

UNIVERSAL URANIUM LTD.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

and

September 30, 2007

DE VISSER GRAY LLP
CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

Tel: (604) 687-5447
Fax: (604) 687-6737

AUDITORS' REPORT

To the Shareholders of Universal Uranium Ltd.

We have audited the consolidated balance sheets of Universal Uranium Ltd. as at September 30, 2008 and 2007 and the consolidated statements of operations and deficit and the consolidated cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2008 and 2007 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"De Visser Gray LLP"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
January 19, 2009

UNIVERSAL URANIUM LTD.
CONSOLIDATED BALANCE SHEETS
As at September 30,

	2008	2007
	\$	\$
A S S E T S		
Current assets		
Cash	1,014,918	795,252
Funds in trust (Note 6)	-	505,558
Amounts receivable	18,744	165,406
Security deposits	29,122	46,915
Prepaid expense	4,004	5,904
	1,066,788	1,519,035
Long term receivable (Note 5)	110,550	-
Reclamation bonding (Note 6)	114,455	114,455
Equipment (Note 3)	36,139	47,441
Other assets (Note 4)	2,253,095	904,118
Mineral properties (Note 6)	4,955,742	12,024,319
	8,536,769	14,609,368
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	134,703	1,834,416
Asset Retirement Obligation (Note 7)	14,507	-
	149,210	1,834,416
Shareholders' Equity		
Share capital (Note 8)	22,193,588	19,083,898
Contributed surplus (Note 8d)	3,108,887	2,553,719
Deficit	(16,914,916)	(8,862,665)
	8,387,559	12,774,952
	8,536,769	14,609,368
Continuing operations (Note 1)		

Approved on behalf of the Board of Directors:

“Ronald Atlas”, Director

“Steven Chan”, Director

UNIVERSAL URANIUM LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
For the Years Ended September 30,

	2008	2007
	\$	\$
Expenses:		
Bank charges	1,449	2,056
Consulting fees	48,500	131,216
Corporate and administration fees	14,750	14,781
Directors' fees	-	10,000
Filing and transfer agent fees	54,047	34,531
Legal & accounting fees	80,584	119,509
Management fees	126,258	66,315
Office rent, services and supplies	50,222	60,493
Salaries and benefits	92,610	115,603
Shareholders' communication & promotion	63,260	179,917
Travel, meals & entertainment	41,924	73,892
	<u>(573,604)</u>	<u>(808,313)</u>
Other income (expenses):		
Amortization	(11,518)	(14,116)
Interest income	25,989	47,178
Investment income	-	6,580
Expenses recovered – prior year	-	36,850
Foreign exchange loss	(4,554)	(11,348)
Future income tax recovery	620,000	690,525
Stock-based compensation	(490,501)	(1,484,450)
Write-off of other assets	(3,494,523)	(486,833)
Write-off of mineral properties	(3,583,245)	(133,621)
Loss on sale of mineral property	(540,295)	-
Net loss and comprehensive loss for the year	<u>(8,052,251)</u>	<u>(2,157,548)</u>
Deficit - beginning of the year	<u>(8,862,665)</u>	<u>(6,705,117)</u>
Deficit - end of the year	<u><u>(16,914,916)</u></u>	<u><u>(8,862,665)</u></u>
Loss per share	<u>(0.18)</u>	<u>(0.06)</u>
Weighted average number of common shares outstanding	<u><u>43,528,486</u></u>	<u><u>37,906,133</u></u>

UNIVERSAL URANIUM LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30,

	2008	2007
	\$	\$
Cash provided by (used for):		
Operating Activities		
Net loss for the year	(8,052,251)	(2,157,548)
Adjustment which do not affect cash:		
Amortization	11,518	14,116
Stock-based compensation	490,501	1,484,450
Future income tax recovery	(620,000)	(690,525)
Write-off of mineral properties	3,583,245	133,621
Write-off of other assets	3,494,523	486,833
Loss on sale of mineral property	540,295	-
	<u>(552,169)</u>	<u>(729,053)</u>
Net changes in non-cash working capital items:		
Amounts receivable	36,112	(149,437)
Prepaid expense	1,900	23,158
Accounts payable	340,145	37,507
	<u>(174,012)</u>	<u>(817,825)</u>
Financing Activities		
Issue of share capital	3,805,000	4,128,693
Share issue costs	(166,773)	(222,564)
	<u>3,638,227</u>	<u>3,906,129</u>
Investing Activities		
Mineral property costs	(3,262,126)	(3,806,224)
Reclamation bonding	-	(14,507)
Equipment purchased	(216)	(11,075)
Security deposits	17,793	(12,245)
Other assets (Note 4)	-	(1,390,951)
Funds in trust	-	(505,558)
	<u>(3,244,549)</u>	<u>(5,740,560)</u>
Increase (decrease) in cash	219,666	(2,652,256)
Cash - beginning of year	795,252	3,447,508
Cash - end of year	<u>1,014,918</u>	<u>795,252</u>
Supplementary disclosures:		
Interest income received	25,989	47,178
Investment income received	-	6,580

Refer also to Notes 6 and 8 for disclosure of common shares issued mineral properties and for share issue costs, and received common shares and warrants as proceeds on the disposition of a mineral property.

UNIVERSAL URANIUM LTD.
Consolidated Schedule of Deferred Mineral Property Costs
For the year ended September 30,

	Balance 2006 \$	Additions and Write-offs \$	Balance 2007 \$	Additions \$	Write-off	Balance 2008 \$
Lisbon Valley						
Acquisition costs	1,885,572	110,275	1,995,847	68,678	-	2,064,525
Exploration costs						
Accommodations	-	13,631	13,631	8,449	-	22,080
Assays and sampling	802	2,631	3,433	-	-	3,433
Claims and staking maintenance	100,015	144,203	244,218	43,557	-	287,775
Consultants	101,693	66,556	168,249	-	-	168,249
Drilling	1,036,617	648,600	1,685,217	(2,117)	-	1,683,100
Field work	68,666	30,252	98,918	-	-	98,918
Field office and administration	25,133	8,347	33,480	304	-	33,784
Geophysical	38,460	27,426	65,886	-	-	65,886
Legal	60,105	798	60,903	-	-	60,903
Maps and reports	9,485	1,471	10,956	-	-	10,956
Reclamation costs	30,512	26,915	57,427	2,545	-	59,972
Site visits	32,548	2,093	34,641	-	-	34,641
Vehicle rental	29,393	9,807	39,200	-	-	39,200
	3,419,001	1,093,005	4,512,006	121,416	-	4,633,422
Silver Spruce (Labrador)						
Acquisition costs & recoveries	45,000	-	45,000	(5,638,929)	5,593,929	-
Exploration costs						
Airbourne	-	30,437	30,437	33,618	(64,055)	-
Claims staking and maintenance	150,431	(130,171)	20,260	10,274	(30,534)	-
Consulting – Geology & Geochemistry	-	654,330	654,330	154,295	(808,625)	-
Drafting and mapping	5,355	14,957	20,312	44,079	(64,391)	-
Drilling	-	1,770,603	1,770,603	591,768	(2,362,371)	-
Field work and supplies	52,188	612,053	664,241	409,835	(1,074,076)	-
Field administration	5,111	67,105	72,216	78,105	(150,321)	-
Geophysics, magnetics & radiometrics	553,844	244,330	798,174	34,598	(832,772)	-
Legal	-	12,644	12,644	239,132	(251,776)	-
Linecutting	-	33,311	33,311	634	(33,945)	-
SSR – management fees	53,876	283,501	337,377	110,472	(447,849)	-
Transport (mobilization)	11,965	1,544	13,509	-	(13,509)	-
	877,770	3,594,644	4,472,414	(3,932,119)	(540,295)	-
Artillery (Mohave)						
Acquisition costs	1,156,585	488,995	1,645,580	-	(1,645,580)	-
Exploration costs						
Assays and sampling	-	-	-	5,627	(5,627)	-
Claims staking and recording	23,294	19,126	42,420	671	(43,091)	-
Consultants – Geology & Geotechnical	6,302	108,251	114,553	68,199	(182,752)	-
Drilling	-	11,255	11,255	452,765	(464,020)	-
Field work, supplies & equipment	-	36,468	36,468	22,060	(58,528)	-
Field administration	7,179	31,849	39,028	3,144	(42,172)	-
Legal	39,459	3,424	42,883	6,539	(49,422)	-
Road construction	-	24,618	24,618	52,296	(76,914)	-
Site visits	-	9,739	9,739	2,154	(11,893)	-
Site reclamation	-	-	-	14,507	(14,507)	-
	1,232,819	733,725	1,966,544	627,962	(2,594,506)	-

See notes to financial statements

UNIVERSAL URANIUM LTD.
Consolidated Schedule of Deferred Mineral Property Costs
For the year ended September 30,

	Balance 2006 \$	Additions \$	Balance 2007 \$	Additions \$	Write-off	Balance 2008 \$
Jamestown/Marshall Pass						
Acquisition costs	22,600	(22,600)	-	-	-	-
Exploration costs						
Claims staking and maintenance	21,701	(21,701)	-	-	-	-
Consultants - Geology	2,866	(2,896)	-	-	-	-
Drafting and mapping	953	(953)	-	-	-	-
Field administration	412	(412)	-	-	-	-
Field work and supplies	12,794	(12,794)	-	-	-	-
	<u>61,326</u>	<u>(61,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tripple Uranium properties						
Acquisition costs	-	652,500	652,500	-	(652,500)	-
Exploration costs						
Advances	56,111	-	56,111	(88,982)	32,871	-
Air Charters	42,532	-	42,532	-	(42,532)	-
Claims and maintenance	98,172	-	98,172	-	(98,172)	-
Consultants	57,113	24,000	81,113	-	(81,113)	-
Equipments and tools	14,151	-	14,151	-	(14,151)	-
Field administration	9,667	7,955	17,622	-	(17,622)	-
Field work and supplies	25,034	-	25,034	-	(25,034)	-
Legal	-	-	-	4,365	(4,365)	-
Site visits	23,831	-	23,831	-	(23,831)	-
Sub-contracts	31,179	-	31,179	-	(31,179)	-
Wages and labour	31,110	-	31,110	-	(31,110)	-
	<u>388,900</u>	<u>684,455</u>	<u>1,073,355</u>	<u>(84,617)</u>	<u>(988,738)</u>	<u>-</u>
St. George's Basin						
Acquisition costs	-	-	-	186,130	-	186,130
Exploration costs						
Claims and maintenance	-	-	-	53,277	-	53,277
Consultants	-	-	-	82,720	-	82,720
Drafting and mapping	-	-	-	170	-	170
Field administration	-	-	-	23	-	23
	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,320</u>	<u>-</u>	<u>322,320</u>
TOTALS	<u>5,979,816</u>	<u>6,044,503</u>	<u>12,024,319</u>	<u>(2,945,038)</u>	<u>(4,123,539)</u>	<u>4,955,742</u>

UNIVERSAL URANIUM LTD.
Notes to Consolidated Financial Statements
September 30, 2008 and 2007

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of \$16,914,916 at September 30, 2008. The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of expenses incurred during the period. Actual results could differ from those estimates.

Refer particularly to note 4 in connection with the estimated recoverable amounts of asset-backed commercial paper, and also to note 6(e) in respect to the fair value measurement of stock-based compensation.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Universal Uranium USA Inc. and Phoenix Uranium Corp. All significant inter-company transactions have been eliminated.

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange.

Stock-based Compensation

The Company follows the Recommendations of the Canadian Institute of Chartered Accountants ("CICA") for the recognition of stock-based compensation which requires that all stock option-based awards made to consultants and employees be recognized and measured using a fair value-based method.

Consideration received on the exercise of stock options and compensation options and warrants is recorded as share capital and the related contributed surplus originally recognized when the options were granted, is transferred to share capital.

Share issue costs

Share issue costs, which include commissions, professional and regulatory fees are charged directly to share capital.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. At September 30, 2008 and 2007 there were no common share equivalent securities outstanding and accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Mineral Properties

The Company records its interests in mineral properties and all direct expenditures incurred on them at cost. All direct and indirect costs relating to the acquisition of these properties are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be impairment in value. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production or charged to operations in the year of abandonment or sale. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral properties is based on cash paid, the value of any common share consideration issued and exploration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Equipment

Equipment consists of office and computer equipment which is recorded at cost and amortized over its estimated useful economic life on the declining-balance basis at the rates of 20% and 30% per annum.

Cash and Cash Equivalents

Cash and cash equivalents include cash in accounts and securities that on acquisition are convertible to cash within three months. These investments are highly liquid marketable securities and deposits, which are designated as held-for-trading and are recorded at their fair values. Fair values are determined by reference to quoted market prices at the balance sheet date. Unrealized gains and losses on held-for-trading investments are recognized in income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. At each balance sheet date, the Company assesses for any impairment in value that is considered to be other than temporary, and records any write-downs to net loss for the period.

Asset Retirement Obligations

The Company recognizes a liability for an asset retirement obligation when it is determinable and calculates the liability based upon discounted future payments to be made. A corresponding amount is added to the carrying amount of the related long-lived asset, and this amount is subsequently allocated to expense over its expected life. Adjustment will also be made in subsequent periods to changes in asset retirement obligations due to changes in estimates. At September 30, 2008, the Company reported an obligation of \$14,507.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

The Company accounts for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets are recognized. Such an allowance has been applied to all potential income tax assets of the Company.

Translation of Foreign Currencies

The Company translates the results of foreign operations as follows; monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items at average rates in effect during the period in which they are incurred and expenses are translated at average rates in effect during the period, except for amortization, which is translated using historical rates. Gains and losses resulting from the translation of foreign exchange rates are included in the determination of income.

Financial Instruments

The Company's financial instruments consist of current assets and current liabilities, other assets, reclamation bonding and a related reclamation liability.

During the comparative year the Company adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These sections provide standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives, and describe when and how hedge accounting may be applied. Section 1530 provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented currently, as no components of comprehensive income have been identified.

Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of changes in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to debt financings must be expensed in the period incurred.

The Company's financial instruments are all classified as being 'held-to-maturity' with the exception of its other assets which are considered to be 'held-for-trading'.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. Cash deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Accounts receivable consist of Input Tax Credits owed to the Company by the Government of Canada and interest accrued on cash equivalents. Accordingly, the Company's opinion is that credit risk is minimal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign Exchange Risk

The Company faces certain foreign exchange risks related to expenses and deferred exploration costs incurred in U.S. dollars, a currency which may appreciate against the Canadian dollar, the Company's reporting currency. Additionally, net working capital balances denominated in non-reporting currencies are also subject to fluctuations in value. The Company mitigates these threats by limiting its exposure to such balances where their expenditure in the same non-reporting currency is not imminent.

Flow-through shares

The Company may issue securities referred to as flow-through shares, whereby the investor may claim the tax deduction arising from the expenditure of the proceeds. When resource expenditures are renounced to the investors and the Company has reasonable assurance that expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), and share capital is reduced. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

Adoption of new accounting standards

Effective October 1, 2007 the Company adopted the following new accounting standards:

Section 1400 – Assessing Going Concern

CICA Handbook Section 1400, as amended, changed the guidance related to management's responsibility to assess the ability of an entity to continue as a going concern. Management is required to make an assessment of the Company's ability to continue as a going concern, taking into account all information available for at least, but not limited to 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. The adoption of this standard had no impact on the Company's disclosures as these uncertainties have been, and continue to be, fully described herein.

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. The Company has a simple capital structure given that it is largely dependent on unsecured equity financing, and therefore adoption of this standard has required no additional disclosures in these notes.

Section 3862 – Financial Instruments – Disclosures

This Section requires additional disclosures to enable users of the Company's financial statements to evaluate the significance of financial instruments to the Company's financial position and performance. In addition, qualitative and quantitative disclosures are provided as appropriate to enable users to evaluate the nature and extent of risks arising from the Company's financial instruments. These disclosures were presented above within the financial instruments accounting policies.

New Canadian Accounting Pronouncement

International Financial Reporting Standards (“IFRS”)

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not been fully determined at this time.

3. EQUIPMENT

	Year ended September 30, 2008		
	Cost	Accumulated	Net
	\$	Amortization \$	\$
Computer equipment	35,278	23,143	12,135
Office equipment	48,050	24,472	23,578
Leasehold improvements	2,114	1,688	426
	<u>85,442</u>	<u>49,303</u>	<u>36,139</u>

	Year ended September 30, 2007		
	Cost	Accumulated	Net
	\$	Amortization \$	\$
Computer equipment	35,278	17,942	17,336
Office equipment	47,834	18,578	29,256
Leasehold improvements	2,114	1,265	849
	<u>85,226</u>	<u>37,785</u>	<u>47,441</u>

4. OTHER ASSETS

During the previous year end, the Company invested \$1,390,951 in a collateralized short term debt obligation (the "Note"), issued by Conventree Inc. and commonly known as "Asset Backed Commercial Paper" ("ABCP"). The redemption of the Note is dependent on the cash generated by the ABCP's underlying assets and the ability of the trust that issued the note to refinance it in the ABCP market. The Note was due and repayable to the Company on September 1, 2007, however the market for ABCP has ceased to function and the Company's Note was not redeemed upon maturity. The Company was unable to determine if or when it may obtain the funds due under its Note, or whether the full amount invested will be recoverable. Accordingly, it has reclassified the Note as a non-current asset, and revalued it to \$904,118.

During the current year end, the Company re-assessed the estimated recoverable amount of its investment and decided that the original investment should be written down further by \$765,023.

The Company has made an assessment of the estimated recoverable amount of its investment based on the impact on related, but still functioning, markets for comparable financial instruments, and also with reference to the charges recently taken by other companies holding ABCP. The resultant allowance for 90% of the investment balance is only an estimate and the ultimate recovery, assuming that it eventually occurs in some manner, could be materially greater or less than the adjusted balance of the investment.

Also during the current year end, the Company received the following:

- a) 100,000 shares of Bayswater Uranium Corp. ("Bayswater") in connection with the joint letter of agreement (Silver Spruce Resources and the Company) with Bayswater, whereby Bayswater was granted an option to acquire a 50% interest in 34 mineral claims, which is currently held 50% by Silver Spruce and 50% by the Company. The 100,000 common shares of Bayswater were originally recorded at the market value of \$0.435 per share (\$43,500) but were written down to the market value of \$0.14 per share (\$14,000) as at September 30, 2008.
- b) 10,000,000 shares and 7,500,000 warrants of Crosshair Exploration & Mining Corp. ("Crosshair") pursuant to the acquisition agreement whereby Crosshair acquired Universal's 60% interest in its Central Mineral Belt (CMB), Labrador, uranium project as further discussed in Note 6 The 10,000,000 common shares of Crosshair were originally recorded at market value of \$0.48 per share on July 29, 2008 (the agreement date). The shares were written down to the market value of \$0.21 (\$2,100,000) as at September 30, 2008.

4. **OTHER ASSETS (continued)**

The Company has taken a valuation allowance in respect to the common shares and share purchase warrants of Crosshair due to the re-sale restrictions that are in effect. The allowance is equal to the calculated fair value of the Crosshair warrants, and accordingly the carrying value of the total investment is reported based on the current market value of the Crosshair shares.

	Year ended September 30, 2008		
	Originating	Write-down to	Fair Value
	value	Fair Value	Fair Value
	\$	\$	\$
Asset Backed Commercial Paper	904,118	(765,023)	139,095
Bayswater Uranium Corp.	43,500	(29,500)	14,000
Crosshair Exploration & Mining Corp.	4,800,000	(2,700,000)	2,100,000
	5,747,618	(3,494,523)	2,253,095

	Year ended September 30, 2007		
	Originating	Write-down to	Fair Value
	value	Fair Value	Fair Value
	\$	\$	\$
Asset Backed Commercial Paper	1,390,951	(483,833)	904,118
	1,390,951	(483,833)	904,118

5. **LONG TERM RECEIVABLE**

On September 26, 2007, the Company received a Promissory Note from a former director in the amount of \$110,550, previously recorded in amounts receivable. The note bears interest of 4% per annum and was due and payable on March 26, 2008. Due to the uncertainty of collection the amount, the Company has not accrued any interest to date.

6. **MINERAL PROPERTIES**

**Lisbon Valley
San Juan County, Utah, USA**

The Company has an option, amended slightly during the current year, to acquire a 100% interest in two mining lease agreements comprising 302 unpatented lode mining claims, which was acquired by the reimbursement of \$156,735 in previous acquisition costs (paid), the issue of 3,550,000 shares (issued) and the payment of US\$355,000 (\$305,000 paid) prior to production and the requirement to pay a minimum of US\$100,000 per year once production is attained, which is to be credited against sliding scale royalty based upon the value of uranium recovered. Annual fees of approximately US\$40,000 are also due to government agencies.

A reclamation bond of \$99,948 (US\$84,000) has been posted with the State of Utah.

Silver Spruce Properties, Labrador, Canada

On January 18, 2006, the Company optioned from Silver Spruce Resources (SSE) the right to earn a majority interest in a 4,963 claim property (approximately 124,000 hectares / 300,000 acres), located in the Central Mineral Belt (CMB) of Labrador, Canada. Under the terms of the agreement, Universal can earn a 60-per-cent interest by spending \$2-million on exploration over a three year period (completed) and during the earn-in period SSE was the operator.

The Company paid a \$45,000 finder's fee to an arms-length third party.

On April 3, 2007, the Company completed its 60% earn-in on the Silver Spruce Properties and as a result owned a 60% interest in the Joint Venture. At September 30, 2007 the Company had paid \$505,558 into a lawyer's trust account in connection with the payment of exploration costs incurred on the Silver Spruce Properties, an amount which was also recorded within accounts payable at that date. During the current year the amount was paid out and the payable balance was reduced accordingly.

6. MINERAL PROPERTIES *(continued)*

On July 30, 2008, the Company announced that it had closed on the agreement with Crosshair Exploration (“Crosshair”) to acquire all of Universal’s 60% interest in its Central Mineral Belt (CMB), Labrador, uranium project, consisting of approximately 4,737 claims and including the Two Time uranium deposit, which sits outside the Labrador Inuit Land area.

Disposition details

As consideration for Universal’s interest in the Property, Crosshair paid Universal CDN\$500,000 and issued 10,000,000 common shares and 7,500,000 warrants. Each warrant entitles Universal to purchase an additional common share in the capital of Crosshair at CDN\$1.00 per share for a period of three years from Closing subject to early expiry in the event that the average trading price of Crosshair’s common shares exceeds CDN\$2.00 for a period of 20 days while the warrants are outstanding. The securities issued to Universal are subject to escrow for two years following the Closing, to be released in equal tranches in three month intervals. Universal will grant Crosshair’s management a voting proxy over any Crosshair shares it holds or acquires on exercise of the warrants while such shares are in escrow. These escrow and voting provisions will expire if Universal distributes the securities to its shareholders. Universal will retain a 2% net smelter return royalty on its 60% interest in the Property, 0.5% of which may be purchased by Crosshair for CDN\$1,000,000.

The Company recorded a loss of \$540,295 on the disposition, reflecting the excess of costs incurred on the property over the sales proceeds received of \$5.3 million. The Company has taken a valuation allowance in respect to the common shares and share purchase warrants of Crosshair due to the re-sale restrictions that are in effect. The allowance is equal to the calculated fair value of the Crosshair warrants, and accordingly the non-cash proceeds were recorded based on the current market value of the Crosshair common shares received.

Artillery Peak

Mohave County, Arizona, USA

On February 14, 2006, the Company had acquired an option to purchase a 100% interest in 36 unpatented lode mining claims. On April 18, 2008, the Company terminated the option agreement with Artillery Peak Corp. The termination of the agreement was a result of the review of all available historic and company generated drill results. As at June 30, 2008 the Company wrote-off all acquisition costs and deferred exploration expenditures on the property.

A reclamation bond of \$14,507 (US\$12,400) posted with the State of Arizona has been offset in the current year by a reclamation liability of the same amount.

Tripple Uranium properties, Central Mineral Belt Labrador, Canada

On September 13, 2006, the Company acquired an option to earn a 60% interest in 2,727 claims (comprising approximately 165,000 acres) by initially reimbursing 60% of staking costs incurred of \$98,172 (paid), issuing 250,000 common shares (issued), and spending a total of \$1,050,000 on exploration over a three year period as follows: \$200,000 the first year (incurred), \$350,000 the second year and \$500,000 in the third year. In connection with this agreement the Company must also issue an additional 350,000 shares within ten days after the company’s shares trade above \$0.75 for twenty consecutive trading days (issued).

On March 25, 2008, the Company announced that it had elected not to commit to the expenditures required to maintain its interest under the agreement and therefore wrote-off all deferred expenditures totaling \$988,738.

St. George’s Basin properties, Newfoundland, Canada

On May 20, 2008, the Company entered into an agreement to acquire a 100% interest in 816 claims totaling 204 sq km located in St. George’s Bay Basin in western Newfoundland from Alpha Uranium Resources Inc. Under the terms of the Agreement, the Company will acquire a 100% interest in the Property by paying on closing; (i) CDN\$40,000 in cash (paid) and, (ii) 500,000 previously unissued common shares of the company (issued at a price of \$0.27 per share). On May 28, 2008, the TSX approved the acquisition agreement and the finders’ fee of 41,222 common shares, which were issued to Canaccord Capital Corporation.

7. **ASSET RETIREMENT OBLIGATION**

Included in the carrying value of the mineral properties is \$14,507 representing the estimated fair value of a liability for asset retirement obligations that arose as a result of drilling activities since fiscal 2007 on the Artillery Peak Property. The fair value of the liability \$14,507 was determined to be equal to the estimated drill well site remediation costs for which a reclamation has been posted.

8. **SHARE CAPITAL**

a) Authorized: Unlimited number of common shares

b) Issued and outstanding:

	2008		2007	
	Number of Shares	\$	Number of Shares	\$
Balance - beginning of year	39,148,403	19,083,898	32,174,493	14,396,511
Issued for cash:				
Private placements (flow-through)	2,666,666	2,000,000	2,700,000	2,025,000
Private placements	2,300,000	805,000	-	-
Private placements	2,222,222	1,000,000	-	-
Options exercised	-	-	1,285,000	464,250
Warrants & agents' options exercised	-	-	1,796,910	1,639,440
Issued for mineral properties	550,000	145,000	1,167,000	934,970
Finder's fee on mineral properties	41,222	11,130	-	-
Financing issue costs				
Agents' commissions	-	(80,000)	-	(151,875)
Broker warrants	-	-	-	(51,300)
Finders' fees	-	(70,625)	-	-
Finance fees	155,555	-	25,000	(18,750)
Legal fees & other costs	-	(16,148)	-	(70,680)
Tax benefit from renunciation of flow-through	-	(620,000)	-	(690,520)
Fair value – Warrants granted		(64,667)		
Fair value – Options exercised		-		437,800
Fair value – Warrants exercised		-		169,050
Balance -end of period	47,084,068	22,193,588	39,148,403	19,083,891

b) Issued and outstanding: *(continued)*

Private Placements:

On October 24, 2007, the Company closed a non-brokered private placement with the MineralFields Group consisting of 2,666,666 flow-through units ("FT Units") at a price of \$0.75 per FT Unit for gross proceeds of \$2,000,000. Each FT Unit consists of one flow-through common share and one-half of a share purchase warrant. Each full warrant will entitle the holder to purchase one additional common share of the Company at \$1.25 in the first year and \$2.00 in the second year. The warrants will be subject to a 30 day early expiration upon formal notification by the Company of a closing price, for 30 consecutive trading days, of \$1.50 or greater in the first year and \$2.25 or greater in the second year.

The Company paid a cash commission equal to 6% of the gross proceeds. In addition, the Company issued finder's options entitling the holder to purchase up to 266,666 non flow-through units of the Company, at a price of \$0.75 per unit, for a period of 24 months.

On March 20, 2008, the Company closed a non-brokered private placement consisting of 2.3 million units ("Units") at a price of \$0.35 per Unit, for gross proceeds of \$805,000. Each Unit consists of one common share and one-half of a share purchase warrant. Each full warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.40 in the first year and \$0.45 in the second year.

8. **SHARE CAPITAL** (continued)

The Company paid a cash commission \$30,625. In addition, the Company issued finder's options entitling the holder to purchase up to 87,500 shares at a price of \$0.40 in the first year and \$0.45 in the second year.

On July 29, 2008, Crosshair Exploration & Mining Corp. purchased, by way of private placement, 2,222,222 units of Universal at a price of CDN\$0.45 per unit, for gross proceeds of \$1,000,000. Each unit consists of one common share of Universal and one share purchase warrant entitling Crosshair to purchase an additional common share of Universal at a price of CDN\$0.65 per Universal Warrant for a period of 24 months.

c) Stock options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	Sept. 30, 2007	Granted	Exercised	Expired / Cancelled	Sept. 30, 2008
29-Dec-09	0.20	230,000	-	-	-	230,000
21-June-10	0.52	525,000	-	-	-	525,000
16-Jan-11	0.71	150,000	-	-	(65,000)	85,000
08-May-11	0.67	125,000	-	-	-	125,000
13-Jun-11	0.67	440,000	-	-	(240,000)	200,000
13-Jul-11	0.48	100,000	-	-	-	100,000
13-Nov-11	0.46	150,000	-	-	-	150,000
19-Mar-12	0.55	820,000	-	-	(100,000)	720,000
24-May-12	**	25,000	-	-	(25,000)	-
01-Dec-12	1.11	-	745,000	-	-	745,000
12-Mar-13	0.60	-	110,000	-	-	110,000
23-Apr-13	0.40	-	880,000	-	-	880,000
	0.20					
		2,565,000	1,735,000	-	(430,000)	3,870,000
Weighted average exercise price		0.55	0.38	-	0.67	0.46

Expiry Date	Exercise Price	Sept. 30, 2006	Granted	Exercised	Expired / Cancelled	Sept. 30, 2007
29-Dec-09	0.20	950,000	-	(720,000)	-	230,000
10-Sep-10	0.52	3,500	-	-	(3,500)	-
21-Jun-11	0.52	725,000	-	(200,000)	-	525,000
16-Jan-11	0.72	190,000	-	(30,000)	(10,000)	150,000
08-May-011	0.71	260,000	-	(135,000)	-	125,000
13-Jun-11	0.67	640,000	-	(50,000)	(150,000)	440,000
13-Jul-11	0.48	100,000	-	-	-	100,000
13-Nov-11	0.46	-	200,000	(50,000)	-	150,000
04-Feb-12	0.48	-	100,000	(100,000)	-	-
19-Mar-12	1.77	-	835,000	-	(15,000)	820,000
24-May-12	1.11	-	25,000	-	-	25,000
		2,868,500	1,160,000	(1,285,000)	(178,500)	2,565,000
Weighted average exercise price		0.47	1.42	0.36	0.76	0.94

** On December 1, 2007, the Company re-priced the exercise price of 720,000 share purchase options from \$1.77 to \$0.55.

- On December 1, 2007, the Company granted 745,000 stock options to directors and consultants with an exercise price of \$0.60.
- On March 12, 2008, the Company granted 110,000 stock options to directors and consultants with an exercise price of \$0.40.

8. **SHARE CAPITAL** *(continued)*

- On April 23, 2008, the Company granted 880,000 stock options to directors and consultants with an exercise price of \$0.20.

c) Stock options: *(continued)*

The weighted average assumptions used to estimate the fair value of options granted during the period were:

	1-Dec-07	12-Mar-08	23-Apr-08	2007
Risk-free interest rate	3.75%	4.0%	3.25%	4.5
Expected life	5	5	5	5
Vesting period	-	-	-	-
Expected volatility	89.45%	78.62%	74.57%	123.57 %
Expected dividend yield	-	-	-	-

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

- Weighted average remaining life of options outstanding at September 30, 2008 = 3.39 years
- Weighted average grant date fair value of options granted during fiscal 2008 = \$0.28 (2007 - \$1.28)

d) Contributed Surplus

Contributed surplus, September 30, 2006	1,606,078
Changes during 2006	
Non-cash stock-based compensation	1,484,450
Fair value of broker shares and warrants issued for private placements	70,050
Fair value of stock options exercised	(437,800)
Fair value of broker warrants exercised	(169,059)
Contributed surplus, September 30, 2007	2,553,719
Changes during 2007	
Non-cash stock-based compensation	490,501
Fair value of broker warrants issued for private placements	64,667
Contributed surplus, September 30, 2008	3,108,887

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	Sept. 30, 2007	Granted	Exercised	Expired / Cancelled	Sept. 30, 2008
01-Mar-08	0.88	950,568	-	-	(950,568)	-
06-Mar-08	1.00	2,464,332	-	-	(2,464,332)	-
06-Mar-08	1.00	25,000	-	-	(25,000)	-
06-Mar-08	0.75	313,033	-	-	(313,033)	-
28-Apr-08	1.00	947,250	-	-	(947,250)	-
28-Apr-08	0.75	34,943	-	-	(34,943)	-
14-Dec-07	0.75	192,130	-	-	(192,130)	-
23-Oct-09	1.25/2.00	-	1,333,332	-	-	1,333,332
*23-Oct-09	0.75	-	266,666	-	-	266,666
12-Mar-10	0.40/0.45	-	1,150,000	-	-	1,150,000
12-Mar-10	0.40	-	87,500	-	-	87,500
29-Jul-10	0.65	-	2,222,222	-	-	2,222,222
		4,927,256	5,059,720	-	(4,927,256)	5,059,720
Weighted average exercise price		0.95	0.91	-	0.95	0.91

8. **SHARE CAPITAL** (continued)

e) Share purchase warrants

Expiry Date	Exercise Price	Sept. 30, 2006	Granted	Exercised	Expired / Cancelled	Sept. 30, 2007
18-Oct-06	0.55	1,078,758	-	-	(1,078,758)	-
01-Mar-08	0.88	1,000,000	-	(49,432)	-	950,568
06-Mar-08	1.00	3,067,832	-	(603,500)	-	2,464,332
06-Mar-08	1.00	25,000	-	-	-	25,000
*06-Mar-08	0.75	613,566	-	(300,533)	-	313,033
28-Apr-08	1.00	1,313,417	-	(366,167)	-	947,250
*28-Apr-08	0.75	262,683	-	(227,740)	-	34,943
*14-Dec-07	0.75	-	270,000	(77,870)	-	192,130
		7,361,256	270,000	(1,625,242)	(1,078,758)	4,927,256
Weighted average exercise price		0.98	0.75	0.90	0.55	0.95

* Units granted to agents contain one share and half a warrant upon exercise.

9. **INCOME TAXES**

A reconciliation of Canadian income taxes at statutory rates is as follows:

	2008	2007
Income (loss) for the year	\$ (8,052,251)	\$ (2,157,548)
Expected income tax (recovery)	\$ (2,496,198)	\$ (735,724)
Net adjustment for amortization and non-deductible amounts	2,953,457	428,948
Unrecognized benefit of non-capital losses	(457,259)	306,776
Total income taxes	\$ -	\$ -

The significant components of the Company's future income tax assets are as follows:

	2008	2007
Future income tax assets:		
Mineral properties	\$ 1,095,345	\$ (372,304)
Non-capital loss carryforwards	399,818	829,994
Share issue costs	185,418	203,685
Equipment	14,051	12,884
Other assets	576,026	-
	2,270,658	674,259
Valuation allowance	(2,270,658)	(674,259)
Net future tax assets	\$ -	\$ -

The Company has non-capital losses of approximately \$1,402,874 which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2028. Subject to certain restrictions, the Company also has mineral property expenditures of approximately \$8,745,849 available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

UNIVERSAL URANIUM LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2008

Directors and Officers as at January 26, 2009:

Directors:

Ron Atlas
Steve Chan
John Hite
Corry Silbernagel
Richard Walters

Officers:

President – Ron Atlas
Secretary – Don Morrison
C.F.O. – Jorge Avelino
Executive Vice-president – Bill Galine

Contact Names:

Bill Galine
Jorge Avelino

Telephone Number:

604-662-3903

Fax Number:

604-662-3904

UNIVERSAL URANIUM LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2008

1.1 Date of This Report

January 26, 2009

This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance*Description of Business*

Universal Uranium Ltd. is involved in the acquisition, exploration and development of mineral properties. The Company has mineral property interests in the following:

- Lisbon Valley located in San Juan County, Utah;
- St. George’s Basin property located in Newfoundland, Canada.

The properties are in the exploration and development stages.

1.3 Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	<u>Sept. 30, 2008</u>	<u>Sept. 30, 2007</u>	<u>Sept. 30, 2006</u>
(a) Total income	\$25,989	\$53,758	\$78,583
(b) Loss before other items			
(i) Total loss	\$559,133	\$768,671	\$891,539
(ii) Loss per share – basic	\$0.01	\$0.02	\$0.03
(iii) Loss per share – diluted	\$0.01	\$0.02	\$0.03
(c) Net loss			
(i) Total loss	\$8,052,251	\$2,157,548	\$1,348,996
(ii) Loss per share – basic	\$0.18	\$0.06	\$0.05
(iii) Loss per share – diluted	\$0.18	\$0.06	\$0.05
(d) Total assets	\$8,536,769	\$14,609,368	\$9,657,455
(e) Total long-term liabilities	-	-	-
(f) Cash dividends declared per-share	N/A	N/A	N/A

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the consolidated financial statements of the Company and notes attached hereto.

Results of Operations

The total loss for the year ended September 30, 2008 was \$8,052,251 as compared to the total loss of \$2,157,548 for the year ended September 30, 2007. The major reason for the increase (\$5,894,703) in the loss can be attributed to the write-off of mineral property (2008 - \$3,583,245; 2007 - \$133,621); loss on sale of mineral property (2008 - \$540,295; 2007 - \$Nil); and write-off other assets (\$3,494,523; 2007 - \$486,833). However, this increase was offset by a decrease in stock-based compensation expense (2008 - \$490,501; 2007 - \$1,484,450) and operating expenses (2008 - \$573,604; 2007 - \$808,313).

Operating expenses for the year ended September 30, 2008 was \$573,604 as compared to the operating expenses of \$808,313 for the year ended September 30, 2007 (decrease of \$234,709). With the current change in management, which took effect September 2007, there were some significant decreases as follows:

Expenses Category	30-Sep-08	30-Sep-07	Decrease
Consulting fees	48,500	131,216	82,716
Legal & accounting	80,584	119,509	38,925
Office rent, services & supplies	50,222	60,493	10,271
Salaries & benefits	92,610	115,603	22,993
Shareholders' information	63,260	179,917	116,657
Travel, meals & entertainment	41,924	73,892	31,968

Discussion of Operations and Financial Condition

Shareholders Communication and Travel

The Company reported shareholders communication and travel expenses totaling \$105,184 (2007 - \$253,809) and broken down as follows:

- Communication & Information \$16,962 (2007 - \$58,533);
- Conferences & shows \$10,470 (2007 - \$61,117);
- Press releases \$6,825 (2007 - \$11,884);
- Printing, mail-out & supplies \$16,368 (2007 - \$22,601);
- Telephone & website \$12,636 (2007 - \$25,782); and
- Travel & entertainment \$41,923 (2007 - \$73,892).

1.4.1 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	<u>Q4 30-Sep-08</u>	<u>Q3 30-Jun-08</u>	<u>Q2 31-Mar-08</u>	<u>Q1 31-Dec-07</u>
Net Income (loss)	(3,702,658)	(2,825,504)	(1,165,679)	(358,410)
Per Share	(0.09)	(0.06)	(0.03)	(0.00)
	<u>Q4 30-Sep-07</u>	<u>Q3 30-Jun-07</u>	<u>Q2 31-Mar-07</u>	<u>Q1 31-Dec-06</u>
Net Income (loss)	(68,182)	(212,044)	(1,619,057)	(258,265)
Per Share	0.00	(0.01)	(0.04)	(0.01)

1.4.1 Summary of Quarterly Results

Discussion

Year ended September 30, 2008:

For the year ended September 30, 2008, please refer to Section 1.4 Results of Operations.

Financings, Principal Purposes & Milestones

On October 24, 2007, the Company closed a non-brokered private placement with the MineralFields Group consisting of 2,666,666 flow-through units (“FT Units”) at a price of \$0.75 per FT Unit for gross proceeds of \$2,000,000. Each FT Unit consisted of one flow-through common share and one-half of a share purchase warrant. Each full warrant entitled the holder to purchase one additional common share of the Company at \$1.25 in the first year and \$2.00 in the second year. The warrants were subject to a 30 day early expiration upon formal notification by the Company of a closing price, for 30 consecutive trading days, of \$1.50 or greater in the first year and \$2.25 or greater in the second year.

The Company paid a cash commission equal to 6% of the gross proceeds. In addition, the Company issued finder’s options entitling the holder to purchase up to 266,666 non flow-through units of the Company, at a price of \$0.75 per unit, for a period of 24 months.

On March 20, 2008, the Company closed a non-brokered private placement consisting of 2.3 million units (“Units”) at a price of \$0.35 per Unit, for gross proceeds of \$805,000. Each Unit consisted of one common share and one-half of a share purchase warrant. Each full warrant entitled the holder to purchase one additional common share of the Company at a price of \$0.40 in the first year and \$0.45 in the second year.

The Company paid a cash commission \$30,625. In addition, the Company issued finder’s options entitling the holder to purchase up to 87,500 shares at a price of \$0.40 in the first year and \$0.45 in the second year.

On May 23, 2008, the Company announced that it had entered into an agreement with Crosshair Exploration and Mining Corp. (AMEX: CXZ) (TSX: CXX) under which Crosshair will acquire all of Universal’s interest in the Central Mineral Belt (CMB) of Labrador, which totals approximately 4,737 claims. The transaction completed on July 30, 2008.

As consideration for Universal’s interest in the Property, Crosshair paid Universal CDN\$500,000 and issued 10,000,000 common shares and 7,500,000 warrants. Each warrant entitled Universal to purchase an additional common share in the capital of Crosshair at CDN\$1.00 per share for a period of three years from Closing subject to early expiry in the event that the average trading price of Crosshair’s common shares exceeds CDN\$2.00 for a period of 20 days while the warrants are outstanding. The securities issued to Universal are subject to escrow for two years following the Closing, to be released in equal tranches in three month intervals. Universal granted Crosshair’s management a voting proxy over any Crosshair shares it held or acquired on exercise of the warrants while such shares are in escrow. These escrow and voting provisions will expire if Universal distributes the securities to its shareholders. Universal will retain a 2% net smelter return royalty on its 60% interest in the Property, 0.5% of which may be purchased by Crosshair for CDN\$1,000,000.

1.4.1 Summary of Quarterly Results (continued)

Financings, Principal Purposes & Milestones (continued)

Crosshair purchased, by way of private placement, 2,222,222 units of Universal at a price of CDN\$0.45 per unit, for gross proceeds of \$1,000,000. Each unit consisted of one common share of Universal and one share purchase warrant entitling Crosshair to purchase an additional common share of Universal at a price of CDN\$0.65 per Universal Warrant for a period of 24 months.

MINERAL PROPERTIES

Lisbon Valley Property, Utah

In the previous year end, the Company announced that it had completed an archeological report, which has been filed with the BLM, and is currently re-permitting the ten drill holes planned for Phase III. The Company received permits for the ten drill holes. The Company plans to continue working on the property in the summer of 2009. As of the date of this report, all claims maintenance fees were paid in order for the claims to be in good standing.

During the period, the terms on the Lisbon Property agreement were amended as follows:

- (i) By letter agreement dated August 18, 2008 (the "Amendment"), Mayan has agreed to accept a further amendment to the Agreements that would result in a final payment on the Claims in the form of US\$5,000 and 50,000 common shares of the Company; and
- (ii) By letter agreement dated August 18, 2008 (the "Extension"), Big Indian has agreed to extend the Agreements to December 1, 2008, at which time the Company will make a determination as to whether or not it will keep the Claims and only if the Company determines to keep the Claims, will the payment of US\$50,000 to Big Indian become due and payable by the Company (not paid);

The Company is currently negotiating the restructuring of payments to Big Indian.

Silver Spruce, Labrador Properties (See Section 1.15 -Subsequent Events)

On July 30, 2008, the Company announced that it had closed on the agreement with Crosshair Exploration ("Crosshair") to acquire all of Universal's 60% interest in its Central Mineral Belt (CMB), Labrador, uranium project, consisting of approximately 4,737 claims and including the Two Time uranium deposit, which sits outside the Labrador Inuit Land area. For details please refer to the previous section – Financings, Principal Purposes & Milestones.

Artillery Peak, Mohave County Arizona

On April 18, 2008 the Company announced that it had terminated the option agreement dated February 10, 2006 with Artillery Peak Uranium Corp. The termination of the Agreement is the result of a review of all available historic and company generated drill results. In general, the holes drilled to twin previous operator's holes returned similar results and confirmed the potential for the non NI 43-101 compliant historical resource of 1.7 million pounds of U3O8. Holes drilled to expand the resource either a) failed to intersect anomalous or ore grade material or b) intersected or postulated from geology intersected that the host unit for uranium mineralization is too deep for potential economic extraction. Therefore the potential to expand the size of the deposit was severely downgraded and the option was terminated. All deferred exploration expenditures were written-off in the quarter ended June 30, 2008.

1.4.1 Summary of Quarterly Results (continued)

MINERAL PROPERTIES (continued)

Tripple Uranium (Labrador)

On March 25, 2008, the Company announced that it had elected not to commit to any further expenditures required to maintain its interest in the property. As a result, both parties agreed to formally terminate the agreement.

St. George's Basin properties, (Newfoundland)

On May 20, 2008, the Company entered into an agreement to acquire 100% interest in 816 claims totaling 204 sq km located in St. George's Bay Basin in western Newfoundland from Alpha Uranium Resources Inc. Under the terms of the Agreement, the Company will acquire a 100% interest in the Property by paying on closing; (i) CDN\$40,000 in cash (paid) and, (ii) 500,000 previously unissued common shares of the company (issued at a deemed price of \$0.27 per share). On May 28, 2008, the TSX approved the acquisition agreement and the finders' fee of 41,222 common shares to be issued to Canaccord Capital Corporation.

On June 23, 2008, the Company announced that it had contracted North Rim Exploration Ltd of Saskatoon, Saskatchewan to provide an assessment as to the potential of discovering potash on the property. The engagement was completed in September 2008. The study concluded that the project warrants being advanced and recommended additional work to be conducted in the form of ground truthing, ground gravity surveys and possible drill testing based on gravity features. It also reported that the property not only has potash potential but also potential for uranium, coal and other base metals.

In October 2008, North Rim visited the property in order to document the cores of the historical drill holes and to locate coal occurrences on the property. At the date of the MDA, the second report from North Rim has not been received.

MINERAL PROPERTIES EXPENDITURES

Details of deferred exploration costs for the property are as follows:

	Balance 30-Sep-07	Additions during the period	Balance 30-Sep-08
Lisbon Valley, Utah			
Acquisition costs	1,995,847	68,678	2,064,525
Deferred Expenses			
- Accommodations	13,631	8,449	22,080
- Assays & Sampling	3,433	-	3,433
- Claims & staking maintenance	244,218	43,557	287,775
- Consultants	168,249	-	168,249
- Drilling	1,685,217	(2,117)	1,683,100
- Fieldwork & supplies	98,918	-	98,918
- Field office & admin	33,480	304	33,784
- Geophysical	65,886	-	65,886
- Legal	60,903	-	61,328
- Maps & reports	10,956	-	10,956
- Reclamation Costs	57,427	2,545	59,972
- Site visits	34,641	-	34,641
- Vehicle & equipment rental	39,200	-	39,200
Total Lisbon Valley	4,512,006	121,416	4,633,422

MINERAL PROPERTIES EXPENDITURES - continued

	Balance 30-Sep-07	Additions during the period	Balance 30-Sep-08
St. George's Basin			
Acquisition			
- Cash (Finder's fee)	-	186,310	186,310
Deferred Expenses			
- Claims & Staking maintenance	-	53,277	53,277
- Consulting Geology	-	82,720	82,720
- Drafting & Mapping	-	170	170
- Field office	-	23	23
Total St. George's	-	322,320	322,320

1.4 Liquidity

Universal Uranium Ltd. is a mining exploration and development company with no producing resource properties, and consequently, no current operating income or cash flow.

In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the acquisition of a viable property and the discovery of economically recoverable reserves. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

At September 30, 2008, the Company had \$1,014,918 in cash and deposits. The Company has no revenue generating projects at this time. The Company's historical capital needs have been met by equity subscriptions. As at September 30, 2008, the Company had working capital of \$932,085 compared to a working capital deficit of \$315,381 on September 30, 2007.

Credit Risk

In the previous year end, the Company had investments of \$1,390,951 in marketable securities collateralized short term debt obligation (Note), issued by Coventree Inc. and known as "Asset Backed Commercial Paper" ("ABCP"). The redemption of the note is dependent on the cash generated by the ABCP's underlying assets and the ability of the trust that issued the note to refinance it in the ABCP market.

The note was due and repayable to the Company on September 1, 2007, however the market for ABCP has ceased to function and the Company's note was not redeemed upon maturity.

In the previous year end, the Company was unable to determine if or when it may obtain the funds due under the note and accordingly has reclassified it to long term assets, wrote-down the investment by \$486,833 and revalued it to \$904,118. For this current year, the Company wrote-down the investment again by \$765,023 and revalued it to \$139,095.

The Company made an assessment of the estimated recoverable amount of its investment based on the impact on related, but still functioning, markets for comparable financial instruments, and also with reference to the charges recently taken by other companies holding ABCP. The resultant allowance for 35% of the investment balance is only an estimate and the ultimate recovery, assuming that it eventually occurs in some manner, could be materially greater or less than the adjusted balance of the investment.

1.4 Liquidity

Credit Risk

Also during the current year end, the Company received the following:

- a) 100,000 shares of Bayswater Uranium Corp. (“Bayswater”) in connection with the joint letter of agreement (Silver Spruce Resources and the Company) with Bayswater, whereby Bayswater was granted an option to acquire a 50% interest in 34 mineral claims, which is currently held 50% by Silver Spruce and 50% by the Company. The 100,000 common shares of Bayswater were originally recorded at the market value of \$0.435 per share (\$43,500) but were written down to the market value of \$0.14 per share (\$14,000) as at September 30, 2008.
- b) 10,000,000 shares and 7,500,000 warrants of Crosshair Exploration & Mining Corp. (“Crosshair”) pursuant to the acquisition agreement whereby Crosshair to acquired Universal’s 60% interest in its Central Mineral Belt (CMB), Labrador, uranium project as further discussed in Note 6 of the attached financial statements. The 10,000,000 common shares of Crosshair were originally recorded at market value of \$0.48 per share on July 29, 2008 (the agreement date). The shares were written down to the market value of \$0.21 (\$2,100,000) as at September 30, 2008.

Currency Risk

Currency risk is the risk to the Company’s earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not hold any foreign currency assets and liabilities and therefore has no exposure to foreign currency risk.

Commitments

The Company has certain work commitments on their mineral property interests as discussed in Section 1.5.

1.7 Capital Resources

The Company’s capital resources are its mineral properties, with a historical cost of \$4,955,742 and its fixed assets (computers & office equipment) with a book value of \$36,139.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

During the year ended September 30, 2008, the Company was charged the following amounts by directors and officers or by companies controlled by the director or officers:

	September 30,	
	2008	2007
Management fees		
- President	\$ 74,908	66,315
- Allocated to deferred expenses	18,500	43,685
- Vice-president	55,342	-
- Allocated to deferred expenses	16,650	-
Directors fees	-	10,000
Consulting fees	19,000	31,500
Accounting fees	40,730	37,680
Accounting fees allocated to deferred expenses	11,800	11,225
Total	\$ 236,930	200,405

1.10 Fourth Quarter

The fourth quarter results do not differ significantly from other quarters.

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

None

1.13 Adoption of new accounting standards

Effective October 1, 2007 the Company adopted the following new accounting standards:

Section 1400 – Assessing Going Concern

CICA Handbook Section 1400, as amended, changed the guidance related to management's responsibility to assess the ability of an entity to continue as a going concern. Management is required to make an assessment of the Company's ability to continue as a going concern, taking into account all information available for at least, but not limited to 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. The adoption of this standard had no impact on the Company's disclosures as these uncertainties have been, and continue to be, fully described herein.

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. The Company has a simple capital structure given that it is largely dependent on unsecured equity financing, and therefore adoption of this standard has required no additional disclosures in these notes.

Section 3862 – Financial Instruments – Disclosures

This Section requires additional disclosures to enable users of the Company's financial statements to evaluate the significance of financial instruments to the Company's financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from the Company's financial instruments. These disclosures were presented above within the financial instruments accounting policies.

New Canadian Accounting Pronouncement

International Financial Reporting Standards ("IFRS")

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not been fully determined at this time.

1.14 Financial and Other Instruments

The carrying value of cash and cash equivalents and accounts payable approximate their fair values due to the short maturity of those instruments.

1.15 Other

Disclosure of Outstanding Share Capital (January 26, 2009)

	Number	Book Value
Common Shares	47,084,068	\$22,803,588

Disclosure of Outstanding Stock Options: (January 26, 2009)

	Number	Weighted Average Price
Incentive Stock Options	3,870,000	\$0.46

Disclosure of Outstanding Share Purchase Warrants Outstanding: (January 26, 2009)

	Number	Weighted Average Price
Share Purchase Warrants	5,059,720	\$0.91

Disclosure Controls and Procedures

It should be noted that pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), that the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous interim filings under Multilateral Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Disclosure Controls and Procedures - continued

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

1.15 Other

Subsequent Events to September 30, 2008

On October 29, 2008, the Company received the first tranche of releases on the escrowed shares issued as per the agreement with Crosshair Exploration (“Crosshair”) to acquire all of Universal’s 60% interest in its Central Mineral Belt (CMB), Labrador. A total of 1,428,000 common shares were released and 1,071,000 warrants with an exercise price of \$1.00 per warrant.

Additional information

Additional information relating to the company is on SEDAR at www.sedar.com.