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Company Announcements Office
Australian Securities Exchange

MEHDIABAD PROJECT - IRANIAN GOVERNMENT PRESS RELEASE

The Mehdiabad Zinc Project in Iran ("the Project") is carried on by Union Resources Limited ("Union"), Karoun Dez Dasht ("KDD Group") (Equity previously held by the Iranian Mines and Mining Industries Development and Renovation Organization ("IMIDRO")) and the company Itok GmbH ("Itok") through an incorporated Iranian joint venture company, Mehdiabad Zinc Company ("MZC"). Union has to date invested in excess of US\$16.8 million on exploration and feasibility activities relating to the Project. As previously advised, IMIDRO purported to terminate several agreements governing the Project in December 2006, and since that time the parties have been negotiating in an effort to resolve the impasse and progress the Project.

In line with the announcement to ASX by Union dated 21 February 2011 MZC has continued to negotiate a Memorandum of Understanding ("MOU") with IMIDRO, as agreed at the meeting held on 21 December 2010 at the Iranian Office of the President, where a directive was signed by the parties to enter into an MOU and then formalise the necessary agreements.

A news release by AFP News Agency (citing a report by Russian newspaper *Kommersant Daily*) was made on 20 September 2011, the contents of which are set out below:

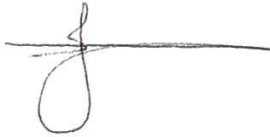
"MOSCOW (AFP)--Russia and Iran are creating a \$1.2 billion joint venture between state company Russian Technologies and Tehran state Bank Saderat to tap into Iran's colossal zinc deposits, Kommersant daily reports Tuesday. The joint venture will build a mining complex and develop the Mehdiabad mine, according to a Sept. 11 protocol from the Russian-Iranian trade commission meeting. At the meeting, Iran's Foreign Minister Ali Akbar Salehi and Russian Energy Minister Sergei Shmatko agreed to cooperate on the project. Russian Technologies will participate in the project together with a Turkey-Seychelles company Kapsad International, while Iran will be represented in the venture by Bank Saderat, a major institution blacklisted by the U.S. Treasury and the United Nations Security Council. A source close to the negotiations told Kommersant that the project is worth up to \$1.2 billion, with most funds expected to come from Iran. The Mehdiabad deposit in central Iran is believed to contain 15.7 million metric tons of zinc and 5.0 million tons of lead, according to Australian company Union Resources Ltd. (UCL.AU) that was given a license to exploit the mine in 2006. Since then, the Australian project was frozen due to political risks, Kommersant said.

*(END) Dow Jones Newswires
September 20, 2011 02:24 ET (06:24 GMT)"*

Regarding the contents of the news release Union is currently seeking clarification, through MZC, from various organisations involved in the negotiation of the MOU including, but not limited to, the Iranian Office of the President, the Iranian Foreign Investment Promotion and Protection Agency and IMIDRO.

Yours faithfully

UNION RESOURCES LIMITED

A handwritten signature in black ink, consisting of a stylized 'C' followed by a horizontal line extending to the right.

Chris Jordinson
Managing Director