2008 Annual Report

UNIVERSAL RESOURCES

Universal Resources Limited
ACN 090 468 018 (ASX:URL)
www.universalresources.com.au

Who we are

Universal Resources Limited is an Australian mining and exploration company with a focus on base and precious metals within Australia.

The Company's major asset is the Roseby Copper Project in the Cloncurry area of northwest Queensland where the Company has completed a feasibility study of a mining operation to produce around 26,000 tonnes of copper and 7,000 ounces of gold per annum.

In addition to its base and precious metal interests, the Company's tenements in the Mt Isa area have considerable potential for the discovery of Mary Kathleen and roll-front styles of uranium mineralisation.

Where we are

Universal holds mineral rights to approximately 2,200 sq km of prime exploration ground in the Mt Isa Inlier of NW Queensland and exploration licences covering 83 sq km of favourable geology for base metal mineralisation in the Lachlan Fold Belt of NSW.

Highlights

With first production of copper and gold anticipated to commence in H1/2010, Universal expects to become a significant Australian copper producer and profit earner.

HIGHLIGHTS FOR THE YEAR INCLUDED

- A feasibility study of the 5 million tonnes per annum Roseby Copper Project was completed with favourable financial and technical outcomes
  - Total capital costs of $212.8 million
  - 26,000 tonnes per annum of copper in concentrate
  - 7,000 ounces of gold per annum in concentrate
  - Annual average operating surplus of $112 million
  - A net present value of $355 million
  - An internal rate of return of 37%
  - C1 cash operating costs of US$1.36 per pound of copper
- GR Engineering Services selected to build the plant and most of the associated infrastructure
- nabCapital and Commonwealth Bank of Australia mandated as joint lead arrangers for up to US$100 million of senior project debt
- Royal Bank of Scotland and ABN Amro Bank NV of London mandated as joint lead arrangers of a US$30 million bridge finance facility
- Exploration by Xstrata Copper, as part of the SEEP joint venture, intersected a major new ore position beneath the Blackard deposit
  - 94m @ 0.93% copper from 130m depth
- A review of the Wonga area, east of the Mt Roseby Fault, has reinforced the potential for the discovery of a major IOCG copper-gold deposit. The area will be a focus of further exploration by the Company
- Exploration for uranium at Malakoff and near Mary Kathleen highlighted the potential for discovery of new uranium deposits on the Company's tenements.

Contents

Company Particulars

DIRECTORS:
P A J Ingram – Chairman and Managing Director
M W H Hoyle – Executive Director (Technical)
J Brewer
B Fulton

COMPANY SECRETARY:
D J Kelly

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STOCK EXCHANGE LISTING:
The company's shares are listed on the Mining Board of Australian Securities Exchange Limited ("ASX")

ASX Code: URL

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

Directors, Universal employees and bank representatives on site at Roseby

Chairman's Letter

DEAR SHAREHOLDER

The past year has been a very mixed one for the company, with:

- the successful completion of the 5 million tonnes per annum (Mtpa) feasibility study of the Roseby Copper Project;
- the extremely difficult financial environment we have been experiencing since November 2007; and
- the recent death of a director.

As reported on 2 October, one of our founding directors, **Mr Jim Walls,** passed away after a short illness. Jim had worked hard on behalf of the company and its shareholders and his passing will be a loss to us all. He was a man of great integrity, ability and experience, all of which he used wisely on your behalf. Jim took his role as a non-executive director very seriously and was both diligent and scrupulously honest in all his dealings with the company, its staff and shareholders. Jim will be fondly remembered and sadly missed by all who knew him. Our sympathies are with Emily, his wife of 58 years, and the family.

Mr Cam Ansell, also a founding director of the company, resigned during the year. Cam brought a wide range of experience and knowledge to the board, both as an accountant by training and as a director with wide experience in the junior resources sector. The directors thank Cam for his hard work on behalf of the company and wish him well in his retirement.

In March this year Como Engineers completed a 4 Mtpa feasibility study of the Roseby Copper Project, with very encouraging results. Subsequently, the company selected GR Engineering Services (GRES) as the prime contractor to build the Roseby Plant and most of the associated infrastructure. GRES have, since being selected, upgraded the proposed operation to 5 Mtpa, with a consequent significant improvement in the financial outcomes, as outlined later in this report.

The award of a formal contract to GRES will be subject to the company receiving final Queensland Government approvals for the project and to the company successfully raising the capital required to undertake the development. Progress is being made on both these fronts and the company is hopeful of commencing construction around March – April 2009 and commissioning the plant around the middle of 2010. However, shareholders should be aware that raising the finance required may, in the current environment, take longer than presently estimated.

The company is working hard with its financial advisers to arrange project finance. The Commonwealth Bank of Australia (CBA) and nabCapital (NAB) have been mandated as joint lead arrangers to arrange up to US$100 million of senior debt for the project. Finalisation of these facilities will be dependent upon the Company raising the balance of the funds required for the Project. In addition, the company has mandated Royal Bank of Scotland and ABN Amro Bank NV, London Branch, as joint lead arrangers for a US$30 million bridge facility.

A number of potential providers of subordinated debt and equity capital are in discussions with the company for the provision of around $130 million to complete the project financing. These discussions, as a direct result of the turmoil being experienced in world financial markets, are likely to be more protracted than might previously have been the case. However, the directors remain confident that the project is sufficiently robust to justify development and to support the raising of the necessary capital.

During the year, **Mr Michael Hulmes** resigned as Managing Director. The company thanks him for his contribution to the company until his departure in September 2007.

Three new directors were appointed to the board during the year:

- **Mr Bruce Fulton,** a geologist with considerable technical, business and management experience;
- **Mr Jason Brewer,** a mining engineer with extensive experience in project financing and evaluations.
- **Mr Maurice Hoyle,** a founding director and the Company's General Manager Exploration was re-appointed a director.

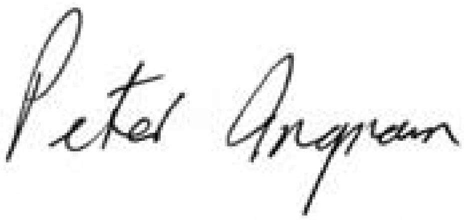
All directors have made important contributions to the Company since joining the Board.

Directors past and present have provided strong support to me in what has proved to be a very difficult year and I thank them for that.

I would especially like to thank the Company's employees, contractors and consultants who have all contributed significantly to the progress made during the year.

Finally, I would like to thank you, the shareholders, for your continued support. I urge you to support the resolutions to be put to the Annual General Meeting and to attend the meeting in person or by proxy.

I wish everyone involved with the Company well for the year ahead.



Peter Ingram
Chairman and Managing Director

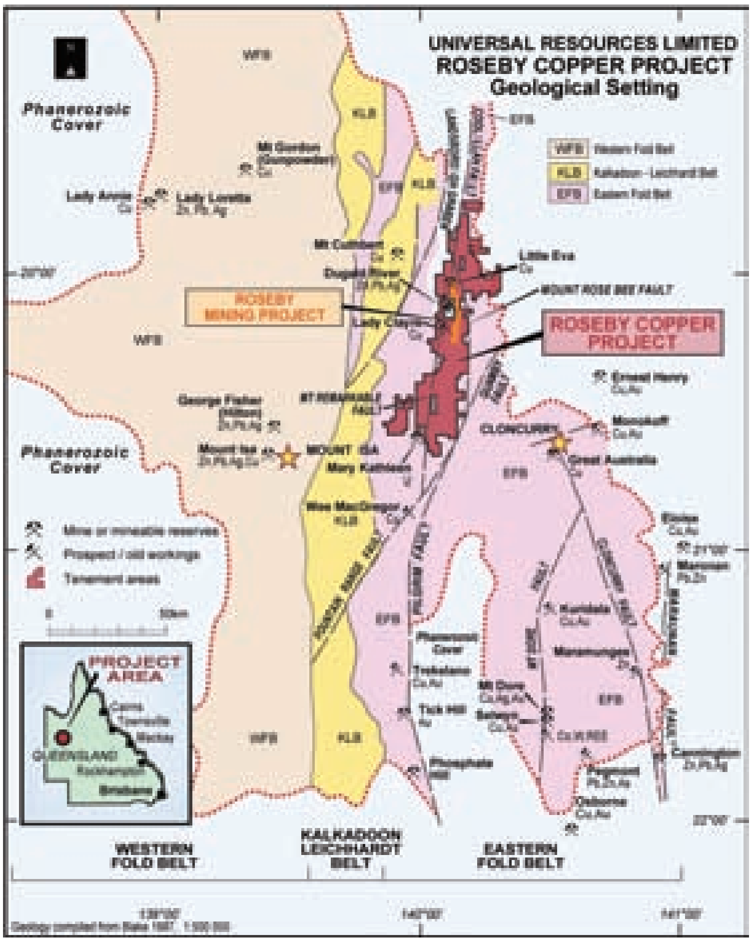
Mr Maurie Hoyle (Technical Director), the late **Mr Jim Walls** (Non-executive Director) and **Mr Des Kelly** (Company Secretary) at a meeting of directors held in Cloncurry.

Overview of Universal

INTRODUCTION

Universal Resources Limited ("Universal" or the "Company") was formed in November 1999 and listed on ASX in September 2002. The Company's objective is to create wealth for its shareholders and other stakeholders. Its strategy is to acquire, explore for and profitably mine mineral deposits, particularly base and precious metals, within Australia.

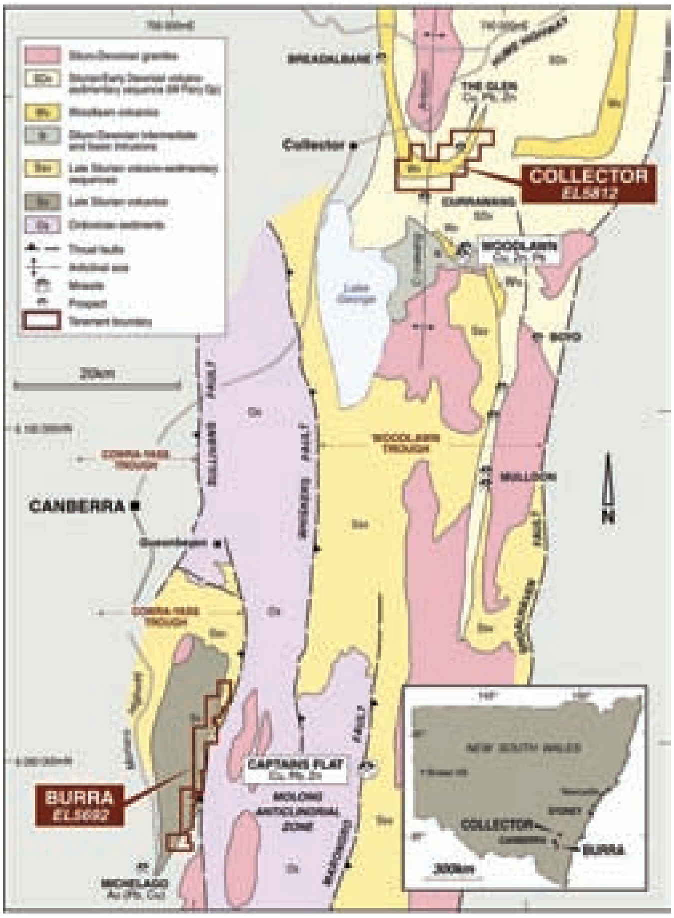
Since listing on ASX, the Company has focussed its attention on exploring and developing the Roseby Copper Project ("Roseby" or the "Project"), located some 65km NNW from Cloncurry in NW Queensland, Australia. The Company holds a further nine projects in the Mt Isa Inlier of NW Queensland and two projects in the Lachlan Fold Belt of NSW.



AUSTRALIA: A GREAT PLACE TO MINE

The period in which the Company now finds itself is one of worldwide economic and, in some areas, political uncertainty. However, Australia is fortunate to be both politically and economically stable with very low sovereign risk, particularly from the perspective of mining. We have a long tradition of mineral exploitation and exporting of mineral products. We also have well developed land ownership and mining tenure systems that are backed by a strong and independent legal system. The Australian economy is one of the strongest in the developed world, supported by a major mining industry that is currently benefiting from very strong demand for metals in the developing economies, particularly in China.

Although not immune to the possibility of economic failure, Australia is considered by many commentators to be well placed to weather the current economic crisis.



Above: Fine grained native copper from Roseby

Top Right: Mt Isa Inlier regional geology, Roseby Copper Project and major deposits

Right: Lachlan Fold Belt regional geology, Universal Projects and major deposits

Report on Operations

The 2007-08 year saw an accelerated program to complete the Detailed Feasibility Study of the Roseby Copper Project and to progress it towards a development decision. That decision was made in April this year and development of the Project is now primarily conditional upon the Company's ability to raise the necessary capital of around $230 million. All attention has been focussed on that task, to the exclusion of most other activities. In particular, only limited exploration has been undertaken on the Company's projects outside of Roseby. Most of that activity was directed towards exploration for uranium in the southern part of the Roseby tenements and on the Malakoff tenement. An overview of the activities for the year is given below.

FINANCIAL AND CORPORATE ACTIVITIES

Expenditures

Cash expenditures for the year to 30 June 2008 totalled $8,512 million, including $5.896 million expended on mineral exploration and feasibility studies.

The consolidated loss for the year was $7.070 million ($9.517 million).

Consolidated Total Equity as at 30 June 2008 was $15.738 million ($19.700 million).

As at 30 June 2008, cash at bank and on deposit totalled $3.880 million ($8.372 million).

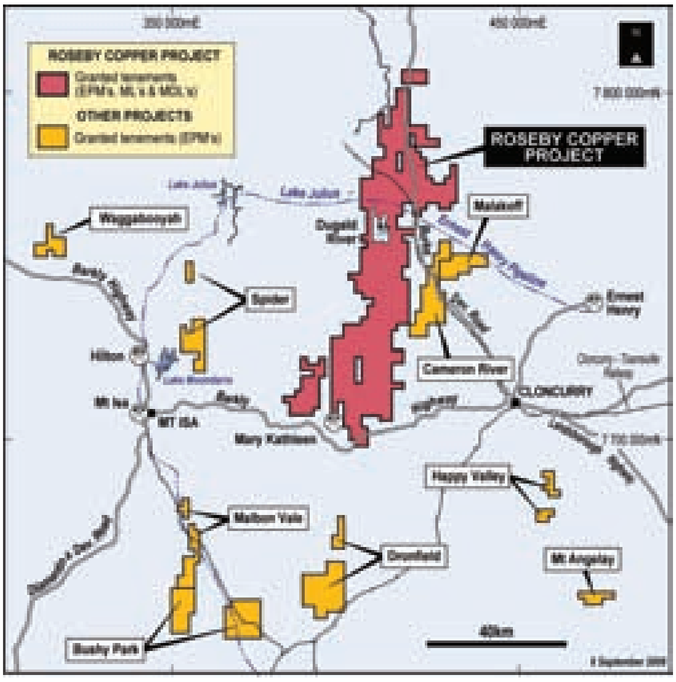
Capital Raisings

During the year the company completed an issue of 44.8 million fully paid ordinary shares to raise an additional $2.688 million.

Issued Capital

During the year, 7,722,222 shares were issued upon conversion of Converting Notes and 11,650,000 Employee options were issued. A total of 11,000,000 employee options were cancelled upon resignation of employees.

As at 30 June 2000, the Company had 344,022,378 fully paid ordinary shares on issue. There were also 15,835,000 unlisted employee options on issue.



Above: Roseby Copper Project tenements and infrastructure

ROSEBY FEASIBILTY STUDY

Introduction

Roseby is located in the Mt Isa Inlier in NW Queensland. It is approximately 65 km NNW from Cloncurry and about 95km NE from the regional mining centre of Mt Isa, The Mt Isa Inlier is one of the world's great basemetal fields, being host to approximately 11% of the world's zinc, 5% of its silver and 1% of the world's copper. In addition, there are a number of substantial deposits of phosphate, uranium and gold.

Detailed Feasibility Study

Como Engineers Pty Ltd completed a Detailed Feasibility Study (DFS) of the Project in March 2008. This study investigated the technical and economic feasibility of developing a 4 Mtpa mining and processing operation based on treating a blend of native copper and sulphide ores from Roseby.

Below: Copper sulphide mineralisation in drill core from Little Eva Deposit, Roseby

Outcomes of the study were very favourable. In April 2008, the company made a decision to develop the project, subject to gaining all necessary governmental approvals and the company raising the necessary finance.

G R Engineering Services Pty Ltd ("GRES") has been selected as the preferred contractor to design and construct the proposed plant on a guaranteed maximum price basis. GRES has subsequently undertaken an upgrade of the proposed operation from 4Mtpa to 5Mtpa, further enhancing the financial outcomes for the project.

Feasibility Study Outcomes

DFS financial modelling indicates a robust project, as summarised in the following table of the base case model, using the forward curves for US$/A$ exchange rate and the US$ prices of copper and gold.

		4 MTPA (Como Study)	5MTPA UPGRADE (GRES Study)
Capital costs	A$M	196.7	212.7
C1 cash operating costs	US$/lb of copper	1.24	1.36*
Mine life	Years	12.5	9.6
LOM operating surplus	A$M	1,034	1,074
Average annual cashflow	A$M/year	83	112
NPV (8.5% discount)	A$M	314	355
IRR	%	36	37
Average annual copper production	Tonnes/year	21,500	26,000
Average annual gold production	Ounces/year	4,500	7,000

* The increased C1 costs are largely the result of increased energy (power and diesel) costs applying to the later 5Mtpa study.

Technical outcomes were also positive:

- Ore Reserves are well drilled out;
- mining will be by standard open pit methods;
- extensive metallurgical testing has established acceptable metallurgical recoveries using standard and well proven processes and practices.

Overall risk of technical failure for the project is considered to be low.

Mineral Resources

Roseby Resources have been estimated from 160,000 metres of drilling in ten deposits – 7 native copper deposits and three IOCG sulphide deposits – and total 128.54 million tonnes grading 0.68% copper and 0.06 gpt gold. Resources for each deposit are summarised in the following table and details are provided on page 13 of this report.

Ore Reserves

Estimated Ore Reserves total 47.93 million tonnes grading 0.70% copper and 0.04 gpt gold. These have been calculated for only three of the ten resources, as summarised in the following table, and have been estimated based on pit-optimisations using a copper price of US$2.00 per pound. The remaining seven deposits will be converted to Reserve status ahead of mining. A detailed breakdown of these reserves is provided on page 13 of this report.

Mining

Mining at Roseby will be from open pits and will be undertaken by contractors using standard equipment.

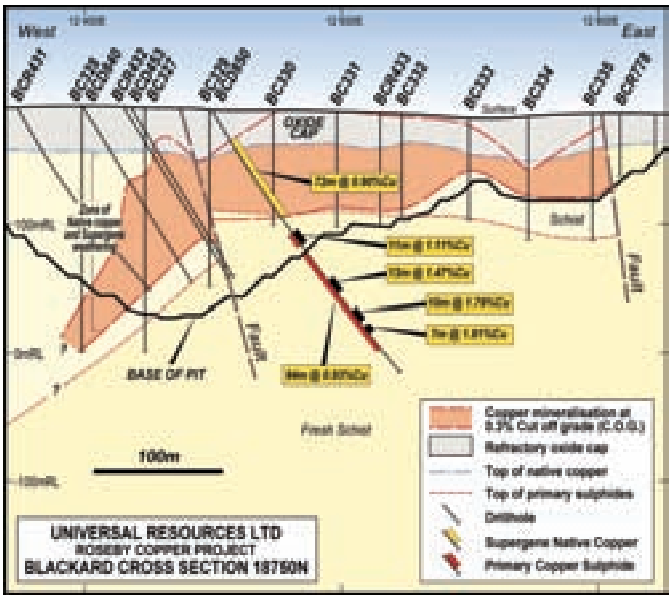
Native copper deposits are extremely soft, requiring little drill and blast ahead of excavation. Sulphide deposits will require more conventional blasting techniques.

ROSEBY MINERAL RESOURCES

DEPOSIT	TONNES	COPPER (M)	GOLD (%) (gpt)
Native Copper Deposits			
Blackard	46.25	0.63	0.01
Scanlan	19.62	0.68	0.01
Legend	6.13	0.60	0.01
Great Southern	6.00	0.61	0.01
Longamundi	10.40	0.66	0.01
Charlie Brown	0.70	0.40	0.01
Caroline	3.60	0.53	0.02
Sub-total	**92.70**	**0.64**	**0.01**
Sulphide Deposits			
Little Eva	30.37	0.78	0.14
Bedford	1.77	0.93	0.24
Lady Clayre	3.70	0.88	0.51
Sub-total	**35.84**	**0.8**	**0.18**
TOTAL RESOURCES	**128.54**	**0.68**	**0.06**

ROSEBY ORE RESERVES

DEPOSIT	TONNES	COPPER (M)	GOLD (%) (gpt)
Blackard	22.85	0.66	–
Scanlan	9.62	0.71	–
Little Eva	15.46	0.75	0.13
TOTAL RESERVES	**47.93**	**0.70**	**0.04**



Top: Blackard Deposit orebody, drilling and open pit

Above: Blackard Deposit Cross section showing SEEP Program intersection of new ore position below the main native copper horizon

Processing

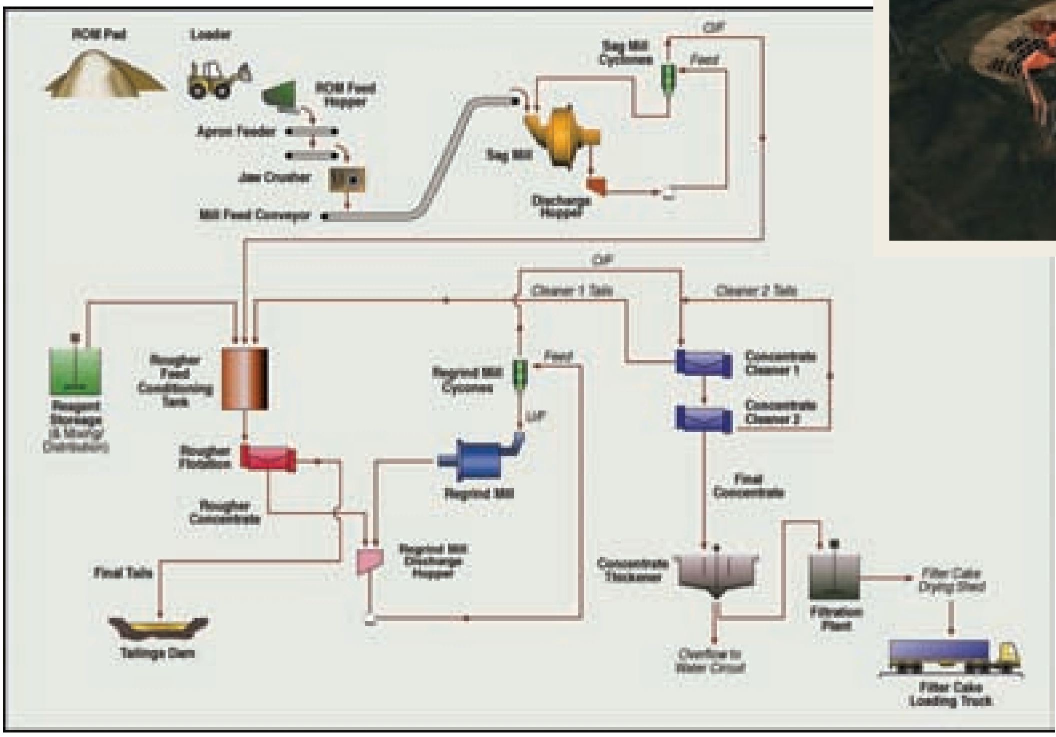
Native copper and sulphide ores will be blended on the ROM pad in the ratio of 60% soft native copper ore to 40% harder sulphide ore. Blended ore will be processed in a conventional plant consisting of **Crushing > milling > flotation > concentrate filtering and drying > concentrate sale.**

This flowsheet design is based on the results of extensive test-work and the technology proposed is well-proven in numerous mines throughout the world.

Infrastructure

Infrastructure is well developed within the Mt Isa Inlier and Roseby is well positioned to take advantage of it.

The regional centre of Cloncurry is located 65km to the south-east of Roseby. The two are connected by the sealed Burke Development Road, which passes about 10km to the east of Roseby. Cloncurry is situated on the Barkly Highway and the rail line, both of which connect Mt Isa to the coastal port of Townsville. Rail loading facilities are available at Cloncurry, where there is also an airport capable of receiving commercial aircraft.



An adequate supply of good quality process water will be derived from pit dewatering. Potable water will be obtained from the Lake Julius pipeline which crosses the Roseby tenements near the proposed plant site.

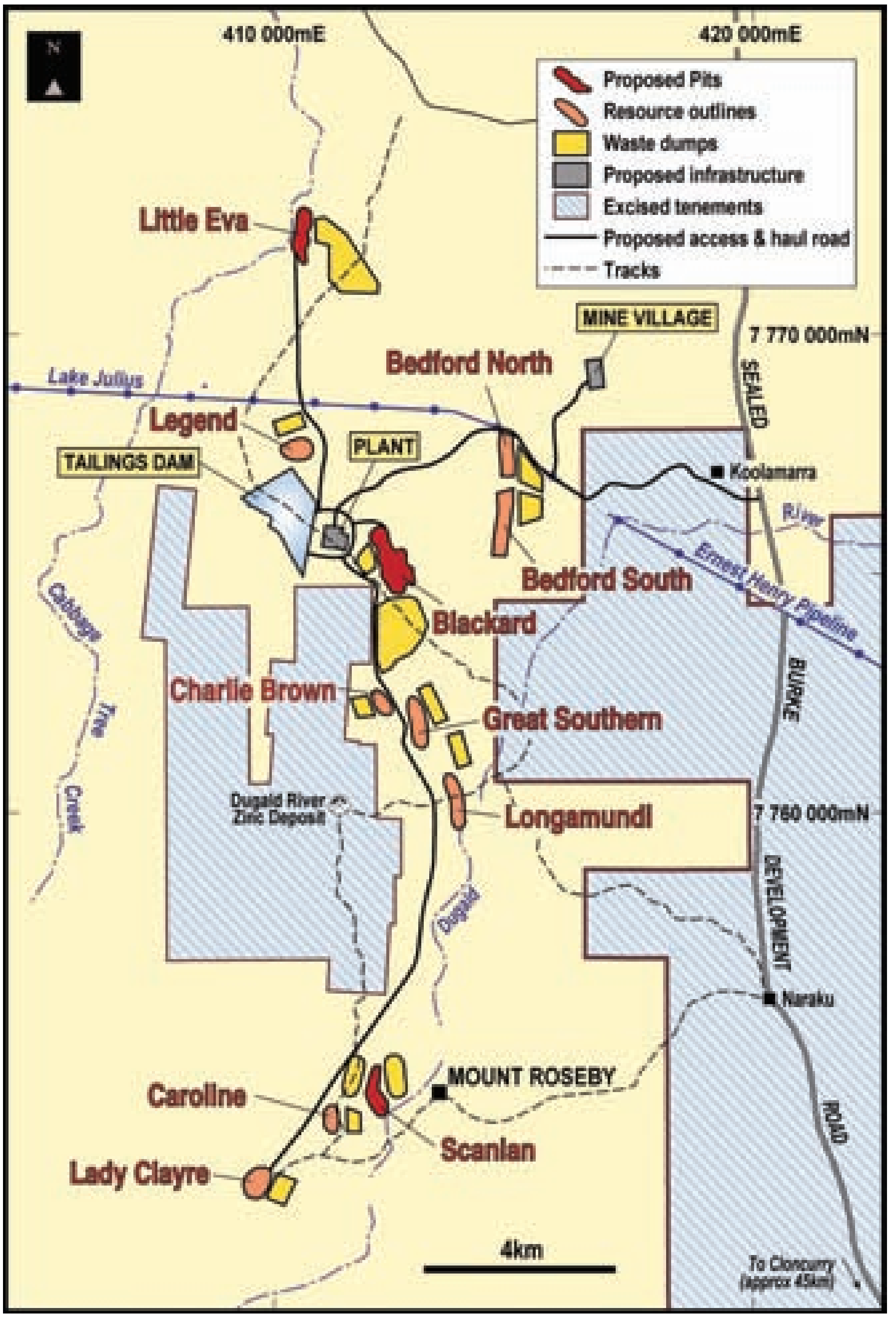
Grid power is reticulated from Mt Isa to Cloncurry and the Ernest Henry Mine. Universal proposes to connect to the grid via a 70km power line.

A processing plant will be established at a centrally located site close to Blackard pit. Tailings disposal will be into an above ground dam located near the plant.

Workers will be accommodated in high quality accommodation on a fly-in/fly-out basis.

Above: **Little Eva Deposit orebody, drilling and open pit**

Above Left: **Roseby Copper Project schematic process flowsheet**



Roseby Copper Project copper deposits showing existing and proposed infrastructure

Permitting
In April 2005, Universal applied for five Mining Leases covering the 10 copper deposits comprising the Roseby Copper Project.

Native title agreements have been signed with the Kalkadoon People, considered to be the traditional owners of the Roseby area.

Land access compensation agreements have been signed with the pastoral leaseholders covered by the Mining Lease Applications (MLA's).

An Environmental Impact Statement was lodged with the relevant authorities and public submissions have been received. The Company is in the process of responding to the final matters raised by the EPA and in public submissions. Universal believes there are no major environmental impediments to the project proceeding.

The Company anticipates that, subject to receipt of environmental approvals, the MLA's could be approved for grant by the Minister in the first half of 2009.

Project Enhancements
Considerable scope exists to enhance the future value of the project through a range of optimisations, including:

- The conversion of known resources in seven satellite deposits to reserves.
- Increases in plant throughput from optimisation of plant performance and process improvements.
- Discovery of new deposits through increased exploration, funded by Xstrata Copper (the SEEP JV) and out of future production cashflows.

Development Preconditions
Three conditions must be met by Universal before development may proceed:

1. **Environmental approvals** must be obtained and the Mining Leases granted. This process is well advanced and the company believes there are no issues that are likely to prevent the project being developed.
2. **Approximately $230M of debt and equity capital** must be raised to fund the development program.

   To-date, the company has mandated two groups of banks:

   - nabCapital (NAB) and Commonwealth Bank of Australia (CBA) as joint lead arranges (JLA) to arrange a US$100 million senior debt facility; and
   - Royal Bank of Scotland (RBS) and ABN AMRO Bank NV, London Branch, (ABN AMRO) as JLA to arrange a US$30 million bridge facility.

   Due diligence and legal documentation for both facilities has commenced.
3. **Key agreements and contracts** must be in place. As noted above, land access agreements have been signed and the construction contract is being finalised. Other contracts will be entered into as and when required.

ROSEBY GEOLOGY AND EXPLORATION POTENTIAL

Universal is a major tenement holder in the Mt Isa Inlier, with over 2,200 sq km of tenements that are considered to be highly prospective for the discovery of new copper and gold deposits as well as for the discovery of uranium and lead-zinc-silver mineralisation.

Geology and Mineralisation

All copper mineralisation at Roseby occurs in rocks of the Corella Formation of Middle Proterozoic age. In contrast, the zinc-lead-silver deposits at nearby Dugald River (belonging to Oz Minerals) are hosted in sediments of the Soldiers Cap Formation.

Exploration to-date has focussed on ten previously identified copper deposits. Numerous other copper occurrences, including areas with some limited but successful drilling, require systematic exploration.

The known copper deposits can be grouped into two well established but distinct styles of mineralisation: sedimentary (SEDEX) and iron oxide copper-gold (IOCG) styles.

i. Sedimentary Copper Deposits
Seven sedimentary copper deposits, and numerous partially tested prospects, occur in intensely altered meta-sediments that have been weathered and altered and have formed an oxidised zone (to around 30m) and an underlying native copper supergene zone (up to 250m deep) above the underlying primary sulphide zone. These deposits formed in a sedimentary environment that is similar to that of the Zambian Copperbelt and are associated with well defined structural features.

Native copper in these deposits is generally fine grained. Metallurgical test-work has demonstrated excellent recovery of native copper using standard milling and flotation techniques.

ii. IOCG Copper-Gold Deposits
Three deposits and a number of exploration targets are considered to be of the hydrothermal IOGG type of mineralisation related to deep-seated granitic intrusions and major faulting.

Unlike the SEDEX copper deposits, these sulphide deposits are only oxidized to relatively shallow depths, of around 20-25 metres, where copper is represented by both malachite and cupriferous iron oxides. The oxide zone passes with little transition into primary sulphide mineralisation consisting of chalcopyrite and minor pyrite.

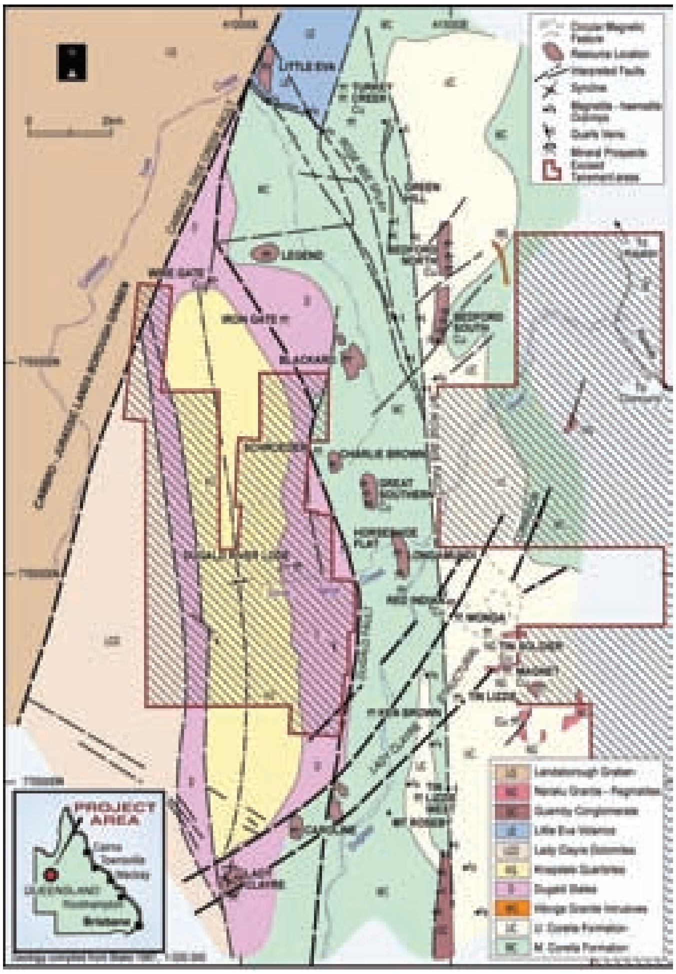
Metallurgical test-work has demonstrated that very high recoveries of both copper and gold can be achieved by standard milling and flotation techniques.

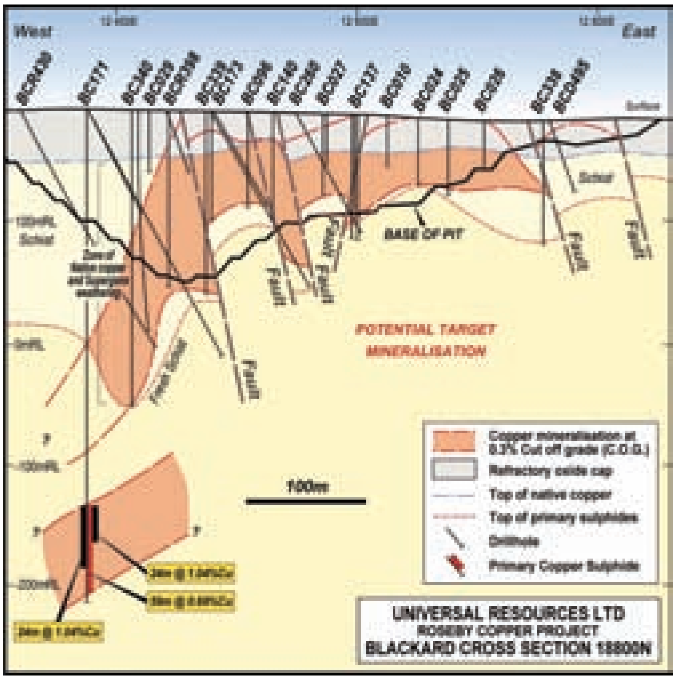
There are a number of targets within the Roseby tenements that could, with further exploration and drilling, develop into major orebodies.

Blackard Sulphide Project

The Blackard Sulphide Project is part of the SEEP Joint Venture operated by Xstrata Copper (see below). Drilling by previous owners of the Roseby Project suggested the presence of a second horizon of SEDEX copper mineralisation below the main horizon that hosts the majority of the native copper resource at Blackard **(e.g. Hole BC 171 with 59m @ 2.69% copper)**. It is Universal's view that recent drilling by Xstrata Copper has tended to confirm this idea and a further round of drilling, planned for late 2008 is expected to clarify the situation.

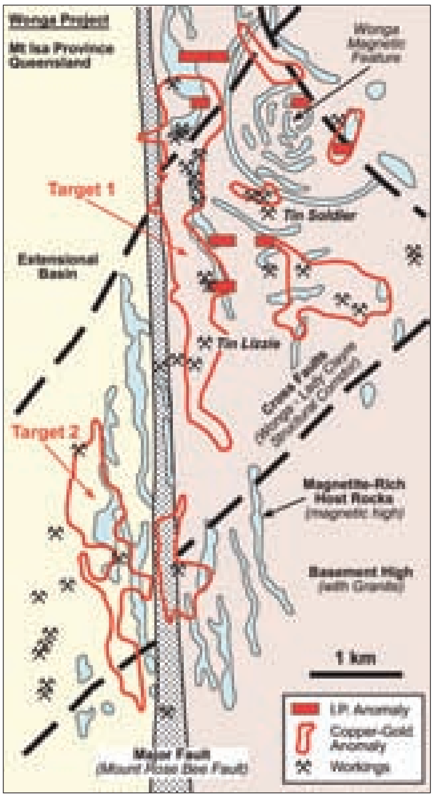
The best intersection was in Hole BCD 850, with 94 m @ 0.93% copper.

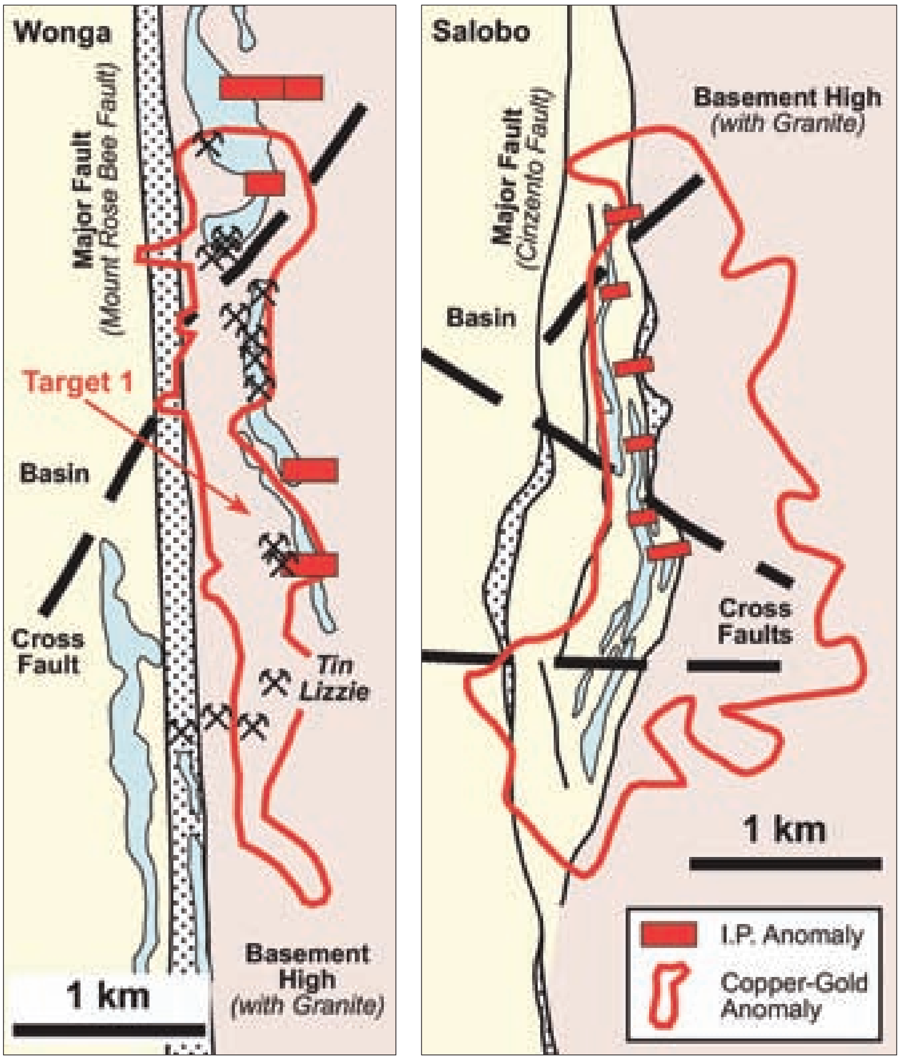




Above: Roseby Copper Project geology and key copper deposits

Right: Roseby Copper Project Blackard deposit cross section





Above: Roseby Copper Project Wonga IOCG Target geology and geochemistry

Right: Wonga Target 1 and Salobo deposit (Brazil) geological comparison

Wonga IOCG Target

In an area immediately east of the Mt Rose Bee Fault, and largely outside of SEEP, Universal has identified features associated with an extensive area of old copper workings near Wonga-Tin Lizzie, that suggest a potential to host large deposits of copper-gold mineralisation. The area has many geological similarities to the area hosting the Salabo copper-gold deposit in Brazil, with an ore reserve of 986 million tonnes grading 0.82% copper and 0.49 gpt gold.

The Wonga area, located only 7km SE from the proposed Roseby Plant site, will be the focus of future exploration by the company.

At Wonga, several kilometre-scale copper-gold anomolies occur at the intersection of the Wonga-Lady Clayre Structural Corridor and the Mount Rose Bee Fault, each of which is regionally associated with known copper and gold deposits.

There are many geological similarities between the Wonga Project and the Salobo deposit including:

- Similar styles of mineralisation and alteration.
- Granite intrusions lie adjacent to mineralisation.
- They are of a similar geological scale.
- Each lies along a major fault contact between a basement high and an adjoining basin.
- A copper-gold geochemical association with trace silver, molybdenum, cobalt, uranium and rare earths.
- A strong association with ironstone or magnetite-rich host rocks.
- Cross-faulting associated with mineralisation.

It is planned to focus exploration on the Wonga project area to examine its potential to deliver large tonnages of copper-gold sulphide mineralisation to the proposed treatment plant.

Wonga Copper-Gold Magnetic Feature

Copper-gold mineralisation at Tin Soldier occurs peripherally to the circular Wonga Magnetic Feature, a previously unrecognised feature which is interpreted to represent a shallow granite intrusive. Reconnaissance geophysical surveys have located anomalies associated with mineralisation and this magnetic feature.

The limited reconnaissance drilling undertaken previously upon the Tin Soldier copper occurrence produced encouraging intersections of shallow copper gold mineralisation including:

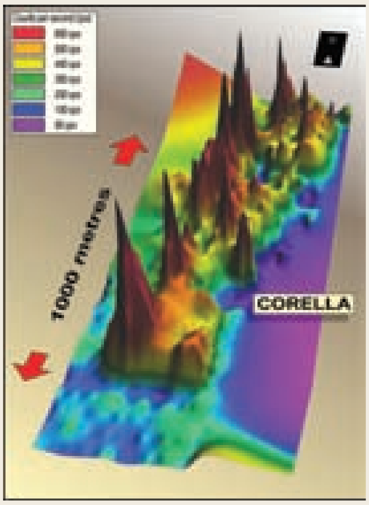
TSR 001	32-38m	(6m) @ 1.18% copper and 0.19gpt gold
TSR 003	25-30m	(5m) @ 1.14% copper and 0.20gpt gold.

A drill hole in the nearby copper-gold anomaly at the Tin Lizzie prospect intersected:

RD019	18.3-24.3m	(6m) @ 1.13% copper (not assayed for gold)

Below: **Mary Kathleen Project Area isometric view of major structures and radiometric anomolies**

Below Right: **Radiometric image of the Corella Prospect**



Uranium

An area surrounding and to the north of the old Mary Kathleen uranium mine where, historically, a total of 9.2 million tonnes of ore grading 0.12% U3O8 was mined, is considered by Universal to be highly prospective for the occurrence of new uranium deposits.

The area, in the southern part of the Roseby tenements, is called the Mary Kathleen Project Area (MKPA) and will be the subject of ongoing exploration for uranium. Significant quantities of light rare earth elements (up to 3%) were also present in the Mary Kathleen ores.

A number of important uranium occurrences or anomalies have been identified within the MKPA hosted on or adjacent to the same structures as the Mary Kathleen mine. Assays of costeans in the project area have outlined intervals with average grades of 0.3-0.4% U3O8, with a peak of 1.65% U3O8. An assay of 6.18% U3O8 has also been recorded in difficult, under explored terrain. The Corella radiometric anomaly is one of several high quality targets requiring follow-up drill testing in the future.

THE ALLIANCE WITH XSTRATA COPPER

In 2005, Universal entered into a strategic alliance with Xstrata Copper, a division of Xstrata plc, one of the largest mining companies in the world. This alliance, which brings considerable benefits to Universal, has four key components:

- **An investment of $6.6 million** in Universal through a placement of 30 million shares at a price of 22c per share.
- **The RFP Option,** pursuant to which, Xstrata Copper may buy a 51% interest in the Roseby Project (RFP Sale Interest) for cash, with the price effectively set at a fair market price at the time of exercise of the option. The option expires on 30 June 2012.
- **The "Sulphide Extension Exploration Project"** (SEEP) joint venture, pursuant to which, Xstrata Copper may earn a 51% interest in the SEEP Area and then must purchase a 51% interest in the balance of the Roseby Project (the RFP Sale Interest).
- **Concentrate sale and marketing arrangements.** Subject to the terms of a previous agreement with Golden Sand International (GSI), Xstrata Copper may purchase the concentrates produced from the Roseby Project for use at its copper smelter at Mt Isa. If not needed for the Mt Isa smelter, Xstrata Copper will market the concentrates internationally on behalf of Universal.

The SEEP Joint Venture covers an area of 174 sq km of a total 1,529 sq km area for the Roseby Project tenements. Xstrata Copper elected to sole fund exploration in June 2007 and two phases of drilling have been completed to-date.

Exploration within the SEEP area is currently targeting two main areas: the sulphide mineralisation associated with the native copper deposits, particularly beneath the Blackard Deposit and the deeply buried mineralisation at Cabbage Tree Creek, some 3km northerly of the Little Eva deposit.

Below: **Photomicrograph of typical Roseby native copper – a 0.322 millimetre long composite particle**

NATIVE COPPER

Copper is one of the few metals to occur in nature in its elemental form – native copper. Although most commonly occurring as sulphides or carbonates, native copper is not uncommon as a minor component of supergene altered deposits. It was one of the world's original sources of copper, with its use dating back to ancient times.

Native copper is a malleable mineral and can, in some circumstances, be difficult to mill. If introduced to the mill as large pieces or sheets it is likely to keep agglomerating into increasingly large lumps.

Agglomeration of native copper in the mill is considered unlikely to be a problem at Roseby due to the generally very fine grained nature of the native copper particles in the ore.

UNIVERSAL RESOURCES LIMITED: TABLE OF MINERAL RESOURCES

DEPOSIT	RESOURCES AT 0.3% COPPER CUT-OFF												CONTAINED METAL	
	MEASURED			INDICATED			INFERRED			TOTAL				
	Tonnes	Grade		Tonnes	Grade		Tonnes	Grade		Tonnes	Grade		COPPER	GOLD
	(M)	Cu (%)	Au (gpt)	(M)	Cu (%)	Au (gpt)	(M)	Cu (%)	Au (gpt)	(M)	Cu (%)	Au (gpt)	(T)	(Oz)
OXIDE DEPOSITS														
Blackard	26.29	0.64	0.01	17.87	0.63	0.01	2.09	0.58	0.01	46.25	0.63	0.01	293,000	16,190
Legend							6.13	0.6	0.01	6.13	0.60	0.01	36,597	1,942
Longamundi							10.40	0.66	0.01	10.40	0.66	0.01	69,037	3,632
Great Southern							6.00	0.61	0.01	6.00	0.61	0.01	36,330	2,000
Scanlan				15.37	0.65	0.01	4.24	0.8	0.01	19.62	0.68	0.01	134,160	7,370
Charlie Brown							0.70	0.40	0.01	0.70	0.40	0.01	2,820	230
Caroline							3.60	0.53	0.02	3.60	0.53	0.02	18,820	2,390
Sub-total oxides	**26.29**	**0.64**	**0.01**	**33.24**	**0.63**	**0.01**	**33.16**	**0.63**	**0.01**	**92.7**	**0.64**	**0.01**	**590,764**	**33,754**
SULPHIDE DEPOSITS														
Little Eva	3.84	1.04	0.13	22.81	0.75	0.13	3.72	0.73	0.15	30.37	0.78	0.14	237,690	132,230
Lady Clayre zone A							2.87	0.92	0.50	2.87	0.92	0.50	26,414	45,829
Lady Clayre zone F							0.83	0.76	0.51	0.83	0.76	0.51	6,333	13,480
Sub-total Lady Clayre							**3.70**	**0.88**	**0.51**	**3.70**	**0.88**	**0.51**	**32,747**	**59,309**
Bedford North							1.07	1.00	0.25	1.07	1.00	0.25	10,710	8,505
Bedford South							0.70	0.83	0.24	0.70	0.83	0.24	5,793	5,288
Sub-total Bedford							**1.77**	**0.93**	**0.24**	**1.77**	**0.93**	**0.24**	**16,503**	**13,793**
Sub-total sulphides	**3.84**	**1.04**	**0.13**	**22.81**	**0.75**	**0.13**	**9.19**	**0.83**	**0.31**	**35.84**	**0.80**	**0.18**	**286,940**	**205,332**
ROSEBY TOTAL	**30.13**	**0.69**	**0.03**	**56.05**	**0.68**	**0.06**	**42.35**	**0.68**	**0.08**	**128.54**	**0.68**	**0.06**	**877,704**	**239,086**
Ivy Ann (Cameron River)							4.00	0.72	0.12	4.00	0.72	0.12	28,800	15,432
ROSEBY + IVY ANN	**30.13**	**0.69**	**0.03**	**56.05**	**0.68**	**0.06**	**46.35**	**0.68**	**0.08**	**132.54**	**0.68**	**0.06**	**906,504**	**254,518**

UNIVERSAL RESOURCES LIMITED: TABLE OF ORE RESERVES

DEPOSIT	PROVEN RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
	Mt	Cu %	Au gpt	Mt %	Cu gpt	Au %	Mt %	Cu gpt	Au
Little Eva (sulphide)	1.77	1.03	0.12	13.69	0.69	0.13	15.46	0.73	0.13
Blackard (native copper)	17.03	0.67	–	5.83	0.65	–	22.85	0.67	–
Scanlan (native copper)	–	–	–	9.62	0.71	–	9.62	0.71	–
ALL DEPOSITS	**18.80**	**0.70**	**0.01**	**29.14**	**0.69**	**0.06**	**47.93**	**0.70**	**0.04**

Much of the information in this report that relates to mineral exploration results, mineral resources and ore reserves has previously been reported to ASX, based on reports by competent persons. Exploration data in this report that has not previously been reported to ASX, has been compiled by a person, Mr Maurice Hoyle, who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the activity which he is reporting on as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hoyle consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears. Mr Hoyle is a full-time, permanent employee of Universal Resources Limited.

Tenement Schedule

ROSEBY PROJECT

NUMBER	NAME	INTEREST
EPM 8506	Mt Roseby	100%
EPM 9056	Pinnacle	100%
EPM 10266	Highway	100%
EPM 10833	Cameron	100%
EPM 11004	Ogorilla	100%
EPM 11611	Gulliver	100%
EPM 12121	Gulliver East	100%
EPM 12492	Queen Sally	100%
EPM 12493	Quamby	100%
EPM 12529	Cabbage Tree	100%
EPM 13249	Lilliput	100%
EPM 14363	Bannockburn	100%
EPM 14365	Corella	100%
EPM 14535	Roseby Infill	100%
EPM 14545	Murrumba	100%
EPM 14556	Coolullah	100%
EPM 14822	River Gum	100%
MDL 12	Little Eva	100%
MDL 80	Roseby	100%
MDL 81	Bedford	100%
MDL 82	Green Hills	100%
MDL 83	L. E. Insurance No 1 & 2	100%
MDL 84	L. E. Insurance No 3	100%
ML 2581	Scanlan 1	100%
ML 2582	Scanlan 2	100%
ML 2583	Scanlan 3	100%
ML 2584	Scanlan 4	100%
ML 2585	Scanlan 5	100%
ML 2600	Dugald River 58	100%
ML 2647	Lady Clayre / Rodex 1	100%
ML 2648	Lady Clayre / Rodex 2	100%
ML 2649	Lady Clayre / Rodex 3	100%
ML 2650	Lady Clayre / Rodex 4	100%
ML 2651	Lady Clayre / Rodex 5	100%
ML 2652	Rodex 6	100%
ML 2653	Rodex 7	100%
ML 2654	Rodex 8	100%
ML 2655	Rodex 9	100%
ML 7497	Longamundi	100%
ML 90048	Longamundi 2	100%
ML 90052	Scanlan 7	100%
ML 90053	Scanlan 8	100%
ML 90054	Scanlan 9	100%
ML 90055	Caroline Revised	100%
ML 90056	Rodex 10	100%
MS 2874	Longamundi	100%
MS 3072	Little Eva	100%
MLA 90162	Scanlan	100%
MLA 90163	Longamundi	100%
MLA 90164	Blackard	100%
MLA 90165	Little Eva	100%
MLA 90166	Village	100%

QUEENSLAND REGIONAL PROJECTS

NUMBER	NAME	INTEREST
EPM 8059	Cameron River	100%
EPM 9611	Happy Valley	100%
EPM 14362	Malbon Vale	100%
EPM 14364	Waggaboonyah	100%
EPM 14366	Bushy Park	100%
EPM 14367	Spider	100%
EPM 14369	Dronfield	100%
EPM 14370	Malakoff	100%
EPM 14371	Mt Angelay	100%

NEW SOUTH WALES PROJECTS

NUMBER	NAME	INTEREST
EL 5692	Burra	90%
EL 5812	North Woodlawn Joint Venture	90%

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 financial year ended 30 June 2008.

Directors

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

P A J Ingram	Chairman and Managing Director
J A Walls	Non-Executive Director (deceased 30 September 2008)
P J Brewer	was appointed a director on 2 October 2007 and continued in office at the date of this report.
B Fulton	was appointed a director on 17 December 2007 and continued in office at the date of this report.
M W H Hoyle	was appointed a director on 17 December 2007 and continued in office at the date of this report.
M Hulmes	was a director from the beginning of the financial year until his resignation on 6 September 2007.
C T Ansell	was a director from the beginning of the financial year until his resignation on 31 December 2007.

Principal activities

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

Significant changes in the state of affairs

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

Dividends

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

Review of operations

A summary of consolidated revenues and results is set out below:

	REVENUES		RESULTS	
	2008 $	2007 $	**2008 $**	2007 $
Revenue from continuing operations				
Other income	**666,078**	830,867		
	666,078	830,867		
Profit (loss) from ordinary activities before related income tax expense			**(7,069,841)**	(9,859,383)
Income tax benefit (expense)			**–**	342,165
Profit (loss) from continuing operations after related income tax expense attributable to members of Universal Resources Limited			**(7,069,841)**	(9,517,218)

Financial Position

During the year the Company had a net increase in contributed equity of $2,894,036 (from $53,382,526 to $56,276,562) as a result of:

- Conversion of 13,900 converting notes resulting in the issue of 7,722,222 ordinary shares at 18 cents per share;
- A placement of 11,000,000 ordinary shares at 6.5 cents each; and
- A placement of 33,800,000 ordinary shares at 6.5 cents each.

At the end of the financial year the Consolidated Entity had net cash balances of $3,880,955 (2007: $8,371,859) and net assets of $15,738,937 (2007: $19,700,837).

Total liabilities amounted to $3,568,176 (2007: $4,772,540).

Exploration, Evaluation and Development

QUEENSLAND

Roseby Feasibility Study

Following a review of the Roseby Copper Project ("Project") detailed feasibility study ("DFS"), the directors have approved the development of the Project, subject to the successful raising of the required funds of around A$230 million and the grant of all governmental approvals required for the Project to proceed. A subsequent review of the Project has resulted in an upgrade from a throughput of 4 million tonnes per annum (mtpa) to 5 mtpa.

The upgraded DFS Base Case model indicates the Project will have an NPV of $355 million at a discount rate of 8.5% and an IRR of 37%, based on the forward curves for copper, gold and the exchange rate. Capital costs are estimated at $212 million with a payback period of 2.1 years from start of production.

Uranium Exploration

Investigatory reverse circulation drilling was undertaken on a number of prospects northeast of the former Mary Kathleen uranium mine. Uranium and rare earth mineralization was intersected in breccias associated with major faulting and uranium anomalies. Further drilling is warranted.

Review of operations (continued)

Copper-Gold Exploration

The focus was maintained upon locating high grade and bulk copper-gold mineralization as potential concentrated feed for the proposed Roseby Project. Electrical geophysical programmes and follow-up drilling were undertaken on a number of priority targets. Drilling at the Nil Desperandum prospect intersected dispersed vein-sets, hosting copper-gold mineralization. Good induced polarization anomalies were generated in most areas and now require detailing prior to drill testing.

Roseby Sulphide Extension Exploration Project (SEEP)

Xstrata Copper undertook deep drilling at the Blackard, Blackard North, Scanlan and Cabbage Tree Creek prospects as part of the SEEP joint venture sulphide exploration programme. Very encouraging deep sulphide mineralization was intersected at Blackard and requires follow-up infill drilling. Deep electrical geophysical surveys were completed at Cabbage Tree Creek and further intersections of the sulphide system were made during follow-up drilling.

LACHLAN FOLD BELT

The North Woodlawn Joint Venture, managed by Tri Origin Minerals Limited (TRO), continued to pursue land access within an key area of zinc sulphide mineralization. No field work was undertaken during this period.

Electrical geophysical surveys were undertaken over the Burra prospect and identified areas requiring follow-up drilling and possible extentions to previously located zinc sulphide mineralization. A joint venture partner is being sought for this tenement.

Corporate

During the year 13,900 convertible notes were converted and 7,722,222 ordinary shares issued at 18 cents per share.

44,800,000 ordinary shares were issued at 6.5 cents to sophisticated investors raising $2,912,000.

Events occurring after balance date

On 8 July 2008 the Company announced that it had mandated the Royal Bank of Scotland and ABN AMRO Bank N.V. as Joint Lead Arrangers to arrange a Bridge Finance Facility of US$30 million for the Company as part of the Company's financing requirements for the development of the Roseby Copper Project in Queensland.

On 22 August 2008 the Company announced that it had mandated nabCapital and the Commonwealth Bank of Australia as Joint Lead Arrangers to arrange a Senior Debt Facility of US$100 million for the Company as part of the Company's financing requirements for the development of the Roseby Copper Project in Queensland.

No other matters or circumstances have arisen since 30 June 2008 that has significantly affected, or may significantly affect:

(a) the Consolidated Entity's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Consolidated Entity'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 Consolidated Entity and the likely results of these operations would, in the opinion of the directors, be prejudicial to the interests of the Consolidated Entity. Refer to the Review of Operations for further details.

Environmental regulation

The Consolidated Entity 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 Consolidated Entity has not been advised of any breach of its environmental obligations and, to the best of the knowledge of the directors, the Consolidated Entity has complied with all environmental requirements of the various regulations to which it is subject.

Information on directors

NAME	DIRECTOR'S EXPERIENCE	SPECIAL RESPONSIBILITIES
P A J Ingram BSc, FAusIMM, MGSA, FAICD	Mr Ingram is a geologist with over 40 years experience in the mining and mineral exploration industries within Australia, including over 29 years experience in public company management. In addition to previously being the Managing Director of Metana Minerals NL, Chairman of Glengarry Resources NL and a director of Dragon Mining NL, Eastmet Limited and Australia Oriental Minerals NL, Mr Ingram was a founding councillor of the Association of Mining and Exploration Companies (AMEC). He is an Honorary Life Member and past President of AMEC. Mr Ingram held no other directorships of ASX listed companies during the last three years.	Chairman and Managing Director
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 hisown drilling company in 1973. He is a director of Australian Consolidated Exploration Pty Ltd and Australia Oriental Minerals NL. Although born in the USA, he is now an Australian citizen. Mr Walls held no other directorships of ASX listed companies in the last three years.	Non-executive Director
J P Brewer M.Eng (Hons), ARSM	Mr Brewer has over 15 years international experience in the natural resources sector and in investment banking. He is a mining engineer with a masters degree in mining engineering with honours from the Royal School of Mines, London. He has experience in gold and base metals mines, having worked at the Kidd Creek Copper and Zinc mine in Canada for Falconbridge, the Lanfranchi Nickel Mine in Western Australia for WMC and the Kinross Gold Mine in South Africa for Gencor. Mr Brewer is currently General Manager of the Linq Resources Fund, a listed investment company. Mr Brewer was also a director of ASX listed company Terrain Minerals Limited from 13 December 2007 until 23 May 2008.	Non-executive Director Chairman of the Audit Committee and Member of the Remuneration Committee
B Fulton BSc, MSc(Hons), MBA, MAusIMM, MAICD	Mr Fulton is currently a senior executive with The Swann Group, an executive search firm specialising in the global mining and resources industry. He is a member of the Australasian Institute of Mining & Metallurgy and the Australian Institute of Company Directors. He is a graduate of the University of Waikato, New Zealand, and holds a Masters of Science (Hons) degree majoring in Earth Science. He also holds the degree of Master of Business Administration from Deakin University, Melbourne. Mr Fulton has extensive resource industry experience having worked with both Australian and international mining companies. His experience covers a wide range of the global mining and resources industry including involvement in exploration, operations, corporate development and M&A activities. Bruce's experience also covers a wide range of commodities. He continues his industry association through active participation in key industry events and with industry associations such as the Australasian Institute of Mining & Metallurgy. Mr Fulton was also a director of ASX listed company Eldore Mining Limited from 12 December 2006 to 3 December 2007.	Non-executive Director Chairman of the Remuneration Committee and Member of the Audit Committee
M W H Hoyle B.Sc (Hons), MSEG, FAusIMM,	Mr Hoyle is a geologist with the degree of Bachelor of Science (Hons) from the University of London. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Society of Economic Geologists. He has extensive experience in mining and exploration both in Australia and Internationally. Maurice's international experience includes working in Africa and in particular the Zambian Copper Belt. His experience covers a diverse suite of minerals, with particular emphasis on gold, copper and nickel. Mr Hoyle held no other directorships of ASX listed companies in the last three years.	Executive Director – Technical
COMPANY SECRETARY **D J Kelly** BComm, CPA, MAICD	Mr Kelly is an accountant with over 30 years experience in industry and public practice. He currently consults to both public and private companies in the capacity of Company Secretary and provides management and administration services for them. He has wide managerial experience including serving for a period as managing director of a public listed exploration company.	Company Secretary Chief Financial Officer

Particulars of directors' interests in shares and options of Universal Resources Limited

Set out below are the directors' interests in shares and options of the Company as at the date of this report:

	ORDINARY SHARES	OPTIONS
P A J Ingram & M W H Hoyle		
As tenants in common	80,100	–
P A J Ingram	4,753,478	5,000,000
J A Walls	805,910	–
J P Brewer	–	–
B Fulton	–	–
M W H Hoyle	672,453	1,000,000

Further information on directors' share and option holdings are contained in Note 23 of the Financial Report.

Meetings of directors

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2008 and the numbers of meetings attended by each director.

	FULL MEETINGS OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED
Directors						
P A J Ingram	15	15	*	*	*	*
J A Walls	15	15	*	*	*	*
J P Brewer	12	12	–	–	1	1
B Fulton	6	4	–	–	1	1
M W H Hoyle	6	6	*	*	*	*
M Hulmes	2	1	*	*	*	*
C T Ansell	10	10	1	1	2	2
Company Secretary						
D J Kelly			1	1	–	–

Current members of the Audit Committee are Mr J Brewer, as Chairman and Mr B Fulton, appointed 25 January 2008. The committee met during the period ended 30 June 2008 on 1 occasion. The Company Secretary retired from this committee on 25 January 2008 and Mr Ansell resigned on 31 December 2007.

Current members of the Remuneration committee are Mr B Fulton, as Chairman and Mr J Brewer, appointed 25 January 2008. The committee met during the year ended 30 June 2008 on 1 occasion. Mr Kelly and Mr Ansell retired from the committee on 25 January 2008 and 31 December 2007 respectively.

* Denotes the director not being a member of the committee.

Remuneration Report

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

The information provided in the remuneration report has been audited as required by section 308(3c) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration (audited)

The remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board reviews the remuneration packages and policies applicable to the directors and other officers of the Consolidated Entity on an annual basis. The Board seeks independent advice on remuneration policies and practices including recommendations on remuneration packages and other terms of employment for directors and other executives. This policy is specifically in relation to the exploration phase, this policy may change once the exploration phase is complete and the company is generating revenue. At present the existing remuneration policy is not linked to the Company's performance and more specifically to earnings and changes in shareholder wealth.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors fees are reviewed annually and remuneration packages are determined by the Board within the maximum amount approved by shareholders from time to time. Remuneration of each non-executive director is a set fee amount plus prescribed superannuation if applicable. Shareholders have approved directors fees in total of $300,000 per annum.

Executives

Executive remuneration packages include base salary and benefits, prescribed superannuation and other non-monetary benefits.

Base salary

Structured as a total employment cost package that is delivered as a mix of cash, superannuation and other benefits. Executives' remuneration is reviewed annually with regard to competitiveness and performance. There are no guaranteed salary increases fixed in any senior executives' contracts.

Other benefit

Executives may receive benefits including payment of professional body membership subscriptions, motor vehicle benefits, business entertainment benefits and reimbursements of reasonable business travel, accommodation and out-of-pocket expenses.

B. Details of remuneration (audited)

Details of the remuneration of each director of Universal Resources Limited and the key management personnel, including their personally-related entities, are set out in the following tables.

The key management personnel of Universal Resources Limited and the Consolidated Entity includes the directors as per page 4 and the following officers:

D J Kelly – Company Secretary & CFO

S W Michael – Chief Financial Officer (resigned 9 April 2008)

G Sloane – Project Manager (appointed 22 April 2008)

Remuneration Report (continued)

	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
NAME	CASH SALARY AND FEES $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	OPTIONS $	TOTAL $
2008					
Non-executive directors					
J A Walls	40,000	6,062	–	–	46,062
J P Brewer*	32,536	4,546	1,125	–	38,207
B Fulton**	24,349	3,031	–	–	27,380
C T Ansell***	45,000	3,031	4,050	–	52,081
Executive directors					
P A J Ingram	205,704	27,520	18,513	184,419	436,156
M W H Hoyle****	198,000	16,447	20,394	–	234,841
M Hulmes*****	355,174	9,261	31,966	–	396,401
Other key management personnel					
D J Kelly	93,720	5,037	–	3,619	102,396
S W Michael******	156,888	–	14,120	42,522	213,530
G Sloane*******	47,436	4,900	5,692	–	58,028
Total	**1,198,807**	**79,835**	**95,860**	**230,560**	**1,605,082**

* Mr J P Brewer was appointed as a director on 2 October 2007.
** Mr B Fulton was appointed as a director on 17 December 2007.
*** Mr C T Ansell resigned as a director on 31 December 2007.
**** Mr M W H Hoyle was appointed as a director on 17 December 2007.
***** Mr M Hulmes resigned as Managing Director on 6 September 2007.
****** Mr S W Michael resigned as Chief Financial Officer on 9 April 2008.
******* Mr G Sloane was appointed as Project Manager on 22 April 2008.

	CASH SALARY AND FEES $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	OPTIONS $	TOTAL $
2007					
Non-executive directors					
C T Ansell	45,000	4,449	5,400	–	54,849
J A Walls	40,000	4,449	–	–	44,449
Executive directors					
P A J Ingram	116,630	12,470	124,945	–	254,045
M Hulmes	244,499	16,756	41,625	24,903	327,783
Other key management personnel					
M W H Hoyle	209,132	11,368	18,822	78,325	317,647
S W Michael *	113,079	837	10,177	116	124,209
T Quaife**	122,206	7,466	48,058	13,705	191,435
D J Kelly	48,333	4,449	–	21,695	74,477
Total	**938,879**	**62,244**	**249,027**	**138,744**	**1,388,894**

* Mr S W Michael was appointed as Chief Financial Officer on 4 December 2006.
** Mr T Quaife resigned as Project Manager on 22 December 2006.

Remuneration Report (continued)

B. Details of remuneration (audited)

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes in to account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected volatility assumed is commensurate with the expected term of the option being from issue date to expected exercise date. It is assumed that all volatility data remains constant over the life of the options.

C. Service agreements (audited)

Remuneration and other terms of employment for executive directors and other key management personnel are formalised in employment agreements. Major provisions of the agreements are set out below:

P A J Ingram

Pursuant to an employment agreement dated 30 May 2006:

Term – three years. Renewable for a further period as agreed between the Company and the executive.

Remuneration package of $205,700 to include base salary payable in cash or as cash and non-financial benefits as agreed between the Company and the executive and, in addition, statutory superannuation and the provision of a motor vehicle. Remuneration package to be reviewed annually. Four weeks annual leave.

Termination – Immediate upon receiving written notice from the Company, in the case of the executive becoming bankrupt, is guilty of gross misconduct or criminal offences, or in the event of the executive's death. The agreement may also be terminated by the executive with 30 days notice, in the event of a breach of the agreement by the Company that is not rectified, or by 12 months notice by the executive without giving reason.

M W H Hoyle

Pursuant to an employment agreement dated 11 April 2006:

Term – three years. Renewable for a further period as agreed between the Company and the executive.

Remuneration package of $198,000 to include base salary payable in cash or as cash and non-financial benefits as agreed between the Company and the executive and, in addition, statutory superannuation and the provision of a motor vehicle. Remuneration package to be reviewed annually. Four weeks annual leave.

Termination – Immediate upon receiving written notice from the Company, in the case of the executive becoming bankrupt, is guilty of gross misconduct or criminal offences, or in the event of the executive's death. The agreement may also be terminated by the executive with 30 days notice, in the event of a breach of the agreement by the Company that is not rectified, or by 12 months notice by the executive without giving reason.

Remuneration Report (continued)

M Hulmes (Resigned 6 September 2007)

Pursuant to an employment agreement dated 8 May 2006:

Term – three years. Renewable for a further period as agreed between the Company and the executive.

Remuneration package of $250,000 to include base salary payable in cash or as cash and non-financial benefits as agreed between the Company and the executive and, in addition, statutory superannuation and the provision, maintenance and operational costs of a motor vehicle. Remuneration package to be reviewed annually. Four weeks annual leave. In addition the agreement provides for the allotment of options as follows:

- 2,000,000 options exercisable at 15 cents and expiring 30 June 2011, vesting of said options subject to the completion of satisfactory commissioning of the Roseby mining and treatment operation by 31 March 2008 or such other date as agreed by the Board of the Company;
- 2,000,000 options exercisable at 17.5 cents and expiring 30 June 2011, vesting of said options to occur on 30 September 2008 provided that the Company's share price performance has matched or exceeded a suitable ASX resource index, which is to be agreed between the Company and the executive; and
- 2,000,000 options exercisable at 20 cents and expiring 30 June 2011, vesting of said options to occur on 8 May 2009 provided that the Company's share price performance has matched or exceeded a suitable ASX resource index, which is to be agreed between the Company and the executive.

Termination – By either party giving not less than eight weeks notice of termination.

S W Michael (resigned 9 April 2008)

Pursuant to an employment agreement dated 30 June 2007:

Term – No fixed term.

Remuneration package of $200,000 to include base salary payable in cash or as cash and non-financial benefits as agreed between the Company and the executive and, in addition, statutory superannuation. Remuneration package to be reviewed annually. Four weeks annual leave. In addition the agreement provides for the allotment of options as follows:

- 1,500,000 options exercisable at 15 cents and expiring 04 December 2011, vesting of said options upon documentation of project finance of the Roseby mining and treatment operation by 31 December 2007 or such other date as is agreed by the Board of Universal Resources Limited;
- 1,500,000 options exercisable at 15 cents and expiring 04 December 2011, vesting of said options at satisfactory commissioning of the Roseby mining and treatment operation by 31 December 2008 or such other date as is agreed by the Board of Universal Resources Limited; and
- 2,000,000 options exercisable at 17.5 cents and expiring 04 December June 2011, vesting of said options to occur on 30 June 2009 provided that the Company's share price performance has matched or exceeded the ASX small resources index.

Termination – Immediate upon receiving written notice from the Company in the case of the executive being guilty of gross misconduct or criminal offences, or in the event of the executive's death. The agreement may also be terminated by the executive with four weeks notice or immediately upon a material change in responsibilities by the Company without consent and be entitled to payment of 12 months remuneration.

D J Kelly

Pursuant to a revised letter agreement dated 30 April 2008 the services of Mr Kelly, as Company Secretary and CFO, are provided to the Company at the rate of $19,300 per month payable in arrears. The arrangement can be terminated by Mr Kelly by the giving of 2 months notice or by the Company without notice, if due to standard contractual conditions of serious misconduct or being guilty of criminal offences. In the event of redundancy or termination, with the exception of termination for serious misconduct, Mr Kelly is entitled to a retirement benefit equal to two years base fees as Company secretary.

G Sloane

Pursuant to an employment agreement dated 14 May 2008:

Term – No fixed term.

Remuneration package of $250,000 to include base salary payable in cash or as cash and non-financial benefits as agreed between the Company and the executive and, in addition, 12% of the base salary as superannuation. Remuneration package to be reviewed annually. Four weeks annual leave. In addition the agreement provides for the allotment of options as follows:

- 1,000,000 options exercisable at 15 cents and expiring 30 June 2013, vesting after 12 months service to the Company;
- 1,000,000 options exercisable at 15 cents and expiring 30 June 2013, vesting on commencement of on-site construction at Roseby by no later than 1 December 2008; and
- 1,000,000 options exercisable at 15 cents and expiring 30 June 2013, vesting on satisfactory commissioning of the Roseby treatment plant at a rate of at least 90% of its rated capacity by no later than 31 March 2010.

In addition a cash payment of $100,000 on satisfactory commissioning of the Roseby treatment plant at a rate of at least 90% of its rated capacity by no later than 31 March 2010.

Termination – Summarily by the Company and without compensation in the event of misconduct or gross negligence or by either party giving two months notice.

Remuneration Report (continued)

D. Share-based compensation (audited)

The establishment of the Universal Resources Limited Employee Share Option Plan ("ESOP") was adopted for the purpose of recognising the efforts of, and providing incentive to, employees of the Company.

Under the plan the Company may offer options to subscribe for shares in the Company to eligible persons. Directors and part-time or full-time employees are Eligible Persons for the purposes of the ESOP. The directors of the Company in their absolute discretion determine the number to be offered and any performance criteria that may apply before options may be exercised. Offers made under the ESOP must set out the number of options, the period of the offer and the calculation of exercise price. The exercise price is determined with reference to the market value of the Company's shares at the time of resolving to make the offer.

Options are granted under the plan for no consideration, unless the directors determine otherwise.

On exercise, each option is convertible to one ordinary share within 10 business days of the receipt of the exercise notice and payment of the exercise price in Australian dollars. Options will expire no later than five years from the date of allotment.

If an Eligible Person ceases to be an Eligible Person the options held by them will automatically lapse except if the person ceases to be an Eligible Person by reason of retirement at age 60 or over, permanent disability, redundancy or death, in which case the options may be exercised within three months of that event happening (or such longer period as the Board determines).

Options may not be offered to a director or associates except where approval is given by shareholders at a general meeting.

Options issued under this ESOP carry no dividend or voting rights.

Amounts received on the exercise of options are recognised as share capital.

Details of options over ordinary shares provided as remuneration to each director of Universal Resources Limited and each of the key management personnel of the Group are set out below.

	NUMBER OF OPTIONS GRANTED DURING THE YEAR		NUMBER OF OPTIONS VESTED DURING THE YEAR	
	2008	2007	**2008**	2007
Directors of Universal Resources Limited				
P A J Ingram	**5,000,000**	–	**5,000,000**	–
J A Walls	**–**	–	**–**	–
J P Brewer	**–**	–	**–**	–
B Fulton	**–**	–	**–**	–
M W H Hoyle	**–**	1,000,000	**–**	1,000,000
M Hulmes	**–**	–	**–**	–
C T Ansell	**–**	–	**–**	–
Other key management personnel				
D J Kelly	**3,000,000**	–	**500,000**	500,000
S W Michael	**–**	5,000,000	**–**	–
G Sloan	**–**	**–**	**–**	**–**

During the year there were no ordinary shares provided to any director or key management personnel as a result of the exercise of options.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	DATE EXERCISABLE
5 September 2006	5 September 2011	15 cents	$0.020089	At any time after 5 September 2007
14 September 2005	14 September 2010	15 cents	$0.059	At any time after 14 September 2007
7 September 2007	27 December 2012	15 cents	$0.036884	At any time after 30 April 2008
30 June 2008	30 June 2013	15 cents	$0.053667	At any time during the exercise period
30 June 2008	30 June 2013	15 cents	$0.053667	At any time after 30 June 2009

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 5.3667 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Remuneration Report (continued)

D. Share-based compensation (audited)

The model inputs for options granted during the period ended 30 June 2008 included:

Options granted 7 September 2007

Grant date	7 September 2007
Expiry date	27 December 2012
Quantity	5,000,000
Exercise price	$0.15
Consideration	Nil
Share price at grant date	9.5 cents
Expected price volatility of the Company's shares	75 – 125%
Expected dividend yield	Nil
Risk-free interest rate	6.51%

Options granted 30 June 2008

Grant date	30 June 2008
Expiry date	30 June 2013
Quantity	6,650,000
Exercise price	$0.15
Consideration	Nil
Share price at grant date	7.9 cents
Expected price volatility of the Company's shares	75 – 125%
Expected dividend yield	Nil
Risk-free interest rate	6.75%

During the year there were no ordinary shares issued as a result of the exercise of options.

E. Additional information (audited)

Share-based compensation: options

For each grant of options included in the tables set out on pages 13 and 14, the percentage of the available grant that was vested in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. The options vest in 12 months provided the vesting conditions are met. No options will vest if the conditions are not satisfied, hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options yet to be expensed.

NAME	YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEAR IN WHICH OPTIONS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST
M Hulmes	2006	–	100	–	–	–
S Michael	2007	–	100	–	–	–
P Ingram	2008	100	–	2008	–	–
D Kelly	2008	–	–	2009	–	157,382

Remuneration Report (continued)

E. Additional information (audited)

Further details relating to options are set out below:

NAME	A REMUNERATION CONSISTING OF OPTIONS	B VALUE AT GRANT DATE $	C VALUE AT EXERCISE DATE $	D VALUE AT LAPSE DATE $	E TOTAL OF COLUMNS B-D $
2008					
P A J Ingram	42.31%	184,419	–	–	184,419
J A Walls	–	–	–	–	
J Brewer	–	–	–	–	–
B Fulton	–	–	–	–	–
M W H Hoyle	–	–	–	–	–
M Hulmes	–	–	–	–	–
C T Ansell	–	–	–	–	–
D J Kelly	3.7%	3,619	–	–	3,619
S W Michael	19.9%	42,522	–	–	42,522
G Sloan	–	–	–	–	–
2007					
P A J Ingram	–	–	–	–	–
M Hulmes	–	–	–	–	
C T Ansell	–	–	–	–	–
J A Walls	–	–	–	–	–
M W H Hoyle	24.66 %	78,325	–	–	78,325
S W Michael	62.79 %	209,409	–	–	209,409
T Quaife	–	–	–	69,225	69,225
D J Kelly	–	–	–	–	–

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.
B = The value at grant date calculated in accordance with Accounting Standard AASB 2: Share-based Payments of options granted during the year as part of remuneration.
C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.
D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Loans to directors and key management personnel

During the year there were no loans granted to any director or key management personnel. There were no outstanding loans from previous reporting periods.

Options

Unissued shares under option at the date of this report are as follows:

DATE OPTIONS GRANTED	EXPIRY DATE	ISSUE PRICE OF SHARES	NUMBER UNDER OPTION
14 September 2005	14 September 2010	$0.15	2,385,000
12 March 2007	12 March 2012	$0.15	1,000,000
06 September 2007	05 September 2011	$0.15	800,000
27 December 2007	27 December 2012	$0.15	5,000,000
30 June 2008	**30 June 2013**	**$0.15**	**6,650,000**

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.

Indemnification and Insurance of Directors and Officers

Indemnification

The Company has agreed to indemnify all directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against any liability relating to:

(a) a third party (other than the Company or a related body corporate) unless the liability arises out of conduct involving a lack of good faith; and

(b) costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the Corporations Act 2001.

No liability has arisen under these indemnities as at the date of this report.

Insurance

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability covered and the amount of the premium.

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.

Non-audit services

The following non-audit services were provided by the Company's auditor BDO Kendalls Audit & Assurance (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risk and rewards.

Fees paid to BDO Kendalls Corporate Tax (WA) Pty Ltd

taxation services	$17,596
	$17,596

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 59.

Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd (formerly Horwath Audit (WA) Pty Ltd) continues in office in accordance with section 327 of the Corporations Act 2001.

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

Peter Ingram
Chairman

This 30th day of September 2008 at Perth, Western Australia

Corporate Governance Disclosures

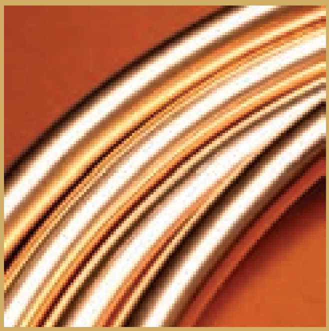
During the Consolidated Entity's 2007/2008 financial year the Group has complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

PRINCIPLE REF.	RECOMMENDATION REF.	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
2	2.1	A majority of the Board were not independent directors for the full financial year.	The Board is seeking to appoint further independent directors as the size of the company grows on the development of the Roseby project and further skills are required to assist the Company.
2	2.2; 2.3	The Chairman was again appointed the Managing Director of the company from the date of resignation of the Managing Director Mr Hulmes as at 6 September 2007. During the full financial year the Company complied with this recommendation.	The Board will again look at employing a managing director independent of the Chairman when the future of the Roseby project becomes certain.
2	2.4	There was no Nomination Committee	In the board's view there are no efficiencies to be gained by establishing a separate Nomination Committee. The full board carries out the functions of the Nomination Committee.
4	4.3	Until the retirement of Mr Ansell the Audit Committee consisted of only two members, one of whom was an independent director (Mr Ansell) and one of whom was the Company Secretary (Mr Kelly). Upon Mr Ansell's resignation, a new committee was formed consisting of Mr Brewer (Chairman and independent director) and Mr Fulton (independent director).	The board considers that the membership of the committee is sufficient to properly fulfil the objectives of the Audit Committee. Although Mr Kelly was not a director of the company, the board considers him an to be appropriate member of the Audit Committee because of his financial and accounting background and his consultancy relationship with the company.

The Company's Corporate Governance Policies are detailed on the Company website at www.universalresources.com.au.

Universal Resources

ACN 090 468 018



Financial Report
30 June 2008

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Income Statements

For the year ended 30 June 2008

		CONSOLIDATED ENTITY		COMPANY	
	NOTE	**2008 $**	2007 $	**2008 $**	2007 $
Revenue from continuing operations	5	**296,324**	830,867	**296,324**	830,867
Other income	5	**23,408**	–	**23,408**	–
Employee benefits expense	6	**(2,027,333)**	(2,135,577)	**(2,027,333)**	(2,135,577)
Depreciation and amortisation expenses	6	**(152,223)**	(195,105)	**(152,223)**	(195,105)
Finance costs	6	**(59,802)**	(154,019)	**(59,802)**	(154,019)
Exploration and evaluation expenditure	6, 13	**(4,520,740)**	(7,183,716)	**(4,520,740)**	(4,439,525)
Impairment of exploration property	6, 13	**–**	(51,227)	**–**	(2,744,191)
Office and administration expenses		**(967,681)**	(953,630)	**(967,681)**	(51,227)
Loss on sale of fixed assets	6	**(7,252)**	(16,976)	**(7,252)**	(953,630)
Loss on sale of equity investments	6	**(888)**	–	**(888)**	(16,976)
Loss before income tax		**(7,416,186)**	(9,859,383)	**(7,416,186)**	(9,859,383)
Income tax (expense)/benefit	7	**346,345**	342,165	**346,345**	342,165
Loss from continuing operations		**(7,069,841)**	(9,517,218)	**(7,069,841)**	(9,517,218)
Loss attributable to equity holders of Universal Resources Ltd		**(7,069,841)**	(9,517,218)	**(7,069,841)**	(9,517,218)
Earnings per share					
Basic loss per share (cents)	33	**(2.25)**	(2.09)		
Diluted loss per share (cents)	33	**(2.25)**	(2.09)		

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

Balance Sheets

As at 30 June 2008

		CONSOLIDATED ENTITY		COMPANY	
	NOTE	**2008 $**	2007 $	**2008 $**	2007 $
CURRENT ASSETS					
Cash and cash equivalents	8	**3,880,955**	8,371,859	**3,880,953**	8,371,857
Trade and other receivables	9	**103,379**	631,657	**103,379**	631,657
Total current assets		**3,984,334**	9,003,516	**3,984,332**	9,003,514
NON-CURRENT ASSETS					
Trade and other receivables	10	**183,886**	166,386	**77,224**	59,724
Other financial assets	11	**–**	2,000	**9,907,144**	9,909,144
Property, plant and equipment	12	**306,368**	468,951	**306,368**	468,951
Exploration and evaluation assets	13	**14,832,525**	14,832,524	**5,031,372**	5,031,371
Total non-current assets		**15,322,779**	15,469,861	**15,322,108**	15,469,190
TOTAL ASSETS		**19,307,113**	24,473,377	**19,306,440**	24,472,704
CURRENT LIABILITIES					
Trade and other payables	14	**2,661,948**	3,057,871	**2,661,948**	3,057,871
Borrowings	15	**714,985**	717,882	**714,985**	717,882
Provisions	16	**100,738**	101,782	**100,738**	101,782
Total current liabilities		**3,477,671**	3,877,535	**3,477,671**	3,877,535
NON-CURRENT LIABILITIES					
Borrowings	17	**17,402**	797,725	**17,402**	797,725
Provisions	18	**73,103**	97,280	**73,103**	97,280
Total non-current liabilities		**90,505**	895,005	**90,505**	895,005
TOTAL LIABILITIES		**3,568,176**	4,772,540	**3,568,176**	4,772,540
NET ASSETS		**15,738,937**	19,700,837	**15,738,264**	19,700,164
EQUITY					
Contributed equity	19	**56,276,562**	53,382,526	**56,276,562**	53,382,526
Reserves	20	**462,823**	248,918	**462,823**	248,918
Accumulated losses	21	**(41,000,448)**	(33,930,607)	**(41,001,121)**	(33,931,280)
TOTAL EQUITY		**15,738,937**	19,700,837	**15,738,264**	19,700,164

The above Balance Sheets should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

For the year ended 30 June 2008

		CONSOLIDATED ENTITY		COMPANY	
	NOTE	**2008 $**	2007 $	**2008 $**	2007 $
Total equity at the beginning of the financial year		**19,700,837**	28,491,642	**19,700,164**	28,490,969
Share options		**213,905**	121,339	**213,905**	121,339
Loss for the financial year		**(7,069,841)**	(9,517,218)	**(7,069,841)**	(9,517,218)
Total recognised income and expense for the financial year		**(7,069,841)**	(9,517,218)	**(7,069,841)**	(9,517,218)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity		**2,912,000**	28,500	**2,912,000**	28,500
Conversion of convertible notes to equity		**1,333,090**	5,247,360	**1,333,090**	5,247,360
Reduction in carrying value of convertible notes		**(1,209,029)**	(4,684,847)	**(1,209,029)**	(4,684,847)
Share issue costs		**(142,025)**	–	**(142,025)**	–
Transfer from share-based payments reserve		**–**	6,061		6,061
Capital raising costs resopued		**–**	8,000		8,000
Total equity at the end of the financial year		**15,738,937**	19,700,837	**15,738,264**	19,700,164

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

Cash Flow Statements

For the year ended 30 June 2008

	NOTE	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	COMPANY 2008 $	COMPANY 2007 $
Cash flows from operating activities					
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,315,904)**	(1,509,660)	**(1,315,904)**	(1,509,572)
Interest received		**375,512**	701,973	**375,512**	701,973
Interest paid		**–**	(592)	**–**	(592)
Payments for security deposits		**(19,719)**	(59,725)	**(19,719)**	(59,724)
Tax offset received		**342,165**		**342,165**	
Net cash outflows from operating activities	31	**(617,946)**	(868,004)	**(617,946)**	(867,915)
Cash flows from investing activities					
Payments for property, plant & equipment		**(31,224)**	(423,678)	**(31,224)**	(423,678)
Payments for exploration and evaluation		**(5,896,654)**	(10,421,726)	**(5,896,654)**	(10,421,726)
Payments for investments		**–**	–	**–**	(5,688)
Proceeds from sale of available-for-sale financial assets		**1,112**	–	**1,112**	–
Proceeds from sale of fixed assets		**31,818**	13,237	**31,818**	13,237
Net cash outflows from investing activities		**(5,894,948)**	(10,832,167)	**(5,894,948)**	(10,837,855)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		**2,912,000**	5,428,500	**2,912,000**	5,428,500
Costs of share issues		**(142,024)**	(80,000)	**(142,024)**	(80,000)
Repayment of borrowings		**(747,986)**	(770,457)	**(747,986)**	(770,457)
Repayment of funds advanced to subsidiaries		**–**	–	**–**	5,599
Net cash inflows from financing activities		**2,021,990**	4,578,043	**2,021,990**	4,583,642
Net increase (decrease) in cash and cash equivalents		**(4,490,904)**	(7,122,128)	**(4,490,904)**	(7,122,128)
Cash and cash equivalents at the beginning of the financial year		**8,371,859**	15,493,987	**8,371,857**	15,493,985
Cash and cash equivalents at the end of the financial year	8	**3,880,955**	8,371,859	**3,880,953**	8,371,857

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

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 years presented, unless otherwise stated. The financial report contains separate financial statements for Universal Resources Limited as an individual entity and the consolidated entity consisting of Universal Resources Limited and its subsidiaries.

(a) Basis of preparation of financial report

Going Concern
The financial report has been prepared on the going concern basis, which contemplates the continuality of normal business activity and the realisation of asset and the settlement of liabilities in the normal course of business. Whilst the company has achieved exploration success with the Roseby project, the directors recognise that the company will have to seek additional funding in order to continue to exploit its exploration assets.

As additional funding cannot be guaranteed there is material uncertainty as to whether the Company will be able to continue as a going concern. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts different to those noted in the financial report.

The directors have reviewed the business outlook and the prospects in relation to the funding partners arranging finance, and are of the opinion that the use of the going concern basis is appropriate.

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRSs ensures that the consolidated financial statements and notes of Universal Resources Limited comply with International Financial Reporting Standards (IFRSs).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property, plant and equipment and investment property. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Universal Resources Limited ("Company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Universal Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of transaction.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

1. Summary of significant accounting policies (continued)

(e) Income tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(g) Business Combinations
The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(h) Impairment of assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

(i) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1. Summary of significant accounting policies (continued)

(k) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re evaluates this designation at each reporting date.

Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade date the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available for sale are recognised in equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(m) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Machinery	10 – 15 years
Vehicles	3 – 5 years
Furniture, fittings and equipment	3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(n) Trade and other payables

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

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables 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 non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. Summary of significant accounting policies (continued)

(o) Employee benefits

(iii) Share based payments
Share based compensation benefits are provided to employees via the Employee Incentive Scheme.

The fair value of options granted under the Employee Incentive Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(p) Financial instruments issued by the Group

(i) Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Transaction costs on the issue of equity instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(iii) Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(q) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half year, adjusted for bonus elements in ordinary shares issued during the half year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Exploration and evaluation expenditure

Exploration and evaluation 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.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of any exploration and evaluation asset may exceed its recoverable amount. Impairment indicators include:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and is then reclassified to mine properties and development.

1. Summary of significant accounting policies (continued)

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

1. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
2. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(t) New accounting standards and interpretations

Certain new Australian Accounting Standards, amendments to standards and interpretations that have recently been issued, but are not yet mandatory for financial reporting years ended on 30 June 2007, have not been adopted. There are no anticipated changes to Universal Resources Limited's accounting policies in future periods as a result of these changes. Below is a summary of recently amended or issued Accounting Standards relevant to Universal Resources Limited:

REFERENCE	TITLE	SUMMARY	APPLICATION ON DATE OF STANDARD*	IMPACT ON COMPANY FINANCIAL REPORT	APPLICATION DATE FOR COMPANY*
AASB 8	Operating Segments	This new standard will replace AASB 114 Segment Reporting and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 below.	1 July 2009
AASB 123 (revised June 2007)	Borrowing costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 below.	1 July 2009
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 Operating Segments.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However the new standard may have an impact on the segment disclosures included in the Company's financial report.	1 July 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 and 12]	Amending standard issued as a consequence of AASB 123 (revised) Borrowing Costs.	1 January 2009	As the Company does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 101 (revised) and AASB 2007-3	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements of reclassifications of items in the financial statements, changes in the presentation requirements for dividends and to the titles of the financial statements.	1 January 2009	These amendments are only expected to impact the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of the amounts disclosed in the financial report. The Group has not determines at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

1. Summary of significant accounting policies (continued)

REFERENCE	TITLE	SUMMARY	APPLICATION ON DATE OF STANDARD*	IMPACT ON COMPANY FINANCIAL REPORT	APPLICATION DATE FOR COMPANY*
AASB 2008-1	Amendments to Australian Accounting Standard –Share Based Payments:Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions' introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affectedby these amendments. However thegroup has not yet determined the extent of the impact, if any.	1 July 2009
AASB 3 (revised)	Business Combinations	The revised standard introduces a number of significant changes to the accounting for business combinations.	1 July 2009	The Group has business combinations that may be affected by these amendments. However the group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 127 (revised)	Consolidated and Separate Financial Statements	Under the revised stabdard, a change in the ownership interest of a subsidiary (that does not result in a loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give a rise to a gain or loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	No change to the accounting policy, therefore no impact.	1 July 2009
Amendments to International Financial Reporting Standards	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made in IAS 27 deleting the cost method' and requiring all dividends from a subsidiary, jointly controlled entity or asscoaite to be recognized in profit or loss in an entity's separate financial statements (i.e., the parent company accounts). The distrinction between pre and post acquisition profits is no longer required. However the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganizations, to be based on the previous carrying amount of the subsidiary (that is, share equity) rather than its fair calue.	1 Janaury 2009	No change to the accounting policy, therefore no impact.	1 July 2009
Amendments to International Financial Reporting Standards	Improvements to International Financial Reporting Standards	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary amendments to IFRSs. The IASB has separated the amendments into two parts: Part Ideals with cchanges to IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

2. Financial risk management

The Company's activities expose it to a variety of financial risks; market risk (including interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the board of directors under policies approved by the Board.

The board identifies and evaluates financial risks and provides written principles for overall risk management.

(i) Market risk

Price risk – The Company is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available for sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

(ii) Credit risk

The Company's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents (refer to note 8) and trade and other receivables (refer to note 9).

The Company trades only with recognised, credit worthy third parties. The Company only invests in high credit quality financial institutions with a credit rating of AA.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

It is the Group's policy to review the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The earliest remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	CONSOLIDATED		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
12 months or less	**2,647,792**	4,231,484	**2,647,792**	4,231,484
Greater than12 months	**920,384**	541,056	**2,906,228**	541,056
	3,568,176	4,772,540	**3,568,176**	4,772,540

The Group funds its activities through capital raising in order to limit its liquidity risk.

(iv) Fair values

All assets and liabilities recognised on the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(v) Interest rate risk

The Group's exposure to interest rates related primarily to the Group's cash and cash equivalents. At balance date, the Group had the following exposure to Australian variable interest rate risk.

	CONSOLIDATED		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**3,880,955**	8,371,859	**3,880,953**	8,371,857

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding five year period.

2. Financial risk management (continued)

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	CONSOLIDATED HIGHER/(LOWER)		COMPANY HIGHER/(LOWER)	
	2008 $	2007 $	**2008 $**	2007 $
Judgments of reasonably possible movements:				
Pre tax profit				
+1.0% (100 basis points)	**59,823**	118,479	**59,823**	118,479
–1.0% (100 basis points)	**(59,823)**	(118,479)	**(59,823)**	(118,479)

The movements in profit are due to higher/lower interest income from cash balances. The movement in 2008 are less sensitive than in 2007 due to the cash balances being lower.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets

- The Group's policy is to capitalise exploration tenement purchases, and to expense ongoing exploration and evaluation expenditure, for each area of interest, in terms of IFRS 6 'Exploration for and evaluation of mineral resources'. The carrying value of tenement purchases is expenses to the Income Statement when it is expected that the area of interest will not generate future economic benefits or alternatively where the amount of expected future economic benefits to be generated is less than the area of interest's carrying value, the difference is treated as an impairment and expensed to the Income Statement. Significant judgment is applied by the Company in determining whether an area of interest will generate future economic benefits or future economic benefits in excess of its carrying value. Such judgment is based on various technical criteria which include, amongst others, the geology; air-borne and ground survey results; soil, rock-chip and drill sample assay results and metallurgical test results.

4. 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.

	CONSOLIDATED ENTITY		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
5. Revenue				
Revenue from continuing operations				
Interest received	**159,762**	800,356	**159,762**	800,356
Rent income	**19,195**	25,001	**19,195**	25,001
Gain on investment	**117,367**	–	**117,367**	–
Other income				
Sundry income	**23,408**	5,510	**23,408**	5,510
	319,732	830,867	**319,732**	830,867

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
6. Expenses				
Loss before income tax includes the following specific expenses				
Net loss on disposal of plant & equipment	**7,252**	16,976	**7,252**	16,976
Net loss on sale of available-for-sale financial assets	**888**	–	**888**	–
Depreciation & amortisation				
Plant & equipment	**152,223**	202,111	**152,223**	202,111
Lease incentive	**–**	(7,006)	**–**	(7,006)
	152,223	195,105	**152,223**	195,105
Exploration and evaluation expenditure written off	**4,520,740**	7,183,716	**4,520,740**	7,183,716
Impairment of exploration property	**–**	51,227	**–**	51,227
Rental expense relating to operating leases	**98,066**	124,505	**98,066**	124,505
Employee benefits expense				
Employee benefit	**1,813,428**	2,008,177	**1,813,428**	2,008,177
Share-based payments	**213,905**	127,400	**213,905**	127,400
	2,027,333	2,135,577	**2,027,333**	2,135,577
Finance costs	**59,802**	154,019	**59,802**	154,019
7. Income tax				
(a) Current income tax benefit (expense)	**–**	–	**–**	–
Adjustment in respect of current income tax of prior periods	**346,345**	342,165	**346,345**	342,165
Total tax benefit (expense)	**346,345**	342,165	**346,345**	342,165
(b) Profit (loss) from continuing operations before income tax	**(7,049,841)**	(9,859,383)	**(7,049,841)**	(9,859,383)
Income tax benefit (expense) calculated at 30%	**2,114,952**	2,957,815	**2,114,952**	2,957,815
Tax effect of amounts that are not tax deductible (taxable) in calculating Taxable income:	**(50,925)**	–	**(50,925)**	–
Adjustment for prior period				
Deferred tax assets relating to tax losses and temporary differences not recognised	**1,044,857**		**(815,419)**	
	(3,108,884)	(2,957,815)	**(1,248,608)**	(2,957,815)
Overprovision in prior year	**346,345**	342,165	**346,345**	342,165
Income tax benefit (expense) attributable to operating loss	**346,345**	342,165	**346,345**	342,165

7. Income tax (continued)

The franking account balance at year end was nil. (30 June 2007: nil)

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
(c) Deferred tax assets and liabilities not recognised relate to the following:				
Deferred tax assets				
Tax losses	**11,956,695**	9,275,915	**11,956,695**	9,275,915
Other temporary differences	**411,370**	334,130	**411,370**	334,130
Deferred tax liabilities				
Other temporary differences	**(1,509,412)**	–	**(1,509,412)**	–
Acquisition of subsidiary	**–**	(1,860,276)	**–**	–
Net deferred tax assets	**10,858,653**	7,749,769	**10,858,653**	9,610,045

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

Tax Consolidation
Universal Resources Limited and its wholly owned Australian controlled entities have not implemented the tax consolidation legislation.

8. Current assets – cash and cash equivalents

Cash at bank and on hand				
Deposits at call	**80,160**	2,230,019	**80,158**	2,230,017
	3,800,795	6,141,840	**3,800,795**	6,141,840
	3,880,955	8,371,859	**3,880,953**	8,371,857

The Group's and Parent Entity's exposure to interest rate risk is discussed in Note 1.

9. Current assets – trade and other receivables

Other debtors (i)	**57,039**	595,884	**57,039**	595,884
Deposits	**200**	200	**200**	200
Prepayments	**46,140**	35,249	**46,140**	35,249
Accrued income	**–**	324	**–**	324
	103,379	631,657	**103,379**	631,657

(i) Other debtors consist of refunds due from the Australian Taxation Office for Goods and Services Tax receivable at 30 June 2008.

10. Non-current assets – receivables

Security deposits	**183,886**	166,386	**77,224**	59,724

11. Non-current assets – other financial assets

Investment in controlled entity	**–**	–	**9,907,143**	9,907,143
Available-for-sale shares	**–**	2,000	**–**	2,000
	–	2,000	**9,907,143**	9,909,143

12. Non-current assets – property, plant and equipment

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	COMPANY 2008 $	COMPANY 2007 $
Plant and equipment				
Plant & equipment at cost	**677,781**	649,071	**677,781**	649,071
Less: accumulated depreciation	**(494,508)**	(378,022)	**(494,508)**	(378,022)
Total plant & equipment	**183,273**	271,049	**183,273**	271,049
Motor vehicles				
Motor vehicles at cost	**214,357**	263,579	**214,357**	263,579
Less: accumulated depreciation	**(91,262)**	(65,677)	**(91,262)**	(65,677)
Total motor vehicles	**123,095**	197,902	**123,095**	197,902
Total property, plant & equipment	**306,368**	468,951	**306,368**	468,951

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:

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	COMPANY 2008 $	COMPANY 2007 $
Plant and equipment				
Carrying amount at 1 July	**271,049**	252,280	**271,049**	252,280
Additions	**28,710**	194,083	**28,710**	194,083
Disposals	**–**	(16,614)	**–**	(16,614)
Depreciation expense	**(116,486)**	(158,700)	**(116,486)**	(158,700)
Carrying amount at 30 June	**183,273**	271,049	**183,273**	271,049
Motor vehicles				
Carrying amount at 1 July	**197,902**	31,234	**197,902**	31,234
Additions	**–**	223,368	**–**	223,368
Disposals	**(39,070)**	(13,288)	**(39,070)**	(13,288)
Depreciation expense	**(35,737)**	(43,412)	**(35,737)**	(43,412)
Carrying amount at 30 June	**123,095**	197,902	**123,095**	197,902

13. Non-current assets – exploration and evaluation

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	COMPANY 2008 $	COMPANY 2007 $
Exploration properties				
Carrying amount at 1 July	**14,832,524**	12,602,917	**5,031,371**	2,801,853
Exploration properties acquired	**–**	2,280,834	**–**	2,280,745
Exploration expenditure incurred	**1,981,317**	4,439,525	**1,981,317**	4,439,525
Exploration expenditure written off	**(1,981,317)**	(4,439,525)	**(1,981,317)**	(4,439,525)
Impairment of capitalised value	**–**	(51,227)	**–**	(51,227)
Carrying amount at 30 June	**14,832,524**	14,832,524	**5,031,371**	5,031,371
Evaluation properties				
Carrying amount at 1 July	**–**	–	**–**	–
Evaluation expenditure incurred	**2,539,423**	2,744,191	**2,539,423**	2,744,191
Evaluation expenditure written off	**(2,539,423)**	(2,744,191)	**(2,539,423)**	(2,744,191)
Carrying amount at 30 June	**–**	–	**–**	–
Total exploration and evaluation	**14,832,524**	14,832,524	**5,031,371**	5,031,371

13. Non-current assets – exploration and evaluation (continued)

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

Impairment of capitalised value of exploration property
Due to lack of exploration activity the Happy Valley (EPM 9611) area of interest was tested for impairment as outlined in Note 1(t) as at 30 June 2007. Testing indicated that the carrying value exceeded the recoverable amount. On this basis, the Happy Valley exploration property was written down to nil and an impairment loss of $51,227 has been recognised and expensed through the income statement under "Impairment of exploration property".

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
14. Current liabilities – trade and other payables				
Trade creditors	**313,467**	779,213	**313,467**	779,213
Other creditors	**2,002,771**	2,045,449	**2,002,771**	2,045,449
Accrued expenses	**345,710**	233,209	**345,710**	233,209
	2,661,948	3,057,871	**2,661,948**	3,057,871

Other creditors consists of an amount of $2,000,000 delayed payment on purchase of the Roseby Project and $2,771 payroll tax.

15. Current liabilities – borrowings

Unsecured convertible notes	**714,985**	717,882	**714,985**	717,882

The Company issued 220,000 5% converting notes for $16,600,000 on 27 June 2006 and $5,400,000 on 28 July 2006. The notes are convertible into ordinary shares of the Company after ninety days and within three years at a conversion price of $0.18. On maturity the notes will automatically convert at a conversion price of $0.18 or, if the share price is less than $0.18, a price equal to the volume-weighted average price that the Company's shares have traded on the Australian Stock Exchange over the five trading days prior to maturity date. (refer Note 19 G)

The converting notes are presented in the balance sheet as follows:

Face value of notes issued	**14,690,000**	16,080,000	**14,690,000**	16,080,000
Other equity securities – value of conversion rights (Note 20 D, G)	**(13,235,994)**	(14,445,023)	**(13,235,994)**	(14,445,023)
	1,454,006	1,634,977	**1,454,006**	1,634,977
Interest expense	**59,802**	203,478	**59,802**	203,478
Interest paid	**(781,421)**	(322,848)	**(781,421)**	(322,848)
	732,387	1,515,607	**732,387**	1,515,607
Current liability	**714,985**	717,882	**714,985**	717,882
Non-current liability	**17,402**	797,725	**17,402**	797,725
	732,387	1,515,607	**732,387**	1,515,607

Interest expense is calculated by applying the effective interest rate of 8.99% (2007: 8.99%) to the liability component.

	CONSOLIDATED ENTITY		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
16. Current liabilities – provisions				
Employee entitlements	**100,738**	101,782	**100,738**	101,782
17. Non-current liabilities – borrowings				
Unsecured convertible notes	**17,402**	797,725	**17,402**	797,725

Further information on unsecured converting notes accrued interest is set out in Note 15.

18. Non-current liabilities – provisions				
Employee entitlements	**73,103**	97,280	**73,103**	97,280

19. Contributed equity

A. Share capital				
Ordinary shares				
344,022,378 fully paid (2007: 291,500,156)	**43,040,568**	38,937,503	**43,040,568**	38,937,503
B. Other equity securities				
Converting notes				
Value of conversion rights (Note 19 D)	**13,235,994**	14,445,023	**13,235,994**	14,445,023
Total contributed equity	**56,276,562**	53,382,526	**56,276,562**	53,382,526

C. Movements in ordinary share capital

DETAILS		NO. OF SHARES	ISSUE PRICE $	$
Balance as at 1 July 2007		**261,354,606**		**33,647,582**
Shares issued (Note F.)	(a)	190,000	0.15	28,500
	(b)	2,488,888	0.18	438,910
	(c)	1,333,333	0.18	235,130
	(d)	311,111	0.18	54,864
	(e)	1,655,555	0.18	291,953
	(f)	500,000	0.18	88,174
	(g)	1,388,888	0.18	242,860
	(h)	833,333	0.18	145,715
	(i)	7,833,333	0.18	1,369,729
	(j)	6,944,443	0.18	1,214,298
	(k)	6,666,666	0.18	1,165,727
Transfer from share-based payments reserve		–		6,061
Add back: Capital raising costs recouped		–		8,000
Balance as at 30 June 2007		**291,500,156**		**38,937,503**
Shares issued (Note F.)	(l)	7,722,222	0.18	1,333,090
	(m)	11,000,000	0.065	715,000
	(n)	33,800,000	0.065	2,197,000
Capital raising costs				(142,025)
Balance as at 30 June 2008		**344,022,378**		**43,040,568**

19. Contributed equity (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

D. Movements in other equity securities

DETAILS		$
Balance as at 1 July 2007		**19,129,870**
Correction of prior year error		5,043
Converting notes converted (Note G.)	(a)	(389,652)
	(b)	(208,742)
	(c)	(48,706)
	(d)	(259,188)
	(e)	(78,278)
	(f)	(217,449)
	(g)	(130,469)
	(h)	(1,226,410)
	(i)	(1,087,243)
	(j)	(1,043,753)
Balance as at 30 June 2007		**14,445,023**
Converting notes converted	(k)	(1,209,029)
Balance at 30 June 2008		**13,235,994**

The amount shown for other equity securities is the value of conversion rights relating to the original recognition of the 5% convertible notes, details of which are shown in Note 15.

E. Options
Details of options issued, cancelled and exercised during the year and options outstanding at 30 June 2008 are included in Note 32 to the financial statements. Options carry no rights to dividends and no voting rights.

F. Share issues

a. On 02 August 2006, 190,000 fully paid ordinary shares were issued at 15 cents per share as a result of the exercise of employee options.

b. On 11 October 2006, 2,488,888 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

c. On 26 October 2006, 1,333,333 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

d. On 08 November 2006, 311,111 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

e. On 21 November 2006, 1,655,555 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

f. On 20 December 2006, 500,000 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

g. On 15 January 2007, 1,388,888 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

h. On 23 January 2007, 833,333 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

i. On 06 February 2007, 7,833,333 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

j. On 09 March 2007, 6,944,443 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

k. On 01 May 2007, 6,666,666 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

l. On 9 July 2007, 7,722,222 fully paid ordinary shares were issued at 18 cents per share as a result of the conversion of converting notes.

m. On 25 February 2008, 11,000,000 fully paid ordinary shares were issued at 6.5 cents per share by way of placement to sophisticated investors.

n. On 5 March 2008, 33,800,000 fully paid ordinary shares were issued at 6.5 cents per share by way of placement to sophisticated investors.

19. Contributed equity (continued)

G. Converting notes

a. On 11 October 2006, 4,480 converting notes were converted into fully paid ordinary shares.

b. On 26 October 2006, 2,400 converting notes were converted into fully paid ordinary shares.

c. On 08 November 2006, 560 converting notes were converted into fully paid ordinary shares.

d. On 21 November 2006, 2,980 converting notes were converted into fully paid ordinary shares.

e. On 20 December 2006, 900 converting notes were converted into fully paid ordinary shares.

f. On 15 January 2007, 2,500 converting notes were converted into fully paid ordinary shares.

g. On 23 January 2007, 1,500 converting notes were converted into fully paid ordinary shares.

h. On 06 February 2007, 14,100 converting notes were converted into fully paid ordinary shares.

i. On 09 March 2007, 12,500 converting notes were converted into fully paid ordinary shares.

j. On 01 May 2007, 12,000 converting notes were converted into fully paid ordinary shares.

k. On 9 July 2007, 13,900 converting notes were converted into fully paid ordinary shares.

H. Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group funds its activities through capital raising, and does not have any debt facilities.

The Group is not subject to any externally imposed capital requirements.

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
Total borrowings	**732,387**	1,515,607	**732,387**	1,515,607
Less: cash and cash equivalents	**(3,880,955)**	(8,371,859)	**(3,880,953)**	(8,371,857)
Net debt	**–**	–	**–**	–
Total equity	**15,738,937**	19,700,837	**15,738,264**	19,700,164
Total capital	**15,738,937**	19,700,837	**15,738,264**	19,700,164
Gearing ratio	**0%**	0%	**0%**	0%
Balance at the beginning of the financial year	**248,918**	127,579	**248,918**	127,579

20. Reserves

Share-based payment reserve	**462,823**	248,918	**462,823**	248,918
Movements in reserves				
Share-based payments reserve				
Balance at the beginning of the financial year	**248,918**	127,579	**248,918**	127,579
Option expense	**213,905**	127,400	**213,905**	127,400
Transfer to share capital (options exercised)	**–**	(6,061)	**–**	(6,061)
	462,823	248,918	**462,823**	248,918

NATURE AND PURPOSE OF RESERVES

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of the options issued but not exercised.

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
21. Accumulated losses				
Accumulated losses at the beginning of the financial year	**(33,930,607)**	(24,413,389)	**(33,931,280)**	(24,414,062)
Loss after income tax	**(7,069,841)**	(9,517,218)	**(7,069,841)**	(9,517,218)
Accumulated losses at the end of the financial year	(41,000,448)	(33,930,607)	(41,000,121)	(33,931,280)

22. Financial instruments

(a) Credit Risk Exposure
The credit risk exposure of the Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity intends to hold the fixed rate assets and liabilities to maturity.

	FLOATING INTEREST RATE	FIXED INTEREST MATURING IN: 1 YEAR OR LESS	1 YEAR TO 5 YEARS	OVER 5 YEARS	NON- INTEREST BEARING	TOTAL
2008						
Financial assets						
Cash	3,860,653	20,000	–	–	302	3,880,955
Receivables	–	–	–	–	287,265	287,265
	3,860,653	20,000	–	–	287,567	4,168,220
Weighted average interest rate	6.71%	4.55%	–	–	–	
Financial liabilities						
Payables	–	–	–	–	2,661,948	2,661,948
Borrowings	–	732,387	–	–	–	732,387
	–	732,387	–	–	2,641,948	3,394,335
Weighted average interest rate	–	8.99%	8.99%	–	–	
Net financial assets/(liabilities)	**3,860,653**	**(712,387)**	**–**	**–**	**(2,354,381)**	**793,885**

	FLOATING INTEREST RATE	FIXED INTEREST MATURING IN: 1 YEAR OR LESS	1 YEAR TO 5 YEARS	OVER 5 YEARS	NON- INTEREST BEARING	TOTAL
2007						
Financial assets						
Cash	8,351,557	20,000	–	–	302	8,371,859
Receivables	–	–	–	–	798,043	798,043
Investments	–	–	–	–	2,000	2,000
	8,351,557	20,000	–	–	800,345	9,171,902
Weighted average interest rate	6.71%	4.55%	–	–	–	
Financial liabilities						
Payables						
Borrowings	–	–	–	717,882	–	797,725
	–	–	3,057,871	–	3,057,871	1,515,607
	–	717,882	797,725	–	3,057,871	4,573,478
Weighted average interest rate	–	8.99%	8.99%	–	–	
Net financial assets/(liabilities)	**8,351,557**	**(697,882)**	**(797,725)**	**–**	**(2,257,526)**	**4,598,424**

(c) Net Fair Value of Financial Assets and Liabilities
The net fair value of financial assets and financial liabilities of the Consolidated Entity approximate their carrying value.

23. Key management personnel disclosures

(a) Directors
The following persons were directors of Universal Resources Limited during the financial year:

Executive directors
P A J Ingram, Chairman and Managing Director
M Hulmes, Managing Director (resigned 9 September 2007)
M W H Hoyle (appointed 17 December 2007)

Non-executive directors
C T Ansell (resigned 31 December 2007)
J A Walls (deceased 30 September 2008)
B Fulton (appointed 17 December 2007)
J Brewer (appointed 2 October 2008)

(b) Other key management personnel
The following persons also had authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, during the year:

Name	Position	Employer
S W Michael (resigned 9 April 2008)	Chief Financial Officer	Universal Resources Limited
D J Kelly (appointed CFO 18 April 2008)	Company Secretary/Chief Financial Officer	Universal Resources Limited
G Sloane (appointed 22 April 2008)	Project Manager	Universal Resources Limited

23. Key management personnel disclosures (continued)

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
(c) Key management personnel compensation				
Short-term employee benefits	**1,278,642**	1,001,123	**1,278,642**	1,001,123
Post-employment benefits	**95,860**	249,027	**95,860**	249,027
Share-based payments	**230,560**	138,744	**230,560**	138,744
	1,605,062	1,388,894	**1,605,062**	1,388,894

(d) Equity instruments disclosures relating to key management personnel

Share holdings

The number of shares in the Company held during the financial year by each director of Universal Resources Limited and the specified executive of the consolidated entity, including their personally related entities, are set out below:

NAME	BALANCE AT START OF YEAR	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	BALANCE AT END OF YEAR
2008				
Directors of Universal Resources Limited				
P A J Ingram & M W H Hoyle as tenants in common	80,100	–	–	80,100
P A J Ingram	4,753,478	–	–	4,753,478
M W H Hoyle	686,503	–	(14,050)	672,453
J A Walls	805,910	–	–	805,910
J Brewer	–	–	–	–
B Fulton	–	–	–	–
Other key management personnel of the group				
D J Kelly	–	–	–	–
G Sloan	–	–	–	–

NAME	BALANCE AT START OF YEAR	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	BALANCE AT END OF YEAR
2007				
Directors of Universal Resources Limited				
P A J Ingram & M W H Hoyle as tenants in common	80,100	–	–	80,100
P A J Ingram	4,753,478	–	–	4,753,478
M Hulmes	–	–	–	–
C T Ansell	290,000	–	–	290,000
J A Walls	805,910	–	–	805,910
Other key management personnel of the group				
P A J Ingram & M W H Hoyle as tenants in common	80,100	–	–	80,100
M W H Hoyle	2,601,478	–	(2,052,453)	549,025
M W H Hoyle (indirect)	94,000	43,478	–	137,478
S W Michael	–	–	–	–
T Quaife	–	–	–	–
D J Kelly	–	–	–	–

23. Key management personnel disclosures (continued)

Option holdings

The number of options to acquire ordinary shares in the Company held during the financial year by each director of Universal Resources Limited and the key management personnel of the consolidated entity, including their personally related entities, are set out below:

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS COMPENSATION	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR (EXPIRED)	VESTED AND BALANCE AT THE END OF THE YEAR	EXERCISABLE AT THE END OF THE YEAR	UNVESTED
2008							
Directors of Universal Resources Limited							
M W H Hoyle	1,000,000	–	–	–	1,000,000	–	–
M Hulmes	6,000,000	–	–	(6,000,000)	–	–	–
Other key management personnel of the group							
D J Kelly	1,000,000	3,000,000	–	–	4,000,000	1,000,000	3,000,000
G Sloan	–	6,000,000		(6,000,000)	–	–	–
S W Michael	–	5,000,000	–	(5,000,000)	–	–	–

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS COMPENSATION	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR (EXPIRED)	VESTED AND BALANCE AT THE END OF THE YEAR	EXERCISABLE AT THE END OF THE YEAR	UNVESTED
2007							
Directors of Universal Resources Limited							
M Hulmes	6,000,000	–	–	–	6,000,000	–	6,000,000
Other key management personnel of the group							
M W H Hoyle	–	1,000,000	–	–	1,000,000	1,000,000	
S W Michael	–	5,000,000	–	–	5,000,000	–	5,000,000
T Quaife	2,000,000	–	–	(1,000,000)	1,000,000	1,000,000	
D J Kelly	1,000,000	–	–	–	1,000,000	500,000	500,000

(e) Loans to key management personnel

There were no loans to key management personnel during the current or prior financial year.

	CONSOLIDATED ENTITY		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
24. Remuneration of auditors				
Audit services				
Fees paid to BDO Kendalls Audit & Assurance (WA) Pty Ltd				
Amounts received or due and receivable by the auditors for:				
Audit or review of the financial reports of Universal Resources Limited				
■ Parent entity	**27,908**	13,864	**27,908**	13,864
■ Controlled entity	**–**	–	**–**	–
Meeting attendance	**–**	553	**–**	553
Taxation services				
Fees paid to BDO Kendalls Corporate Tax (WA) Pty Ltd				
Amounts received, or due and receivable by the tax agent for:				
Tax compliance services including preparation of Company income tax returns	**17,596**	15,660	**17,596**	15,660
Corporate advisory services				
Fees paid to Horwath Securities (WA) Pty Ltd				
Amounts received, or due and receivable Horwath Securities (WA) Pty Ltd for:				
Corporate advice	**–**	28,079	**–**	28,079
	45,504	28,667	**45,504**	28,667

BDO Kendalls Audit & Assurance (WA) Pty Ltd was appointed the company auditors on 30 November 1999. Rotation of audit directors occurred on 30 November 2006.

25. Contingent liabilities

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

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 – 0.4 % Net smelter return derived from mining operations on the Cameron River tenement.
- HAPPY VALLEY – 0.9 % Net smelter return derived from mining operations on the Happy Valley tenement.
- ROSEBY – 1.5% Net smelter return derived from mining operations on tenements acquired from Zinifex and Lake Gold under the terms of the Roseby Acquisition Agreements.

b) 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.

c) 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:

i) 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.

ii) 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.

iii) Payment by Yunnan for concentrates will be made on the basis of 97% of the contained copper, determined at the shipping port.

iv) Product will be freighted CIF basis.

v) Ownership takes place when the product passes over the ships rail at the shipping port.

On 27 October 2005 Yunnan advised it had assigned the agreement to GSI as principal.

d) 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.

In June 2007 Xstrata elected to enter into a joint venture whereby they may earn a 51% interest in the SEEP by either:

(i) sole funding $15 million of further exploration expenditure within the SEEP; or

(ii) expending not less than $10 million and completing a feasibility study based on the SEEP resources 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.

e) A cash payment of $100,000 is due to the Project Manager on satisfactory commissioning of the Roseby treatment plant at a rate of at least 90% of its rated capacity by no later than 31 March 2010.

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$

26. Commitments for expenditure

Lease commitments

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

Not later than one year	**118,977**	118,977	**118,977**	118,977
Later than one year but not later than five years	**109,198**	228,175	**109,198**	228,175
	228,175	347,152	**228,175**	347,152

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.

STATE GOVERNMENT AUTHORITY				
Commitments required to maintain licences				
Not later than one year[1]	**3,352,342**	2,495,566	**3,352,342**	2,495,566
Later than one year but not later than five years[1]	**10,965,420**	10,050,759	**10,965,420**	10,050,759
Later than five years	**1,828,208**	–	**1,828,208**	–
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]	**–**	–	**–**	–
Later than five years	**–**	–	**–**	–
	12,546,325	11,142,500	**12,546,325**	11,142,500

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

Capital Expenditure Commitments

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

Dowmill Pty Ltd ("Dowmill") 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 Dowmill 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. Commitments for expenditure total $45,000 annually.

27. Related parties

Remuneration of directors
Information on remuneration, share holdings and option holdings of directors is disclosed in Note 23 and the Directors' Report.

Transactions with related parties
Transactions between Universal Resources Ltd and related parties in the wholly owned group during the years ended 30 June 2008 and 30 June 2007 are as follows:

	2008	2007
Loans repaid to Universal Resources Ltd by subsidiaries	–	(5,599)
Shares purchased by Universal Resources Ltd in subsidiaries	–	5,688

Wholly owned group
The Consolidated Entity consists of the Company and the entity included in Note 28, which is wholly owned. Transactions between Universal Resources Limited and the controlled entity during the year consisted of a loan advanced by the Company. The inter-group loan is unsecured and interest free for the year, with no fixed repayment dates or terms.

The aggregate amounts receivable from the controlled entity by the Company at balance date are as specified in Note 10.

The ultimate parent in the wholly owned group is Universal Resources Limited.

28. Investments in controlled entities

NAME OF ENTITY	INCORPORATED	CLASS OF SHARES	AMOUNT OF INVESTMENT		EQUITY HOLDING	
			2008	2007	**2008**	2007
Roseby Copper Pty Ltd	Australia	Ordinary	9,907,144	9,907,144	100%	100%

29. Events occurring after balance date

On 8 July 2008 the Company announced that it had mandated the Royal Bank of Scotland and ABN AMRO Bank N.V. as Joint Lead Arrangers to arrange a Bridge Finance Facility of US$30 million for the Company as part of the Company's financing requirements for the development of the Roseby Copper Project in Queensland.

On 22 August 2008 the Company announced that it had mandated nabCapital and the Commonwealth Bank of Australia as Joint Lead Arrangers to arrange a Senior Debt Facility of US$100 million for the Company as part of the Company's financing requirements for the development of the Roseby Copper Project in Queensland.

No other matters or circumstances have arisen since 30 June 2008 that have significantly affected, or may significantly affect:
(d) the Consolidated Entity's operations in future financial years, or
(e) the results of those operations in future financial years, or
(f) the Consolidated Entity's state of affairs in future financial years.

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$
30. Non-cash financing and investing activities				
Ordinary shares issued upon conversion of converting notes	**1,333,089**	5,247,360	**1,333,089**	5,247,360

During the financial year, 7,722,222 ordinary shares were issued upon conversion of 13,900 converting notes.

	CONSOLIDATED ENTITY		COMPANY	
	2008	2007	**2008**	2007
	$	$	**$**	$

31. Notes to cashflow statements

(a) Reconciliation of cash balances comprises:				
Cash on hand	**302**	302	**300**	300
Cash at bank	**79,858**	2,229,717	**79,858**	2,229,717
Cash on deposit	**3,800,795**	6,141,840	**3,800,795**	6,141,840
Total cash and cash equivalents	**3,880,955**	8,371,859	**3,880,953**	8,371,857
(b) Reconciliation of loss after income tax expense				
Loss after income tax	**7,049,841**	9,517,218	**7,049,841**	9,517,218
Depreciation and amortisation	**(152,223)**	(195,105)	**(152,223)**	(195,105)
Deferred exploration expenditure written off	**(4,520,740)**	(7,183,715)	**(4,520,740)**	(7,183,715)
Impairment of exploration property	**–**	(51,227)	**–**	(51,227)
Net loss on sale of available-for sale financial assets	**(888)**	–	**(888)**	–
Employee options	**(162,779)**	(127,401)	**(162,779)**	(127,401)
Employee benefits allocated to exploration	**(997,300)**	(1,234,308)	**(997,300)**	(1,234,308)
Loss on sale of fixed assets	**(7,252)**	(16,976)	**(7,252)**	(16,976)
Increase/(decrease) in receivables	**(510,779)**	152,580	**(510,779)**	152,579
Decrease/(increase) in payables	**18,500**	12,614	**18,500**	12,614
Decrease/(Increase) in provisions	**12,493**	(5,761)	**12,493**	(5,761)
Decrease/(increase) in other operating liabilities	**(110,927)**	85	**(110,927)**	(3)
Net cash outflows from operating activities	**617,946**	868,004	**617,946**	867,915

32. Share-based payments

(a) Employee Share Option Plan
The establishment of the Universal Resources Limited Employee Share Option Plan ("ESOP") was adopted for the purpose of recognising the efforts of, and providing incentive to, employees of the Company.

Under the plan the Company may offer options to subscribe for shares in the Company to eligible persons. Directors and part-time or full-time employees are Eligible Persons for the purposes of the ESOP. The directors of the Company in their absolute discretion determine the number to be offered and any performance criteria that may apply before options may be exercised. Offers made under the ESOP must set out the number of options, the period of the offer and the calculation of exercise price. The exercise price is determined with reference to the market value of the Company's shares at the time of resolving to make the offer.

Options are granted under the plan for no consideration, unless the directors determine otherwise.

On exercise, each option is convertible to one ordinary share within 10 business days of the receipt of the exercise notice and payment of the exercise price in Australian dollars. Options will expire no later than five years from the date of allotment.

If an Eligible Person ceases to be an Eligible Person the options held by them will automatically lapse except if the person ceases to be an Eligible Person by reason of retirement at age 60 or over, permanent disability, redundancy or death, in which case the options may be exercised within three months of that event happening or such longer period as the Board determines.

Options may not be offered to a director or associates except where approval is given by shareholders at a general meeting.

Options issued under this ESOP carry no dividend or voting rights.

Amounts received on the exercise of options are recognised as share capital.

(b) Option valuation models
The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black-Scholes option pricing model that takes in to account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected volatility assumed is commensurate with the expected term of the option being from issue date to expected exercise date. It is assumed that all volatility data remains constant over the life of the options.

32. Share-based payments (continued)

The model inputs for options granted during the year ended 30 June 2008 included:

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 5.3667 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	30 June 2008
Expiry date	30 June 2013
Quantity	3,650,000
Exercise price	$0.15
Consideration	Nil
Share price at grant date	7.9 cents
Expected price volatility of the Company's shares	75 – 125%
Expected dividend yield	Nil
Risk-free interest rate	6.75%

(c) Options outstanding
Unissued shares under option at the end of the financial year are as follows:

NO. OF ORDINARY SHARES SUBJECT TO OPTION	EXPIRATION DATE	EXERCISE PRICE
2,385,000	14 September 2010	15 cents
1,000,000	12 March 2012	15 cents
800,000	5 September 2011	15 cents
5,000,000	27 December 2012	15 cents
6,650,000	30 June 2013	15 cents

There are no unissued shares under options at the end of the financial year other than those referred to above. The options do not entitle the holder to participate in any share issue of any other body corporate.

A total of 4,835,000 options were exercisable at 30 June 2008 at a weighted average exercise price of $0.15 (2007: 2,885,000 options at $0.15).

(d) Expenses arising from share-based payment transactions
Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	CONSOLIDATED ENTITY		COMPANY	
	2008 **$**	2007 $	**2008** **$**	2007 $
Options issued to directors and employees	**215,309**	127,400	**215,309**	127,400

33. Earnings per share

	CONSOLIDATED ENTITY 2008 CENTS	2007 CENTS
Basic and diluted earnings per share	(2.25)	(2.09)

	CONSOLIDATED ENTITY 2008 CENTS	2007 CENTS
Losses used in calculating losses per share		
Earnings used in the calculation of basic and diluted earnings per share	**(7,069,842)**	(9,372,301)

	CONSOLIDATED ENTITY 2008 NUMBER	2007 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**313,777,507**	447,688,986

There were a further 14,385,000 potential ordinary shares (options) not considered to be dilutive. There are no converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted earnings per share.

34. Company Details

The registered office of the Company is:

Universal Resources Limited
Level 2
91 Havelock Street
WEST PERTH WA 6005

The principal places of business are:

Universal Resources Limited
Level 2
91 Havelock Street
WEST PERTH WA 6005

Universal Resources Limited
92 Uhr Street
CLONCURRY QLD 4824

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes of the Consolidated Entity and the Company and the additional disclosures included in the Directors' Report designated as audited, are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Consolidated Entity's and the Company's financial position as at 30 June 2008 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date ; 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; and

(c) the audited remuneration disclosures set out on pages 19 to 25 of the Directors' Report comply with Accounting Standard AASB 124: Related Party Disclosures and the Corporations Regulations 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

P A J Ingram
Chairman

Dated at Perth on this 30th day of September 2008

Auditor's Independence Declaration

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

30 September 2008

The Directors
Universal Resources Limited
Level 2, 91 Havelock Street
WEST PERTH WA 6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF UNIVERSAL RESOURCES LIMITED

As lead auditor of Universal Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Universal Resources Limited and the entity it controlled during the year.

C Burton

Chris Burton
Director

BDO Kendalls

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

Independent Audit Report

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Universal Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entity it controlled at the year's end or from time to time during the financial 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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Universal Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001; and*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Going Concern

Without qualifying our opinion, we draw attention to Note 1 (a) in the financial report. The consolidated entity incurred a net loss of $7,069,841 during the year ended 30 June 2008 and incurred operating and investing cash outflow of $6,512,894. These conditions along with other matters as set forth in Note 1 (a), indicate the existence of a material uncertainty which may cast significant doubt about the company's and the consolidated entity's ability to continue as a going concern and, therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Universal Resources Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

BDO Kendalls Audit & Assurance Pty Ltd.

BDO Kendalls

C Burton

Chris Burton
Director

Subiaco, Western Australia
Dated this 30^{h} day of September 2008

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 2008.

HOLDERS	ORDINARY SHARES
Tulla Resources Group	38,800,000
Mount Isa Mines Limited	30,000,000
CopperCo Limited	24,857,714

Class of shares and voting rights

At 30 September 2008, there were 3,643 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.

- 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
- 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 2008, there were options over 15,835,000 un-issued ordinary shares. There are no voting rights attached to the un-issued ordinary shares. Voting rights will be attached to the un-issued ordinary shares when the options have been exercised.

At 30 September 2008 there were 152,180 converting notes maturing June and July 2009 on issue. These notes are unlisted with no voting rights until converted to ordinary shares.

On-market buy-back

There is no current on-market buy-back.

Distribution of Share/Option / Converting Note Holders (as at 30 September 2008)

	NUMBER OF HOLDERS		
CATEGORY	ORDINARY SHARES	UNLISTED OPTIONS	UNLISTED CONVERTING NOTES
1 – 1,000	285	–	10
1,001 – 5,000	562	–	1
5,001 – 10,000	587	–	1
10,001 – 100,000	1,770	4	–
100,001 and over	439	9	1
	3,643	13	13

There were 1,461 holders holding less than a marketable parcel of ordinary shares.

Unquoted Securities

The Options on issue were issued as part of an Employee Incentive Scheme and are unquoted.

The unlisted converting notes are held by 13 Registered Holders with BBY Nominees Pty Ltd holding greater than 20% with a total of 134,000 notes.

Restricted Securities

There were no restricted securities as at 30 September 2008.

Twenty Largest Security holders (as at 30 September 2008)

	ORDINARY SHARES	
HOLDER NAME	NUMBER	%
Tulla Resources Group	38,800,000	11.28
Mount Isa Mines Limited	30,000,000	8.72
CopperCo Limited	24,857,714	7.23
HSBC Custody Nominees (Australia) Limited – A/C 3	8,481,311	2.47
Calyerup Pty Ltd	4,753,478	1.38
Maria Beatrix Sandbach	3,282,339	0.95
ANZ Nominees Limited	3,230,062	0.94
Zashvin Pty Ltd	2,700,000	0.78
Azolia Pty Ltd	2,000,000	0.58
Citicorp Nominees Pty Ltd	1,993,615	0.58
Lake Gold Pty Ltd	1,927,980	0.56
Anthony Finbarr O'Sullivan	1,800,000	0.52
Timothy Cheung Room	1,750,000	0.51
Nikola Sormaz	1,660,000	0.48
HSBC Custody Nominees (Australia) Limited	1,639,526	0.48
Manosilpsoontorn Z7 Super Fund	1,620,000	0.47
Broken Ridge Pty Ltd	1,500,000	0.44
Interchange Technologies Pty Ltd	1,500,000	0.44
Nefco Nominees Pty Ltd	1,400,000	0.41
John Stephen Nitschke	1,380,000	0.40
Total	136,276,025	39.62

Other information

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

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UNIVERSAL RESOURCES

Universal Resources Limited
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(ASX : URL)

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