

**UC RESOURCES LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2006**

**Notice of no auditor review of interim consolidated financial statements.**

The accompanying unaudited interim consolidated financial statements of the UC Resources Ltd. have been prepared by and are the responsibility of the Company's management and have not been reviewed by an auditor.

**UC RESOURCES LTD.**  
**CONSOLIDATED BALANCE SHEET**  
**(Prepared by Management Without Audit)**

	<b>March 31, 2006</b>	<b>June 30, 2005</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and short-term deposits	\$ 962,957	\$ 35
Accounts receivable	84,940	11,243
Share subscription receivable	1,033,100	-
Prepaid expenses	210,162	1,025
Loan Receivable	3,000	3,000
	2,294,159	15,303
<b>Investment</b>	1	1
<b>Mineral Interests</b>	2,022,394	1,246,023
<b>Equipment</b> , net of amortization of \$19,039	61,539	23,840
	\$4,378,093	\$ 1,285,167

**LIABILITIES**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 77,204	\$ 410,339
Loans payable	50,000	323,000
Due to related party	25,413	41,206
	152,617	774,545

**SHAREHOLDERS' EQUITY**

<b>Capital Stock</b>	12,565,665	8,053,957
<b>Option Compensation</b>	460,837	213,673
<b>Deficit</b>	(8,801,026)	(7,757,008)
	4,225,476	510,622
	\$ 4,378,093	\$ 1,285,167

**Nature of Operations and Going-Concern (note 1)**  
**Subsequent events (note 6)**

**APPROVED BY THE BOARD**

"Gary Monaghan" , Director

"Gregory Roberts" , Director

See notes to financial statements

**UC RESOURCES LTD.**  
**CONSOLIDATED STATEMENT OF LOSS AND DEFICIT**  
(Prepared by Management Without Audit)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenue</b>				
Interest	\$ 2,288	\$ 58	\$ 4,844	\$ 363
<b>Expenses</b>				
Accounting and audit	1,027	4,000	18,894	12,420
Amortization	1,730	-	4,440	-
Consultants	64,422	-	201,485	-
Directors' fees	-	-	-	11,500
Interest and bank charges	1,989	20,638	5,536	63,596
Investor relations and promotion	63,279	17,346	198,999	35,796
Legal	14,548	5,586	48,963	5,950
Listing and filing fees	24,242	4,330	43,719	5140
Office, rent and miscellaneous	28,995	8,099	50,292	24,390
Printing and shareholder information	205	1,168	1,585	11,049
Salaries and wages	-	13,500	-	49,450
Stock-based compensation	238,245	-	381,117	202,068
Telephone	8,296	1,275	14,608	4,166
Transfer agent	3,906	3,315	11,198	5,439
Travel	27,844	4,125	67,600	21,891
	478,727	83,382	1,048,435	452,855
<b>Net Loss For Period Before Following</b>	476,439	83,324	1,043,591	452,492
Translation gain(loss)	(427)	-	(427)	-
Recovery of mineral interests	-	-	-	100,000
<b>Net Loss for Period</b>	476,866	83,324	1,044,018	352,492
<b>Deficit, Beginning of Period</b>	8,324,161	7,564,771	7,757,009	7,295,603
<b>Deficit, End of Period</b>	\$ 8,801,161	\$7,648,095	\$8,801,027	\$7,648,095
<b>Basic and diluted loss per share common share</b>	\$ 0.015	\$ 0.004	\$ 0.025	\$ 0.017
<b>Weighted average number of common shares outstanding</b>	31,929,311	21,818,068	42,113,941	20,462,984

See notes to financial statements

**UC RESOURCES LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Prepared by Management Without Audit)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Operation Activities</b>				
Net loss	\$(476,866)	\$(83,324)	\$(1,044,018)	\$(352,492)
Item not involving cash				
Amortization	1,730	-	4,440	-
Recovery of mineral interests	-	-	-	(100,000)
Non-cash interest expense	-	20,000	-	62,000
Stock-based compensation	238,245	-	381,117	202,068
<b>Operating Cash Flow</b>	<b>(236,891)</b>	<b>(63,324)</b>	<b>(658,461)</b>	<b>(188,424)</b>
<b>Changes in Non-Cash Working Capital</b>				
Accounts receivable	(33)	(6,050)	(73,697)	33,409
Share subscription receivable	(1,033,100)	-	(1,033,100)	-
Prepaid expenses	(199,637)	-	(209,137)	-
Accounts payable and accrued liabilities	21,676	107,711	(333,135)	311,422
Loans payable	-	75,000	(273,000)	310,000
Due to related party	25,413	-	(15,793)	-
	<b>(1,185,681)</b>	<b>176,661</b>	<b>(1,937,862)</b>	<b>654,831</b>
<b>Cash Provided by (Used in) Operating Activities</b>	<b>(1,422,572)</b>	<b>113,337</b>	<b>(2,596,323)</b>	<b>466,407</b>
<b>Financing Activities</b>				
Capital stock issued for cash	2,295,565	-	4,377,755	171,736
<b>Cash Provided by Financing Activities</b>	<b>2,295,565</b>	<b>-</b>	<b>4,377,755</b>	<b>171,736</b>
<b>Investing Activities</b>				
Purchase of Equipment	(36,942)	16,708	(42,139)	(410)
Mineral property interests	(69,746)	(181,639)	(776,371)	(893,562)
<b>Cash Used in Investing Activities</b>	<b>(106,688)</b>	<b>(164,931)</b>	<b>(818,510)</b>	<b>(893,972)</b>
<b>Increase (Decrease) in Cash</b>	<b>766,305</b>	<b>(51,594)</b>	<b>962,922</b>	<b>(255,829)</b>
<b>Cash, Beginning of Period</b>	<b>196,652</b>	<b>52,658</b>	<b>35</b>	<b>256,893</b>
<b>Cash, End of Period</b>	<b>\$ 962,957</b>	<b>\$ 1,064</b>	<b>\$ 962,957</b>	<b>\$ 1,064</b>

See notes to financial statements

**UC RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2006**  
**(Prepared by Management Without Audit)**

**1. NATURE OF BUSINESS**

The Company was incorporated under the laws of British Columbia and its principal business activities include the acquisition, exploration and development of resource properties.

The accompanying unaudited consolidated interim financial statements of UC Resources Ltd. include the accounts of the Company and its wholly-owned subsidiary, Planet Exploration Inc. ("Planet") and its wholly-owned subsidiary, Minera Planet Exploration, S.A. de C.V. ("Minera"), (collectively referred to as the "Company"). All inter-company transactions and balances have been eliminated upon consolidation.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited interim consolidated financial statements have been prepared in accordance with accounting policies generally accepted in Canada. These statements should be read in conjunction with the Company's annual audited consolidated financial statements for the fiscal year ended June 30, 2005. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods have been reflected. The results for the six month period ended December 31, 2005 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicative of the results to be expected for the full year.

**a) Foreign Currency Transactions**

The statements are presented in Canadian dollars whereby monetary items are translated at the rate of exchange in effect at the balance sheet date. All non-monetary items comprising equipment, mineral properties, deferred charges and revenue and expense items are translated at historical exchange rates.

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the exchange rates approximating those in effect at the time of the transactions. Translation gains and losses are included in the results of operations for the period.

**UC RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2006**  
**(Prepared by Management Without Audit)**

**3. MINERAL PROPERTY INTERESTS**

Copalquin Property, Mexico

The Company entered into an agreement to earn a 50% interest in a 7,005 hectare gold/silver property in the Sierra Madre mineralogical belt of Durango, Mexico. The terms require the company to pay \$25,000 US down (paid) and payments in US dollars over 3 years of \$25,000 (paid), \$40,000 (paid), \$100,000 and \$250,000 by July 13, 2006. The Company also paid \$10,000 and issued 491,000 shares at a deemed value of \$117,840 and a finder's fee in respect to the property. The Company is also required to undertake work programs of \$250,000 on the first stage and \$500,000 each on the second and third stage. The property is subject to an underlying 2% net smelter return royalty.

In October 2005, the Company finalized an agreement in which the Company acquired Minera Planet Explorations S.A. de C.V. ("Minera"), a company incorporated in Mexico, from Planet Explorations Inc., giving it 100% control over the Copalquin Project for a total cash cost of US\$550,000. Under the terms of the acquisition agreement with the original titleholders, for the Company to acquire the mineral concessions that comprise the Copalquin Project, the Company was required to incur US\$1,000,000 of exploration expenditures, which has been completed, and the Company must make future payments of US\$50,000 by July 13th, 2006, US\$50,000 by January 13th, 2007, US\$50,000 July 13<sup>th</sup>, 2007, US\$75,000 by January 13<sup>th</sup>, 2008, and US\$75,000 by July 13<sup>th</sup>, 2008. A 2.5% royalty agreement is held by the original titleholders, and the Company has the option to purchase up to 1.5% of this royalty for proceeds of US\$1,000,000.

The company expanded its land position around the Copalquin Property an additional 12,264 hectares by staking, bringing the total land package at Copalquin to 19,269 hectares.

Expenditures on mineral properties as follows:

<b>Copalquin, Mexico</b>	<b>March 31, 2006</b>	<b>June 30,2005</b>
Balance, beginning of period	\$ 1,246,023	\$ 230,358
Additions during the year		
Acquisition costs in the period	627,947	198,731
Aircraft and helicopter	-	162,579
Assay, mapping, reports	31,238	36,384
Consulting and engineering	23,810	81,613
Camp and support	13,678	84,019
Drilling & Contractors	76,838	373,516
Field Wages	-	50,066
Geophysics	-	12,800
Travel	2,860	15,957
	<u>776,371</u>	<u>1,015,665</u>
Balance, end of period	<u>\$2,022,394</u>	<u>\$ 1,246,023</u>

**UC RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2006**  
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**4. CAPITAL STOCK**

**Authorized** - 100,000,000 common shares without par value.

<b>Issued and outstanding</b>	<b>Shares</b>	<b>Amount</b>
Balance, June 30, 2004	17,511,253	\$7,743,996
Issued in year		
- for cash	1,232,000	171,735
- for option compensation	-	58,386
- for mineral properties	491,000	117,840
- for loan bonuses	377,776	62,000
- returned to treasury	<u>(1,000,000)</u>	<u>(100,000)</u>
Balance, June 30, 2005	<u>18,612,029</u>	<u>\$8,053,957</u>
Issued in year		
- for cash	35,536,230	4,377,755
- for option compensation	<u>-</u>	<u>133,953</u>
Balance, March 31, 2006	<u>54,148,259</u>	<u>\$12,565,665</u>

The Company received proceeds of \$320,000 for a private placement of 3,200,000 units and incurred expenses of \$32,000 in the form of finder's fees for net proceeds of \$288,000. Each unit consists of one common share and on share purchase warrant entitling the holder to acquire one additional common share at \$0.125 per share, on or before June 23, 2007.

The Company received proceeds of \$400,000 for a private placement of 4,000,000 units and incurred expenses of \$32,500 in the form of finder's fees for net proceeds of \$367,500. Each unit consists of one common share and on share purchase warrant entitling the holder to acquire one additional common share at \$0.125 per share, on or before July 17, 2007.

The Company received proceeds of \$1,650,800 for a private placement of 6,349,230 units and incurred expenses of \$64,360 in the form of finder's fees for net proceeds of \$1,586,440. Each unit consists of one common share and on share purchase warrant entitling the holder to acquire one additional common share at \$0.34 per share, on or before September 30, 2007. An additional 247,539 agent warrants were issued to acquire one additional common share at \$0.34 per share, on or before September 30, 2007.

**UC RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2006**  
**(Prepared by Management Without Audit)**

**4. CAPITAL STOCK (con't)**

**Stock Options** - Outstanding and exercisable as follows:

	<b>Number of Shares</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
	684,000	Nov. 8, 2006	\$0.135
	1,225,000	Nov. 22, 2006	0.11
Outstanding June 30, 2005	1,909,000		
Granted in Period	1,760,000	Aug. 31, 2010	0.11
Granted in Period	1,882,500	Jan. 31, 2011	0.15
Exercised in Period	(1,275,000)		0.11 & 0.135
Outstanding March 31, 2006	4,276,500		

**Warrants**

	<b>Number of Shares</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
Granted in Period	18,095,000	Feb. 22, 2007	\$0.125
	3,200,000	Jun. 23, 2007	\$0.125
	4,000,000	Jul. 17, 2007	\$0.125
	6,596,769	Sept. 30, 2007	\$0.340
Exercised in Period	(2,617,000)		\$0.125
Outstanding March 31, 2006	29,274,769		

**5. RELATED PARTY TRANSACTIONS**

In the period, the Company paid \$7,200 (2005 - \$13,500) for office, rent and administration and \$4,330 (2005 - \$6,500) for vehicle leases to companies controlled by a Director and a Vice-President. During the period, the Company also paid \$140,250 (\$38,300 - 2005) to officers and directors in the period for management and consulting. As of March 31, 2006, \$25,413 was payable to the CEO and director of the company for expenses.

**UC RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2006**  
**(Prepared by Management Without Audit)**

**6. SUBSEQUENT EVENTS**

(a) Mineral Properties

On April 20, 2006, UC announced that it has signed a Letter of Intent to purchase all of the outstanding shares of Minera Silver Creek S.A. de C.V. (Minera Silver Creek), a company incorporated under the laws of Mexico, from Canmex Capital Corporation (Canmex). The principle asset of Minera Silver Creek is the La Yesca mining project located near the town of La Yesca, in the state of Nayarit, and is located approximately two hundred kilometers west of Guadalajara, Mexico. The project consists of a 600 hectare mining concession which includes two previous producing mines. The project also includes a modern milling facility capable of milling two hundred (200) tonnes per day of feed. The acquisition will be paid for in both cash and shares. It was further announced on May 9th, 2006, that Minera Silver Creek has signed a Letter of Intent to acquire the MAR production and exploration assets for a cost of seventy-thousand U.S. dollars (\$70,000.00). The MAR project consists of a 100 hectare mining exploitation concession, and contains an ore dump that is immediately ready to be processed. It is the Company's intention to add to the land package in due course. Minera Silver Creek is also adding a 100 tonne per day milling facility to the MAR package, at a cost of one-hundred and twenty thousand U.S. dollars (\$120,000), payable over twelve monthly installments of ten-thousand U.S. dollars (\$10,000.00) each. This mill is a completely self contained and a modern portable unit that can be used at any of UC's projects in the future.

On April 25, 2006, the Company announced that the Stage 2 drilling program at UC Resources' Copalquin Project has commenced. The objectives of this stage of drilling are to test geochemical anomalies which may represent extensions of the main mineralized zones identified at Copalquin during Stage 1. Additional drilling is planned throughout 2006 to test geochemical anomalies and areas of alteration which extend for several kilometres to the east and west of the El Cometa and El Refugio are. Results will be announced as they become available

On May 19, 2006, the Company announced that it has made an application to expand the land position at the Copalquin Project in Durango State by an additional 44,830 hectares, bringing UC Resources' total land package at Copalquin to 64,099 hectares (approximately 641 sq. km).

(b) Warrants

As of May 30, 2006, the Company received \$328,813 and issued 2,630,500 common shares on the exercise of warrants.

(c) Stock options

As of May 30, 2006, the Company received \$2,750 and issued 25,000 common shares on the exercise of options.

**UC RESOURCES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FORM 51-102F1**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

**DATE May 30, 2006**

UC Resources Ltd. ("UC" or the "Company") is a resource exploration company with a focus on mineral exploration opportunities in North and South America. UC's head office is located in Vancouver, Canada, and its corporate office in Mexico is located in Torreon, Coahuila. The Company's common shares trade on the TSX Venture Exchange under the symbol "UC". The Company's current property interests are precious metal prospects in the northwestern state of Durango in Mexico (the "Copalquin Project") and is currently conducting exploration on its gold-silver prospects. This management's discussion and analysis ("MD&A") focuses on significant factors that affected UC during the period ended March 31, 2006 and to the date of this report. The MD&A supplements do not form part of the financial statements of the Company and the notes thereto for the period ended March 31, 2006. Consequently, the following discussion and analysis should be read in conjunction with the audited financial statements for the fiscal year ended June 30, 2005 and the quarter ended March 31, 2006, and the notes thereto.

The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

***SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES ON MINERAL PROPERTIES***

In order to better understand UC's financial results, it is important to gain an appreciation for the significant events, transactions and activities on mineral properties which had occurred during the period ended March 31, 2006 and to the date of this MD&A.

***SUMMARY OF ACTIVITY***

On January 20, 2006, the Company completed a non-brokered private placement of 4,000,000 units at \$0.10 per unit and received net proceeds of \$360,000 in respect to the financing. The net proceeds of the offering will be used to fund the Company's ongoing exploration program in respect to its Copalquin property, and for working capital purposes.

On January 25, 2006, UC announced the signing of a Letter of Intent with Cia. Minera El Alizal S.A. de C.V. to acquire a seventy-five (75)% interest in the production facilities of the La Dura Mining Project located NW Durango, Mexico. The Company will continue its due diligence on La Dura Mining Project and upon completion of a technical report, will determine whether to proceed with a final agreement.

On January 31, 2006, the Company announced that the Board of Directors granted 1,882,500 stock options at an exercise price of \$0.15 for a period of 5 years. These stock options are available to directors, officers and employees of the Company.

On February 15, 2006, UC Resources Ltd. retained Source One Capital Corporation to assist in the investor relations and corporate communications efforts to the investment community on behalf of the company to channels of communications between the corporation and its retail investors with the objective of increasing the company's visibility in the marketplace.

On April 8, 2006, the Company announced the closing of a non-brokered private placement, which in total resulted in gross proceeds of \$1,650,799.80. The placement comprised units at a price of \$0.26 per unit with a cash commission of 8% paid on a portion of the placement and Agent's Warrants totaling 247,539 were issued. The net proceeds of this offering will be used for acquisitions, working capital and to fund the Company's ongoing exploration program at its 100% interest in the 192 sq. km Copalquin property located in northwest region of Durango State, Mexico.

**UC RESOURCES LTD.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FORM 51-102F1  
FOR THE NINE MONTHS ENDED MARCH 31, 2006**

*SUMMARY OF ACTIVITY (CON'T)*

On April 20, 2006, UC announced that it has signed a Letter of Intent to purchase all of the outstanding shares of Minera Silver Creek S.A. de C.V. (Minera Silver Creek), a company incorporated under the laws of Mexico, from Canmex Capital Corporation (Canmex). The principle asset of Minera Silver Creek is the La Yesca mining project located near the town of La Yesca, in the state of Nayarit, and is located approximately two hundred kilometers west of Guadalajara, Mexico. The project consists of a 600 hectare mining concession which includes two previous producing mines. The project also includes a modern milling facility capable of milling two hundred (200) tonnes per day of feed. The acquisition will be paid for in both cash and shares.

On April 25, 2006, the Company announced that the Stage 2 drilling program at UC Resources' Copalquin Project has commenced. The objectives of this stage of drilling are to test geochemical anomalies which may represent extensions of the main mineralized zones identified at Copalquin during Stage 1. Additional drilling is planned throughout 2006 to test geochemical anomalies and areas of alteration which extend for several kilometres to the east and west of the El Cometa and El Refugio are. Results will be announced as they become available

On May 9th, 2006, UC announced that Minera Silver Creek (which, subject to regulatory approval, is being acquired 100% by the Company- see above April 20th, 2006 announcement) has signed a Letter of Intent to acquire the MAR production and exploration assets for a cost of seventy-thousand U.S. dollars (\$70,000.00). The MAR project consists of a 100 hectare mining exploitation concession, and contains an ore dump that is immediately ready to be processed. It is the Company's intention to add to the land package in due course. Minera Silver Creek is also adding a 100 tonne per day milling facility to the MAR package, at a cost of one-hundred and twenty thousand U.S. dollars (\$120,000), payable over twelve monthly installments of ten-thousand U.S. dollars (\$10,000.00) each. This mill is a completely self contained and a modern portable unit that can be used at any of UC's projects in the future. One of UC's key business objectives in its growth phase is to have an exploration arm in Mexico as well as an operating arm. Minera Silver Creek will be the operating arm of the Company, whereas UC's Minera Planet Exploration S.A. de C.V. will continue to be the exploration arm of the Company, and continue to develop and prove up the Copalquin project located in the Northwest portion of Durango State.

On May 19, 2006, the Company announced that it has made an application to expand the land position at the Copalquin Project in Durango State by an additional 44,830 hectares, bringing UC Resources' total land package at Copalquin to 64,099 hectares (approximately 641 sq. km).

**UC RESOURCES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FORM 51-102F1**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

***REVIEW OF THE COPALQUIN PROJECT***

***Copalquin Property, Mexico*** – In April, 2006, the Company initiated its Phase II drilling program at Copalquin. The objectives of this drilling program are to test geochemical anomalies which may represent extensions of the main mineralized zones identified at Copalquin during Stage 1. The primary target areas will include potential strike extensions of the El Cometa and El Refugio zones and a broad geochemical anomaly located between the El Cometa and La Soledad.

In May, 2006, the Company announced the MAR Project was added to the Minera Silver Creek acquisition. This project contains a 100 hectare mining exploitation concession, and contains an ore dump that is immediately ready to be processed. This project also includes a 100 ton per day, modern portable mill.

Also in May, 2006, the Company announced that it has acquired an additional 44,830 hectares of property to the Copalquin project, therefore effectively tripling the Company's total land package to 64,099 hectares.

Management believes that the potential of the Copalquin District has been overlooked due primarily to the lack of an access road. Now that the Company controls the entire district, management has authorized a review of potential access routes and expects to have cost estimates available by the fall. In the interim the Company has agreed to purchase a complete, heli-portable drill rig from the contractor currently on site and plans to operate the drill on a continuing basis.

Copalquin has a history of gold and silver production, but with the modern exploration work that UC is conducting, this represents the first modern and systematic exploration in this district. UC's focus is solely on Mexico and the Company is actively searching for additional quality production assets so that UC can become a significant emerging producing gold and silver exploration and development company in 2006. UC Resources expects to provide an update by the end of May on the acquisition of the La Yesca and Mar production assets. With the expansion of Copalquin, and the acquisition of production assets, the Company's combined total land package in Mexico's prolific Sierra Madres is 64,799 hectares.

For further information visit the Company's website at [www.ucresources.net](http://www.ucresources.net).

***PERSPECTIVES***

Management is of the opinion that the perspectives of price increases for precious metals are excellent. We are of the opinion that there are more factors leading to an increase of price, especially for silver, than there are negative factors. A radical decrease in prices of precious metals would normally be associated to a strong surge of the economy, and consequently, to a rise in demand and prices of base metals such as lead and zinc.

The Company is currently looking at and evaluating potential acquisitions that would permit it to be more greatly exposed to production opportunities in Mexico of base metals.

In the present context of the market for exploration companies, management believes that the Company possesses all the ingredients required to attract investors and should have no major difficulties to raise the funds necessary to realize its development plans.

The Company will work diligently to continue to increase its investor base. We are planning presentations in major cities in North America and Europe in the coming months.

**UC RESOURCES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FORM 51-102F1**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

**Summary of Quarterly Results**

	For Quarters Ended							
	2006	2005				2004		
	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30
Total revenues (interest & other income)	\$2,288	\$2,179	\$377	\$ 6	\$ 58	\$ 152	\$ 153	\$ 133
Loss before write-off/gain on sale of mineral properties	476,866	236,128	331,024	108,555	79,319	340,116	29,152	203,446
Loss (gain) on disposal of mineral property	-	-	-	-	-	(100,000)	-	381,671
Loss for the period	476,866	236,128	331,024	108,555	79,319	240,116	29,152	585,117
Loss per share	0.015	0.006	0.009	0.006	0.005	0.130	0.002	0.033

**RESULTS OF OPERATIONS**

The Company's operations for the period ended March 31, 2006 produced a net loss of \$476,866 compared to a loss of \$83,324 for the same three month period in the previous year. During the third quarter of 2006, there were increases in all areas of the company as compared to the same quarter of the previous year as a result of the ramp up of the business. The Company has spent, on its Copalquin Property in Mexico, a total acquisition cost of \$893,440. In the quarter ended March 31, 2006, the Company had expenditures of \$69,746 in exploration and development expenditures on its Copalquin property consisting of drilling (\$69,512) and balance of the difference to assay, mapping and reports. The Company had previously spent \$1,059,207 bringing its total exploration expenditures on the Copalquin property to \$1,128,953. As the Company does not own any revenue producing mineral properties, no mining revenues have been recorded to date.

**LIQUIDITY AND CAPITAL RESOURCES**

Working capital as at March 31, 2006 was \$189,556 compared to a deficient working capital of \$759,242 at June 30, 2005 and a deficient working capital of \$407,978 at December 31, 2004. Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. At March 31, 2006, the Company had 40,982,029 (64,871,029 fully diluted) common shares issued and outstanding compared to 18,434,253 (21,803,253 fully diluted) as at December 31, 2004 and 18,612,029 (20,521,029 fully diluted) as at June 30, 2005.

A private placement of 4,000,000 shares at \$.10 per share for net proceeds of \$367,500 and an additional private placement of 6,349,230 shares at \$0.34 per share for net proceeds of \$ 1,586,440 were issued in the quarter ended March 31, 2006.

The market price of natural resources is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may affect the Company's ability to raise capital to acquire and explore resource properties. Management believes it will be able to raise the capital required to develop resource properties by various means of equity issuances, debenture financing or securing joint venture partners for projects.

**UC RESOURCES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FORM 51-102F1**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

***RELATED PARTY TRANSACTIONS***

In the nine month period ended March 31, 2006, the Company paid \$7,200 (2005 - \$9,000) for office, rent and administration and \$4,330 (2005 - \$4,537) for vehicle leases to companies controlled by a Director and a Vice-President. During the period, the Company also paid \$140,250 (\$38,300 – 2005) to officers and directors in the period for management and consulting. As of March 31, 2006, \$25,413 was payable to the CEO and director of the company for expenses.

***COMPETITION***

The resource industry in which the Company is engaged is in general, highly competitive. Competitors include well-capitalized resource companies, independent resource companies and other companies having financial and other resources far greater than those of the Company, thus a degree of competition exists between those engaged in the resource industry to acquire attractive resource properties.

***RISKS***

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that UC's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

***OFF-BALANCE SHEET ARRANGEMENTS***

The Company has not entered into any off-balance sheet transactions.

***CHANGES IN ACCOUNTING POLICIES***

**Foreign Currency Transactions**

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the exchange rates approximating those in effect at the time of the transactions. Translation gains and losses are included in the results of operations for the period.

***FINANCIAL INSTRUMENTS***

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Terms of the financial instruments, where relevant, are fully disclosed in the Company's financial statements. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from its financial instruments and that their fair values approximate their carrying values unless otherwise noted.

***ADDITIONAL INFORMATION***

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