
ULTRA URANIUM CORP.
(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

(Unaudited – Prepared by Management)

ULTRA URANIUM CORP.

September 30, 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

ULTRA URANIUM CORP.
INTERIM CONSOLIDATED BALANCE SHEETS

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
<u>ASSETS</u>		
Current		
Cash and cash equivalents	\$ 554,855	\$ 1,072,893
Amounts receivable	93,648	56,077
GST receivable	12,994	159,691
Marketable securities – <i>Note 8</i>	500	500
Due from related parties – <i>Note 8</i>	8,007	7,631
Prepaid expense	29,249	26,269
	699,253	1,323,061
Equipment – <i>Note 4</i>	10,156	13,825
Mineral properties – <i>Note 5</i>	2,759,159	2,624,494
Advances – <i>Note 8</i>	42,000	30,000
	\$ 3,510,568	\$ 3,991,380
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 141,958	\$ 286,482
Due to related parties – <i>Note 8</i>	1,712	17,452
Loans payable – <i>Note 6</i>	1,246	1,246
	144,916	305,180
<u>SHAREHOLDERS' EQUITY</u>		
Share capital – <i>Note 7</i>	\$ 13,498,188	\$ 13,498,188
Contributed surplus	1,955,069	1,955,069
Deficit	(12,087,605)	(11,767,057)
	3,365,652	3,686,200
	\$ 3,510,568	\$ 3,991,380

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

APPROVED BY DIRECTORS:

“*Douglas B. Brooks*”

Director

“*Kirk Shaw*”

Director

SEE ACCOMPANYING NOTES

ULTRA URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
(Unaudited - Prepared by Management)

	Nine months ended September 30,	
	<u>2009</u>	<u>2008</u>
DEFICIT, BEGINNING OF THE PERIOD	\$ 11,767,057	\$ 10,624,994
NET LOSS	<u>320,548</u>	<u>576,021</u>
DEFICIT, END OF THE PERIOD	<u>\$ 12,087,605</u>	<u>\$ 11,201,015</u>

SEE ACCOMPANYING NOTES

ULTRA URANIUM CORP.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited – Prepared by Management)

	Three months ended September 30,		Nine months ended September 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Administrative Expenses				
Amortization	\$ 1,223	\$ 735	\$ 3,669	\$ 2,203
Bank charges and interest	205	515	1,659	1,851
Consulting	26,000	64,550	61,000	138,550
Filing fees	-	219	6,799	12,812
Investor relations	-	-	-	36,000
Management fees – Note 5	7,500	7,500	22,500	22,500
Office services and expenses	23,873	16,199	72,110	93,282
Professional fees	13,444	4,039	41,808	35,443
Rent	4,529	21,009	19,249	37,492
Salaries	20,310	26,446	60,295	77,999
Shareholder communications	-	-	-	11,737
Trade show and conferences	-	-	135	23,675
Transfer agent	852	741	3,360	3,093
Travel and promotion	6,943	19,603	13,354	112,086
	<hr/>	<hr/>	<hr/>	<hr/>
Loss from Operations before other items	(104,879)	(161,556)	(305,938)	(608,723)
	<hr/>	<hr/>	<hr/>	<hr/>
Other items				
Interest income	(1,269)	17,294	2,584	56,270
Property investigation costs	(11,000)	-	(17,194)	(23,568)
	<hr/>	<hr/>	<hr/>	<hr/>
Net loss and comprehensive loss for the period	\$ (117,148)	\$ (144,262)	\$ (320,548)	\$ (576,021)
	<hr/>	<hr/>	<hr/>	<hr/>
Loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.03
	<hr/>	<hr/>	<hr/>	<hr/>

SEE ACCOMPANYING NOTES

ULTRA URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three months ended September 30,		Nine months ended September 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Operating Activities				
Net loss for the period	\$ (117,148)	\$ (144,262)	\$ (320,548)	\$ (576,021)
Add (deduct) items not affecting cash:				
Amortization	<u>1,223</u>	<u>735</u>	<u>3,669</u>	<u>2,203</u>
	(115,925)	(143,527)	(316,879)	(573,818)
Changes in non-cash working capital balances related to operations:				
Amounts receivable	(8,893)	(16,518)	(37,571)	(51,508)
GST receivable	(5,310)	(7,198)	146,697	(33,565)
Prepaid expense	2,577	(8,431)	(2,980)	(40,510)
Accounts payable	<u>12,569</u>	<u>24,105</u>	<u>(144,524)</u>	<u>(119,570)</u>
	<u>(114,982)</u>	<u>(151,569)</u>	<u>(355,257)</u>	<u>(818,971)</u>
Investing Activities				
Advances	-	-	(12,000)	-
Deferred exploration costs	<u>(29,650)</u>	<u>(152,529)</u>	<u>(134,665)</u>	<u>(516,325)</u>
	<u>(29,650)</u>	<u>(152,529)</u>	<u>(146,665)</u>	<u>(516,325)</u>
Financing Activities				
Increase(decrease) in due to/from related parties	<u>1,012</u>	<u>-</u>	<u>(16,116)</u>	<u>3,946</u>
	<u>1,012</u>	<u>-</u>	<u>(16,116)</u>	<u>3,946</u>
Increase (Decrease) in cash during the period	(143,620)	(304,098)	(518,038)	(1,331,350)
Cash, beginning of the period	<u>698,475</u>	<u>1,724,612</u>	<u>1,072,893</u>	<u>2,751,864</u>
Cash, end of the period	<u>\$ 554,855</u>	<u>\$ 1,420,514</u>	<u>\$ 554,855</u>	<u>\$ 1,420,514</u>

Non-cash transaction – Note 9

SEE ACCOMPANYING NOTES

ULTRA URANIUM CORP.

Notes to the Interim Consolidated Financial Statements

September 30, 2009

(Unaudited-Prepared by Management)

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 September 30, 2009, the Company had not yet achieved profitable operations, had working capital of \$554,337 (2008: \$1,025,429) which may not be sufficient to sustain operations over the next three months, has accumulated losses of \$12,087,605 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 Interim Reporting

While the information presented in the accompanying interim nine month consolidated financial statements is unaudited, it includes all adjustments which are in the opinion of management necessary to present fairly the financial position, results of operations and cash flows for the interim period presented. These interim consolidated financial statements follow the same accounting policies and methods of their application as the Company's December 31, 2008 audited consolidated financial statements. It is suggested that these interim consolidated financial statements be read in conjunction with the Company's annual December 31, 2008 consolidated financial statements.

Note 3 Accounting changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

ULTRA URANIUM CORP.

Notes to the Interim Consolidated Financial Statements

September 30, 2009

(Unaudited-Prepared by Management)

Note 3 Accounting changes – (cont'd)

Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recorded in net income. Available-for-sale financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Equity instruments that do not have a quoted market price in an active market are carried at cost. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed.

The Company has made the following designations of its financial instruments: cash and cash equivalents and marketable securities as held-for-trading; amounts receivable and due from related parties as loans and receivables; and accounts payable and accrued liabilities, due to related parties and loan payable as other financial liabilities.

Upon adoption of the above standards, the opening balance of deficit was reduced by \$24,000 to recognize the fair value of marketable securities at January 1, 2007.

New Accounting Standards

On January 1, 2008, the Company adopted three new accounting standards and one amended standard: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, Handbook Section 3863, Financial Instruments – Presentation and Handbook Section 1400, General Standards of Financial Statement Presentation. The requirements of these new standards are for disclosure purposes only and have not impacted the financial results of the Company.

i) Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new disclosure is summarized in Note 10.

ii) Financial Instruments

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Note 11 provides the required disclosure under this new accounting standard.

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Notes to the Interim Consolidated Financial Statements

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Note 3 Accounting changes – (cont'd)

New Accounting Standards – (cont'd)

iii) General Standards of Financial Statement Presentation

The amended Section 1400 provides guidance related to management's assessment of the Company's ability to continue as a going concern. The additional requirement requires management to make an assessment of the Company's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The adoption of this standard had no impact on the Company's presentation of its financial position.

Comprehensive Income

Handbook Section 1530 establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements. Comprehensive income includes net earnings and other comprehensive income. Other comprehensive income includes holding gains on available for sale investments, gains and losses on certain derivative instruments and currency gains and losses relating to the translating financial statements of self-sustaining foreign operations. As at September 30, 2009 and 2008, the Company has no items that represent comprehensive income, and therefore, has not included a schedule of comprehensive income in these consolidated financial statements.

Future Accounting Changes

i) Financial Statement Concepts

Handbook section 1000 has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the impact of the adoption of this change on its financial statements.

ii) Goodwill and Intangible Assets

The Canadian Accounting Standards Board ("AcSB") issued Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2009. The Company is currently evaluating the impact of the adoption of this new Section on its financial statements.

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*(Unaudited-Prepared by Management)***Note 3** Accounting changes – (cont'd)Future Accounting Changes – (cont'd)

iii) 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. A transition date of January 1, 2010 will be required for 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, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Note 4 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%

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

	September 30, 2009			September 30, 2008
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 19,341	\$ 13,450	\$ 5,891	\$ 4,346
Furniture and fixtures	16,585	13,925	2,660	3,325
Office equipment	10,000	8,395	1,605	2,006
	<u>\$ 45,926</u>	<u>\$ 35,770</u>	<u>\$ 10,156</u>	<u>\$ 9,677</u>

Note 5 Resource Property Costs

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.

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Notes to the Interim Consolidated Financial Statements

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Note 5 Resource Property Costs – Cont'd

Slovakia

Kalnica-Selec Claims

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 is required to pay the following annual fees (in Slovak Koruna) under the agreement in order to maintain its annual exploration rights:

SKK	87,000	by September 22, 2005 (paid, Canadian equivalent \$3,341);
	87,000	by September 22, 2006 (paid, Canadian equivalent \$3,750);
	87,000	by September 22, 2007 (paid, Canadian equivalent \$3,350);
	<u>87,000</u>	by September 22, 2008. (paid, Canadian equivalent \$4,036);

SKK 348,000

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 Slovak Koruna) are required under the agreement to maintain annual exploration rights:

SKK	39,000	by September 4, 2007 (paid, Canadian equivalent \$1,703)
	39,000	by September 4, 2008 (paid, Canadian equivalent \$1,810)
	39,000	by September 4, 2009 (paid, Canadian equivalent \$1,915)
	<u>39,000</u>	by September 4, 2010

SKK 156,000

As at September 30, 2009, exploration expenditures amounted to \$424,681 and acquisition cost \$91,517 for total expenditures on the property to date of \$516,198.

Property Investigation Cost

The Company is pursuing opportunities to acquire exploration and development rights to potential uranium properties located in Bulgaria, Czech Republic and to gold and silver projects Canada. During the nine months ended September 30, 2009, the Company incurred a total of \$17,194 (2008: \$23,568) for geological consulting expenses and license application fees.

ULTRA URANIUM CORP.

Notes to the Interim Consolidated Financial Statements

September 30, 2009

*(Unaudited-Prepared by Management)***Note 5 Mineral Properties – Cont'd**Canadaa) Orbit Lake Group Claims – Saskatchewan

By an option agreement dated April 16, 2007, the Company had the option to earn up to a 65% interest in the Orbit Lake Group claims located in the Northern Mining District of Saskatchewan in consideration for the payment of \$150,000, the issuance of 175,000 common shares of Ultra and by incurring \$2,000,000 in exploration expenditures over a three year period.

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

b) Gwyn Lake Claims

The Company holds a 100% interest in the Gwyn Lake claims 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.

By another agreement dated October 31, 2008, the Company was granted an option to acquire 100% interest in certain additional mineral claims contiguous to the Gwyn Lake Claims. Consideration is \$5,000 cash upon signing (paid) and \$10,200 in expenditures by December 31, 2009.

As at September 30, 2009, exploration expenditures amounted to \$722,267 and acquisition cost \$108,530 for total expenditures on the property to date of \$830,617.

b) Buck Lake Claims

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.

As at September 30, 2009, exploration expenditures amounted to \$1,007,144 and acquisition cost \$405,200 for total expenditures on the property to date of \$1,412,344.

Note 6 Loan Payable

	September 30, <u>2009</u>	September 30, <u>2008</u>
Loan payable, unsecured, with interest at 10% per annum and payable on demand.	\$ <u>1,246</u>	\$ <u>1,246</u>

Note 7 Share Capital

- a) Authorized: Unlimited common shares without par value

ULTRA URANIUM CORP.

Notes to the Interim Consolidated Financial Statements

September 30, 2009

*(Unaudited-Prepared by Management)***Note 7** Share Capital – Cont'd

b) Issued:

	<u>Number</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, December 31, 2008	<u>21,513,463</u>	<u>\$ 13,498,188</u>	<u>\$ 1,955,069</u>
Balance, September 30, 2009	<u>21,513,463</u>	<u>\$ 13,498,188</u>	<u>\$ 1,955,069</u>

c) Commitments:

i) Stock-based Compensation Plan

The Company has a stock option plan whereby the maximum number of share 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 September 30, 2009, December 31, 2008 and September 30, 2008 and the changes during the period then ended is as follows:

	<u>Number</u>	<u>Weighted Average Price</u>
Options exercisable and outstanding, September 30, 2008	1,558,996	\$ 0.83
<i>Expired</i>	<u>712,066</u>	<u>\$ 0.40</u>
Options exercisable and outstanding, December 31, 2008	846,930	\$ 1.20
<i>Expired</i>	<u>846,930</u>	<u>\$ 1.20</u>
Options exercisable and outstanding, September 30, 2009	<u>Nil</u>	

ii) Share Purchase Warrants

	<u>Period ended September 30, 2009</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, beginning of period	5,893,332	\$ 1.12
Expired	<u>(5,893,332)</u>	<u>\$ 1.12</u>
Balance, end of period	<u>Nil</u>	-

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Notes to the Interim Consolidated Financial Statements

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(Unaudited-Prepared by Management)

Note 8 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:

	Nine months ended September 30,	
	<u>2009</u>	<u>2008</u>
Consulting fees	\$ <u>12,000</u>	\$ <u>27,000</u>

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

At September 30, 2009, marketable securities include \$500 (2008: \$16,500) in shares of companies with common directors.

At September 30, 2009, amounts due to related parties of \$1,712 (2008: \$12,546) 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 September 30, 2009, due from related party of \$8,007 (2008: \$15,010) 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 September 30, 2009, advances include \$30,000 (2008: \$30,000) paid to a public company with a common director to purchase a mineral property acquisition.

Note 9 Non-cash Transaction

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. During the nine months ended September 30, 2009 and September 30, 2008 the Company issued no common shares pursuant to the acquisition of mineral properties.

Note 10 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. As at September 30, 2009, the Company has not entered into any debt financing other than a loan payable (Note 6).

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 11 Financial Instruments

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics.

The Company designated cash and cash equivalents and marketable securities as held-for-trading assets, measured at fair value. Changes in the fair value are recorded in net earnings. Amounts receivable and due from related parties are measured at amortized cost. Accounts payable and accrued liabilities, due to related parties and loan payable 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 under the new accounting standards. The Company had neither available-for-sale, nor held-to-maturity instruments during the six months ended June 30, 2009.

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 June 30, 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 June 30, 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 June 30, 2008, 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. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options.

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(Unaudited-Prepared by Management)

Note 12 Commitments

By an agreement dated December 14, 2007, the Company agreed to pay \$6,828 per month for a minimum of eighteen months for office premises. This agreement expired on July 31, 2009. By a new 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.

On February 1, 2008, the Company entered into a sub-lease agreement to receive \$2,000 per month for twelve months for the office premises.

Note 13 Segmented Information

The Company's assets as at September 30, 2009 and September 30, 2008 are allocated to geographic segments as follows:

	<u>2009</u>	<u>2008</u>
Canada	\$ 2,993,668	\$ 4,174,605
Europe	516,900	472,722
	<u>\$ 3,510,568</u>	<u>\$ 4,647,327</u>

Note 14 Comparative Figures

Certain of the comparative figures for the six months ended September 30, 2008 have been reclassified in order to be consistent with the current period's presentation.

Note 15 Subsequent Events

On October 27, 2009, the Company entered into an option agreement with International Alliance Resources Inc. to acquire an 80-per-cent interest in two gold properties located in the Mayo mining division, Yukon, Canada. The properties, known as the Anne Mark gold project and the Plata North gold project are located within the Selwyn basin.

Under the terms of the option agreement, the Company can acquire an 80-per-cent interest in the two properties by paying \$500,000 and issuing a total of three million common shares to Alliance Resources Inc. over five years. In the first year the Company will pay \$50,000 in two tranches and issue one million common shares. The properties are subject to a net smelter royalty of 2 per cent. The Company will be responsible for incurring \$1.2-million in exploration expenditures on the properties prior to Alliance Resources Inc. contributing exploration financing to maintain its interest.

The above agreement was accepted for filing by the TSX Venture Exchange on November 11, 2009 and on November 18, 2009 the Company issued one million common shares to Alliance Resources Inc. pursuant to the agreement, which shares are restricted from trading until March 17, 2010.