

# Universal Resources Limited

ACN 090 468 018

Presentation by

**Peter Ingram**

**Chairman & Managing Director**

February 2008

## Anticipated Copper Production In 2009

### THE ROSEBY COPPER STORY



## CHAIRMAN AND MANAGING DIRECTOR

### **Peter Ingram**

**Geologist – over 40 years experience in the minerals industry including 30 years in public company management**

## TECHNICAL DIRECTOR

### **Maurie Hoyle**

**Geologist – over 40 years experience in exploration and mining geology**

## NON-EXECUTIVE DIRECTORS

### **James Walls**

**Geophysicist – over 40 years experience in minerals, oil and gas industries**

### **Jason Brewer**

**Mining Engineer – 15 years experience in resources and investment banking**

### **Bruce Fulton**

**Geologist – worked extensively in mining, exploration and senior recruiting for the resources sector**

## **COMPANY SECRETARY**

**Des Kelly**

**Accountant – over 30 years experience in public company administration both as director and Company Secretary**

## **CHIEF FINANCIAL OFFICER**

**Simon Michael**

**Accountant – 17 years experience in commerce, treasury functions, project financing and metal hedging, both base metals and gold**

# Issued Shares & Market Data

<b>Issued FPO Shares</b>	<b>299.0M</b>
<b>Shares to be issued on conversion of CN's Cash (31 December 2007)</b>	<b>84.5M</b>
<b>Share price (31 January 2008)</b>	<b>A\$3.8M</b>
<b>Market Capitalisation</b>	<b>7.6c</b>
<b>Fully diluted for Converting Notes</b>	<b>A\$23M</b>
	<b>A\$29M</b>

# Why Copper?

## Copper supply and demand

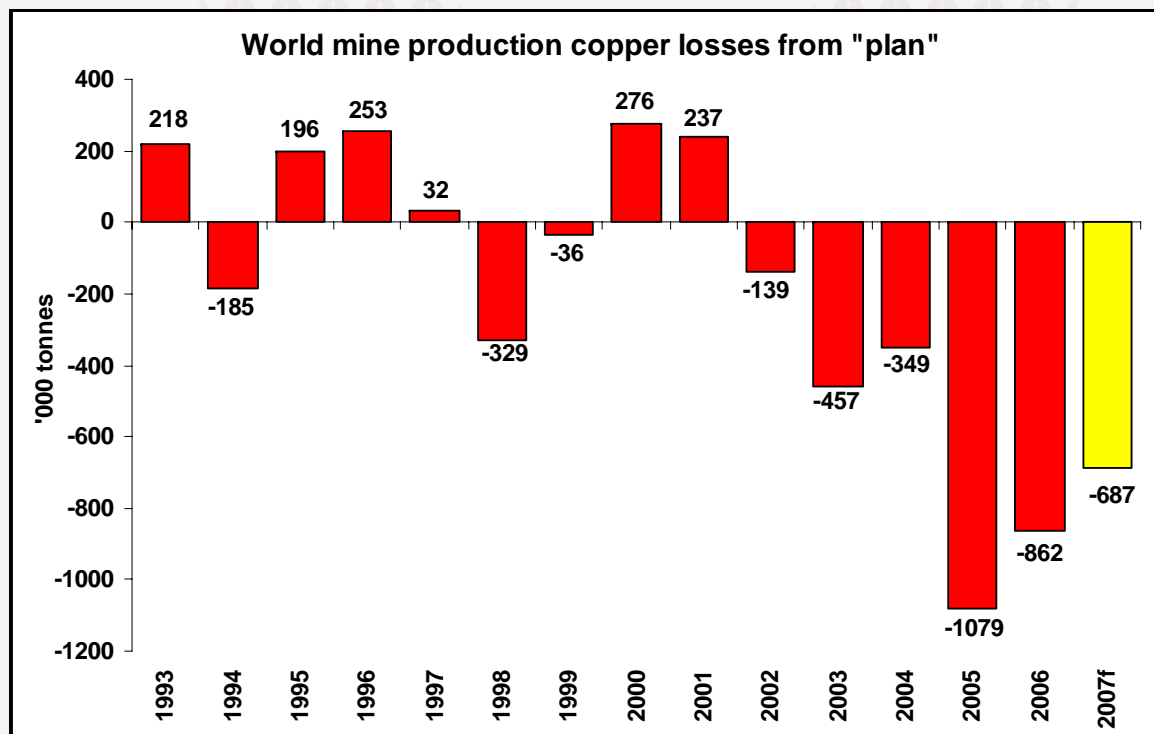
**“Decoupling” is real in demand:**

- **Share of developing country demand growth (mainly) China now very large – offsetting weakness in OECD**
- **Growth rates in developing countries now much faster than in past due to growth “take-off”**
- **Supply disruptions and delays to new capacity remain a major issue – average losses from plan now 4–5% a year vs. 0–2% in past**
- **Marginal costs have risen dramatically as extremely high-cost (mainly Chinese) supply has come on-stream – floor on prices now much higher**

*Source: Macquarie Capital Securities (Europe) Limited, January 2008*

# Copper Supply and Demand

## Copper mine production gains and losses (4Q prior year forecast vs actual)



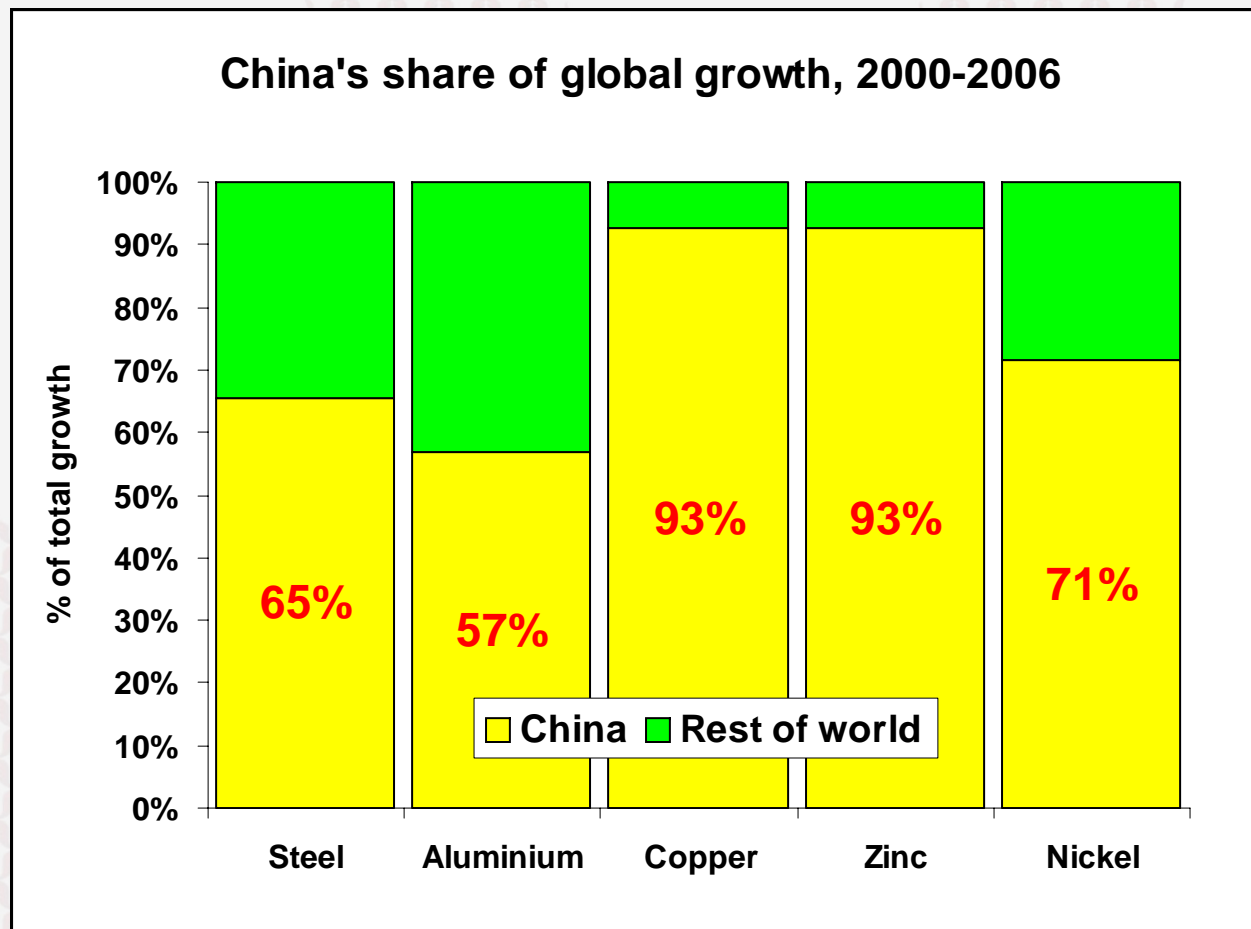
**Global mine production has underperformed plans for the past six years, and was massively below plan over the past three years.**

**Losses this year look as though they will be equivalent to over 4% of annual production. We assume a 4% loss again next year and 3% thereafter.**

*Source: Macquarie Capital Securities (Europe) Limited, January 2008*

# The China Influence

## China dominates demand growth



Source: Macquarie Capital Securities (Europe) Limited, January 2008

## Longer term themes (next ten years)

**Strong demand growth – still China, but also Russia, Middle East and India.**

**Non Chinese supply struggling – producers are trying hard to bring on additional capacity, but planned projects continue to be delayed.**

**It will be hard to get markets back into surplus on a sustained basis. Inventories will remain at very low levels for a long time.**

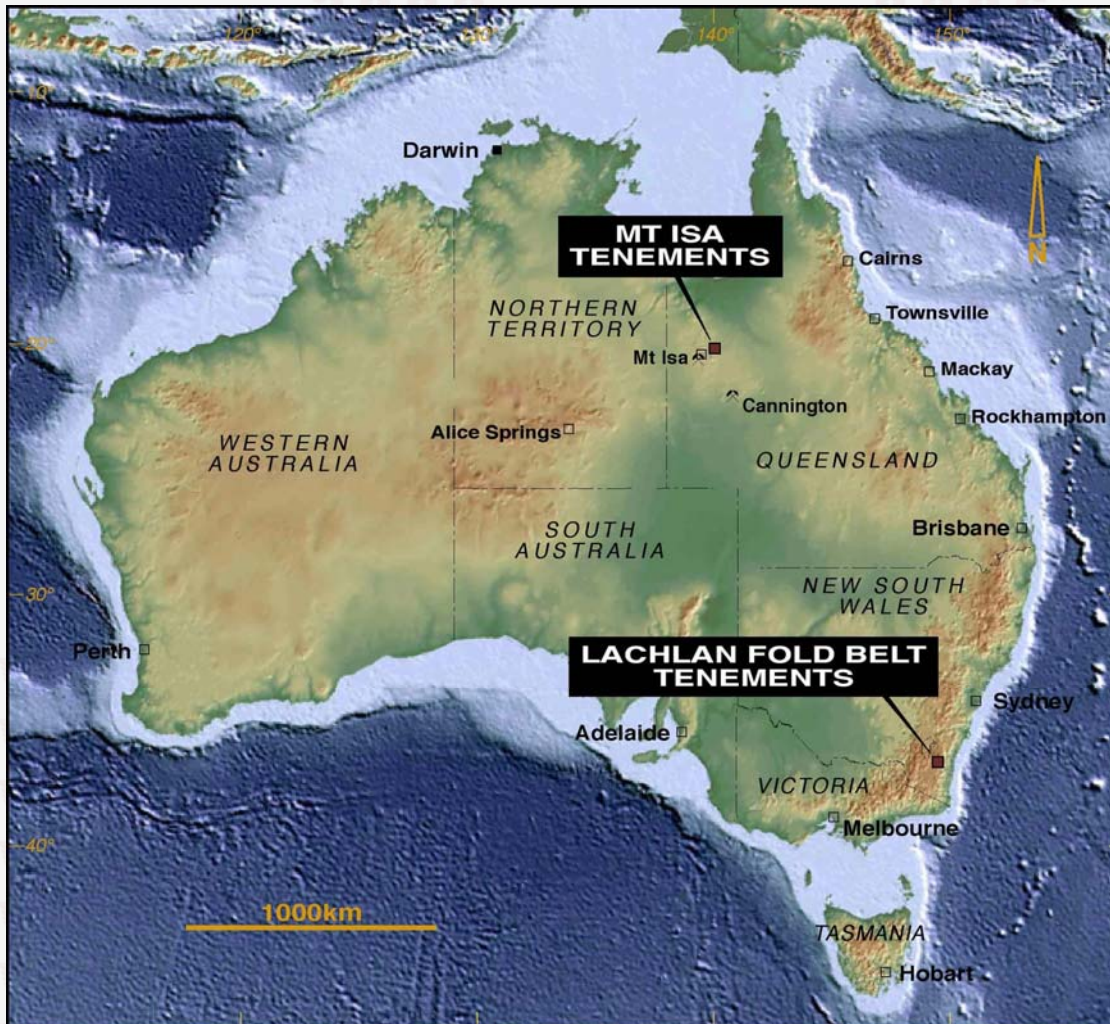
**Prices will take several years to return to “normal”.**

**“Normal” will be at a higher level than in past due to higher industry costs.**

**China is bringing on **high cash-cost** supply.**

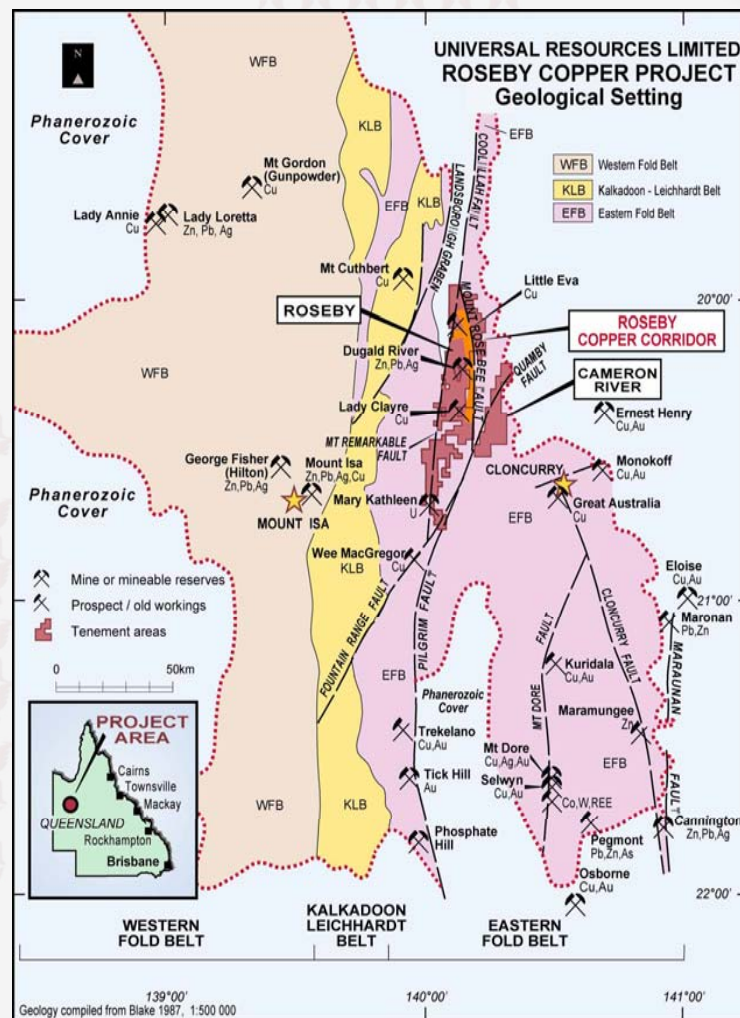
**“Normal” will also be higher due to more controlled industry behaviour = greater industry concentration (profits rather than volumes the target).**

# Project Locations



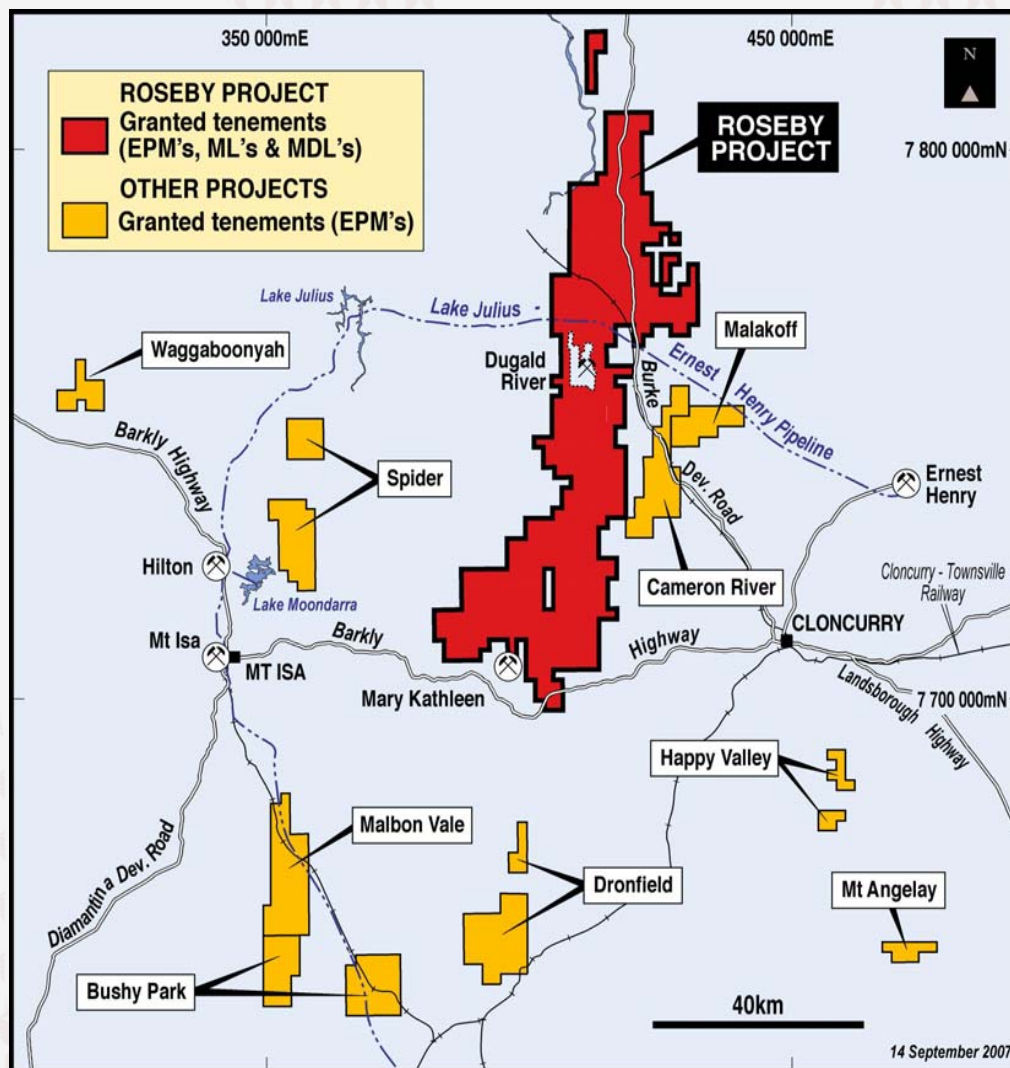
## A Location of Choice

- Favourable political environment
- Favourable infrastructure
- Favourable geology
- Highly mineralised province



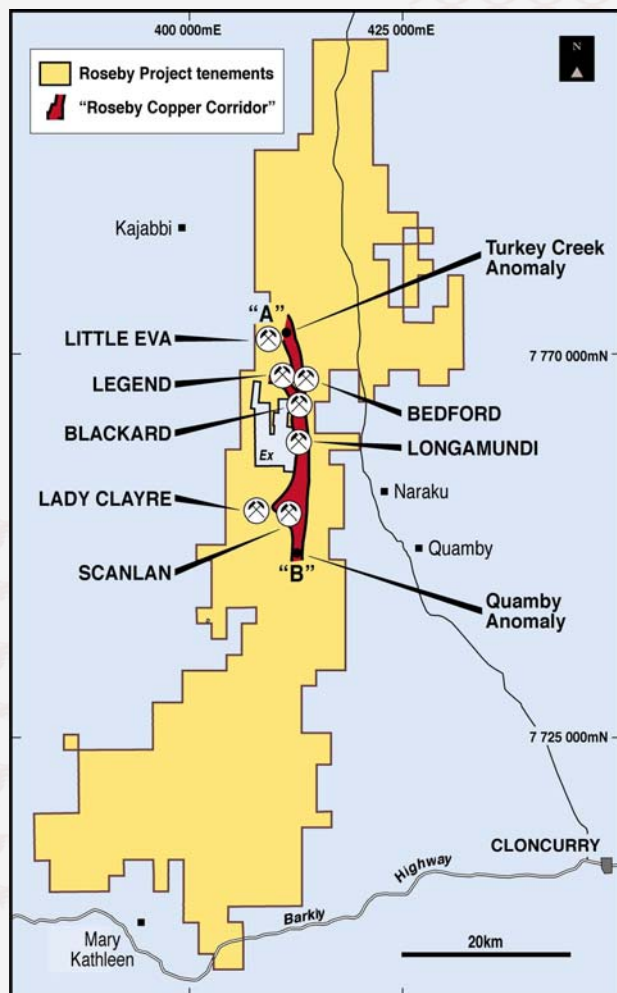
# Mt Isa Tenements

## Location and Infrastructure



# Roseby Copper Project

## An Overview



## Project Ownership

- 100% Universal with potential for Xstrata Copper to acquire 51%

## Production Profile

- >20,000tpa copper increasing to >35,000tpa
- 2009 start-up

## Tenements and Potential

- 1655 sq km of tenements
- 25 km Roseby Copper Corridor
- Substantial exploration upside

# Roseby Copper Project

**One of the largest undeveloped copper resources in Australia**

DEPOSIT TYPE	IN SITU RESOURCES*			CONTAINED METAL*	
	Tonnes (M)	Copper (%)	Gold (gpt)	Copper (t)	Gold (Oz)
Sulphide	35.8	0.80	0.18	287,000	205,000
Native copper	92.7	0.64	0.01	591,000	34,000
<b>Total</b>	<b>128.5</b>	<b>0.68</b>	<b>0.06</b>	<b>878,000</b>	<b>239,000</b>

•As at October 2007

•0.3% copper cut-off grade

•Excludes Ivy Ann deposit 27km to the SE at Cameron River (4 million tonnes at 0.72 copper and 0.17 gpt gold)

# Roseby Copper Project

## Proved and Probable Ore Reserves

Deposit	Ore (MT)	Grade		Contained Metal	
		Copper (%)	Gold (gpt)	Copper (T)	Gold (oz)
Little Eva	18.27	0.72	0.12	131,544	73,342
Blackard	22.85	0.66	0.00	151,724	0
Scanlan	9.20	0.70	0.00	64,400	0
<b>Total</b>	<b>50.32</b>	<b>0.69</b>	<b>0.05</b>	<b>347,668</b>	<b>73,342</b>

*Seven deposits not yet converted to Reserves*

## Based on designed mill, not CITIC SAG mill

### PHASE 1

- **4Mtpa throughput**
- **>20,000tpa copper in concentrates**
- **\$177.1M CAPEX including pre-strips**

### PHASE 2

- **8Mtpa throughput**
- **>35,000tpa copper in concentrates**
- **\$98M expansion CAPEX including pre-strips**

# Project Economics

## Phase 1 Operation

<b>Copper Price (US\$/lb)</b>	<b>Fwd Curve</b>	<b>3.50</b>
<b>Forex (US\$/A\$)</b>	<b>Fwd Curve</b>	<b>0.80</b>
<b>Gold Price (US\$/oz)</b>	<b>Fwd Curve</b>	<b>800</b>
<b>LOM Cash Flow (A\$M)</b>	<b>493</b>	<b>1,010</b>
<b>NPV (8.5% disc't) (A\$M)</b>	<b>186</b>	<b>453</b>
<b>IRR (%)</b>	<b>24</b>	<b>41</b>
<b>Mine Life (years)</b>	<b>12.3</b>	<b>12.3</b>
<b>Capital Payback (years)</b>	<b>3.5</b>	<b>1.2</b>

# Project Economics

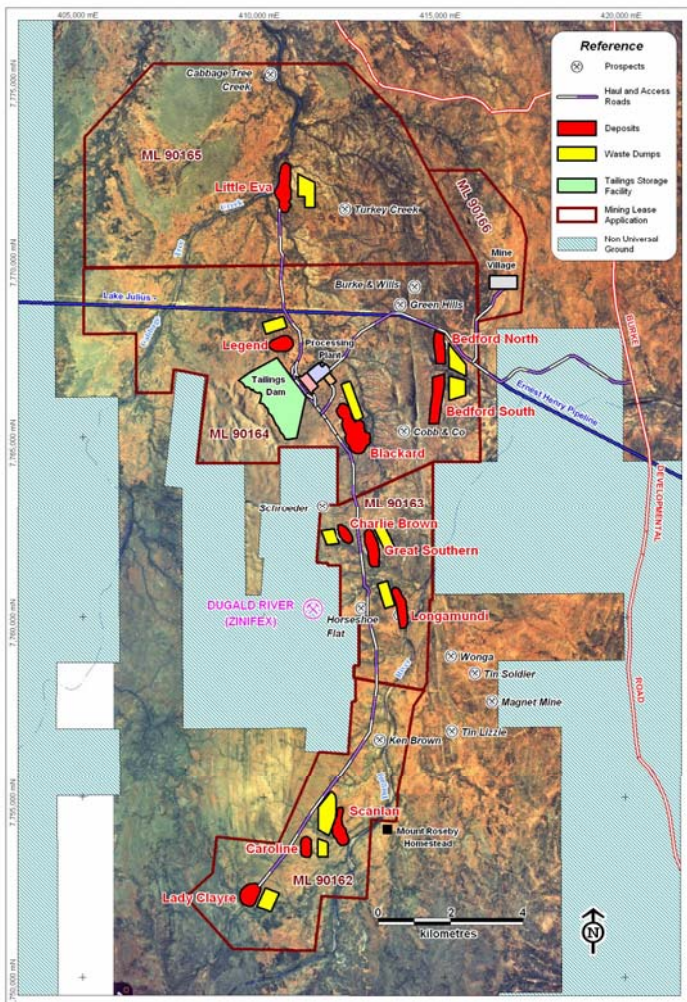
## Phase 2 Operation

<b>Copper Price (US\$/lb)</b>	<b>Fwd Curve</b>	<b>3.50</b>
<b>Forex (US\$/A\$)</b>	<b>Fwd Curve</b>	<b>0.80</b>
<b>Gold Price (US\$/oz)</b>	<b>Fwd Curve</b>	<b>800</b>
<b>LOM Cash Flow (A\$M)</b>	<b>479</b>	<b>961</b>
<b>NPV (8.5% discount)</b>	<b>224</b>	<b>520</b>
<b>IRR (%)</b>	<b>28</b>	<b>47</b>
<b>Mine Life (years)</b>	<b>7.3</b>	<b>7.3</b>
<b>Capital Payback (years)</b>	<b>3.5</b>	<b>2.5</b>

<b>Operation</b>	
<b>Throughput (Mtpa)</b>	
<i>Phase 1</i>	<b>4.00</b>
<i>Phase 2</i>	<b>8.00</b>
<b>LOM Concentrate (t)</b>	<b>800,000</b>
<b>LOM Copper (t)</b>	<b>255,000</b>
<b>LOM Gold (oz)</b>	<b>60,000</b>

# Roseby Copper Project

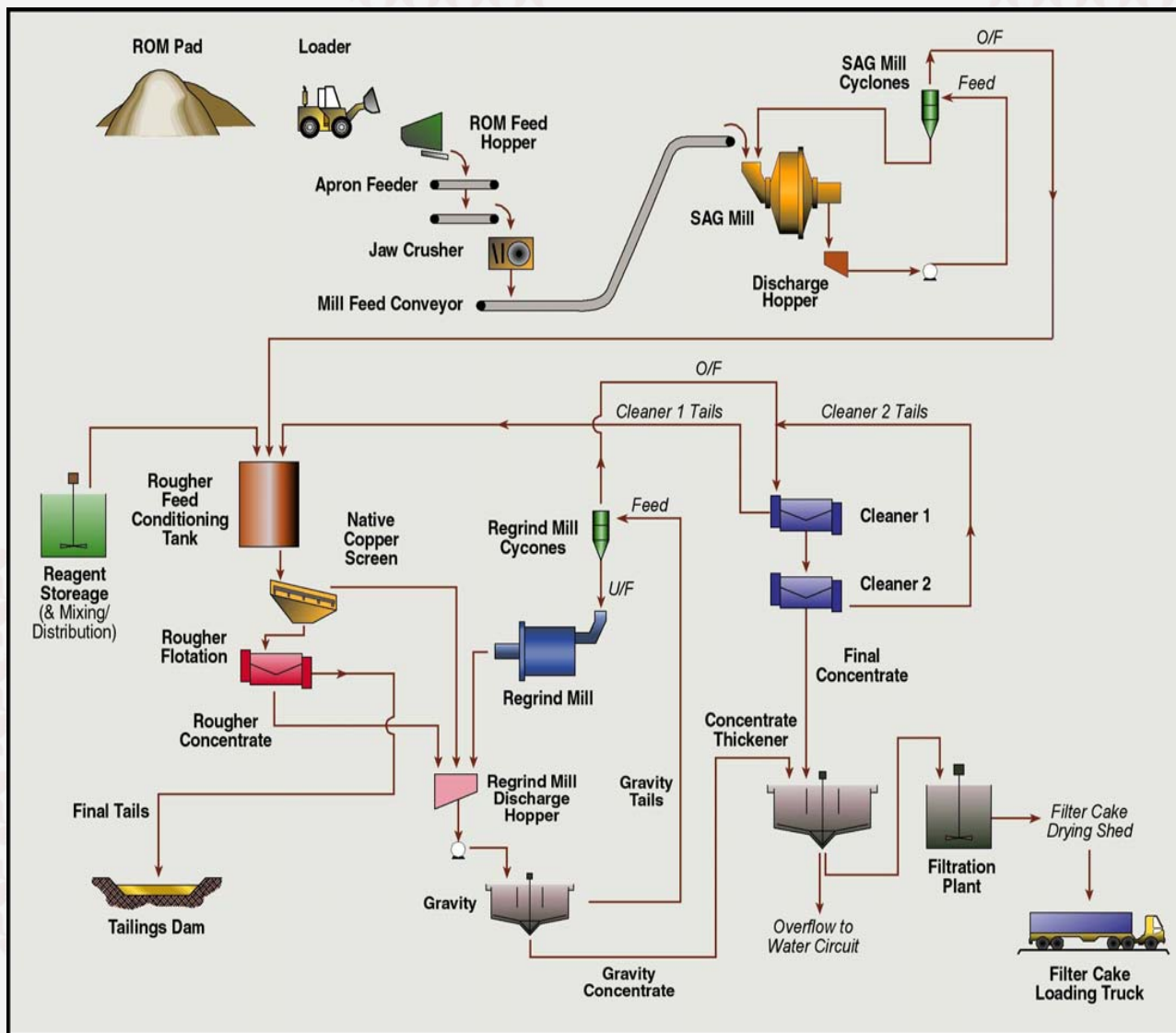
## Deposits and Site Layout



- Central treatment plant
- 10 deposits over 25km strike length
- Water available from pipeline and pit dewatering
- Grid power from Mt Isa
- 70km power line from Chumvale

- **Very simple, proven process**
- **Very low technology risks**
- **Simple automated operation – low labour costs**

# Flow Chart



## Simple flotation process for both ore types

### **Native copper**

- soft ore
- 62 to 64% recovery
- >30% of mainly molecular to ultrafine copper in hydro-biotite
- Very fine grained, therefore no milling problems

### **Sulphides**

- moderate hardness
- excellent 96.4% recovery
- very fractured

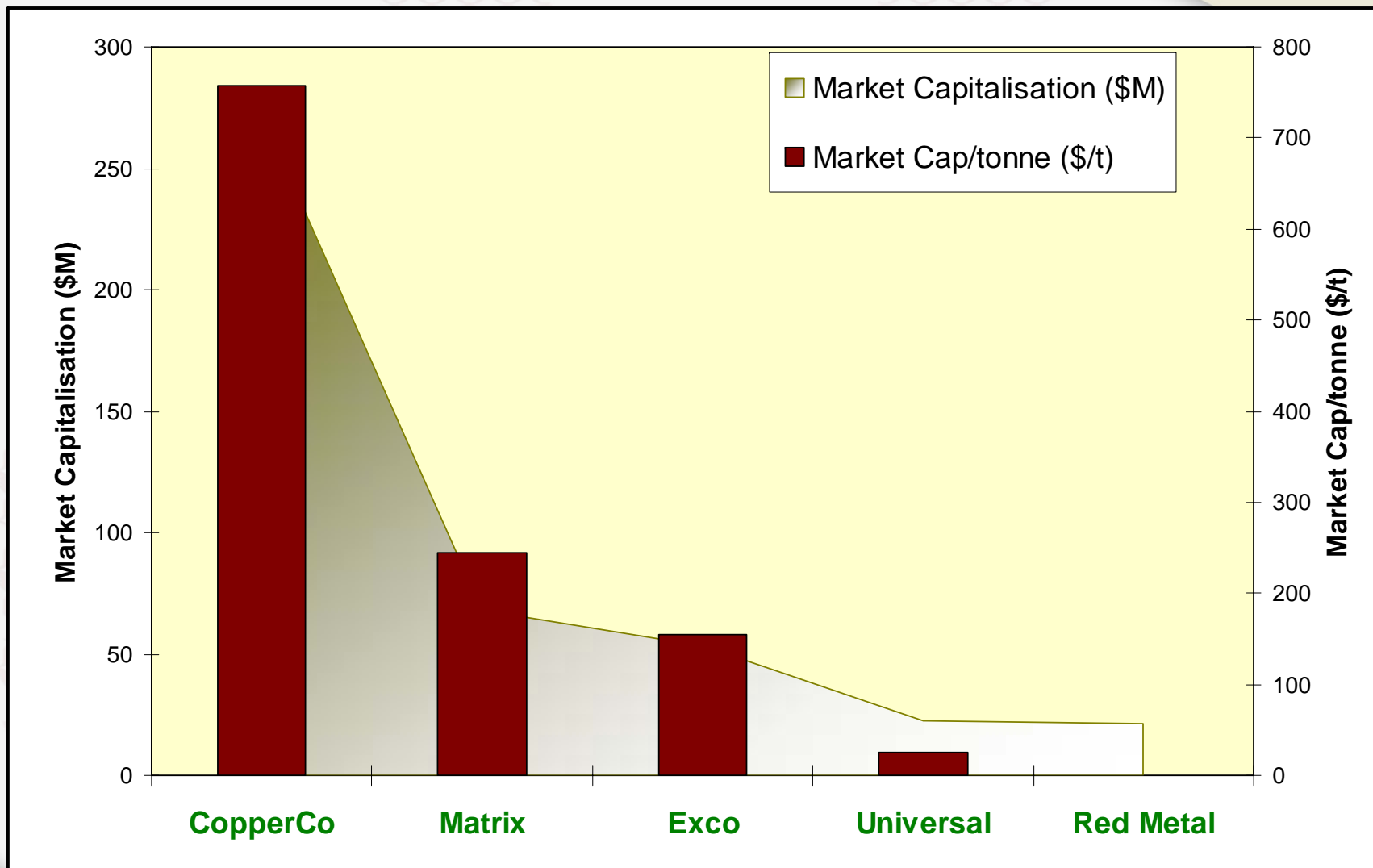
- **Low cost bulk mining**
- **Native copper deposits are soft and require little blasting**
- **Sulphide deposits are harder but fracture easily – moderate blasting**
- **100 to 180 tonne excavators**
- **90 to 120 tonne trucks**

- **Native title agreement is in place**
- **Pastoralist compensation agreements are being negotiated**
- **EPA process well advanced**
- **ML's should be granted by May 2008**
- **Site access by July 2008**

- **High-grade in early years of production**
- **Increased Ore Reserves – conversion of satellite deposits**
  - **increased copper price**
- **Exploration success – new deposits and extensions to existing deposits**
- **Improved recovery of native copper – optimisation**
- **Potential recovery of copper in biotite – research project**

# Peer Group Comparison

**Universal is significantly undervalued**



- **Substantial share and copper price leverage**
- **Massively undervalued compared to peer group companies**
- **Low capital intensity**
- **Large Reserve/Resource base**
- **Significant production profile: copper and gold**
- **Simple operation: low technology/implementation risk**

**All information relating to mineralisation and resources used in this presentation is based upon information prepared by Competent Persons in accordance with the JORC Code and has previously been released to Shareholders and ASX.**

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