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Company Announcements Office
Australian Securities Exchange

IRANIAN PROJECT UPDATE

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

Union is pleased to advise that following an Extraordinary General Meeting and subsequent Board Meeting of MZC the following changes were effected to MZC:

1. IMIDRO has divested its 48.0% shareholding in MZC to Karoun Dez Dasht ("KDD Group") - 45.6%; Mrs Shirmast - 1.6%; and Ms Bahkshi - 0.8%, through a Tender Process.
2. IMIDRO representatives have resigned from the Board of MZC and a new Board has been formed, with Mr Chris Jordinson (Managing Director of Union) being appointed as Chairman and Mr Ghotb (Managing Director of KDD Group) being appointed as Vice-Chairman.

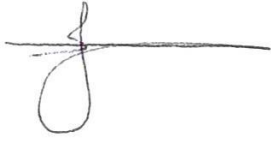
The KDD Group is an Iranian based private organisation established in 1995 which is interested in the integration of industry, trade, finance and agriculture. Companies affiliated to the KDD Group include Petro Palayesh Mehregan Co (Oil refining), Donyaye Chemi Co (Chemical importing and exporting), PATCO (Oil and gas exploration), DMG London (Design and Construction), Ariya Co. (Engineering), Ghotb Livestock and Citrus Industry (Agriculture) and OPT (Advertising and marketing). The KDD Group has also formed strong associations with major organisations including China Metallurgical Group Corporation ("MCC") which is supporting KDD Group in the investment into MZC. Mrs Shirmast and Ms Bahkshi are employees of MZC who under Iranian Law took up their entitlement when IMIDRO elected to divest its interest in MZC.

MZC continues to work with IMIDRO to enter into a Memorandum of Understanding ("MOU") for the operation of the Mehdiabad Zinc Project. The MOU was initiated as a result of a high level meeting held on the 21 December 2010 at the Office of the President, where a directive was signed by the parties to enter into an MOU and then formalise the necessary agreements.

Union Managing Director Mr Chris Jordinson, as Chairman of MZC, said “This is a major step forward for MZC and with the right framework and co-operation in place a positive move forward for the prolonged development of the Mehdiabad Zinc Project.”

Yours faithfully

UNION RESOURCES LIMITED

A handwritten signature in black ink, consisting of a stylized 'C' followed by a horizontal line and a loop.

Chris Jordinson
Managing Director