



Union Resources Limited

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20 January 2011

Ms. Stephanie Yong
Senior Adviser, Listings (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Stephanie

Price Query

I refer to your letter dated 19 January 2010. In answer to the four points raised in the letter:

1. Union Resources Limited ("Union" or "the Company") is aware of recent developments in relation to the Mehdiabad Project, however doubts that those developments are the reason for the price and volume trading increase referred to.

The Company recently received notification that the Iranian Mines & Mining Industries Development and Renovation Organization ("IMIDRO"), through a public tender process managed by the Iranian Privatisation Organisation, has awarded a tender of its 48% stake in the Mehdiabad Project Joint Venture company Mehdiabad Zinc Company ("MZC") (In which Union Resources Limited holds a 24.5% stake) to an Iranian bidder, KDD Group ("KDD"). Further, it is Union's understanding that the transfer of IMIDRO's stake in MZC to KDD is subject to the approval of the shareholders of MZC, so is therefore still incomplete.

That aside, as has been advised to the Market on many occasions Union continues to negotiate with the relevant Iranian parties in an effort to resolve the impasse over the Mehdiabad Project which was created by IMIDRO's purported termination of several agreements governing the Project in 2006. At a recent meeting in Iran between the relevant parties a basis for a settlement of the Project dispute was discussed and it was agreed that initially a Memorandum of Understanding be drawn up encapsulating this basis which would later, following negotiation, be converted into a binding legal agreement. As such, Union considers that this represents an incomplete proposal which is insufficiently definite to warrant disclosure and is still subject to negotiation, and to the best of Union's knowledge remains confidential between the relevant parties.

To summarise, there have been recent developments in relation to the Mehdiabad Project (as there have been at various times in the intervening years since the

purported termination in 2006), but the Company's directors do not believe that they, incomplete and/or insufficiently definite and/or still likely subject to considerable negotiation as they are, are the basis for the price and volume trading increase referred to.

2. No. As mentioned the matters are still incomplete and, in the case of the proposal for progressing the Mehdiabad Project, remain insufficiently definite and subject to considerable negotiation. Union would anticipate possibly making an announcement concerning the transfer of IMIDRO's stake in MZC to KDD if and when the transfer is consummated. By that time Union would also hope to have more details about KDD. Union would anticipate making an announcement concerning progressing the Mehdiabad Project if and when a final binding agreement for same is concluded.
3. No.
4. The Company considers that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully

UNION RESOURCES LIMITED

A handwritten signature in cursive script that reads "John Lemon".

John Lemon

Director/Company Secretary



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19 January 2011

Chris Jordinson
Managing Director
Union Resources Limited
Level 1
500 Boundary Street
Spring Hill QLD 4000

By email

Dear Chris

Union Resources Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a low of \$0.009 yesterday to a high of \$0.024 at the time of writing today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by **e-mail** or by facsimile on **facsimile number (02) 9241 7620**. It should **not** be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested **as soon as**

possible.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[Sent electronically without signature]

Stephanie Yong
Senior Adviser, Listings (Sydney)