



Union Resources Limited

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Friday, 29 April 2011

Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES STATEMENT FOR PERIOD ENDED 31 MARCH 2011

ASX RELEASE

Friday, 29 April 2011 ASX

Code: UCL

Recent Price Sensitive Announcements:

- Namibian Phosphate JV Progress
- Renounceable Rights Issue
- Iranian Project Update

Issued Capital:

Ordinary Shares 2.42 bn

Top 20 Shareholders:

Hold 76.09%

Largest Shareholders:

- Twynam Agricultural Group Pty Limited
- Minemakers Limited
- JP Morgan Nominees Australia Limited
- Donwillow Pty Limited

Directors:

Ian Ross
John Lemon
Gida Nakazibwe-Sekandi
Chris Jordinson

- **Namibian Sandpiper Phosphate Project**
 - Deeper penetration sampling being carried out
 - Definitive Feasibility Study is continuing
 - Mining Licence application is progressing
 - Marine-based environmental work undertaken
- **Mehdiabad Project**
 - Union's representatives are still progressing negotiation with the Iranian authorities to seek a mutually beneficial solution to the ownership issues
- **Corporate**
 - Underwritten A\$6.46 million Renounceable Rights Issue completed

Background

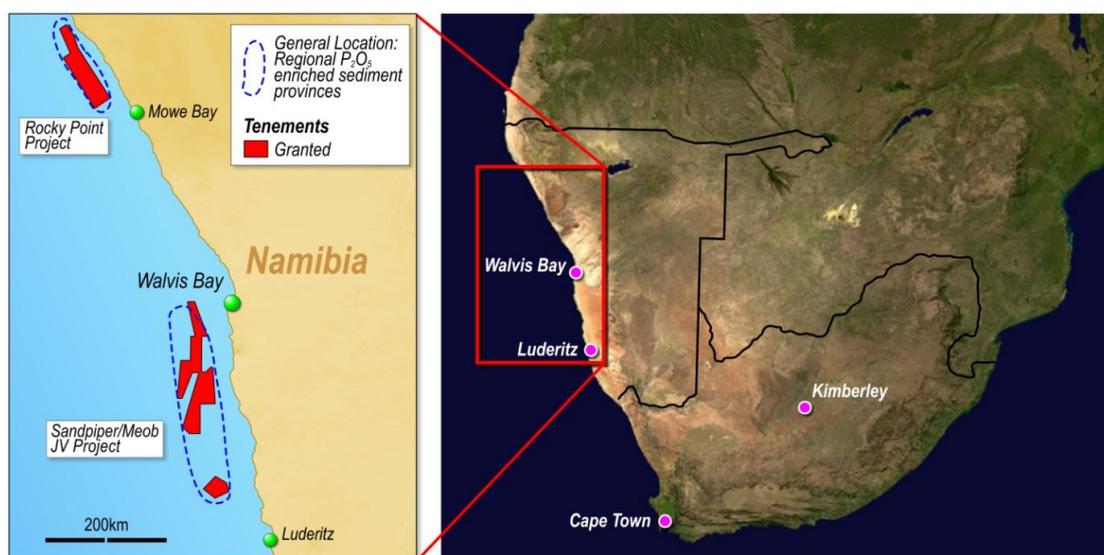
Union Resources Limited (“Union” or “the Company”) is focused on:

1. exploration and development of the offshore Namibian Sandpiper Phosphate Project with joint venture partners Minemakers Limited (ASX- “MAK”) and Tungeni Investments cc (Namibian partner) through the joint venture company Namibian Marine Phosphate (Pty) Ltd (“NMP”); and
2. continuing to work with the Iranian authorities to seek a mutually beneficial solution to the ownership issues relating to the Mehdiabad Project.

Offshore Namibian Phosphate Project

Background

Joint Venture partners Union Resources Limited (ASX: “UCL”) (42.5%), Minemakers Limited (ASX: “MAK”) (42.5%), and Tungeni Investments cc (“Namibian Partner”) (15%), through the Joint Venture Company, Namibian Marine Phosphate Pty Limited (“NMP”) for the Sandpiper Marine Phosphate Project (“Phosphate Project”), continued to progress the Phosphate Project Definitive Feasibility Study (“DFS”).



Initial Mining Area Selection and Resources

Deeper penetration sampling is in progress with the aim of confirming the best site for the initial mining operation and increasing the mineral resource base. The further sampling completed to date has penetrated phosphatic sediments to depths of 3m which supports previous information that the phosphatic sediments are thicker than 2m in places. Initial mineral resource estimates based on a maximum of 2m thickness have previously been estimated at 1.58Bt at 18.8% P₂O₅ (combined Indicated and Inferred categories: Indicated 74Mt at 20.6% P₂O₅; Inferred 1.51Bt at 18.7% P₂O₅). NMP’s geological team considers that a further increase in resource in the order of an additional 1.0–2.0Bt in the grade range of 18–21% P₂O₅ is possible on completion of the regional resource development sampling programme. (This potential quantity and grade is conceptual in nature, there has been insufficient drilling to define an enlarged Mineral Resource, and it is uncertain if further exploration will result in the determination of an enlarged Mineral Resource). The above JORC compliant estimate has now also been accepted as complying with the

Canadian NI43-101 Code, given Minemakers Limited's recent dual listing on the Toronto Stock Exchange ("TSX").

Definitive Feasibility Study ("DFS")

Project Management

NMP appointed John Sinden as a non-exclusive consultant to assist its DFS project management team. John is an internationally acclaimed process engineer with over 45 years involvement in phosphate processing and is considered a leading phosphate rock to acid specialist.

Sampling for DFS and Market Development

NMP completed its technical investigation and determined the most cost effective way to acquire large samples required for follow-up metallurgical testwork for the DFS to define requirements for the production of various fertiliser products and for producing initial concentrate samples for testing by potential end user candidates.

NMP appointed specialist marine engineers, Triton Naval Architects, to complete conceptual and detailed engineering for the final sampling system design and fabrication. A suitable vessel for the sampling programme has been identified. It should be mobilised for the job in the June Quarter after completion of the fabrication works.

Land-Based Processing Studies

After a significant amount of investigation the site required for the land-based process facilities have been identified. NMP is now making the necessary applications and is working with the various authorities to progress the acquisition of the land package at this preferred site.

The Walvis Bay Municipality notified NMP of the allocation of up to 3,000m³ per day of retreated, non-potable fresh water for the Project's processing requirements. This water will be used for final washing (salt removal) in the beneficiation process.

Environmental Studies

The marine-based environmental work in support of the Mining Licence application is continuing and Namibian environmental consultants, Enviro Dynamics, have been appointed to carry out the necessary scoping and consultation processes for finalisation of the environmental management programme report.

In addition, with the identification of the preferred sites for the land based buffer pond and processing plant works, the environmental assessment process for these areas can now be initiated and progressed in parallel with other components of the DFS.

Project Liaison

NMP continues to liaise positively with the relevant Namibian Government Ministries as well as regional and local stakeholders at all levels to promote a clear understanding of the Sandpiper Project development goals and to ensure full compliance with all of the regulatory aspects of the Mining Licence application process.

Mining Licence Application

NMP lodged the Mining Licence Application (“MLA”) which covers the Exclusive Exploration Licences (“EPLs”) 3414, 3415 and 3323. The MLA was lodged with the Namibian Department of Mines and Energy and is registered as MLA 170.

Future Work

The work programme for the NMP Joint venture is as follows:

- Conduct and complete the DFS
- Manage the processing of the Mining Licence Application (“MLA”) to the completion of the process and subsequent grant.
- Carry out the deeper penetration vibracorer sampling and revise the resource base
- Carry out additional test work to further enhance the final rock concentrate to be produced.
- Establish discussions with potential off-take parties to establish interest for sale of the Namibian concentrate for producing either Phosphoric Acid or SSP.

Mehdiabad Base Metal Project

Background

The Mehdiabad Project is carried on by 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. Union stated then, and is still firmly of the opinion, that the agreements were invalidly terminated. Since that time Union has been negotiating with various Iranian parties in an effort to resolve the impasse and progress the Project. At the same time, Union has been exploring the possibility of resolving the matter through arbitration and has made initial preparations for instituting arbitration proceedings should that become necessary.

During the Quarter

Union continued to hold discussions with the relevant Iranian parties in an effort to resolve the Project dispute and progress the Project. However, no substantive progress was made.

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 continues to work with the Iranian authorities and has participated in a number of meetings with the Iranian authorities to seek a mutually beneficial solution to the ownership issues.

Corporate

Post the quarter the Company completed a fully underwritten Renouceable Rights Issue which raised A\$6.46 million before costs.

For further information, please contact:

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The information in this report that relates to Mineral Resources for the Namibian Sandpiper Phosphate Project is based on information compiled by Roger J. Daniel, B.Sc. (Hons) Geology, London, Pr.Sci.Nat., a full-time employee of the Company, 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.