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15 March 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited (ASX)
Electronic Transmission
22 page(s)

Dear Sir/Madam,

Half Year Report December 2005

In accordance with Listing Rule 4.2A please find attached the half year ending December 2005 information.

This information should be read in conjunction with the 30 June 2005 annual financial report.

Yours faithfully



Peter Ingram
Chairman and Managing Director



UNIVERSAL RESOURCES LIMITED

ACN 090 468 018

Half-year Report

for the period ended 31 December 2005

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Directors' Report

Your directors present their report on Universal Resources Limited ("Universal" or the "Company") and the consolidated financial report of the Consolidated Entity (the "Group") for the half-year ended 31 December 2005.

Directors

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

P A J Ingram	Chairman and Managing Director
C T Ansell	Non-Executive Director
J A Walls	Non-Executive Director

Mr K J Foots was a director from the beginning of the half-year until his resignation on 30 August 2005.

Mr M W H Hoyle was a director from the beginning of the half-year until he retired at the Annual General Meeting held on 25 November 2005.

Review of operations

Exploration and Evaluation

Roseby Feasibility Study

Stage 1 of the Roseby Feasibility Study was completed during the half-year. The study was undertaken by external consultants and the consultants' inputs used by Universal to complete the initial financial modelling for the project.

Stage 1 of the study includes a preliminary economic assessment based on metallurgical and engineering studies to date and the December 2004 resource estimates.

The study concluded:

- *The Roseby project is economically and technically viable with an NPV in the range \$56.3M - \$403M (see below)*
- *The company will now proceed to completion of the Final Feasibility Study*
- *Operating cost projections are lower than anticipated at \$16.12 per tonne milled*
- *Metallurgical copper recoveries are higher than originally forecast*
- *Blending of hard and soft ore is the preferred option*
- *Project viability demonstrated at lower cut-off grades due to the lower operating costs*
- *Universal believes that the capital cost estimates may be reduced through further plant optimisation and the use of refurbished equipment.*

Universal will now proceed to work on the final stage of the feasibility study.

SEEP Project (Sulphide Extension Exploration Program)

Induced polarisation (IP) surveys of the 23km long copper mineralised corridor from Little Eva to Caroline commenced in July 2005.

A 6 to 8 hole diamond drilling program to test the initial IP anomalies associated with the Blackard deposit commenced in September.

Corporate

Mr Kenneth Foots resigned as a director of the Company on the 30 August 2005. The Board extended its gratitude to Mr Foots for his participation in the development of the Company.

The Company moved its Registered and Principal Place of Business to Level 2, 91 Havelock St West Perth WA 6005. Telephone, facsimile and email addresses remain unchanged.

During the half-year the Company issued 3,825,000 unlisted options under the Employee Share Option Plan to employees. These options are exercisable at 15 cents and expire 5 years from date of issue being 14 September 2010.

Directors' Report (continued)

As noted above, Mr Hoyle retired at the Annual General Meeting, however he continues in his executive role as General Manager Exploration. The Board wishes to thank Mr Hoyle for his significant contribution to the development of the Company.

Financial Position

At the end of the financial year the Consolidated Entity had net cash balances of \$1,657,001. Carried forward exploration expenditure was \$12,602,917, and net assets of the Group were \$12,814,802.

During the half-year the Company issued 136,000 fully paid ordinary shares pursuant to an option exercise. A total \$27,200 cash funds were raised as a result of this share issue, and issued capital increased to \$31,762,421 from \$31,735,221 at the end of June 2005.

Total liabilities of the Group amounted to \$2,251,302 and were limited to trade and other creditors and employee entitlements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

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

C Ansell
Director

This 14th day of March 2006 at Perth, Western Australia

Consolidated Income Statement
For the half-year ended 31 December 2005

	Economic Entity	
	Half-year	
	2005	2004
	\$	\$
Revenue from continuing operations	162,730	22,898
Employee benefits expense	(677,722)	(328,059)
Depreciation and amortisation expenses	(57,301)	(27,393)
Exploration and evaluation expenditure written off	(5,740,786)	(950,400)
Loss on sale of fixed assets	(281)	-
Office and administration expenses	(160,035)	(346,730)
Loss before income tax	(6,473,395)	(1,629,684)
Income tax expense	-	-
Loss after income tax expense	(6,473,395)	(1,629,684)
Loss attributable to members of Universal Resources Limited	(6,473,395)	(1,629,684)
Basic and diluted loss per share (cents)	(2.84)	(1.72)

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

Consolidated Balance Sheet
As at 31 December 2005

	Economic Entity	
	31 December 2005	30 June 2005
Current assets		
Cash and cash equivalents	1,657,001	7,285,769
Receivables	263,077	385,613
Total current assets	<u>1,920,078</u>	<u>7,671,382</u>
Non-current assets		
Receivables	194,860	150,583
Available for sale financial assets	6,000	2,000
Property, plant and equipment	342,249	235,108
Exploration and development	12,602,917	12,602,917
Total non-current assets	<u>13,146,026</u>	<u>12,990,608</u>
Total assets	<u>15,066,104</u>	<u>20,661,990</u>
Current liabilities		
Payables	2,114,646	1,296,680
Provisions	89,654	75,607
Total current liabilities	<u>2,204,300</u>	<u>1,372,287</u>
Non-current liabilities		
Payables	4,203	7,006
Provisions	42,799	35,257
Total non-current liabilities	<u>47,002</u>	<u>42,263</u>
Total liabilities	<u>2,251,302</u>	<u>1,414,550</u>
NET ASSETS	<u>12,814,802</u>	<u>19,247,440</u>
Equity		
Contributed equity	31,762,421	31,735,221
Reserves	13,557	-
Accumulated losses	(18,961,176)	(12,487,781)
TOTAL EQUITY	<u>12,814,802</u>	<u>19,247,440</u>

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

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2005

	Economic Entity	
	Half-year	
	2005	2004
	\$	\$
Total equity at the beginning of the half-year	19,247,440	5,322,951
Share options	13,557	-
Loss for the half-year	(6,473,395)	(1,629,684)
Total recognised income and expense for the half-year	(6,459,838)	(1,629,684)
Transactions with equity holders in their capacity as equity holders		
Contributions of equity net of transaction costs	27,200	15,554,173
Total equity at the end of the half-year	12,814,802	19,247,440

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2005

	Economic Entity	
	Half-year	
	2005	2004
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	-	-
Payments to suppliers and employees (inclusive of goods and services tax)	(190,675)	(1,639,315)
Interest received	147,271	22,898
Interest paid	-	(37)
Other – security deposits	(44,278)	-
Net cash outflows from operating activities	(87,682)	(1,613,954)
Cash flows from investing activities		
Payments for property, plant & equipment	(148,297)	(12,936)
Payments for available-for-sale financial assets	(4,000)	-
Proceeds from sale of fixed assets	845	-
Expenditure on exploration	(5,416,834)	(120,473)
Net cash outflows from investing activities	(5,568,286)	(133,409)
Cash flows from financing activities		
Proceeds from share issues	27,200	5,774,173
Costs of share issues	-	(336,933)
Net cash inflows from financing activities	27,200	5,437,240
Net (decrease)/increase in cash	(5,628,768)	3,687,377
Cash at the beginning of the financial year	7,285,769	1,214,616
Cash at the end of the half-year	1,657,001	4,901,993

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

Notes to the Financial Statements

1. Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not contain all the notes of the type usually included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Universal Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This interim financial report is the first Universal Resources Limited interim financial report to be prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Universal Resources Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Universal Resources Limited interim financial report for the half-year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS.

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit and loss, certain classes of property, plant & equipment and investments property.

Universal Resources Limited is a listed public company, incorporated and domiciled in Australia.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entity controlled by Universal Resources Limited as at 31 December 2005 and the results of the controlled entity for the half-year then ended. Universal Resources Limited and its controlled entity together are referred to in this financial report as the Consolidated Entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the Consolidated Income Statement from the date on which control commences. Where control of an entity ceases during the financial year its results are included for that part of a year during which control existed.

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Depreciation of Property, Plant & Equipment

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.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(e) Income Tax

The Group adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(g) Exploration and Development Costs

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Expenditure incurred during exploration and the early stages of evaluation of new areas of interest is written off as incurred, with the exception of acquisition costs.

Where the Directors decide to progress to development in an area of interest all further expenditure incurred relating to the area will be capitalised. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(i) 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.

(j) Employee Entitlements

Wages, Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within twelve months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for annual leave are recognised in current provisions and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the rates paid or payable.

Share Based Payments

Equity based compensation benefits are provided to employees via the Universal Resources Limited Employee Option Plan.

The market value of employee options are brought to account through the Income Statement at the time the employees become entitled to the securities. At the time of exercise, the amounts receivable from employees are recognised in the Balance Sheet as share capital.

(k) Recoverable Amount of Non-current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows used in determining recoverable amount are not discounted to their present value.

(l) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(m) Earnings Per Share

(i) Basic Earnings Per Share

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

(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.

(n) Comparative Figures

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

(o) 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 uncollectible, are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(p) Trade Creditors

These amounts represent liabilities for goods and services provided to the Consolidated Entity 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.

(q) Restoration and Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration programs are provided for or charged to the Consolidated Income Statement as incurred.

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

(r) Lease Non-current Assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are charged to the Consolidated Income Statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(s) Revenue Recognition

Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised as follows:

Interest

Interest earned is recognised as and when it is receivable, including interest which is accrued and is readily convertible to cash within two working days. Accrued interest is recorded as part of other debtors.

Notes to the Financial Statements

2. Segment information

(a) Business segments

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

(b) Geographical segments

The Consolidated Entity operates only in Australia.

Economic Entity Half-year	
2005	2004
\$	\$

3. Operating loss

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

Expenses

Exploration and evaluation expenditure written off	5,740,786	950,400
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4. Dividends

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

5. Equity securities issued

	Economic Entity Half-year		Economic Entity Half-year	
	2005 shares	2004 shares	2005 \$	2004 \$
Issue of ordinary shares during the half-year				
Ordinary shares issued at 20 cents each pursuant to exercise of options	136,000	-	27,200	-
Ordinary shares issued at 11.5 cents per share	-	50,210,195	-	5,774,173
Ordinary shares issued at 15 cents per share	-	65,200,000	-	9,780,000
Issue of converting preference shares during the half-year				
Converting preference shares	-	65,200,000	-	-
Conversion of preference shares	-	(65,200,000)	-	-

Economic Entity Half-year	
2005	2004
\$	\$

6. Earnings per share

Basic and diluted loss per share (cents per share)	(2.84)	(1.72)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	227,351,649	94,771,258

Notes to the Financial Statements

7. Contingent liabilities

Under the terms of the Roseby Acquisition Agreements with Zinifex Australia Limited and Lake Gold Pty Ltd and the sale agreement with Bolnisi Gold NL the Consolidated Entity has a contingent liability of \$2,280,250.

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

The Consolidated Entity accepts that a contingent liability exists in relation to expenditure commitments for restoration and rehabilitation in relation to any applications for exploration licenses granted.

On 25 September 2003 the Company entered into a subscription and copper offtake option agreement with Golden Sand International Pty Ltd ("GSI") as agent for Yunnan Copper Industry (Group) Co Ltd ("Yunnan"). If the option is exercised, the terms of the offtake agreement will be as follows:

- a) Universal will sell up to 50,000 tonnes per year of contained copper either as concentrates or copper metal for a period of five years from commencement of the Offtake Agreement.
- b) Concentrate treatment charges and refining charges (TC/RC's) will be charged at the following rates for the first two years of production:
 - A TC of US\$45.00 per dry metric tonne of concentrate;
 - A RC of US\$0.045 per pound of Payable Copper.

New rates will be negotiated every two years of the Agreement.

- c) Payment by Yunnan for concentrates will be made on the basis of 97% of the contained copper, determined at the shipping port.
- d) Product will be freighted CIF basis.
- e) Ownership takes place when the product passes over the ships rail at the shipping port.

On the 14 March 2005 the Company announced it had entered into a Heads of Agreement (Agreement) with Xstrata Copper. Under the agreement \$2.2 million of the Xstrata Copper subscription monies have been allocated to the Sulphide Extension Exploration Project (SEEP), which will target sulphide copper deposits below and/or along strike from the existing stratabound oxide copper mineralization at the Roseby Project. At Universal's request, the SEEP programme is being managed by Xstrata in consultation with Universal. Xstrata Copper will also enter into off-take and marketing agreements, on commercially competitive terms, relating to the Company's share of concentrates not committed under the terms of its existing agreement with Yunnan Copper of China.

Xstrata may elect to earn a 51% interest in the SEEP by either:

- (a) sole funding \$15 million of further exploration expenditure within the SEEP; or
- (b) expending not less than \$10 million and completing a feasibility study based on the SEEP resources.

That election must be made by the later of 30 June 2007 or 180 days after completion of the SEEP programme.

The amounts referred to in (a) and (b) above must be expended by no later than 30 June 2012. If Xstrata Copper earns a 51% interest in the SEEP then it is obliged to acquire a 51% interest in the balance of the Roseby Project for cash. Xstrata copper has also been granted an option to acquire 51% of the entire Roseby Project for a cash consideration to be determined by independent valuation at the time of exercise of the options.

Notes to the Financial Statements

Economic Entity	
31 December 2005	30 June 2005
\$	\$

8. Commitments for expenditure

Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Not later than one year	110,358	109,493
Later than one year but not later than five years	292,341	403,011
	<u>402,699</u>	<u>512,504</u>

Representing:

Minimum lease payments in relation to non-cancellable operating leases

<u>402,699</u>	<u>512,504</u>
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Exploration tenements

The Consolidated Entity 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.

Economic Entity	
31 December 2005	30 June 2005
\$	\$

STATE GOVERNMENT AUTHORITY

Commitments required to maintain licences

Not later than one year ¹	2,107,000	1,418,293
Later than one year but not later than five years ^{1,2}	11,602,000	8,731,887
Later than five years ³	-	-

JOINT VENTURE COMMITMENTS

Commitments required to increase ownership

Not later than one year ¹	-	-
Later than one year but not later than five years ^{1,2}	-	2,441,414
Later than five years ³	-	-
	<u>13,709,000</u>	<u>12,591,594</u>

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 Consolidated Entity wishing to retain the properties, and of maintaining them in good standing by meeting the minimum annual expenditure requirement.

Notes to the Financial Statements

8. Commitments for expenditure (continued)

³ No amounts have been committed outside five years.

Capital Expenditure Commitments

The Consolidated Entity 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 Pasmaenco 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 Pasmaenco of \$2,000,000 and to Lake Gold of \$280,250 by the Consolidated Entity.

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 Consolidated Entity 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. Archer has since been relinquished.

iii) Royalties

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

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

- CAMERON RIVER – 2% Net smelter return derived from mining operations on the Cameron River tenement.
- HAPPY VALLEY – 2% Net smelter return derived from mining operations on the Happy Valley tenement.

9. Events subsequent to balance sheet date

On 16 January 2006 the Company announced that it had successfully raised \$3.4 million via the placement of 34 million ordinary shares to Australian and international institutional and professional investors.

Other than that shown above, no significant events have occurred subsequent to balance date that would have a material effect on the interim financial report.

10. Explanation of transition to Australian equivalents to IFRS

There were no material differences between the income statement, balance sheet, statement of changes in equity and the cash flow statement presented under AIFRS and that presented under AGAAP, as at 1 July 2004, at 31 December 2004 and as at 30 June 2005.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 5 to 17, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2005 and of the performance for the half-year ended on that date.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion 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 the Board of Directors.

C Ansell
Director

Dated at Perth on this 14th day March 2006



Horwath Audit (WA) Pty Ltd

ABN 79 112 284 787

Chartered Accountants

A member of Horwath International

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Telephone (08) 9380 8400

Facsimile (08) 9380 8499

14 March 2006

The Board of Directors
Universal Resources Limited
Level 2
91 Havelock Street
West Perth WA 6005

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with my half-year review of the financial report of Universal Resources Limited and controlled entities for the half-year ended 31 December 2005 and in accordance with the provisions of the Corporations Act 2001.

As lead auditor I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this review;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this review.

Yours faithfully
HORWATH
Audit (WA) Pty Ltd

HORWATH.
Glyn O'Brien

GLYN O'BRIEN
Director

Directors: Glyn O'Brien CA Anthony Bevan CA

Horwath Audit (WA) Pty Ltd conducts its practice independently of all other firms of chartered accountants who are members of Horwath International in Australia

**Independent review report on the financial report
to members of Universal Resources Limited**

We have conducted an independent review of the accompanying financial report of Universal Resources Limited (the company) and Universal Resources Limited (the consolidated entity) for the half-year ended 31 December 2005. The financial report comprises the consolidated balance sheet at 31 December 2005, and the consolidated income statement, statement of changes in equity, cash flow statement, summary of significant accounting policies and other explanatory notes, and the directors' declaration for the half year then ended. The consolidated entity comprises both the company and the entities it controlled at the half-year end or during that half-year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to perform an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company and group, and have complied with the independence requirements of the *Corporations Act 2001*.



Statement

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

Dated the 14th day of March 2006.

HORWATH
Audit (WA) Pty Ltd

HORWATH.
GLYN O'BRIEN

GLYN O'BRIEN
Director