

**UNIVERSAL URANIUM LTD.**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 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  
February 23, 2010

*/s/ Steve Chan*  
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Steve Chan, Director  
Vancouver, BC Canada  
February 23, 2010

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

	31-Dec-09 \$ Unaudited	30-Sep-09 \$ Audited
<b>A S S E T S</b>		
<b>Current assets</b>		
Cash	891,145	1,264,355
Amounts receivable	20,136	25,360
Security deposits	29,122	29,122
Prepaid expense	22,404	12,504
	962,807	1,331,341
<b>Long term receivable</b> (Note 5)	107,475	107,475
<b>Reclamation bond</b> (Note 6)	117,834	117,834
<b>Equipment</b> (Note 3)	27,909	29,220
<b>Other assets</b> (Note 4)	1,532,175	1,782,215
<b>Mineral properties</b> (Note 6)	334,567	258,317
	3,082,767	3,626,402

**LIABILITIES & SHAREHOLDERS' EQUITY**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities	86,698	140,497
Margin account (Note 7)	462,530	533,415
	549,228	673,912
<b>Asset Retirement Obligation</b> (Note 7)	99,948	99,948
	649,176	773,860
<b>Shareholders' Equity</b>		
Share capital (Note 8)	22,204,588	22,204,588
Contributed surplus (Note 8d)	3,177,107	3,177,107
Deficit	(22,948,104)	(22,529,153)
	2,433,591	2,852,542
	3,082,767	3,626,402
<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 Three Months Ended December 31,**

	3 Months	
	31-Dec-09	31-Dec-08
<b>General and administrative expenses:</b>		
Bank charges	5,387	456
Consulting fees	-	6,000
Corporate and administration fees	638	638
Directors' fees	5,500	6,195
Filing and transfer agent fees	2,216	1,563
Legal & accounting fees	76,956	21,667
Management fees	51,875	57,640
Office rent, services and supplies	7,880	8,446
Property reclamation costs	25,299	-
Salaries and Benefits	12,057	19,240
Shareholders' communication, & promotion	6,522	12,748
Travel, meals & entertainment	3,919	792
	<u>(198,249)</u>	<u>(135,385)</u>
<b>Other (expenses):</b>		
Amortization	(1,730)	(2,194)
Interest income	8,193	2,976
Loss on sale of other assets	(7,747)	-
Other non-recurring expenses	-	16,558
Write-off of other assets	(250,040)	(503,000)
Fair value restatement of short sale	30,622	
	<u>(198,249)</u>	<u>(135,385)</u>
<b>Net gain (loss) and comprehensive gain (loss) for the period</b>	(418,951)	(621,045)
<b>Deficit - beginning of the period</b>	(22,529,153)	(16,914,916)
<b>Deficit - end of the period</b>	<u>(22,948,104)</u>	<u>(17,535,961)</u>
<b>Gain (loss) per share</b>	<u>(0.01)</u>	<u>(0.01)</u>
Weighted average – number of shares outstanding	47,284,068	47,084,608

**UNIVERSAL URANIUM LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three Months Ended December 31,**

	3 Months	
	31-Dec-09	31-Dec-08
<b>Cash provided by (used for):</b>		
<b>Operating Activities</b>		
Net gain (loss) for the period	(418,951)	(621,045)
Adjustment which do not affect cash:		
Amortization	1,730	2,194
Write-off of other assets	250,040	503,000
Fair value restatement of short sale	(30,622)	-
	(197,803)	(115,851)
Net changes in non-cash working capital items:		
Amounts receivable	5,224	9,423
Prepaid expense	(9,900)	(9,377)
Accounts payable	(53,799)	(16,360)
	(256,278)	(132,165)
<b>Financing Activities</b>	-	-
<b>Investing Activities</b>		
Mineral property costs	(76,250)	4,447
Purchase of capital assets	(420)	-
Margin account	(40,262)	-
	(116,932)	4,447
<b>Increase (decrease) in cash</b>	(373,210)	(127,718)
<b>Cash - beginning of period</b>	1,264,355	1,014,918
<b>Cash - end of period</b>	891,145	887,200
Interest earned		
Supplementary disclosures:		
Interest income received	8,193	2,976

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-08 \$	Additions \$	Write-off	Balance 30-Sep-09 \$	Additions	Balance 31-Dec-09 \$
<b>Lisbon Valley</b>						
Acquisition costs	2,064,525	(53,210)	(2,011,315)	-	-	-
Exploration costs						
Accommodations	22,080	-	(22,080)	-	-	-
Assays and sampling	3,433	-	(3,433)	-	-	-
Claims and staking maintenance	287,775	2,498	(290,273)	-	-	-
Consultants	168,249	(44,968)	(123,281)	-	-	-
Drilling	1,683,100	-	(1,683,100)	-	-	-
Field work	98,918	-	(98,918)	-	-	-
Field office and administration	33,784	69	(33,853)	-	-	-
Geophysical	65,886	-	(65,886)	-	-	-
Legal	60,903	435	(61,338)	-	-	-
Maps and reports	10,956	-	(10,956)	-	-	-
Reclamation costs	59,972	97,404	(157,376)	-	-	-
Site visits	34,641	-	(34,641)	-	-	-
Vehicle rental	39,200	-	(39,200)	-	-	-
	4,633,422	2,228	(4,635,650)	-	-	-
<b>St. George's Basin</b>						
Acquisition costs	186,130	-	(186,130)	-	-	-
Exploration costs						
Claims and maintenance	53,277	(41,800)	(11,477)	-	-	-
Consultants	82,720	48,485	(131,205)	-	-	-
Drafting and mapping	170	160	(330)	-	-	-
Field administration	23	42	(65)	-	-	-
	322,320	6,887	(329,207)	-	-	-
<b>Tact &amp; Buff</b>						
Acquisition costs	-	19,908	-	19,908	-	19,908
Exploration costs	-					
Advances	-	5,546	-	5,546	-	5,546
Assays & sampling	-	11,790	-	11,790	18,020	29,810
Claims and maintenance	-	17,429	-	17,429	-	17,429
Consulting	-	47,216	-	47,216	47,992	95,208
Drilling	-	142,127	-	142,127	5,537	147,664
Field administration	-	65	-	65	98	163
Field work and supplies	-	1,483	-	1,483	2,958	4,441
Maps & reports	-	5,282	-	5,282	-	5,282
Site visits	-	7,471	-	7,471	1,645	9,116
	-	258,317	-	258,317	76,250	334,567
<b>TOTALS</b>	4,955,742	267,432	(4,964,857)	258,317	76,250	334,567

See notes to financial statements

**UNIVERSAL URANIUM LTD.**  
**Notes to Interim Consolidated Financial Statements**  
**December 31, 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 \$22,948,104 at December 31, 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**

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the most recent audited financial statements. These unaudited interim consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements. Therefore readers are advised to refer to the Company's annual audited financial statements for the year ended September 30, 2009 for additional information.

**New Canadian Accounting Pronouncements**

**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.

**Business Combinations**

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. This standard will not have any impact on the Company's financial statements.

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

### New Canadian Accounting Pronouncements (continued)

#### Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard will not have any impact on the Company's financial statements.

#### Non Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, Non-controlling Interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard will not have any impact on the Company's financial statements.

#### Mining Exploration Costs

On March 27, 2009, the Canadian Institute for Chartered Accountants approved EIC-174, "Mining Exploration Costs". The EIC provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended September 30, 2009, resulting in no impact on its financial statements.

#### Goodwill and Intangible Assets

In February 2008, the CICA issued the new section to replace Section 3062 – *Goodwill and Other Intangible Assets* and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, the CICA issued amendments to Section 1000, *Financial Statement Concepts* and AcG 11, *Enterprises in the Development Stage* and withdrew Section 3450, *Research and Development Costs*. EIC 27, *Revenues and Expenditures During the Pre-operations Period* is no longer applicable for entities that have adopted CICA 3064. The mandatory effective date is for annual and interim financial statements for years beginning on/after October 1, 2008. If adopted effective October 31, 2008, this Section would not have an impact on the financial statements.

## 3. EQUIPMENT

	December 31, 2009		
	Cost \$	Accumulated Amortization \$	Net \$
Computer equipment	37,310	28,137	9,173
Office equipment	49,020	30,284	18,736
Leasehold improvements	2,114	2,114	-
	<u>88,444</u>	<u>60,535</u>	<u>27,909</u>

  

	September 30, 2009		
	Cost \$	Accumulated Amortization \$	Net \$
Computer equipment	37,310	27,393	9,917
Office equipment	48,601	29,298	19,303
Leasehold improvements	2,114	2,114	-
	<u>88,025</u>	<u>58,805</u>	<u>29,220</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 \$139,095.

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 a prior year end, the Company received 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 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.

During the previous year end, the Company sold 2,886,000 shares at various prices (\$0.13 - \$0.245) for total proceeds of \$474,323, leaving a balance of 7,114,000 Crosshair shares in escrow.

On September 30, 2009, Crosshair shares closed at \$0.23 per share. The Company re-stated the fair value of the investment to \$1,643,120 or \$0.23 per share (Sep-08: \$2,100,000 or \$0.21 per share). On December 31, 2009, Crosshair shares closed at \$0.195 per share. The Company re-stated the fair-value of the investment to \$1,393,080 or \$0.195 per share.

Three Months ended December 31, 2009

	Fair Value 30-Sep-09 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Jun-09 \$
Asset Backed Commercial Paper	139,095	-	-	139,095
Crosshair Exploration & Mining Corp.	1,643,120	(250,040)	-	1,393,080
	1,782,215	(250,040)	-	1,532,175

Year ended September 30, 2009

	Originating value \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-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	80	(456,960)	1,643,120
	2,253,095	(2,920)	(467,960)	1,782,215

## 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.

On July 2, 2009, the Company obtained default judgment against the director in the amount of \$115,266, interest in the amount of \$1,419 and \$1,330 in other costs, for a total of \$117,975. On September 16, 2009, it was ordered that the director pay \$400 per month commencing October 15, 2009 and continuing to December 15, 2009, and that the director pay \$1,000 per month commencing January 15, 2010 until the amount owing is paid in full, or until further order. \$9,500 has been classified as a short-term receivable as at December 31, 2009 (September 30, 2009 - \$10,500).

## 6. **MINERAL PROPERTIES**

### **Tact & Buff Properties Nevada, USA**

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 Advance 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. On August 6, 2009, the Company issued 200,000 common shares to NMP, which was recorded at the closing trading price of \$0.06 per share.

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

## 7. **MARGIN ACCOUNT**

During the previous year end, the Pan-Canadian Investors Committee announced that the restructuring plan affecting third-party asset backed paper (“ABCP”) had been fully implemented. The Canadian Depository for Securities distributed the Plan Notes and the first interest payment for ABCP was credited to their clients. For the year ended September 30, 2009, the Company received total interest of \$70,363 on the ABCP.

Canaccord Capital Corporation (“Canaccord”) offered a special, limited recourse credit facility at a preferred interest rate to allow funds to be advanced against the ABCP held by the Company. Canaccord granted their clients a margin facility (the “Credit Facility”) in the amount not to exceed at any time the Maximum Advance Rate of the Market Value of the Plan Notes held in the account with margin interest on the amount calculated, compounded and payable monthly at the same rate as 90 day bankers’ acceptances issued by the Bank of Montreal from time to time. On September 18, 2009, the Company availed itself of this credit facility and received \$411,907.

During the period ended December 31, 2009, the Company received interest on the ABCP in the amount of \$7,426 and paid interest expense on the credit facility in the amount of \$5,204. The current balance reported on the credit facility is \$409,685.

In addition, the Company reported a liability of \$52,845 (September 30, 2009 - \$121,508) for the short sale of 271,000 shares of Crosshair Exploration (September 30, 2009 – 476,500 shares).

## 8. **ASSET RETIREMENT OBLIGATION**

Included in the carrying value of the mineral properties is \$99,948 representing the estimated fair value of the liability for the asset retirement obligation that arose as a result of drilling activities since fiscal 2007 on the Lisbon Valley Property. The fair value of the liability, \$99,948 was determined to be equal to the estimated drill well site remediation costs for which a reclamation bond had been posted.

8. **SHARE CAPITAL**

- a) Authorized: Unlimited number of common shares  
b) Issued and outstanding:

	Number of Shares	\$
<b>Balance – September 30, 2008 and December 31, 2008</b>	47,084,068	22,193,588
Issued for mineral properties		
Acquisition cost per agreement	200,000	11,000
<b>Balance –September 30, 2009 and December 31, 2009</b>	<b>47,284,068</b>	<b>22,204,588</b>

- c) Stock options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-09	Re-priced	Granted	Exercised	Expired / Cancelled	31-Dec-09
29-Dec-09	0.15	230,000	-	-	-	(230,000)	-
21-June-10	0.15	425,000	-	-	-	-	425,000
16-Jan-11	0.15	85,000	-	-	-	-	85,000
08-May-11	0.15	100,000	-	-	-	-	100,000
13-Jun-11	0.15	150,000	-	-	-	-	150,000
13-Nov-11	0.15	150,000	-	-	-	-	150,000
19-Mar-12	0.15	645,000	-	-	-	-	645,000
01-Dec-12	0.15	645,000	-	-	-	-	645,000
12-Mar-13	0.15	110,000	-	-	-	-	110,000
23-Apr-13	0.15	780,000	-	-	-	-	780,000
29-Apr-14	0.15	775,000	-	-	-	-	775,000
15-Oct-14	0.15	-	-	50,000	-	-	50,000
		4,095,000	-	50,000	-	(230,000)	3,915,000
<b>Weighted average exercise price</b>		0.15	-	0.15	-	0.15	0.15

Expiry Date	Exercise Price	30-Sep-08	Granted	Exercised	Expired / Cancelled	31-Dec-08
29-Dec-09	0.20	230,000	-	-	-	230,000
21-June-10	0.52	525,000	-	-	-	525,000
16-Jan-11	0.71	85,000	-	-	-	85,000
08-May-11	0.67	125,000	-	-	-	125,000
13-Jun-11	0.67	200,000	-	-	-	200,000
13-Jul-11	0.48	100,000	-	-	-	100,000
13-Nov-11	0.46	150,000	-	-	-	150,000
	0.55					
19-Mar-12	**	720,000	-	-	-	720,000
01-Dec-12	0.60	745,000	-	-	-	745,000
12-Mar-13	0.40	110,000	-	-	-	110,000
23-Apr-13	0.20	880,000	-	-	-	880,000
		3,870,000	-	-	-	3,870,000
<b>Weighted average exercise price</b>		0.46	-	-	-	0.46

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

d) Contributed Surplus

Contributed surplus, September 30, 2008 and December 31, 2008	3,108,887
Changes during the period	
Fair-value of stock options granted	52,281
Fair-value of stock options re-priced	15,939
Contributed surplus, September 30, 2009 and December 31, 2009	3,177,107

e) Share purchase warrants

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	30-Sep-09	Granted	Exercised	Expired / Cancelled	31-Dec-09
23-Oct-09	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	0.45	87,500	-	-	-	87,500
29-Jul-10	0.65	2,222,222	-	-	-	2,222,222
		5,059,720	-	-	(1,599,998)	3,459,722
<b>Weighted average exercise price</b>		0.96	-	-	1.79	0.48

\*\* 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.

Expiry Date	Exercise Price	30-Sep-08	Granted	Exercised	Expired / Cancelled	31-Dec-08
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
		5,059,720	-	-	-	5,059,720
<b>Weighted average exercise price</b>		0.91	-	-	-	0.91

**UNIVERSAL URANIUM LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Three Months Ended December 31, 2009**

**Directors and Officers as at February 23, 2010**

**Directors:**

Ron Atlas  
Steve Chan  
John Hite  
Corry Silbernagel  
Richard Walters

**Officers:**

President – Ron Atlas  
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 &amp; ANALYSIS

For the Three Months Ended December 31, 2009

**1.1 Date of This Report**

February 23, 2010

*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 a mineral property interest in the Tact & Buff Property located in the Battle Mountain District, Nevada, which is in the exploration and development stage.

During the first 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.

**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, 2009</u>	<u>Sept. 30, 2008</u>	<u>Sept. 30, 2007</u>
(a) Total income	\$93,273	\$25,989	\$53,758
(b) Loss before other items			
(i) Total loss	\$633,226	\$573,604	\$808,313
(ii) Loss per share – basic	\$0.01	\$0.01	\$0.02
(iii) Loss per share – diluted	\$0.01	\$0.01	\$0.02
(c) Net loss			
(i) Total loss	\$5,614,237	\$8,052,251	\$2,157,548
(ii) Loss per share – basic	\$0.12	\$0.18	\$0.06
(iii) Loss per share – diluted	\$0.12	\$0.18	\$0.06
(d) Total assets	\$3,626,402	\$8,536,769	\$14,609,368
(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 three months ended December 31, 2009 was \$418,951 as compared to the total loss of \$621,045 for the three months ended December 31, 2008. The major reason for the decrease (\$202,094) in the loss can be attributed to the write-off of other assets (2009 - \$250,040; 2008 - \$503,000). This write-off relates to the fair value of the Crosshair shares that the Company holds. As at the date of this report, the Company held 7,144,000 Crosshair shares with at fair value of \$0.195 per share compared to \$0.23 on September 30, 2009.

Operating expenses increased by \$62,864 (2009 - \$198,249; 2008 - \$135,385) as per table below:

Expenses Category	31-Dec-09	31-Dec -08	Increase (Decrease)
- Bank charges & interest	5,387	456	4,931
- Consulting fees	-	6,000	(6,000)
- Corporate & admin	638	638	-
- Directors' fees	5,500	6,195	(695)
- Filing fees & transfer agent fees	2,216	1,563	653
- Legal & accounting	76,956	21,667	55,289
- Management fees	51,875	57,640	(5,765)
- Office rent, services & supplies	7,880	8,446	(566)
- Property reclamation costs	25,299	-	25,299
- Salaries & benefits	12,057	19,240	(7,183)
- Shareholders' information	6,522	12,748	(6,226)
- Travel, meals & entertainment	3,919	792	3,127
Total	198,249	135,385	62,864

There were four expenses that reported an increase compared to the previous period – bank charges & interest, regulatory fees, legal & accounting, and travel, meals & entertainment. The reasons for the increases are as follows:

- Bank charges & interest expense – The Company paid interest of \$5,104 in connection to the credit facility (margin account) with Canaccord Capital.
- Legal & accounting – The Company incurred legal fees of \$63,471 related to the defense of the Crosshair suit.
- Property reclamation costs – The Company incurred \$25,299 in the reclamation of the Lisbon property. The clean-up is now complete and the Company is waiting for the BLM refund of US\$84,000.
- Travel, meals & entertainment – The incurred expenses of \$3,919 (2008 - \$792). These expenses relate mostly to the travel costs of directors to attend meetings in Vancouver.

## 1.4 Results of Operations (continued)

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

#### Shareholders Communication and Travel

The Company reported shareholders communication and travel expenses totaling \$10,441 (2008 - \$13,540) and broken down as follows:

- Communication & Information \$459 (2008 - \$6,572);
- Conferences & shows \$Nil (2008 - \$780);
- Press releases \$546(2008 - \$494);
- Printing, mail-out & supplies \$2,352 (2008 – \$2,431);
- Telephone & website \$3,165 (2008 - \$2,471); and
- Travel & entertainment \$3,919 (2008 - \$792).

#### 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>Q1 31-Dec-09</u>	<u>Q4 30-Sep -09</u>	<u>Q3 30-Jun-09</u>	<u>Q2 31-Mar-09</u>
Net Income (loss)	(418,951)	(5,129,482)	247,937	(111,647)
Per Share	(0.01)	(0.10)	(0.00)	(0.00)
	<u>Q1 31-Dec-08</u>	<u>Q4 30-Sep-08</u>	<u>Q3 30-Jun-08</u>	<u>Q2 31-Mar-08</u>
Net Income (loss)	(621,045)	(3,702,658)	(2,825,504)	(1,165,679)
Per Share	(0.02)	(0.09)	(0.06)	(0.03)

#### *Discussion*

##### Three months ended December 31, 2009:

For the three months ended December 31, 2009, please refer to Section 1.4 Results of Operations.

## **MINERAL PROPERTIES**

### **Tact & Buff properties - Nevada**

#### Year ended September 30, 2009

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.

## **MINERAL PROPERTIES (continued)**

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

#### Year ended September 30, 2009 (continued)

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.

#### Three months ended December 31, 2009

On October 22, 2009, the Company announced the drill results for the first phase drill program completed on its Tact project. Geologic mapping, surface sampling and drilling have confirmed the presence of a large epithermal system located within the boundaries of the Company's claim position. Mineralization is localized along faults cutting quartz monzonite intrusive and Pennsylvanian aged sediments. The mineralized zones are characterized by quartz veining with associated clay gouge, carbonate and iron oxide alteration. The altered zones contain disseminated gold mineralization with moderate-to-deep oxidation. The above attributes lend themselves to low cost open pit, heap leach technology utilized by low grade gold deposits in the vicinity.

The Company notes that all holes drilled except for T09-10 encountered significant gold in one or more intervals. Hole T09-10 was abandoned in alluvial fill before reaching bedrock. Holes 5, 6 and 14 probed under a northerly trending gold-in-soil anomaly identified as the Southeast target. Holes 7, 8, 9, 11 and 12 investigated the Central target defined by several gold anomalies collected from soil and road cuts. Hole 10 tested the Southeast target in Section 12, but was abandoned before it encountered bedrock. Hole 13 tested the Northwest target defined by geophysics.

**MINERAL PROPERTIES** (continued)**Tact & Buff properties (Nevada)**

Three months ended December 31, 2009

The following table summarizes the latest results of the drilling:

<b>HOLE NUMBER</b>	<b>FROM METER S</b>	<b>TO METER S</b>	<b>INTERVAL METERS</b>	<b>GOLD GRAMS/TON</b>	<b>INTERVAL FEET</b>	<b>GOLD OUNCES/TON</b>
T09-5	<b>109.7</b>	<b>111.2</b>	1.5	0.21	5	<b>0.006</b>
	<b>118.9</b>	<b>125.0</b>	6.1	0.20	20	<b>0.006</b>
T09-6	<b>50.3</b>	<b>54.9</b>	4.6	0.33	15	<b>0.010</b>
	<b>73.1</b>	<b>74.6</b>	1.5	0.33	5	<b>0.010</b>
T09-7	<b>0.0</b>	<b>1.5</b>	1.5	0.40	5	<b>0.011</b>
	<b>6.1</b>	<b>7.6</b>	1.5	0.46	5	<b>0.013</b>
	<b>59.4</b>	<b>62.5</b>	3.1	0.78	10	<b>0.023</b>
	<b>147.8</b>	<b>150.9</b>	3.1	0.61	10	<b>0.018</b>
T09-8	<b>18.3</b>	<b>21.3</b>	3.1	0.31	10	<b>0.009</b>
	<b>44.2</b>	<b>45.7</b>	1.5	0.57	5	<b>0.017</b>
	<b>97.5</b>	<b>99.0</b>	1.5	0.45	5	<b>0.013</b>
T09-9	<b>4.5</b>	<b>7.6</b>	3.1	0.36	10	<b>0.010</b>
	<b>109.7</b>	<b>118.9</b>	9.1	0.42	30	<b>0.012</b>
Includes	<b>112.8</b>	<b>117.4</b>	4.6	0.66	15	<b>0.020</b>
T09-10	<b>NSV</b>					
T09-11	<b>16.8</b>	<b>24.4</b>	7.6	0.32	25	<b>0.009</b>
includes	<b>18.3</b>	<b>19.8</b>	1.5	0.90	5	<b>0.026</b>
	<b>36.6</b>	<b>38.1</b>	1.5	0.46	5	<b>0.013</b>
T09-12	<b>24.4</b>	<b>25.9</b>	1.5	0.47	5	<b>0.014</b>
	<b>32.0</b>	<b>36.6</b>	4.6	0.65	15	<b>0.019</b>
	<b>53.3</b>	<b>59.4</b>	6.1	0.37	20	<b>0.011</b>
	<b>71.6</b>	<b>74.7</b>	4.6	0.52	10	<b>0.015</b>
T09-13	<b>67.1</b>	<b>71.7</b>	4.6	0.19	15	<b>0.005</b>
T09-14	<b>44.2</b>	<b>45.7</b>	1.5	0.45	5	<b>0.013</b>

During drilling additional ground was obtained by locating unpatented mining claims on available land to the south of the property. A further 2780 acres were acquired bringing the total acreage currently held to 4560 acres. The additional land is known to cover at least two areas of previously recognized gold mineralization. The Company intends to investigate these occurrences in the near future with a detailed mapping and sampling program.

The Company believes the results of this wide spaced drill program provide evidence of a large epithermal system underlying the property. As of the date of this report, management may pursue the drill program in the spring, subject to the economic conditions.

## MINERAL PROPERTIES EXPENDITURES

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

	Balance 30-Sep-09	Additions during the period	Balance 31-Dec-09
<b>Tact &amp; Buff, Nevada</b>			
Acquisition costs	19,908	-	19,908
Deferred Expenses			
- Advances	5,546	-	5,546
- Assays & Sampling	11,790	18,020	29,810
- Claims & staking maintenance	17,429	-	17,429
- Consultants	47,216	47,992	95,208
- Drilling	142,127	5,537	147,664
- Fieldwork & supplies	1,483	2,958	4,441
- Field office & admin	65	98	163
- Maps & reports	5,282	-	5,282
- Site visits	7,471	1,645	9,116
<b>Total Tact &amp; Buff</b>	<b>258,317</b>	<b>76,250</b>	<b>334,567</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 December 31, 2009, the Company had \$891,145 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 December 31, 2009, the Company had working capital of \$413,759 compared to a working capital of \$657,429 on September 30, 2009.

#### Cash and cash equivalents

	31-Dec-09	30-Sep-09
Cash deposits with Bank of Montreal & HSBC	\$ 278,088	\$ 531,246
Cash deposits with Canaccord Capital	158,303	279,090
GIC with Bank of Montreal & HSBC	454,754	454,019
Total cash and cash equivalents	<b>\$ 891,145</b>	<b>\$ 1,264,355</b>

## 1.5 Liquidity (continued)

### Credit Risk

As at December 31, 2009, the Company reported total other assets of \$1,532,175 (September 30, 2009 - \$1,782,215) as follows:

	Year ended September 30, 2009			
	Fair Value 30-Sep-09 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 31-Dec-09 \$
Asset Backed Commercial Paper	139,095	-	-	139,095
Bayswater Uranium Corp.	-	-	-	-
Crosshair Exploration & Mining Corp.	1,643,120	(250,040)	-	1,393,080
	<u>1,782,215</u>	<u>(250,040)</u>	<u>-</u>	<u>1,532,175</u>

As at the year ended September 30, 2009, Crosshair shares closed at \$0.23 per share. The Company re-stated the fair value of the investment to \$1,643,120 or \$0.23 per share (Sep-08: \$2,100,000 or \$0.21 per share). On December 31, 2009, Crosshair shares closed at \$0.195 per share. The Company re-stated the fair value of the investment to \$1,393,080 or \$0.195 per share.

### 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 \$258,317 and its fixed assets (computers & office equipment) with a book value of \$29,220.

## 1.7 Off Balance Sheet Arrangements

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

## 1.8 First Quarter

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

## **1.9 Transactions with Related Parties**

During the three months ended December 31, 2009, the Company was charged the following amounts by directors and officers or by companies controlled by the director or officers:

	Three Months Ended	
	31-Dec-09	31-Dec-08
Management fees		
- President	\$ 32,375	38,140
- Vice-president	19,500	19,500
Directors fees	5,500	6,195
Consulting fees	-	6,000
Accounting fees	13,485	13,065
<b>Total</b>	<b>\$ 70,860</b>	<b>82,900</b>

## **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.

Crosshair alleges that the Company's share price was affected by trading in violation of securities legislation by unknown persons in a special relationship with the Company having knowledge of undisclosed material information relating to the Company. Crosshair also alleges that as a result of such trading, the market price of the Company's shares increased during the period when the terms of a letter agreement leading to the property purchase agreement and the private placement agreement were being negotiated, with the result that Crosshair was induced to pay more for Universal's interest in the CMB claims and for the Universal units of shares and warrants than it would otherwise have paid.

The purchase and sale agreement required the Company to enter into an escrow agreement under which the Crosshair shares and warrants due to the Company from the sale of its interest in the CMB claims would be held in escrow and released in tranches, commencing October 29, 2008 and thereafter at three month intervals. On the same day that Crosshair commenced the action, it asked the escrow agent holding the Crosshair shares to cease releasing any further shares and warrants to the Company. As at the date of this report there are 7,144,000 Crosshair shares and 5,358,000 Crosshair warrants currently remaining in escrow. Of the Crosshair shares and warrants currently in escrow, 5,715,000 Crosshair shares and 4,284,000 Crosshair warrants were to have been released to the Company by the date of this report under the terms of the escrow agreement but have not yet been released.

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

On May 12, 2009, the Company filed a Statement of Defence and Counterclaim in the Crosshair action. The Statement of Defence and Counterclaim denies that Crosshair is entitled to rescission of the two agreements. It 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. On May 26, 2009, Crosshair filed a Statement of Defence to Counterclaim, denying the allegations in the Company's Counterclaim.

On May 26, 2009, Crosshair applied for trading records from named securities dealers, based on expert opinion evidence that these trading records would support its allegations of insider trading and assist in determining the parties involved in such trading. This application was not disputed by the Company and resulted in a Court order directing the named securities dealers to make specified trading records available. The process of obtaining and reviewing the dealer trading records is continuing.

On August 16, 2009, the Company applied to the Court for release of the shares and warrants held in escrow which were to have been delivered to the Company under the terms of the property purchase agreement. The Company's application was opposed by Crosshair. The company's application was heard on December 3, 2009 and the Court has reserved judgment. The Company is awaiting the Court's decision on the application.

Management of the Company believes that there is no factual basis for the Crosshair action against the Company and that the action is without merit. A trial date has been set for September, 2010.

### **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.

## **1.13 Adoption of new accounting standards (continued)**

### **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.

#### **Business Combinations**

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. This standard will not have any impact on the Company’s financial statements.

#### **Consolidated Financial Statements**

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard will not have any impact on the Company’s financial statements.

#### **Non Controlling Interests**

In January 2009, the CICA issued Handbook Section 1602, Non-controlling Interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard will not have any impact on the Company’s financial statements.

### 1.13 Adoption of new accounting standards (continued)

#### New Canadian Accounting Pronouncement (continued)

##### Mining Exploration Costs

On March 27, 2009, the Canadian Institute for Chartered Accountants approved EIC-174, "Mining Exploration Costs". The EIC provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended September 30, 2009, resulting in no impact on its financial statements.

##### Goodwill and Intangible Assets

In February 2008, the CICA issued the new section to replace Section 3062 – *Goodwill and Other Intangible Assets* and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, the CICA issued amendments to Section 1000, *Financial Statement Concepts* and AcG 11, *Enterprises in the Development Stage* and withdrew Section 3450, *Research and Development Costs*. EIC 27, *Revenues and Expenditures During the Pre-operations Period* is no longer applicable for entities that have adopted CICA 3064. The mandatory effective date is for annual and interim financial statements for years beginning on/after October 1, 2008. If adopted effective October 31, 2008, this Section would not have an impact on the financial statements.

### 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: February 23, 2010

	Number	Book Value
Common Shares	47,284,068	\$22,204,588

#### Disclosure of Outstanding Stock Options: February 23, 2010

	Number	Weighted Average Price
Incentive Stock Options	3,915,000	\$0.15

#### Disclosure of Outstanding Share Purchase Warrants: February 23, 2010

	Number	Weighted Average Price
Share Purchase Warrants	3,459,722	\$0.48

## 1.15 Other (continued)

### **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 December 31, 2009**

None

### **Additional information**

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