

UNIVERSAL  RESOURCES

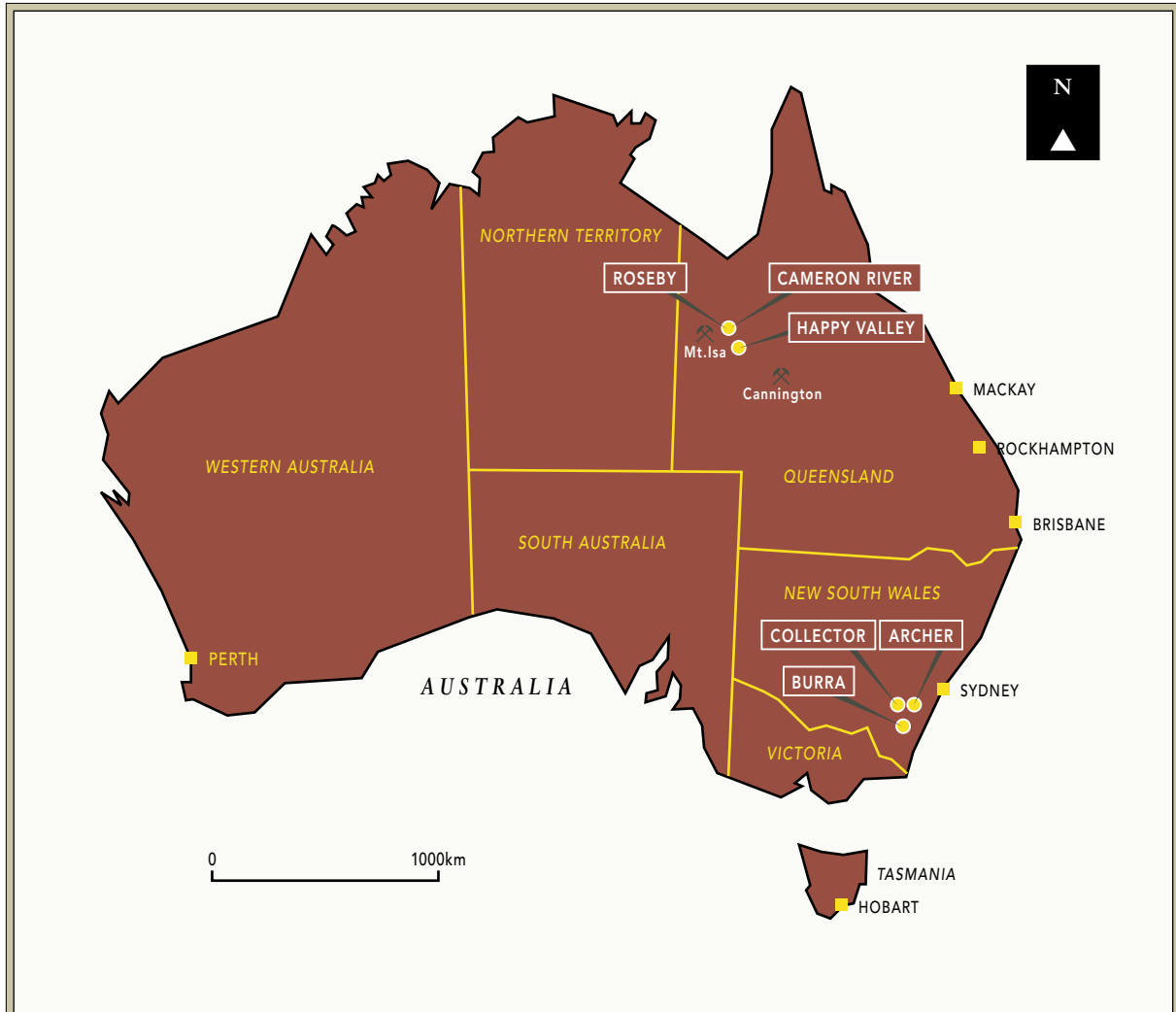
2002 ANNUAL REPORT

UNIVERSAL RESOURCES LIMITED

ACN 090 468 018

www.universalresources.com.au

Figure 1. PROJECT LOCATIONS



CONTENTS

COMPANY PARTICULARS	1
CHAIRMAN'S REPORT	2
TENEMENT SCHEDULE	6
DIRECTORS' REPORT	8
CORPORATE GOVERNANCE STATEMENT	13
FINANCIAL REPORT	14
INDEPENDENT AUDIT REPORT TO MEMBERS	32
ASX ADDITIONAL INFORMATION	33
NOTICE OF ANNUAL GENERAL MEETING	35
PROXY FORM	LOOSE INSERT

COMPANY PARTICULARS

Directors:

P A J Ingram – Chairman and Managing Director
M W H Hoyle – Exploration Director
C T Ansell
K J Foots
J A Walls

Company Secretary:

D J Kelly

**Principal & Registered
Office in Australia:**

Level 2 Construction House
35 Havelock Street
West Perth WA 6005
PO Box 1466
West Perth WA 6872
Telephone: 61 8 9486 8400
Facsimile: 61 8 9486 8700
Email: universal@universalresources.com.au
Website: www.universalresources.com.au

Country of Incorporation:

Australia

Share Registry:

Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone: 61 8 9323 2000

Auditor:

Horwath Perth
128 Hay Street
Subiaco WA 6008
Telephone: 61 8 9380 8400
Facsimile: 61 8 9380 8499

Bankers:

Australia and New Zealand Banking Group Limited
Cnr Hay & Outram Streets
West Perth WA 6005

Solicitor:

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005
Telephone: 61 8 9322 7644
Facsimile: 61 8 9322 1506

Stock Exchange Listing:

The Company is listed on the Mining Board of the
Australian Stock Exchange Limited (“ASX”)
ASX Codes: Shares URL
Options URLO

CHAIRMAN'S REPORT

It is with pleasure that, on behalf of the directors of Universal Resources Limited ("Universal" or the "Company"), I present to you the Company's Annual Report and Notice of Annual General Meeting.

INTRODUCTION

2002 has been another difficult year for equity markets, particularly in the USA, Japan and Europe. Nevertheless, on 7 June, Universal lodged its prospectus for a partially underwritten Initial Public Offering ("IPO") of shares and options. The offer closed on 2 August with subscriptions totalling \$4 million and the company listed on ASX on 3 September 2002.

The directors wish to acknowledge the enormous effort and substantial contributions made by a large number of people – consultants, contractors, experts, advisers and underwriters – to the ultimate success of the IPO. We thank them for their efforts on behalf of the company.

In addition, the directors would like to thank all those investors who have supported the company both prior to and during the IPO. We welcome new shareholders to the company and assure all shareholders that the directors will be using their skills, experience and energies to develop the company's mineral projects and thereby increase the value of your shareholdings.

As Chairman, I would also like to thank my fellow directors for their hard work and continuing support of the company and the substantial contributions made by them to the success of the IPO.

Shareholders are reminded that the Annual General Meeting of the company will be held at the offices of Horwath Perth, 128 Hay St, Subiaco, on 29 November 2002 at 11.30am. The official notice of meeting is included with this report.

EXPLORATION ACTIVITIES FOR THE YEAR TO 30 JUNE 2002

The company has six base and precious metal projects within Australia: three in the Cloncurry District of Queensland and three in the Goulburn area of the Lachlan Fold Belt of NSW (*Figure 1*).

Limited funds available to the company prior to the IPO raising resulted in less exploration being undertaken during the year than the company had hoped, with most expenditure and effort being directed to the IPO. However, progress was made at several projects, including the company's major project at Roseby in Queensland.

Roseby Joint Venture (Universal 50%)

The Roseby Project covers an area of approximately 1000 sq km of mining and exploration tenements (*Figure 2*), is owned 50% each by Universal and Bolnisi Logistics Pty Ltd (Bolnisi) and is the subject of two joint ventures between Universal and Bolnisi.

a. Exploration Joint Venture (Universal: 50% interest increasing to 70%)

The Exploration Joint Venture relates to the Exploration Area incorporating approximately 94% of the total Roseby Joint Venture Area and is managed and sole funded by Universal. Under the terms of the Joint Venture Agreement with Bolnisi, Universal must spend \$5 million over a maximum 5 years to increase its equity in the Exploration Area from 50% to 70%.

Mineralisation identified to date within the Exploration Area is of two main types:

- i) **Copper-gold** sulphide mineralisation of the Ernest Henry – Olympic Dam style; and
- ii) **Copper oxide** mineralisation of the Zambian Copperbelt style;

although other styles of mineralisation are also known from the area.

The principal activity for 2002 has been the signing of an Access and Cultural Heritage Agreement between Universal, Bolnisi and the Kalkadoon People, enabling site clearances and exploration activities to be undertaken under certain terms and conditions.

Cultural Heritage clearance has been obtained for all drill sites for the 2002-2003 year and, subject to undertaking certain protective measures (subsequently completed), are available for Universal to drill on. Drilling commenced at the Little Eva deposit on 26 September.

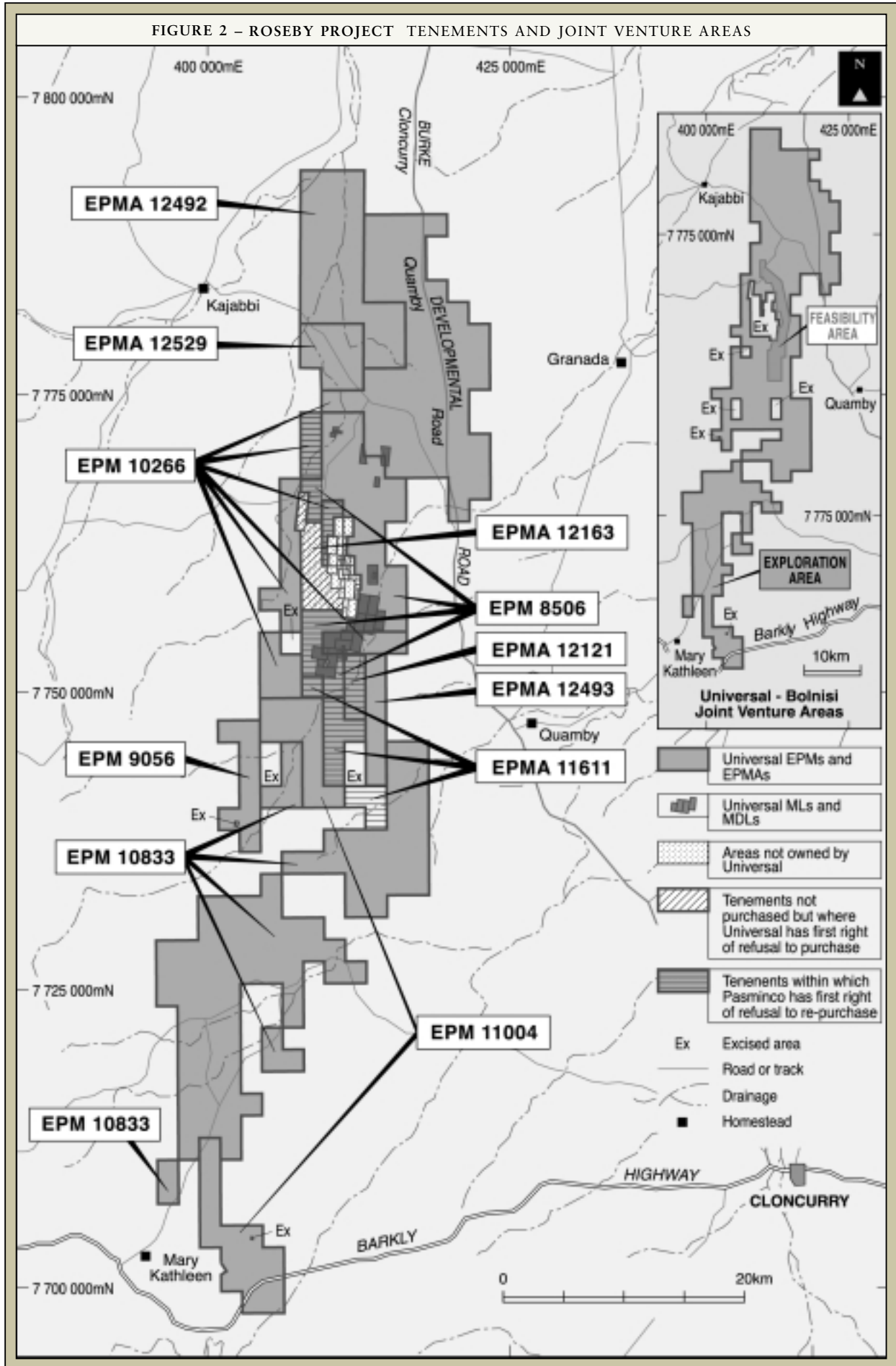
b. Feasibility Joint Venture (Universal: 50% reducing to 30%)

The Feasibility Joint Venture covers approximately 6% of the total Roseby Joint Venture Area and includes Zambian Copperbelt style mineralisation. Inferred and indicated resources of oxide copper (*figure 4*) (defined by previous explorers) total 62.3 million tonnes grading 0.75% copper at a 0.5% copper cut-off grade.

Bolnisi manages and is sole funding the Feasibility Joint Venture under the terms of which Bolnisi will increase its equity interest in the Feasibility Area from 50% to 70% if:

- i) It completes a bankable Feasibility Study of the oxide copper resources by 31 October 2005; and
- ii) Expends on the Feasibility Study a minimum of \$1.25 million by 31 October 2002 and thereafter at a minimum rate of \$1.25 million per year during the continuance of the study.

FIGURE 2 – ROSEBY PROJECT TENEMENTS AND JOINT VENTURE AREAS



CHAIRMAN'S REPORT

(continued)

Bolnisi commenced activities in the December quarter of 2001 and have continued through 2002. Initial work has focussed on:

- i) Reviewing previous work and validating the substantial database relating to the Feasibility Area;
- ii) Undertaking metallurgical test work on pre-existing drill samples (diamond core) to substantiate the results of previous test-work at the Blackard and Scanlan deposits;
- iii) The completion of a two hole RC percussion drilling program at the Scanlan deposit (Holes SC 116 and 117) and two of an eight hole diamond drilling program at the Blackard deposit (Holes BC 265 and 266). These holes were designed to validate grades and thickness of mineralisation intersected in previous drilling and to provide fresh material for further metallurgical and geotechnical test-work.

Results reported to ASX by Bolnisi suggest that the previous estimates of metallurgical recovery (60% using a combination of gravity separation and flotation) should be achieved or improved upon. Bolnisi's test-work was undertaken on old drill-core that had been exposed to the weather over many years. It is anticipated that further work on fresh samples from the recent drilling should provide improved results, particularly in the flotation process.

Drilling reported to-date (using a 0.5% copper cut-off grade) has confirmed the results of previous work at both the Blackard and Scanlan deposits:

- i) Blackard Hole BC 265:
46m to 96m (50m) @ 1.03% copper
104m to 114m (10m) @ 1.44% copper
- ii) Blackard Hole BC 266:
38m to 76m (38m) @ 1.05% copper
- iii) Scanlan Hole SC 116:
10m to 114m (104m) @ 0.93% copper
- iv) Scanlan Hole SC 117:
44m to 180m (136m) @ 1.87% copper

Results from a further six diamond drill holes at Blackard have yet to be reported by Bolnisi.

PROPOSED EXPLORATION FOR THE YEAR TO 30 JUNE 2003

Roseby

Universal

Universal has commenced a substantial program of drilling at the Roseby project (*Figure 3*), designed to:

- i) Determine the gold content of copper mineralisation at the Little Eva deposit;
- ii) Determine the controls on and the geometry of the mineralisation at the Little Eva and Lady Clayre copper-gold deposits;
- iii) Provide preliminary tests of the known copper-gold mineralisation at the Horsehoe Flat prospect;
- iv) Provide fresh mineralised material upon which to undertake preliminary metallurgical test-work.

In addition, the company will commence regional mapping and sampling of the larger tenement area at Roseby.

Bolnisi

Bolnisi plan to undertake considerable infill and extension drilling of the established oxide copper resources to allow for an upgrade in the category of resource estimations and to provide material for further metallurgical and geotechnical test-work.

In addition, Bolnisi will initiate environmental, process engineering, site planning, infrastructure planning and financial studies of the project.

Other Projects

Preliminary drill testing by Universal of mineralised targets at the **Burra** and **Collector** projects in NSW is also planned for the 2002-2003 program.

Readers are referred to the company's Prospectus dated 7 June 2002 to obtain more detailed information about the company and its projects. The prospectus can be viewed at the company's web-site:
www.universalresources.com.au

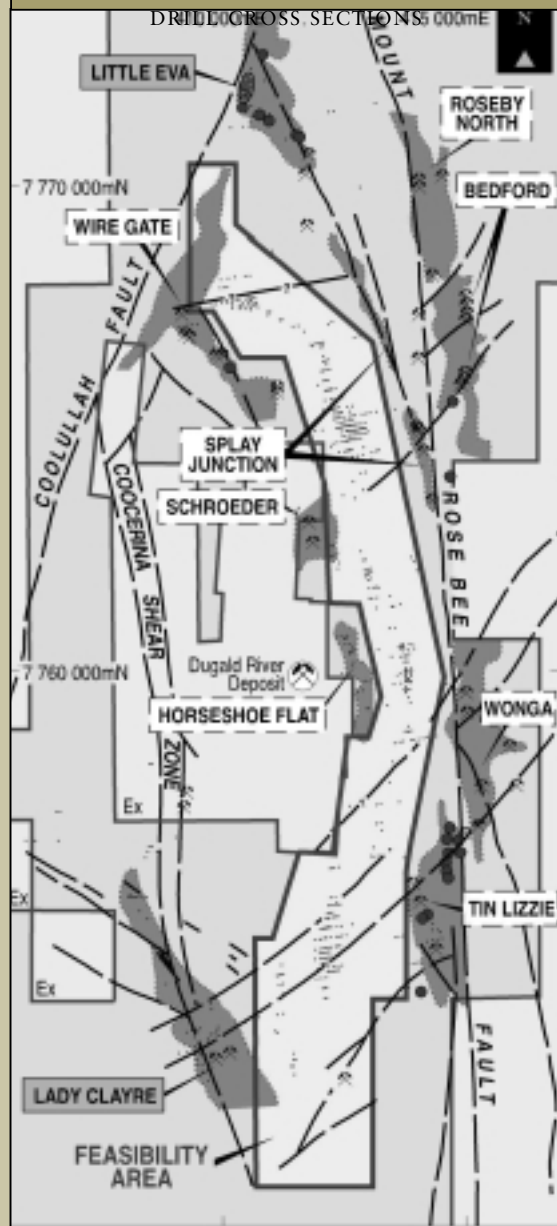


P A J Ingram

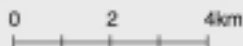
CHAIRMAN AND MANAGING DIRECTOR

NOTE: Information within this report that relates to mineralisation and/or resources and reserves accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by M W H Hoyle, an employee of the company, who is a Fellow of the Australasian Institute of Mining and Metallurgy with more than 5 years experience in the field of activity in which he is reporting.

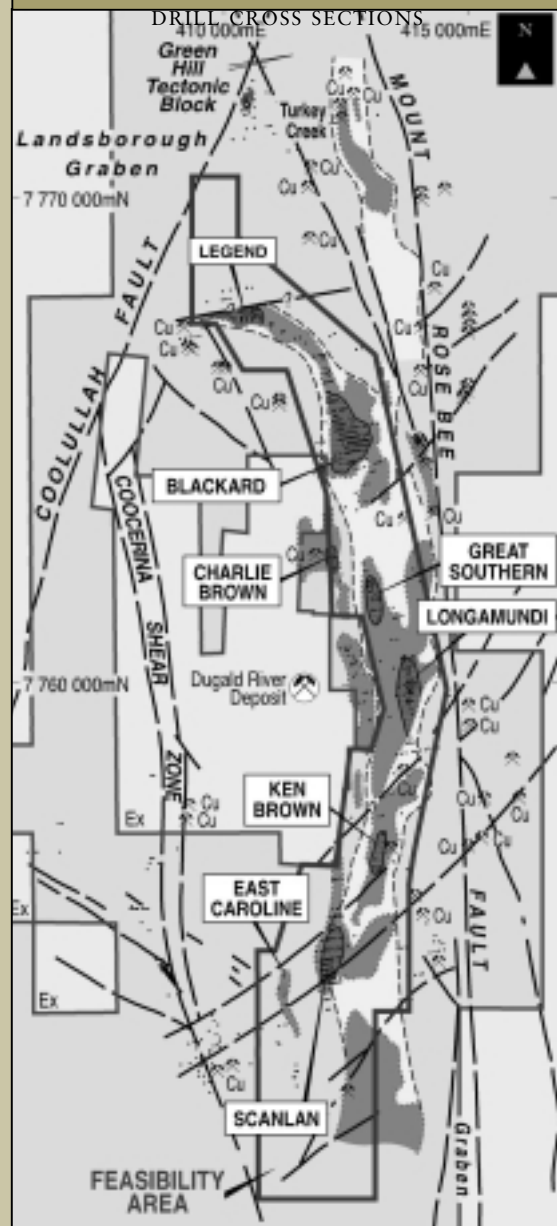
**FIGURE 3 - ROSEBY PROJECT
HYDROTHERMAL COPPER - GOLD TARGETS**



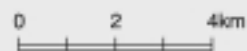
- Composite anomaly
- Hydrothermal iron outcrop
- Rc / diamond drillholes
- EVA** Priority one targets
- GATE** Other targets
- Major mapped and interpreted faults
- Old workings
- Universal tenement interests
- Ex** Excised area



**FIGURE 4 - ROSEBY PROJECT
STRATIFORM COPPER ZONE
Bedrock Copper Anomalies**



- Bedrock copper anomaly
- Stratiform copper zone
- Rc / diamond drillholes
- Major mapped and interpreted faults
- Old workings
- Universal tenement interests
- Ex** Excised area



T E N E M E N T S C H E D U L E

Number	Name	Interest
ROSEBY		
EPM 8506	Mt Roseby	50%
EPM 9056	Pinnacle	50%
EPM 10266	Highway	50%
EPM 10833	Cameron	50%
EPM 11004	Ogorilla	50%
EPMA 11611	Gulliver	50%
EPMA 12121	Gulliver East	50%
EPMA 12492	Queen Sally	50%
EPMA 12493	Quamby	50%
EPMA 12529	Cabbage Tree	50%
MDL 12	Little Eva	50%
MDL 80	Roseby	50%
MDL 81	Bedford	50%
MDL 82	Green Hills	50%
MDL 83	Insur No. 1 and 2	50%
MDL 84	Insurance No. 3	50%
MS 3072	Little Eva	25%
ML 2600	Dugald River 58	50%
ML 2647	Lady Clayre / Rodex 1	50%
ML 2648	Lady Clayre / Rodex 2	50%
ML 2649	Lady Clayre / Rodex 3	50%
ML 2650	Lady Clayre / Rodex 4	50%
ML 2651	Lady Clayre / Rodex 5	50%
EPM 8056	Mt Roseby	50%
ML 2581	Scanlan 1	50%
ML 2582	Scanlan 2	50%
ML 2583	Scanlan 3	50%
ML 2584	Scanlan 4	50%
ML 2585	Scanlan 5	50%
ML 2652	Rodex 6	50%
ML 2653	Rodex 7	50%
ML 2654	Rodex 8	50%
ML 2655	Rodex 9	50%
ML 7497	Longamundi	50%
ML 90048	Longamundi 2	50%
ML90052	Scanlan 7	50%
ML 90053	Scanlan 8	50%
ML 90054	Scanlan 9	50%
ML 90055	Caroline Revised	50%
ML 90056	Rodex 10	50%
MF 13961	Longamundi	50%

Number	Name	Interest
CAMERON RIVER (QLD)		
EPM 8059	Cameron River	100%
HAPPY VALLEY (QLD)		
EPM 9611	Cut Snake	100%
COLLECTOR (NSW)		
EL 5812	Collector	90%
BURRA (NSW)		
EL 5692	Burra	90%
ARCHER (NSW)		
EL 5759	Archer	90%

DIRECTORS' REPORT

for the year ended 30 June 2002

Your directors present their report on Universal Resources Limited ("Universal" or the "Company") for the financial year ended 30 June 2002.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report.

P A J Ingram	Chairman and Managing Director
M W H Hoyle	Exploration Director
C T Ansell	Non Executive Director
J A Walls	Non Executive Director
K J Foots	Non Executive Director

PRINCIPAL ACTIVITIES

The principal continuing activities of the Company during the year consisted of mineral exploration and evaluation and acquisition of exploration tenements. There were no changes in its activities during the financial year.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year and no dividends have been recommended by directors.

RESULT FOR THE YEAR

	2002	2001
	\$	\$
Loss from ordinary activities after income tax expense	369,308	610,738

REVIEW OF OPERATIONS

During the period the Company continued its principal activities of mineral exploration and development.

Operations included:

- a) the undertaking of exploration at the company's projects in Queensland and New South Wales;
- b) the negotiation and entering into of an Access and Cultural Heritage Agreement between Universal, Bolnisi Logistics Pty Ltd ("Bolnisi") and the Kalkadoon Native Title Claimant Group Q6031/99 (the "Kalkadoon People") relating to the Roseby Project in Queensland; and,
- c) the preparation and lodging (on 7 June 2002) of a prospectus to raise a minimum of \$4,000,000 through an Initial Public Offering of shares and options.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

- (a) On 10 August 2001 the Company entered into an agreement with Bolnisi for the sale of a 50% interest in the Roseby Project to Bolnisi. Consideration for the sale was \$1,200,916 (plus GST), the provision by Bolnisi of the funds or bank guarantee to meet the environmental bonds and agreement to share the ongoing liabilities to Pasmenco Australia Limited ("Pasmenco") and Lake Gold Pty Ltd ("Lake Gold"). Settlement of the agreement was effected on 31 August concurrently with settlement of the Pasmenco and Lake Gold Roseby Acquisition Agreements.
- (b) On 31 August 2001 the Company issued 6,666,666 fully paid ordinary shares at a deemed issue price of \$0.15 and 3,333,333 free options to acquire fully paid ordinary shares to Pasmenco Australia Limited to complete the second tranche of the consideration for the purchase of Roseby Project, pursuant to the Roseby Acquisition Letter Agreement;
- (c) On 31 August 2001 the Company paid \$100,000 cash and issued 2,327,980 fully paid ordinary shares at a deemed issue price of \$0.15 and 1,163,990 free options to acquire fully paid ordinary shares to Lake Gold to complete the first tranche of the consideration for the purchase of certain tenements included in the Roseby Project, pursuant to the Lake Gold Acquisition Agreement;
- (d) On 19 September 2001 the Company issued to Mr William Hernstadt 63,332 fully paid ordinary shares at an issue price of \$0.15 and 31,666 free options to acquire fully paid ordinary shares to raise working capital;
- (e) On 9 October 2001 the Company issued 2,250,000 shares at a deemed issue price of \$0.15 and 1,125,000 free options to acquire fully paid ordinary shares to Pan Australian Resources NL ("Pan Aust") in settlement of purchase all of Pan Aust interest in EPM 8059 and EPM 9611, and certain plant & equipment;
- (f) On 9 November 2001 the Company issued 133,333 shares at a deemed issue price of \$0.15 and 66,667 free options to acquire fully paid ordinary shares to Cairnglen Investments Pty Ltd in settlement of services regarding the Roseby Acquisition Agreement;
- (g) On 3 December 2001 the Company issued 650,000 shares at a deemed issue price of \$0.15 and 325,000 free options to acquire fully paid

ordinary shares to Dominion Metals Pty Ltd (“Dominion”) in settlement of purchase all of Dominion interest in EPM 8059 and EPM 9611;

- (h) On 7 January 2002 the Company issued to various Shareholders 431,666 fully paid ordinary shares at an issue price of \$0.10 and 215,833 free options to acquire fully paid ordinary shares to raise working capital;
- (i) On 15 February 2002 the Company issued to various Shareholders 350,000 fully paid ordinary shares at an issue price of \$0.10 and 175,000 free options to acquire fully paid ordinary shares to raise working capital;
- (j) On 26 March 2002 the Company issued to various Shareholders 1,330,000 fully paid ordinary shares at an issue price of \$0.10 and 1,165,000 free options to acquire fully paid ordinary shares to raise working capital;
- (k) On 3 April 2002 the Company issued to various Shareholders 920,000 fully paid ordinary shares at an issue price of \$0.10 and 460,000 free options to acquire fully paid ordinary shares to raise working capital;
- (l) During April and May 2002 Universal entered into a Deed of Variation and Restriction (“Restriction Deed”) with each existing shareholder to facilitate underwriting of the IPO. Each shareholder agreed to the following:
 - the variation to the terms of the options held by those shareholders to amend the expiry date from 10 July 2003 to 10 July 2005; and
 - in the event Universal is admitted to the Official List by 31 December 2002, a restriction on dealing with some or all of the Shares, Options and Shares issued upon exercise of the Options (“Restricted Securities”) for an agreed escrow period.

This matter is summarised in section 1.10 of the Company’s Prospectus dated 7 June 2002.

- (m) On 7 June 2002 the company lodged a prospectus for the issue of up to 25,000,000 ordinary shares at 20 cents together with one attaching option granted free for every two shares issued at an exercise price of 20 cents and with an expiry date of 10 July 2005.

There were no other significant changes in the state of affairs of the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

- (a) The IPO closed on 2 August 2002 successfully attaining the minimum subscription of \$4 million.
- (b) The company listed on ASX on 3 September 2002.

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2002 that has significantly affected, or may significantly affect:

- (a) the Company’s operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company’s state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information as to likely developments in the operations of the Company and the likely results of these operations would, in the opinion of the directors, be prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATION

The Company is subject to environmental regulations in respect of its exploration activities in Australia, as prescribed by various State Government Departments dealing with minerals exploration, mining and the environment. The Company has met its environmental obligations under the law.

DIRECTORS' REPORT

for the year ended 30 June 2002 (continued)

INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
P A J Ingram BSc, FAusIMM, MGSA, FAICD	Peter Ingram is a geologist with over 36 years experience in the mining and mineral exploration industries within Australia, including over 20 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 and Marlborough Resources 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.	<i>Chairman and Managing Director</i>
M W H Hoyle BSc(Hons), FAusIMM	Maurice (Maurie) Hoyle is an economic geologist with 36 years experience in the mining and exploration industries in Australia and overseas. Much of this time has been spent working in a managerial capacity for three major international companies and several junior mining companies. During the past 20 years Mr Hoyle has established two successful exploration management consultancies offering services in senior project management, prospect to minescale evaluations, corporate assessments, bankable feasibility studies and due diligence work over a wide spectrum of commodities.	<i>Exploration Director</i>
C T Ansell FCA, MAICD	Mr Ansell is a Fellow of the Institute of Chartered Accountants and a professional company director. He has been a director of various mining companies for 21 years and is currently Chairman of Dragon Mining NL and a director of Croesus Mining NL and De Grey Mining Limited. Mr Ansell was, until December 1999, Chairman of Commissioners of the cities of Joondalup and Wanneroo.	<i>Non-Executive Director</i>
K J Foots BE(min)(Qld), CPA, FAusIMM, MCIMM, FAICD	Mr Foots has worked extensively in copper and coal mining in Australia, the USA and Canada. Mr Foots was for many years employed by BHP Utah Coal Limited as Chief Mining Engineer, General Manager of Operations and Senior Vice President. Mr Foots is the current President of Queensland Mining Council and Past Chairman of the Australian Coal Association. He is also Chairman of Lake Resources Limited, Oroplata Limited, Little Digger Mining Ltd, and a director of 202 Ltd, Australian Coal Research Limited, Uniquet Pty Ltd, and Aquatec Environmental Ltd.	<i>Non-Executive Director</i>
J A Walls B.Sc.(Geoph Eng), MSEG	Mr Walls worked for 16 years as a geophysicist in the oil exploration industry in both the USA and Australia, becoming Australian Area Manager in 1968 for a major international geophysical contractor servicing Australian and international oil companies. In 1970 Mr Walls became involved in mineral exploration and has been involved in several exploration discoveries, including the Yaamba Basin oil shale deposits in Queensland. Mr Walls established his own drilling company in 1973. He is a director of Australian Consolidated Exploration Pty Ltd and Marlborough Resources Limited. He is now an Australian citizen.	<i>Non-Executive Director</i>

PARTICULARS OF DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY
(at time of signing this document)

	Ordinary Shares	Options
P A J Ingram & M W H Hoyle as tenants in common	80,100	40,050
P A J Ingram	4,710,000	2,355,000
M W H Hoyle	3,064,000	1,532,000
C T Ansell	620,000	310,000
K J Foots	200,000	100,000
J A Walls	700,000	350,000

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2002 and the numbers of meetings attended by each Director.

	Number held whilst in Office	Number Attended
<i>Number of meetings attended by:</i>		
P A J Ingram	9	9
M W H Hoyle	9	9
C T Ansell	9	9
J A Walls	9	9
K J Foots	9	9

The directors have not formed an Audit committee as they consider that the current size and state of development of the Company does not warrant a separate committee and all audit matters are considered by the Board as a whole.

DIRECTORS AND EXECUTIVES EMOLUMENTS

Shareholders have approved Directors Fees in total of \$150,000 per annum. Fees of \$125,000 for the year ending June 2002 have been accrued in the financial accounts. In addition to directors fees, Mr Hoyle has been paid consulting fees on a discounted basis as detailed below.

Directors may be paid consulting fees at commercial rates calculated according to the amount of time spent on Company business. All directors may receive consulting fees on an hourly basis which are paid from time to time for specialist services beyond normal duties.

Both executives and non-executives are entitled to take part in the Universal Resources Limited Employee Share Option Plan. No shares or options have been issued pursuant to this plan. No director is paid any amounts dependent on the performance of the Company.

Details of the nature and amount of each element of the emoluments of each director of Universal Resources Limited and each of the officers of the Company who received the highest emoluments are set out in the following tables.

Name	Director's Fees \$	Total \$
Non-executive directors of Universal Resources Limited		
C T Ansell	25,000	25,000
K J Foots	25,000	25,000
J A Walls	25,000	25,000
Executive directors of Universal Resources Limited		
P A J Ingram	25,000	25,000
M W H Hoyle	25,000	25,000

Name	Consulting Fees \$	Total \$
Executive directors of Universal Resources Limited		
M W H Hoyle	18,000	18,000
Other executives of Universal Resources Limited		
D J Kelly – Yr 2000 Company Secretarial Services	25,000	25,000
D J Kelly – Yr 2001 Company Secretarial Services	25,000	25,000
D J Kelly – Other administrative services	7,920	7,920

Other executives are officers who are involved in, concerned in, or who take part in, the management of the affairs of the Company.

DIRECTORS' REPORT

for the year ended 30 June 2002 (continued)

OPTIONS

At the date of this report there were on issue 29,356,789 options to acquire fully paid ordinary shares in Universal Resources Limited. These options have an expiry date of 10 July 2005 and are exercisable at 20 cents.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

DIRECTORS' AND OFFICERS' INSURANCE

During the year the Company paid a premium to insure the directors and officers of the Company. Under the terms of the policy the Company cannot publish amounts paid for premiums or the extent of the liabilities insured.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of the proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

AUDITOR

Horwath Perth continues in office in accordance with Section 327 of the Corporations Act 2001.

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



P A J Ingram
CHAIRMAN

Dated at Perth on this 2nd day of October 2002

C O R P O R A T E G O V E R N A N C E S T A T E M E N T

The directors are responsible for protecting the rights and interests of the shareholders through the implementation of sound strategies and action plans and development of an integrated framework of controls over the Company's resources, functions and assets.

GENERAL

The Company does not have any formally constituted committees of the Board of Directors. The directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of special or separate committees. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The statement outlines the main corporate governance policies which the directors have adopted.

COMPOSITION OF THE BOARD

The Board comprises five directors. The names, qualifications and relevant experience of each director is included in the Directors' Report.

The Company's Constitution provides that it shall at all times have at least three and not more than nine directors. There is no requirement for any director's shareholding qualification.

As the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of directors required to supervise adequately the Company's activities determined within the limitations imposed by the Constitution.

BOARD MEMBERSHIP

The Board has no nomination committee. Members of the Board have been brought together to represent a blend of qualifications, skills and experience, both nationally and internationally, required to manage a Company operating within the mining industry.

APPOINTMENT AND RETIREMENT OF NON-EXECUTIVE DIRECTORS:

The Company's Constitution provides that directors are subject to retirement in rotation, by order of length of appointment, and are eligible for re-election by shareholders at the Annual General Meeting of the Company.

DUTIES OF DIRECTORS:

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the Company and to carry out their duties and responsibilities with due care and diligence.

Directors are required to take into consideration conflicts when accepting appointments to other boards. Accordingly, directors wishing to accept appointment to other boards must first seek approval from the Board, approval of which will not be unreasonably withheld.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual directors may in appropriate circumstances engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board which will not be unreasonably withheld.

COMPENSATION ARRANGEMENTS

The maximum aggregate amount payable to non-executive directors as directors' fees has been set at \$150,000. The Constitution provides that directors' fees can only change pursuant to a resolution at a general meeting.

The Board is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

AUDIT COMMITTEE

The Board does not maintain an audit committee. All matters which might be dealt with by such a committee are reviewed by the directors meeting as a Board.

INTERNAL MANAGEMENT CONTROLS

The Company's assets are located in Australia. Control over the operations of the Company is exercised by the Managing Director and the Exploration Director.

The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks.

IDENTIFYING SIGNIFICANT BUSINESS RISK

The Board monitors regularly the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's shares, however, the directors recognise that mineral exploration is inherently risky.

FINANCIAL REPORT

Statement of Financial Performance

for the year ended 30 June 2002

	Note	2002 \$	2001 \$
Revenue from ordinary activities	3	12,622	19,653
Depreciation expense	4(a)	(2,266)	(2,116)
Other expenses from ordinary activities	4(b)	(379,664)	(628,275)
Loss from ordinary activities before income tax expense	4	(369,308)	(610,738)
Income tax expense	5	-	-
Loss from ordinary activities after income tax expense		(369,308)	(610,738)
Total changes in equity other than those resulting from transactions with owners as owners		(369,308)	(610,738)
Basic loss per share (cents)		(1.1)	(3.2)
Diluted loss per share (cents)		(1.1)	(3.2)

The above Statement of Financial Performance should be read in conjunction with the accompanying notes

FINANCIAL REPORT *(Continued)*

Statement of Financial Position

as at 30 June 2002

	Note	2002 \$	2001 \$
Current assets			
Cash assets	6	14,757	36,399
Receivables	7	254,522	169,477
Total current assets		269,279	205,876
Non-current assets			
Receivables	8	36,120	31,120
Property, plant and equipment	9	11,116	12,111
Exploration and development	10	3,194,873	596,715
Total non-current assets		3,242,109	639,946
Total assets		3,511,388	845,822
Current liabilities			
Payables	11	964,417	41,441
Total current liabilities		964,417	41,441
Total liabilities		964,417	41,441
NET ASSETS		2,546,971	804,381
Equity			
Contributed equity	12	3,749,191	1,637,294
Accumulated losses	13	(1,202,220)	(832,913)
TOTAL EQUITY		2,546,971	804,381

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

FINANCIAL REPORT *(Continued)*

Statement of Cash Flows for the year ended 30 June 2002

	Note	2002 \$	2001 \$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(188,032)	(625,356)
Interest received		8,495	11,682
Interest paid		(44)	(30)
Net cash outflows from operating activities	22	<u>(179,581)</u>	<u>(613,704)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,271)	(577)
Payments for acquisition of exploration properties		(54,336)	(39,599)
Expenditure on exploration		(257,154)	(82,385)
Other payments – security deposits		(5,000)	(20,000)
Net cash outflows from investing activities		<u>(317,761)</u>	<u>(142,561)</u>
Cash flows from financing activities			
Proceeds from share issues		457,700	669,100
Proceeds received pursuant to share issue – prepaid		18,000	-
Net cash inflows from financing activities		<u>475,700</u>	<u>669,100</u>
Net increase/(decrease) in cash		(21,642)	(87,165)
Cash at the beginning of the financial year		<u>36,399</u>	<u>123,564</u>
Cash at the end of the financial year	6	<u><u>14,757</u></u>	<u><u>36,399</u></u>

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

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

1. Summary of significant accounting policies

The financial report is a general purpose financial report prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. The accounting policies adopted in preparing the financial report have been consistently applied by entities in the Company except as otherwise indicated. Unless otherwise stated, policies adopted in the preparation of the financial report are consistent with those of the previous accounting period.

Set out below is a summary of significant accounting policies adopted in the preparation of the financial report.

(a) Basis of Preparation

The financial report has been prepared on the basis of historical costs and except where stated does not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Company has not adopted a policy of revaluing its current assets on a regular basis. Non-current assets are to be revalued from time to time as considered appropriate by the Directors and are not stated at amounts in excess of their recoverable amounts.

(b) Depreciation

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic life of the plant and equipment. The average rates used are 20% for furniture, 36% for computer equipment and 100% for items of less than \$300 cost.

(c) Income Tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the loss from ordinary activities before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of loss from ordinary activities before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Summary of significant accounting policies (continued)

(d) Exploration and Development Costs

The Company's policy with respect to exploration and development costs is to use the area of interest method. Under this method exploration and development costs are carried forward on the following basis:

- (i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration, evaluation and development costs.
- (ii) Exploration and development costs related to an area of interest are carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
 - such development costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
 - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and development costs accumulated in respect of each particular area of interest include only net direct expenditure.

- (iii) The Company has minimum annual expenditure commitments to maintain its tenements in good standing. These expenditure commitments are disclosed at Note 19.

The directors believe that the Company will maintain the tenements in good standing for at least the next 12 months.

- (iv) The carrying values of mineral tenements are reviewed annually by directors where results of exploration and/or evaluation of an area of interest are sufficiently advanced to permit a reasonable estimate of the amount expected to be recouped through successful development of the area of interest or by its sale. Expenditure in excess of this estimate is written off to the Statement of Financial Performance in the period in which the review occurs. The carrying values of mineral tenements are carried forward and amortised over the expected useful life of each project.

(e) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

(f) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(g) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the loss from ordinary activities after income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Summary of significant accounting policies (continued)

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

(h) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with the presentation in the current year.

(i) Trade Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(j) Trade Creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Restoration and Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration programs are provided for or charged to the Statement of Financial Performance as incurred.

Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

2. Segment information

(a) Business segments

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

(b) Geographical segments

The Company operates only in Australia.

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

	2002	2001
	\$	\$
3. Revenue		
Revenue from outside the operating activities		
Interest income	4,559	11,747
Rent income	8,063	7,906
	12,622	19,653
Revenue from ordinary activities	12,622	19,653
4. Operating loss		
(a) Net gains and expenses		
Loss from ordinary activities before income tax expense includes the following specific net gains and expenses:		
Expenses		
Depreciation		
Plant and equipment	2,266	2,116
Total depreciation	2,266	2,116
(b) Individually significant items		
Printing and Stationery	29,709	10,861
Consultants Fees	112,920	48,430
Directors Fees	125,000	-
Payments in relation to the preparation of a prospectus for a proposed stock exchange listing	-	441,830
Individually significant items after income tax	267,629	501,121
5. Income tax		
The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss, and is reconciled as follows:		
Operating loss from ordinary activities before income tax	(369,308)	(610,738)
Prima facie tax benefit at 30% (2001:34%)	(110,792)	(207,651)
To which is added back the tax effects of:		
Non allowable items	951	2,832
Timing differences	(54,958)	-
Future income tax benefit not brought to account	164,799	204,819
Income tax expense	-	-

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Income tax (continued)

The potential tax benefit of tax losses amounting to \$345,522 (2001: \$204,819) have not been brought to account in these financial statements as realisation of the benefit cannot be regarded as being assured beyond any reasonable doubt. The potential future income tax benefit will be obtainable if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the loss to be realised; or
- (b) the Company continues to comply with the conditions for deductibility imposed by income tax law; and
- (c) no changes in income tax legislation adversely affects the Company in realising the benefit of the deduction for the loss.

	2002 \$	2001 \$
6. Current assets – cash		
Cash at bank and on hand	11,613	7,549
Deposits at call	3,144	28,850
	14,757	36,399
7. Current assets – receivables		
Trade debtors	5,961	19,477
Other debtors	33,586	150,000
Prepayments	214,975	-
	254,522	169,477
<p>Other debtors is a refund due from the Australian Taxation Office for Goods and Services Tax. Prepayments are 2003 year components of current insurance policies (\$9,400) and prepaid IPO costs (\$205,575).</p>		
8. Non-current assets – receivables		
Security deposits	36,120	31,120
	36,120	31,120
9. Non-current assets – Property, plant and equipment		
Plant and equipment		
Plant and equipment – at cost	19,197	17,926
Less : accumulated depreciation	(8,081)	(5,815)
Total plant and equipment	11,116	12,111
Total property, plant & equipment	11,116	12,111

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Non-current assets – Property, plant and equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current financial year are as set out below:

	2002 \$	2001 \$
	Plant & equipment	Total
Carrying amount at the beginning of the financial year	12,111	13,650
Additions	1,271	577
Depreciation expense	<u>(2,266)</u>	<u>(2,116)</u>
Carrying amount at the end of the financial year	<u><u>11,116</u></u>	<u><u>12,111</u></u>

10. Non-current assets – Exploration and development

Exploration Properties

Balance at the beginning of the year	596,715	228,348
Acquisition costs	2,259,839	39,599
Exploration expenditure incurred	<u>338,319</u>	<u>328,768</u>
	<u><u>3,194,873</u></u>	<u><u>596,715</u></u>

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

11. Current liabilities – payables

Accrued creditors	446,417	41,441
Tenement Acquisition Future Payment	500,000	-
Other creditors	<u>18,000</u>	<u>-</u>
	<u><u>964,417</u></u>	<u><u>41,441</u></u>

Tenement Acquisition Future Payment is due June 2003. Other creditors represents advance of funds received pursuant the IPO that closed 2 August 2002.

12. Contributed Equity

A. Share capital

Ordinary shares		
Fully paid – 36,713,578 (2001: 21,590,601)	<u><u>3,749,191</u></u>	<u><u>1,637,294</u></u>

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Contributed equity (continued)

B. Movements in ordinary share capital

	No. of Shares	Issue Price	\$
Balance as at 30 June 2000	14,263,934		538,294
Shares issued for working capital	5,726,667	0.1500	859,000
Shares issued in satisfaction of asset purchase	600,000	0.1500	90,000
Shares issued in satisfaction of asset purchase	1,000,000	0.1500	150,000
Balance as at 30 June 2001	21,590,601		1,637,294
Shares issued for working capital	3,094,998	0.1000	309,500
Shares issued in satisfaction of asset purchase	12,027,979	0.1500	1,804,197
Capital Raising Costs			(1,800)
Balance as at 30 June 2002	36,713,578		3,749,191

C. Options

No. Of Ordinary shares subject to Option	Expiration Date	Exercise Price
18,856,789	10 July 2005	20 cents

Movements in the number of options during the past two years were as follows:

Details	No. Options	Exercise Price
Balance as at 30 June 2000	0	
Issued to existing shareholders	9,995,300	20 cents
Issued in satisfaction of asset purchase	300,000	20 cents
Issued in satisfaction of asset purchase	500,000	20 cents
Balance as at 30 June 2001	10,795,300	
Issued for working capital	2,047,499	20 cents
Issued in satisfaction of asset purchase	6,013,990	20 cents
Balance as at 30 June 2002	18,856,789	

There are 29,356,789 shares under options at the date of this report. The options do not entitle the holder to participate in any share issue of any other body corporate.

	2002 \$	2001 \$
13. Accumulated losses		
Accumulated losses at the beginning of the financial year	(832,913)	(222,175)
Loss from ordinary activities after income tax	(369,308)	(610,738)
Accumulated losses at the end of the financial year	(1,202,220)	(832,913)

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

14. Financial instruments

(a) Credit Risk Exposure

The credit risk exposure of the Company to financial assets which have been recognised on the Statement of Financial Position is not materially different from the carrying amount net of any provision for doubtful debts.

(b) Interest Rate Risk Exposure

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold the fixed rate assets and liabilities to maturity.

2002

	Note	Floating interest rate	Fixed interest maturing in: 1 year or less	1 year to 5 years	over 5 years	Non-Interest Bearing	Total
Financial assets							
Cash	6	14,657	-	-	-	100	14,757
Receivables	7, 8	-	-	-	-	290,642	290,642
		14,657	-	-	-	290,742	305,399
Weighted average interest rate		1.00%	-	-	-	-	
Financial liabilities							
Payables	11	-	-	-	-	964,417	964,417
		-	-	-	-	964,417	964,417
Weighted average interest rate		-	-	-	-	-	
Net financial assets/ (liabilities)		14,657	-	-	-	(673,675)	(659,018)

2001

	Note	Floating interest rate	Fixed interest maturing in: 1 year or less	1 year to 5 years	over 5 years	Non-Interest Bearing	Total
Financial assets							
Cash	6	36,299	-	-	-	100	36,399
Receivables	7, 8	-	-	-	-	200,597	200,597
		36,299	-	-	-	200,697	236,996
Weighted average interest rate		1.85%	-	-	-	-	
Financial liabilities							
Payables	11	-	-	-	-	41,441	41,441
		-	-	-	-	41,441	41,441
Weighted average interest rate		-	-	-	-	-	
Net financial assets/ (liabilities)		36,299	-	-	-	159,256	195,555

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Financial instruments (continued)

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Company approximate their carrying value.

	2002	2001
	\$	\$

15. Remuneration of directors

Income paid or payable, or otherwise made available, to directors by the Company and related parties in connection with the management of affairs of the Company.

	143,000	18,000
--	----------------	--------

The number of directors whose income from the Company was within the specified bands, are as follows:

	No. 2002	No. 2001
\$ 0 to \$ 9,999	-	4
\$ 10,000 to \$ 19,999	-	1
\$ 20,000 to \$ 29,999	4	-
\$ 30,000 to \$ 39,000	-	-
\$ 40,000 to \$ 49,999	1	-

16. Remuneration of executives

Income received or due and receivable from the Company and related parties by executive officers, including directors, whose income was at least \$100,000

	-	-
--	---	---

The number of executive officers, including directors, whose remuneration from the Company and related parties was within the specified bands are as follows

\$100,000 +	-	-
-------------	---	---

17. Remuneration of auditors

	2002	2001
	\$	\$
Amounts received or due and receivable by the auditors for:		
Auditing the financial reports of Universal Resources Limited	9,079	6,361
Other services	5,856	1,587
	14,935	7,948

Horwath Perth were appointed the company auditors 30 November 1999.
Rotation of Partners is due 30 November 2006.

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

18. Contingent liabilities

Under the terms of the Roseby Acquisition Agreements with Pasminco and Lake Gold and the sale agreement with Bolnisi the Company has a contingent liability liability of \$2,280,250. See note 19 (b) (i) .

The company also has a liability for royalties contingent on projects advancing into production. See Note 19 (b) (i) and (iii).

The Company accepts that a contingent liability exists in relation to expenditure commitments for restoration and rehabilitation in relation to any applications for exploration licenses granted. No amounts are currently carried in the financial accounts for this.

19. Commitments for expenditure

Minimum Tenement Expenditure

- (a) The Company accepts there may be a 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.

	2002	2001
	\$	\$
STATE GOVERNMENT AUTHORITY:		
Not later than 1 year ¹	503,242	465,401
Later than 1 year but not later than 5 years ^{1,2}	1,642,464	1,861,604
Later than 5 years ³	-	-
Commitments required to maintain licences.		
 JOINT VENTURE COMMITMENTS:		
Not later than 1 year ¹	224,041	-
Later than 1 year but not later than 5 years ^{1,2}	4,021,166	-
Later than 5 years ³	-	-
Commitments required to increase ownership.		
	6,390,913	2,327,005

¹ Expenditure commitments contain amounts that have been proposed to be spent but not yet approved by the Department of Mines and Natural Resources.

² Tenements are subject to renewal annually and thus commitments in excess of 12 months are subject to the Company wishing to retain the properties, and of maintaining them in good standing by meeting the minimum annual expenditure requirement.

³ No amounts have been committed outside five years.

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Commitments for expenditure (continued)

(b) Capital Expenditure Commitments

The Company has agreed to capital expenditure commitments in relation to agreements for purchase of mineral tenements as follows:

i) **Roseby Agreements**

Under the terms of the Roseby Acquisition Agreements with Pasminco and Lake Gold and the sale agreement with Bolnisi the Company has certain outstanding commitments and contingent liabilities as follows:

- Contingent upon the first to occur of:
 - 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;

The payment to Pasminco of \$2,000,000 and to Lake Gold of \$280,250 to be shared by the Company and Bolnisi pro rata to the equity interests each company has in the area of the proposed mining operation the subject of the first favourable feasibility study or the commercial mining operation; and

- Royalty payments to Pasminco and Lake Gold totalling 1.5% of the net smelter return derived from mining operations on the Roseby tenements, to be shared pro rata by Bolnisi and the Company.

Under the terms of the Joint Venture Agreement with Bolnisi, Universal has the right but not the obligation to sole fund exploration expenditure (within the exploration area) of up to \$5 million over a maximum of 5 years provided the following minimum annual expenditure is met:

- \$ 375,000 before 31 October 2002; and
- \$ 750,000 each year thereafter to 31 October 2006.

ii) **Downmill Pty Ltd (“Downmill”) and Nosebi Mining and Management Pty Ltd (“Nosebi”)**

Pursuant to the terms of the agreements to purchase EL’s 5812 (Collector), 5759 (Archer) and 5692 (Burra) from Downmill and Nosebi (the “Vendors”), the Vendors retain a 10% interest in each tenement, free carried in each case by the Company to the point where a decision to mine is made. Universal must meet the applicable expenditure commitment required to maintain the tenements in good standing.

iii) **Other royalties**

All tenements held by the Company 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 company also has a liability for royalties payable to vendors in addition to those mentioned in 19 (b) (i) contingent on the projects coming into production. Those royalties currently negotiated are:

- CAMERON RIVER – 2%
- HAPPY VALLEY – 2%

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

20. Related parties

The Directors of the Company during the financial period were:

P A J Ingram	Chairman and Managing Director
M W H Hoyle	Exploration Director
C T Ansell	Non Executive Director
J A Walls	Non Executive Director
K J Foots	Non Executive Director

Remuneration of directors

Information on remuneration of directors is disclosed in note 15.

Related party disclosures

Other Transactions with Directors

The following related party transactions occurred during the financial year.

Hoylex Industries Pty Ltd, a company of which Mr M W H Hoyle is a director, has provided management services at a discount to normal commercial terms. The total amount paid to Hoylex Industries Pty Ltd during the financial year was \$18,000, exclusive of GST (this amount is included in remuneration – see Note 15).

Interests in the shares and options of the Company held by directors and their director related entities as at 30 June 2002.

Ordinary Shares

Director	Opening balance	Acquired during year	Disposed during year	Closing Balance
P A J Ingram & M W H Hoyle as tenants in common	80,100	-	-	80,100
P A J Ingram	4,700,000	-	-	4,700,000
M W H Hoyle	2,970,000	-	-	2,970,000
M W H Hoyle (indirectly)	94,000	-	-	94,000
C T Ansell	560,000	50,000	-	610,000
J A Walls	500,000	-	-	500,000
J A Walls (indirectly)	200,000	-	-	200,000
K J Foots	200,000	-	-	200,000

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

Options over Ordinary Shares

Director	Opening balance	Acquired during year	Disposed during year	Closing Balance
P A J Ingram & M W H Hoyle as tenants in common	40,500	-	-	40,500
P A J Ingram	2,350,000	-	-	2,350,000
M W H Hoyle	1,485,000	-	-	1,485,000
M W H Hoyle (indirectly)	47,000	-	-	47,000
C T Ansell	280,000	25,000	-	305,000
J A Walls	250,000	-	-	250,000
J A Walls (indirectly)	100,000	-	-	100,000
K J Foots	100,000	-	-	100,000

During the year and no director options were cancelled or expired.

21. Events occurring after balance date

On 7 June 2002 Universal lodged with the Australian Securities and Investment Commission (“ASIC”) a prospectus for a partially underwritten Initial Public Offering (IPO) of shares and options. The offer closed 2 August with subscriptions totalling \$4 million and the company listed on ASX on 3 September 2002.

Based upon the subsequent capital raising and listing, the directors are satisfied the company has adequate working capital.

	2002 \$	2001 \$
22. Reconciliation of loss from ordinary activities after income tax expense to net cash outflow from operating activities		
(a) Reconciliation of cash balance comprises:		
- Cash on hand	100	100
- Cash at bank	11,513	7,449
- Deposits on call	3,144	28,850
Total cash on hand	<u>14,757</u>	<u>36,399</u>
(b) Reconciliation of loss from ordinary activities after income tax expense		
Loss from ordinary activities after income tax expense	369,308	610,738
Increase in debtors	217,653	16,494
(Increase) in creditors	(405,114)	(11,412)
Depreciation	(2,266)	(2,116)
Net cash outflow from operating activities	<u>179,581</u>	<u>613,704</u>

FINANCIAL REPORT *(Continued)*

Notes to the Financial Statements

23. Earnings per share

Basic loss per share (cents per share)	(1.1)	(3.2)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	32,130,215	18,800,062

FINANCIAL REPORT *(Continued)*

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 14 to 30:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 30 June 2002 and its performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 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.

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



P A J Ingram
Chairman

Dated at Perth on this 2nd day of October 2002.



Horwath Perth

(formerly Duesburys)

ABN 12 184 485 646

Chartered Accountants

A member of Horwath International

128 Hay Street Subiaco WA 6008

PO Box 700 West Perth WA 6872

Email horwath@perth.horwath.com.au

Telephone (08) 9380 8400

Facsimile (08) 9380 8499

Independent Audit Report to the members of Universal Resources Limited

Scope

We have audited the financial report of Universal Resources Limited for the financial period ended 30 June 2002. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Universal Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2002 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Dated at Perth on this 2nd day of October 2002.

HORWATH PERTH
Chartered Accountants

HORWATH PERTH
Glyn O'Brien

GLYN O'BRIEN
Partner

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS

The following substantial shareholders have lodged notices with the Company as at 30 September 2002:

Holdings	Ordinary shares
Peter Anthony Ingram	4,790,100
Maurice Wolfe Holt Hoyle	3,144,100
Hoylex Industries Pty Ltd	3,144,100

CLASS OF SHARES AND VOTING RIGHTS

At 30 September 2002, there were 546 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in clause 12.7 of The Company's Constitution, are:

Subject to any special rights or restrictions for the time being attaching to any class of Shares.

- (a) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- (b) on a poll every person present who is a Shareholder or a proxy, attorney, or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have a fraction of a vote for each partly paid Share. The fraction shall be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, excluding amounts credited, provided that amounts paid in advance of a call are ignored when calculating a true proportion.

At 30 September 2002, there were options over 29,356,789 unissued ordinary shares. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

DISTRIBUTION OF SHAREHOLDERS

(as at 30 September 2002)

Category	Number of holders	
	Ordinary shares	Options
1 – 1,000	0	1
1,001 – 5,000	19	174
5,001 – 10,000	203	54
10,001 – 100,000	259	153
100,000 and over	65	52
	546	434

There were 10 holders holding less than a marketable parcel of ordinary shares.

UNQUOTED SECURITIES

The number of unquoted shares and options on issue as at 30 September 2002 was 12,753,884 ordinary shares and 7,376,943 options. There were 26 holders of unquoted shares and 26 holders of unquoted options.

ASX ADDITIONAL INFORMATION

(continued)

RESTRICTED SECURITIES

The following securities are restricted securities or subject to voluntary escrow agreements:

Restriction period applied by ASX	Ordinary shares	Options	Date of release
	8,338,885	5,169,443	2 September 2004
	1,050,000	525,000	26 March 2003
	2,250,000	1,125,000	12 October 2002
	133,333	66,667	9 November 2002
	650,000	325,000	3 December 2002
	231,666	115,833	7 January 2003
	100,000	50,000	15 February 2003
Total	12,753,884	7,376,943	

Voluntary escrow period	Ordinary shares	Options	Date of release
	19,073,842	9,636,921	2 March 2003
	13,480,286	6,990,143	2 September 2003
Total	32,554,128	16,627,064	

Please note that in the above tables the same securities in the ASX restriction list appear in the Voluntary escrow table.

TWENTY LARGEST SECURITY HOLDERS

as at 30 September 2002

Holder name	Ordinary Shares		Options	
	Number	%	Number	%
Pasminco Australia Ltd	6,666,666	11.75	3,333,333	11.35
Peter Anthony John Ingram	4,700,000	8.29	2,350,000	8.00
Maurice Wolfe Holt Hoyle	2,970,000	5.24	1,485,000	5.06
Rivkin Financial Services Ltd	–	–	1,338,000	4.56
Lake Gold Pty Ltd	2,327,980	4.10	1,163,990	3.96
Pan Australian Resources NL	2,250,000	3.97	1,125,000	3.83
AMP Life Limited	1,936,802	3.42	–	–
John Nitschke	1,380,000	2.43	690,000	2.35
Rivkin Financial Services Ltd	1,250,000	2.20	–	–
Invia Custodian Pty Limited	1,211,000	2.14	–	–
Dalkeith Resources Pty Ltd <Super A/C>	–	–	625,000	2.13
Broken Ridge Pty Ltd	1,100,000	1.94	550,000	1.87
Becamal Pty Ltd	1,000,000	1.76	500,000	1.70
Dalkeith Resources Pty Ltd	–	–	500,000	1.70
Dowmill Pty Ltd	800,000	1.41	400,000	1.36
Nosebi Mining & Management Pty Ltd	800,000	1.41	400,000	1.36
Rene Rivkin	–	–	395,500	1.35
Cairnglen Investments Pty Ltd	775,000	1.37	387,500	1.32
ANZ Nominees Ltd	730,000	1.29	365,000	1.24
Smew Pty Ltd	–	–	357,000	1.22
Josteni Pty Ltd	660,000	1.16	330,000	1.12
Dominion Metals Pty Ltd	650,000	1.15	325,000	1.11
Stillwater Holdings Pty Ltd	630,000	1.11	315,000	1.07
Campbell Theodore Ansell	610,000	1.08	–	–
F H Nominees Pty Ltd	600,000	1.06	–	–
Total	33,047,448	58.28	16,935,323	57.66

OTHER INFORMATION

Universal Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Universal Resources Limited ACN 090 468 018 (“Company”) will be held at 11.30 am on Friday 29 November 2002 at Horwaths Perth Partnership 128 Hay St Subiaco WA 6008, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting (“Notice”).

A Proxy Form accompanies this Notice.

GENERAL BUSINESS

ANNUAL ACCOUNTS

To receive and consider the financial statements of the Company for the year ended 30 June 2002, consisting of the Statement of Financial Performance, the Statement of Financial Position, Statement of Cash Flows, the Directors’ Report, Directors’ Declaration and Auditors’ Report.

RESOLUTION 1: RE-ELECTION OF MR MAURICE HOYLE AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That Mr Maurie Hoyle being a director of the Company who retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

SPECIAL BUSINESS

RESOLUTION 2 – RE-ELECTION OF MR JAMES WALLS AS A DIRECTOR

To consider, and if thought fit, to pass the following resolution pursuant to section 201C of the Corporations Act 2001 as a **special resolution**:

“That Mr James Walls, who is 72 years of age, be authorised to continue as a director until the conclusion of the next annual general meeting of the Company.”

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act 2001 (Cth).

BY ORDER OF THE BOARD

D J Kelly

COMPANY SECRETARY

Dated: 2 October 2002

PROXIES

- Votes at the general meeting may be given personally or by proxy, attorney or representative.
- A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholders voting rights.
- A proxy may but need not be a shareholder of the Company.
- The instrument appointing a proxy must be in writing, executed by the appointor or his/her attorney duly authorised in writing or, if such appointer is a corporation, either under seal or under hand of an officer or his/her attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed.

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at the close of business on 27 November 2002 will be entitled to attend and vote at the Annual General Meeting.

NOTES

PROXY FORM

The Company Secretary
Universal Resources Limited
Registered Office Address: 2nd Floor
35 Havelock Street
WEST PERTH WA 6005
Facsimile: (08) 9486 8700

I/We (name of shareholder)

of (address)

being a member/members of Universal Resources Limited HEREBY APPOINT

(name)

of (address)

and/or failing that person (name)

of (address)

or failing that person then the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Horwaths Perth Partnership, 128 Hay St Subiaco WA 6008 on 29 November] 2002 at 11.30 am Western Standard Time and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Re-election of Mr Maurice Hoyle as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr James Walls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

*This Proxy is appointed to represent _____% of my voting right, or
if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes
My total voting right is _____ shares*

If the shareholder(s) is an individual:

Name: _____

If the shareholder is a company:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

Dated: _____ 2002.

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting, by person, post or facsimile to the address stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.

7. The Chairman intends to vote in favour of all resolutions set out in the Notice



UNIVERSAL  RESOURCES

Level 2 Construction House
35 Havelock Street, West Perth
Western Australia, 6005

P.O. Box 1466, West Perth
Western Australia, 6872

Telephone: 61 8 9486 8400
Facsimile: 61 8 9486 8700

Website: www.universalresources.com.au
Email: universal@universalresources.com.au