



QUARTERLY ACTIVITY REPORT

**FOR THE PERIOD ENDED
31 DECEMBER 2004**

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QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004

HIGHLIGHTS

CORPORATE

Take-Over Bid By CopperCo

- On 17 December 2004 CopperCo Limited, an ASX listed company, announced its intention to make a takeover bid for Universal.

Universal's Target's Statement in response to CopperCo's Bidder's Statement will be forwarded to shareholders within the next 10 days. The directors of Universal expect to recommend that shareholders **REJECT the CopperCo bid**. Shareholders should take no action until the company's Target's Statement is received by them.

Acquisition Of 100% Of Roseby

- Universal's interest in the Roseby Copper Project increased to 100% following purchase of Bolnisi Logistics Pty Ltd from Bolnisi Gold NL.

\$5.77 Million Capital Raising

- The company completed capital raisings totalling \$5.77 million by way of a Share Purchase Plan and share placement initiative through stockbrokers BBY Limited.
- The capital raising will allow Universal to pursue an aggressive exploration and feasibility programme in 2005.

ROSEBY COPPER PROJECT

Resources Increase

- Inferred Resources at Little Eva (at a cut-off grade of 0.5% copper) have increased to **15 million tonnes grading 1.2% copper and 0.2gpt gold** representing a 90% increase in contained copper and 122% increase in contained gold – a greater increase than was anticipated by the company (Refer Table 3 for details).
- Roseby Project resources in all categories (at a cut-off grade of 0.5% copper) now total **82 million tonnes grading 0.86% copper and 0.08 gpt gold**.

Feasibility Study

A Feasibility Study for a mining and treatment operation at Roseby based upon a combined oxide and sulphide treatment rate of up to 10 million tonnes per annum (Mtpa) commenced during the quarter. Activities related to the study include:

- A group of consultants has been selected to work on the project and discussions have been held with several engineering groups. The company expects to appoint one of these groups to manage the Study.
- Negotiations for an Indigenous Land Use Agreement are progressing satisfactorily.
- Terms of Reference for a voluntary Environmental Impact Statement (EIS) have been agreed and advertised in the press.

- Further metallurgical testwork on sulphide ores was undertaken with positive results.
- Hydrological investigations have been initiated.

Drilling

Drilling at Little Eva during the quarter returned very positive results including:

LER 170	27m	@ 1.47 % copper, 0.18 g/t gold
LER 171	22m	@ 2.03 % copper, 0.21 g/t gold
LER 172	34m	@ 1.72 % copper, 0.15 g/t gold
	and 8m	@ 3.36 % copper, 0.27 g/t gold
LER 180	18m	@ 1.42 % copper, 0.18 g/t gold
	and 34m	@ 1.02 % copper, 0.16 g/t gold
LER 192	151m	@ 0.75 % copper, 0.16 g/t gold
	Incl. 31m	@ 1.27 % copper, 0.26 g/t gold
LER 193	136m	@ 0.82 % copper, 0.18 g/t gold
	Incl. 65m	@ 1.11% copper, 0.20 g/t gold

Wide zones of low-grade copper-gold mineralisation are associated with the high-grade mineralisation reported above.

Stratabound Sulphide Mineralisation

- A review of data has indicated significant potential for deposits of sulphide copper below the stratabound oxide (native) copper deposits and elsewhere along a 20km zone of copper geochemical anomalous.
- The 2005 field programme will include drilling of this sulphide system with a view to including potential new sulphide resources in the feasibility study.

2005 Programme

The 2005 programme for the Roseby Copper Project will include:

- A substantial drilling program to upgrade resources at the major oxide and sulphide deposits.
- Completing metallurgical core holes and undertaking bench-scale and then pilot scale test-work on the combined treatment of oxide and sulphide ores in a single stream process.
- Completing geotechnical core holes and determination of mining parameters
- Hydrology tests and monitoring including requirements for tailings dams.
- Environmental studies and finalisation of land access agreements.
- Scoping of studies to select optimum mining and throughput rates for final engineering studies.
- Other activities as required.

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004

1. CORPORATE

1.1. COPPERCO TAKEOVER BID

CopperCo Ltd announced on 17 December 2004 their intention to make a bid for all of the shares in Universal. CopperCo presented their Bidder's Statement to the ASX, ASIC and Universal on 14 January 2005. CopperCo may post the Offer documents to Universal shareholders anytime from today (31 January).

The company is currently preparing its Target Statement response to the Bidder's Statement. This will provide shareholders with detailed information about the bid and the directors' recommendations to shareholders. The Target's Statement will be forwarded to shareholders in due course. In the meantime, the directors of Universal advise shareholders to

take no action in response to the Bidders Statement

until they are in receipt of the company's Target's Statement.

1.2. ACQUISITION OF ADDITIONAL 50% OF ROSEBY

During the quarter Universal concluded the purchase from Bolnisi Gold NL (**Bolnisi**) of all of the issued shares in Bolnisi Logistics Pty Ltd (**Logistics**) a company that held a 50% interest in the Roseby Copper Project tenements and the two joint ventures through which the Project was operated.

As a result of the purchase, Universal now owns 100% of the Roseby Project with resources of 779,500 tonnes of copper and 241,000 ounces of gold (Table 4), with an *in situ* value in excess of \$3 billion, equivalent to over 6 million ounces of gold.

The purchase has also positioned Universal as one of the largest tenement holders in the Mt Isa Inlier, Australia's premier base metal province, with a 100% interest in over 3,500 square kilometres of granted mineral tenements and applications for tenements (Figure 2).

1.3. CAPITAL RAISINGS

During the quarter, the company raised a total of \$5.77 million by way of a Share Participation Plan and placements to clients of BBY Limited, including several Australian and UK institutions. The strong support for these issues is a reflection of the growing stature of the Roseby Project and investment interest in the company.

2. EXPLORATION

Exploration during the quarter focussed on the Roseby Copper Project. An airborne magnetometer survey of the Collector Project in NSW was also completed.

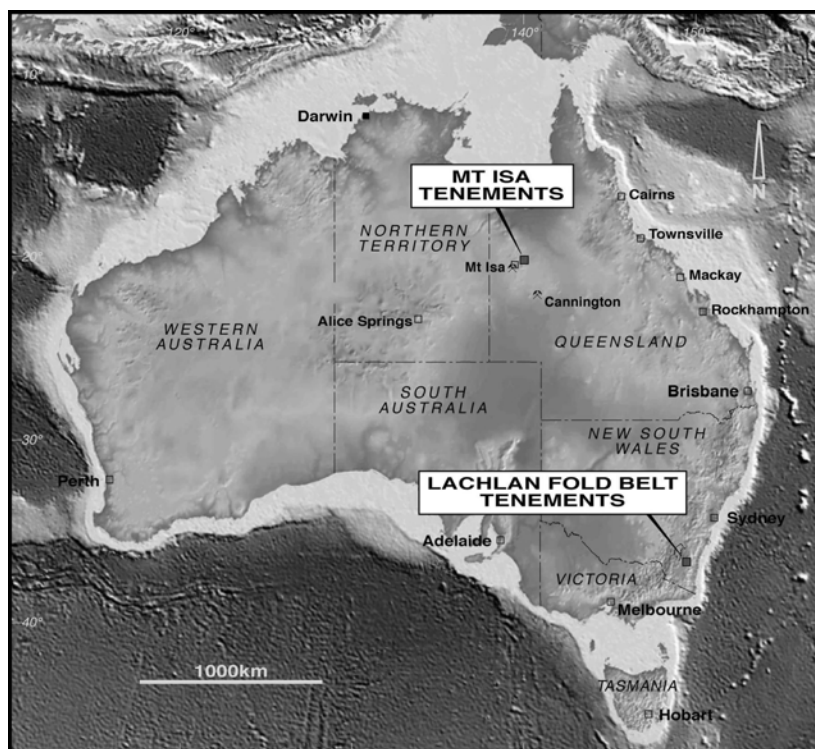


Figure 1. Universal Resources Project locations

2.1. ROSEBY COPPER PROJECT (Universal 100% Interest)

2.1.1. INTRODUCTION

Exploration at Roseby was concentrated on extending and up-grading the Little Eva resources and, following the acquisition of Logistics, on assessing data relating to the stratabound copper mineralisation formerly the focus of the Feasibility Joint Venture operated by Bolnisi. Work undertaken included:

- 2,976 metres of RC percussion drilling in 25 holes at Little Eva.
- A revised resource estimate for the Little Eva Deposit.

Feasibility work focussed on the requirements for gaining grant of mining leases, and included:

- Finalisation of the Terms of Reference Notice for a voluntary EIS for development of the Roseby Project.
- Preparation of draft Indigenous Land Use Agreement (ILUA) for presentation to the Kalkadoon People. It is anticipated that an agreement could be signed in the June quarter 2005.

- Further metallurgical testwork on the Little Eva and Lady Clayre deposits.
- Preliminary hydrological studies and establishment of monitoring stations.
- Initiating discussions with potential suppliers of infrastructure support in the Mt Isa and Townsville areas.

2.1.2. LITTLE EVA DRILLING

a. Introduction

Little Eva is a hydrothermal copper-gold-iron deposit similar in style to the Ernest Henry deposit located some 60km easterly from Roseby (Figure 2).

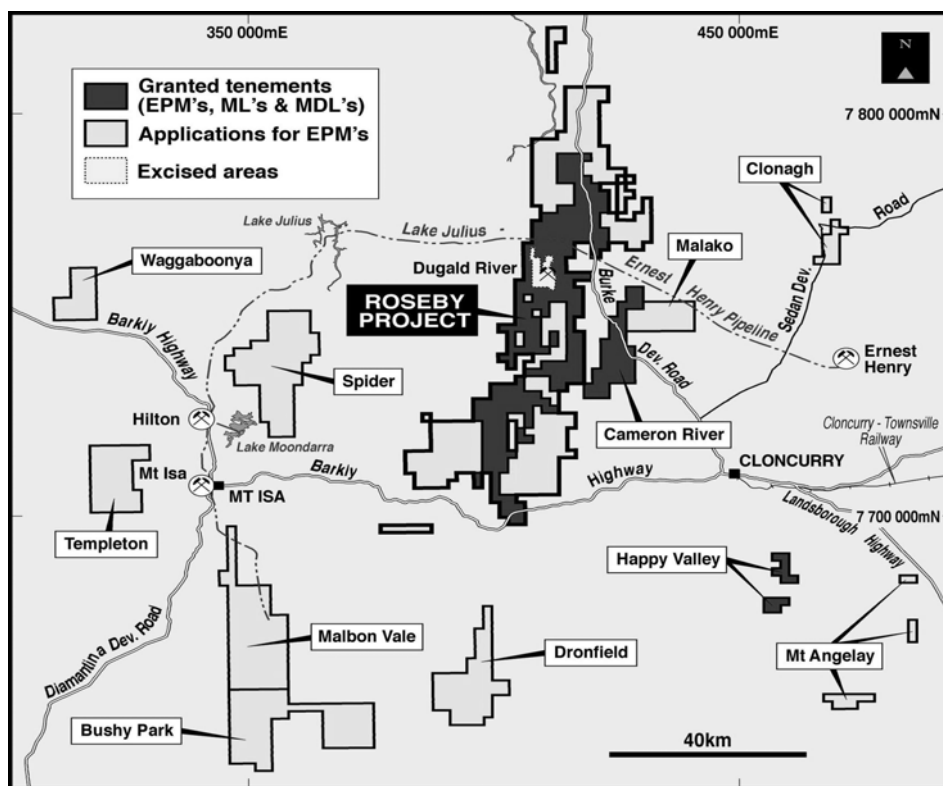


Figure 2: Mt Isa Inlier Tenements

Host rock to the mineralisation is a felspar porphyry of intermediate composition (Figure 3). The deposit is the largest of the hydrothermal deposits so far identified at Roseby, with a strike length exceeding 1,500m and a width of up to 200m at its widest point. The host porphyry dips at about 60 degrees to the east. The mineralisation, whilst ubiquitous throughout the porphyry, is concentrated into moderate to shallow west dipping zones, forming a crude ladder-work structure, with its best development along the western margin of the porphyry.

Copper mineralisation outcrops over at least 800m of strike length and is covered by shallow (10-20m) alluvial cover over the balance. A shallow zone of oxidation, some 20-25m thick, in which the dominant copper mineral is malachite, passes

rapidly into primary sulphide mineralisation where the dominant copper mineral is chalcopyrite. There is only limited development of supergene copper minerals. The dominant barren sulphide is pyrite, although the deposit is generally not rich in iron sulphides.

Drilling had several objectives, including to:

Continue resource definition drilling in the relatively high grade Northern Extension.

- Outline potential resources within the mostly soil/alluvium covered Southern Extension. This prospective area, defined by anomalous bedrock copper geochemistry, magnetics and IP response, extends at least 400m southeast from the Central Area and has only been sparsely drilled.
- Confirm the company's structural interpretation of the deposit in general and the Central Area in particular.
- Provide material for further metallurgical testing.

b. Programme completed

A programme of 25 holes (LER 170 to 194) for 2,976m of RC drilling was completed at Little Eva.

The programme consisted of seven holes along the Northern Extension, four in the Central Area, and fourteen within the Southern Extension.

(Figure 3).

Details of all holes drilled are listed in Table 1.

All assay samples are of one-metre intervals and have been assayed at SGS Australia's Townsville laboratory for copper and gold using methods suitable for ore-grade mineralisation and resource estimation.

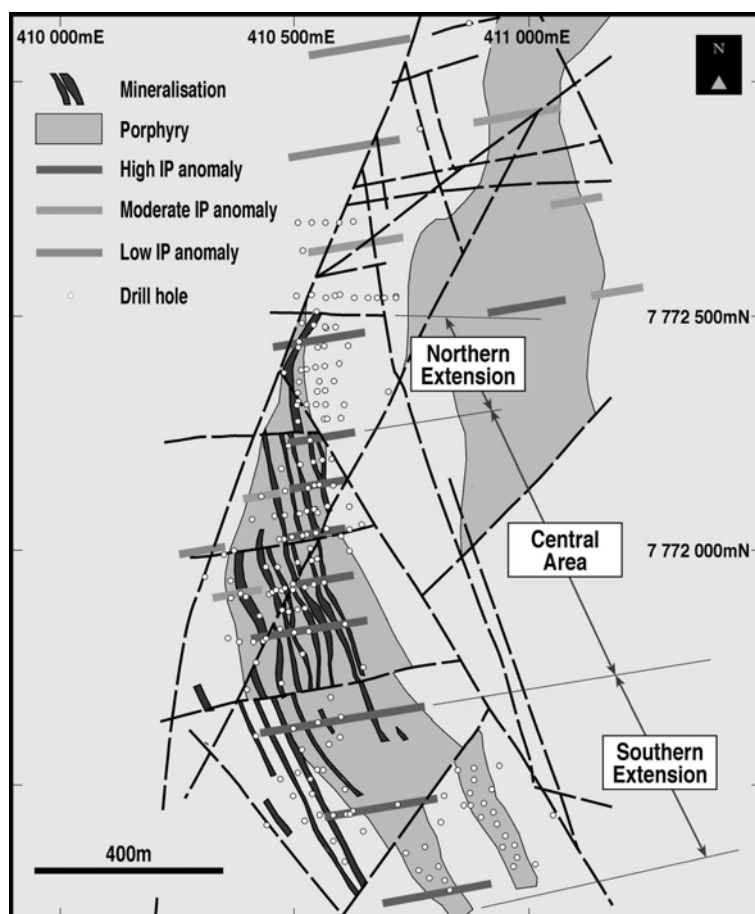


Figure 3. Roseby Project: Little Eva Resource Area and Drill Hole Locations

c. Results

Results were very encouraging, showing good consistency of higher grade mineralisation in the Northern Extension, confirmation of the structural interpretation in the Central Area and identification of significant areas of mineralisation in the Southern Extension. Mineralised intersections for all holes (at a nominal 0.5% copper cut-off unless otherwise noted) are listed in Table 2.

i. Northern Extension

All seven holes in the Northern Extension were drilled vertically to drill across the 50-60 degrees east dipping porphyry and the west-dipping mineralised 'ladderwork' structures. Two holes were abandoned for technical reasons. One has been developed as a water-monitoring bore while the other has been cased and will be extended by core drilling during the 2005 programme.

The true thickness of the host porphyry varies from 60 metres in the south to around 25 metres in the northern-most section drilled. Drilling has confirmed that mineralisation in this zone extends to a vertical depth of at least 200 metres.

Significant intersections at a nominal 0.5% copper cut-off grade include:

LER 170: 27m @ 1.47 % copper, 0.18 gpt gold
LER 171: 22m @ 2.03 % copper, 0.21 gpt gold
LER 172: 34m @ 1.72 % copper, 0.15 gpt gold
and 8m @ 3.36 % copper, 0.27 gpt gold
LER 180: 18m @ 1.42 % copper, 0.18 gpt gold
and 34m @ 1.02 % copper, 0.16 gpt gold
LER 181: 5m @ 1.06 % copper, 0.25 gpt gold.

ii. Southern Extension

The porphyry in the Southern Extension area hosts several mineralised fracture systems over a horizontal width of up to 300 metres and over a strike length at least 400m in a south-easterly direction from the southern limit of the Central Area (Figure 3). Geochemical and geophysical surveys indicate that this mineralisation may extend 200m further south-easterly, in an area as yet untested by drilling.

Preliminary drilling in the Southern Extension area, earlier in 2004, returned encouraging results from three mineralised zones referred to as Southwest, Central and Southeast. Follow-up drilling in the December Quarter confirmed the potential of the Southern Extension to host sulphide copper-gold resources. Some of the better intersections included:

LER 178: 11m @ 1.07 % copper, 0.21 gpt gold
LER 182: 7m @ 1.46 % copper, 0.29 gpt gold
LER 183: 8m @ 1.01 % copper, 0.15 gpt gold
LER 186: 11m @ 1.19 % copper, 0.35 gpt gold.

These higher grade intersections are within wider haloes of lower grade mineralisation.

Systematic drilling of the Southern Extension mineralised zones is required to define the zones and their structural controls before resource estimations will be possible. However, Universal is optimistic that a significant resource will be delineated within the area.

Further drilling is planned for the 2005 field season.

iii. Central Area

Four holes were drilled in the Central Area to obtain structural information about the geometry of the mineralisation within the host porphyry. The programme confirmed the company's interpretation and recorded the following intersections of interest (at a nominal 0.5% copper cut-off except as indicated):

LER 192: 151m @ 0.75 % copper, 0.16 gpt gold *
incl 31m @ 1.27 % copper, 0.26 gpt gold
LER 193: 136m @ 0.82 % copper, 0.18 gpt gold *
incl 65m @ 1.11 % copper, 0.20 gpt gold

** no lower cut-off grade use – there intervals include mineralisation below 0.5% copper .*

d. Conclusions

Drilling during the Quarter has delineated the Northern Extension mineralisation, confirmed the Central Area structural interpretation and identified new areas of mineralisation in the 400m Southern Extension, where there is a strong possibility of delineating further resources with additional drilling.

In addition, geophysical and geochemical anomalies extending a further 200m south-easterly, and not yet drilled, suggest the Southern Extension may be larger than originally thought.

Table 1. Little Eva Prospect –RC Drill Holes– December Quarter, 2004

PROSPECT	SECTOR	HOLE NO	TYPE	AMG CO-ORDINATES (m)		DIP (DEGREES)	AZIMUTH (MAG)	TD (m)
				E	N			
Little Eva	North Extension	LER170	RC	410570.00	7772280.00	-90	Vertical	160
Little Eva	North Extension	LER171	RC	410565.00	7772435.00	-90	Vertical	100
Little Eva	North Extension	LER172	RC	410555.00	7772360.00	-90	Vertical	106
Little Eva	South West	LER173	RC	410575.00	7771585.00	-60	255	91
Little Eva	South West	LER174	RC	410550.00	7771530.00	-60	255	109
Little Eva	South East	LER175	RC	410970.00	7771370.00	-90	Vertical	91
Little Eva	South East	LER176	RC	410925.00	7771440.00	-90	Vertical	112
Little Eva	South East	LER177	RC	410885.00	7771535.00	-90	Vertical	76
Little Eva	South Central	LER178	RC	410820.00	7771295.00	-60	255	139
Little Eva	North Extension	LER179	RC	410615.00	7772435.00	-90	Vertical	109
Little Eva	North Extension	LER180	RC	410565.00	7772340.00	-90	Vertical	130
Little Eva	North Extension	LER181	RC	410600.00	7772280.00	-90	Vertical	232
Little Eva	South East	LER182	RC	410905.00	7771460.00	-90	Vertical	88
Little Eva	South East	LER183	RC	410950.00	7771390.00	-90	Vertical	91
Little Eva	South East	LER184	RC	410885.00	7771510.00	-90	Vertical	85
Little Eva	South West	LER185	RC	410535.00	7771510.00	-60	75	100
Little Eva	South East	LER186	RC	410935.00	7771415.00	-90	Vertical	85
Little Eva	South East	LER187	RC	410975.00	7771345.00	-90	Vertical	85
Little Eva	Southwest	LER188	RC	410620.00	7771435.00	-90	Vertical	151
Little Eva	North Extension	LER189	RC	410585.00	7772360.00	-90	Vertical	109
Little Eva	South Central	LER190	RC	410780.00	7771365.00	-60	255	103
Little Eva	Central	LER191	RC	410545.00	7772085.00	-90	Vertical	172
Little Eva	Central	LER192	RC	410550.00	7772080.00	-60	210	151
Little Eva	Central	LER193	RC	410543.00	7772083.00	-60	165	150
Little Eva	Central	LER194	RC	410550.00	7772080.00	-60	120	151
Total		25 Holes						2976 m

RC = Reverse Circulation Percussion

Table 2. Little Eva: Significant Mineralisation – RC Drilling December Quarter 2004

HOLE NO	Sector	Hole Depth (m)	MINERALISED INTERSECTION				
			From	To	Length	Cu %	Au g/t
LER170	North Extension	160	50	59	9	1.89	0.24
			59	70	11	0.35	0.09
			70	76	6	0.51	0.08
			84	90	6	0.58	0.09
			114	141	27	1.47	0.18
LER171	North Extension	100	71	93	22	2.03	0.21
LER172	North Extension	106	37	46	9	3.21	0.45
			59	93	34	1.72	0.15
			incl 82	90	8	3.36	0.27
LER173	South West	91	6	19	13	0.33	0.11
			59	76	17	0.30	0.13
LER174	South West	109	23	29	6	0.32	0.11
			88	93	5	0.32	0.11
LER175	South East	91	4	25	21	0.34	0.12
			25	65	40	0.67	0.17
LER176	South East	112	3	71	68	0.48	0.10
			incl 60	65	5	1.01	0.20
LER178	South Central	139	51	58	7	0.59	0.11
			81	116	35	0.79	0.17
			incl 86	97	11	1.07	0.21
LER180	North Extension	130	50	68	18	1.42	0.18
			incl 63	67	4	3.52	0.35
			81	115	34	1.02	0.16
LER181	North Extension	232	11	16	5	1.06	0.25
			139	148	9	0.42	0.05
LER182	South East	88	2	15	13	0.44	0.21

HOLE NO	Sector	Hole Depth (m)	MINERALISED INTERSECTION				
			From	To	Length	Cu %	Au g/t
			28	44	16	0.96	0.23
			incl 36	43	7	1.46	0.29
LER183	South East	91	26	50	24	0.57	0.12
			incl 38	46	8	1.01	0.15
			61	76	15	0.83	0.16
LER185	South West	100	7	23	16	0.64	0.23
			40	61	21	0.30	0.10
			74	92	18	0.35	0.09
LER186	South East	85	2	29	27	0.58	0.12
			42	53	11	1.19	0.35
LER187	South East	85	8	58	50	0.20	0.10
LER188	Southwest	151	18	25	7	0.58	0.20
			31	37	6	0.65	0.18
LER189	North Extension	109 (abnded)	9	100	9	0.66	NA
LER190	South Central	103	7	75	68	0.18	0.11
LER191	Central	172	5	13	8	0.60	0.20
			69	79	10	0.56	0.16
			129	147	18	0.54	0.18
LER192	Central	151	0	151	151	0.75	0.16
			incl 0	31	31	1.00	0.19
			120	151	31	1.27	0.26
LER193	Central	150	0	136	136	0.82	0.16
			incl 0	65	65	1.11	0.20
			incl 54	65	11	2.07	0.26
			116	136	20	1.05	0.23
LER194	Central	151	0	21	21	0.48	0.08
			47	67	20	0.40	0.11
			90	108	28	0.32	0.11
			123	139	16	0.38	0.13

Copper analyses by GA 145 (ore grade) method. Gold by aqua regia (P649) method. All results un-cut.

2.1.3. RESOURCES

a. Little Eva

A new resource estimate for the Central and Northern Zones of the Little Eva deposit (Figure 3) has increased the resources (at a 0.5% cut-off grade) by 90% for copper and 122% for gold, exceeding the company's expectations.

The estimate was determined by McDonald Speijers (MS), specialist resource estimation consultants. The estimate incorporates all drilling completed to the end of 2004 in the Central and Northern Zones of the deposit. Further drilling is required in the Southern Zone before a reliable estimate can be undertaken.

All resources are classified as Inferred under the JORC Code and are summarised in Table 3.

The large resource at both lower and higher copper cut-off grades are encouraging signs that there will be considerable opportunity to maximise the economics of any mining operation utilising the deposit.

Table 3. Little Eva: Inferred Resource Estimate

CUT-OFF GRADE	TONNES (M)	COPPER (%)	GOLD (GPT)	CONTAINED METAL	
				COPPER (T)	GOLD (OZ)
0.3% copper	30	0.8	0.15	240,000	144,700
0.5% copper	15	1.2	0.2	180,000	96,500
1.0% copper	5.5	2.0	0.3	110,000	53,000

MS used the Recovered Fraction method of block modelling. This procedure is a form of indicator modelling developed by MS and considered by them to be most appropriate for the Little Eva deposit.

The estimate is limited to a depth of approximately 200m below surface and a strike length of 925m incorporating the Central and Northern Zones of the deposit (Figure 3). It should be noted that the previous 'global' estimate for the Little Eva deposit, of 9 million tonnes at 1.05% copper and 0.15 gpt gold (0.5% cut-off), included some drilling to over 300m vertical depth.

Drilling in the Southern Extension, whilst encouraging, is not yet of a sufficient density to enable a formal resource estimate to be undertaken. Additional drilling in this area is likely to further increase resources at Little Eva.

b. Total Roseby Copper-Gold Resources

There are two principal mineralisation types within the Roseby Resource base (Table 4):

- ***Stratabound copper deposits*** of mainly native copper in the oxide zone; and
- ***Hydrothermal copper-gold deposits*** of mainly sulphide minerals, with a shallow oxide zone near surface.

Inferred Resources in the five (mainly) sulphide hydrothermal copper-gold deposits (at a 0.5% cut-off grade) now total:

21.5 million tonnes at 1.19 % copper and 0.28 gpt gold
or, (using a 0.3% cut-off grade for Little Eva).
36.5 million tonnes at 0.86 % copper and 0.21 gpt gold.

These resources are within the range of 20-25 million tonnes (or 30-40 million tonnes) anticipated for the hydrothermal deposits, but exceed the expected level of contained metal due to the higher grade of the new resource estimate for Little Eva. This is despite the fact that less drilling than planned was completed during the year.

Stratabound (oxide) resources in all categories, at a 0.5% cut-off grade, total:

60.6 million tonnes at 0.77% copper.

Combined stratabound oxide and hydrothermal (sulphide) resources now total:

82 million tonnes at 0.88 % copper and 0.07 gpt gold
or (using a 0.3% cut-off for Little Eva)
97 million tonnes at 0.8% copper and 0.08 gpt gold.

Table 4. Roseby combined Oxide and Sulphide Resources (at 0.5% copper cut-off grade)

DEPOSIT	RESOURCES (0.5% copper cut-off)												CONTAINED METAL	
	MEASURED			INDICATED			INFERRED			TOTAL			COPPER	GOLD
	Tonnes	Grade		Tonnes	Grade		Tonnes	Grade		Tonnes	Grade			
	(M)	Cu (%)	Au (gpt)	(M)	Cu (%)	Au (gpt)	(M)	Cu (%)	Au (gpt)	(M)	Cu (%)	Au (gpt)	(T)	(Oz)
OXIDE DEPOSITS														
Blackard	13.72	0.78	0.00	7.90	0.73	0.00	5.20	0.69	0.00	26.82	0.75	0.00	200,706	0
Legend				3.74	0.65	0.00				3.74	0.65	0.00	24,310	0
Longamundi				5.06	0.81	0.00				5.06	0.81	0.00	40,986	0
Great Southern				3.72	0.78	0.00				3.72	0.78	0.00	29,016	0
Scanlan				13.30	0.79	0.00				13.30	0.79	0.00	105,070	0
Ken Brown							4.00	0.80	0.00	4.00	0.80	0.00	32,000	0
Caroline							4.00	0.80	0.00	4.00	0.80	0.00	32,000	0
Sub-total oxides	13.72	0.78	0.00	33.72	0.76	0.00	13.20	0.76	0.00	60.64	0.77	0.00	464,088	0
SULPHIDE DEPOSITS														
High Grade Resources														
Little Eva							15.00	1.20	0.20	15.00	1.20	0.20	180,000	96,500
Lady Clayre zone A							3.60	1.19	0.55	3.60	1.19	0.55	42,840	63,658
Lady Clayre zone F							0.90	0.86	0.38	0.90	0.86	0.38	7,740	10,996
Bedford North							1.31	1.22	0.34	1.31	1.22	0.34	15,982	14,320
Bedford South							0.71	1.25	0.32	0.71	1.25	0.32	8,875	7,305
Sub-total sulphides							21.52	1.19	0.27	21.52	1.19	0.27	255,437	192,779
TOTAL RESOURCES	13.72	0.78	0.00	33.72	0.76	0.00	34.72	1.02	0.17	82.16	0.88	0.07	719,525	192,779

In addition, the persistent copper anomalism, often with extensive near-surface oxide copper mineralisation, may reflect the presence of a semi-continuous system of primary sulphide mineralisation at depth that has so far been very inadequately tested by drilling.

A review of data, since the acquisition of Logistics, has identified a small number of drill holes, primarily aimed at the oxide mineralisation or the oxide-sulphide interface, that have intersected good grade copper mineralisation. Typically, the primary sulphide assemblage consists of bornite-chalcopyrite-pyrite-pyrrhotite.

Some of the more significant sulphide intersections achieved from the very limited drilling undertaken to-date, include:

Blackard BC 340	21 metres at 2.25% copper from 222 metres
Blackard BC 219	51 metres at 1.01% copper from 181 metres
Blackard BC 220	15 metres at 1.18% copper from 170 metres
Blackard BC 339	6 metres at 3.16% copper from 140 metres
Blackard BC 370	8 metres at 1.55% copper from 202 metres
Blackard BC 144	15 metres at 1.12% copper from 161 metres
Blackard BC 160	9 metres at 1.43% copper from 128 metres
Blackard BC 299	10 metres at 1.25% copper from 90 metres
Scanlan SC 067	12 metres at 1.72% copper from 106 metres.

The nature of the host rocks and the setting for this mineralisation is interpreted as a stratabound bornite-chalcopyrite-pyrite-pyrrhotite system of considerable strike extent, which has the potential to host a copper deposit of world-class proportions.

The 2005 field programme will include drilling of the sulphide system underlying the oxide deposits with the aim of delineating sulphide deposits that may be exploited by open cut mining methods. Deeper, underground mining potential will be investigated at a later date.

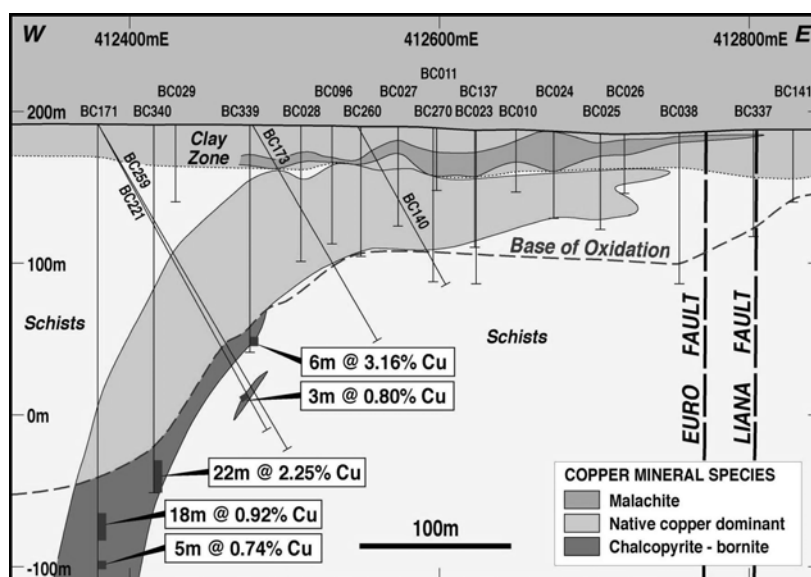


Figure 5 Blackard Cross Section showing sulphide copper intersections

2.1.5 DETAILED FEASIBILITY STUDY

The company has commenced a study that will investigate the economics of establishing a mining and treatment operation at Roseby with a throughput of up to 10 Mtpa. The operation would be based on the combined sulphide and oxide resources at Roseby, currently totalling nearly 100 million tonnes grading around 0.8% copper and 0.08 gpt gold (Table 4 above). If viable, such an operation would have annual production of up to 70,000 tonnes per annum of copper and 25,000 ounces per annum of gold, making it one of the largest copper producers in Australia.

Considerable feasibility work relating to the oxide deposits has been undertaken by Logistics and is available for use in the new study. In addition, Universal has previously undertaken various investigations required for a feasibility study of the sulphide deposits. Current status of the study is summarised below.

Personnel

A group of specialist consultants has been selected for work on the study and several aspects of the study are well advanced. The company is currently reviewing the capability and availability of a number of internationally recognised engineering groups with a view to appointing one to manage the study. An appointment is expected to be made in the near future.

Environment

The Terms of Reference for a voluntary Environmental Impact Statement (EIS) for the development have been agreed to by the EPA and advertised in the press. The comment period commenced on 6 January and concludes on 18 February following which the Terms of Reference may be modified. The entire environmental approval will be one of the main determinants for granting of mining leases for the Project.

A considerable amount of environmental monitoring and data collection has been undertaken by previous owners of the property and by Logistics. This data is all available to the company.

Native Title

Negotiations with the Kalkadoon Native Title Claimants (Kalkadoon People) for an Indigenous Land Use Agreement (ILUA) are progressing satisfactorily. Relations with the Kalkadoon People are excellent and the company is confident of establishing a mutually beneficial arrangement to allow mining in the future. It is anticipated an agreement could be finalised in the June quarter 2005.

Hydrology

A preliminary hydrogeological assessment of the Little Eva area has been completed by KH Morgan Geological Consultants Pty Ltd. This work included airlift flow tests on several drill holes and the establishment of piezometers in a number of holes for future water level monitoring.

Metallurgy

A review of all previous metallurgy testwork is in progress.

Recent flotation testing of Little Eva (Northern Extension) and Lady Clayre sulphide mineralisation returned excellent results, confirming these deposits should have recoveries in excess of 90% for copper and 85% for gold, using standard flotation techniques and reagents.

Core Drilling

A core drill programme commenced at Little Eva to provide samples for advanced metallurgical test work and to provide geotechnical data for mine pit studies. Further large diameter core drilling will be undertaken once the wet season has abated.

Timing

The feasibility study is expected to be completed during the December quarter of 2005. If successful, initial production from Roseby could commence in late 2006.

2.2 CAMERON RIVER AND HAPPY VALLEY (*Universal 100%*)

No field work was undertaken on these tenements during the quarter.

2.3 NSW PROJECTS (*Universal 90% interest*)

During the Quarter a low-level airborne magnetic and radiometric survey was conducted by UTS Geophysics over the entire Collector project area. The survey was flown at 50 metre line spacings and a sensor height of a nominal 30m. The data is currently being processed by Southern Geoscience Consultants.

No field work was undertaken at Burra.

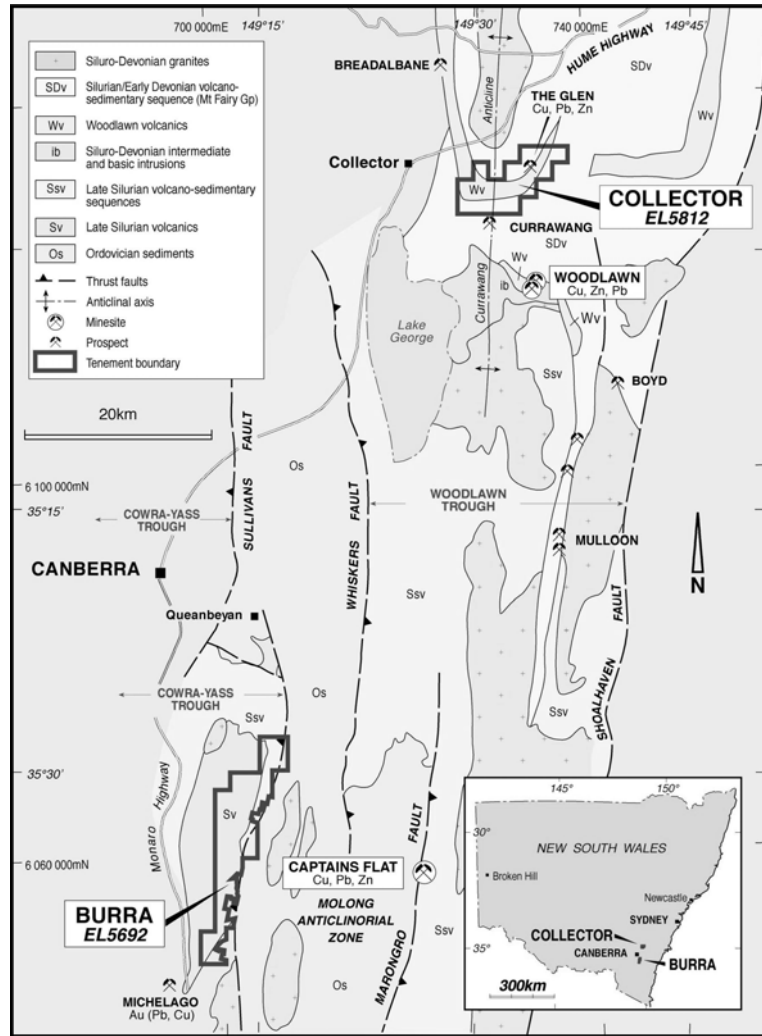


Figure 6: Universal Resources NSW Project

2.4 EXPLORATION EXPENDITURE

December 2004 quarter exploration expenditure was \$750,000.

Exploration and feasibility related expenditure during the March 2005 quarter is expected to be \$1,000,000.

P. Ingram

P. A. J. INGRAM (BSc, FAusIMM, MGSA, FAICD)
Chairman and Managing Director

In accordance with Australian Stock Exchange Limited Listing Rules 5.10, 5.12 and 5.13, technical information contained in this report has been compiled by competent persons who are corporate members of the Australasian Institute of Mining and Metallurgy and who have consented in writing to the inclusion of such technical information in the form in which it appears in this report. The competent persons are

M W H Hoyle, B.Sc (Hons), FAusIMM, MSEG;

L. Reisgys, B.Sc (Hons), Grad Dip (Min Econ), FAusIMM (CP), MAIG;

D Speijers, Principal Consultant, McDonald Speijers (Little Eva resource estimate only).

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

UNIVERSAL RESOURCES LIMITED

ABN

35 090 468 018

Quarter ended ("current quarter")

31 December 2004

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (six months) \$A'000
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for (a) exploration and evaluation	(750)	(1,367)
(b) development		
(c) production	(165)	(231)
(d) administration		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	23
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (GST)	(47)	(17)
Net Operating Cash Flows	(952)	(1,592)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(120)	(120)
(b)equity investments		
(c) other fixed assets		(13)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(120)	(133)
1.13 Total operating and investing cash flows (carried forward)	(1,072)	(1,725)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,072)	(1,725)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,774	5,774
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Cost of Issue)	(328)	(362)
	Net financing cash flows	5,387	5,740
	Net increase (decrease) in cash held	4,374	3,687
1.20	Cash at beginning of quarter/year to date	528	1,215
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,902	4,902

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	112
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Salaries and directors fees and superannuation

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Investment in Bolnisi Logistics Pty Limited by the issue of 65,200,000 ordinary shares.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

3.1	Loan facilities	N/A	
3.2	Credit standby arrangements	N/A	

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	\$1,000
4.2	Development	
Total		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	4,902	1,215
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		4,902	1,215

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	See Appendix A Purchase of Bolnisi Logistics Interest in % ownership		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>			N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	197,218,606	197,218,606	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	6,625,190 17,917,333 65,200,000 25,667,672	6,625,190 17,917,333 65,200,000 25,667,672	11.5c 11.5c 15.0c 11.5c	11.5c 11.5c 15.0c 11.5c
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	29,356,789	29,356,789	<i>Exercise price</i> 20c	<i>Expiry date</i> 10 July 2005
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

+ See chapter 19 for defined terms.

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2005
(Company Secretary)

Print name: DESMOND KELLY

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

APPENDIX A			
CHANGES IN INTEREST IN MINING TENEMENTS			
Purchase of Bolnisi Logistics Interest in % ownership			
Tenement Number	Name	Interest at Beginning of quarter	Interest at end of quarter
EPM 8506	Mt Roseby	50%	100%
EPM 9056	Pinnacle	50%	100%
EPM 10266	Highway	50%	100%
EPM 10833	Cam River	50%	100%
EPM 11004	Ogorilla	50%	100%
EPM 13249	Lilliput	50%	100%
EPMA 11611	Gulliver	50%	100%
EPMA 12121	Gulliver East	50%	100%
EPMA 12492	Queen Sally	50%	100%
EPMA 12493	Quamby	50%	100%
EPMA 12529	Cabbage Tree	50%	100%
EPMA 14535	Roseby Infill	50%	100%
MDL 12	Little Eva	50%	100%
MDL 80	Roseby	50%	100%
MDL 81	Bedford	50%	100%
MDL 82	Green Hills	50%	100%
MDL 83	L E Insur No. 1 and 2	50%	100%
MDL 84	L E Insurance No. 3	50%	100%
MS 3072	Little Eva	25%	50%
ML 2600	Dugald River 58	50%	100%
ML 2647	Lady Clayre / Rodex 1	50%	100%
ML 2648	Lady Clayre / Rodex 2	50%	100%
ML 2649	Lady Clayre / Rodex 3	50%	100%
ML 2650	Lady Clayre / Rodex 4	50%	100%
ML 2651	Lady Clayre / Rodex 5	50%	100%
ML 2581	Scanlan 1	50%	100%
ML 2582	Scanlan 2	50%	100%
ML 2583	Scanlan 3	50%	100%
ML 2584	Scanlan 4	50%	100%
ML 2585	Scanlan 5	50%	100%
ML 2652	Rodex 6	50%	100%
ML 2653	Rodex 7	50%	100%
ML 2654	Rodex 8	50%	100%
ML 2655	Rodex 9	50%	100%
ML 7497	Longamundi	50%	100%
ML 90048	Longamundi 2	50%	100%
ML90052	Scanlan 7	50%	100%
ML 90053	Scanlan 8	50%	100%
ML 90054	Scanlan 9	50%	100%
ML 90055	Caroline Revised	50%	100%
ML 90056	Rodex 10	50%	100%
MF 13961	Longamundi	50%	100%

APPENDIX A**CHANGES IN INTEREST IN MINING TENEMENTS****Applications for Exploration Permits**

Tenement Number	Name	Interest
EPMA 14822	River Gum	100%
EPMA 14362	Malbon Vale	100%
EPMA 14363	Bannockburn	100%
EPMA 14364	Waggaboonya	100%
EPMA 14365	Corella	100%
EPMA 14366	Bushy Park	100%
EPMA 14367	Spider	100%
EPMA 14368	Templeton	100%
EPMA 14369	Dronfield	100%
EPMA 14370	Malakoff	100%
EPMA 14371	Mt Angelay	100%
EPMA 14545	Murrumba	100%
EPMA14556	Coolullah	100%
EPMA 14562	Clonagh	100%