

**EXPEDITION MINING INC.**

**(Formerly Universal Uranium Ltd.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2010**

**and**

**September 30, 2009**

## AUDITORS' REPORT

To the Shareholders of Expedition Mining Inc. (formerly Universal Uranium Ltd),

We have audited the consolidated balance sheets of Expedition Mining Inc. as at September 30, 2010 and 2009 and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*De Visser Gray LLP*

**CHARTERED ACCOUNTANTS**

Vancouver, British Columbia

January 24, 2011

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**CONSOLIDATED BALANCE SHEETS**  
**As at September 30**

	2010	2009
	\$	\$
<b>A S S E T S</b>		
<b>Current assets</b>		
Cash	989,389	1,264,355
Amounts receivable	38,253	25,360
Security deposits	5,750	29,122
Prepaid expense	-	12,504
	1,033,392	1,331,341
<b>Long term receivable</b> (Note 5)	80,697	107,475
<b>Reclamation bond</b> (Note 6)	17,886	117,834
<b>Equipment</b> (Note 3)	22,720	29,220
<b>Other assets</b> (Note 4)	1,032,900	1,782,215
<b>Mineral properties</b> (Note 6)	840,173	258,317
	3,027,768	3,626,402
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	134,882	140,497
Margin account (Note 7)	-	533,415
	134,882	673,912
<b>Asset Retirement Obligation</b> (Note 8)	17,886	99,948
	152,768	773,860
<b>Shareholders' Equity</b>		
Share capital (Note 9)	22,216,588	22,204,588
Contributed surplus (Note 9d)	3,251,857	3,177,107
Deficit	(22,593,445)	(22,529,153)
	2,875,000	2,852,542
	3,027,768	3,626,402
<b>Continuing operations</b> (Note 1)		

**Approved on behalf of the Board of Directors:**

“Ronald Atlas”, Director

“Steven Chan”, Director

See notes to financial statements

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT**  
**For the Years Ended September 30,**

	2010	2009
	\$	\$
<b>General and administrative expenses:</b>		
Bank charges and interest	10,029	1,377
Consulting fees	-	18,926
Corporate and administration fees	9,731	8,000
Directors' fees	24,710	14,195
Filing and transfer agent fees	19,523	15,643
Legal & accounting fees	130,951	195,972
Management fees	205,712	222,537
Office rent, services and supplies	31,071	30,270
Property investigation	3,057	-
Salaries and benefits	50,757	54,945
Shareholders' communication, & promotion	30,061	58,293
Travel, meals & entertainment	13,064	13,068
	(528,666)	(633,226)
<b>Other items:</b>		
Amortization	(6,920)	(9,502)
Interest income	19,669	85,848
Income from Lawsuit	-	7,425
Loss on revaluation of receivable (Note 5)	(20,531)	-
Stock based compensation	(74,750)	(68,220)
Gain on sale of Asset Backed Commercial Paper	645,940	-
Gain (Loss) on sale of other assets	(37,550)	15,803
Other non-recurring expenses	-	(13,230)
Write-off of other assets	(156,428)	(2,920)
Write-off of mineral properties	-	(4,964,857)
Gain (loss) due to fair value of short sale	30,622	(31,358)
Expenses recovered	64,322	-
	(64,292)	(5,614,237)
<b>Net loss and comprehensive loss for the period</b>	(64,292)	(5,614,237)
<b>Deficit - beginning of the period</b>	(22,529,153)	(16,914,916)
<b>Deficit - end of the period</b>	(22,593,445)	(22,529,153)
<b>Loss per share</b>	(0.00)	(0.01)
Weighted average – number of shares outstanding	47,330,643	47,084,608

See notes to financial statements

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended September 30,**

	2010	2009
	\$	\$
<b>Cash provided by (used for):</b>		
<b>Operating Activities</b>		
Net loss for the year	(64,292)	(5,614,237)
Adjustment which do not affect cash:		
Amortization	6,920	9,502
Stock-based compensation	74,750	68,220
Write-off of other assets	156,428	2,920
Write-off mineral properties	-	4,964,857
Write-off of reclamation bond	-	14,507
Loss on valuation of receivable	20,531	-
Gain on sale of asset backed commercial paper	(645,940)	-
Gain (loss) on fair value of short sale	(30,622)	31,358
Gain (loss) on sale of other assets	37,550	(15,803)
	(444,675)	(538,676)
Net changes in non-cash working capital items:		
Amounts receivable	(6,646)	(3,541)
Prepaid expense	12,504	(8,500)
Accounts payable	(34,074)	43,481
	(472,891)	(507,236)
<b>Investing Activities</b>		
Mineral property costs	(623,459)	(208,678)
Reclamation bonding refunded (paid)	99,948	(17,886)
Equipment purchased	(420)	(2,583)
Proceeds from (repayment of) margin account	(502,793)	502,057
Proceeds from sale of asset backed commercial paper	785,035	-
Sale of other assets	416,242	483,763
Security deposits	23,372	-
	197,925	756,673
<b>Increase (decrease) in cash</b>	(274,966)	249,437
<b>Cash - beginning of period</b>	1,264,355	1,014,918
<b>Cash - end of period</b>	989,389	1,264,355
Supplementary disclosures:		
Interest income received	15,450	85,848

Refer also to Notes 6 and 9 for disclosure of common shares issued for mineral properties and for share issue costs, and received common shares and warrants as proceeds on the disposition of a mineral property.

See notes to financial statements

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Consolidated Schedule of Deferred Mineral Property Costs**  
**For the Years Ended September 30**

	<b>Balance 30-Sep-08</b>	<b>Additions</b>	<b>Write-off</b>	<b>Balance 30-Sep-09</b>	<b>Additions</b>	<b>Balance 30-Sep-10</b>
	\$	\$	\$	\$	\$	\$
<b>Tact &amp; Buff</b>						
Acquisition costs	-	19,908	-	19,908	12,000	31,908
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	81,831	99,260
Consulting	-	47,216	-	47,216	68,212	115,428
Drilling	-	142,127	-	142,127	7,714	149,841
Field administration	-	65	-	65	167	232
Field work and supplies	-	1,483	-	1,483	11,267	12,750
Maps & reports	-	5,282	-	5,282	5,284	10,566
Royalty - Advance	-	-	-	-	10,802	10,802
Site reclamation	-	-	-	-	17,886	17,886
Site visits	-	7,471	-	7,471	2,625	10,096
	-	258,317	-	258,317	230,262	488,579
<b>Brew Property (Yukon)</b>						
Acquisition costs	-	-	-	-	75,000	75,000
Exploration costs						
Assays	-	-	-	-	43,610	43,610
Claims and maintenance	-	-	-	-	20,120	20,120
Consulting	-	-	-	-	11,699	11,699
Fieldwork & supplies	-	-	-	-	1,148	1,148
Legal	-	-	-	-	6,665	6,665
Mobilization	-	-	-	-	62,173	62,173
Site visits	-	-	-	-	314	314
Soil sampling & trenching	-	-	-	-	130,865	130,865
	-	-	-	-	351,594	351,594
<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)	-	-	-

See notes to financial statements

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Consolidated Schedule of Deferred Mineral Property Costs**  
**For the Years Ended September 30**

	<b>Balance 30-Sep-08</b>	<b>Additions</b>	<b>Write-off</b>	<b>Balance 30-Sep-09</b>	<b>Additions</b>	<b>Balance 30-Sep-10</b>
	\$	\$	\$	\$	\$	\$
<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)	-	-	-
	<u>322,320</u>	<u>6,887</u>	<u>(329,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTALS</b>	<u>4,955,742</u>	<u>267,432</u>	<u>(4,964,857)</u>	<u>258,317</u>	<u>581,856</u>	<u>840,173</u>

See notes to financial statements

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**September 30, 2010**

**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 \$22,593,445 at September 30, 2010. 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 9(c) in respect to the fair value measurement of stock-based compensation.

**Principles of Consolidation**

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

**Share Capital**

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

**Stock-based Compensation**

The Company follows the Recommendations of the Canadian Institute of Chartered Accountants ("CICA") for the recognition of stock-based compensation which requires that all stock option-based awards made to consultants and employees are 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.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

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

**Share issue costs**

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

**Basic and Diluted Loss per Share**

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. At September 30, 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.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

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

**Asset Retirement Obligations**

The Company recognizes a liability for an asset retirement obligation when it is determinable and calculates the liability based upon discounted future payments to be made. A corresponding amount is added to the carrying amount of the related long-lived asset, and this amount is subsequently allocated to expense over its expected life. Adjustment will also be made in subsequent periods to changes in asset retirement obligations due to changes in estimates. At September 30, 2010, the Company reported an obligation of \$17,886 (2009- \$99,948)

**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, long-term receivable, other assets and reclamation bond.

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 3862, Financial Instruments – Disclosures, Section 3863, Financial Instruments – 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.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

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

**Financial Instruments** *(continued)*

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, recognition, 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 cash, accounts receivable, security deposits and investments are all classified as being "held-for-trading" with the exception of its long-term receivable which is considered to be classified as "loans and receivables". Accounts payable and due to related parties are classified as being "other financial liabilities".

**Credit Risk**

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

Long term receivable is due from a former director of the Company. See Note 5.

**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.

**Interest Rate Risk**

The Company's interest rate risk mainly arises from the interest rate impact on cash equivalents and security deposits. Cash and security deposits receive interest based on market interest rates.

Long term receivable bears interest at a fixed rate and does not expose the Company to interest rate risk.

**Liquidity Risk**

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of equity or monetization of noncore assets. It is ensured that there is sufficient capital to meet obligations by continuously monitoring and reviewing actual and forecasted cash flows, and matching the maturity profile of financial assets to operating needs.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

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

**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.

**Newly Adopted Accounting Policies**

Effective October 1, 2009, the Company prospectively adopted the following new accounting standards.

**Goodwill and Intangible Assets**

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company has evaluated this new section and has determined that the adoption of these new requirements has not had an impact on the Company's financial statements.

**Section 3862, "Financial Instruments—Disclosure" and CICA Handbook Section 3863, "Financial Instruments—Presentation"**

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require additional disclosures about fair value measurements. These amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009.

This disclosure requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

- Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2- Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3- Inputs that are not based on observable market data

A table providing the classification of the Company's investments within the fair value hierarchy is shown in note 12 to the annual financial statement.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

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

**Newly Adopted Accounting Policies** *(continued)*

**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.

**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.

**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.

The Company is required to adopt Sections 1582, 1601 and 1602 concurrently; at this time the Company does not anticipate adopting these sections prior to the adoption of IFRS and therefore does not expect any impact to the consolidated financial statements.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

3. **EQUIPMENT**

	September 30, 2010		
	Cost \$	Accumulated Amortization \$	Net \$
Computer equipment	37,310	30,368	6,942
Office equipment	49,020	33,242	15,778
	<u>88,444</u>	<u>65,724</u>	<u>22,720</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**

**Asset Backed Commercial Papers**

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 reclassified the Note as a non-current asset, and revalued it to \$139,095.

During the year ended September 30, 2010, the Company sold all its ABCP for a total of \$785,035 and reported a gain on sale of the ABCP of \$645,940.

**Crosshair Exploration & Mining Corp. Shares**

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 7,500,000 warrants will expire on July 29, 2011.

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.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
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4. **OTHER ASSETS** *(continued)*

**Crosshair Exploration & Mining Corp. Shares** *(continued)*

During the previous year end, the Company sold 2,886,000 shares at various prices (\$0.13 - \$0.245) for total net proceeds of \$474,323, leaving a balance of 7,114,000 Crosshair shares in escrow. During the year ended September 30, 2010, the Company sold 2,419,000 shares at various prices (\$0.155 - \$0.205) for total net proceeds of \$453,492, leaving a balance of 4,695,000 Crosshair shares. The value of these shares was reported as \$1,032,900 (\$0.22 per share).

On March 31, 2010, the Company announced that the action commenced by Crosshair Exploration & Mining Corp. ("Crosshair") in the B.C. Supreme Court in April, 2009 had been settled. The settlement agreement required the parties to file a consent dismissal order dismissing both the Crosshair claim and the Company's counterclaim on a without costs basis. The settlement agreement also provided for a release by each party of all claims and causes of action it may have against the other party resulting from any matters existing up to the present time with respect to the action.

The settlement agreement further provided for Crosshair to enter into a voting trust agreement pursuant to which Crosshair will, for a period of 36 months, either abstain from voting its shares in the Company at shareholder meetings or will vote its shares in favour of the proposals of the Company's management. As at the date of the settlement, Crosshair held 2,222,222 common shares of the Company and 2,222,222 warrants to purchase common shares of the Company. The 2,222,222 warrants expired on July 29, 2010.

The Company restated the fair value of the investment as follows:

Period Ended	Fair Value of Crosshair Shares	# of Crosshair shares held	Total fair value	
September 30, 2009	\$0.23	7,114,000	\$1,636,220	
December 31, 2009	\$0.195	7,114,000	\$1,387,230	
March 31, 2010	\$0.19	6,572,500	\$1,248,775	
June 30, 2010	\$0.11	5,669,500	\$623,645	
September 30, 2010	\$0.22	4,695,000	\$1,032,900	

  

Year ended September 30, 2010				
	Fair Value	Write-down to	Securities sold	Fair Value
	30-Sep-09	Fair Value	during the	30-Sep-10
	\$	\$	period	\$
			\$	
Asset Backed Commercial Paper	139,095	-	(139,095)	-
Crosshair Exploration & Mining Corp.	1,643,120	(156,428)	(453,792)	1,032,900
	1,782,215	(156,428)	(592,887)	1,032,900

  

Year ended September 30, 2009				
	Originating	Write-down to	Securities sold	Fair Value
	value	Fair Value	during the	30-Sep-09
	\$	\$	period	\$
			\$	
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

**EXPEDITION MINING INC.**  
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**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 2.25% 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 \$500 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. During the year, the company revalued the loan to its fair market value to \$97,593 (net of unamortized discount of \$20,531). The revaluation resulted in a loss on \$20,531.

The fair value of the long term receivable as of September 30, 2010 is \$92,697 (net of unamortized discount of \$17,514). \$12,000 has been classified as a short-term receivable as at September 30, 2010 (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, the Company 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. The Company 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 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.

**Brew Properties**  
**Yukon Territory, Canada**

On May 4, 2010, the Company announced the completion of an option and joint venture agreement with Aldrin Resource Corp. (“Aldrin”), whereby the Company can earn a 50% interest in Ryanwood Exploration Inc’s (“Ryanwood”) Brew property. The Brew property is located in the White Gold District, Yukon Territory.

The Company may acquire its 50% interest in the Brew property over a three year period subject to the following:

- a) Pay Aldrin \$125,000 on or before December 31, 2010;
- b) Pay Ryan wood:
  - (i) \$75,000 on or before June 26, 2010 (paid);
  - (ii) \$75,000 on or before June 26, 2011;
  - (iii) \$75,000 on or before June 26, 2012; and
  - (iv) \$75,000 on or before June 26, 2013;

**EXPEDITION MINING INC.**  
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6. **MINERAL PROPERTIES** *(continued)*

**Brew Properties**

**Yukon Territory, Canada** *(continued)*

- c) Incur expenditures:
- (i) \$300,000 on or before November 15, 2010 (\$210,019 incurred);
  - (ii) \$400,000 on or before November 15, 2011; and
  - (iii) \$650,000 on or before November 15, 2012.

In addition, the Company will pay Aldrin 50% of the Aldrin shares issuable by Aldrin to Ryanwood. The payments in respect of the Aldrin shares are capped at \$156,250 for 2011 and at \$187,500 for 2012 and 2013 and these payments may be paid either in cash or by the issuance of the Company's shares at the Company's option. If the Company chooses to issue the Company's shares, a 10% premium will be paid. The above transaction received the approval of the TSX Venture Exchange on May 5, 2010.

**Lisbon Valley**

**San Juan County, Utah, USA**

The Company had 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.

On August 4, 2009, the Company terminated the Mining Lease Agreements with Mayan Minerals Ltd. All acquisition costs and deferred expenditures were written-off as at the year ended September 30, 2009. The reclamation bond of \$99,948 (US\$84,000) posted with the State of Utah was offset by a reclamation liability for the same amount.

**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.

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

In October 2008, North Rim visited the property in order to document the cores of the historical drill holes and to locate coal occurrences on the property. Based on the report the Company received, a decision was made to abandon the property. On August 12, 2009, the Company notified Alpha Uranium Resources of their intentions not to proceed with any further work on the property. The property was written off for the year ended September 30, 2009.

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**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 year, the Company paid back the credit facility. The total interest paid from September 18, 2009 to February 16, 2010 was \$8,819.

In addition, the Company covered the short sale of Crosshair Exploration stock (September 30, 2009 - \$121,508 or 476,500 shares).

**8. ASSET RETIREMENT OBLIGATION**

Included in the carrying value of the mineral properties is \$17,886 representing the estimated fair value of the liability for the asset retirement obligation that arose as a result of drilling activities since fiscal 2009 on the Tact & Buff Property. The fair value of the liability, \$17,886 was determined to be equal to the estimated drill well site remediation costs for which a reclamation bond had been posted.

During the period, the Company recorded the refund of \$83,020 (US\$81,000) from the State of Utah with respect to the reclamation bond posted for the Lisbon Valley property, which was written off in fiscal 2009.

**9. SHARE CAPITAL**

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

	<b>Number of Shares</b>	<b>\$</b>
<b>Balance – September 30, 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</b>	47,284,068	22,204,588
Issued for mineral properties		
Acquisition cost per agreement	200,000	12,000
<b>Balance – September 30, 2010</b>	<b>47,484,068</b>	<b>22,216,588</b>

**EXPEDITION MINING INC.**  
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9. **SHARE CAPITAL** (continued)

c) Stock options:

The continuity of share purchase options is as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-09</b>	<b>Re-priced</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>30-Sep-10</b>
29-Dec-09	0.15	230,000	-	-	-	(230,000)	-
	0.15						
21-June-10		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	-	-	-	(50,000)	595,000
12-Mar-13	0.15	110,000	-	-	-	-	110,000
23-Apr-13	0.15	780,000	-	-	-	(50,000)	730,000
29-Apr-14	0.15	775,000	-	-	-	-	775,000
15-Oct-14	0.15	-	-	50,000	-	-	50,000
10-Jun-15	0.10	-	-	800,000	-	-	800,000
28-Jul-15	0.10	-	-	365,000	-	-	365,000
21-Sep-15	0.15	-	-	50,000	-	-	50,000
		4,095,000	-	1,265,000	-	(755,000)	4,605,000
<b>Weighted average exercise price</b>		0.15	-	0.10	-	0.15	0.14

<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>30-Sep-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		775,000	-	(550,000)	4,095,000
<b>Weighted average exercise price</b>		0.46		0.15		0.15	0.15

During the year, the Company granted 1,265,000 stock options to directors and consultants (2009 – 775,000). 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:

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9. **SHARE CAPITAL** (continued)

c) Stock options: (continued)

	21-Sep-10	28-Jul-10	10-Jun-10	15-Oct-09	29-Apr-09
Number of options	50,000	365,000	800,000	50,000	775,000
Risk-free interest rate	2.58	2.75	2.5	2.25	2.25
Expected life	5	5	5	5	5
Vesting period	-	-	-	-	-
Expected volatility	134.12%	155.58%	156.96	181.08%	198.54%
Expected dividend yield	-	-	-	-	-

d) Contributed Surplus

Contributed surplus, September 30, 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	\$	3,177,107
Fair-value of stock options granted		74,750
Contributed surplus, September 30, 2010	\$	3,251,857

e) Share purchase warrants

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	30-Sep-09	Granted	Exercised	Expired / Cancelled	30-Sep-10
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	-	-	(5,059,720)	-
<b>Weighted average exercise price</b>		0.89	-	-	0.89	-

Expiry Date	Exercise Price	30-Sep-08	Granted	Exercised	Expired / Cancelled	30-Sep-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	-	-	-	5,059,720
<b>Weighted average exercise price</b>		0.91	-	-	-	0.96

\*\* 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.

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
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**10. INCOME TAXES**

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

	2010	2009
Income (loss) for the year	\$ (64,292)	\$ (5,614,237)
Expected income tax (recovery)	\$ (18,323)	\$ (1,684,271)
Net adjustment for amortization and non-deductible amounts	(94,980)	1,446,456
Unrecognized benefit of non-capital losses	113,303	237,815
<b>Total income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

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

	2010	2009
Future income tax assets:		
Mineral properties	\$ 2,460,334	\$ 2,544,913
Non-capital loss carry-forwards	298,156	206,718
Share issue costs	42,210	104,629
Equipment	16,431	15,289
Other assets	76,278	43,132
	<u>2,893,409</u>	<u>2,914,681</u>
Valuation allowance	<u>(2,893,409)</u>	<u>(2,914,681)</u>
<b>Net future tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has non-capital losses of approximately \$1,192,627 which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2030. Subject to certain restrictions, the Company also has mineral property expenditures of approximately \$10,681,510 available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

Year of Origin	Year of Expiry	Non Capital Losses
2008	2028	\$ 2,358
2009	2029	792,716
2010	2030	397,553
		<u>\$ 1,192,627</u>

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

**11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

(a) Capital Management Objectives

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The board of directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during year end September 30, 2010.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3—Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2010.

	Level 1	Level 2	Level 3	Total
Cash	\$ 989,389	\$ —	\$ —	\$ 989,389
Crosshair shares investment	\$ 1,032,900	\$ —	\$ —	\$ 1,032,900

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**Notes to Consolidated Financial Statements**  
**As at September 30, 2010**

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**12. SUBSEQUENT EVENTS**

Subsequent to the period ended September 30, 2010, the Company announced the following:

**a. Property**

The Company entered into an agreement pursuant to which the Company has the right to acquire 100% interest in the Joy Gold Property, located in the Mayo Mining District in the Yukon Territory.

The Agreement

Cash:

- \$75,000 within five days of signing the Option Agreement (paid)
- \$25,000 on or before May 1, 2011
- \$50,000 on or before December 1, 2011

Common Shares:

- 250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued)
- 250,000 common shares on or before January 10 2011 (issued)
- 500,000 common shares on or before July 1, 2011

Cash or Shares:

- \$150,000 cash or stock at the Company's option on or before May 1, 2012
- \$150,000 cash or stock at the Company's option on or before May 1, 2013

Feasibility Study:

- Payment of \$250,000 in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.

Work Program:

- Minimum of \$200,000 on or before December 31, 2011
- A further \$300,000 on or before December 31, 2012
- A further \$500,000 on or before December 31, 2013

NSR:

- The Optionor will have a 2% net smelter returns Royalty on the Property. The NSR Royalty may be reduced to 1% by the payment of \$1,000 000 to the Optionor.

On November 26, 2010, the TSX Venture Exchange approves the property transaction.

**b. Investments**

During the first quarter of the subsequent period, the Company sold a total of 2,783,500 Crosshair shares, with prices ranging from \$0.19 to \$0.47 for gross proceeds of \$803,703.

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share. As a result, the warrants (1,875,000 post-consolidation), which expire on July 29, 2011, have an exercise price of \$4.00 per common share.

As December 31, 2010, the Company held 477,875 (post consolidation) shares, which were valued at \$2.49 per share.

**EXPEDITION MINING INC.**

**(Formerly Universal Uranium Ltd.)**

**MANAGEMENT DISCUSSION & ANALYSIS**

**For the Year Ended September 30, 2010**

**Directors and Officers as at January 24, 2010**

**Directors:**

Ron Atlas  
Steve Chan  
John Hite  
Corry Silbernagel  
Bert Jeffries

**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

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**

**MANAGEMENT DISCUSSION & ANALYSIS**

For the Year Ended September 30, 2010

**1.1 Date of This Report**

**January 24, 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*

Expedition Mining Inc. is involved in the acquisition, exploration and development of mineral properties. The Company has mineral properties interest in the Tact & Buff Property located in the Battle Mountain District, Nevada, and in the Brew Property and the Joy property both located in the White Gold District, Yukon Territory, which are in the exploration and development stages.

During the year ended September 30, 2010, 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, 2010</u>	<u>Sept. 30, 2009</u>	<u>Sept. 30, 2008</u>
(a) Total income	\$661,390	\$93,273	\$25,989
(b) Loss before other items			
(i) Total loss	\$528,666	\$633,226	\$573,604
(ii) Loss per share – basic	\$0.00	\$0.01	\$0.01
(iii) Loss per share – diluted	\$0.00	\$0.01	\$0.01
(c) Net loss			
(i) Total loss	\$64,292	\$5,614,237	\$8,052,251
(ii) Loss per share – basic	\$0.00	\$0.12	\$0.18
(iii) Loss per share – diluted	\$0.00	\$0.12	\$0.18
(d) Total assets	\$3,027,768	\$3,626,402	\$8,536,769
(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

During the year ended September 30, 2010, the Company reported a net loss of \$64,292 as compared to net loss of \$5,614,237 for the year ended September 30, 2009. The decrease (\$5,614,237) is specifically related to the gain on sale of the Asset Back Commercial Paper in the current year (\$645,940) and the write-off of mineral properties in the previous year (\$4,964,857). Operating expense for the year ended September 30, 2010 was \$528,666 as compared to \$633,226 for the year ended September 30, 2009. The most significant decrease was in legal expense, which decreased by \$65,846. In the previous year end, the Company was involved in Crosshair law suit, which was settled in April of 2010 (See Section 1.12 Legal Proceedings).

Operating expenses decreased by \$104,560 as per table below:

Expenses Category	30-Sep-10	30-Sep-09	Increase (Decrease)
- Bank charges & interest	10,029	1,377	8,652
- Consulting fees	-	18,926	(18,926)
- Corporate & admin	9,731	8,000	1,731
- Directors' fees	24,710	14,195	10,515
- Filing fees & transfer agent fees	19,523	15,643	3,880
- Legal & accounting	130,951	195,972	(65,021)
- Management fees	205,712	222,537	(16,825)
- Office rent, services & supplies	31,071	30,270	801
- Property reclamation costs	3,057	-	3,057
- Salaries & benefits	50,757	54,945	(4,188)
- Shareholders' information	30,061	58,293	(28,232)
- Travel, meals & entertainment	13,064	13,068	(4)
Total	528,666	633,226	(104,560)

- Consulting fees decreased by \$18,926 – In the comparative 2009 figures, the Company paid \$18,000 to the Corporate Secretary. The position was not replaced after the resignation in June 2009.
- Legal and accounting expense decreased by \$65,021 – In the comparative 2009 figures, the Company was involved in the Crosshair lawsuit, which was eventually settled in April 2009.
- Management fees decreased by \$16,835 – The President and CEO is paid US\$10,000 per month. The Vice-president is paid \$6,500 per month. The strong Canadian dollar helped reduced the cost in Canadian dollars.
- Salaries and benefits decreased by \$4,188 – In the comparative 2009 figures, certain months included 2 employees.
- Shareholder information, conference, travel, meals and entertainment decreased by \$28,232 – This is due to the Company's decision to cut down on travel and conferences.

In addition to the above, the Company sold all its asset backed commercial paper for total proceeds of \$785,035 and reported a gain of \$645,940. However, the Company had to write-down the Crosshair shares it held in the amount of \$156,427 to reflect the \$0.22 value per share as at September 30, 2010.

## 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 \$43,125 (2009 - \$71,361) and broken down as follows:

	30-Sep-10	30-Sep-09
Communication & information	\$ 3,213	\$ 18,014
Conferences & shows	-	10,444
Press releases	3,731	2,766
Printing, mail-out & supplies	9,215	12,252
Telephone & website	13,902	14,817
Travel & entertainment	13,064	13,068
	<hr/>	<hr/>
	\$ 43,125	\$ 71,361

### 1.4.1 Summary of Quarterly Results

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

	<u>Q4 30-Sep-10</u>	<u>Q3 30-Jun-10</u>	<u>Q2 31-Mar-10</u>	<u>Q1 31-Dec-09</u>
Net Income (loss)	410,002	(518,962)	463,619	(418,951)
Per Share	0.01	(0.01)	0.01	(0.01)
	<u>Q4 30-Sep -09</u>	<u>Q3 30-Jun-09</u>	<u>Q2 31-Mar-09</u>	<u>Q1 31-Dec-08</u>
Net Income (loss)	(5,129,482)	247,937	(111,647)	(621,045)
Per Share	(0.10)	(0.00)	(0.00)	(0.02)

#### *Discussion*

##### Year ended September 30, 2010:

For the year ended September 30, 2010, please refer to Section 1.4 Results of Operations.

## **MINERAL PROPERTIES**

### **Brew Property – Yukon**

On May 4, 2010, the Company announced the completion of an option and joint venture agreement with Aldrin Resource Corp. (“Aldrin”), whereby the Company can earn a 50% interest in Ryanwood Exploration's Brew property. The Brew property is located in the White Gold District, Yukon Territory.

The Company may acquire its 50% interest in the Brew property over a three year period subject to the following:

- a) Pay Aldrin \$125,000 on or before December 31, 2010 (subsequently paid);
- b) Pay Ryan wood:
  - (i) \$75,000 on or before June 26, 2010 (paid);
  - (ii) \$75,000 on or before June 26, 2011;
  - (iii) \$75,000 on or before June 26, 2012; and
  - (iv) \$75,000 on or before June 26, 2013;

## **MINERAL PROPERTIES** (continued)

### **Brew Property – Yukon** (continued)

- c) Incur expenditures:
- (i) \$300,000 on or before November 15, 2010 (incurred);
  - (ii) \$400,000 on or before November 15, 2011; and
  - (iii) \$650,000 on or before November 15, 2012.

In addition, the Company will pay Aldrin 50% of the Aldrin shares issuable by Aldrin to Ryanwood. The payments in respect of the Aldrin shares are capped at \$156,250 for 2011 and at \$187,500 for 2012 and 2013 and these payments may be paid either in cash or by the issuance of the Company's shares at the Company's option. If the Company chooses to issue the Company's shares, a 10% premium will be paid.

The above transaction received the approval of the TSX Venture Exchange on May 5, 2010.

In June, 2010 the Brew claim block was expanded by staking an additional 176 quartz claims to add to the original 168 claims staked in 2009 by Dawson prospector Shawn Ryan. The additional claims double the Brew property size to approximately 70 square kilometres or 17,250 acres.

Expedition Mining recently contracted Groundtruth Exploration of Dawson to complete a soil sample survey on the Brew property. The recent sampling grid expands the original survey done by Ryanwood Exploration. This field season's soil program collected approximately 2,615 samples and preliminary assay results have increased the size of the gold in soils anomaly defined by the 2009 Ryanwood program (1360 soils). The completed survey indicates that there is a large gold in soil anomaly that coincides with arsenic, antimony and base metal elements located in three zones.

On December 12, 2010, the Company announced the results of the trenching program and additional soil sampling on the property.

Key points include the following:

- Soil surveys delineated a strong northwest trending 3 km long gold-in-soil anomaly across the central grid area and a second 3 km long parallel anomaly, 1 km to the north.
- Gold is associated with typical White Gold District pathfinder elements arsenic, antimony and mercury.
- Highest gold-in-soil values remain to be trenched in 2011, followed by a diamond drill program.

The additional 981 soil samples were collected to better define and delineate the extent of several open-ended gold anomalies in the Central Zone along the Main Northwest Trend. The survey indicated continuity to a west-northwest trending anomaly in the northern grid area and strengthened the anomaly in the Central Zone, with the latter containing a maximum value of 730 ppb Au. Overall the 2009 and 2010 soil surveys delineated two strong parallel gold-in-soil anomalies each 3 km long. Both gold-in-soil anomalies are associated with elevated arsenic, antimony, mercury, lead, molybdenum, lanthanum and peripheral nickel anomalies.

## **MINERAL PROPERTIES (continued)**

### **Brew Property – Yukon (continued)**

Approximately 1500 m of trenching was outlined in eight trenches in 2010 to test soil geochemical anomalies obtained in the 2009 and the 2010 soil surveys. Due to early onset of winter conditions only five trenches, totaling 1000 m, were completed, with four completely chip sampled and only grab samples collected from Trench 10-3. The highest values in-soil (maximum of 874.1 ppb Au) have not been trenched and complete soil results from the additional 981 samples have only just been received. The trenches contain anomalous arsenic, antimony and iron-rich gossans.

Significant fault zones, including breccias, were intersected in the Brew trenches returning encouraging iron values, with 6% Fe over 40 m in Trench 10-1 (including 14.81% Fe over 4 m), 6.1% Fe over 45 m in Trench 10-2, and maximum values of 9.32% Fe in Trench 10-4 and 12.14% Fe in Trench 10-5. Slightly elevated gold values were obtained in more brecciated zones. Elevated iron numbers from the trench samples suggest the rock originally contained high percentages of sulfides which may have mobilized gold during oxidation.

Based on the favourable geological and structural setting, magnetic signature, favourable trace element geochemistry, presence of placer gold in nearby creeks and similarities and proximity to the White Gold and Coffee projects, the company remains encouraged with the potential for discovery of economic concentrations of gold mineralization on the BREW property.

An additional 1,000 m of trenching and approximately 1,000 soil samples to the northeast are planned for 2011 and will be followed by a Phase 2 diamond drill program.

### **Joy Property - Yukon**

On November 18, 2010, the Company entered into an option agreement pursuant to which it can acquire a 100% interest in the Joy gold property from Bullrun Investments Inc. The property is located on a 16 km x 5 km claim block (128 claims) 60 km northeast of Keno City, central Yukon.

The area covered by the Joy claim block was the subject of a Yukon Geological Survey (YGS 2010) project whereby the YGS completed a summer program of mapping and soil sampling. The summer long YGS program included detailed (~ 1:50K scale) bedrock mapping plus a very coarse ridge and spur soil sampling program (~ 500 m spacing). The Yukon Geological Survey presented the results of the Mt. Mervyn (Joy claims area) soil survey and preliminary bedrock mapping results at the Yukon Geoscience Forum on November 23, 2010.

#### **The Agreement**

Cash:	\$75,000 within five days of signing the Option Agreement (paid) \$25,000 on or before May 1, 2011 \$50,000 on or before December 1, 2011
Common Shares:	250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued) 250,000 common shares on or before January 10 2011 (issued) 500,000 common shares on or before July 1, 2011
Cash or Shares:	\$150,000 cash or stock at the Company's option on or before May 1, 2012 \$150,000 cash or stock at the Company's option on or before May 1, 2013

## **MINERAL PROPERTIES** (continued)

### **Joy Property – Yukon** (*continued*)

- Feasibility Study: Payment of \$250 000, in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.
- Work Program: Minimum of \$200,000 on or before December 31, 2011  
A further \$300,000 on or before December 31, 2012  
A further \$500,000 on or before December 31, 2013
- NSR: The Optionor will have a 2% net smelter returns Royalty on the Property.  
The NSR Royalty may be reduced to 1% by the payment of \$1,000 000 to the Optionor.

On November 26, 2010, the TSX Venture Exchange approves the property transaction.

### **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, the Company 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. The Company 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 of the Company's 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.

## **MINERAL PROPERTIES** (continued)

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

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

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.

#### Year ended September 30, 2010

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.

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.

On April 9, 2010, the Company staked an additional 98 claims in the same area. The Company paid a total of US\$33,015 for the claim fees and all related documentation and certification.

During the summer of 2010, a cursory mapping and sampling program was completed upon the three new sections, which were acquired last year. Sample values have not yet been received from this exercise. In addition, historic drilling and other exploration data were examined in the project files at Cordeaux Exploration's office in Reno and copies were made of pertinent information.

## MINERAL PROPERTIES (continued)

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

#### Year ended September 30, 2010 (continued)

Nevada Mine Properties II has identified four targets within the current property boundary. Auger grid sampling program has been recommended to help define drill targets. A surface reconnaissance sampling program should also be carried out along the edge of outcropping hills looking for subcrop or float of jasperoid, quartz veining, altered dikes and any other alteration features that may have been overlooked by previous exploration groups. An isopach map should be developed within the identified sections using depth to bedrock and available geophysics.

Nevada Mine Properties II recommended a drill program to follow the grid sampling and isopach data. The drill program should be designed to test any resulting anomalies. The cost is between US\$150,000 to US\$200,000.

The Company is currently reviewing the recommendation of Nevada Mine Properties.

On July 29, 2010, the Company paid the Bureau of Land Management and the Humboldt County Recorder for the 2010 claim fees regarding the 196 claims totaling US\$46,170.00.

## MINERAL PROPERTIES EXPENDITURES

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

	<b>Balance 30-Sep-09</b>	<b>Additions during the period</b>	<b>Balance 30-Sep-10</b>
<b>Tact &amp; Buff, Nevada</b>			
Acquisition costs	19,908	12,000	31,908
Deferred Expenses			
- Advances	5,546	(5,546)	-
- Assays & Sampling	11,790	18,020	29,810
- Claims & staking maintenance	17,429	81,831	99,260
- Consultants	47,216	68,212	115,428
- Drilling	142,127	7,714	149,841
- Fieldwork & supplies	1,483	11,267	12,750
- Field office & admin	65	167	232
- Maps & reports	5,282	5,284	10,566
- Royalty (advance)	-	10,802	10,802
- Site reclamation	-	17,886	17,866
- Site visits	7,471	2,625	10,096
<b>Total Tact &amp; Buff</b>	<b>258,317</b>	<b>230,262</b>	<b>488,579</b>
<b>Brew Property, Yukon</b>			
Acquisition costs	-	75,000	75,000
Deferred Expenses			
- Assays	-	43,610	43,610
- Claims & staking maintenance	-	20,120	20,120
- Consulting	-	11,699	11,699
- Field work and supplies	-	1,148	1,148
- Legal	-	6,665	6,665

- Mobilization	-	62,173	62,173
- Site visits	-	314	314
- Soil sampling	-	130,865	130,865
<b>Total Brew</b>	-	<b>351,594</b>	<b>351,594</b>
<b>TOTAL RESOURCE PROPERTIES</b>	<b>258,317</b>	<b>581,856</b>	<b>840,173</b>

## 1.5 Liquidity

Expedition Mining Inc. is a mining exploration and development company with no producing resource properties, and consequently, no current operating income or cash flow.

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

At September 30, 2010, the Company had \$989,389 in cash and deposits. The Company has no revenue generating projects at this time. The Company's historical capital needs have been met by equity subscriptions. As at September 30, 2010, the Company had working capital of \$902,010 compared to a working capital of \$657,429 on September 30, 2009.

### Cash and cash equivalents

	30-Sep-10	30-Sep-09
Cash deposits with Bank of Montreal	\$ 71,245	\$ 531,246
Cash deposits with Canaccord Capital	10,022	279,090
GIC with Bank of Montreal & HSBC	908,122	454,019
<b>Total cash and cash equivalents</b>	<b>\$ 989,389</b>	<b>\$ 1,264,355</b>

### Credit Risk

As at September 30, 2010, the Company reported total other assets of \$1,032,900 (September 30, 2009 - \$1,782,215) as follows:

	Year Ended September 30, 2010			
	Fair Value 30-Sep-09 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-10 \$
Asset Backed Commercial Paper	139,095	-	(139,095)	-
Crosshair Exploration & Mining	1,643,120	(156,428)	(453,792)	1,032,900
	1,782,215	(156,428)	(592,887)	1,032,900

## 1.5 Liquidity (continued)

The Company restated the fair value of the investment as follows:

Period Ended	Fair Value of Crosshair Shares	# of Crosshair shares held	Total fair value
September 20, 2009	\$0.23	7,114,000	\$1,636,220
December 31, 2009	\$0.195	7,114,000	\$1,387,230
March 31, 2009	\$0.19	6,572,500	\$1,248,775
June 30, 2010	\$0.11	5,669,500	\$623,645
September 30, 2010	\$0.22	4,695,000	\$1,032,900

During the first quarter of the subsequent year, the Company sold a total of 2,783,500 Crosshair shares, with prices ranging from \$0.19 to \$0.47 for gross proceeds of \$803,703.

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share. As a result, the warrants (1,875,000 post-consolidation), which expire on July 29, 2011, have an exercise price of \$4.00 per common share.

As December 31, 2010, the Company held 477,875 (post consolidation) shares, which were valued at \$2.49 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 Notes 6 and 10 of the Financial Statements.

## 1.6 Capital Resources

The Company's capital resources are its mineral properties, with a historical cost of \$840,173 (\$258,317 – September 30, 2009) and its fixed assets (computers & office equipment) with a book value of \$22,720 (\$29,220 – September 30, 2009).

## 1.7 Off Balance Sheet Arrangements

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

## 1.8 Fourth Quarter

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

## 1.9 Transactions with Related Parties

During the year ended September, 2010, the Company was charged the following amounts by directors and officers or by companies controlled by the director or officers:

	Year Ended	
	30-Sep-10	30-Sep-09
Management fees		
- President	\$ 127,712	144,537
- Vice-president	78,000	78,000
Directors fees	24,710	14,195
Consulting fees	-	18,000
Accounting fees	59,210	51,090
<b>Total</b>	<b>\$ 289,632</b>	<b>305,822</b>

## 1.10 Proposed Transactions

N/A

## 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 the Company’s interest in the CMB claims and for the Company 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.

On April 28, 2010, the Company announced that the action commenced by Crosshair Exploration & Mining Corp. ("Crosshair") in the B.C. Supreme Court in April, 2009 has been settled. The settlement agreement requires the parties to file a consent dismissal order dismissing both the Crosshair claim and the Company's counterclaim on a without costs basis. The settlement agreement also provides for a release by each party of all claims and causes of action it may have against the other party resulting from any matters existing up to the present time with respect to the action.

The settlement agreement further provides for Crosshair to enter into a voting trust agreement pursuant to which Crosshair will, for a period of 36 months, either abstain from voting its shares in Universal at shareholder meetings or will vote its shares in favour of the proposals of the Company's management. As at the date of the settlement, Crosshair held 2,222,222 common shares of the Company and 2,222,222 warrants to purchase common shares of the Company.

Effective October 1, 2009 the Company adopted the following new accounting standards:

### **Goodwill and Intangible Assets**

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company has evaluated this new section and has determined that the adoption of these new requirements has not had an impact on the Company's financial statements.

### **Section 3862, "Financial Instruments—Disclosure" and CICA Handbook Section 3863, "Financial Instruments—Presentation"**

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require additional disclosures about fair value measurements. These amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009.

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

This disclosure requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

#### **Section 3862, “Financial Instruments—Disclosure” and CICA Handbook Section 3863, “Financial Instruments—Presentation”**

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data

A table providing the classification of the Company’s investments within the fair value hierarchy is shown in note 12 to the annual financial statement.

### **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.

During the year ended September 30, 2010, the Company’s management continued to study IFRS technical issues in order to understand the possible significant changes to the Company’s financial reporting. Management understands that these IFRS issues will require that the interim and annual financial statements of the Company provide more significant disclosures and different statement format presentation both during the transition to IFRS and for the future periods after the adoption of IFRS. The Company is currently in the exploration stage with regard to its properties, and does not believe there are complex accounting or infrastructure issues that need to be resolved.

### **New Canadian Accounting Pronouncement** (continued)

#### **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.

### 1.13 Adoption of new accounting standards (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.

### 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: January 24, 2010**

	Number	Book Value
Common Shares	48,084,068	22,301,588

#### **Disclosure of Outstanding Stock Options: January 24, 2010**

	Number	Weighted Average Price
Incentive Stock Options	4,555,000	\$0.14

#### **Disclosure of Outstanding Share Purchase Warrants: January 24, 2010**

	Number	Weighted Average Price
Share Purchase Warrants	Nil	-

#### **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:

### **1.15 Other** (continued)

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 September 30, 2010**

Refer to disclosure on the Joy Property under the Mineral Properties Section and the Crosshair investments under Section 1.5 Liquidity.

#### **Additional information**

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