

**UNIVERSAL URANIUM LTD.**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2009**

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**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

*/s/ Ronald Atlas*

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Ronald Atlas, Director  
Vancouver, BC Canada  
August 21, 2009

*/s/ Steve Chan*

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Steve Chan, Director  
Vancouver, BC Canada  
August 21, 2009

**UNIVERSAL URANIUM LTD.  
INTERIM CONSOLIDATED BALANCE SHEETS**

	30-Jun-09 \$ Unaudited	30-Sep-08 \$ Audited
<b>A S S E T S</b>		
<b>Current assets</b>		
Cash	1,213,177	1,014,918
Amounts receivable	7,546	18,744
Security deposits	29,122	29,122
Prepaid expense	15,598	4,004
	1,265,443	1,066,788
<b>Long term receivable</b> (Note 5)	110,550	110,550
<b>Reclamation bond</b> (Note 6)	114,455	114,455
<b>Equipment</b> (Note 3)	31,694	36,139
<b>Other assets</b> (Note 4)	1,710,775	2,253,095
<b>Mineral properties</b> (Note 6)	4,965,631	4,955,742
	8,198,548	8,536,769
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	228,956	134,703
<b>Asset Retirement Obligation</b> (Note 7)	14,507	14,507
	243,463	149,210
<b>Shareholders' Equity</b>		
Share capital (Note 8)	22,193,588	22,193,588
Contributed surplus (Note 8d)	3,161,168	3,108,887
Deficit	(17,399,671)	(16,914,916)
	7,955,085	8,387,559
	8,198,548	8,536,769
<b>Continuing operations</b> (Note 1)		

Approved on behalf of the Board of Directors:

"Ronald Atlas", Director

"Steven Chan", Director

**UNIVERSAL URANIUM LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**For the Nine Months Ended June 30,**

	3 Months		9 Months	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
General and administrative expenses:				
Bank charges	588	514	1,218	1,171
Consulting fees	6,926	6,000	18,926	42,500
Corporate and administration fees	3,389	5,470	6,820	13,075
Directors' fees	500		14,195	-
Filing and transfer agent fees	2,857	22,702	13,835	46,855
Legal & accounting fees	41,865	11,045	85,080	37,366
Management fees	54,979	35,255	169,822	75,016
Office rent, services and supplies	6,514	12,059	23,562	36,653
Salaries and Benefits	11,212	25,261	43,764	72,334
Shareholders' communication, & promotion	9,208	13,460	43,483	55,378
Travel, meals & entertainment	5,821	7,744	12,472	38,265
	<b>(143,860)</b>	(139,510)	<b>(433,178)</b>	(418,613)
Other (expenses):				
Amortization	(2,474)	(2,880)	(7,028)	(8,639)
Interest income	21,912	2,486	79,518	23,147
Gain on sale of other assets	(4,001)	-	15,803	-
Stock-based compensation	(52,281)	(105,600)	(52,281)	(376,750)
Expenses recovered	-	-	16,558	-
Other non-recurring expenses	-	-	(29,788)	
Fair-value adjustment of other assets	428,640	-	(74,360)	
Write-off mineral property	-	(2,580,000)	-	(3,568,738)
Net gain (loss) and comprehensive gain (loss) for the period	<b>247,937</b>	(2,825,504)	<b>(484,755)</b>	(4,349,593)
Deficit - beginning of the period	<b>(17,647,608)</b>	(10,386,754)	<b>(16,914,916)</b>	(8,862,665)
Deficit - end of the period	<b>(17,399,671)</b>	(13,212,258)	<b>(17,399,671)</b>	(13,212,258)
Gain (loss) per share	<b>0.00</b>	(0.06)	<b>(0.01)</b>	(0.10)
Weighted average – number of shares outstanding	<b>47,084,068</b>	44,311,336	<b>47,084,068</b>	42,590,992

See notes to financial statements

**UNIVERSAL URANIUM LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Nine Months Ended June 30,**

	3 Months		9 Months	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
Cash provided by (used for):				
Operating Activities				
Net gain (loss) for the period	<b>247,937</b>	(2,825,504)	<b>(484,755)</b>	(4,349,593)
Adjustment which do not affect cash:				
Amortization	<b>2,474</b>	2,880	<b>7,028</b>	8,639
Stock-based compensation	<b>52,281</b>	105,600	<b>52,281</b>	376,750
Fair value adjustment of other assets	<b>(428,640)</b>	-	<b>74,360</b>	-
Write-off mineral properties	-	2,580,000	-	3,568,738
	<b>(125,948)</b>	(137,024)	<b>(351,086)</b>	(395,466)
Net changes in non-cash working capital items:				
Trust funds	-	-	-	505,558
Amounts receivable	<b>2,600</b>	(4,803)	<b>11,198</b>	36,970
Deposits	-	-	-	17,560
Securities	-	-	-	(43,500)
Prepaid expense	<b>(6,907)</b>	(105)	<b>(11,594)</b>	(16,890)
Accounts payable	<b>107,940</b>	(580,299)	<b>94,252</b>	(1,604,891)
	<b>(22,315)</b>	(722,231)	<b>(257,230)</b>	(1,500,659)
Financing Activities				
Issue of share capital	-	-	-	2,805,000
Share issue costs	-	-	-	(166,773)
Sale of other assets	<b>44,600</b>	500,000	<b>467,960</b>	500,000
	<b>44,600</b>	500,000	<b>467,960</b>	3,138,227
Investing Activities				
Mineral property costs	<b>(699)</b>	(262,057)	<b>(9,889)</b>	(2,164,746)
Purchase of capital assets	<b>(2,032)</b>	-	<b>(2,582)</b>	(216)
	<b>(2,731)</b>	(262,057)	<b>(12,471)</b>	(2,164,962)
Increase (decrease) in cash	<b>19,554</b>	(484,288)	<b>198,259</b>	(527,394)
Cash - beginning of period	<b>1,193,623</b>	752,146	<b>1,014,918</b>	795,252
Cash - end of period	<b>1,213,177</b>	267,858	<b>1,213,177</b>	267,858
Interest earned				
Supplementary disclosures:				
Interest income received	<b>21,912</b>	2,486	<b>79,518</b>	23,147

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 Nine Months Ended June 30,**

	Balance 30-Sep-07 \$	Additions \$	Write-off	Balance 30-Sep-08 \$	Additions	Balance 30-Jun-09 \$
<b>Lisbon Valley</b>						
Acquisition costs	1,995,847	68,678	-	2,064,525	-	2,064,525
Exploration costs						
Accommodations	13,631	8,449	-	22,080	-	22,080
Assays and sampling	3,433	-	-	3,433	-	3,433
Claims and staking maintenance	244,218	43,557	-	287,775	2,498	290,273
Consultants	168,249	-	-	168,249	-	168,249
Drilling	1,685,217	(2,117)	-	1,683,100	-	1,683,100
Field work	98,918	-	-	98,918	-	98,918
Field office and administration	33,480	304	-	33,784	69	33,853
Geophysical	65,886	-	-	65,886	-	65,886
Legal	60,903	-	-	60,903	435	61,338
Maps and reports	10,956	-	-	10,956	-	10,956
Reclamation costs	57,427	2,545	-	59,972	-	59,972
Site visits	34,641	-	-	34,641	-	34,641
Vehicle rental	39,200	-	-	39,200	-	39,200
	<u>4,512,006</u>	<u>121,416</u>	<u>-</u>	<u>4,633,422</u>	<u>3,002</u>	<u>4,636,424</u>
<b>Silver Spruce (Labrador)</b>						
Acquisition costs & recoveries	45,000	(5,638,929)	5,593,929	-	-	-
Exploration costs						
Airbourne	30,437	33,618	(64,055)	-	-	-
Claims staking and maintenance	20,260	10,274	(30,534)	-	-	-
Consulting – Geology & Geochemistry	654,330	154,295	(808,625)	-	-	-
Drafting and mapping	20,312	44,079	(64,391)	-	-	-
Drilling	1,770,603	591,768	(2,362,371)	-	-	-
Field work and supplies	664,241	409,835	(1,074,076)	-	-	-
Field administration	72,216	78,105	(150,321)	-	-	-
Geophysics, magnetics & radiometrics	798,174	34,598	(832,772)	-	-	-
Legal	12,644	239,132	(251,776)	-	-	-
Linecutting	33,311	634	(33,945)	-	-	-
SSR – management fees	337,377	110,472	(447,849)	-	-	-
Transport (mobilization)	13,509	-	(13,509)	-	-	-
	<u>4,472,414</u>	<u>(3,932,119)</u>	<u>(540,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Artillery (Mohave)</b>						
Acquisition costs	1,645,580	-	(1,645,580)	-	-	-
Exploration costs						
Assays and sampling	-	5,627	(5,627)	-	-	-
Claims staking and recording	42,420	671	(43,091)	-	-	-
Consultants – Geology & Geotechnical	114,553	68,199	(182,752)	-	-	-
Drilling	11,255	452,765	(464,020)	-	-	-
Field work, supplies & equipment	36,468	22,060	(58,528)	-	-	-
Field administration	39,028	3,144	(42,172)	-	-	-
Legal	42,883	6,539	(49,422)	-	-	-
Road construction	24,618	52,296	(76,914)	-	-	-
Site visits	9,739	2,154	(11,893)	-	-	-
Site reclamation	-	14,507	(14,507)	-	-	-
	<u>1,966,544</u>	<u>627,962</u>	<u>(2,594,506)</u>	<u>-</u>	<u>-</u>	<u>-</u>

See notes to financial statements

**UNIVERSAL URANIUM LTD.**  
**Consolidated Schedule of Deferred Mineral Property Costs**  
**For the Six Months Ended March 31,**

	Balance 30-Sep-07 \$	Additions \$	Write-off \$	Balance 30-Sep-08 \$	Additions	Balance 30-Jun-09 \$
<b>Jamestown/Marshall Pass</b>						
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>
<b>Tripple Uranium properties</b>						
Acquisition costs	652,500	-	(652,500)	-	-	-
Exploration costs						
Advances	56,111	(88,982)	32,871	-	-	-
Air Charters	42,532	-	(42,532)	-	-	-
Claims and maintenance	98,172	-	(98,172)	-	-	-
Consultants	81,113	-	(81,113)	-	-	-
Equipments and tools	14,151	-	(14,151)	-	-	-
Field administration	17,622	-	(17,622)	-	-	-
Field work and supplies	25,034	-	(25,034)	-	-	-
Legal	-	4,365	(4,365)	-	-	-
Site visits	23,831	-	(23,831)	-	-	-
Sub-contracts	31,179	-	(31,179)	-	-	-
Wages and labour	31,110	-	(31,110)	-	-	-
	<u>1,073,355</u>	<u>(84,617)</u>	<u>(988,738)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>St. George's Basin</b>						
Acquisition costs	-	186,130	-	186,130	-	186,130
Exploration costs						
Claims and maintenance	-	53,277	-	53,277	(41,800)	11,477
Consultants	-	82,720	-	82,720	48,485	131,205
Drafting and mapping	-	170	-	170	160	330
Field administration	-	23	-	23	42	65
	<u>-</u>	<u>322,320</u>	<u>-</u>	<u>322,320</u>	<u>6,887</u>	<u>329,207</u>
<b>TOTALS</b>	<u>12,024,319</u>	<u>(2,945,038)</u>	<u>(4,123,539)</u>	<u>4,955,742</u>	<u>9,889</u>	<u>4,965,631</u>

See notes to financial statements

**UNIVERSAL URANIUM LTD.**  
**Notes to Interim Consolidated Financial Statements**  
**June 30, 2009**

**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 interim 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 \$17,399,671 at June 30, 2009. 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 interim 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 June 30, 2009 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 June 30, 2009, 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 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

	June 30, 2009		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	37,310	26,178	11,132
Office equipment	48,601	28,146	20,455
Leasehold improvements	2,114	2,007	107
	<u>88,025</u>	<u>56,331</u>	<u>31,694</u>

  

	September 30, 2008		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
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>

### 4. OTHER ASSETS

During a prior 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 previous 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.

During the period, the Company received interest on the ABCP in the amount of \$49,940.40.

During the previous 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.

In the previous quarter ended March 31, 2009, the Company wrote-down the 100,000 shares of Bayswater to \$11,000 or \$0.11 per share (Sep-08: \$14,000 or \$0.14 per share); During the current quarter ended June 30, 2009, the Company sold all 100,000 shares of Bayswater for net proceeds of \$9,840.

Also in the previous quarter ended March 31, 2009, the Company wrote-down the 10,000,000 shares of Crosshair to 1,600,000 or \$0.16 per share (Sep-08: \$2,100,000 or \$0.21 per share). During the current quarter ended June 30, 2009, the Company had 7,114,000 shares of Crosshair, which were re-stated at the fair value of \$0.22 per share.

During the period ended June 30, 2009, the Company sold 2,886,000 Crosshair shares at various prices (\$0.13 - \$0.245) for total proceeds of \$474,323.

	Nine Months ended June 30, 2009			
	Fair Value 30-Sep-08 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Jun-09 \$
Asset Backed Commercial Paper	139,095	-	-	139,095
Bayswater Uranium Corp.	14,000	(3,000)	(11,000)	-
Crosshair Exploration & Mining Corp.	2,100,000	(71,360)	(456,960)	1,571,680
	2,253,095	(71,360)	(467,960)	1,710,775

  

	Year ended September 30, 2008			
	Originating value \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-08 \$
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

#### 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.

## 6. MINERAL PROPERTIES *(continued)*

### **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.

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.

During the period, the Company received the first tranche of releases on the escrowed shares issued as per the agreement. A total of 1,428,000 common shares were released and 1,071,000 warrants with an exercise price of \$1.00 per warrant.

### **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.

6. **MINERAL PROPERTIES (continued)**

**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:

	Number of Shares	\$
<b>Balance – September 30, 2007</b>	39,148,403	19,083,898
Issued for cash:		
Private placements (flow-through)	2,666,666	2,000,000
Private placements	2,300,000	805,000
Private placements	2,222,222	1,000,000
Options exercised	-	-
Warrants & agents' options exercised	-	-
Issued for mineral properties	550,000	145,000
Finder's fee on mineral properties	41,222	11,130
Financing issue costs		
Agents' commissions	-	(80,000)
Broker warrants	-	-
Finders' fees	-	(70,625)
Finance fees	155,555	-
Legal fees & other costs	-	(16,148)
Tax benefit from renunciation of flow-through	-	(620,000)
Fair value – Warrants granted		(64,667)
Fair value – Options exercised		-
Fair value – Warrants exercised		-
<b>Balance –September 30, 2008 and June 30, 2009</b>	<b>47,084,068</b>	<b>22,193,588</b>

8. **SHARE CAPITAL** (continued)

b) Issued and outstanding: (continued)

Private Placements:

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.

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:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-08</b>	<b>Re-priced</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>31-Mar-09</b>
29-Dec-09	0.20	230,000	0.15		-	-	230,000
21-June-10	0.52	525,000	0.15		-	(100,000)	425,000
16-Jan-11	0.71	85,000	0.15		-	-	85,000
08-May-11	0.67	125,000	0.15		-	(25,000)	100,000
13-Jun-11	0.67	200,000	0.15		-	(50,000)	150,000
13-Jul-11	0.48	100,000	0.15		-	-	100,000
13-Nov-11	0.46	150,000	0.15		-	-	150,000
19-Mar-12	0.55	720,000	0.15		-	(75,000)	645,000
01-Dec-12	0.60	745,000	0.15		-	(100,000)	645,000
12-Mar-13	0.40	110,000	0.15		-	-	110,000
23-Apr-13	0.20	880,000	0.15		-	(100,000)	780,000
29-Apr-14			0.15	775,000			775,000
		3,870,000			-	(450,000)	4,195,000
<b>Weighted average exercise Price</b>		0.46	-			0.15	0.15

On February 11, 2009, the board of directors approved the re-pricing of 3,420,000 employee stock options, with various prices from \$0.20 to \$0.71. The options were re-priced to \$0.15. All other conditions were unchanged. The re-pricing of options was approved by the shareholders in the Annual General Meeting held on April 29, 2009.

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Sept. 30, 2007</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>Jun. 30, 2008</b>
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
31-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	1.11	25,000	-	-	(25,000)	-
01-Dec-07	0.60	-	745,000	-	-	745,000
12-Mar-13	0.40	-	110,000	-	-	110,000
23-Apr-13	0.20	-	880,000	-	-	880,000
		2,565,000	1,735,000	-	(430,000)	3,870,000
<b>Weighted average exercise price</b>		0.55	0.38	-	0.67	0.46

8. **SHARE CAPITAL** (continued)

c) Stock options: (continued)

During the period ended June 30, 2009, the Company granted incentive stock options in the aggregate amount of 775,000 shares to directors and consultants at a price of \$0.15 per share with an expiry date of April 29, 2014. (March 12, 2008 – 110,000 options with an exercise price of \$0.40). The Company recorded stock-based compensation expense of \$52,281 for the period ended. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	29-Apr-09	12-Mar-08
Risk-free interest rate	2.25	4.0
Expected life	5	5
Vesting period	-	-
Expected volatility	198.54%	78.62%
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.

d) Contributed Surplus

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
Changes during the period	
Fair-value of stock options granted	52,281
Contributed surplus, June 30, 2009	3,161,168

e) Share purchase warrants

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	30-Sep-08	Granted	Exercised	Expired / Cancelled	30-Jun-09
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	0.15 **	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
		5,059,720	-	-	-	5,059,720
<b>Weighted average exercise price</b>		0.91	-	-	-	0.91

  

Expiry Date	Exercise Price	30-Sep-07	Granted	Exercised	Expired / Cancelled	30-Jun-08
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		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		112,500	-	-	112,500
		4,927,256	2,862,498	-	(4,927,256)	2,862,498
<b>Weighted average exercise price</b>		0.95	0.83	-	-	0.83

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

e) Share purchase warrants

\*\* On June 1, 2009, the TSX Venture Exchange approved the re-pricing of 1,150,000 share purchase warrants from \$0.45 to \$0.15. If the closing price for the Company's shares is \$0.19 or greater for a period of 10 consecutive days, the warrant holders will have 30 days to exercise their warrants; otherwise the warrants will expire on the 31<sup>st</sup> day.

9. **SUBSEQUENT EVENTS**

On July 7, 2009, the Company announced that it had entered into an agreement with Nevada Mine Properties II, Inc ("NMP"), a private Nevada corporation, to acquire a 100% interest in NMP's Tact – Buff property (the "Property") located in the prolific Battle Mountain Mining District, Nevada. The Property is comprised of 98 claims totalling 1760 acres and is situated in Humboldt County approximately 30 miles southeast of Winnemucca.

In consideration, Universal Uranium has agreed to pay US\$7,500 upon execution of the agreement and a total of US\$302,500 in Advanced Royalty Payments in the first 8 years with automatic extensions over the next 12 years. Universal Uranium reserves the right to purchase 100% ownership of the Property at anytime by paying US\$2 million less any Advance Royalty Payments.

Other considerations include issuing a total of 500,000 Universal shares to NMP over a two year period and the option to buydown a 3% NSR to 1% for US\$3 million.

The above transaction received the approval of the TSX Venture Exchange on August 6, 2009.

On August 4 and 12, 2009, the Company terminated the Mining Lease Agreements with Mayan Minerals Ltd and the Mineral Acquisition Agreement with Alpha Uranium Resources, respectively. All acquisition costs and deferred expenditures will be written-off during the year ended September 30, 2009.

# **UNIVERSAL URANIUM LTD.**

## **MANAGEMENT DISCUSSION & ANALYSIS**

**For the Nine Months Ended June 30, 2009**

**Directors and Officers as at August 21, 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 Nine Months Ended June 30, 2009

#### 1.1 Date of This Report

August 21, 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.

During the third quarter, the Company continued to actively review and assess alternative mineral properties in North America for possible acquisitions with a view of enhancing shareholder value.

On July 27, 2009, the Company entered into an agreement with Nevada Mine Properties II, Inc (“NMP”), a private Nevada corporation, to acquire a 100% interest in NMP’s Tact – Buff property (the “Property”) located in the prolific Battle Mountain Mining District, Nevada. The Property is comprised of 98 claims totalling 1760 acres and is situated in Humboldt County approximately 30 miles southeast of Winnemucca.

In consideration, Universal Uranium has agreed to pay US\$7,500 upon execution of the agreement and a total of US \$302,500 in Advanced Royalty Payments in the first 8 years with automatic extensions over the next 12 years. Universal Uranium reserves the right to purchase 100% ownership of the Property at anytime by paying US\$2 million less any Advance Royalty Payments.

Other considerations include issuing a total of 500,000 Universal shares to NMP over a two year period and the option to buy down a 3% NSR to 1% for US\$3 million.

The above transaction received the approval of the TSX Venture Exchange on August 6, 2009.

### 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	-	-	-

### 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 nine months ended June 30, 2009 was \$484,755 as compared to the total loss of \$4,349,593 for the nine months ended June 30, 2008. The major reason for the decrease (\$3,864,838) in the loss can be attributed to the write-off of mineral properties (2009 - \$Nil; 2008 - \$3,568,738).

Operating expenses increased by \$14,565 (2009 - \$433,178; 2008 - \$418,613) as per table below:

Expenses Category	30-Jun-09	30-Jun -08	Increase (Decrease)
- Bank charges & interest	1,218	1,171	47
- Consulting fees	18,926	42,500	(23,574)
- Corporate & admin	6,820	13,075	(6,255)
- Directors' fees	14,195	-	14,195
- Filing fees & transfer agent fees	13,835	46,855	(33,020)
- Legal & accounting	85,080	37,366	47,714
- Management fees	169,822	75,016	94,806
- Office rent, services & supplies	23,562	36,653	(13,091)
- Salaries & benefits	43,764	72,334	(28,570)
- Shareholders' information	43,483	55,378	(11,895)
- Travel, meals & entertainment	12,472	38,265	(25,793)
Total	433,178	418,613	14,565

## 1.4 Results of Operations (continued)

### *Discussion of Acquisitions, Operations and Financial Condition (continued)*

The categories that reported an increase in the above operating expenses are directors' fees, legal and accounting, and management fees. The reasons for the increases are as follows:

- Directors' fees - during the period, the board approved a \$500 director fee for every board meeting, audit committee meeting or compensation committee meeting.
- Legal and accounting – in the comparative period, legal fees related to the properties were deferred. In the current period, the Company continued to incur legal fees related to the Crosshair transaction and these expenses were charged to operating costs. In addition, the Company incurred legal expenses in the collection of a note receivable from a former director. The Company also was served a Writ and Statement of Claim in an action commenced by Crosshair Exploration & Mining Corp. (“Crosshair”) in the B.C. Supreme Court. The Crosshair action seeks rescission of a property purchase agreement dated July 29, 2008 under which Crosshair acquired the Company's interest in approximately 4,741 mineral claims situated in the Central Mineral Belt in Labrador. It also seeks rescission of a July 29, 2008 private placement agreement under which Crosshair purchased 2,222,222 units of the Company, each consisting of one common share and one common share purchase warrant. The action also claims certain ancillary relief.
- Management fees – Effective April 2008, the president's compensation increased from US\$5,000 to US\$10,000.

### Shareholders Communication and Travel

The Company reported shareholders communication and travel expenses totaling \$55,955 (2008 - \$93,646) and broken down as follows:

- Communication & Information \$17,560 (2008 - \$9,867);
- Conferences & shows \$7,842 (2008 - \$10,470);
- Press releases \$1,154(2008 - \$6,279);
- Printing, mail-out & supplies \$9,074 (2008 – \$20,115);
- Telephone & website \$7,853 (2008 - \$8,647); and
- Travel & entertainment \$12,472 (2008 - \$38,265).

### 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>Q3 30-Jun-09</u>	<u>Q2 31-Mar-09</u>	<u>Q1 31-Dec-08</u>	<u>Q4 30-Sep-08</u>
Net Income (loss)	247,937	(111,647)	(621,045)	(3,702,658)
Per Share	(0.00)	(0.00)	(0.02)	(0.09)
	<u>Q3 30-Jun-08</u>	<u>Q2 31-Mar-08</u>	<u>Q1 31-Dec-07</u>	<u>Q4 30-Sep-07</u>
Net Income (loss)	(2,825,504)	(1,165,679)	(358,410)	(68,182)
Per Share	(0.06)	(0.03)	(0.00)	0.00

During the three month period April to June 2009, the Company reported net income of \$247,937, which was the result of reporting the balance of 7,114,000 escrow shares of Crosshair at \$0.22 from \$0.16.

## ***Discussion***

### Nine months ended June 30, 2009:

For the nine months ended June 30, 2009, please refer to Section 1.4 Results of Operations.

## **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. 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);

During the period, the Company was not able to negotiate the restructuring of payments to Big Indian. Subsequently, the directors agreed not to spend any more on the property and that the property should be joint ventured. On August 4, 2009, the Company sent Mayan Minerals and Big Indian Ventures of the termination of 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.

During the period, the Company received a refund of \$41,800 from the government of New Foundland, which pertained to the excess expenditures required.

## **MINERAL PROPERTIES** (continued)

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. The directors discussed at length the report the Company received from North Rim Exploration Ltd. on the potash property. On February 11, 2009, the directors decided that the property was too grass roots to spend the required \$300,000 to maintain the property by August 2009. The directors agreed not to spend any more money on the property and to let the claims lapse absent finding a joint venture partner.

On August 12, 2009, the Company notified Alpha Uranium Resources of their intentions not to proceed with any further work on the property.

### **Tact & Buff properties (Nevada)**

On July 7, 2009, the Company entered into an agreement with Nevada Mine Properties II, Inc (“NMP”), a private Nevada corporation, to acquire a 100% interest in NMP’s Tact – Buff property (the “Property”) located in the prolific Battle Mountain Mining District, Nevada. The Property is comprised of 98 claims totalling 1760 acres and is situated in Humboldt County approximately 30 miles southeast of Winnemucca.

In consideration, Universal Uranium has agreed to pay US\$7,500 upon execution of the agreement and a total of US \$302,500 in Advanced Royalty Payments in the first 8 years with automatic extensions over the next 12 years. Universal Uranium reserves the right to purchase 100% ownership of the Property at anytime by paying US\$2 million less any Advance Royalty Payments.

Other considerations include issuing a total of 500,000 Universal shares to NMP over a two year period and the option to buy down a 3% NSR to 1% for US\$3 million.

The above transaction received the approval of the TSX Venture Exchange on August 6, 2009. The Company issued 200,000 shares to Nevada Mines as per the agreement.

The Company engaged Mr. Bert Jeffries, geologist and Mr. Bernard Stannus, mining engineer to review the Nevada property. While the Company remains committed to prospecting uranium properties, the identification of the gold opportunity and the favourable reports from the two geologists, convinced the Company to proceed with the agreement. The Company has retained Bernard Stannus as a consultant to the Company.

On August 27, 2009, the Company announced that the Notice of Operation for proposed drilling had been accepted by the Bureau of Land Management, Nevada. The bond covers 15 to 20 reverse circulation drill holes from 15 permitted sites. The total program is estimated at 7,000 to 8,000 feet and will test four separate targets previously defined by historical work. Three of the targets are surface gold anomalies with grades up to 4.5 g/t gold. The fourth target will test a pediment structure defined by geophysical surveys. Construction of access roads and drill sites will start immediately and the drill program is estimated to start in early September.

## MINERAL PROPERTIES EXPENDITURES

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

	Balance 30-Sep-08	Additions during the period	Balance 30-Jun-09
<b>Lisbon Valley, Utah</b>			
Acquisition costs	2,064,525	-	2,064,525
Deferred Expenses			
- Accommodations	22,080	-	22,080
- Assays & Sampling	3,433	-	3,433
- Claims & staking maintenance	287,775	2,498	290,273
- Consultants	168,249	-	168,249
- Drilling	1,683,100	-	1,683,100
- Fieldwork & supplies	98,918	-	98,918
- Field office & admin	33,784	69	33,853
- Geophysical	65,886	-	65,886
- Legal	60,903	435	61,338
- Maps & reports	10,956	-	10,956
- Reclamation Costs	59,972	-	59,972
- Site visits	34,641	-	34,641
- Vehicle & equipment rental	39,200	-	39,200
<b>Total Lisbon Valley</b>	<b>4,633,422</b>	<b>3,002</b>	<b>4,636,424</b>
<b>St. George's Basin</b>			
Acquisition			
- Cash (Finder's fee)	186,310	-	186,310
Deferred Expenses			
- Claims & Staking maintenance	53,277	(41,800)	11,477
- Consulting Geology	82,720	48,485	131,205
- Drafting & Mapping	170	160	330
- Field office	23	42	64
<b>Total St. George's</b>	<b>322,320</b>	<b>6,887</b>	<b>329,207</b>

### 1.5 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 June 30, 2009, the Company had \$1,213,177 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 June 30, 2009, the Company had working capital of \$1,036,487 compared to a working capital of \$932,085 on September 30, 2008.

## 1.5 Liquidity (continued)

### Cash and cash equivalents

	30-Jun-09	30-Sep-08
Cash deposits with Bank of Montreal	\$ 63,982	\$ 514,918
Cash deposits with Canaccord Capital	297,486	-
Total Cash	361,468	514,918
GIC with Bank of Montreal	-	500,000
GIC with HSBC	602,609	-
T-Bills with HSBC	249,100	-
Total cash and cash equivalents	\$ 1,213,177	\$ 1,014,918

### Credit Risk

As at June 30, 2009, the Company reported total other assets of \$1,710,775 as follows:

	Nine Months ended June 30, 2009			
	Fair Value 30-Sep-08 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Jun-09 \$
Asset Backed Commercial Paper	139,095	-	-	139,095
Bayswater Uranium Corp.	14,000	(3,000)	(11,000)	-
Crosshair Exploration & Mining Corp.	2,100,000	(71,360)	(456,960)	1,571,680
	2,253,095	(71,360)	(467,960)	1,710,775

During the period ended March 31, 2009, the Company wrote-down the 100,000 shares of Bayswater to \$11,000 or \$0.11 per share (Sep-08: \$14,000 or \$0.14 per share); and 10,000,000 shares of Crosshair to \$1,600,000 or \$0.16 per share (Sep-08: \$2,100,000 or \$0.21 per share).

During the period ended June 30, 2009, the Company re-stated the value of the remaining Crosshair shares to \$0.22 per share, which was the fair value as at June 30, 2009. All the Bayswater shares were sold at \$0.09 per share.

As at June 30, 2009, the Company had sold 2,886,000 Crosshair shares at various prices (\$0.13 - \$0.245) for total proceeds of \$474,323.

### 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 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.

### Commitments

The Company has certain work commitments on their mineral property interests as discussed in Section 1.5 and Note 6 of the Financial Statements.

## **1.6 Capital Resources**

The Company's capital resources are its mineral properties, with a historical cost of \$4,965,631 and its fixed assets (computers & office equipment) with a book value of \$31,694.

## **1.7 Off Balance Sheet Arrangements**

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

## **1.8 Transactions with Related Parties**

During the nine months ended June 30, 2009, the Company was charged the following amounts by directors and officers or by companies controlled by the director or officers:

	Nine Months Ended	
	30-Jun-09	30-Jun-08
Management fees		
- President	\$ 111,323	43,166
- Allocated to deferred expenses	-	18,500
- Vice-president	58,500	31,850
- Allocated to deferred expenses	-	13,650
Directors fees	14,195	-
Consulting fees	18,000	18,000
Accounting fees	38,170	27,529
Accounting fees allocated to deferred expenses	-	11,800
<b>Total</b>	<b>\$ 240,188</b>	<b>164,495</b>

## **1.9 Third Quarter**

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

## **1.10 Proposed Transactions**

None

## **1.11 Critical Accounting Estimates**

None

## **1.12 Legal proceedings**

On May 1, 2009, the Company was served with a Writ and Statement of Claim in an action commenced by Crosshair Exploration & Mining Corp. ("Crosshair") in the B.C. Supreme Court. The Crosshair action seeks rescission of a property purchase agreement dated July 29, 2008 under which Crosshair acquired the Company's interest in approximately 4,741 mineral claims situated in the Central Mineral Belt in Labrador. It also seeks rescission of a July 29, 2008 private placement agreement under which Crosshair purchased 2,222,222 units of the Company, each consisting of one common share and one common share purchase warrant. The action also claims certain ancillary relief.

On May 13, 2009, the Company filed a Statement of Defence and Counterclaim in an action commenced by Crosshair Exploration & Mining Corp. ("Crosshair") in the B.C. Supreme Court. The Crosshair action seeks rescission of two agreements, one being a property purchase agreement under which Crosshair acquired the Company's mineral claims in the Central Mineral Belt in Labrador, and the other being a private placement agreement under which Crosshair purchased units of the Company.

### **1.12 Legal proceedings** (continued)

The Company considers the Crosshair action to be without merit. The Company's Statement of Defence and Counterclaim denies that Crosshair is entitled to rescission of the two agreements and asserts that the Crosshair action was commenced for the purpose of artificially increasing the value of Crosshair's shares by halting the release from escrow of the Crosshair shares to which UUL is entitled under the property purchase agreement. The Statement of Defence and Counterclaim also asserts that the Crosshair action is an abuse of process and seeks damages for the loss of the Company's opportunity to market the Crosshair shares to which the Company is entitled.

### **1.13 Adoption of new accounting standards**

Effective October 1, 2008 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, marketable securities, accounts receivable, brokerage account overdraft, accounts payable and due from (to) related parties approximate their fair values due to the short maturity of those instruments.

## **1.15 Other**

### **Disclosure of Outstanding Share Capital (August 21, 2009)**

	Number	Book Value
Common Shares	47,284,068	\$22,193,588

### **Disclosure of Outstanding Stock Options: (August 21, 2009)**

	Number	Weighted Average Price
Incentive Stock Options	4,195,000	\$0.15

### **Disclosure of Outstanding Share Purchase Warrants Outstanding: (August 21, 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.

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.

## **Subsequent Events to June 30, 2009**

### **Nevada Property**

On July 7, 2009, the Company announced that it had entered into an agreement with Nevada Mine Properties II, Inc (“NMP”), a private Nevada corporation, to acquire a 100% interest in NMP’s Tact – Buff property (the “Property”) located in the prolific Battle Mountain Mining District, Nevada. The Property is comprised of 98 claims totalling 1760 acres and is situated in Humboldt County approximately 30 miles southeast of Winnemucca.

In consideration, Universal Uranium has agreed to pay US\$7,500 upon execution of the agreement and a total of US \$302,500 in Advanced Royalty Payments in the first 8 years with automatic extensions over the next 12 years. Universal Uranium reserves the right to purchase 100% ownership of the Property at anytime by paying US\$2 million less any Advance Royalty Payments.

Other considerations include issuing a total of 500,000 Universal shares to NMP over a two year period and the option to buy down a 3% NSR to 1% for US\$3 million.

The above transaction received the approval of the TSX Venture Exchange on August 6, 2009.

On August 17, 2009, the Company announced that the Bureau of Land Management accepted the Notice of Operation for proposed drilling. Construction of access roads and drill sites will start immediately and the drill program will start in early September, 2009.

### **Other Properties**

The Company also terminated the Lisbon Valley mineral property agreement and the St. Georges Potash property agreement on August 4 and 12, 2009 respectively. For details, please refer the the Mineral Property discussion under Section 1.4.1.

## **Additional information**

Additional information relating to the company is on SEDAR at [www.sedar.com](http://www.sedar.com).