



# Union Resources Limited

A.B.N. 40 002 118 872

Tel: +61 2 9233 4750  
Fax: +61 2 9233 4749

Level 2, 300 George Street, Sydney,  
NSW, Australia

Postal Address:  
GPO Box 1494  
Sydney, NSW  
Australia 2001

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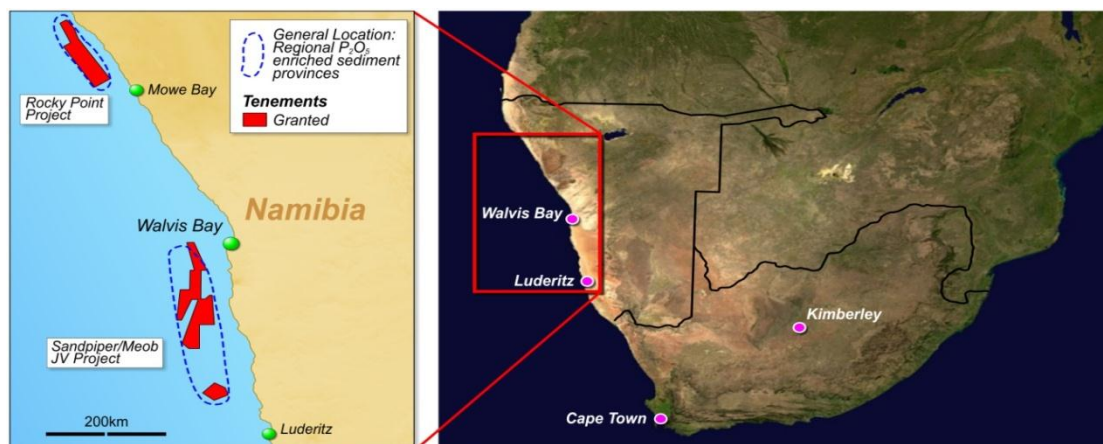
## SANDPIPER JOINT VENTURE DEFINITIVE FEASIBILITY STUDY PROGRESS

Union Resources Limited (ASX: "UCL"), Minemakers Limited (ASX and TSX: "MAK"; NSX: "MMS") and Tungeni Investments c.c. ("Tungeni"), as the shareholders of the joint venture company Namibian Marine Phosphate (Pty) Limited ("NMP"), are pleased to provide an update on progress of the Definitive Feasibility Study ("DFS") for the Sandpiper Phosphate Project in Namibia.

### Planning and Progress Meeting

Appointed DFS lead consultants, Bateman Advanced Technologies Limited ("Bateman"), co-ordinated a DFS planning and progress meeting with key sub-consultants, in Johannesburg, South Africa on Tuesday, 17<sup>th</sup> May 2011. Bateman are co-ordinating the overall DFS study and managing the component aspects of specialist work to be undertaken by the various sub-consultants.

The meeting was convened in Johannesburg as a major component of the DFS, the beneficiation Pilot Study, is to be carried out at the MINTEK facility in Johannesburg and supervised by Bateman. MINTEK are specialists in mineral and metallurgical technology and have a world renowned minerals processing facility in Randburg.



## **Marine Dredging**

The Marine Dredging Study is being carried out by Jan de Nul N.V. ("JDN") of Belgium and JDN is designated the "Preferred Supplier" as we progress the DFS and until the Dredging Works commercial and contractual terms are agreed.

The Marine Dredging Study includes the detailed engineering works (for construction of the extended drag head to access the seabed to 225m depth) and construction works. Installation works (fitting of the drag head on the vessel Cristobal Colon) will be included in a separate Dredging Works Contract. The engineering works include the detailed engineering scale model as well as a Deepwater Dredging Feasibility Study to access seabed sediments to a depth of 275m. The Marine Dredging Study will be completed in late 2011 upon which the Construction works will be commissioned.

## **Beneficiation and Process Plant design**

Bateman is progressing the Beneficiation Study and Process Plant Design for the DFS which includes 5 phases of work:

- Phase 1* - Laboratory test-work to confirm process parameters
- Phase 2* - Supervision of Pilot test-work to produce a bulk concentrate for marketing and design input
- Phase 3* - Basic Engineering for the Process Plant
- Phase 4* - Front End Engineering Design for the Process Plant
- Phase 5* - Compilation of a Definitive Feasibility Study

An 800kg ore sample from the project area has been delivered to Bateman at their laboratory in Israel to complete Phase 1 of the Laboratory test-work to confirm material characterisation and process parameters. For the Phase 2 Pilot test-work, a 150 ton ore sample will be recovered and delivered to MINTEK to complete the beneficiation pilot study and produce a bulk concentrate to be used for design input and also to support marketing trials.

It is envisaged that the MINTEK Pilot Plant facilities will be used to produce larger volumes of phosphate concentrate to facilitate any requirements for full plant process trials by potential off take candidates for production of phosphoric acid or related fertilizer products.

The compilation of the Definitive Feasibility Study is scheduled for completion in the first quarter of 2012.

## **Bulk Sampling/Trial Mining System**

The detailed design for the Bulk Sampling/Test Mining System (BSTMS) has been completed by Triton Naval Architects of Cape Town, South Africa and the fabrication contracts have been issued. Construction is now in progress to enable the bulk sample to be delivered to MINTEK for the Pilot test-work. The BSTMS system, once constructed, will be installed and mobilised from Cape Town and then exported to Namibia to complete sampling/test mining as required.

The BSTMS is designed as a modular system that can be used from any vessel with a suitable open back deck and load capacity to ensure maximum flexibility for system utilisation. The BSTMS will have capacity to recover phosphate ore from the seabed using a 2m<sup>3</sup> grab to accumulate quantities varying from a few hundreds to a few thousand tonnes of material, which will satisfy requirements to provide sample for the DFS as well the Marketing programme and also to complete trial mining operations.

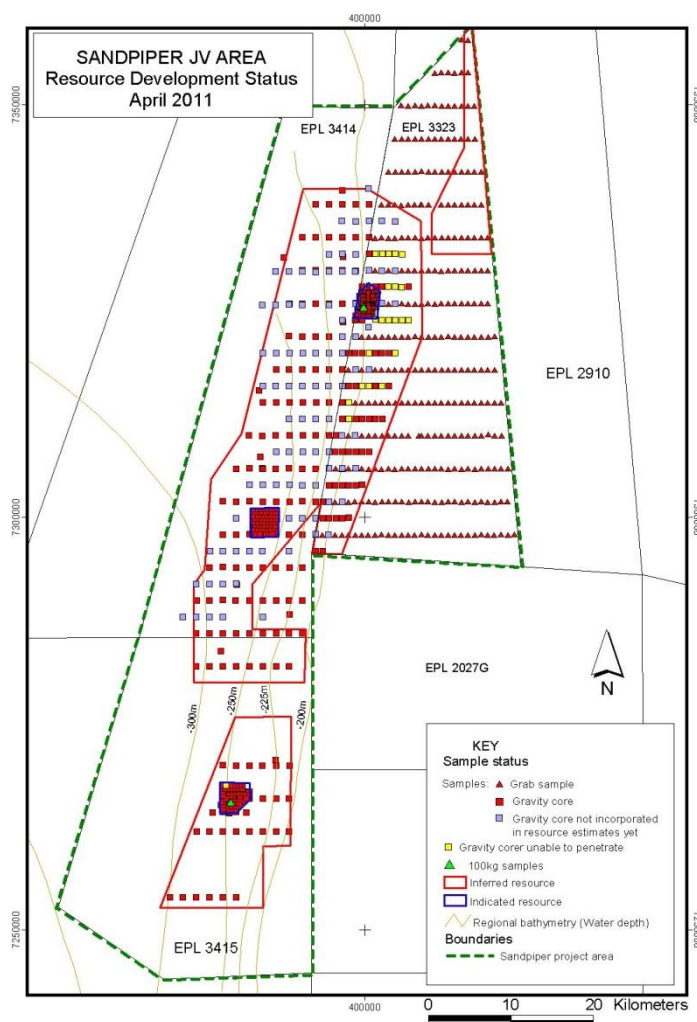
## Resource Development

The DFS resource development work is ongoing and the regional sampling in-fill programme over the northern half of the Mining Licence Application (“MLA”) area was recently completed. An additional 81 core samples have been recovered and overall these cores have penetrated deeper than those of the initial coring programme upon which the first Indicated Mineral Resource estimate was compiled.

For the cores done in EPL 3414, which forms the bulk of the target development area, the older cores averaged 1.4m penetration and ranged from 0.25 to 2.4m in length. The new cores average 2.28m and range from 1.24 to 3.07m

From the 81 cores recently completed, 297 sub-samples were recovered and have now been submitted for assay. The assay results will be used to provide an upgraded Inferred Mineral Resource estimate, which is anticipated to be completed in July 2011.

Initial results from 15 cores are consistent with previous results and within expectations. Sampling will now continue on a work programme designed to upgrade the current Indicated Mineral Resource base within the initial target development area at water depths of <225m.



## Product Marketing

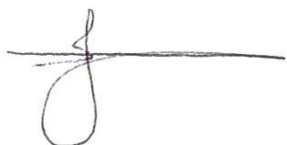
The International Fertilizer Association (“IFA”) held its annual conference in Montreal, Canada in late June and NMP attended along with its technical consultant to commence the marketing of the concentrated product to the end users in the fertilizer industry. A number of meetings were held with positive feedback. As a consequence, NMP has been requested to provide initial concentrate samples from the Bateman Phase 1 test-work to various end users for testing. Post the completion of the 150 ton Pilot Study at MINTEK, NMP will have approx 70 tons of concentrate available and can then provide larger bulk marketing samples to end users for further test-work.

The market focus for use of the Sandpiper phosphate concentrate product, or “Namphos” concentrate is as follows:

- Direct application product – Recent tests by Batemans on concentrate characteristics have indicated that it is a highly reactive rock concentrate and should be suitable for direct application in appropriate soil and climate conditions;
- Single Super Phosphate (“SSP”) – Batemans have completed the test-work on the suitability of the rock to be used in SSP, the results of which were positive; and
- Rock Phosphate – The concentration of the initial ore grade of 18% - 20% P<sub>2</sub>O<sub>5</sub> up to 26% to 28% P<sub>2</sub>O<sub>5</sub> as set out in the Scoping Study has been shown to be commercially viable for the production of Phosphoric Acid.

Yours faithfully

**UNION RESOURCES LIMITED**



Chris Jordinson  
Managing Director

### **Competent Person Statement:**

*The information in this Report that relates to the Mineral Resources for the Namibian Phosphate Project is based on information compiled and reviewed by Roger J. Daniel, B.Sc. (Hons) Geology, London, Pr.Sci.Nat., who is a full-time employee of the Company and who is a Member of The Australian Institute of Mining and Metallurgy. Mr Daniel has sufficient experience deemed 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 Daniel consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.*