

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

**REPORT FOR THE
HALF-YEAR ENDED
31 DECEMBER 2009**

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

CONTENTS

	Page No.
Corporate Information	1
Directors' Report	2
Financial Statements	6
Declaration by Directors	17
Declaration of Independence	18
Independent Review Report	19

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

CORPORATE INFORMATION

Directors:

Mr Kevin Maloney
Non-Executive Chairman

Dr Alistair Cowden
Managing Director

Mr Jason Brewer
Non-Executive Director

Ms Fiona Harris
Non-Executive Director

Mr Peter Ingram
Non-Executive Director

Mr Heikki Solin
Non-Executive Director

Company Secretary

Mr Desmond Kelly

Principal & Registered Office:

Ground Floor
1 Altona Street
West Perth 6005, Western Australia
Telephone: +61 8 9486 8400
Facsimile: +61 8 9486 4933
Email: universal@universalresources.com.au

Auditor:

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco 6008, Western Australia
Telephone: +61 8 6382 4600
Facsimile: +61 8 6382 4601

Website:

www.universalresources.com.au

Solicitors:

Australia
Blakiston & Crabb
1202 Hay Street
West Perth 6005, Western Australia
Telephone: +61 8 9322 7644
Facsimile: +61 8 9322 1506

Bankers:

National Australia Bank
1238 Hay Street
West Perth 6005, Western Australia

Share Registry:

Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth 6000, Western Australia
Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Stock Exchanges:

Australian Securities Exchange Limited

Company Code:

ASX: URL

The Company is also listed on the Regulated Unofficial Market (FREIERKEHR) of the Frankfurt Stock Exchange.

Issued Capital:

Fully paid Ordinary shares – 19/02/2010 245,277,417

Options Expiring 14/09/2010 at \$1.50	2,385,000
Options Expiring 12/03/2012 at \$1.50	1,000,000
Options Expiring 05/09/2011 at \$1.50	800,000
Options Expiring 27/12/2012 at \$1.50	5,000,000
Options Expiring 30/06/2013 at \$1.50	3,650,000
Options Expiring 16/12/2013 at \$1.50	6,000,000

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

DIRECTORS REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Your directors submit the financial statements of the Group for the half-year ended 31 December 2009. The Group consists of Universal Resources Limited and its controlled entity.

DIRECTORS

The names of the Company's Directors in office during the financial period and until the date of this report are:

Mr Kevin Maloney (appointed 20 July 2009 as Chairman)

Dr Alistair Cowden (appointed 19 February 2010 as Managing Director)

Mr Jason Brewer

Ms Fiona Harris (appointed 19 February 2010)

Mr Peter Ingram (stepped down as Managing Director 19 February 2010 and took up the role of Non Executive Director)

Mr Heikki Solin (appointed 19 February 2010)

Mr Maurie Hoyle (resigned 19 February 2010)

Mr Bruce Fulton (resigned 19 February 2010)

All directors have been in office since the start of the financial period to the date of this report unless stated otherwise.

Mr Kevin Maloney accepted an invitation to join the Board on 20 July 2009 taking up the role of Non Executive Chairman. Mr Maloney has had an extensive career in retail banking, finance and resources. He joined Elders Resources in 1981 after spending 20 years with the ANZ Bank. During his time at Elders Resources, Mr Maloney held numerous positions including Chief Executive Officer of Elders Resources Finance Ltd. Mr Maloney has a wealth of experience in the resources and finance industries and has been involved with a number of public companies as an executive and director. He is founder and Executive Chairman of the MAC Services Group Limited and also a Non Executive Director of Northern Energy Corporation Limited.

Dr Alistair Cowden, the Managing Director of Vulcan Resources Limited, accepted the invitation to become Managing Director of Universal from 19 February 2010. Dr Cowden has degrees in Geology from the Universities of London and Edinburgh and has spent 28 years in the Australian mining industry, initially with majors and in the last 14 years with junior companies. Dr Cowden spent 6 years with WMC at Kambalda in both nickel and gold.

Dr Cowden was part of the discovery and development teams for several large gold mines in Australia and platinum mines in Zimbabwe whilst with Delta Gold and was subsequently instrumental in the listing of a number of junior companies which made discoveries in Asia and Australia.

In addition to Dr Cowden joining the board of Universal Ms Fiona Harris and Mr Heikki Solin also accepted invitations to join the Universal Board as Non Executive Directors.

Ms Harris has been a professional non executive director for the past 14 years. She began her career with chartered accountants KPMG and was a partner in their Sydney office when she left that

organisation in December 1994. During her 14 years with KPMG, Ms Harris worked in Perth, San Francisco and Sydney specialising in financial services and superannuation. Ms Harris was also involved in capital raisings, due diligence, initial public offerings, capital structuring of transactions and litigation support.

Ms Harris is a member of the national board of the Australian Institute of Company Directors and was previously Western Australian State President. She is non-executive Chairman of Barrington Consulting Group Pty Ltd, a company providing consulting services in the areas of strategic and business planning. Ms Harris is also currently a Board Member of Perron Group Limited (and PG Holdings Ltd) and Territory Resources Limited. Ms Harris has also held a number of other directorships.

Mr Solin has over 40 years experience in the international mining industry which he has served in various capacities, mainly for Finland's mining major Outokumpu, but also as an independent business consultant.

Mr Solin is widely travelled and except for a period of 14 years in the United Kingdom, has been based in the Helsinki area of Finland, his native country. In addition to his mining related activities he spearheaded national initiatives in areas of cross-border licensing, international contract practices and Finnish-Latin American trade relations.

He is Honorary Chairman of Finnish-Latin American Chamber of Commerce, Past President and Honorary Member of Industrial Lawyers Association in Finland and the first President of Licensing Executives Society, Scandinavia Region. Heikki is also a member of The Finnish Institute of Mining and Metallurgy.

Mr Ingram who previously held the role of Executive Chairman retained the role of Managing Director until 19 February 2010. Mr Ingram then relinquished the role of Managing Director and retains a non executive directorship with the group.

Mr Ingram is a geologist with over 40 years experience in the mining and mineral exploration industries within Australia, including over 29 years experience in public company management. In addition to previously being the Managing Director of Metana Minerals NL, Chairman of Glengarry Resources NL and a director of Dragon Mining NL, Eastmet Limited and Australia Oriental Minerals NL. Mr Ingram was a founding councillor of the Association of Mining and Exploration Companies (AMEC). He is an Honorary Life Member and past President of AMEC.

Mr Brewer has over 15 years international experience in the natural resources sector and in investment banking. He is a mining engineer with a masters degree in mining engineering with honours from the Royal School of Mines, London. He has experience in gold and base metals mines, having worked at the Kidd Creek Copper and Zinc mine in Canada for Falconbridge, the Lanfranchi Nickel Mine in Western Australia for WMC and the Kinross Gold Mine in South Africa for Gencor.

DIVIDENDS

No dividends were paid or declared during the half year or in the period to the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries during the course of the half-year were the exploration and evaluation of mineral resources. There has been no change in these activities during the financial period.

OPERATING RESULTS

Consolidated net loss from continuing operations after income tax for the half year was \$3,436,066 (2008 loss: \$2,384,941).

REVIEW AND RESULTS OF OPERATIONS

Corporate

During the reporting period to 31 December, Universal successfully undertook two separate placements to sophisticated investors raising \$3,823,845 with the issue of 220 million fully paid ordinary shares.

The group also successfully negotiated the deferment of the final payment of \$2 million to the Mines and Metals Group for the purchase of the Roseby Project. The deferred payment of \$2 million was paid on 11 February 2010. The group has now satisfied all its obligations to the Mines and Metals Group in relation to the purchase of this project other than the obligation to pay a royalty to Mines and Metals Group.

In September 2009, Universal announced its intention to merge by way of a Scheme of Arrangement with Vulcan Resources Limited ("Vulcan") subject to the conduct of due diligence by Universal, approval of the transaction by Vulcan shareholders and the Federal Court of Australia. In February 2010, all the conditions precedent to this transaction were met, and the merger was completed on 19 February 2010. Vulcan became a wholly owned subsidiary of Universal Resources Limited on 19 February 2010 and further details of this transaction are noted in the "Post Balance Date Event Note" contained in this Half-Year Financial Report and available in the Scheme Booklet issued by Vulcan of which a copy is available on Universal's Web Page.

Concurrently with the completion of the merger on 19 February 2010, Universal undertook a 1 for 10 share consolidation which was approved by shareholders at the Annual General Meeting held on 27 November 2009. At the date of this report, Universal now has 245,277,417 fully paid ordinary shares on issue.

Exploration Activity

During the reporting period a 16 hole, 2006 metre RC drilling programme was completed at the Bedford North, Lady Clayre and Ivy Ann copper-gold deposits. The best results for this programme were generated at Bedford and Ivy Ann, being:

Bedford

BFR162: 12 metres at 2.21% copper, 0.5 g/t gold from 40 metres

Ivy Ann

IAR214: 4 metres at 4.63% copper, 0.52 g/t gold from 52 metres
10 metres at 1.11% copper, 0.18 g/t gold. From 97 metres

Full results from this drilling campaign are contained in the ASX announcement dated 13 November 2009.

In addition to the above drilling programme, Xstrata Copper as part of the 'SEEP' joint venture, completed a 4 hole, 2564.1 metre pre-collared diamond coring programme in the Blackard resource area. Assay results from this drilling programme have yet to be received.

A regional sampling programme of 959 soil samples was completed over a 15 kilometre strike length at the Wonga prospect and generated a number of good copper and gold anomalies for follow up.

The former Quamby gold mine was examined and sampled. Further exploration is warranted along strike of the deposit.

Development Studies

The preparation of an updated Environmental Management Plan continued. On 4 February 2010 the company entered into a Consent Deed ("Deed") with MMG Australia ("MMG") whereby Universal, with the consent of Xstrata Copper, agreed to permit MMG to apply for Transportation Mining Leases ("TML's") over Universal Mining and Exploration tenements at Roseby. The location of the TML's has been agreed and the basis upon which the TML's may be required to be shifted. The TML's allow MMG to construct roads, water pipelines and power lines within the agreed TML areas.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors there are no significant changes in the state of affairs of the Company that occurred during the half year period under review not already disclosed in this report, the financial statements or notes attached thereto.

SIGNIFICANT EVENTS AFTER BALANCE DATE

In the opinion of the Directors no significant post balance date events have occurred that have not been disclosed elsewhere in this report.

AUDITORS REVIEW AND INDEPENDENCE DECLARATION

Section 307 of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of Universal Resources Limited with an Independence Declaration in relation to the review of this Half-Year Financial Report. The Auditors' Independent Declaration on page 18 forms part of the Director's Report for the period ended 31 December 2009.

Signed in accordance with a resolution of the Directors.



ALISTAIR COWDEN
Managing Director

Perth, Western Australia
Dated this 16th day of March 2010

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

		CONSOLIDATED	
		31 December 2009	31 December 2008
NOTES		\$	\$
Revenue	3	63,634	92,845
Employee benefit expense	4a	(455,861)	(734,453)
Exploration and evaluation expense		(1,297,997)	(1,038,096)
Depreciation expense		(31,994)	(50,080)
Other expenses	4b	(582,545)	(625,408)
Finance costs	4c	(1,131,303)	(29,749)
Loss before income tax		(3,436,066)	(2,384,941)
Income tax expense		-	-
Loss after tax and comprehensive loss attributable to members of the Company		(3,436,066)	(2,384,941)
Basic and diluted loss per share in cents		(0.24)	(0.19)

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

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

**STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

		CONSOLIDATED	
		31 December 2009	30 June 2009
NOTES		\$	\$
ASSETS			
Current assets			
	5	3,549,693	2,251,458
		88,929	364,495
		3,638,622	2,615,953
Non-current assets			
		156,136	176,136
	6	14,832,525	14,832,525
		227,539	216,637
		15,216,200	15,225,298
		18,854,822	17,841,251
LIABILITES			
Current liabilities			
	7	2,586,635	2,485,917
	8	1,395,000	1,395,000
		87,922	57,762
		4,069,557	3,938,679
Non-current liabilities			
	8	10,979,057	10,550,987
		119,472	101,834
		11,098,529	10,652,821
		15,168,086	14,591,500
NET ASSETS		3,686,736	3,249,751
EQUITY			
Equity attributable to equity holders of the parent			
	9a	50,588,485	46,764,640
	9b	1,287,739	1,238,533
		(48,189,488)	(44,753,422)
		3,686,736	3,249,751

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

		CONSOLIDATED	
		31 December 2009	31 December 2008
NOTES		\$	\$
Cash flow from operating activities			
		(775,077)	(819,577)
		44,589	75,975
	3	20,000	(2,500)
		337,400	-
		(373,088)	(746,102)
Cash flows from investing activities			
		(1,397,998)	(1,593,428)
		(42,898)	-
		(1,440,896)	(1,593,428)
Cash flows from financing activities			
		3,960,002	-
		(136,157)	-
		(711,626)	(380,883)
		3,112,219	(380,883)
		1,298,235	(2,720,413)
		2,251,458	3,880,955
	5	3,549,693	1,160,542

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

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

CONSOLIDATED	Issued Share Capital \$	Share Option Reserve \$	Other Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2009	46,764,640	657,431	581,102	(44,753,422)	3,249,751
Loss for the period	-	-	-	(3,436,066)	(3,436,066)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	(3,436,066)	(3,436,066)
Transactions with owners in their capacity as owners					
Contributions of equity (net of issue costs)	3,823,845	-	-	-	3,823,845
Options	-	49,206	-	-	49,206
Balance as at 31 December 2009	<u>50,588,485</u>	<u>706,637</u>	<u>581,102</u>	<u>(48,189,488)</u>	<u>3,686,736</u>

	Issued Share Capital \$	Share Option Reserve \$	Other Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2008	43,040,568	462,823	13,235,994	(41,000,448)	15,738,937
Loss for the period	-	-	-	(2,384,941)	(2,384,941)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	(2,384,941)	(2,384,941)
Transactions with owners in their capacity as owners					
Options	-	136,800	-	-	136,800
Balance as at 31 December 2008	<u>43,040,568</u>	<u>599,623</u>	<u>13,235,994</u>	<u>(43,385,389)</u>	<u>13,490,796</u>

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

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

These general purpose consolidated financial statements for the half-year ended 31 December 2009 have been prepared in accordance with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Half-Yearly Financial Statements do not include all notes of the type normally included within Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the Half-Yearly Financial Statements be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and considered together with any public announcements made by Universal Resources Limited during the half year ended 31 December 2009 in accordance with the continuous disclosure obligations of the Corporation Act 2001.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policies – New Accounting Standards and Interpretations

Since 1 July 2009 the Group has adopted the following applicable Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009.

- AASB 8 – Operating Segments. This standard requires the disclosure of information about the Group's segments. Adoption of the standard has not resulted in any revision to the Group's segment reporting.
- AASB 101 Revised – Presentation of Financial Statements. The revised standard introduces a number of terminology changes, which include revised title for the financial statements, and has also resulted in a number of presentation and disclosure changes in the primary statements.

The Group has not elected to early adopt any new standards or amendments.

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 2: SEGMENT INFORMATION

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The reportable segment is based on the aggregation of the Group's operations determined by the nature of activity undertaken, as this is the source of the Group's major risks and impact on how the Group's resources are allocated.

For management purposes, the Group has identified only one reportable segment, being exploration activities undertaken in Queensland and New South Wales. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in these geographic locations.

Segment performance is evaluated based on operating profit or loss and cash flows and is measured in accordance with the Group's accounting policies.

	31 December 2009	31 December 2008
	\$	\$
Exploration Segment		
Segment revenue	-	-
Reconciliation of segment revenue to total revenue before tax:		
Interest and other revenue	63,634	92,845
Total revenue	<u>63,634</u>	<u>92,845</u>
Segment results	(1,297,997)	(1,038,096)
Reconciliation of segment result to net loss before tax:		
Other corporate and administration expenses	(2,138,069)	(1,346,845)
Net loss before tax	<u>(3,436,066)</u>	<u>(2,384,941)</u>
	31 December 2009	30 June 2009
	\$	\$
Segment operating assets	14,832,525	14,832,525
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	4,022,297	3,008,726
Total assets	<u>18,854,822</u>	<u>17,841,251</u>

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	31 December 2009	31 December 2008
	\$	\$
NOTE 3: REVENUE		
Revenue		
Interest revenue	44,589	75,975
Other revenue	19,045	16,870
	63,634	92,485
NOTE 4: EXPENSES		
(a) Employee benefits expense		
Staff expenses	(406,655)	(597,653)
Staff options	(49,206)	(136,800)
	(455,861)	(734,453)
(b) Other expenses		
Office and administration expenses	(582,545)	(625,360)
Loss on sale of property plant & equipment	-	(48)
	(582,545)	(625,408)
(c) Finance costs		
Interest and fees	(1,131,303)	(29,749)
	(1,131,303)	(29,749)
	31 December 2009	30 June 2009
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
For the purpose of the half-yearly cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	3,549,693	2,251,458
	3,549,693	2,251,458
NOTE 6: EXPLORATION AND EVALUATION ASSETS		
Exploration properties (original acquisition costs)	14,832,525	14,832,525
	14,832,525	14,832,525
NOTE 7: TRADE AND OTHER PAYABLES		
Trade payables	586,635	485,917
Other payables	2,000,000	2,000,000
	2,586,635	2,485,917

Other payables relate to the delayed payment for the purchase of the Roseby Project from Minerals and Metals Group for \$2,000,000 which was settled on 11 February 2010.

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	31 December 2009 \$	30 June 2009 \$
NOTE 8: BORROWINGS		
Current	1,395,000	1,395,000
Non-current	10,979,058	10,550,987
	12,374,058	11,945,987

The Borrowings represent 139,500 converting notes, originally part of the 220,000 \$100 converting notes issued in mid 2006 with a coupon rate of 5% and a three year term.

On 1 January 2009 the Company reached an agreement with Note holders holding 139,500 converting notes to extend the maturity date to 30 June 2011 and increase the coupon rate to 10%. The remaining notes matured on 27 June 2009 and were converted to 78,903,187 ordinary shares at a variable weighted average price of \$0.014.

Reconciliation of converting note liabilities :

Converting note liability brought forward	11,945,987	732,387
Converting note liability derecognised on renegotiation of converting note terms	-	(349,057)
Revised converting note liability recognised on renegotiation of converting note terms	-	11,544,393
	11,945,987	11,927,723
Interest expense	1,131,303	1,124,345
Interest paid	(703,232)	(1,106,081)
	12,374,058	11,945,987

Interest expense is calculated by applying the effective interest rate of 10% (2009: 5-10%) to the liability component.

NOTE 9: CONTRIBUTED EQUITY AND RESERVES

(a) Contributed Equity

	Number of shares	Total \$
<i>(i) Movements in fully paid ordinary shares on issue:</i>		
Balance at 1 July 2008	344,022,378	43,040,568
Shares issued	-	-
Balance at 31 December 2008	344,022,378	43,040,568
Balance at 1 July 2009	672,341,800	46,764,640
Shares issued (net of issue costs)	220,000,000	3,823,845
Balance at 31 December 2009	892,341,800	50,588,485

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Half-year Ended 31 December 2009 \$	Year Ended 30 June 2009 \$
(b) Reserves		
<i>(i) Share based payments reserve:</i>		
Balance at beginning of period	657,431	462,823
Staff options	49,206	194,608
Balance at end of period	<u>706,637</u>	<u>657,431</u>
<i>(ii) Other reserve:</i>		
Balance at beginning of period	581,102	13,235,994
Movement due to converting notes re-negotiation and maturing	-	(12,654,892)
Balance at end of period	<u>581,102</u>	<u>581,102</u>
Total Reserves	<u>1,287,739</u>	<u>1,238,533</u>

NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE

Roseby Project

Prior to the merger with Vulcan, the Roseby Project was Universal's principle project. Under the terms of the Roseby Acquisition Agreement with Pasminco (now the Mines and Metals Group) and Lake Gold and the sale agreement with Bolnisi, a subsidiary of Universal, the Company had certain commitments and contingent liabilities. One of these commitments was the payment to Pasminco of \$2,000,000 and to Lake Gold of \$280,250 on the completion of the first of either;

- Completion of a first favourable feasibility study into mining an ore-body or bodies on the Roseby tenements; or
- The commencement of commercial mining on the tenements.

Universal has previously announced the completion of a favourable feasibility study which triggered the obligation referred to above. Payment to Pasminco (now the Mines and Metals Group) in relation to the outstanding \$2,000,000 was made on 11 February 2010, whilst the obligation to Lake Gold was settled on 10 January 2007.

Merger

In September 2009, Universal announced its intention to merge with Vulcan by way of Scheme of Arrangement subject to certain conditions being met. On 19 February 2010, the merger was effected in compliance with the Merger and Implementation Agreement which was signed between the two groups on 28 September 2009. The key terms of the agreement being;

- Vulcan Shareholders receive 6.85 Universal shares for every Vulcan share they own.
- This will result in the issue of approximately 1,555 million shares to Vulcan's shareholders (pre consolidation of Universal shares).

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

- Universal will offer to exchange unlisted Vulcan options for Universal securities based on an agreed pricing determined by option valuation techniques.
- The merger is subject to certain conditions precedent, including:
 - Any necessary regulatory and third party approvals;
 - Vulcan shareholder approval;
 - Court approval of the merger;
 - No prescribed occurrences occurring in relation to either Vulcan or Universal, and
 - Break fees of \$300,000 were enforceable should either party decide not to pursue the transaction (subject to certain limited exceptions).

A full copy of the Merger and Implementation Agreement is contained in Appendix two of the Scheme Booklet issued by Vulcan, a copy of which is contained on the Universal's web page. The Scheme Booklet also sets out many other factors including the benefits and risks associated with this transaction.

Following the merger, the group will seek to progress development and finance of its two principle development stage projects, Kylylahti and Roseby. In addition, a strategic review will be conducted of the groups combined non-copper assets, principally nickel and uranium, to assess options to maximise shareholder value. This strategic review has been initiated but not as yet concluded.

As a consequence of the merger, Dr Alistair Cowden, Vulcan Managing Director has been appointed Managing Director of Universal. Ms Fiona Harris and Mr Heikki Solin, also join the Board of Universal as Non Executive Directors, whilst Mr Peter Ingram, Universal's incumbent Managing Director stepped down and remains on the board of Universal in the capacity as Non Executive Director. Mr Maurice Hoyle, Executive Director of Universal will also relinquish his directorship but be retained in a geological management role. Mr Bruce Fulton resigned from the Universal board on 19 February 2010 and Mr Jason Brewer continues as a Non Executive Director.

The merged group will have a distinct copper focus, owning 100% of the Roseby Copper Project in Queensland as well as 100% of the Kylylahti Copper-Cobalt-Nickel Project located near Outokumpu in eastern Finland. Both projects offer the potential for a long mine life and details of these projects are contained in the Scheme Booklet issued by Vulcan which is available on the Universal's Web page.

Pursuant to AASB 110 (21)(b) "Events after the Balance Sheet Date" an estimate of the financial impact of the transaction as required to be reported in accordance with AASB 3 (20) "Business Combinations" has not been determined at the date of this report, although the merged Group is likely to have access to sufficient cash to put it into a positive working capital position.

Management is currently undertaking a review of this transaction and establishing the criteria laid down in AASB 3 "Business Combinations" for disclosure in the Group's annual financial statements for the year ending 30 June 2010.

Share Consolidation

At the Annual General Meeting of 27 November 2009, shareholders agreed to a 1 for 10 share consolidation should the merger with Vulcan be concluded. Concurrently with the issue of shares to Vulcan shareholders pursuant to the Scheme of Arrangement on 19 February 2010, a consolidation was effected. The net result of the consolidation was to reduce issued shares in Universal from 2.45 billion to 245 million.

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 11: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 12: COMMITMENTS

At the date of this report, the group had a number of commitments for expenditure. These commitments relate to:

- exploration and regulatory charges in relation to maintaining tenure to exploration acreage,
- commitments in relation to the operating lease of the Group's office, and
- commitments in relation to the termination of Mr Peter Ingram and Mr Desmond Kelly.

The Consolidated Entity accepts there may be liability for minimum annual expenditure commitments in relation to maintaining exploration licenses over mineral tenements in good standing. Quantifiable amounts for granted tenements or those with some certainty are disclosed below.

	Half-year Ended 31 December 2009	Year Ended 30 June 2009
	\$	\$
Not later than one year	1,455,568	3,008,907
Later than one year but not later than five years	9,455,997	11,965,827
Later than five years	2,402,359	1,141,596
Total	13,313,924	16,116,330

Commitments in relation to the operating lease for office premises contracted for at the reporting date but not recognised as liabilities payable.

Not later than one year	71,594	123,734
Later than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Total	71,594	123,734

Mutual agreement has been reached with Mr Peter Ingram as an employee of Universal and Mr Desmond Kelly's service company Mosman Management Pty Ltd whereby services provided to Universal will cease from 19 February 2010 or shortly thereafter.

Not later than one year	474,563	Nil
Later than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Total	474,563	Nil

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Universal Resources Limited, I state that:

In the opinion of directors:

- (a) The financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink that reads "Alistair Cowden". The signature is written in a cursive style and is underlined.

ALISTAIR COWDEN
Managing Director

Perth, Western Australia

Dated this 16th day of March 2010

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018



Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

16 March 2010

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 2009, 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 entity it controlled during the period.

A handwritten signature in black ink, appearing to read 'C. Burton', with a stylized flourish at the end.

Chris Burton
Director

A handwritten version of the BDO logo, with the letters 'BDO' in a cursive, black ink style.

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

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018



Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Universal Resources Limited for the half-year ended 31 December 2009 included on Universal Resources Limited's web site. The disclosing entity's directors are responsible for the integrity of Universal Resources Limited's web site. We have not been engaged to report on the integrity of Universal Resources Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Universal Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 entity 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 disclosing 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 controls 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 2009 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.

UNIVERSAL RESOURCES LIMITED

ABN 35 090 468 018



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 2009 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.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth and 16 March 2010