

**EXPEDITION MINING INC.**  
**(Formerly Universal Uranium Ltd.)**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Year Ended September 30, 2010**

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

**Directors:**

Ron Atlas  
Steve Chan  
John Hite  
Corry Silbernagel  
Bert Jeffries

**Officers:**

President – Ron Atlas  
C.F.O. – Jorge Avelino  
Executive Vice-president – Bill Galine

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

**MANAGEMENT DISCUSSION & ANALYSIS**

For the Year Ended September 30, 2010

**1.1 Date of This Report**

**January 24, 2010**

*This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

**1.2 Overall Performance**

*Description of Business*

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

During the year ended September 30, 2010, the Company continued to actively review and assess alternative mineral properties in North America for possible acquisitions with a view of enhancing shareholder value.

**1.3 Selected Annual Information**

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

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

## 1.4 Results of Operations

### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the consolidated financial statements of the Company and notes attached hereto.

#### Results of Operations

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

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

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

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

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

## 1.4 **Results of Operations** (continued)

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

#### Shareholders Communication and Travel

The Company reported shareholders communication and travel expenses totaling \$43,125 (2009 - \$71,361) and broken down as follows:

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

### 1.4.1 **Summary of Quarterly Results**

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

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

#### ***Discussion***

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

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

## **MINERAL PROPERTIES**

### **Brew Property – Yukon**

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

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

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

## **MINERAL PROPERTIES (continued)**

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

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

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

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

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

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

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

Key points include the following:

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

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

## **MINERAL PROPERTIES (continued)**

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

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

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

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

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

### **Joy Property - Yukon**

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

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

#### **The Agreement**

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

## **MINERAL PROPERTIES (continued)**

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

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

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

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

#### Year ended September 30, 2009

On July 7, 2009, the Company entered into an agreement with Nevada Mine Properties II, Inc ("NMP"), a private Nevada corporation, to acquire a 100% interest in NMP's Tact – Buff property (the "Property") located in the prolific Battle Mountain Mining District, Nevada. The Property is comprised of 98 claims totalling 1760 acres and is situated in Humboldt County approximately 30 miles southeast of Winnemucca.

In consideration, the Company has agreed to pay US\$7,500 upon execution of the agreement and a total of US \$302,500 in Advanced Royalty Payments in the first 8 years with automatic extensions over the next 12 years. The Company reserves the right to purchase 100% ownership of the Property at anytime by paying US\$2 million less any Advance Royalty Payments.

Other considerations include issuing a total of 500,000 of the Company's shares to NMP over a two year period and the option to buy down a 3% NSR to 1% for US\$3 million.

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

The Company issued 200,000 shares to Nevada Mines as per the agreement.

The Company engaged Mr. Bert Jeffries, geologist and Mr. Bernard Stannus, mining engineer to review the Nevada property. While the Company remains committed to prospecting uranium properties, the identification of the gold opportunity and the favourable reports from the two geologists, convinced the Company to proceed with the agreement. The Company has retained Bernard Stannus as a consultant to the Company.

## **MINERAL PROPERTIES (continued)**

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

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

On August 27, 2009, the Company announced that the Notice of Operation for proposed drilling had been accepted by the Bureau of Land Management, Nevada. The bond covers 15 to 20 reverse circulation drill holes from 15 permitted sites. The total program is estimated at 7,000 to 8,000 feet and will test four separate targets previously defined by historical work. Three of the targets are surface gold anomalies with grades up to 4.5 g/t gold. The fourth target will test a pediment structure defined by geophysical surveys.

#### Year ended September 30, 2010

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

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

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

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

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

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



## MINERAL PROPERTIES (continued)

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

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

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

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

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

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

## MINERAL PROPERTIES EXPENDITURES

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

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

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

## 1.5 Liquidity

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

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

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

### Cash and cash equivalents

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

### Credit Risk

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

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

## 1.5 **Liquidity** (continued)

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

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

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

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

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

### **Currency Risk**

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company faces certain foreign exchange risks related to expenses and deferred exploration costs incurred in U.S. dollars, a currency which may appreciate against the Canadian dollar, the Company's reporting currency. Additionally, net working capital balances denominated in non-reporting currencies are also subject to fluctuations in value. The Company mitigates these threats by limiting its exposure to such balances where their expenditure in the same non-reporting currency is not imminent.

### **Commitments**

The Company has certain work commitments on their mineral property interests as discussed in Section 1.5 and Notes 6 and 10 of the Financial Statements.

## 1.6 **Capital Resources**

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

## 1.7 **Off Balance Sheet Arrangements**

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

## 1.8 **Fourth Quarter**

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

## **1.9 Transactions with Related Parties**

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

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

## **1.10 Proposed Transactions**

N/A

## **1.11 Critical Accounting Estimates**

None

## **1.12 Legal proceedings**

On May 1, 2009, the Company was served with a Writ and Statement of Claim in an action commenced by Crosshair Exploration & Mining Corp. ("Crosshair") in the B.C. Supreme Court. The Crosshair action seeks rescission of a property purchase agreement dated July 29, 2008 under which Crosshair acquired the Company's interest in approximately 4,741 mineral claims situated in the Central Mineral Belt in Labrador. It also seeks rescission of a July 29, 2008 private placement agreement under which Crosshair purchased 2,222,222 units of the Company, each consisting of one common share and one common share purchase warrant. The action also claims certain ancillary relief.

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

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

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

On May 12, 2009, the Company filed a Statement of Defence and Counterclaim in the Crosshair action. The Statement of Defence and Counterclaim denies that Crosshair is entitled to rescission of the two agreements. It also asserts that the Crosshair action is an abuse of process and seeks damages for the loss of the Company's opportunity to market the Crosshair shares to which the Company is entitled. On May 26, 2009, Crosshair filed a Statement of Defence to Counterclaim, denying the allegations in the Company's Counterclaim.

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

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

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

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

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

### **Goodwill and Intangible Assets**

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

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

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

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

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

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

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

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

### **New Canadian Accounting Pronouncement**

#### **International Financial Reporting Standards (“IFRS”)**

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011.

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

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

#### **Business Combinations**

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted.

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

#### **Consolidated Financial Statements**

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

#### **Non Controlling Interests**

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

### **1.14 Financial and Other Instruments**

The carrying value of cash and cash equivalents, marketable securities, accounts receivable, brokerage account overdraft, accounts payable and due from (to) related parties approximate their fair values due to the short maturity of those instruments.

### **1.15 Other**

#### **Disclosure of Outstanding Share Capital: January 24, 2010**

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

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

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

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

	Number	Weighted Average Price
Share Purchase Warrants	Nil	-

#### **Disclosure Controls and Procedures**

It should be noted that pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), that the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous interim filings under Multilateral Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

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

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

#### **Subsequent Events to September 30, 2010**

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

#### **Additional information**

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