



Union Resources Limited

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Level 1, 500 Boundary Street, Spring Hill,
Brisbane, Qld, Australia

Postal Address:
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1 March 2011

Company Announcements Office
Australian Securities Exchange

Renounceable Rights Issue – Letter to Shareholders

Please find attached copy of letter dated 1 March 2011 sent to the Company's shareholders in relation to the Company's renounceable rights issue which was announced yesterday.

Yours faithfully

UNION RESOURCES LIMITED

John Lemon
Director/Company Secretary



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Dear Shareholder

RENOUNCEABLE ENTITLEMENT ISSUE

On 28 February 2011, Union Resources Limited (**Company**) lodged a prospectus (**Prospectus**) with the Australian Securities & Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) in relation to a pro rata renounceable entitlement issue of two (2) fully paid ordinary shares in the capital of the Company (**New Shares**) for every seven (7) Shares held by Eligible Shareholders holding Shares as at the Record Date (as set out in the timetable below) at an issue price of 1.2 cents per Share, to raise up to approximately \$6.46 million (**Offer**). "Eligible Shareholders" are defined in the Prospectus.

As the Offer is renounceable, Eligible Shareholders who do not wish to take up some or all of their entitlements may sell or otherwise transfer all or part of their Entitlement as set out in the Prospectus.

All of the New Shares offered under the Prospectus will rank equally with the Shares on issue at the date of the Prospectus. Fractional entitlements will be rounded up to the nearest whole number.

The Prospectus contains further information regarding the rights and liabilities attaching to the Shares. Instructions on how and when to apply under the Offer are set out in the Prospectus. The Prospectus has also been lodged with ASX and is available on the ASX website at asx.com.au and on the Company's website at www.unionresources.com.au.

The Offer is fully underwritten by Patersons Securities Limited. The underwriter will be paid an underwriting fee equal to 5.5% of the amount underwritten, \$60,000 for performing its services under the Underwriting Agreement, and reimbursement of reasonable costs and expenses incidental to the Offer. Shareholders may also apply to Patersons to enter into sub-underwriting agreements for any shortfall shares.

The Offer is not conditional and there is no minimum subscription.

The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue the Prospectus.

Timetable

The timetable in respect of the Offer is set out below*:

Event	Date
Lodgement of Prospectus with ASIC	28 February 2011
Lodgement of Prospectus and Appendix 3B with ASX	28 February 2011
Notice sent to Option Holders	28 February 2011
Notice sent to Shareholders	1 March 2011
"Ex" Date & Rights Trading commences	2 March 2011
Record date for determining entitlement to participate in the Offer	7pm (AEDT) on 8 March 2011
Prospectus despatched	11 March 2011
Rights Trading ends	21 March 2011
Securities quoted on a deferred settlement basis	22 March 2011
Closing Date*	5pm (AEDT) on 28 March 2011
Company notifies ASX of under subscriptions (if any)	31 March 2011
Allotment completed, holding statements despatched & deferred settlement trading ends	5 April 2011

* The directors of the Company may extend the Closing Date by giving at least 6 business days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

Capital Structure

Upon completion of the Offer (assuming the Offer is fully subscribed and no options are exercised prior to the Record Date), the capital structure of the Company will be:

	Number
Shares	
Issued at the date of the Prospectus	1,885,485,533
Offered pursuant to the Prospectus	538,710,153
Post completion of Offer	2,424,195,686

	Number
Options	
Options (unlisted) (exercise price 13 cents / expiry date 30 April 2011)	9,000,000
Options (unlisted) (exercise price 2 cents / expiry date 31 March 2013)	6,000,000
Options (unlisted) (exercise price 2.1 cents / expiry date 31 March 2015) ³	1,333,333
Options (unlisted) (exercise price 1.3 cents / expiry date 31 March 2015)	1,333,333
Options (unlisted) (exercise price 0.5 cents / expiry date 31 March 2015) ⁴	1,333,333
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	18,999,999

Use of Funds

The purpose of the Offer is to raise up to approximately \$6,460,000. The funds raised from the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer¹	Full Subscription
Funding Definitive Feasibility Study for Sandpiper-Meob Phosphate Project ²	\$4,500,000
Negotiation costs regarding the Iran Project and Working Capital	\$1,560,000
Expenses of the Offer	400,000
Total	\$6,464,000

Notes:

1. The Offer is fully underwritten. The Underwriting Agreement is subject to standard terms and conditions, however, the Offer will proceed whether or not the conditions to the Underwriting Agreement are satisfied. There is also no minimum subscription to the Offer.
2. In the event less than the full subscription is raised due to the Underwriting Agreement being terminated in accordance with its terms, the proceeds of the Offer allocated to funding of the Definitive Feasibility Study will be reduced accordingly.

Enquiries

If you have any questions about applying for securities under the Prospectus, please contact the undersigned at the Company on +61 7 3833 3872.

Yours faithfully
UNION RESOURCES LIMITED



John Lemon
Director/Company Secretary