates	-	6,834,540	-	-
Disposals	-	-	-	-
Impairment	(17,373,679)	(6,944,130)	-	-
Closing net book value	-	17,373,679	-	-
At the end of the year				
Cost	24,317,809	24,317,809	-	-
Provision for impairment	(24,317,809)	(6,944,130)	-	-
Net book value	-	17,373,679	-	-

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. In the previous financial year 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.

The Company has applied the change in functional currency of UZPL to Australian dollars prospectively from the date of the change being 1 January 2009. The capitalised exploration and evaluation expenditure balance as at 1 January 2009 is treated as the cost of this asset going forward.

(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%. Up to 30 June 2009, contributions made to the joint venture that are considered as exploration and evaluation expenditure were capitalised.

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

(ii) Carrying value of the Mehdiabad Project (continued)

As at 30 June 2010, only US$9.7 million (A$10.9 million) of the US$16.8 million (A$18.8 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.

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. In April 2009, Union submitted a claim for compensation under the Policy arising out of the expropriation of Union's interest in the Project. The claim was rejected by EFIC in October 2009. Union is currently finalising its legal options in relation to securing payment by EFIC under the policy.

Union continues to negotiate a possible resolution to the Mehdiabad Project dispute at the same time as 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.

In the previous financial year, the value of the Company's exploration and evaluation expenditure on the Mehdiabad Project (through UZPL) was $17,748,898. The Company had been capitalising such expenditure and including it in the Company's balance sheet as an asset in the expectation that the Company would recoup the expenditure upon future development of the Mehdiabad Project. The Company has decided that in view of the international perception of the deteriorating economic and political situation in Iran, the Company should, in compliance with accounting standards, impair the Company's capitalised expenditure on exploration and evaluation associated with the Mehdiabad Project. This means that the exploration expenditure to date which has previously been treated as an asset in the Company's balance sheet is now shown as a loss item in the Company's profit and loss statement for the year ended 30 June 2010. The Directors' decision to do this in accordance with applicable accounting standards reflects the ongoing uncertainty surrounding the Mehdiabad Project and the Company's ability to recoup all exploration expenditure associated with the Project. It is important to note however that this accounting treatment does not constitute a writing off of the Mehdiabad Project expenditure. The impairment can be reversed at a future date if and when the future of the Project becomes more certain. In the meantime, the Company will continue its efforts to resolve the Mehdiabad Project dispute.

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
19 Non-current assets – Property, plant and equipment				
Net book value	15,496	19,495	15,496	18,518
20 Intangible Assets				
Exploration Licence				
Cost	837,982	837,982	-	-
Effects of movements in exchange rates	(39,960)	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Net carrying value	798,022	837,982	-	-
Total intangible assets	798,022	837,982	-	-

Consolidated Group	Exploration Licences
Year ended 30 June 2009	
Balance at the beginning of year	144,000
Additions	-
Acquisitions through business combinations	693,982
Disposals	-
Amortisation charge	-
Impairment Loss	-
Closing value at 30 June 2009	837,982
Year ended 30 June 2010	
Balance at the beginning of year	837,982
Additions	-
Acquisitions through business combinations	-
Disposals	-
Effects of movements in exchange rates	(39,960)
Amortisation Charge	-
Impairment Losses	-
Closing value at 30 June 2010	798,022

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 2010 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	
	2010	2009	2010	2009
	$	$	$	$

21 Current liabilities – Trade and other payables

	2010	2009	2010	2009
Trade payables	122,235	256,320	122,235	257,567
Other payables	56,777	103,832	56,777	82,277
	179,012	360,152	179,012	339,844

22 Current liabilities – Provisions

	2010	2009	2010	2009
Employee entitlements	16,108	72,828	16,108	72,828

23 Non-current liabilities – Provisions

	2010	2009	2010	2009
Employee entitlements	-	9,486	-	9,486

24 Non-current liabilities – Other financial liabilities

	2010	2009	2010	2009
Weitzenberg Foundation Vaduz	-	693,982	-	693,982

	Parent			
	2010		2009	
	No of shares	Paid up value ($)	No of shares	Paid up value ($)

25 Contributed equity

(a) Share capital

	No of shares 2010	Paid up value ($) 2010	No of shares 2009	Paid up value ($) 2009
Fully paid ordinary shares	1,885,485,533	95,710,673	1,851,612,435	95,714,458

(b) Movements in share capital

Date	Details	No of shares	Paid up value ($)
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
1 July 2009	Opening balance	1,851,612,435	95,714,458
7 July 2009	Issue to Managing Director in lieu of salary (June)	2,423,494	9,306
30 September 2009	Issued to Empire Securities for nil consideration in lieu of payment for Rights Issue placements	31,449,604	220,147
30 June 2010	Less: Transaction costs arising on share issue		(233,238)
30 June 2010	Closing Balance	1,885,485,533	95,710,673

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 2008	Opening balance	246,040,340	264,429,711	-	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)
1 July 2009	Opening balance	-	-	26,474,419	13,999,998	40,474,417
22 April 2010	Issue of Unlisted Options	-	-	-	9,000,000	9,000,000
31 May 2010	Expiry of Unlisted Options	-	-	-	(3,999,999)	45,474,418
30 June 2010	Closing balance	-	-	26,474,419	18,999,999	45,474,418

25 Contributed equity (continued)

(d) Options

9,000,000 unlisted options having an exercise price of 13.0 cents each and expiring 30 April 2011 were issued to Weitzenberg Foundation, Vaduz on 22 April 2010.

3,999,999 unlisted options issued to previous Managing Director, Dr Frank Reid expired on 31 May 2010. The options were exercisable at 2.1 cents each and had an expiry date of 31 March 2015.

Each option on issue 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 2010 totals $nil (2009: $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 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
26 Reserves and accumulated losses				
(a) Reserves				
Share-based payments reserve	1,270,977	1,276,451	1,270,977	1,276,451
Available-for-sale investment revaluation reserve	120,223	-	120,223	-
Foreign currency translation reserve	556,812	553,836	-	-
	1,948,012	1,830,287	1,391,200	1,276,451
Movements:				
Share-based payments reserve				
Balance 1 July	1,276,451	1,207,499	1,276,451	1,207,499
Fair value of options issued to Directors	(5,474)	68,952	(5,474)	68,952
Balance 30 June	1,270,977	1,276,451	1,270,977	1,276,451
Available-for-sale investment revaluation reserve				
Balance 1 July	-	(22,834)	-	(22,834)
Fair value Securities	120,223	22,834	120,223	22,834
Balance 30 June	120,223	-	120,223	-
Foreign currency translation reserve				
Balance 1 July	553,836	(6,307,947)	-	-
Currency translation differences arising during the year	2,976	6,861,783	-	-
Balance 30 June	556,812	553,836	-	-
(b) Accumulated losses				
Balance 1 July	(76,401,726)	(67,238,386)	(76,360,748)	(74,141,538)
Loss for the year	(18,645,766)	(9,163,340)	(18,184,189)	(2,219,210)
Balance 30 June	(95,047,492)	(76,401,726)	(94,544,937)	(76,360,748)

(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	
	2010 $	2009 $	2010 $	2009 $

27 Commitments

(a) Operating leases

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year				
Brisbane[1]	10,851	26,043	10,851	26,043
Dubai	-	52,648	-	52,648
Later than one year but not later than five years				
Brisbane[1]	-	-	-	-
	10,851	78,691	10,851	78,691

[1] The Company has no current lease for the Brisbane office. Rental payments are made monthly.

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 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
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

29 Key management personnel disclosures

(a) Directors

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

Name	Position	Period (full year unless otherwise stated)
Chris Jordinson	Managing Director	1 March 2010 to 30 June 2010
James Collins-Taylor	Chairman/Director	Chairmen from 1 July 2009 to 1 March 2010
Frank Reid	Managing Director/Chief Executive Officer	1 July 2009 to 1 March 2010
Ian Ross	Director *(Non-executive)*	
Karl-Axel Waplan	Director *(Non-executive)*	1 July 2009 to 24 November 2009
Rt. Hon. Lord Lamont of Lerwick	Director *(Non-executive)*	1 July 2009 to 24 November 2009
John Lemon	Director/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)
2010		
John Lemon	Company Secretary	
Azar Bahmani	Accountant	Terminated 19 December 2009
2009		
John Lemon	Company Secretary	
Azar Bahmani	Accountant	

(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/Date of Resignation
2010					
Chris Jordinson	-	-	-		-
James Collins-Taylor	-	-	-		-
Frank Reid[1]	7,999,998	-	-	(3,999,999)[3]	4,000,000 Resigned 01/03/10
Ian Ross	-	-	-		-
Karl-Axel Waplan[2]	-	-	-	-	Resigned 24/11/09
Rt. Hon. Lord Norman Lamont of Lerwick[2]	6,000,000	-	-	-	6,000,000 Resigned 24/11/09
John Lemon	-	-	-		-
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 Gatley	-	-	-	-	-

1 Frank Reid resigned as a Director on 1 March 2010 and as an employee on 31 May 2010.
2 The Rt Hon Lord Lamont of Lerwick and Mr Karl-Axel Waplan resigned as Directors on 24 November 2009.
3 Forfeited upon resignation from the Company on 31 May 2010.
4 Expired during the year.

(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/Date of Resignation
2010					
Chris Jordinson	-				
James Collins-Taylor	1,392,047	-	-	-	1,392,047
Frank Reid[1]	25,023,001	2,423,494	-	-	Resigned 01/03/10
Ian Ross	4,466,853	-	-	-	4,466,853
Karl-Axel Waplan[2]	1,392,047	-	-	-	Resigned 24/11/09
Rt Hon. Lord Norman Lamont of Lerwick[2]	3,579,547	-	-	-	Resigned 24/11/09
John Lemon	-	-	-	-	-
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

1 Frank Reid resigned as a Director on 1 March 2010 and as an employee on 31 May 2010.
2 The Rt Hon Lord Lamont of Lerwick and Mr Karl-Axel Waplan resigned as Directors on 24 November 2009 .

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	
	2010 $	2009 $	2010 $	2009 $
Expense arising from equity settled share-based payment transactions	(5,475)	126,453	(5,475)	126,453
Total expense arising from share-based payment transactions	(5,475)	126,453	(5,475)	126,453

(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			
	2010		2009		2010		2009	
	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	-	-	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	-	-	3,000,000	0.02	-	-	3,000,000	0.02
Outstanding at year-end	-	-	-	-	-	-	-	-
Exercisable at year-end	-	-	-	-	-	-	-	-

The outstanding balance as at 30 June 2010 was nil.

(d) Shares issued to directors during the financial year

There were no shares issued to directors during the financial year.

31 Remuneration of auditors

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Audit and review of financial reports				
Lawler Hacketts	60,446	52,500	60,446	52,500
Pitcher Partners[1]	-	38,400	-	38,400
Non-audit services – tax compliance				
Pitcher Partners	-	2,975	-	2,975
Total remuneration for non-audit services	-	2,975	-	2,975
Total remuneration to audit and non-audit services	60,446	93,875	60,446	93,875

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 2010	Percentage ownership 2009
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.

32 Subsidiaries (continued)

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

(a)

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Net profit/(loss)	(18,645,766)	(9,163,340)	(18,184,189)	(2,219,210)
Adjustments for non-cash income and expense items:				
Depreciation and amortisation	3,826	10,849	3,022	9,623
Diminution of value of investments	42,623	6,944,130	42,623	-
Write-off exploration assets	56,585	-	-	-
Share of joint venture loss	195,912	-	-	-
Impairment loss on Mehdiabad Project	17,373,679	-	-	-
Foreign currency gain/loss	(151,472)	-	(151,472)	-
Provision against loans to subsidiaries	-	-	17,304,944	217,945
Provision against investment in non-related company	-	140,048		140,048
Share-based payments	3,832	251,213	3,833	251,213
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	34,410	30,271	34,407	30,271
(Decrease)/increase in trade creditors and accruals	(152,783)	104,077	(135,674)	71,754
(Decrease)/increase in employee entitlements	(66,206)	21,225	(66,206)	21,225
Net cash inflow/(outflow) from operating activities	(1,305,360)	(1,661,527)	(1,148,712)	(1,477,131)

34 Post balance date events

Post the 30 June 2010 year end, Union entered into the Shareholders Agreement ("SHA") dated 30 July 2010, with the Joint Venture partners. Under the terms of the SHA Union has through it's wholly owned Namibian subsidiary Sea Phosphates (Namibia) Pty Limited a 42.5% equity interest in Namibian Marine Phosphate Pty Limited ("NMP") (formerly A.S.S. Investments Namibia Pty Limited), along with Minemakers (42.5%), through their wholly owned Namibian subsidiary Minemakers (Namibia) Pty Limited and our Namibian partner Tungeni Investments cc (15%).

director's declaration

The Directors declare that:

a) 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;

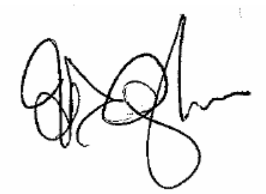
b) and giving a true and fair view of the financial position and performance of the company and the consolidated entity;

c) In the director's opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

d) the Directors have been given declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



James Collins-Taylor
Non-Executive Director
Dated this 30th day of September 2010

lawler hacketts chartered accountants

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 statements of financial position as at 30 June 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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.

Lawler Hacketts Audit
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lawler hacketts chartered accountants

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 2010 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.

Material uncertainty regarding continuation as a going concern

Without qualification to the statement expressed above, attention is drawn to the following matter. As a result of the matters described in Note 5 to the financial statements, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 2010. 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 2010, complies with section 300A of the Corporations Act 2001.

Lawler Hacketts

LAWLER HACKETTS AUDIT
Brisbane, 30 September 2010

Liam Murphy
Partner

(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 UCLOE	Options UCLOG
1 – 1,000	185	37	-	-	-
1,001 – 5,000	151	42	-	-	-
5,001 – 10,000	64	11	-	-	-
10,001 – 100,000	612	9	-	-	-
100,001 and over	591	6	1	1	1
	1,603	105	1	1	1

The number of security investors holding less than a marketable parcel of 55,556 securities is 802 and they hold 13,391,823 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	19.54
Minemakers Limited	276,057,759	14.64
Donwillow Pty Ltd	214,100,261	11.36
Keng Tin Enterprises Ltd	102,941,178	5.46
	961,569,198	51.00

(iv) Top 20 holders of securities

Name	Number of shares	% holding
Twynam Agricultural Group P/L	368,470,000	19.54
Minemakers Limited	276,057,759	14.64
Donwillow Pty Ltd	214,100,261	11.36
ANZ Nominees Limited <Cash Income A/c>	205,359,879	10.89
National Nominees Limited	110,383,599	5.85
Keng Tin Enterprises Ltd	102,941,178	5.46
Brispot Nominees Pty Ltd <House Head Nominee No. 1 A/c>	44,185,692	2.34
Austock Nominees Pty Ltd <Custodian A/c>	40,501,639	2.15
Mrs Virginia Warnecke	37,318,264	1.98
HSBC Custody Nominees (Australia) Limited	29,716,181	1.58
Mr Frank William Reid	27,446,495	1.46
Berne No 132 Nominees Pty Ltd <376804 A/c>	22,572,075	1.20
Weitzenberg Foundation Vaduz	20,000,000	1.06
Select Investments Super Pty Ltd <Select Investments S/F A/c>	13,779,645	0.73
Southway WA Pty Ltd <Nelson Super Fund A/c>	12,000,000	0.64
Mr Klaas Arie & Mrs Susan Boyd Valstar <K & S Valstar S/F A/c>	8,096,388	0.43
Indigenous Energy Pty Limited	7,000,000	0.37
Mr Alan Clive Trickey	7,000,000	0.37
Mr Peter Andrew Proksa	6,500,000	0.34
Ms Celia Goldman	6,125,000	0.32
	1,559,554,055	82.71

statement of shareholdings

AS AT 17 SEPTEMBER 2010

Name	Number of options (UCLO)	% holding
Keng Tin Enterprises Ptd	11,764,706	44.44
Twynam Agricultural Group P/L	9,411,765	35.55
National Nominees Limited	2,260,000	8.54
Mrs Virginia Warnecke	1,836,101	6.94
ANZ Nominees Limited <Cash Income A/c>	476,399	1.80
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	35,520	0.13
John Gordon Kellas	33,365	0.13
Dr John Langtree & Mrs Clair 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
Mr James Francis & Mrs Margaret Bernadette Ryan	9,004	0.03
	26,316,459	99.40

Name	Number of options (UCLOC)	% holding
Dr Frank William Reid	3,999,999	100.00

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

Name	Number of options (UCLOG)	% holding
Weitzenberg Foundation Vaduz	9,000,000	100.00

Number of holders of equity securities

<u>Ordinary share capital</u>

1,885,485,533 fully paid ordinary shares held by 1,603 individual shareholders.

<u>Options</u>

26,474,419 options are held by 105 optionholders.

1. (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	"	"

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

Union Resources Limited
ABN: 40 002 118 872