

NEWS RELEASE

3 September 2009

VULCAN RESOURCES AND UNIVERSAL RESOURCES TO MERGE

Vulcan Resources Ltd ("Vulcan") and Universal Resources Ltd ("Universal") are pleased to announce their intention to merge, subject to satisfactory due diligence and other conditions being satisfied.

Under the proposed merger, Vulcan shareholders will receive 6.85 Universal fully paid ordinary shares for every one Vulcan fully paid ordinary share they hold.

It is proposed that the merger will be effected by way of a Vulcan scheme of arrangement. It is envisaged that the enlarged Universal will consolidate its shares on a basis yet to be decided.

The parties have entered into a non-binding term sheet outlining the proposed terms of the merger. The parties have agreed to deal exclusively with each other to progress the proposal for a period of approximately three weeks (while preserving each board's ability to fulfil their fiduciary duties). At the end of that period the parties intend to enter into a merger implementation agreement by 21 September 2009. The agreement will contain terms and conditions which are usual for agreements of that nature, including obtaining all necessary shareholder and regulatory approvals. Due diligence by both parties is under way.

The Companies have agreed that Universal will assess its capital requirements during the period of the merger and will advise the market should a decision be made to raise additional funds.

Should a merger eventuate it will create a significant copper group with advanced development stage projects in Queensland, Australia and in Finland. Definitive Feasibility Studies have been completed for both projects and each has robust financials. The merged group will have a strong cash position given Vulcan's cash on hand of A\$28.4 million.

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