

## **QUARTERLY ACTIVITY REPORT**

For the Period Ended

**31 December 2009** 

Universal Resources Limited ACN 090 468 018 www.universalresources.com.au

## UNIVERSAL **UNIVERSAL**

## **Quarterly Report for the Period Ended 31 December 2009**

## **SUMMARY**

### CORPORATE

- The proposed merger with Vulcan Resources Limited is on track for completion in the third week in February 2010. The Scheme Booklet has been dispatched to Vulcan shareholders and a general meeting of Vulcan shareholders will be held on 29 January 2010 to approve the merger.
- A total of 120,000,000 fully paid ordinary shares were issued during the Quarter at an issue price of 1.8c per share, less costs. Fully paid ordinary shares on issue now total 892,341,800.

#### **EXPLORATION AND DEVELOPMENT**

#### Drilling at Roseby Satellite Deposits

A 2,006 metre, 16 hole, RC drilling programme was completed at three of the Company's potential sources of sulphide mineralisation for the Roseby Project: Bedford North, Lady Clayre Zone F and Ivy Ann.

Drilling located some relatively high grade copper and gold mineralisation at shallow depths at Bedford.

At Ivy Ann, a previously unrecognised fault is interpreted as a major control on mineralisation that may lead to strike extensions to the known mineralisation.

**Results include the following selection.** 

#### Bedford

- **>** BFR162: 12 metres at 2.21% copper, 0.50 gpt gold from 40 metres
- **>** BFR161: 6 metres at 3.75% copper, 0.84 gpt gold from 18 metres
- **>** BFR160: 6 metres at 2.64% copper, 2.26 gpt gold from 52 metres
- **>** BFR159: 8 metres at 1.02% copper, 0.32 gpt gold from 40 metres.
- **>** BFR157 6 metres at 1.47% copper, 0.33 gpt gold from 36 metres
- **>** BFR156: 10 metres at 1.09% copper, 0.41 gpt gold from 68 metres
- **>** BFR155 6 metres at 1.96% copper, 0.34 gpt gold from 80 metres

#### Ivy Ann

| $\triangleright$ | IAR214:   | 4 metres at 4.63% copper, 0.52 gpt gold from 52 metres   |
|------------------|-----------|--|
|                  |           | 30 metres at 0.62% copper, 0.08 gpt gold from 126 metres |
|                  | including | 10 metres at 1.11% copper, 0.18 gpt gold from 97 metres  |
| $\triangleright$ | IAR213:   | 7 metres at 1.08% copper, 0.18 gpt gold from 147 metres  |

## Wonga IOCG Project

A 959 sample regional geochemical soil survey of the Wonga Prospect area generated high priority copper and gold anomalies for follow-up in 2010.

## Quamby Gold Mine

Results of a preliminary sampling program over the Quamby gold mine demonstrated a likely hydrothermal origin for the gold mineralisation and warrant follow-up geochemical sampling along the strike length of the host structure.

## **SEEP Exploration Drilling**

Xstrata Copper, completed a 900.3m diamond drill-hole at the Blackard Deposit as part of the SEEP Exploration Joint Venture. This program completed Xstrata's 2009 drilling program. Generally low grade copper mineralisation was encountered, with intersection widths varying up to 257 metres down-hole. Check assays are currently being undertaken upon a number of selected mineralised samples. Results will be reported when available.

## UNIVERSAL **UNIVERSAL**

## **Quarterly Report for the Period Ended 31 December 2009**

## **DETAILED REPORT**

## **1. INTRODUCTION**

Universal Resources Limited (Universal or the Company) is an Australian public listed company (ASX Code: URL) with substantial tenement holdings in two of Australia's major base and precious metal provinces (*Figure 1*):

- ➢ the Mt Isa Inlier in Queensland; and
- ➤ the Lachlan Fold Belt in NSW.



Figure 1. Project Locations

**Universal's major asset is the Roseby Copper Project,** one of Australia's largest undeveloped open pit copper resources, with 128.54 million tonnes of JORC compliant resources containing 878kT of copper and 239kOz of gold (refer to the table on page 30 for details).

A detailed feasibility study (**DFS**) of a five million tonnes per annum (5Mtpa) mine, mill, concentrator and associated infrastructure was completed in September 2008. That study indicated the Project was both technically feasible and economically viable based on the financial assumptions used in the study.

Recently announced improvements in economic conditions in Australia, China, India and the USA, have seen copper prices perform very strongly.

Copper has traded on LME over recent weeks at around US\$3.35/lb (A\$3.65/lb)

## 2. CORPORATE

## 2.1 Merger with Vulcan Resources Limited

On 28 September 2009, Universal and Vulcan Resources Limited (Vulcan) entered into a Merger Implementation Agreement that committed the companies, conditional upon certain matters being satisfied or waived, to merge by way of a Vulcan Scheme of Arrangement on the basis of Universal offering 6.85 fully paid ordinary shares in Universal for each Vulcan share, requiring Universal to issue approximately 1,558.375 million new shares. In addition, Universal will issue approximately 5.167 million shares to Vulcan option-holders in return for the cancellation of their options.

Vulcan has distributed its Scheme Booklet to its shareholders and will hold a general meeting of shareholders to approve the Scheme on 29 January 2010. If approved by Vulcan shareholders and subsequently by the Federal Court, on or about 4 February, the Scheme should be completed by 19 February 2010.

On 16 November 2009, Vulcan announced it had purchased a second hand mill in Finland. The Luikonlahti mill, which has been on care and maintenance since 2004, is located only 45km from the Kylylahti copper-cobalt-nickel-zinc-gold deposit, which was the subject of Vulcan's detailed feasibility study completed in 2008.

The directors of Universal and Vulcan unanimously agree that the merger will benefit both companies, creating a global copper company with:

- Cash reserves in excess of \$17 million.
- Copper resources with over 1,000,000 tonnes of contained copper.
- Two advanced copper projects (Kylylahti and Roseby) with completed feasibility studies and robust financial outcomes at current copper prices creating options for development of the projects.
- Potential production of around 50,000 tpa of copper equivalent in concentrates. This assumes the second phase of the Roseby development, increasing production to 8Mtpa, is approved.
- An attractive suite of by-product metals will be produced, including:
  - o Gold
  - o Cobalt
  - o Nickel
  - o Zinc
- Increased market capitalisation should create increased investor interest and a potential re-rating of the merged group's shares.

## 2.2 Share Placements

During the quarter, the company placed 120 million new shares at an issue price of 1.8c per share, to sophisticated investors. The issue raised \$2.16 million before costs. The funds will be utilised for general working capital. Tulla Resources, a company associated with the Chairman of Universal, Mr Kevin Maloney, subscribed (with shareholder approval) for 60 million of the new shares.

## 2.3 Issued Capital

At the conclusion of the share issue listed above, the issued capital of the Company is as follows:

#### FPO Shares

| Previous   | 772,341,800   |
|--|---|
| Placement  | 120,000,000   |
| Total  | 892,341,800   |
| Options  |   |
| Directors and employee options                   | 18,835,000  |
| Note: These options expire on various dates up t | o 23 December 2013. All options have an exercise price of |

### **Converting** Notes

15c per share.

10% Converting Notes with a face value of \$100 139,500

## 2.4 Consolidation of Share Capital – Conditional on Vulcan Merger

At a General Meeting of Universal shareholders held on 27 November 2009, shareholders approved a resolution to consolidate the Company's shares on the basis of one new share for every ten shares held on the record date. The consolidation will only be implemented if the merger with Vulcan is approved. If not approved, the consolidation will not take place.

## 3. EXPLORATION AND DEVELOPMENT PROJECTS

Universal owns a large number of granted mining and exploration tenements in the Mt Isa Inlier covering an area of approximately 2,150km<sup>2</sup> (*Figure 2*). All tenements except EPM 14367 (Spider) are held 100% by the company or its wholly owned subsidiary, Roseby Copper Pty Ltd. Spider is held 49% by Universal and 51% by Deep Yellow.

The Roseby Copper Project is the Company's most advanced project, with a detailed feasibility study completed in September 2008.



Figure 2: Mt Isa Inlier Projects and Infrastructure

The Company also holds a 90% interest in an Exploration Licence (EL 5692, Burra) in the Lachlan Fold Belt of New South Wales (*Figures 19 and 20*). Burra, is prospective for zinc dominant poly-metallic massive sulphide mineral deposits.

# **3.1. ROSEBY COPPER PROJECT** (Subject to an agreement with Mt Isa Mines Limited (Xstrata Copper))

## 3.1.1. Feasibility Study and Project Development

Universal acquired the Roseby tenement package (*Figures 1 to 4*) from Pasminco Australia Limited in 2001. Through a series of corporate transactions, the Roseby Purchase Agreement is now owned by Minerals and Metals Group. Prior to Universal's acquisition of the Project, it had been held by a number of different mining and exploration companies, the most important of which was CRA Exploration Pty Ltd, a subsidiary of CRA Limited, now Rio Tinto Limited.

Since 2001, the Company has focussed its activities on advancing the Project through the drilling-out of Resources to Reserves, evaluation of the deposits and the undertaking of feasibility studies aimed at development and the production of copper.

Results of a detailed feasibility study (**DFS**), of a 5Mtpa mining and processing operation were reported to ASX on 3 September 2008.

Details of the agreement with Xstrata Copper have previously been advised to shareholders and are available on the Company's website (www.universalresources.com.au).



Figure 3. Roseby Copper Project Location and Regional Infrastructure

| ROSEBY COPPER PROJECT FINANCIAL MODEL |         |                |                |                |               |  |  |  |  |
|---------------------------------------|---------|----------------|----------------|----------------|---------------|--|--|--|--|
| FINANCIAL PARAMETER                   | UNITS   | M1<br>US\$2.50 | M2<br>US\$2.50 | M3<br>US\$3.50 | M4<br>Fwd Cve |  |  |  |  |
| Throughput                            | MT      | 5.0            | 5.0            | 5.0            | 5.0           |  |  |  |  |
| Pre-production Capital costs          | A\$M    | 213.7          | 213.7          | 213.7          | 213.7         |  |  |  |  |
| Operating surplus                     | A\$M    | 666            | 570            | 1,198          | 1075          |  |  |  |  |
| C1 cash operating costs               | US\$/lb | 1.42           | 1.52           | 1.52           | 1.36          |  |  |  |  |
| NPV (8.5% discount rate)              | A\$M    | 123            | 62             | 435            | 356           |  |  |  |  |
| IRR                                   | %       | 20             | 15             | 43             | 37            |  |  |  |  |
| Payback of pre-production capital     | Years   | 3.4            | 4.4            | 1.8            | 2.1           |  |  |  |  |

The following table outlines the financial outcomes of the DFS, based on a number of different metal price and exchange rate assumptions.

Notes on the financial models from which this data is sourced:

M1 -- Copper price of US\$2.50/lb, gold price of US\$900/Oz and Forex of US\$0.75.

M2 – Copper price of US\$2.50/lb, gold price of US\$800/Oz and Forex of US\$0.80

M3 – Copper price of US\$3.50/lb, gold price of US\$800/Oz and Forex of US\$0.80

*M4* – Copper, gold and Forex derived from the forward curves as at the 29 August 2008. LOM average prices were: US\$2.98/lb copper, US\$1,060/oz gold and Forex of US\$0.72,



Figure 4. Mt Isa Inlier Geology Showing Roseby Copper Project Tenements

## Mineralisation, Resources and Reserves

The total Mineral Resources and Ore Reserves for the Roseby Project are summarised in the tables below. Mineral Resources are inclusive of the Ore Reserves.

### Mineralisation

The most important copper mineralisation at Roseby is of two distinct types:

**i.** *Sediment hosted stratabound copper mineralisation* with similarities to the African Copperbelt deposits. At Roseby, these deposits are represented in the near surface (0-30m) oxide zone by cupriferous goethite and minor malachite. The cupriferous goethite in the oxide zone is refractory and the oxide mineralisation is treated as waste.

The supergene zone extends from the base of the oxide zone to depths of between 100m and 240m below surface. This zone is dominated by native copper mineralisation, with subordinate chalcocite and traces of other copper species. The supergene zone passes at depth into the primary sulphide system, consisting of chalcopyrite, bornite and chalcocite, with minor pyrite.

The native copper mineralisation constitutes nearly 75% of total mineral resources at Roseby (see Table below).

**ii.** *Copper-gold deposits of hydrothermal origin* and at least one of which (Little Eva) is of the "iron oxide copper gold" (**IOCG**) type with similarities to the large Ernest Henry deposit north of Cloncurry.

At Roseby, these hydrothermal deposits are characterised by a relatively shallow oxide zone, to depths of around 15-25m, with minor malachite mineralisation. This mineralisation will be stockpiled as sub-grade material, but will be expensed as waste as mined.

The oxide zone passes rapidly, with little transition material into the primary sulphide zone, consisting of dominant chalcopyrite and minor pyrite and pyrrhotite. Magnetite and hematite are common accessory minerals.

## **Mineral Resources**

The following Mineral Resources have been estimated using a lower cut-off grade of 0.3% copper and, because of the limited number of high values, without a top cut. Details of individual deposits are given in the table at the end of this report and were published in the Company's Quarterly Activity Report for March 2008.

|           | NATIV  | <b>E COPPER</b>        | SUI    | LPHIDE                 | TOTAL  |                        |                        |  |
|-----------|--------|------------------------|--------|------------------------|--------|------------------------|------------------------|--|
| RESOURCES | Tonnes | % of Total<br>Category | Tonnes | % of Total<br>Category | Tonnes | % of Total<br>Category | % of Total<br>Resource |  |
| Measured  | 26.3   | 87.4                   | 3.8    | 12.6                   | 30.1   | 100.0                  | 23.4                   |  |
| Indicated | 33.2   | 59.3                   | 22,8   | 40,7                   | 56.0   | 100.0                  | 43.6                   |  |
| Inferred  | 33.2   | 78,3                   | 9.2    | 21.7                   | 42.4   | 100.0                  | 33.0                   |  |
| TOTAL     | 94.5   | 73.5                   | 35.8   | 27.9                   | 128.5  | 100.0                  | 100.0                  |  |

## **Ore Reserves**

Ore Reserves were estimated using, amongst other factors, a copper price of US\$2.00/lb and an exchange rate of US\$0.80. They may change if recalculated using current spot prices for copper and the exchange rate. Reserves, which are a sub-set of Resources, are summarised in the following table.

| DEDOSIT                     | PROVEN<br>RESERVES |           |             | PROBABLE<br>RESERVES |           |             | TOTAL<br>RESERVES |           |             |
|-----------------------------|--------------------|-----------|-------------|----------------------|-----------|-------------|-------------------|-----------|-------------|
| DErUSII                     | Tonnes<br>(M)      | Cu<br>(%) | Au<br>(gpt) | Tonnes<br>(M)        | Cu<br>(%) | Au<br>(gpt) | Tonnes<br>(M)     | Cu<br>(%) | Au<br>(gpt) |
| Little Eva (sulphide)       | 1.77               | 1.03      | 0.12        | 13.69                | 0.69      | 0.13        | 15.46             | 0.73      | 0.13        |
| Blackard<br>(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        |

These reserve estimates were published in the Company's Quarterly Activity Report for March 2008.

## **Environmental Monitoring and Sampling**

Environmental monitoring and sample points are sited at key locations in and around the proposed Project area. Scheduled monitoring, sampling and assaying was completed. Repair work on the weather station is now completed, ahead of the start of the "wet season". The borehole water monitoring programme was also upgraded by the installation of 10 down-hole automatic water level recording instruments as well as by the addition of a further 10 boreholes to the manual water level measurement programme.

## Development Timetable

A firm development timetable will not be available until permitting and financing are finalised. It is anticipated that environmental approvals should be received ahead of the likely commencement of construction.

## **3.1.2. Roseby Exploration**

#### **Introduction**

Considerable exploration activity was undertaken during the quarter, including:

- > An 1188m RC drilling programme in the Bedford and Lady Clayre resource areas
- > A regional soil survey over a 15km strike length of the Wonga project area.
- Reconnaissance examination and sampling of the former Quamby Gold mine

## **Bedford** North

#### **Geology and Mineralisation**

The Bedford deposit consists of two zones of mineralisation, Bedford North and South, over a total strike length of 3000m. Mineralisation has a surface expression of up to 100 metres width comprising a number of historical copper workings with associated bedrock geochemical copper anomalies, defined by values >200ppm copper and with peak values

>500ppm. The two zones are separated by a central low-grade or barren zone some 500m long (*Figure 5*). Mineralisation is hosted in altered metasediments that are intruded by the mineralised Naraku granite.



Figure 5. Bedford Deposit: Mineralised Zone Showing Drill Hole Locations

The base of oxidation in the Bedford deposits is relatively shallow, typically extending to a maximum depth of 30m below surface. The underlying primary mineralisation is predominantly chalcopyrite and is very similar to mineralisation at Little Eva..

Limited metallurgical testing on Bedford ores indicates copper recoveries of >98% to rougher concentrate can be achieved.

#### Drilling

Drilling at Bedford comprised 728 metres of infill RC drilling of higher grade zones of mineralisation and tested newly developed structural ore control concepts (*Figures 6 and* 7).

Drilling of the southern areas at Bedford North located higher than average copper and gold grades at shallow depth, supporting new interpretations of the structure of the shoots and leading to increased confidence for locating additional resources.

#### **Results**

Significant intersections from the drilling program are listed in the following table.

|         | ]    | Interval (m | )      | Copper | Gold  |
|---------|------|-------------|--------|--------|-------|
| Hole ID | From | То          | Length | (%)    | (gpt) |
| BFR155  | 80   | 86          | 6      | 1.96   | 0.34  |
|         | 98   | 108         | 10     | 0.59   | 0.08  |
| incl.   | 100  | 102         | 2      | 1.98   | 0.26  |
| BFR156  | 68   | 78          | 10     | 1.09   | 0.41  |
| incl.   | 68   | 76          | 8      | 1.28   | 0.50  |
| and     | 68   | 72          | 4      | 1.81   | 0.50  |
|         | 92   | 94          | 2      | 1.45   | 0.20  |
| BFR157  | 36   | 48          | 12     | 0.87   | 0.21  |
| incl.   | 36   | 42          | 6      | 1.47   | 0.33  |
| BFR158  | 38   | 44          | 6      | 0.76   | 0.18  |
| BFR159  | 32   | 40          | 8      | 1.02   | 0.32  |
| BFR160  | 52   | 58          | 6      | 2.64   | 2.26  |
| BFR161  | 18   | 24          | 6      | 3.75   | 0.65  |
|         | 32   | 34          | 2      | 0.86   | 0.22  |
| BFR162  | 40   | 52          | 12     | 2.21   | 0.50  |
| incl    | 42   | 46          | 4      | 5.94   | 1.32  |
| and     | 40   | 48          | 8      | 3.18   | 0.73  |

All intersections have been calculated using a lower cut-off grade of 0.3 % copper. Some internal waste within the mineralised zones has been included in the intervals quoted above. The copper and gold values listed are the length-weighted average of individual 1m assays over the relevant interval. Intervals referred to are down-hole lengths and are generally not true widths. No upper copper cut-offs have been applied.



Figure 6. Bedford North Drill Cross Section 7,767,640N



Figure 7. Bedford North Drill Cross Section 7,767,300N

## Lady Clayre

#### Geology and Mineralisation

Surface mineralisation at Lady Clayre consists of seven zones of copper-gold gossans and historical workings in meta-sedimentary rocks distributed around a hydrothermally altered synclinal/basinal structure (*Figure 8*). Inferred Resources have been developed in Zones A and F but all other zones await systematic drill testing.

Depth of oxidation is generally less than 25 metres with oxide copper minerals comprising malachite, azurite and cupriferous iron oxides.

Primary mineralisation consists of disseminations, blebs and stringers of dominantly chalcopyrite with minor pyrite and is associated with the contact between dolomitic sediments and black shales around the periphery of the basin and at depth.

In Zone A, mineralisation has been re-mobilised into sub-vertical shoots along the keel of the structure creating generally higher than average copper-gold grades.



Figure 8. Lady Clayre Prospects Geology Showing Drill Section A-B in Zone F

#### Drilling

A 460 metre RC drilling programme at Lady Clayre was designed to clarify aspects of the resource block modelling in the northern portion of the Zone F (*Figures 8 and 9*).

Holes LCR 166 and 167 (*Figure 9*) tested steeply dipping zones of mineralised breccias and carbonate veining in the eastern portion and hole LCR 168 was drilled to test for a possible extension of the northern limit of mineralisation adjacent to a west-northwest structure.

#### **Results**

Holes LCR166 and 167 intersected generally low-grade copper-gold mineralisation at the target depths (see table below).

| Hole ID |      | Interval (m) |        | Copper | Gold  |
|---------|------|--------------|--------|--------|-------|
| Hole ID | From | То           | Length | (%)    | (g/t) |
| LCR166  | 93   | 123          | 30     | 0.50   | 0.20  |
| incl.   | 93   | 99           | 6      | 0.74   | 0.28  |
| and     | 108  | 111          | 3      | 1.10   | 0.11  |
| LCR167  | 74   | 78           | 4      | 0.59   | 0.03  |
|         | 25   | 30           | 5      | 0.48   | 0.01  |
| LCR168  | 141  | 151          | 10     | 0.68   | 0.66  |
| incl    | 142  | 148          | 6      | 0.94   | 0.96  |
| and     | 145  | 148          | 3      | 1.32   | 1.56  |

Significant results are listed below:

All intersections have been calculated using a lower cut-off grade of 0.3 % copper. Some internal waste within the mineralised zones has been included in the intervals quoted above. The copper and gold values listed are the length-weighted average of individual 1m assays over the relevant interval. Intervals referred to are down-hole lengths and are generally not true widths. No upper copper cut-offs have been applied.



Figure 9. Lady Clayre Zone F Cross Section Through Holes LCR 166 and 167'

## Wonga Project

The Wonga Project area is ranked as of high priority for IOCG exploration. Significant copper, gold and iron mineralisation is widespread within this geological and structural setting which has many attributes of IOCG deposits in the Mt Isa region. Previous limited drilling at individual prospects resulted in a number of intersections assaying in excess of 1% copper over several metres. It is regarded as having excellent potential for the discovery of a large tonnage low-grade copper-gold deposit and/or smaller tonnages of high-grade deposits. Most of the area of interest lies outside of the SEEP Joint Venture area (*Figure 10*).

#### Work Completed

A regional soil geochemical survey and collection of rock-chip samples was undertaken during the Quarter.



Figure 10. Wonga Project Geology and Copper Mineralisation

#### Soil Geochemical Survey

A regional bulk soil sampling programme was completed over a 15 kilometre strike length from Wonga to the former Quamby Gold Mine. Sampling was conducted on a grid spacing of 400m N-S by 100m E-W using a -1.6mm screen and a minimum sample weight of 750g. All samples were analysed for copper using a Niton XRF instrument, with readings averaged over 60 seconds. Assaying for low level gold used an aqua regia digest followed by graphite furnace AAS for a lower detection limit of 1ppb. In addition, approximately 1 in 50 of the samples were submitted for multi-element analysis by ICP-OES. The ICP copper assays correlated well with the Niton XRF copper assays.

#### **Rock-chip Samples**

Twenty two rock samples were collected from mineralised outcrops and workings, some of which contained abundant massive hematite. All samples were submitted for multielement analysis by ICP-OES analysis.

#### Results

Soil Geochemistry

The results of the soil geochemical survey are presented as copper and gold contour plans (*Figures 11 and 12*).

Strong copper and gold anomalism has been located. Copper and gold anomalies generally correlate well throughout the area, supporting a regional scale potential for the presence of IOCG style mineralisation. An exception is in the south-western corner of the survey, immediately east of the former Quamby gold mine. Here, two good gold-only anomalies occur on the eastern flank of the hill hosting the Quamby deposit. Further work is required to identify the source of these anomalies.



Figure 11. Wonga IOCG Prospect Soil Copper Anomalies Figure 12. Wonga IOCG Prospect Soil Gold Anomalies

**Rock Chip Results** 

Several rock-chip samples exhibit elevated cobalt, silver, molybdenum and iron values, as seen in the following table of results. This elemental association is typical of this area and of IOCG deposits in general. Results are listed in the following table.

| Sample | Fosting* | Northing* | Cu    | Au    | Ag    | Co    | Fe    | Mo    |
|--------|----------|-----------|-------|-------|-------|-------|-------|-------|
| Number | Lasting. | Norunng*  | (%)   | (ppm) | (ppm) | (ppm) | (%)   | (ppm) |
| WRS001 | 415088   | 7759871   | 0.39  | 0.01  | 0.6   | 23    | 2.6   | -     |
| WRS002 | 415079   | 7759859   | 1.05  | 0.01  | 2.0   | 16    | 1.72  | -     |
| WRS003 | 415861   | 7758434   | 7.85  | 0.75  | -     | 530   | 9.41  | -     |
| WRS004 | 415861   | 7758434   | 7.33  | 2.25  | 0.6   | 329   | 4.10  | -     |
| WRS005 | 414935   | 7757913   | 3.3   | 0.47  | 0.9   | 100   | 5.50  | -     |
| WRS006 | 415105   | 7756249   | 10.13 | 0.35  | 905.9 | 37    | 0.87  | -     |
| WRS007 | 416517   | 7753453   | 12.03 | 1.31  | 1.4   | 555   | 4.77  | 16    |
| WRS008 | 415204   | 7756806   | 11.78 | 0.11  | 21.6  | 469   | 9.99  | 3     |
| WRS009 | 415033   | 7754221   | 9.16  | 0.27  | 37.6  | 6     | 15.85 | 4     |
| WRS010 | 416716   | 7753865   | 6.03  | 0.13  | 1.6   | 288   | 44.33 | 7     |
| WRS011 | 416027   | 7759932   | 8.23  | 0.01  | 4.7   | 620   | 6.41  | 4     |
| WRS012 | 416027   | 7759932   | 3.3   | 0.12  | 8.1   | 50    | 21.18 | 15    |
| WRS013 | 416498   | 7753749   | 10.51 | 1.66  | 1.2   | 1043  | 8.31  | 15    |
| WRS014 | 415906   | 7753035   | 3.32  | 0.1   | 6.6   | 9     | 1.17  | -     |
| WRS015 | 415627   | 7749014   | 9.91  | 1.1   | 8.7   | 36    | 7.83  | 37    |
| WRS016 | 415627   | 7749014   | 0.08  | 0.02  | -     | -     | 22.1  | -     |
| WRS017 | 414315   | 7741923   | 2.98  | 0.09  | 0.5   | 22    | 3.51  | -     |
| WRS018 | 415257   | 7760235   | 0.03  | 0.01  | 0.5   | 6     | 1.54  | -     |
| WRS019 | 416457   | 7759360   | 4.35  | 0.01  | 1.0   | 27    | 9.49  | 5     |
| WRS020 | 415902   | 7748783   | 0.02  | 0.01  | -     | 8     | 34.72 | -     |
| WRS021 | 415707   | 7748738   | 3.83  | 0.98  | 0.8   | 5     | 36.19 | 3     |
| WRS022 | 415813   | 7745814   | 0.01  | 0.01  | _     | 6     | 2.11  | -     |

\*AMG co-ordinates in metres (AGD 84)

#### Discussion

Geological mapping and sampling to better define the strongest copper and gold anomalies, is warranted early in the 2010 field season. This should be followed-up with geophysical surveys to refine targets for first-pass drilling.

#### Quamby Gold Mine

The Quamby gold mine is located within the Roseby Copper Project tenements some 20km SSE from the proposed Roseby treatment plant site and approximately 10km west of the Quamby "Roadhouse" situated 40km northerly from Cloncurry on the Burke Development Road (*Figure 2*)

#### Geology

Quamby Gold Mine geology is shown in *Figure 13*. Mine production figures have not been located to date. Production from the mine was derived from a north-trending open pit up to 30m deep and with approximate dimensions of 200m by 30m.

Gold mineralization is hosted within very hard, indurated, coarse detrital sediments interpreted as having been deposited in rivers and lakes in a down-faulted portion of the Middle Proterozoic Quamby Conglomerate. Previous workers have suggested that the gold mineralisation is a fossil placer deposit but, based on the current mapping and sampling, this appears to be unlikely.



Figure 13. Quamby Gold Mine Geological Setting

#### Sampling and Assaying

During a week-long reconnaissance programme, a total of 26 rock samples were collected from within the open-pit and various dumps. These were submitted for gold screen fire assay and ICP-OES multi-element analysis (see table below). Results of this work were reported to ASX on 12 January 2010 and are summarised below.

#### Results

Sample locations and analytical results are provided in the following tables.

| Sample  | Gold  | Sample Type/       | Notos                                       |
|---------|-------|--------------------|---|
| Number  | (ppm) | Location           | notes                                       |
| QLD L1  | 2.18  | Leach dump surface | Coarsely crushed material                   |
| QLD L2  | 2.72  | Leach dump surface | Coarsely crushed material                   |
| QLD L3  | 0.35  | Leach dump surface | Coarsely crushed material                   |
| QOD 001 | 0.12  | Oversize pad?      | Coarsely detrital                           |
| QOD 002 | 0.29  | Oversize pad?      | Coarsely detrital                           |
| QRS 001 | 0.07  | Rock chip          | Breccio-conglomerate                        |
| QRS 002 | 0.02  | Rock chip          | As above                                    |
| QRS 003 | 10.6  | Rock chip          | As above                                    |
| QRS 004 | 0.03  | Rock chip          | Faulted. hematised                          |
| QRS 005 | 5.31  | Rock chip          | Faulted. oxidised hydrothermal alteration   |
| QRS 006 | 0.18  | Rock chip          | As above                                    |
| QRS 007 | 0.04  | Rock chip          | Ferricrete veneer on oxidized conglomerate  |
|         | 0.00  | Pool ohin          | Cobble conglom.                             |
| QK5 000 | 0.09  | коск стр           | Med.grained detrital matrix                 |
| QRS 009 | 4.35  | Rock chip          | Oxidised coarse detrital sediment           |
| QTS 001 | 0.26  | Headwater talus    | Above alluvial workgs                       |
| QWB 001 | 0.13  | Waste dump bund    | Coarsely detrital                           |
| QWB 002 | 0.03  | Waste dump bund    | Coarsely detrital                           |
| QWB 003 | 0.04  | Waste dump bund    | Coarsely detrital                           |
| QWB 004 | 0.05  | Waste dump bund    | Coarsely detrital                           |
| QWB 005 | 0.19  | Waste dump bund    | Coarsely detrital                           |
| QWF 001 | 0.10  | Waste dump face    | Coarsely detrital                           |
| QWF 002 | 0.63  | Waste dump face    | Coarsely detrital                           |
| QWF 003 | 0.23  | Waste dump face    | Coarsely detrital. Fault affected; Oxidised |
| OWE 004 | 16.35 | Wasta dump face    | Coarsely detrital and fault affected.       |
| QWF 004 | 10.35 | waste uump tace    | Oxidised                                    |
| QW L1   | 0.19  | Waste dump surface | Coarsely detrital                           |
| QW L2   | 0.11  | Waste dump surface | Coarsely detrital                           |

Quamby Gold Mine: rock sample Locations and Gold Values

Note: gold assays are by screen fire assay

## Quamby Gold Mine: Multi-Element ICP Analyses of Selected Rock Samples

| Sample        | Au    | Cu    | Ag    | Co    | Mo    | Fe    | Ti   | Pb    | Zn    |
|---------------|-------|-------|-------|-------|-------|-------|------|-------|-------|
| number        | (ppm) | (ppm) | (ppm) | (ppm) | (ppm) | (%)   | (%)  | (ppm) | (ppm) |
| QRS001        | 0.07  | 11    | х     | 7     | х     | 10.84 | 0.45 | 6     | 14    |
| QRS002        | 0.02  | 13    | Х     | 9     | Х     | 8.83  | 0.45 | 6     | 21    |
| QRS003        | 10.60 | 7     | X     | 6     | X     | 11.22 | 0.50 | 6     | 15    |
| QRS004        | 0.03  | 15    | Х     | 7     | Х     | 7.51  | 0.71 | 7     | 20    |
| QRS005        | 5.31  | 29    | Х     | 7     | X     | 11.23 | 0.59 | 5     | 13    |
| QRS006        | 0.18  | 10    | Х     | 7     | Х     | 9.54  | 0.43 | 6     | 19    |
| QRS007        | 0.04  | 11    | Х     | 6     | Х     | 4.95  | 0.37 | Х     | 17    |
| QRS008        | 0.09  | 17    | Х     | 11    | Х     | 9.03  | 0.51 | 6     | 13    |
| QRS009        | 4.35  | 11    | Х     | 10    | X     | 11.51 | 0.30 | X     | 12    |
| QWF001        | 0.10  | 20    | Х     | 12    | Х     | 10.65 | 0.44 | 5     | 19    |
| QWF002        | 0.63  | 14    | Х     | 9     | Х     | 12    | 0.56 | 6     | 19    |
| QWF003        | 0.23  | 21    | X     | 12    | X     | 9.7   | 0.48 | 7     | 20    |
| <b>QWF004</b> | 16.35 | 15    | Х     | 6     | Х     | 12.54 | 0.67 | 6     | 14    |

#### Discussion

The sample results in bold type demonstrate the presence of fine and coarse (>150 micron) gold in a number of rock samples. The highest screen-fire assay gold grades occur in rocks with coarse gritty iron and titanium concentrations rather than in the finer grained heavy mineral bands. This may result from enhanced permeability of the coarser sediments to gold-bearing fluids. Copper, lead, zinc, molybdenum, cobalt and silver values are very low (*see table above*) and on this basis the mineralization is interpreted as a mono-elemental gold deposit.

Given its structural setting and associated hydrothermal alteration, the Quamby gold deposit is interpreted to be of hydrothermal origin, located along the Mt Rose Bee Fault system.

#### Future Work

Follow-up exploration of the Mt Rose Bee Fault system for hydrothermal gold mineralization along strike from the Quamby gold mine is warranted. This work should be integrated with future work at the Wonga copper-gold Project.

## **SEEP Joint Venture** (Xstrata Copper Sole Funding to Earn a 51% interest in the SEEP Area)

The details of this joint venture have been reported previously. The location of the SEEP area is shown in *Figure 14*.



Figure 14. Roseby SEEP Area Showing Resource Areas Excluded from SEEP

#### **SEEP Expenditure**

Sole funded expenditure by Xstrata Copper for the quarter on the SEEP JV was \$407,894

Total SEEP expenditure to date (31 December 2009) by Xstrata Copper is \$7,460,308

#### **SEEP** Activity

#### **Blackard Drilling**

Xstrata Copper completed a 900.3 metre diamond drill-hole during the quarter to test the confluence of an east-dipping western magnetic zone and the down-dip projection of the west-dipping sulphide system.

This hole terminated the drilling programme reported in the September quarter bringing the total metres drilled in 2009 to a total of 2564.1 metres for 4 holes completed and two holes aborted. Sulphide mineralisation in BCD864 was encountered from 600 to 650 metres. However, assays in the mineralised section of this hole were lower in copper grade than expected from visual estimates and the pulps from this interval have been submitted for analysis to a referee laboratory. Sulphide assay data for the drilling programme is not being released until the results of the check assaying are available. A plan of the completed drilling programme is provided in *Figure 15*.



Figure 15. Blackard Drill Hole Collars Over Magnetic Image

#### Surface Exploration

Surface exploration activities during the quarter continued to focus upon reconnaissance of three prospects which were selected for follow-up mapping and/or sampling of geological, geochemical and geophysical targets derived from an ongoing database review.

Geochemical sampling results over the Western Black Slates prospect lying 1.5 km NNW from Lady Clayre failed to identify any significant anomalism and it is unlikely that any further follow up work will be undertaken over the Western Black Slates anomaly.

Interpretation of the results of a 252 sample Mobile Metal Ion (MMI) soil sampling programme conducted over the Scanlan Extended and Scanlan South areas has failed to identify any geochemical anomalism suggesting the existence of a southern extension to the Scanlan resource area.

Inclement weather prevented completion of a planned programme of B-Field EM surveying over the Cabbage Tree Creek prospect. However, two of four planned lines were completed over the southern portion of the Little Eva prospect but failed to identify any conductors associated with the mineralised system.

## **3.2 MT ISA REGIONAL EXPLORATION**

## **3.2.1 Introduction**

Universal has nine granted Exploration Permits within the Mt Isa Inlier which secure a number of prospects and targets for one or more of copper, gold and uranium-rare earth mineralisation. Most of the known mineralisation within the tenements is of IOCG affinity and is located within, or in association with, major regional-scale faulting that is commonly associated with this style of deposit in the Mt Isa Mineral Province. In addition, roll-front uranium mineralisation has been identified within the Malakoff Project (EPM 14370 and EPM 14415) at a relatively shallow depth and presents an attractive exploration target.

**3.2.2 Leichhardt Joint Venture (Spider EPM 14367)** (49% Universal, Deep Yellow 51%, earning up to an 80% interest in the uranium and associated minerals)

#### Earn-In Joint Venture

At the end of December Quarter Deep Yellow had acquired a 51% interest in the JV by spending \$100,000 and have notified Universal that it intends to continue exploration to earn an 80% interest by sole funding a further \$150,000.

#### Work Completed

A first pass RC drilling programme was completed at the A25 and Big Dip prospects in early December. The program achieved its objective of testing a series of north-south trending radiometric anomalies previously identified in historic reports and confirmed by fieldwork carried out by Deep Yellow earlier in the year. A summary of the drilling and a table of results is provided below.

| Prospect Name | No. RC Holes | <b>Metres Drilled</b> | Samples collected |
|---------------|--------------|-----------------------|-------------------|
| A25           | 7            | 474                   | 166               |
| Big Dip       | 5            | 348                   | 33                |
| Total         | 12           | 822                   | 199               |

#### Leichhardt JV - Summary of 2009 RC Drilling

| Due au e et | Hole     | <b>F</b> oo <b>t</b> : | Northin at | A     | <b>D:</b> | TD           | Dept | h (m)     | Interval | $U_3O_8$   |
|-------------|----------|------------------------|------------|-------|-----------|--------------|------|-----------|----------|------------|
| Prospect    | Number   | Easting."              | noruning*  | AZIM. | Dip       | ( <b>m</b> ) | From | То        | (m)      | (ppm)      |
| A25         | A25RC001 | 353542                 | 7726555    | 270   | -60       | 66           | 44   | 47        | 3        | 353        |
| A25         | A25RC002 | 353570                 | 7727351    | 270   | -60       | 54           | 9    | 11        | 2        | 255        |
|             |          |                        |            |       |           |              | 19   | 21        | 2        | 250        |
|             |          |                        |            |       |           |              | 24   | 26        | 2        | 163        |
| A25         | A25RC003 | 353575                 | 7727400    | 270   | -60       | 72           | 38   | 40        | 2        | 235        |
|             |          |                        |            |       |           |              | 55   | 59        | 4        | 558        |
| A25         | A25RC004 | 353592                 | 7727356    | 270   | -60       | 90           | 54   | 55        | 1        | 270        |
|             |          |                        |            |       |           |              | 70   | 72        | 2        | 128        |
| A25         | A25RC005 | 353593                 | 7727308    | 270   | -60       | 72           | 58   | 61        | 3        | 265        |
| A25         | A25RC006 | 353618                 | 7727171    | 270   | -60       | 72           | 24   | 29        | 5        | 302        |
| A25         | A25RC007 | 353625                 | 7727021    | 274   | -60       | 48           | 27   | 29        | 2        | 190        |
| Big Dip     | BDRC001  | 357341                 | 7722155    | 270   | -60       | 84           |      |           |          | NSA        |
| Big Dip     | BDRC002  | 357342                 | 7722220    | 268   | -60       | 60           | 42   | <b>48</b> | 6        | <b>918</b> |
| Big Dip     | BDRC003  | 357341                 | 7722099    | 270   | -60       | 84           |      |           |          | NSA        |
| Big Dip     | BDRC004  | 357248                 | 7721977    | 246   | -60       | 60           | 6    | 8         | 2        | 333        |
| Big Dip     | BDRC005  | 357217                 | 7721946    | 33    | -60       | 60           |      |           |          | NSA        |

#### Leichhardt JV RC Drilling – XRF Assays

NSA– No Significant Assay \* AMG co-ordinates in metres (AGD 84)

## A25 Prospect

Seven holes for 474m were drilled at A25 prospect. The most intense mineralisation occurred in the northern-most hole, A25RC003 in a strongly hematite-albitite-silica-carbonate altered basalt. While stronger mineralisation seems to occur in discontinuous pods throughout the prospect, all of the drill holes intersected the same altered lithology which was up to 35 metre wide.

## Big Dip

Five holes for 348m were drilled at Big Dip. The most intense mineralisation occurred in the northern-most hole, BDRC002 – 6m at 918ppm  $U_3O_8$  from 42 metre in a strongly hematite-albitite-silica-carbonate altered basalt. The alteration zone is more intense but narrower and less continuous than at the A25 prospect.

The total length of the surface radiometric anomaly is 500m. The mineralisation appears to pinch out in the north while in the south it is truncated by a north east trending fault which is highlighted by a small creek bed.

## **3.2.3 Dronfield EPM 14369** (100% Universal, Syndicated Metals earning up to an 80% interest)

The Dronfield Joint Venture tenement (EPM14369) with Syndicated Metals Limited (Syndicated) is located immediately along strike to the south of EPM13870, owned by Syndicated, and covers a further nine kilometres of strike length of the Pilgrim Fault. A soil sampling program started along this zone late in the year was interrupted before completion due to heavy rain.

## 3.2.4 Cameron River EPM 8059 (100% Universal)

#### Geology and Mineralisation

The Ivy Ann copper-gold deposit (Inferred Resource of 0.72% copper and 0.12 gpt gold) lies within the Cameron River Project located only 34km by mainly sealed road south southeast from Roseby and could become future mill feed for the proposed Roseby concentrator. The deposit forms the southern portion of a largely untested 3km strike length of copper-gold mineralisation inter-connecting the Ivy Ann and Ivy Ann North prospects.

#### Drilling

The results of an 818m RC drilling programme completed during the September Quarter were reported to ASX on 13 November 2009. Significant assays from four of the five holes drilled are listed in the following table. The remaining hole (IAR 215) had no significant mineralisation.

| II ala ID |      | Interval (m) | Copper | Gold |       |
|-----------|------|--------------|--------|------|-------|
| Hole ID   | From | То           | Length | (%)  | (gpt) |
| IAR 213   | 122  | 125          | 3      | 1.29 | 0.11  |
|           | 146  | 157          | 11     | 0.87 | 0.14  |
| incl.     | 147  | 154          | 7      | 1.08 | 0.18  |
| IAR 214   | 52   | 56           | 4      | 4.63 | 0.52  |
| •         | 88   | 107          | 19     | 0.76 | 0.12  |
| incl.     | 97   | 107          | 10     | 1.11 | 0.18  |
|           | 126  | 156          | 30     | 0.62 | 0.08  |
| incl.     | 142  | 150          | 8      | 1.03 | 0.13  |
| IAR216    | 63   | 76           | 13     | 0.44 | 0.06  |
| incl.     | 70   | 76           | 6      | 0.67 | 0.08  |
| IAR 217   | 85   | 87           | 2      | 0.79 | 0.075 |
| incl.     | 85   | 86           | 1      | 1.14 | 0.08  |

All intersections have been calculated using a lower cut-off grade of 0.3 % copper. Some internal waste within the mineralised zones has been included in the intervals quoted above. The copper and gold values listed are the length-weighted average of the copper and gold assays over the relevant interval. Intervals referred to are down-hole lengths and are generally not true widths. No upper copper cut-offs have been applied.

Within the central and northern parts of the resource area (*Figure 16*) drilling located major sub-vertical faulting, forming the eastern boundary to the resource, and failed to test the full width of mineralisation on drill cross-sections 19,925N (*Figure 17*), 19,985N and 20,200N (*Figure 18*) due to strong downward deviation of drill-holes.

As a consequence of this the deposit was inadequately tested by these drill-holes and remains open along strike to the north and at depth.

Consideration is being given to down-hole geophysical surveys and surface sub-audio magnetic surveys to provide more detail of the sub-surface geometry of this deposit. Further drill testing will be considered following the interpretation of the results from these programmes.



Figure 16. Ivy Ann Project Geochemistry and Geophysical Anomaly Plan



Figure 17. Ivy Ann Copper Deposit Drill Cross Section 19,925N



Figure 18. Ivy Ann Copper Deposit Drill Cross Section 20,200N

## 3.3 LACHLAN FOLD BELT, NSW (Universal 90% interest)

The Burra (EL 5692) tenement, located 30 km south of Queanbeyan in the Lachlan Fold Belt of New South Wales (*Figure 19*), has good potential for poly-metallic massive zinc sulphide mineralisation comparable in age, setting and style of mineralisation to the now depleted Woodlawn mine.



Figure 19: Lachlan Fold Belt Geology and Tenements

## 3.3.1 Burra Project

The Burra project is prospective for zinc dominant poly metallic massive sulphide deposits. A 4 km long zinc geochemical anomaly is associated with numerous number of old leadzinc mines (*Figure 20*). Previous drilling has intersected encouraging zones of massive sulphides, at relatively shallow depths, suggesting there is a good potential for significant discoveries of massive sulphides on strike and at depth in this tenement.

No work was undertaken on this project during the quarter.



Figure 20. Burra Project Geology and Zinc-Lead-Silver Prospects

## 4. EXPLORATION EXPENDITURE

Cash at 31 December was \$3.548 million.

Expenditure on exploration and development projects for the Quarter was \$0.816 million.

Expenditure on exploration and development for the March 2010 Quarter is estimated to be \$0.25 million.

P. Angnam

P. A. J. Ingram Managing Director

Much of the information contained 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 Maurice Hoyle, a full-time employee and director of Universal Resources Limited. Mr Hoyle holds the degree of Bachelor of Science (Honours) in geology, is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Society of Economic Geologists. Mr Hoyle has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities which he is undertaking to qualify 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 exploration results and information in the form and context in which it appears.

#### **ROSEBY COPPER PROJECT**

#### **Identified Mineral Resources By Deposit And Category**

|                       | RESOURCES AT 0.3% COPPER CUT-OFF |      |           |        |      |          | CONT   | AINED |        |        |       |        |         |         |
|-----------------------|----------------------------------|------|-----------|--------|------|----------|--------|-------|--------|--------|-------|--------|---------|---------|
|                       | MEASURED                         |      | INDICATED |        | IN   | INFERRED |        |       | TOTAL  |        | METAL |        |         |         |
|                       | Tonnes                           | Gra  | ade       | Tonnes | Gr   | ade      | Tonnes | Gr    | ade    | Tonnes | Gr    | ade    | COPPER  | GOLD    |
| DEPOSIT               | м                                | Cu % | Au g/t    | м      | Cu % | Au g/t   | м      | Cu %  | Au g/t | м      | Cu %  | Au g/t | 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   | 0.6   | 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   | 92.70  | 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 |

#### **Board of Directors**

#### **Company Secretary and CFO**

Kevin Maloney (Non-executive Chairman) Peter Ingram (Managing Director) Maurice Hoyle (Executive Director, Technical) Jason Brewer (Non-executive) Bruce Fulton (Non-executive)

#### Contacts

Peter Ingram or Des Kelly Ph. +61 8 9486 8400 Email. reception@universalresources.com.au

#### **Share Registry**

Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Tce Perth, Western Australia, 6000 Ph. +61 8 9323 2000 Desmond Kelly

#### **Stock Exchange Listing**

The Company is listed on the Mining Board of Australian Securities Exchange (ASX): Code **URL**  Appendix 5B

Rule 5.3

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Universal Resources Limited

ABN

35 090 468 018

Quarter ended ("current quarter")

Year to date

(...6....months)

31 December 2009

Current quarter

\$A'000

#### Consolidated statement of cash flows

#### Cash flows related to operating activities

|      |                             |                   |        |         | \$A'000 |
|------|-----------------------------|-------------------|--------|---------|---------|
| 1.1  | Receipts from product sale  | es and related de | btors  | -       | -       |
| 1.2  | Payments for (a) evaluation | exploration       | and    | (673)   | (993)   |
|      | (b) d                       | evelopment        |        | (143)   | (376)   |
|      | (c) p<br>(d) a              | dministration     |        | (559)   | (803)   |
| 1.3  | Dividends received          |                   |        | -       | -       |
| 1.4  | Interest and other items    | of a similar      | nature |         |         |
|      | received                    |                   |        | 30      | 45      |
| 1.5  | Interest and other costs of | finance paid      |        | (334)   | (712)   |
| 1.6  | Income taxes paid           |                   |        | -       | -       |
| 1.7  | Other – tax offset          |                   |        | -       | 337     |
|      | Other – deposits            |                   |        | -       | 20      |
|      |                             |                   |        |         |         |
|      | Net Operating Cash Flow     | VS                |        | (1,679) | (2,482) |
|      |                             |                   |        |         |         |
|      | Cash flows related to inv   | esting activities | 5      |         |         |
| 1.8  | Payment for purchases of:   | (a)prospects      |        | -       | -       |
|      |                             | (b)equity         |        | -       | -       |
|      | investments                 |                   |        |         |         |
|      |                             | (c) other         | fixed  | (38)    | (43)    |
|      | assets                      | <i>.</i>          |        |         |         |
| 1.9  | Proceeds from sale of:      | (a)prospects      |        | -       | -       |
|      | •                           | (b)equity         |        | -       | -       |
|      | investments                 |                   | C' 1   |         |         |
|      |                             | (c)other          | fixed  | -       | -       |
| 1 10 |                             |                   |        |         |         |
| 1.10 | Loans to other entities     | <i>.</i> •        |        | -       | -       |
| 1.11 | Loans repaid by other enti- | ties              |        | -       | -       |
| 1.12 | Other (provide details if m | laterial)         |        | -       | -       |
|      | Net investing cash flows    |                   |        | (38)    | (43)    |
| 1.13 | Total operating and in      | vesting cash      | flows  |         |         |
|      | (carried forward)           |                   |        | (1,717) | (2,525) |

<sup>+</sup> See chapter 19 for defined terms.

| 1.13         | Total operating and investing cash flows (brought forward)                       | (1,717) | (2,525) |
|--------------|--|---------|---------|
|              |  |         |         |
|              | Cash flows related to financing activities                                       |         |         |
| 1.14         | Proceeds from issues of shares, options, etc.                                    | 2,160   | 3,960   |
| 1.15         | Proceeds from sale of forfeited shares   | -       | -       |
| 1.16         | Proceeds from borrowings   | -       | -       |
| 1.17         | Repayment of borrowings  | -       | -       |
| 1.18         | Dividends paid   | -       | -       |
| 1.19         | Other (provide details if material)  | (66)    | (136)   |
|              | Net financing cash flows   | 2,094   | 3,824   |
|              | Net increase (decrease) in cash held   | 377     | 1,299   |
| 1.20<br>1.21 | Cash at beginning of quarter/year to date Exchange rate adjustments to item 1.20 | 3,173   | 2,251   |
| 1.22         | Cash at end of quarter   | 3,550   | 3,550   |

### Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 106                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   |                            |

1.25 Explanation necessary for an understanding of the transactions

Salaries and superannuation

#### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

#### **Financing facilities available**

Add notes as necessary for an understanding of the position.

| Amount available | Amount used |
|------------------|-------------|
| \$A'000          | \$A'000     |

<sup>+</sup> See chapter 19 for defined terms.

| 3.1 | Loan facilities             |  |
|-----|-----------------------------|--|
| 3.2 | Credit standby arrangements |  |

## Estimated cash outflows for next quarter

|     | -                          | \$A'000 |
|-----|----------------------------|---------|
| 4.1 | Exploration and evaluation | 210     |
| 4.2 | Development                | 530     |
|     | Total                      | 740     |

## **Reconciliation of cash**

| Record<br>shown<br>the re- | nciliation of cash at the end of the quarter (as<br>n in the consolidated statement of cash flows) to<br>lated items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|----------------------------|---|----------------------------|-----------------------------|
| 5.1                        | Cash on hand and at bank  | 17                         | 27                          |
| 5.2                        | Deposits at call  | 3,533                      | 3,146                       |
| 5.3                        | Bank overdraft  |                            |                             |
| 5.4                        | Other (provide details)   |                            |                             |
|                            | Total: cash at end of quarter (item 1.22)   | 3,550                      | 3,173                       |

## Changes in interests in mining tenements

|     |   | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|-----|---|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining<br>tenements relinquished,<br>reduced or lapsed | Nil                   |                                  |  |                                  |
| 6.2 | Interests in mining<br>tenements acquired or<br>increased           | Nil                   |                                  |  |                                  |

<sup>+</sup> See chapter 19 for defined terms.

**Issued and quoted securities at end of current quarter** Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|      |  | Total number | Number quoted | Issue price per    | Amount paid up per               |
|------|--|--------------|---------------|--------------------|----------------------------------|
|      |  |              | -             | security (see note | security (see note 3)            |
|      |  |              |               | 3) (cents)         | (cents)                          |
| 7.1  | Preference                                   |              |               |                    |                                  |
|      | +securities                                  |              |               |                    |                                  |
|      | (description)                                |              |               |                    |                                  |
| 7.2  | Changes during                               |              |               |                    |                                  |
|      | quarter                                      |              |               |                    |                                  |
|      | (a) Increases                                |              |               |                    |                                  |
|      | through issues                               |              |               |                    |                                  |
|      | (b) Decreases                                |              |               |                    |                                  |
|      | of capital buy                               |              |               |                    |                                  |
|      | backs  |              |               |                    |                                  |
|      | redemptions                                  |              |               |                    |                                  |
| 7.3  | +Ordinary                                    | 892,341,800  | 892,341,800   |                    |                                  |
| 110  | securities                                   |              |               |                    |                                  |
|      |  |              |               |                    |                                  |
| 7.4  | Changes during                               |              |               |                    |                                  |
|      | quarter                                      |              |               |                    |                                  |
|      | (a) Increases                                | 120.000.000  | 120.000.000   | \$0.018            | \$0.018                          |
|      | through issues                               | - , ,        | - , ,         |                    |                                  |
|      | (b) Decreases                                |              |               |                    |                                  |
|      | through returns                              |              |               |                    |                                  |
|      | of capital, buy-                             |              |               |                    |                                  |
| 75   |  |              |               |                    |                                  |
| 7.5  | <sup>1</sup> Convertible<br>debt geographics |              |               |                    |                                  |
|      | (description)                                |              |               |                    |                                  |
| 76   | Changes during                               |              |               |                    |                                  |
| 7.0  | quarter                                      |              |               |                    |                                  |
|      | (a) Increases                                |              |               |                    |                                  |
|      | through issues                               |              |               |                    |                                  |
|      | (b) Decreases                                |              |               |                    |                                  |
|      | through                                      |              |               |                    |                                  |
|      | securities                                   |              |               |                    |                                  |
|      | matured,                                     |              |               |                    |                                  |
|      | converted                                    |              |               |                    |                                  |
| 7.7  | Options                                      | 2 385 000    |               | Exercise price     | Expiry date<br>14 September 2010 |
|      | (description and                             | 1,000,000    |               | 15 cents           | 12 March 2012                    |
|      | conversion                                   | 800,000      |               | 15 cents           | 5 September 2011                 |
|      | jacior)                                      | 5,000,000    |               | 15 cents           | 27 December 2012<br>30 June 2013 |
|      |  | 6,000,000    |               | 15 cents           | 16 December 2013                 |
| 7.8  | Issued during                                |              |               |                    |                                  |
|      | quarter                                      |              |               |                    |                                  |
| 7.9  | Exercised during                             |              |               |                    |                                  |
|      | quarter                                      |              |               |                    |                                  |
| 7.10 | Expired during                               |              |               |                    |                                  |
|      | quarter                                      |              |               |                    |                                  |
| 7.11 | Debentures                                   |              |               |                    |                                  |
|      | (totals only)                                |              |               |                    |                                  |

<sup>+</sup> See chapter 19 for defined terms.

| 7.12 | Unsecured<br>notes (totals<br>only) |  |
|------|-------------------------------------|--|
|      |                                     |  |

## **Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Print name: Desmond Kelly

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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<sup>+</sup> See chapter 19 for defined terms.