

### ABOUT UNIVERSAL

The Company has two major copper assets and a clear strategy to build a profitable copper business producing from multiple mines in historic major copper mining camps.

The immediate growth strategy is to build a profitable copper business based on the Kylylahti mine and Luikonlahti processing hub in Finland with growth from other resources in the area.

The Roseby copper project near Mt Isa in Queensland is one of Australia's largest undeveloped copper projects. The Company is targeting increasing resources beyond 1Mt of contained copper, upgrading the DFS to a production target of 40,000tpa copper and finalising permitting in parallel with developing the Outokumpu copper project.

With two high quality advanced copper projects, over 1Mt of contained copper in Resources and near-term production, Universal will deliver significant shareholder value.

**Frankfurt:** URZ

**Berlin:** URZ

**Norwegian OTC:** URLA

**Shares on issue:** 245,277,417

**Options on issue:** 26,910,000

### Universal Resources Limited

Ground Floor, 1 Altona Street

West Perth

Western Australia 6005

Tel: +61 8 9485 2929

Fax: +61 8 9486 8700

universal@universalresources.com.au

**ASX: URL**

## Outokumpu Copper Project to Proceed

*Stock Exchange Release dated 2 August 2010*

### HIGHLIGHTS

- **Updated DFS confirms economic and technical viability of the Project**
- **Capital cost is a low A\$46.1m before Finnish government grants**
- **Life of mine average EBITDA of A\$33.5m**
- **Life of mine average cash operating costs of US\$1.33/lb copper**
- **The process plant and key mining and environmental permits are in place**
- **Project is based on sale of conventional copper-gold and zinc concentrate only**
- **Discussions have commenced with financing and offtake institutions**
- **Site works expected to commence early next quarter and the decline in early 2011**

Emerging copper producer, Universal Resources Limited ("Universal") (ASX: URL) today approved the development of the Outokumpu Copper Project (Project) in eastern Finland, approximately 400km northeast of the capital Helsinki.

The Board's decision was based on the completion of a Definitive Feasibility Study (DFS) for the refurbishment of the Luikonlahti mill and the development of the 550,000tpa Kylylahti mine.

The pre-tax, unleveraged NPV (8% real) is **A\$94.5m** (US\$80.3m), IRR is **37%**. The life of mine pre-tax cash flow is **A\$238m** (US\$202m) over an 8-9 year life with a pre-production capital cost of **A\$46.2m** (US\$39.3m).

Universal's Chairman, Mr Kevin Maloney, said he was delighted with the outcome of the DFS and particularly the low capital cost for an underground base metal mine.

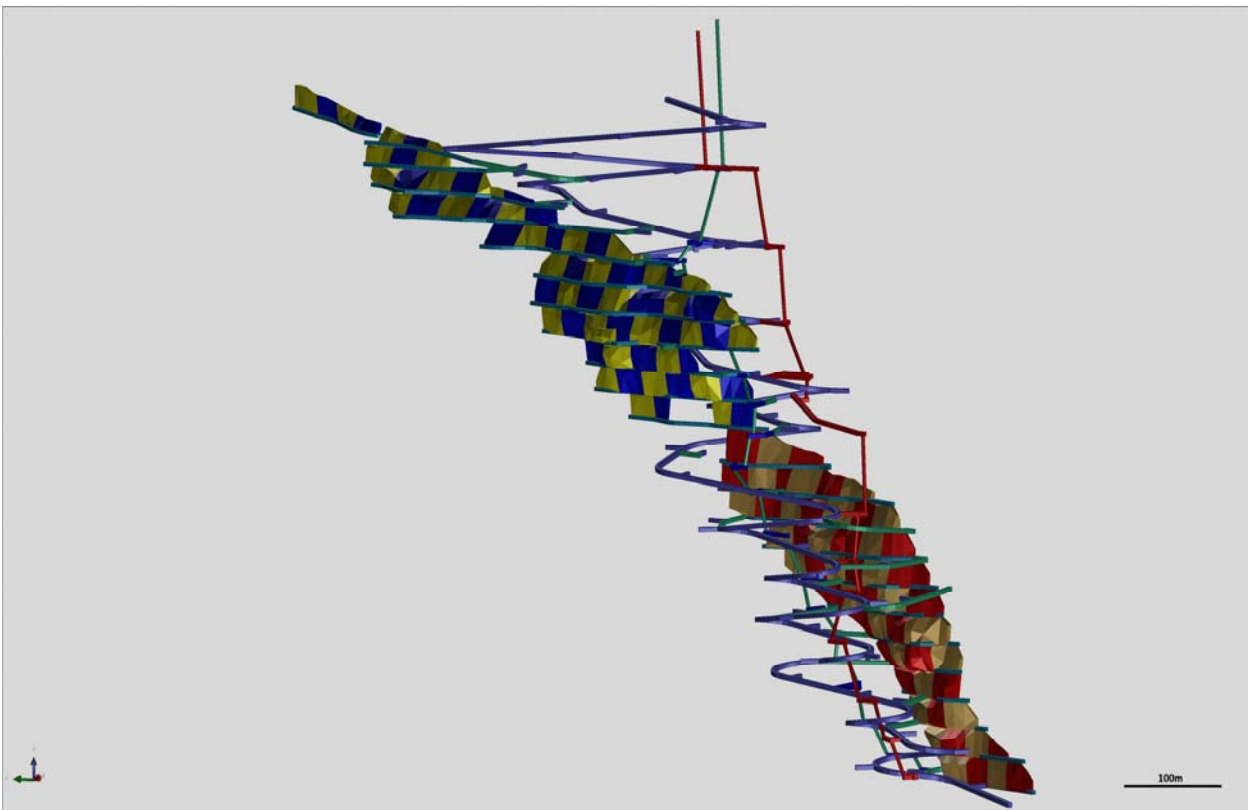
"The key to this robust project is having the Luikonlahti process plant in place and key permits and licences granted. We will move rapidly into development and we expect site works to commence next quarter and the decline at the beginning of 2011.

We are well-advanced in our financing discussions and hope to announce details of the financing plan in the near future."

**[www.universalresources.com.au](http://www.universalresources.com.au)**



**Figure 1: Aerial View of Luikonlahti Processing Plant**



**Figure 2: Perspective View of the Kylylahti Underground Mine Design**

Managing Director, Dr Alistair Cowden, said the Outokumpu Copper Project has emerged transformed after the set back of the global market downturn in 2008.

“It was a fairly complex and high capital operation outlined in the 2008 DFS and it is now a simple and low-risk brownfield refurbishment of an existing plant and the development of a new and straightforward underground copper mine. The DFS is based on the sale of a conventional copper-gold concentrate and a small amount of zinc concentrate,” said Dr Cowden.

Ore will be trucked 43km from the mine to the mill and annual production of metal in concentrates will average 8,000tpa copper, 8,400oz pa gold and 1,600tpa of zinc. The operation will have a low cash operating cost for an underground copper mine of \$US1.33/lb copper.

The Company expects to deliver first concentrates for sale in the first quarter of 2012.

The DFS for the Kylylahti Mine was completed in 2008 immediately prior to the collapse in global markets. The previous owner of the Luikonlahti plant also completed a DFS on refurbishment of the facility in 2009. The current study integrated and updated the prior DFS studies on the Kylylahti and Luikonlahti assets to provide an integrated study of the new project.

### **Project Strategy and Growth**

The financing and development of the project is the first step in a simple, staged and low-risk strategy to build a multi-commodity, multi-mine project which targets production at rates of up to 1Mtpa of ore over a minimum 10 year life.

The second stage of the project will focus upon developing a marketable cobalt-nickel product from concentrates to be stored on site. The metal inventory in storage will increase by an average of 940t of cobalt and 450t of nickel each year.

The steps in the project strategy are:

1. Refurbishment of the Luikonlahti plant to become a regional processing hub
2. Development of the 550,000tpa Kylylahti underground mine
3. Expansion of the Kylylahti Resource at depth
4. Study on processing of low-grade cobalt-nickel concentrate to produce a high value intermediate product
5. Study on dewatering and re-opening the Hautalampi underground copper-nickel-cobalt mine (45km from Luikonlahti) with a target to produce at up to 350,000tpa.
6. An upgrade of the Luikonlahti mill to up to 1,000,000tpa
7. Drilling, mining and processing scoping studies at the Valkeisenranta nickel-copper Resource and Saramaki copper-cobalt-nickel-gold Resources
8. Exploration at Perttilahti, Vuonos and Kokka to target a regional resource inventory in excess of 20 million tonnes

## SUMMARY OF KEY FACTS

Project Economics	US\$ (million)
Pre-tax, unleveraged at 8% real discount rate	80.3
Pre-tax IRR	37.0%
Tax losses available (€19.5m)	25.2
Average annual EBITDA	28.5
Total revenue generated for life of mine (net of TC/RC's)	443

Capital Costs	Euro (million)	US\$ (million)
Pre-production mine development	12.3	15.9
Mine site infrastructure	7.5	9.7
Concentrator refurbishment	9.6	12.4
Owners costs	1.0	1.3
<b>Total (Includes 10% contingency)</b>	<b>30.4</b>	<b>39.3</b>

Sustaining Capital Costs	Euro (million)	US\$ (million)
Mine development	22.1	28.5
Mine site infrastructure	2.1	2.7
Concentrator and tailings	7.3	9.4
Closure	1.0	1.3
<b>Total (including contingency)</b>	<b>32.5</b>	<b>41.9</b>

Operating Costs (LOM Average)	Euro (per tonne)	US\$ (per tonne)
Mining including truck to mill	25.6	33.0
Processing	7.8	10.1
General and Administration	1.2	1.5
Concentrate transport and sales	1.5	1.9
<b>Total</b>	<b>36.1</b>	<b>46.5</b>
C1 cash cost per pound copper after credits	<b>1.03/lb</b>	<b>1.33/lb</b>

Mineral Resources and Reserves*	Tonnes (million)	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured, Indicated and Inferred Resources	8.40	1.25	0.24	0.20	0.54	0.68
Probable Reserves	4.34	1.56	0.29	0.17	0.58	0.65
Contained metal in (tonnes) in reserve		67,850	12,600	6,200	25,200	90,800(oz)

Production summary	
Mine life	8-9 yrs
Annual production rate	550,000t
Copper in copper concentrate	8,000t pa
Gold in copper concentrate	8,400oz pa
Zinc in zinc concentrate	1,600t pa

All costs are estimated in Euro and exchange rates of EUR:USD of 1.29 and AUD:USD of 0.85 are assumed.

\* Resources are inclusive of Reserves.

**For further information, please contact:**

Alistair Cowden  
Managing Director  
Tel: +61 8 9485 2929  
Email: [universal@universalresources.com.au](mailto:universal@universalresources.com.au)

Anneika Scott  
AMN Corporate  
Mob: +61 417 777 755  
Email: [anneika@amncorporate.com](mailto:anneika@amncorporate.com)

Wolfgang Seybold  
Axino Investor & Media Relations  
Germany  
Mob: +49 171 207 0817  
Email: [wolfgang.seybold@axino.de](mailto:wolfgang.seybold@axino.de)

**A full technical description of the updated DFS is attached to this ASX announcement.**

## OUTOKUMPU COPPER PROJECT: TECHNICAL DESCRIPTION

### LOW RISK DEVELOPMENT STRATEGY

The Outokumpu Project is a low risk Brownfields project. The purchase of the Luikonlahti processing plant in January 2010 has delivered a low capital cost for the project thus reducing financial risk. The lack of construction risk and the fact that the plant treated similar ore for 15 years greatly reduces technical risk. All mining and environmental permits are in place and most land is freehold owned by the Company.

Snowden Mining Consultants completed a full technical due diligence of the project on behalf of potential financiers in 2008 prior to the downturn in markets and suspension of project activities. Snowden's report is on the Company's website and illustrates that there were no high technical risks associated with the project at that time.

The decision to proceed with the project development is solely based on revenues from conventional copper-gold and zinc concentrates. Revenue from cobalt-nickel products will potentially be available if a marketable product can be provided by further processing of the concentrate. This product represents an opportunity for materially increasing revenues and studies on achieving cobalt-nickel revenue will be conducted during the period of mine development and ramp up.

### DEFINITIVE FEASIBILITY STUDY UPDATE

#### ***Straightforward operations***

The project comprises the following key steps:

- Development of surface mine facilities, portal and a decline at the Kylylahti site
- Refurbishment of the Luikonlahti process plant
- Underground mining via long-hole open stoping
- Truck haulage of ore to a ROM pad at the head of the decline
- Road truck haulage of ore to the ROM pad at the Luikonlahti process plant
- Three stage crushing and screening of ROM ore to 10 mm
- Two stage grinding via rod mill and pebble mill to 0.074 mm
- Conventional flotation of copper-gold, zinc, sulphur and cobalt-nickel concentrates
- Drying and filtering of copper-gold and zinc concentrates
- Shipping concentrates to market via rail siding at the plant or truck
- Temporary storage of low grade cobalt-nickel concentrates pending development of further processing options
- Disposal or sale of sulphur (iron sulphide) concentrates

#### ***DFS has been optimised and reviewed***

The initial DFS for the Kylylahti Mine was completed in 2008 immediately prior to the collapse in global markets.

The previous owner of the Luikonlahti plant, Finn Nickel also completed a DFS on refurbishment of the facility in 2009.

The current study integrated and updated the prior DFS studies on the Kylylahti and Luikonlahti assets. Key inputs to the study were provided by:

- Firotec Engineers undertook cost estimation and validation of previous engineering costs and designs and ASR and Polar Automation completed costing

- and design for automation and electrical upgrades at the Luikonlahti plant
- Poyry undertook validation of design of tailings facility modifications and costings
- GTK undertook testwork on optimisation of the prior flow sheet to produce zinc concentrates
- Based on company designs, Optiro developed a new mining schedule to match plant throughput, amended the mining method (cemented rock fill rather than paste) and optimised the decline design and capital and operating costs. SRK Sweden validated local costs and practices
- Groundia Oy designed surface facilities at the Kylylahti mine site
- Company staff undertook mill operating cost estimations, flow sheet optimisation and financial analysis

## RESOURCE ESTIMATE

The resource comprises of two ore types, semi massive sulphides and disseminated sulphides. The semi massive sulphides form a zone of high-grade mineralisation on the footwall of the deposit. Sulphide minerals are typically chalcopyrite, pyrite, pyrrhotite, sphalerite and pentlandite.

The Resources at Kylylahti were initially estimated by independent consultant Quantitative Group and subsequently updated by the Company and independent consultant Optiro Pty Limited to incorporate a small number of deep drill holes and minor revisions to geological interpretations. The estimate is based on 45km of diamond drilling undertaken by Outokumpu Oy and 20km subsequently drilled by the Company. The Resource Estimate update reported in ASX release dated 23 July 2010 and according to the JORC Code (2004) is:

*Independently audited database and Resource*

Resource Classification	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured	617,000	1.35	0.27	0.17	0.47	0.60
Indicated	7,471,000	1.25	0.24	0.20	0.54	0.70
Inferred	307,000	0.97	0.24	0.18	0.70	0.57
<b>Total</b>	<b>8,395,000</b>	<b>1.25</b>	<b>0.24</b>	<b>0.20</b>	<b>0.54</b>	<b>0.68</b>

Quantitative Group also audited Universal's quality controls, database protocols and its procedures for validating the historic Outokumpu database.

A high-grade domain has been defined within the global resource at a nominal 0.7% Cu cut-off grade. Some 80% of the contained copper within the resource lies within the high-grade domain. The high-grade resource classified according to the JORC Code and by sulphide domain is as follows:

Domain	Classification	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Semi-massive	Measured	272,000	2.17	0.38	0.12	0.67	0.86
	Indicated	3,112,000	2.16	0.32	0.13	0.75	0.77
	Inferred	119,000	1.66	0.36	0.12	0.95	0.54
	<b>Sub-total</b>	<b>3,503,000</b>	<b>2.14</b>	<b>0.33</b>	<b>0.13</b>	<b>0.75</b>	<b>0.77</b>
Disseminated	Measured	111,000	1.11	0.20	0.16	0.30	0.42
	Indicated	1,001,000	0.87	0.19	0.23	0.40	0.63
	<b>Sub-total</b>	<b>1,112,000</b>	<b>0.89</b>	<b>0.19</b>	<b>0.22</b>	<b>0.39</b>	<b>0.61</b>
	<b>TOTAL</b>	<b>4,615,000</b>	<b>1.84</b>	<b>0.29</b>	<b>0.15</b>	<b>0.66</b>	<b>0.73</b>

**Organic growth potential at Kylylahti at the closed Hautalampi mine and regional resources**

The Company will commence studies on re-opening the 3.2Mt Hautalampi Ni-Cu-Co mine at the town of Outokumpu, 40km from the Luikonlahti processing hub. Hautalampi was the subject of a DFS by previous owner Finn Nickel. A decline was sunk by Outokumpu Oy in the 1980's and initial stoping commenced prior to Outokumpu withdrawing from the copper business. Finn Nickel estimated capital costs to re-open the mine of €5M and operating costs of €21.40/t.

The high nickel and cobalt grades in concentrate produced by Hautalampi provide an opportunity for blending with the low grade cobalt-nickel concentrates from Kylylahti.

The Company will also commence studies on the less advanced Valkeisenranta deposit some 90km from Luikonlahti where the best drill intercept is 52.3m at 1.45% nickel and 0.29% copper. See Vulcan ASX release dated 16 November 2009 for details of both deposits.

**MINING****Excellent ground conditions**

SRK Consulting ("SRK") conducted a full geotechnical analysis of the deposit based on extensive geotechnical logging of oriented drill core and recommended only minimal ground support given excellent ground conditions in drilling and at the historic mines in the area. SRK also prepared the 2008 DFS mine design, mining schedule and mining operating cost estimates.

Subsequently, the Company in conjunction with Optiro reviewed the mine design and schedule and adjusted the mining rate from 800,000tpa to 550,000tpa to reflect the current capacity of the Luikonlahti plant. The mining method was also adjusted due to the new plan of trucking ore to Luikonlahti resulting in no tailings for paste fill being available. Cemented waste rock replaced paste fill. Cut-off grades estimates were revisited as it is assumed that no revenue for cobalt and nickel can be obtained. Consequently cut-off grades have increased to approximately 0.7% copper and head grades increased from 1.25% copper to 1.6% copper.

Finnish mining consultant, Rockplan Oy, designed a box cut of 12 metres depth, which was located after extensive geotechnical and hydrological investigations by SRK and the Company. In addition, geotechnical drilling has been completed to delineate the optimum location of the first kilometre of decline development. Decline development is anticipated to take 11-12 months from commencement to the first ore in development drives.

Mine access will be via a 1:7, 5 x 5.5 metre decline and mining will be undertaken from 120 metres below surface to 795 metres below surface.

**Large stopes with cemented rock fill**

Mining will be by longitudinal longhole open stoping with cemented waste rock fill. Stope dimensions range from 30 metres high by 5-25 metres width and 30 metres along strike. Unplanned dilution is estimated to be low (average of 10%) due to the excellent rock mass conditions, the vertical orientation and large size of stopes.

The initial three years of decline and level development will be by contractors, thereafter owner-operator mining will be complemented by contract underground haulage and services. Mine contract negotiations have commenced.

The life of mine production over 9 years to give a Probable Ore Reserve is reported according to the JORC Code as follows:

<b>Reserve Classification</b>	<b>Tonnes</b>	<b>Cu (%)</b>	<b>Co (%)</b>	<b>Ni (%)</b>	<b>Zn (%)</b>	<b>Au (g/t)</b>
Probable	4,344,000	1.56	0.29	0.17	0.58	0.65

<b>Contained Metal</b>	<b>Cu (t)</b>	<b>Co (t)</b>	<b>Ni (t)</b>	<b>Zn (t)</b>	<b>Au (ozs)</b>
	67,850	12,600	6,200	25,200	90,800

The Reserve estimate is included within the Resource estimate given above.

## METALLURGICAL TESTWORK

### **Representative metallurgical sampling**

A metallurgical and mineralogical classification of the deposit was undertaken in the 2008 DFS to ensure the representativeness of samples used in testwork. Extensive prior mineralogical and metallurgical testwork by Outokumpu Oy also informed the testwork programme. Flotation testwork for the DFS was undertaken at Ammtec in Perth.

Physical testwork was undertaken at Ammtec and supervised by Orway Mineral Consultants. The milling circuit at Luikonlahti will comprise of a primary rod grinding mill with two secondary pebble mills. Orway's conclusions indicate that the milling circuit at Luikonlahti will be more than adequate for treating Kylylahti ore.

### **High metal recoveries to concentrates**

A standard flotation circuit is proposed with a copper removal stage followed by cleaning of the tail to generate a low grade cobalt-nickel concentrate with subsequent cleaning to produce zinc and iron sulphide (sulphur) concentrates.

Two concentrates will be sold; a copper-gold concentrate which delivers over 90% of revenues of approximately 24% copper and 9g/t gold and a zinc concentrate at approximately 50% Zn. The cobalt-nickel and sulphur concentrates will be produced for temporary storage, sale for acid production or disposal. It is intended to undertake further studies to determine if a high payability cobalt-nickel product can be made that is acceptable to international markets.

Flotation recoveries vary through the mine life and are dependant on the relative proportions of pyrite rich semi-massive sulphides and of pyrrhotite rich disseminated sulphides. Mine production has been classified in this way and the metallurgical performance modelled over the entire mine life.

Concentrate characteristics are:

<b>Copper - Gold Concentrate</b>	
Tonnes of concentrate (dry)	32,000tpa
Copper recovery (at 1.56% copper)	91.5%
Gold recovery	72%
Copper grade	24%
Gold grade	9g/t

<b>Zinc Concentrate</b>	
Tonnes of concentrate (dry)	3,200tpa
Zinc recovery	50%
Zinc grade	50%

The concentrates are filtered, dried to 9% moisture and stored in a concentrate shed prior to transport to market.

## **LUIKONLAHTI CONCENTRATOR**

### ***Plant only 43km from Kylylahti***

The Luikonlahti processing plant is located some 43km via sealed road from the Kylylahti deposit. The mill was constructed in 1968 to process ore from the Luikonlahti copper-cobalt-nickel-zinc deposit. It operated for 15 years and processed 7.7Mt of ore virtually identical in its grade and metallurgical characteristics to the Kylylahti deposit.

### ***Plant in sound condition, well maintained***

From 1984 the plant was converted to process talc ore producing both talc and nickel sulphide concentrates before being placed on care and maintenance in 2007. Some refurbishment and upgrade activities were undertaken in 2009 before the plant was purchased by the Company in January 2010.

### ***Rail, road and power infrastructure***

The plant has a 2km paved road to site from the National highway. The National rail system is 1.5km from the processing plant and a disused rail spur to the concentrate shed requires refurbishment to be re-established. There is grid power to a site substation and a tailings storage facility with approximately 10 years capacity through raising the walls of the facility.

### ***Extensive due diligence indicates plant is well configured for Kylylahti ore***

The Company undertook engineering, environmental, legal and commercial due diligence prior to the plant purchase and commencing the DFS update.

The facility has two existing mills configured as a primary rod mill and a secondary ball mill. A third mill was removed and a replacement will be re-installed as part of the plant refurbishment. The grinding circuit will be configured as a primary rod mill and two secondary pebble mills. Alternatives for the third mill have been identified and are available within the required timetable.

The plant has sufficient flotation cell capacity but allowance has been made to add several large second hand rougher cells.

## **COMMUNITY, PERMITTING AND TENURE**

### ***Fully permitted project***

The Kylylahti mine sits on four granted mining leases covering 181 hectares, and 4 mineral claims covering 238 hectares for a total of 4.2km<sup>2</sup>. The Company has 100% freehold tenure to land underlying the key mine infrastructure.

Environmental permitting for the Kylylahti site is complete and environmental monitoring as required by the Permit has commenced.

The mine plan allows for closure and rehabilitation costs and the conditions of the Environmental Permit include lodgement of a bond with the authorities. A land use plan has been approved by the Polvijärvi municipality.

The Luikonlahti mine sits on granted mining leases with auxiliary areas covering 438

hectares. The Company has 100% freehold tenure to land underlying the entire infrastructure. Environmental permitting for the Luikonlahti site is complete apart from approval of an application to amend throughput. All current bond requirements have been lodged with authorities.

**Major local employer**

The Project will generate up to 70 jobs during construction and up to 100 jobs during production. There will also be a multiplier effect on local economic activity by what will be one of the larger businesses in the North Karelia region.

**TRANSPORTATION AND LOGISTICS**

**Logistics in place**

Finland is a first world country with excellent logistics and infrastructure and long experience in transportation, shipping and processing of concentrates.

A major national trunk road is 400 metres from the Kylylahti site and ore will be trucked 43km to Luikonlahti. No permits are required to truck ore.

Concentrates will either be loaded directly onto rail cars at the plant (subject to refurbishment of the rail spur) or delivered by truck to port, local customers or to the national rail network 2km from the concentrator and from there to customers in Finland or to port for shipping.

**SALES AND MARKETING**

**Positive response to Kylylahti concentrates**

Copper-gold concentrate samples have been supplied to a number of smelters and refiners and there are no penalty elements. Indicative terms obtained are standard for the industry. Invitations to bid for offtake will be issued in parallel with financing.

For the purpose of cost estimation; payabilities, smelter treatment charges, refining charges, shipping and insurance costs for the concentrates have been estimated from indicative terms supplied by potential customers, industry norms and benchmarking against recent transactions. For copper-gold concentrates it assumed that treatment charges will average US\$50/t, refining charges US5¢/lb and no penalties will be payable.

**CAPITAL COSTS**

**Capital cost is low due to use of existing Luikonlahti plant**

Capital cost estimates are based on pricing from Finnish equipment suppliers and Finnish engineering and contracting firms. The Company will appoint suitably experienced engineering groups to provide management and support in implementing the Project. Capital costs exclude financing costs.

Capital Costs	Euro (million)	US\$ (million)
Pre-production mine development	12.3	15.9
Mine site infrastructure	7.5	9.7
Concentrator refurbishment	9.6	12.4
Owners costs	1.0	1.3
<b>Total (Includes 10% contingency)</b>	<b>30.4</b>	<b>39.3</b>

*The exchange rate assumed in this table is EUR:USD 1.29*

Contingency includes allowances for engineering estimating and cost escalation during construction.

Mine development after the commencement of production is considered to be a sustaining capital cost. Most equipment is on an 'as new' basis, however a mill shell and some flotation equipment will be used equipment. Life of Mine sustaining capital requirements are given below:

<b>Sustaining Capital Costs</b>	<b>Euro (million)</b>	<b>US\$ (million)</b>
Mine development	22.1	28.5
Mine site infrastructure	2.1	2.7
Concentrator and tailings	7.3	9.4
Closure costs	1.0	1.3
<b>Total (including contingency)</b>	<b>32.5</b>	<b>41.9</b>

*The exchange rate assumed in this table is EUR:USD 1.29*

Expenditure on the project to date totals A\$33m and includes:

- Drilling, mining, metallurgical and technical studies – A\$22m
- Engineering – A\$3m
- Luikonlahti plant acquisition and refurbishment – A\$8m

## OPERATING COSTS

Operating cost estimates are based on Finnish labour rates, quotations from local utilities, contractors and reagent suppliers.

<b>Operating Costs (LOM Average)</b>	<b>Euro (per tonne)</b>	<b>US\$ (per tonne)</b>
Mining including truck to mill	25.6	33.0
Processing	7.8	10.1
General and Administration	1.2	1.5
Concentrate transport and sales	1.5	1.9
<b>Total</b>	<b>36.1</b>	<b>46.5</b>
C1 cash cost per pound copper after credits		<b>1.33/lb</b>

*The average exchange rate assumed in this table for the life of mine is EUR:USD 1.29*

Operating costs when expressed as cash cost per pound of copper produced after gold and zinc credits position Kylylahti as a low cost underground copper mine.

## PROJECT ECONOMICS

The DFS results indicate that the Outokumpu Project is robust with the potential to commence commercial production in the first quarter of 2012. The key factors in the positive results were the favourable geometry and bulk mining characteristics of the Kylylahti orebody and that the project has an established, permitted processing plant requiring only refurbishment.

The project will generate a life of mine average EBITDA of A\$33.5m based on the sale of copper-gold and zinc concentrates. The life of mine average operating cost is A\$55/t compared with estimated revenue of A\$120/t.

	US\$	A\$ (0.85 AUD:UD)
Capital costs	39.3	46.1
Sustaining capital	41.9	49.3
Revenue pa *	55.4	65.2
Net cash (pre-tax) pa *	28.5	33.5
Pre-tax NPV unleveraged 8% real	80.3	94.5
IRR %	37%	37%
Tax losses available	25.2	29.2
Operating cost *	46.5/t ore	54.8/t

\* *Life of mine average*

The Project is robust and relatively insensitive to changes in pricing and costs. Sensitivities are shown below.

	NPV (US\$ millions)
Metal price +/- 10%	22.9
Capital costs +/- 10%	4.7
Operating costs +/- 10%	10.2
Euro: USD\$ exchange rate +/- 10%	15.0

Metal prices and exchange rates used in the study are:

Year	Cu US\$/lb	Zn US\$/lb	Au US\$/oz	Euro/ US\$
2011 - 2014	3.00	0.80	1,100	1.29
2015 onwards	3.00	0.75	1,000	1.25
Spot (29 July 2010)	3.22	0.87	1,165	1.30

It is noted that the average copper price from January 2006 is USD\$3/lb.

## FINANCING PLAN

The financial analysis was conducted both before and after tax and financing. The corporate tax rate in Finland is 26% and the financial model assumes straight-line depreciation. Some €19m of tax losses are available. The discount rate used is equivalent to 8% pre-tax real rate. There are no royalties payable in Finland, but compensation is payable to private landowners, however most land is 100% owned by the Company. The analysis indicates that the project can support project finance.

The company has developed a financing plan for the Project covering both debt and equity markets, purchasers of concentrate and Finnish government agencies. An Information Memorandum, detailed financial model and invitation to submit term sheets will be distributed to selected parties.

The next steps will be to determine the level of Finnish government assistance that may be available to the Project, to secure offers from various parties based on the results of this study and to finalise offtake arrangements for concentrate products.

Universal's Finnish subsidiary, Kylylahti Copper Oy, has been awarded a €2.3M (A\$3.5M) grant from the Ministry of Employment and the Economy to assist with the

refurbishment of the plant and a further application has been made for assistance at the Kylylahti mine site.

## SCHEDULE

The key milestones for the Project assuming financing completion December 2010 are:

▪ Start site works/box cut	October 2010
▪ Start decline	January 2011
▪ Concentrator refurbishment starts	January 2011
▪ First development ore mined	November 2011
▪ Plant re-commissioning	January 2012
▪ First concentrate production	February 2012
▪ First stoping ore	March 2012
▪ Full production	June 2012

## COMPETENT PERSON STATEMENTS

**Overview and Compilation:** The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Dr Alistair Cowden, BSc (Hons), PhD (Geology), Mr Jarmo Vesanto, MSc (Geology), Mr Jani Impola MSc (Geology) and Mr Seppo Tuovinen MSc (Mining) who are members of the Australian Institute of Mining and Metallurgy and who are full time employees of Universal and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Alistair Cowden, Mr Jarmo Vesanto, Mr Jani Impola and Mr Seppo Tuovinen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

**Mine Design:** Mine design and Reserve estimation was undertaken by Mr Michael Leak and Mr Karl Van Olden of Optiro Pty Ltd who are members of the Australian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Michael Leak and Mr Karl Van Olden consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.