

PROPOSED MERGER

UNIVERSAL RESOURCES LIMITED

and

VULCAN RESOURCES LIMITED

On 25 September 2009 the boards of Universal Resources Limited (Universal) and Vulcan Resources Limited (Vulcan), having completed due diligence reviews of each other's company, agreed, subject to the necessary shareholder and court approvals, to merge the two companies.



The merger is to be accomplished via a Scheme of Arrangement run by Vulcan whereby Universal will offer 6.85 Universal shares for each Vulcan share, resulting in the issue of 1,558 million URL shares. In addition, Universal will issue Vulcan Option holders a total of 5,167,293 shares as compensation for cancellation of their options.

Upon completion of the merger, universal will consolidate its shares on the basis of 1 for 10.

CREATING A NEW GLOBAL COPPER COMPANY
WITH OVER ONE MILLION TONNES OF COPPER IN RESOURCES

BENEFITS OF THE MERGER

Universal's directors believe the merger will bring significant benefits to both companies, including:

- ✓ Cash reserves in excess of \$30 million
- ✓ Copper resources with over 1,000,000 tonnes of contained copper
- ✓ Two copper projects with completed feasibility studies and robust financial outcomes – optionality of development sequence
- ✓ Potential production of around 50,000 tpa of copper in concentrates
- ✓ An attractive suite of by-product metals including:
 - Gold
 - Cobalt
 - Nickel
- ✓ Increased market capitalisation should create increased investor interest and consequent re-rating of the merged group



ROSEBY COPPER PROJECT

Introduction

Universal's major asset is the Roseby Copper Project in the Cloncurry area of northwest Queensland. Around 880,000 tonnes of copper and 240,000 ounces of gold are contained in 128.5 million tonnes of resources in ten separate deposits.

DEPOSIT TYPE	Tonnes (M)	Copper (%)	Gold (gpt)
3 x IOCG (sulphide)	35.8	0.80	0.18
7 x native copper	92.7	0.64	0.01
Total	128.5	0.68	0.06

The resources consist of two distinct types of copper mineralisation: native copper and sulphide copper (chalcopyrite).

Positive Feasibility Study

Universal completed a Definitive Feasibility Study (DFS) of a 5Mtpa mining and processing operation in September 2008. The DFS confirmed Roseby to be both technically and financially viable. With an NPV (8.5%) of A\$336 million and an IRR of 35%, the Project offers robust returns.

Project financing has been delayed by the global financial crisis.

KYLYLAHTI COPPER PROJECT

Introduction

Vulcan's major asset is the Kylylahti Copper Project in Outokumpu district of Finland. Around 134,000 tonnes of copper, 126,000 ounces of gold and 23,000 tonnes of cobalt are contained in 12.2 million tonnes of resources in three separate deposits.

DEPOSIT TYPE	Tonnes (M)	Copper (%)	Cobalt (%)
Kylylahti	7.9	1.2	0.24
2 x satellite deposits	4.2	0.9	0.11
Total	12.2	1.1	0.19

Positive Feasibility Study

Vulcan completed a DFS in 2007. All permitting for the proposed mining operation is in place.

Financial outcomes of the study were robust with an after tax NPV (8%) of US\$149 million (A\$164M) and an IRR of 30%.

Project development has been delayed due to:

- Financial difficulties for one of the off-take parties (for a complex nickel-cobalt-zinc concentrate)
- The global financial crisis.

PROJECT OUTCOMES

The following table summarises the financial and physical outcomes of the DFS for the Roseby and Kylylahti copper projects. Kylylahti financials have been presented by Vulcan in US dollars. For comparative purposes, the US\$ amounts have been converted to A\$ using the current (18 October 2009) exchange rate of A\$1 = US\$ 0.91. Roseby NPV is pre-tax at 8.5% discount rate. Kylylahti NPV is post tax at an 8% discount rate.

	ROSEBY	KYLYLAHTI	COMBINED
Throughput (tonnes pa)	5,000,000	800,000	-
Mining method	Open pit	Underground	-
Copper in concentrates (tonnes pa)	26,000	8,800	34,800
Gold in concentrates (ounces pa)	7,000	11,900	18,900
Cobalt in concentrates (tonnes pa)	-	1,900	1,900
Pre-production capital costs (A\$M)	217	187	404
Life of mine revenues (A\$M)	2,146	1,413	3,559
NPV (8.5%/8% discount) (A\$M)	336	164	500
IRR (%)	35	30	-
On-site cash costs (A\$/tonne)	20.72	50.55	-

The combined Universal and Vulcan entity will also hold tenements in both Finland and Australia that have considerable exploration potential for copper, lead, zinc, silver gold, nickel, cobalt, platinum group metals, uranium and rare earth metals. The Company will examine options for maximising value of these prospects for the benefit of shareholders.

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Universal Board of Directors

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 Peter Ingram (Managing Director)
 Maurice Hoyle (Executive Director, Technical)
 Jason Brewer (Non-executive Director)
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