EXPEDITION MINING INC.

(Formerly Universal Uranium Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2010

and

September 30, 2009

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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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
	$	$
A S S E T S		
Current assets		
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
Long term receivable (Note 5)	80,697	107,475
Reclamation bond (Note 6)	17,886	117,834
Equipment (Note 3)	22,720	29,220
Other assets (Note 4)	1,032,900	1,782,215
Mineral properties (Note 6)	840,173	258,317
	3,027,768	3,626,402
L I A B I L I T I E S & S H A R E H O L D E R S' E Q U I T Y		
Current liabilities		
Accounts payable and accrued liabilities	134,882	140,497
Margin account (Note 7)	-	533,415
	134,882	673,912
Asset Retirement Obligation (Note 8)	17,886	99,948
	152,768	773,860
Shareholders' Equity		
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

Continuing operations (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
	$	$
General and administrative expenses:		
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)
Other items:		
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	-
Net loss and comprehensive loss for the period	(64,292)	(5,614,237)
Deficit - beginning of the period	(22,529,153)	(16,914,916)
Deficit - end of the period	(22,593,445)	(22,529,153)
Loss per share	(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 $
Cash provided by (used for):		
Operating Activities		
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)
Investing Activities		
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
Increase (decrease) in cash	(274,966)	249,437
Cash - beginning of period	1,264,355	1,014,918
Cash - end of period	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

	Balance 30-Sep-08	Additions	Write-off	Balance 30-Sep-09	Additions	Balance 30-Sep-10
	$	$	$	$	$	$
Tact & Buff						
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
Brew Property (Yukon)						
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
Lisbon Valley						
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

	Balance 30-Sep-08 $	Additions $	Write-off $	Balance 30-Sep-09 $	Additions $	Balance 30-Sep-10 $
St. George's Basin						
Acquisition costs	186,130	-	(186,130)	-	-	-
Exploration costs						
Claims and maintenance	53,277	(41,800)	(11,477)	-	-	-
Consultants	82,720	48,485	(131,205)	-	-	-
Drafting and mapping	170	160	(330)	-	-	-
Field administration	23	42	(65)	-	-	-
	322,320	6,887	(329,207)	-	-	-
TOTALS	4,955,742	267,432	(4,964,857)	258,317	581,856	840,173

See notes to financial statements

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.

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.

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.

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.

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

Flow-through shares

The Company may issue securities referred to as flow-through shares, whereby the investor my 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.

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.

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
	88,444	65,724	22,720

	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	-
	88,025	58,805	29,220

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.

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 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 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 value $	Write-down to Fair Value $	Securities sold during the period $	Fair Value 30-Sep-09 $
Asset Backed Commercial Paper	139,095	-	-	139,095
Bayswater Uranium Corp.	14,000	(3,000)	(11,000)	-
Crosshair Exploration & Mining Corp.	2,100,000	80	(456,960)	1,643,120
	2,253,095	(2,920)	(467,960)	1,782,215

5. **LONG TERM RECEIVABLE**

On September 26, 2007, the Company received a Promissory Note from a former director in the amount of $110,550, previously recorded in amounts receivable. The note bears interest of 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;

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.

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:

	Number of Shares	$
Balance – September 30, 2008	47,084,068	22,193,588
Issued for mineral properties		
Acquisition cost per agreement	200,000	11,000
Balance – September 30, 2009	47,284,068	22,204,588
Issued for mineral properties		
Acquisition cost per agreement	200,000	12,000
Balance –September 30, 2010	**47,484,068**	**22,216,588**

9. **SHARE CAPITAL** *(continued)*

c) Stock options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-09	Re-priced	Granted	Exercised	Expired / Cancelled	30-Sep-10
29-Dec-09	0.15	230,000	-	-	-	(230,000)	-
21-June-10	0.15	425,000	-	-	-	(425,000)	-
16-Jan-11	0.15	85,000	-	-	-	-	85,000
08-May-11	0.15	100,000	-	-	-	-	100,000
13-Jun-11	0.15	150,000	-	-	-	-	150,000
13-Nov-11	0.15	150,000	-	-	-	-	150,000
19-Mar-12	0.15	645,000	-	-	-	-	645,000
01-Dec-12	0.15	645,000	-	-	-	(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
Weighted average exercise price		0.15	-	0.10	-	0.15	0.14

Expiry Date	Exercise Price	30-Sep-08	Re-priced	Granted	Exercised	Expired / Cancelled	30-Sep-09
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
Weighted average exercise price		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:

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)	-
Weighted average exercise price		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
Weighted average exercise price		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 31st day.

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
Total income taxes	$	-	$	-

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
		2,893,409		2,914,681
Valuation allowance		(2,893,409)		(2,914,681)
Net future tax assets	$	-	$	-

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
		$	1,192,627

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

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.