



UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

Interim Financial Report

for the period ended 31 December 2008

Contents

	Page
Directors' Report	3
Financial Report	
• Consolidated Income Statement	5
• Consolidated Balance Sheet	6
• Consolidated Statement of Changes in Equity	7
• Consolidated Cash Flow Statement	8
• Notes to the Financial Statements	9
Directors' Declaration	14
Auditor's Independence Declaration	15
Independent Auditor's Review Report to Members	16

Directors' Report

For the half-year ended 31 December 2008

Your directors present their report on the consolidated entity consisting of Universal Resources Limited ("Universal" or the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2008.

Directors

The following persons were directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise stated.

P A J Ingram	Chairman and Managing Director
Mr J Brewer	Non-executive director
Mr B Fulton	Non-executive director
Mr M W H Hoyle	Executive director, technical

Mr J A Walls was a director of the Company from the start of the year until his death on 30 September 2008.

Review of Operations

Exploration and Evaluation

General

Universal owns a large number of granted mining and exploration tenements in the Mt Isa Inlier covering an area of approximately 2,150 sq km. All tenements are held 100% by the company or its subsidiary, Roseby Copper Pty Ltd.

The Company also has a 90% interest in an Exploration Licence at Burra in New South Wales. This tenement is prospective for zinc dominant poly-metallic massive sulphide mineral deposits.

Roseby Copper Project

Universal's major asset is the Roseby Copper Project ("Roseby"), located in the Mt Isa Inlier geological province within North-west Queensland. The company acquired the Roseby tenement package from Pasminco Australia Limited, now Oz Minerals Limited ("OM") in 2001. Since that time, the Company has focussed its activities on advancing the Project through evaluation and feasibility studies towards production. A detailed feasibility study ("DFS"), of a 4 million tonnes per annum (4Mtpa) operation was completed in March 2008. A later upgrade of the DFS to a 5Mtpa operation was reported to ASX on 3 September 2008. This study indicated both technical and financial viability based on the assumptions made in August 2008.

The Roseby Copper Project is the subject of a multi-component agreement with Mt Isa Mines Limited (Xstrata Copper). Pursuant to that agreement, in return for investing \$6.6 million in Universal, Xstrata Copper has been granted:

- An option, expiring 30 June 2012, to purchase a 51% interest in the RFP Sale Interest.
- The right to sole fund exploration pursuant to the Sulphide Extension Exploration Project (SEEP) Joint Venture to earn a 51% interest in the SEEP Sale Interest. The SEEP Sale Interest excludes, amongst other matters, the Resources and Reserves to certain specified depths below surface within the SEEP Area. If Xstrata Copper earns a 51% interest in the SEEP Sale Interest, then it is obliged to purchase a 51% interest in the RFP Sale Interest, which includes the Resources and Reserves referred to above that are excluded from the SEEP Sale Interest.
- Certain offtake rights relating to the production of copper from the Roseby Tenements.

SEEP exploration activities

Results of the SEEP deep drilling programme undertaken by Xstrata Copper in the June half of 2008 were reported in the September Quarterly Report. This drilling, aimed at testing for sulphide mineralisation associated with the Blackard native copper mineralisation, located some very encouraging copper intersections, the most significant of which was in hole BCD 850, which intersected 94 metres averaging 0.93% copper in the immediate footwall rocks to the Blackard native copper mineralisation.

A follow-up program in the December Half of 2008 consisted of six (6) RC pre-collared diamond cored holes for 2,651.4 metres. This program tested a 900m strike length of Blackard mineralisation, below the main native copper mineralisation, for down-dip extensions to the primary sulphide zone and for potential extensions of the mineralisation located in hole BCD 850.

Corporate

Director Mr Jim Walls passed away on 30 September 2008. Mr Walls was a founding member of the Company in November 1999 and served the Company with diligence, intelligence and wisdom. His knowledge and experience of the mining industry was considerable and he was extremely conscientious in using that knowledge for the benefit of shareholders.

Directors' Report

For the half-year ended 31 December 2008

Financial Position

At the end of the half-year the Consolidated Entity had net cash balances of \$1,160,542. Carried forward exploration expenditure was \$14,832,524, and net assets of the Group were \$13,490,796.

Total liabilities of the Group amounted to \$3,025,416 and were limited to trade and other creditors, converting note borrowings and employee entitlements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

This report is made in accordance with a resolution of directors.

**P Ingram**

Chairman and Managing Director

This 16th day of March 2009 at Perth, Western Australia

Consolidated Income Statement
For the half-year ended 31 December 2008

	Economic Entity	
	Half-year	
	2008	2007
	\$	\$
Revenue from continuing operations	92,845	187,420
Employee benefits expense	(734,453)	(1,138,606)
Depreciation and amortisation expenses	(50,080)	(75,334)
Interest expense	(29,749)	(59,801)
Exploration and evaluation expenditure written off	(1,038,096)	(3,148,603)
Loss on sale of fixed assets	(48)	(8,140)
Office and administration expenses	(625,360)	(469,844)
Loss before income tax	(2,384,941)	(4,712,908)
Income tax expense	-	-
Loss after income tax expense	(2,384,941)	(4,712,908)
Loss attributable to members of Universal Resources Limited	(2,384,941)	(4,712,908)
Loss per share for loss attributable to the ordinary equity holders of the Company		
Basic loss per share (cents)	(0.19)	(1.01)
Diluted loss per share (cents)	(0.19)	(1.01)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 31 December 2008

	Note	Economic Entity	
		31 December 2008	30 June 2008
ASSETS			
Current assets			
Cash and cash equivalents		1,160,542	3,880,955
Receivables		80,252	103,379
Total current assets		1,240,794	3,984,334
Non-current assets			
Receivables		186,386	183,886
Property, plant and equipment		256,508	306,368
Exploration and evaluation assets		14,832,524	14,832,525
Total non-current assets		15,275,418	15,322,779
Total assets		16,516,212	19,307,113
LIABILITIES			
Current liabilities			
Trade and other payables		2,461,671	2,661,948
Borrowings	4	379,174	714,985
Provisions		82,737	100,738
Total current liabilities		2,923,582	3,477,671
Non-current liabilities			
Borrowings		-	17,402
Provisions		101,834	73,103
Total non-current liabilities		101,834	90,505
Total liabilities		3,025,416	3,568,176
NET ASSETS		13,490,796	15,738,937
EQUITY			
Contributed equity		56,276,562	56,276,562
Reserves		599,623	462,823
Accumulated losses		(43,385,389)	(41,000,448)
TOTAL EQUITY		13,490,796	15,738,937

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2008

	Economic Entity	
	Half-year	
	2008	2007
	\$	\$
Total equity at the beginning of the half-year	15,738,937	19,700,837
Share options	136,800	51,127
Loss for the half-year	(2,384,941)	(4,712,908)
Total recognised income and expense for the half-year	(2,248,141)	(4,661,781)
Transactions with equity holders in their capacity as equity holders		
Contributions of equity net of transaction costs	-	124,060
Total equity at the end of the half-year	13,490,796	15,163,116

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement
For the half-year ended 31 December 2008

	Economic Entity	
	Half-year	
	2008	2007
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(819,577)	(1,016,440)
Interest received	75,975	252,284
Tax offset received	-	342,165
Payments for security deposits	(2,500)	-
Recoup of security deposits	-	2,500
Net cash outflows from operating activities	(746,102)	(419,491)
Cash flows from investing activities		
Payments for property, plant & equipment	-	(11,937)
Payments for available-for-sale financial assets	-	(2,000)
Proceeds from sale of fixed assets	-	31,818
Proceeds from sale of available-for-sale financial assets	-	1,112
Payments for exploration and evaluation	(1,593,428)	(3,737,735)
Net cash outflows from investing activities	(1,593,428)	(3,718,742)
Cash flows from financing activities		
Payment of interest on borrowings	(380,883)	(411,711)
Net cash outflows from financing activities	(380,883)	(411,711)
Net (decrease) in cash and cash equivalents	(2,720,413)	(4,549,944)
Cash and cash equivalents at the beginning of the half-year	3,880,955	8,371,859
Cash and cash equivalents at the end of the half-year	1,160,542	3,821,915

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the half-year ended 31 December 2008

1. Basis of preparation of financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not contain all the notes of the type usually included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Universal Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2008.

Going Concern basis

The financial report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Whilst the company has achieved exploration success with the Roseby project, the directors recognise that the company will have to seek additional funding in order to continue to exploit its exploration assets.

Currently, whilst the company is progressing with an additional capital raising, the directors recognise the requirement of the company to mitigate its consumption of cash. The directors are putting in place a number of initiatives which will manage cash consumption by controlling its administrative costs and evaluating potential farm-out agreements and other arrangements in return for covering commitments to explore that exist under tenement agreements. In addition, the directors are finalising an agreement to renegotiate the terms and conditions of the \$2 million liability to OZ Minerals to defer the principle payment until 2011.

As additional funding, cost control and the future farm-out agreements covering the company's tenements cannot be guaranteed, the company may be unable to complete and implement all of the initiatives above, therefore, there is a material uncertainty as to whether the company will be able to continue as a going concern. Should the company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts different to those noted in the interim financial report.

The directors have reviewed the business outlook and the prospects in relation to raising capital, funding partners arranging finance, and are of the opinion that the use of the going concern basis is appropriate.

Capitalised exploration costs

The ultimate recoupment of the Roseby project costs carried forward as an asset in the balance sheet is dependent on its successful development and commercial exploitation or alternatively the sale of the respective asset.

2. Segment information

(a) Business segments

The Consolidated Entity operates predominantly in one industry. Its principal activities are those of prospecting and mineral exploration.

(b) Geographical segments

The Consolidated Entity operates only in Australia.

Notes to the Financial Statements

For the half-year ended 31 December 2008

3. Operating loss for the half-year

Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

	Economic Entity	
	Half-year	
	2008	2007
	\$	\$
Expenses		
Exploration and evaluation expenditure written off	<u>1,038,096</u>	<u>3,148,603</u>
Employee severance payments	<u>-</u>	<u>310,000</u>

4. Current Liabilities – Borrowings

	Economic Entity	
	31 December	30 June
	2008	2008
Converting notes accrued interest	<u>379,174</u>	<u>714,985</u>

The Company issued 220,000 5% converting notes for \$22,000,000 (\$16,600,000 on 27 June 2006 and \$5,400,000 on 28 July 2006). The notes are convertible into ordinary shares of the Company after ninety days and within three years at a conversion price of \$0.18. On maturity the notes will automatically convert at a conversion price of either \$0.18 or, if the share price is less than \$0.18, a price equal to the volume-weighted average price that the Company's shares have traded on the Australian Stock Exchange over the five trading days prior to maturity date.

At 31 December 2008, 152,180 converting notes remained on issue.

The converting notes are presented in the balance sheet as follows:

	Economic Entity	
	31 December	30 June
	2008	2008
Face value of notes issued	<u>15,218,000</u>	<u>15,218,000</u>
Other equity securities – value of conversion rights	<u>(13,235,994)</u>	<u>(13,235,994)</u>
	<u>1,982,006</u>	<u>1,982,006</u>
Interest expense	<u>305,573</u>	<u>276,259</u>
Interest paid	<u>(1,908,405)</u>	<u>(1,525,878)</u>
	<u>379,174</u>	<u>732,387</u>
Current liability	<u>379,174</u>	<u>714,985</u>
Non-current liability	<u>-</u>	<u>17,402</u>
	<u>379,174</u>	<u>732,387</u>

Interest expense is calculated by applying the effective interest rate of 8.99%.

5. Dividends

No dividends were paid or declared payable during or since the half-year.

Notes to the Financial Statements

For the half-year ended 31 December 2008

6. Equity securities issued

	Economic Entity Half-year		Economic Entity Half-year	
	2008 shares	2007 shares	2008 \$	2007 \$
Issue of ordinary shares during the half-year				
Ordinary shares issued pursuant to conversion of Converting Notes	-	7,722,222	-	1,333,089
Change in Converting Note equity				
Reduction in equity component of converting notes upon conversion of Converting Notes	-	-	-	(1,209,028)

7. Contingent liabilities

- a) The Consolidated Entity has a liability for royalties contingent on projects advancing into production.

All tenements held by the Consolidated Entity are subject to the payment of production royalties to the respective State Governments. The rate of such royalties varies depending upon the State, the minerals produced and sold and other factors.

The Consolidated Entity also has a liability for royalties payable to vendors contingent on the projects coming into production. Those royalties currently negotiated are:

- CAMERON RIVER — 0.4% net smelter return derived from mining operations on the Cameron River tenement.
 - HAPPY VALLEY — 0.9% net smelter return derived from mining operations on the Happy Valley tenement.
 - ROSEBY — 1.5% net smelter return derived from mining operations on tenements acquired from Oz Minerals Limited and Lake Gold Pty Ltd under the terms of the Roseby Acquisition Agreements.
- b) The Consolidated Entity accepts that a contingent liability exists in relation to expenditure commitments for restoration and rehabilitation in relation to any applications for exploration licenses granted.
- c) On 25 September 2003 the Company entered into a subscription and copper offtake option agreement with Golden Sand International Pty Ltd ("GSI") as agent for Yunnan Copper Industry (Group) Co Ltd ("Yunnan"). The Offtake rights of GSI expired on 21 November 2008.
- d) On the 14 March 2005 the Company announced it had entered into a Heads of Agreement (Agreement) with Xstrata Copper in relation to the Roseby Copper Project Tenements. Under the agreement Xstrata Copper invested \$6.6 million in the Company via a placement of 30 million shares at 22c per share. In return, Xstrata Copper has been granted:
- an option (RFP Option) to purchase a 51% interest in the RFP Sale Interest. If Xstrata Copper exercises the RFP Option to purchase the RFP Sale Interest, the purchase price is to be agreed or, if not agreed, then determined by an independent valuer in accordance with the VALMIN Code for valuing mineral properties.
 - the right to enter into the Sulphide Extension Exploration Project (SEEP) Joint Venture by sole funding exploration and other project expenditures to earn a 51% interest in the SEEP Sale Interest. The interest may be earned by expending by 30 June 2012 either:
 - (i) \$15 million of further exploration expenditure within the SEEP Area; or
 - (ii) expending not less than \$10 million within the SEEP Area and completing a feasibility study based on the SEEP resources.

If Xstrata Copper earns a 51% interest in the SEEP Sale Interest then it must purchase the RFP Sale Interest, with the price to be agreed or, if not agreed, then determined by an independent valuer in accordance with the VALMIN Code for valuing mineral properties.

Notes to the Financial Statements

For the half-year ended 31 December 2008

In June 2007, Xstrata Copper elected to enter into the SEEP Joint Venture.

- the right to enter into off-take and/or marketing agreements, on commercially competitive terms, relating to the Company's share of concentrates not committed under the terms of its existing agreement with GSI.

8. Events subsequent to balance sheet date

Subsequent to the end of the half-year, the following events occurred:

Re-negotiation of converting notes

On 23 December 2008 the Company announced that it had reached agreement with the holders of 139,500 of the existing 152,180 converting notes to restructure the notes. The revised terms are as follows:

1. Term of the notes is extended from June and July of 2009 to 30 June 2011;
2. The interest coupon on the notes is increased from 5% to 10%; and
3. Payment of the interest will be made in either cash or shares in the Company, at the election of the Company.

The restructured converting notes have a face value of \$13,950,000 and are convertible into ordinary shares of the Company within 30 months at a conversion price of \$0.18 per share. On maturity the notes will automatically convert at a conversion price of either \$0.18 per share or, if the share price is less than \$0.18, a share price equal to the volume-weighted average price that the Company's shares have traded on Australian Stock Exchange over the five trading days prior to maturity date.

The effect of the revision to the terms of these notes has been quantified for the 30 June 2009 financial statements as follows:

Net assets – decrease	\$11,189,640
Equity – increase	\$ 1,239,929
Loss for the year - increase	\$12,429,569

The directors wish to state that due to the renegotiation of the terms of the agreement, the financial instruments are required to be reassessed under the accounting standards to determine if there has been a substantial change. Due to the current share price of Universal, it is anticipated that the company will have to issue a variable number of share as it appears, at present, the share price will not exceed the 18 cent cap. This has the impact of classifying a majority of the amount as a liability. This has produced a large unintended consequence whereby the fair value of the notes is assessed at the present value of a similar hypothetical instrument without the converting option as at 1 January 2009 resulting in the amounts stated above.

It must be stated that the actual cash impact on the company over the next two and a half years extends to the potential payment of interest to note holders only, however, as detailed above this may be settled through the issue of ordinary shares in the company instead of cash.

Deep Yellow JV: EPM 14367 (Spider)

On 6 February 2009 the Company announced that it had entered into a Joint Venture agreement with Deep Yellow Limited ("DYL") in relation to the Spider tenement in the Mt Isa Inlier, Queensland. Principle terms of the agreement are:

- DYL may earn up to 80% interest specifically in uranium and related minerals in the tenement. DYL's earned interest will not apply to base and precious metals or to uranium as a bi-product from a deposit mined principally for its base and/or precious metal resources;
- DYL to commit to a minimum of \$100,000 exploration expenditure, including RC percussion drilling by 31 December 2009;
- DYL may elect to withdraw from the project after expending \$100,000. If DYL elects not to withdraw, a Joint Venture will be formed between DYL (51%) and Universal (49%);

8. Events subsequent to balance sheet date (continued)

- DYL can earn an additional 29% interest in the Joint Venture by expending a further \$150,000 on exploration by 31 December 2010;
- If DYL earns to 80% equity, it will free carry Universal's 20% interest to completion of a Bankable Feasibility Study (BFS) and a decision to mine; and
- After completion of the BFS, DYL may elect to buy Universal's 20% interest in the joint venture. If DYL elects to buy Universal's 20% interest, the purchase price will be an amount equal to 15% of the in situ value of Universal's 20% interest in all JORC Code uranium and related by-product mineral resources identified within EPM 14367 at the completion of the BFS. Payment may be made in a mix of cash and fully paid ordinary shares in DYL.

Syndicated Metals JV: EPM 14369 (Dronfield)

On 4 February 2009 agreement was reached with Syndicated Metals Limited ("SML") whereby SML may earn an 80% interest in Universal's wholly owned Dronfield tenement.

Under the terms of the agreement SML may earn up to an 80% interest in the tenement in stages by sole funding exploration expenditure, as follows:

- \$250,000 within two years, to earn a 40% equity interest. SML must spend a minimum of \$100,000 in year one;
- A further \$250,000 expenditure (\$500,000 cumulative total) on exploration within a further one year (three years from commencement) to increase its interest from 40% to 60%;
- A further \$500,000 expenditure (\$1,000,000 cumulative total) on exploration within a further one year (four years from commencement) to increase its interest from 60% to 70%

SML may withdraw from the agreement at any time after meeting the minimum expenditure of \$100,000 in year one. After SML has earned its 70% interest, either party may elect to contribute or dilute. Should Universal choose to dilute, then SML may sole fund a further \$1,000,000 on exploration over two years to increase its equity interest to 80%.

If SML earns to 80%, Universal will then be free carried to a decision to mine.

If either party's equity falls to 10% or less, that interest will be converted to a 1.5% net smelter return royalty.

Issue of shares

On 14 January 2009 the Company entered into an underwriting agreement for a fully underwritten non-renounceable pro-rata issue of new shares to existing shareholders on the basis of one new share for every two shares held on the record date, at an issue price of 1c per share. The issue will raise approximately \$1.7 million.

Directors' Declaration

For the half-year ended 31 December 2008

The directors of the Company declare that:

- (A) the financial statements and notes, as set out on pages 5 to 13, are in accordance with the Corporations Act 2001 and:
- (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date. and
- (B) in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



P Ingram
Chairman and Managing Director

Dated at Perth on this 16th day of March 2009



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

16 March 2009

Board of Directors
Universal Resources Limited
Level 2
91 Havelock Street
WEST PERTH WA 6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF UNIVERSAL RESOURCES LIMITED

As lead auditor of Universal Resources Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Universal Resources Limited and the entities it controlled during the period.

Chris Burton
Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF UNIVERSAL RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Universal Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Universal Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Universal Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to the interim financial report which indicates that Universal Resources Limited incurred a net loss of \$ 2,384,941 during the half year ended 31 December 2008 (2007: \$4,712,908). This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls



Chris Burton

Director

Perth, 16 March 2009