
ULTRA URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
December 31, 2009 AND 2008



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AUDITORS' REPORT

To the Shareholders
Ultra Uranium Corp.

We have audited the balance sheets of Ultra Uranium Corp. as at December 31, 2009 and 2008 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"BDO Canada LLP"

Chartered Accountants

Vancouver, Canada
April 30, 2010

ULTRA URANIUM CORP.
CONSOLIDATED BALANCE SHEETS
December 31, 2009 and 2008

	December 31, 2009	December 31, 2008
<u>ASSETS</u>		
Current		
Cash and cash equivalents	\$ 343,418	\$ 1,072,893
Amounts receivable	441	56,077
Deposits	10,000	-
GST receivable	18,649	159,691
Marketable securities (Note 7)	10,000	500
Due from related parties (Note 7)	-	7,631
Prepaid expense	33,338	26,269
	415,846	1,323,061
Equipment (Note 3)	8,934	13,825
Mineral properties (Note 4)	2,710,060	2,624,494
Advances (Note 7)	-	30,000
	\$ 3,134,840	\$ 3,991,380
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 200,694	\$ 286,482
Due to related parties (Note 7)	2,957	17,452
Loans payable (Note 5)	1,246	1,246
	204,897	305,180
<u>SHAREHOLDERS' EQUITY</u>		
Share capital (Note 6)	\$ 13,573,188	\$ 13,498,188
Contributed surplus (Note 6)	1,955,069	1,955,069
Deficit	(12,598,314)	(11,767,057)
	2,929,943	3,686,200
	\$ 3,134,840	\$ 3,991,380

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 4, 6, 12 and 14
Subsequent Events – Notes 4 and 14

APPROVED BY DIRECTORS:

"Douglas B. Brooks"

Director

"James Boyce"

Director

SEE ACCOMPANYING NOTES

ULTRA URANIUM CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the years ended December 31, 2009 and 2008

	<u>For the year ended December 31, 2009</u>	<u>For the year ended December 31, 2008</u>
General and administrative expenses		
Amortization	\$ 4,891	\$ 2,937
Bank charges and interest	2,086	11,808
Consulting fees (Note 7)	132,189	168,150
Filing fees	12,199	7,362
Investor relations	2,602	34,000
Management fees	30,000	30,000
Office services and expenses	65,725	111,289
Professional fees	97,048	79,663
Promotion and travel	15,378	129,145
Rent	17,329	30,800
Salaries	80,824	110,860
Shareholder communications	386	18,325
Trade show and conferences	135	25,680
Transfer agent	4,163	3,839
	<hr/>	<hr/>
Loss before other items	(464,955)	(763,858)
Other items:		
Gain (loss) on foreign exchange	98	(1,286)
Interest income	2,744	53,979
Property investigation costs	(36,195)	(7,333)
Unrealized gain (loss) on marketable securities	9,500	(16,000)
Write-off of mineral properties (Note 4)	(256,965)	(507,565)
Write-off of amounts receivable	(98,822)	-
Recovery on write-off of payables	13,338	-
	<hr/>	<hr/>
Net loss and comprehensive loss for the year	(831,257)	(1,242,063)
Deficit, beginning of the year	(11,767,057)	(10,524,994)
Deficit, end of the year	<u>\$ (12,598,314)</u>	<u>\$ (11,767,057)</u>
Basic and diluted loss per share	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>
Weighted average number of shares outstanding	<u>21,636,751</u>	<u>21,547,310</u>

SEE ACCOMPANYING NOTES

ULTRA URANIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2009 and 2008

	For the year ended December 31, 2009	For the year ended December 31, 2008
Operating Activities		
Net loss for the period	\$ (831,257)	\$ (1,242,063)
Add (deduct) items not affecting cash:		
Amortization	4,891	2,937
Unrealized gain (loss) on marketable securities	(9,500)	16,000
Recovery on write-off of accounts payable	(13,338)	-
Write-off of property investigation costs	30,000	-
Write-off of amounts receivable	98,822	-
Write-off of mineral properties	256,965	507,565
	(463,417)	(715,561)
Changes in non-cash working capital balances related to operations:		
Amounts receivable	(43,186)	(36,059)
Deposits	(10,000)	-
GST receivable	141,042	(39,816)
Prepaid expense	(7,069)	(10,501)
Accounts payable	(87,308)	(151,218)
Cash used in operating activities	(469,938)	(953,155)
Investing Activities		
Equipment purchased	-	(4,882)
Mineral property acquisition costs	(84,346)	(20,846)
Deferred exploration costs	(181,665)	(670,609)
Advances	-	(30,000)
Cash used in investing activities	(266,011)	(726,337)
Financing Activity		
Increase in due to/from related parties	6,474	521
Cash provided by financing activity	6,474	521
Decrease in cash during the year	(729,475)	(1,678,971)
Cash and cash equivalents, beginning of the year	1,072,893	2,751,864
Cash and cash equivalents, end of the year	\$ 343,418	\$ 1,072,893
Cash and cash equivalents consist of:		
Cash	\$ 43,418	\$ 71,225
Guaranteed investment certificate	300,000	1,001,668
	\$ 343,418	\$ 1,072,893
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

Non-cash transactions – Note 10

SEE ACCOMPANYING NOTES

ULTRA URANIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 1 Nature of Operations and Ability to Continue as a Going Concern

Ultra Uranium Corp. (the "Company") is an exploration stage public company listed for trading on the TSX Venture Exchange ("TSX") and is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy expenditure requirements under property acquisition agreements to complete their development, and future profitable production or proceeds from the disposition thereof.

The Company was incorporated pursuant to the British Columbia *Company Act* on February 2, 1981.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2009, the Company had a working capital of \$210,949 (2008: \$1,017,881) and has accumulated losses of \$12,598,314 since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Beckov Minerals s.r.o., incorporated during the year ended December 31, 2007 in Slovakia. All intercompany transactions and balances have been eliminated on consolidation.

ULTRA URANIUM CORP.

Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 2

Note 2 Summary of Significant Accounting Policies – (cont'd)

b) Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments that are readily convertible to cash and have maturities within three months or less when purchased.

c) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses recorded during the reporting periods. Significant areas requiring management estimates relate to the determination of impairment of assets, useful lives of equipment, asset retirement obligation, recovery of receivables, assumptions related to the calculation of stock-based compensation and valuation of agents' warrants and valuation allowance for future income tax assets. Actual results could differ from these estimates and these differences could have a significant impact on the financial statements.

d) Mineral Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and when circumstances and events indicate that the property may be impaired and will recognize impairment in carrying value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

e) Equipment

Equipment is recorded at cost. The Company provides for amortization using the declining balance method at the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%
Office equipment	20%

ULTRA URANIUM CORP.

Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 3

Note 2 Summary of Significant Accounting Policies – (cont'd)

f) Stock-based Compensation

The Company accounts for all grants of options to employees, non-employees and directors in accordance with the fair value method for accounting for stock-based compensation. Compensation expense for employees is generally recognized immediately if the awards have vested or amortized using the straight-line method over the period from the grant date to the date the options vest. Compensation expense for non-employees is recognized immediately for past services and pro-rata for future services over the service provision period. Compensation for non-employees is re-measured at each balance sheet date until the earlier of the vesting date or the date of completion of the service. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

g) Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period in which the liability is incurred, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. At December 31, 2009 and 2008, the Company does not have any asset retirement obligations.

h) Income Taxes

Income taxes are calculated using the asset and liability method of accounting. Future income tax assets and liabilities relate to the expected future tax consequences of temporary differences between the carrying value of balance sheet items and their corresponding tax values. Future income tax assets and liabilities are calculated using tax rates anticipated to apply in periods that the temporary differences are expected to reverse and are adjusted for the effects of changes in tax law and rates on the date of enactment or substantive enactment. Future income tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the net future income tax assets will be realized.

ULTRA URANIUM CORP.

Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 4

Note 2 Summary of Significant Accounting Policies – (cont'd)

i) Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could occur if potentially dilutive securities are exercised or converted to common stock. The dilutive effect of options and warrants and their equivalents is computed by application of the treasury stock method. Fully dilutive amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred. Shares issuable on exercise of stock options and warrants totalling nil (2008: 6,740,262) were not included in the computation of diluted loss per share because the effect would have been anti-dilutive.

j) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in the statements of operations.

k) Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the assets, impairment is recognized as the amount of the carrying value exceeds fair value. Except for write-downs of mineral property costs, management believes that there has been no impairment of the Company's long-lived assets as at December 31, 2009 and 2008.

l) Environmental Cost

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

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Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 5

Note 2 Summary of Significant Accounting Policies – (cont'd)

m) Financial Instruments

The Company designated cash and marketable securities as held for trading assets, measured at fair value. Amounts receivable and due from related parties are designated as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities, long-term debt and due to related parties are designated as other financial liabilities and measured at amortized cost. Management did not identify any material embedded derivatives, which require separate recognition and measurement. The Company had neither available-for-sale, nor held-to-maturity instruments during the years ended December 31, 2009 and 2008.

In 2009, the CICA amended Section 3862, “Amendment to Financial Instruments – Disclosures” to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

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 Company categorizes its financial instruments which are measured at fair value as level 1.

n) Goodwill and intangible assets

The CICA issued a new accounting standard, Section 3064 “Goodwill and Intangible Assets” which has replaced the existing Section 3062 “Goodwill and Other Intangible Assets” and Section 3450 “Research and Development Costs”. The new pronouncement 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 adoption of this standard did not have a material impact on the Company’s financial statements.

o) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities. EIC 173 is applicable for the Company’s December 31, 2009 financial statements with no material impact upon adoption. Mining Exploration Costs (EIC-174). On March 27, 2009, the Emerging Issues Committee (EIC) of the CICA issued EIC-174 Mining Exploration Costs, which provides guidance on the capitalization of exploration costs relating to mining properties and an assessment for impairment of such capitalized costs. It further provides additional discussion on recognition of long-lived assets. The Company

ULTRA URANIUM CORP.

Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 6

Note 2 Summary of Significant Accounting Policies – (cont'd)

o) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities– (cont'd)

adopted this abstract for the year ended December 31, 2009 with no material impact upon adoption on the Company's financial statements.

p) Future Accounting Standards

i) Business Combination, Non-controlling Interest, and Consolidation

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, ("Section 1582"), 1601, Consolidated Financial Statements, ("Section 1601") and 1602, Non-controlling Interests, ("Section 1602") which replaces CICA Handbook Sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These standards are not expected to have an impact on the Company's financial statements.

ii) International Financial Reporting Standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

ULTRA URANIUM CORP.Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 7**Note 3** Equipment

Additions during the year are amortized at one-half the annual rates.

	December 31, 2009		
	Cost	Accumulated Amortization	Net
Computer equipment	\$ 19,341	\$ 14,421	\$ 4,920
Furniture and fixtures	16,585	14,081	2,504
Office equipment	10,000	8,490	1,510
	<u>\$ 45,926</u>	<u>\$ 36,992</u>	<u>\$ 8,934</u>

	December 31, 2008		
	Cost	Accumulated Amortization	Net
Computer equipment	\$ 19,341	\$ 10,533	\$ 8,808
Furniture and fixtures	16,585	13,456	3,129
Office equipment	10,000	8,112	1,888
	<u>\$ 45,926</u>	<u>\$ 32,101</u>	<u>\$ 13,825</u>

Note 4 Mineral Properties

	Year Ended December 31, 2009				Total
	Anne Mark/ Plata North Claims	Buck Lake Claims	Gwyn Lake Claims	Kalnica- Selec Claims	
Acquisition costs					
Balance, beginning of period	\$ -	\$ 405,200	\$ 103,350	\$ 91,517	\$ 600,067
Cash	25,000	-	50,000	10,866	85,866
Shares	75,000	-	-	-	75,000
	<u>100,000</u>	<u>405,200</u>	<u>153,350</u>	<u>102,383</u>	<u>760,933</u>
Write off	-	(256,965)	-	-	(256,965)
Balance, end of period	<u>100,000</u>	<u>148,235</u>	<u>153,350</u>	<u>102,383</u>	<u>503,968</u>
Deferred exploration costs					
Balance, beginning of period	-	963,610	659,336	401,481	2,024,427
Assay	-	-	2,244	-	2,244
Field costs	-	-	-	-	-
Geological consulting	13,000	47,133	65,288	54,000	179,421
Balance, end of period	<u>13,000</u>	<u>1,010,743</u>	<u>726,868</u>	<u>455,481</u>	<u>2,206,092</u>
Total	<u>\$ 113,000</u>	<u>\$ 1,158,978</u>	<u>\$ 880,218</u>	<u>\$ 557,864</u>	<u>\$ 2,710,060</u>

ULTRA URANIUM CORP.

Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 8

Note 4 Mineral Properties – (cont'd)

	Year Ended December 31, 2008				
	Buck Lake Claims	Orbit Lake Claims	Gwyn Lake Claims	Kalnica- Selec Claims	Total
Acquisition costs					
Balance, beginning of period	\$ 405,200	\$ 91,250	\$ 88,350	\$ 85,671	\$ 670,471
Cash	-	-	15,000	5,846	20,846
Shares	-	-	-	-	-
Balance, end of period	405,200	91,250	103,350	91,517	691,317
Deferred exploration costs					
Balance, beginning of period					1,732,596
Field costs	930,800	251,986	220,924	328,886	
Geological consulting	29,610	161,279	6,001	23,395	220,285
	3,200	3,050	432,411	49,200	487,861
Balance, end of period	963,610	416,315	659,336	401,481	2,440,742
Write-off	-	(507,565)	-	-	(507,565)
Total	\$ 1,368,810	\$ -	\$ 762,686	\$ 492,998	\$ 2,624,494

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequent ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing. However, this should not be construed as a guarantee to title. The properties may be subject to prior claims, agreements or transfer and rights of ownership may have undetected defects.

Kalnica-Selec Claims - Slovakia

By an agreement dated June 28, 2005 with the Slovak government, the Company has been granted the right to carry out exploration activities in an area referred to as the Kalnica-Selec property located in Western Slovakia. The Company established a subsidiary, Beckov Minerals, S.R.O. ("Beckov") in Western Slovakia on May 22, 2007 to hold the claims. The claims are valid for a period of four years. The Company paid four annual fees (in Euros) of EUR 2,889 every September 22 of each year for a total of EUR 11,551 (Canadian equivalent \$14,477) ("paid") under the agreement in order to maintain its annual exploration rights.

By an agreement dated July 15, 2009 with the Slovak government, the Company has extended the exploration rights on the Kalnica- Selec property area for four years until July 19, 2013. Annual fees (in Euros) are required under the agreement to maintain annual exploration rights:

ULTRA URANIUM CORP.

Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 9

Note 4 Mineral Properties – (cont'd)Kalnica-Selec Claims – Slovakia – (cont'd)

EUR	4,382	by October 15, 2009 (paid, Canadian equivalent \$6,946)
	4,382	by October 15, 2010
	4,382	by October 15, 2011
	<u>4,382</u>	by October 15, 2012

EUR 17,528

By an agreement dated October 1, 2005, the Company granted a private company a royalty (net of taxes to Slovakian government) ranging from \$2 per pound to over \$5 per pound, depending on the selling price of uranium. All other metals will be subject to a 1.5% NSR royalty. The Company also paid the private company \$75,000 for its services to identify this project.

During the year ended December 31, 2007, Beckov also obtained additional licences on property areas to the south and southwest of the existing Kalnica-Selec license, called Horka and Vahom from the Ministry of Environment of the Slovak Republic. Annual fees (in Euros) are required under the agreement to maintain annual exploration rights:

EUR	1,295	by September 4, 2007 (paid, Canadian equivalent \$1,703)
	1,295	by September 4, 2008 (paid, Canadian equivalent \$1,810)
	1,295	by September 4, 2009 (paid, Canadian equivalent \$2,051)
	<u>1,295</u>	by September 4, 2010

EUR 5,180

As at December 31, 2009, exploration expenditures amounted to \$455,481 and acquisition cost \$102,383 for total expenditures on the property to date of \$557,864.

Orbit Lake Group Claims – Saskatchewan, Canada

During the year ended December 31, 2008, management decided not to continue with this property and wrote off the accumulated costs of \$507,565.

Gwyn Lake Claims - Ontario, Canada

The Company holds a 100% interest in the Gwyn Lake claims ("Beardmore Gold Property") located in the Thunder Bay Mining District of Ontario. The claims are subject to a 1% net smelter return royalty which royalty may be purchased at any time for \$500,000.

The Company also holds a 100% interest in certain additional mineral claims contiguous to the Gwyn Lake Claims. These claims are also subject to 1% net smelter royalty return.

As at December 31, 2009, exploration expenditures amounted to \$726,868 and acquisition cost of \$153,350 for total expenditures on the property to date of \$880,218.

ULTRA URANIUM CORP.

Notes to the Consolidated Financial Statements
 December 31, 2009 and 2008 – Page 10

Note 4 Mineral Properties – (cont'd)Gwyn Lake Claims - Ontario, Canada – (cont'd)

Subsequent to year-end, by an agreement dated January 13, 2010, the Company entered into an option agreement to grant Pierre Enterprises Ltd. ("Pierre"), a company having a director in common, the option to acquire a 70% interest in the Beardmore Gold Property. As consideration, Pierre is required to pay \$180,000 over four years and incur exploration and development expenditures on the property of \$500,000 on or before September 30, 2013.

Buck Lake Claims - Ontario, Canada

The Company holds a 100% interest in the Buck Lake claims located in the Thunder Bay Mining Division of Ontario. The claims are subject to a 2.5% net smelter return royalty, one-half of which royalty may be purchased at any time for \$500,000.

During the year ended December 31, 2009, management decided not to continue with some of the mineral claims and has allowed them to lapse. Costs incurred with respect to these of \$256,965 have been written off.

As at December 31, 2009, expenditures amounted to \$1,010,743 and acquisition cost of \$148,235 for total expenditures on the property to date of \$1,158,978.

Anne Mark and Plata North Claims - Yukon Territory, Canada

The Company has been granted an option by International Alliance Resources to acquire an 80% interest in the Anne Mark and Plata North claims located in the Mayo Mining Division of Yukon Territory in consideration for cash payments totalling \$500,000, and the issuance of three million common shares of Ultra over five years. The payment schedule is as follows:

	<u>Shares</u>	<u>Issued</u>
Upon TSX approval of the option agreement	1,000,000	November 18, 2009
On or before November 1, 2010	1,000,000	Not issued
On or before November 1, 2014	<u>1,000,000</u>	Not issued
	<u>3,000,000</u>	
	<u>Cash</u>	<u>Paid</u>
Upon TSX approval of the option agreement	\$ 25,000	November 13, 2009
On or before February 28, 2010	25,000	January 29, 2010
On or before February 28, 2011	50,000	Not paid
On or before February 28, 2012	100,000	Not paid
On or before February 28, 2013	100,000	Not paid
On or before February 28, 2014	<u>200,000</u>	Not paid
	<u>\$ 500,000</u>	

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Note 4 Mineral Properties – (cont'd)Anne Mark and Plata North Claims - Yukon Territory, Canada – (cont'd)

The properties are subject to a 2% net smelter royalty. The Company will be responsible for incurring \$1.2 million in exploration expenditures on the properties prior to International Alliance Resources Inc. contributing exploration financing to maintain its interest.

As at December 31, 2009, the costs to date were \$113,000.

Note 5 Loan Payable

	December 31, 2009	December 31, 2008
Loan payable, unsecured, with interest at 10% per annum and payable on demand.	\$ 1,246	\$ 1,246

Note 6 Share Capital

a) Authorized:

b) Issued:

	Number	Amount	Contributed Surplus
Balance, December 31, 2007	21,548,463	13,540,188	1,955,069
Cancelled- at \$1.2 per share	(35,000)	(42,000)	-
Balance, December 31, 2008	21,513,463	13,498,188	1,955,069
Acquisition of mineral property - at \$0.075 per share (Note 4)	1,000,000	75,000	-
Balance, December 31, 2009	22,513,463	13,573,188	1,955,069

ULTRA URANIUM CORP.Notes to the Consolidated Financial Statements
December 31, 2009 and 2008 – Page 12**Note 6** Share Capital – (cont'd)

c) Commitments:

i) Stock Option Plan

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted. The value was determined using the Black-Scholes model.

A summary of the status of the stock option plan as of December 31, 2008 and 2009 and the changes during the period then ended is as follows:

	For the year ended December 31, 2009		For the year ended December 31, 2008	
	Number	Weighted Average Price	Number	Weighted Average Price
Outstanding, beginning of the year	846,930	\$1.20	1,558,996	\$0.83
<i>Expired</i>	(846,930)	\$1.20	(712,066)	\$0.40
Outstanding, end of the year	-	-	846,930	\$1.20

ii) Share Purchase Warrants

	For the year ended December 31, 2009		For the year ended December 31, 2008	
	Number	Weighted Average Price	Number	Weighted Average Price
Outstanding, beginning of the year	5,893,332	\$1.12	10,877,332	\$0.76
<i>Expired</i>	(5,893,332)	\$1.12	(4,949,000)	\$0.33
<i>Cancelled</i>	-	-	(35,000)	\$1.80
Outstanding, end of the year	-	-	5,893,332	\$1.12

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Note 7 Related Party Transactions

The Company was charged the following amounts by directors and/or officers and/or by companies with directors or officers in common:

	For the years ended December 31,	
	<u>2009</u>	<u>2008</u>
Consulting fees	\$ <u>12,000</u>	\$ <u>36,000</u>

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

At December 31, 2009, marketable securities consist of 100,000 common shares of a public company having directors in common with the Company.

At December 31, 2009, amounts due to related parties of \$2,957 (2008: \$17,452) are due to directors or officers or to companies with directors or officers in common. These amounts are unsecured, non-interest bearing and are due on demand. These amounts are comprised of loans and advances made from the Company.

At December 31, 2009, due from related party of \$Nil (2008: \$7,631) is due from a former director and a private company controlled by the former director. These amounts are unsecured, non-interest bearing and due on demand.

At December 31, 2009, advances include \$Nil (2008: \$30,000) paid to a public company with a common director to purchase a mineral property acquisition. The management expensed the \$30,000 property investigation costs in 2009.

Note 8 Income Taxes

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	<u>2009</u>	<u>2008</u>
Statutory tax rate	<u>30.00%</u>	<u>31.00%</u>
Loss before income taxes	\$ <u>(831,257)</u>	\$ <u>(1,242,063)</u>
Expected income tax recovery	(250,000)	(385,000)
Increase (decrease) in income tax recovery resulting from:		
Foreign income taxed at other than Canadian rate	2,000	1,000
Permanent differences	2,000	-
Expiry of loss carryforwards	256,000	117,000
Effect of reduction in statutory rates	102,000	61,000
Non-deductible portion of capital losses	16,000	-
Increase (decrease) in the valuation allowance	<u>(128,000)</u>	<u>206,000</u>
Future income tax recovery	\$ <u>-</u>	\$ <u>-</u>

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Note 8 Income Taxes – (cont'd)

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

	<u>2009</u>	<u>2008</u>
Non-capital losses carry forward	\$ 1,042,000	\$ 1,062,000
Capital losses carry forward	16,000	-
Marketable securities	(1,000)	1,000
Capital assets	9,000	1,000
Mineral properties	504,000	604,000
Undeducted financing costs	<u>45,000</u>	<u>75,000</u>
	1,615,000	1,743,000
Less: valuation allowance	<u>(1,615,000)</u>	<u>(1,743,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has recorded a valuation allowance against its net future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward period to utilize all the net future tax assets.

Subject to certain restrictions, the Company has accumulated \$4,727,000 Canadian and foreign exploration and development expenditures available to reduce taxable income of future years. In addition, the Company has accumulated non-capital losses totalling \$4,134,000 that are available to reduce taxable income of future years. The non-capital losses expire by 2029.

Note 9 Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral property and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

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Note 10 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows as follows:

Year ended December 31, 2009

- a) Mineral properties expenditures of \$1,520 are included in accounts payable.
- b) Mineral properties acquisition costs of \$75,000 are related to 1,000,000 shares issued for Anne Mark and Plata North Claims.

Year ended December 31, 2008

- a) Mineral properties expenditures of \$37,537 are included in accounts payable.

Note 11 Financial Instruments

The fair value of the current financial instruments approximates their carrying value as they are short term in nature.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rate. As at December 31, 2009, the Company has a minimal exposure to the US\$ and Slovakian Koruna that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2009, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest income on Canadian dollar cash. As at December 31, 2009, the Company is not exposed to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liability. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. As at December 31, 2009, the Company addresses its liquidity through equity financing obtained through the sale of common shares and the management does not feel that the Company is exposed to significant risk as its financial instruments are not expected to significantly fluctuate over the short term.

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Note 12 Commitments

By an agreement dated July 9, 2009 the Company agreed to pay \$4,033 per month until July 31, 2010 and \$4,317 per month until July 31, 2012 for office premises. Common area expenses and property taxes are subject to change.

Note 13 Segmented Information

The Company's assets as at December 31, 2009 and 2008 are allocated to geographic segments as follows:

	<u>2009</u>	<u>2008</u>
Canada	\$ 2,576,976	\$ 3,497,680
Europe	<u>557,864</u>	<u>493,700</u>
	<u>\$ 3,134,840</u>	<u>\$ 3,991,380</u>

Note 14 Subsequent Events

Subsequent to December 31, 2009, on January 12, 2010, the Company agreed to acquire a 100% interest in two rare earth mineral properties located in the Kamloops Mining Division, British Columbia, Canada. The properties are located approximately 10 km northeast of Blue River. The two properties in the Mud Lake agreement are the Mud and the AEG Rare Earth properties.

Under the terms of the purchase agreement, the Company can acquire a 100% interest in the properties by paying \$13,000 to the vendor and issuing 300,000 common shares ("issued"). The acquisition has been accepted for filing by the TSX Venture Exchange on February 24, 2010. The Company has issued 300,000 common shares to the vendor pursuant to the Agreement, which shares are restricted from trading until June 2, 2010.

Note 15 Comparative Figures

Certain of the comparative figures for the year ended December 31, 2009 have been reclassified in order to be consistent with the current period's presentation.