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10 page(s)

Dear Sir/Madam,

URANIUM EXPLORATION SUCCESS

The directors of Universal Resources Limited (Universal) are pleased to report high grade uranium and rare earth results obtained from a surface sampling exploration program within Universal's wholly owned tenements adjacent to the former Mary Kathleen uranium mine in the Mt Isa Inlier of North-West Queensland.

HIGHLIGHTS

The recent exploration programmes targeted uranium mineralisation north-east of the former Mary Kathleen uranium mine where historical production was 9.2 million tonnes of ore grading 0.13% U_3O_8. The very pleasing results generated by this initial program of mapping, rock chip sampling, broad band gamma ray scintillometer and soil surveys are presented below. Sampling has confirmed the presence of uraniferous and rare earth mineralisation in rocks and soils at Janet Maude and Mount Harold prospects and also identified a new uraniferous prospect at Mount Harold South.

Some of the better results from rocks selected on the basis of scintillometer screening include:

Mt Harold

- **4.76% uranium, 2.07% cerium, 3.04% lanthanum, 0.78% yttrium;**
- **4.36% uranium, 1.79% cerium, 2.66% lanthanum, 0.77% yttrium;**
- **2.42% uranium, 1.13% cerium, 1.62% lanthanum, 0.45% yttrium ;**

Mt Harold South

- **3.59% uranium, 1.42% cerium, 2.33% lanthanum, 0.50% yttrium;**
- **2.93% uranium, 1.16% cerium, 1.67% lanthanum, 0.46% yttrium;**

Godkin and Godkin Extended

- **2.96% uranium, 0.72% cerium, 0.94% lanthanum, 0.18% yttrium (Godkin);**
- **1.81% uranium, 0.59% cerium, 0.67% lanthanum, 0.14% yttrium (Godkin);**
- **1.69% uranium, 0.49% cerium, 0.53% lanthanum, 0.13% yttrium (Godkin);**
- **1.74% uranium, 0.75% cerium, 0.93% lanthanum, 0.35% yttrium (Godkin Extended).**

Lanthanum and cerium mineralisation were also associated with uranium in the Mary Kathleen mine. Further exploration and surface sampling is continuing.

DETAILED REPORT

The location of Universal's wholly owned Mt Isa Regional and Roseby Project tenements is shown in Figures 1 and 2. These tenements secure a total area of approximately 3,600 square kilometres of ground within a 75 kilometre radius of Mt Isa and/or Cloncurry in the richly metal-endowed Mt Isa Inlier of North West Queensland.

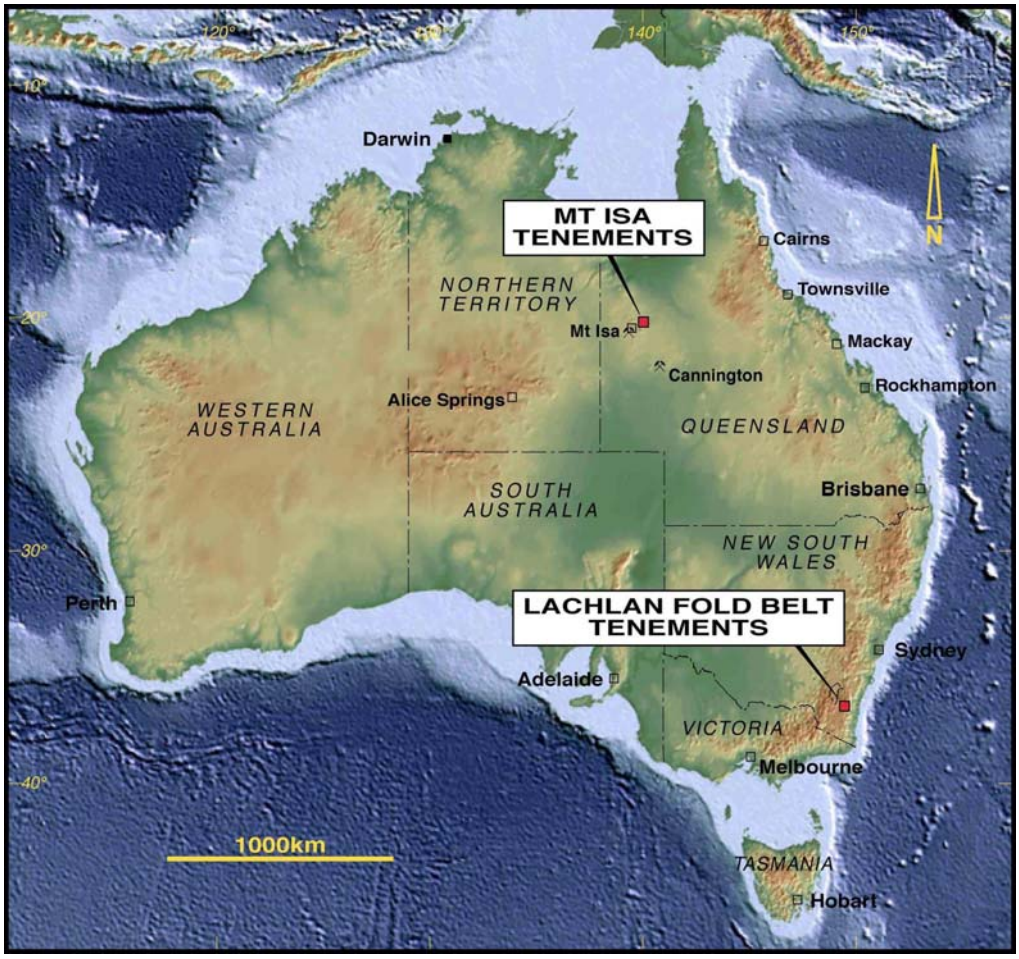

Figure1. Universal Project Locations

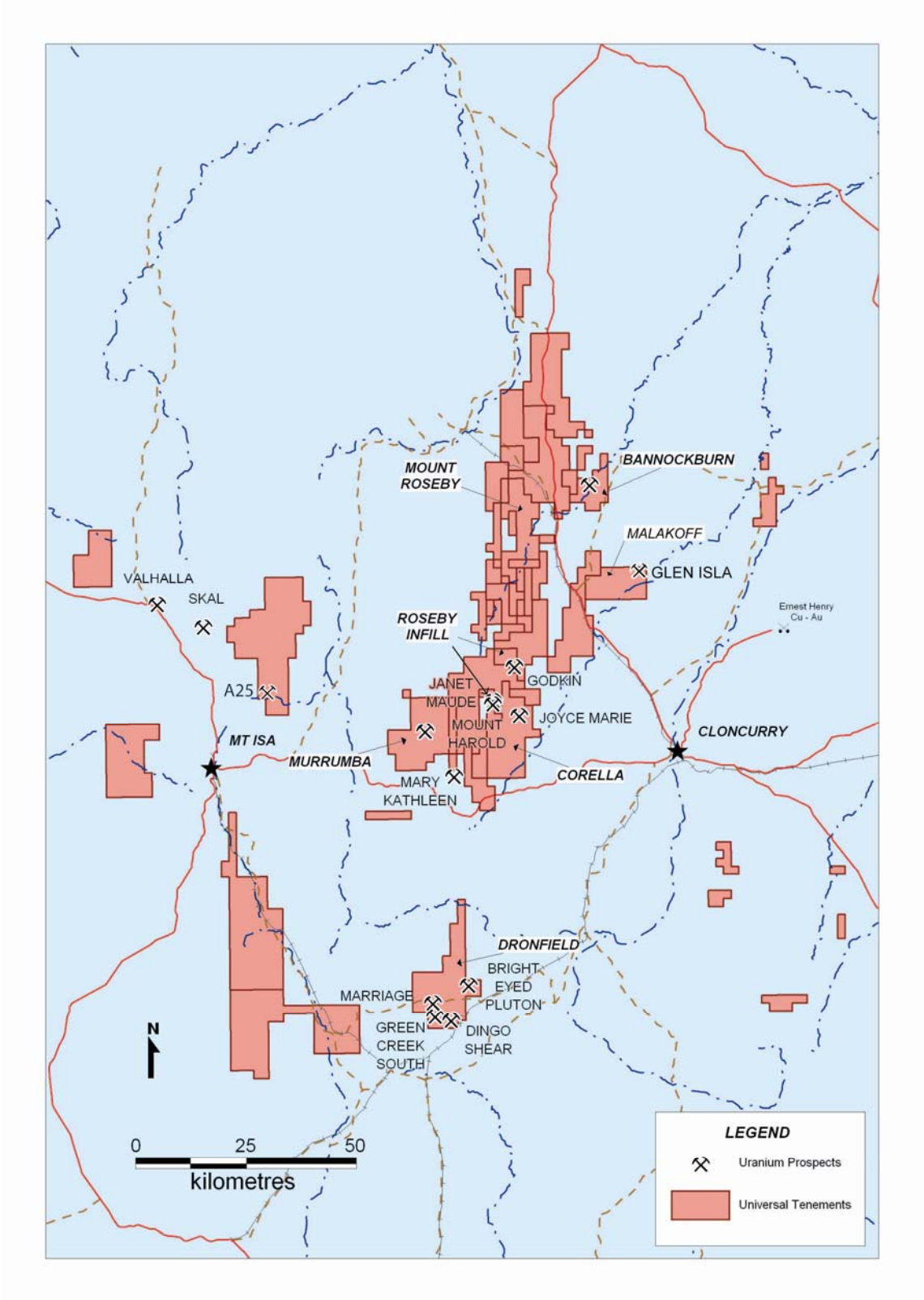

Figure 2. Uranium Prospects in Universal's Mt Isa Tenements

Geology

The Mt Isa Inlier is host to a variety of major metal deposits including copper, copper-gold, zinc, silver, abundant small to moderate gold deposits and a plethora of uranium occurrences.

Significant uranium deposits occur at Mary Kathleen, Valhalla and Skal. Figure 2 shows the distribution of known uranium occurrences and anomalies within Universal's tenements.

Uranium and rare earth mineralisation at Mary Kathleen is hosted by skarnified calc-silicate breccias of the Corella Formation (Figure 3). Skarn alteration and brecciation of the host rock first occurred during Wonga granite batholith intrusion towards the termination of the Corella Formation sedimentation. The uranium and rare earth mineralisation hosted by the breccias is attributed to the much later Isan Orogeny. The association of rare earth elements (lanthamum and cerium) with Uranium at the Mary Kathleen deposits is well established, having been reported as one of the largest rare earth accumulations within Australia.

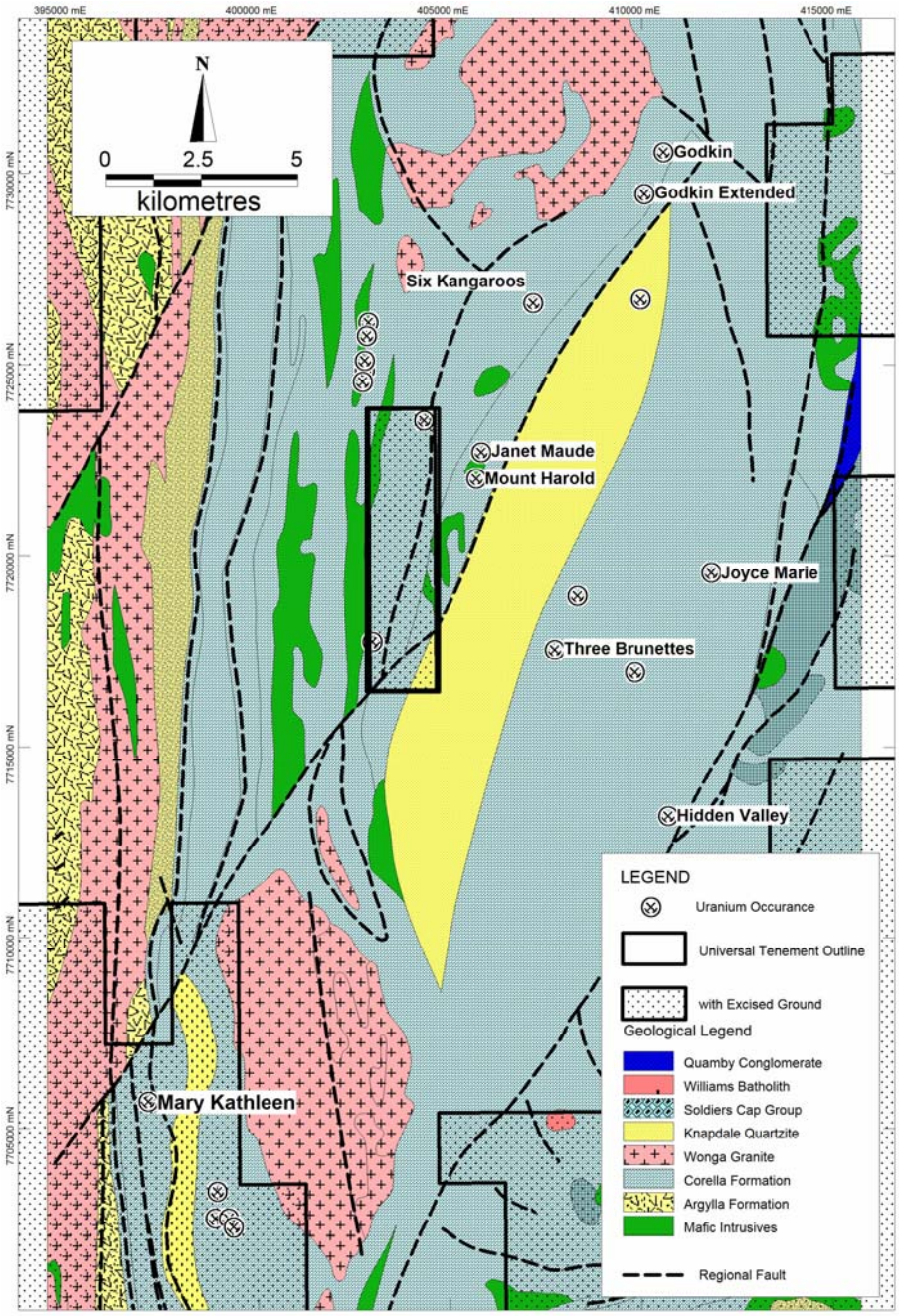

Figure 3. Regional Geology image with interpreted structural overlay showing relationship between Mary Kathleen and Universal Resources prospects

The aeromagnetic imaging provided in Figure 4 shows the Mary Kathleen mine, Mount Harold, Janet Maude, Godkin and a number of un-named uraniferous prospects which lie proximal to the well-defined regional-scale north-east trending Cameron Fault, a bounding fault between clearly differing magnetic domains, evident over much of the structure's strike length. This structure is likely to be highly significant in the localisation of the known uranium and rare-earth mineralisation.

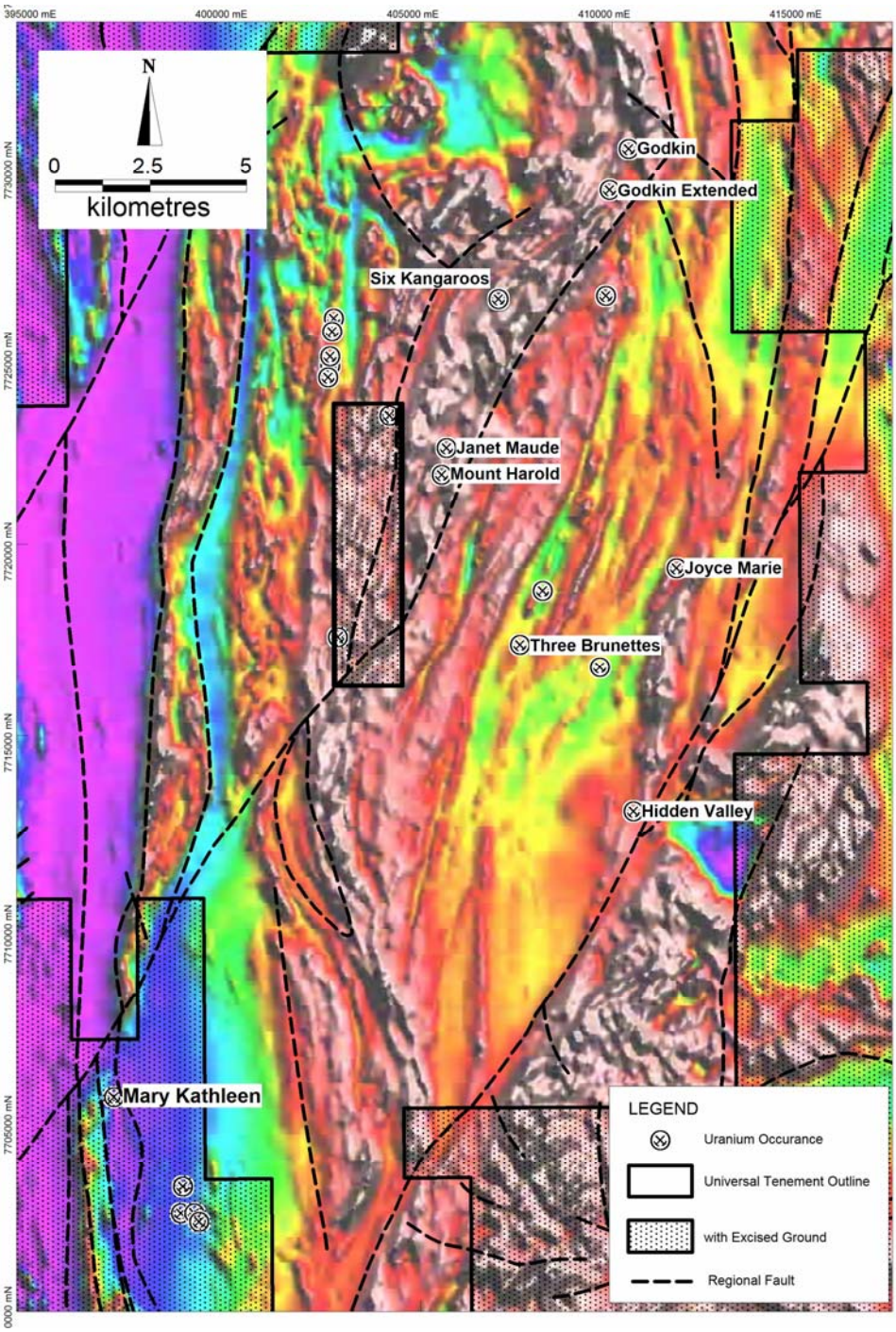

Figure 4. Aeromagnetic image with interpreted structural overlay showing relationship between Mary Kathleen and Universal Resources prospects

Work Carried Out

Uranium exploration comprised first pass geological reconnaissance mapping, rock grab sampling and broad-band gamma ray scintillometer ground surveys over a number of identified airborne radiometric anomalies. These include the Janet Maude and Mount Harold prospects and a third area of anomalism, centred approximately 500 metres southwest of Mount Harold (Mount Harold South), Figure 4.

A follow-up soil program was then completed over three of the anomalies identified by the scintillometer survey to assess the nature, potential size and distribution of mineralisation (Figure 5).

Mapping and Rock Chip Sampling

Detailed surface sampling and scintillometer surveys were undertaken on the Mt Harold, Janet Maude and Mt Harold South prospects as shown on Figure 5.

A total of 20 rock chip samples, selected by scintillometer screening, were taken from the Janet Maude – Mount Harold prospects.

The Janet Maude – Mount Harold prospect area is dominated by highly deformed, calc-silicate rocks with interbedded sub-ordinate micaceous siltstones of the Corella Formation. These have been intruded by late stage gabbros and dolerites. In contrast, Mount Harold South appears to be related only to a zone of widespread brecciation within calc-silicates of the Corella Formation.

Outcrop at the Godkin and Godkin Extended prospects is poor. A total of 10 rock chip samples of ironstone from these prospects were submitted for multi-element analysis.

Scintillometric Survey

A broad-band gamma ray scintillometer ground survey was completed at Janet Maude and Mount Harold prospects, covering a strike length of 1.5 kilometres, on 50 metre spaced lines with readings every 10 metres, for a total of 1,108 sample locations (Figure 5).

Soil Geochemistry

A minus 80 mesh soil survey was completed in areas identified by the scintillometer survey. Samples were collected on 50 metre spaced lines with samples collected every 20 metres. A total of 331 samples were collected and dispatched to ALS Townsville for multi-element analysis.

In addition to the detailed surveys at Janet Maude and Mount Harold, reconnaissance mapping and rock grab sampling, delayed by bad weather, continues at the Godkin and Godkin Extended prospects, approximately 10 kilometres north east of Janet Maude.

Mineralogy

Mineralised samples from Janet Maude, Mount Harold and Mount Harold South have been submitted for petrological and XRD analysis to establish their mineralogy.

Results

Rock Grab Sampling

Multi-element analysis of rock grab samples shows persistently high uranium values (up to 4.76%U) associated with light rare earth elements (LREE), thorium, iron and vanadium, as shown in Table 1.

At Mount Harold, uranium mineralisation occurs as dark brown – black ferruginous material with a strong scintillometer signature. Historical petrology indicates mineralisation comprises davidite, associated with hematite and minor magnetite. Samples of this material returned

maximum values of 4.76% uranium, 2.07% cerium, 3.04% lanthanum and 0.78% yttrium. Similar material, discovered at the Mount Harold South prospect, returned maximum values of 3.59% uranium, 1.42% cerium, 2.33% lanthanum and 0.50% yttrium.

Results from the Godkin and Godkin Extended prospects returned maximum rock grab values of 2.96% uranium, 0.72% cerium, 0.94% lanthanum, 0.18% yttrium and 1.74% uranium, 0.75% cerium, 0.93% lanthanum, 0.35% yttrium respectively. The anomalies appear to be hosted within highly deformed, altered calc-silicate rocks.

At Janet Maude samples of ironstone were collected and sent for analysis. A sample of unmineralised gabbro returned low level uranium-LREE anomalism (0.08% uranium, 0.04% cerium, 0.05% lanthanum, 0.02% yttrium) suggesting a potential for accompanying uranium and LREE mineralisation to exist. Further assay results are awaited.

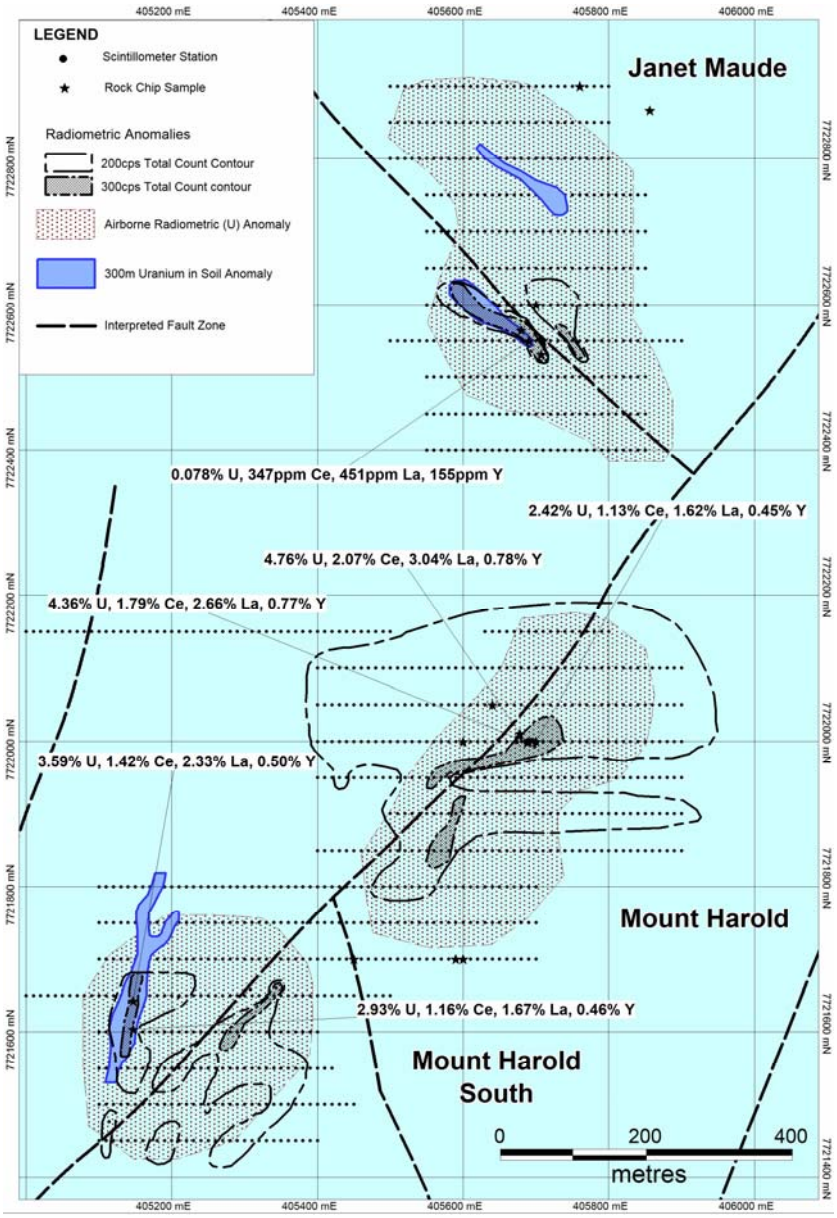

Figure 5. Summary Compilation Plan of exploration carried out at Janet Maude – Mount Harold Prospects

Table 1. Rock Chip Assay Data

Prospect	SampleID	CO-ORDINATES (AMG-AGD84)		U*	Ce*	La*	Y*	Th*	V*	Description
		North	East							
Godkin	URB000355	7730405	410455	1.69%	0.49%	0.53%	0.13%	510	3220	Ironstone
Godkin	URB000356	7730402	410451	1.02%	0.39%	0.43%	855	322	2740	Ironstone
Godkin	URB000357	7730394	410452	2.96%	0.72%	0.94%	0.18%	727	3860	Ironstone
Godkin	URB000358	7730990	410451	58.3	37.6	26.6	18.3	18.95	3440	Ironstone
Godkin	URB000359	7730403	410455	316	145.5	111.5	69.3	13.1	414	Float of mafic intrusive
Godkin	URB000360	7730403	410452	1.81%	0.59%	0.67%	0.14%	516	3080	Ironstone
Godkin	URB000361	7730421	410450	446	266	224	40.9	27.4	351	Ferrugenised, calc-silicate float
Godkin Extended	URB000362	7729311	409959	1.74%	0.75%	0.93%	0.35%	634	3800	Ironstone
Godkin Extended	URB000363	7729311	409959	40.8	89.3	30	36.5	10.1	134	Gabbro
Godkin Extended	URB000364	7729325	409965	312	204	137.5	63.7	15.55	429	Gabbro - spoils from a costean
Mount Harold	URB000379	7722000	405600	5.8	29	13.7	27.8	2.88	755	Gabbro
Mount Harold	URB000380	7722050	405640	3.72	45.3	22.3	27.8	4.05	495	Gabbro
Mount Harold	URB000381	7721700	405590	9.14	28.9	13.6	4.7	10.45	944	magnetitic ironstone
Mount Harold	URB000382	7721700	405450	52.2	65.7	48.8	54.6	4.14	482	Gabbro (disseminated pyrite)
Janet Maude	URB000383	7722867	405856	7.44	8.5	5.5	3.2	0.81	3380	Ironstone
Mount Harold	URB000384	7722000	405700	5.19	15.5	7.1	5.1	0.76	3690	Ironstone
Mount Harold	URB000385	7722000	405690	4.92	16.4	5.7	5.4	1.19	3330	Ironstone
Mount Harold	URB000386	7721700	405600	20.1	36.7	12	3.9	0.95	1350	Ironstone
Mount Harold	URB000387	7721999	405688	4.36%	1.79%	2.66%	0.77%	1540	8170	Ironstone
Mount Harold	URB000388	7722000	405700	2.42%	1.13%	1.62%	0.45%	910	4120	Ironstone
Mount Harold	URB000389	7722011	405678	4.76%	2.07%	3.04%	0.78%	1840	8490	Ironstone
Mount Harold	URB000390	7722011	405678	45	40	40	33.5	3	922	Gabbro
Janet Maude	URB000391	7722550	405690	779	347	451	155	29.7	934	Gabbro
Janet Maude	URB000392	7722600	405700	209	100	125	42.5	18.55	553	Silica - hematite altered rock
Janet Maude	URB000393	7722900	405760	409	186	232	66.6	15.4	549	Silicified - hematite altered gabbro(?)
Janet Maude	URB000394	7722531	405707	6.47	26.7	14.6	28.3	2.54	855	Gabbro
Janet Maude	URB000395	7722565	405680	37.1	35.3	29	16.6	12.1	114	Brecciated calc silicate rock
Janet Maude	URB000396	7722550	405710	18.85	13.2	13.2	12.3	7.41	2380	Ironstone
Mount Harold South	URB000397	7721643	405147	3.59%	1.42%	2.33%	0.50%	792	5020	Ironstone
Mount Harold South	URB000398	7721604	405147	2.93%	1.16%	1.67%	0.46%	988	6470	Ironstone

* All assays reported in ppm unless otherwise stated
Most samples were selected for assay using a scintillometer.
Samples URB 000358, 000383-6 and 000396 gave lower scintillometer readings and were sampled for comparative purposes.

Scintillometer and Soil Surveys

The 300 total count per second contour derived from the scintillometer survey, successfully identified all known mineralisation in the Janet Maude and Mt Harold prospects (Figure 5).

Soil surveys have been less definitive yet successfully delineated mineralisation at Janet Maude and at the newly discovered Mt Harold South prospect. At this prospect soil sampling has doubled the length of the total count anomaly to the order of 250-300 metres strike length. This includes a peak soil value of 7.68ppm Uranium, co-incident with the western radiometric anomaly.

No soil anomaly was detected over the well-mineralised sub-outcrops at Mt Harold indicating that orientation soil sampling is needed for this environment and mineralisation style. Different background responses over differing rock types at least in part contributing to this problem.

Results indicate poor dispersion of uranium within the prospect area, likely due to the poor soil development and thin scree cover present within the area. Based on available data, a threshold of 3ppm Uranium was selected to define anomalous samples.

All anomalies located by the follow-up work show strong structural controls; these structures are also evident in either one or both of the magnetic imaging and geological mapping. They have strike lengths ranging from 150 to 300 metres combined anomalism and, where assay results are fully available, have been shown to be centred upon areas of good uranium and rare earth anomalism. Widths are constrained to less than 50 metres in the central areas of anomalism.

The association of anomalism and calc-silicate brecciation in the longest anomaly (Mt Harold South) has commonality with the style of mineralisation reported for Mary Kathleen. Further-more the trend of this mineralisation is sub-parallel to the northerly trend of the Mary Kathleen host shear zone and related fold deformation.

Geological models for this style of mineralisation have been developed and these provide strong encouragement for further discoveries in this area.

Mineralogy

Petrographic and XRD analysis on a sample of the ferruginous material from Godkin indicates the material comprises uraniferous davidite-brannerite intergrown with hematite -magnetite – rutile veining.

Future Work

Geophysical surveys and orientation soil sampling programmes will be undertaken immediately over key areas to assist with the determination of uranium threshold values in soil and to aid structural interpretation.

The geological and geophysical modelling of this style of mineralisation is proving of good exploration value. Detailed geological mapping will be extended to areas with good geological potential for mineralisation, to identify areas for sampling and scintillometer surveys using the results of the orientation survey.

A detailed surface broad band gamma ray scintillometer, ground magnetics and soil survey is scheduled over the Godkin, Godkin Extended and Six Kangaroos prospects to advance these prospects towards shallow drill testing. This work is expected to be completed by end-March 2007.

Native title Cultural Heritage Access clearing discussions have been initiated to facilitate drill testing of the targets. Drilling of these targets is anticipated to take place in the second quarter of 2007.

Michael Hulmes
Managing Director

The information contained in this report that relates to exploration results has been compiled by Maurice Hoyle and John Bartlett, employees of Universal Resources Limited. Maurice Hoyle is a Fellow of the Australasian Institute of Mining and Metallurgy and John Bartlett is a Member of the Australasian Institute of Mining and Metallurgy. Maurice Hoyle and John Bartlett have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity which they are undertaking as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Maurice Hoyle and John Bartlett consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.