

UC RESOURCES LTD.

Consolidated Financial Statements June 30, 2009 and 2008

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of UC Resources Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded, all transactions are authorized and duly recorded, and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the financial statements with management and the external auditors, Dale Matheson Carr-Hilton Labonte LLP, an independent firm of chartered accountants, appointed as external auditors by the shareholders, have audited the consolidated financial statements and their report is included herein.

"Gregg Roberts"

Gregg Roberts, Director

"Jim Voisin"

Jim Voisin, CEO and President

Vancouver, Canada
October 28, 2009

AUDITORS' REPORT

TO THE SHAREHOLDERS OF UC RESOURCES LTD.

We have audited the consolidated balance sheets of UC Resources Ltd. as at June 30, 2009 and 2008 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
Chartered Accountants

Vancouver, Canada
October 14, 2009

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UC RESOURCES LTD.
Consolidated Balance Sheets
As at June 30

	2009	2008
Assets		
Current		
Cash and cash equivalents	\$ 862,164	\$ 1,913,386
Short term investments (note 4)	34,500	282,550
Receivables and advances	84,072	298,851
Prepaid expenses	31,365	17,171
Advance to contractor (note 12)	-	216,463
	1,012,101	2,728,421
Mineral property interests (notes 5)	12,001,576	10,015,888
Plant and equipment (note 7)	3,560,473	1,888,968
Investment (note 6)	1	1
	\$ 16,574,151	\$ 14,633,278
Liabilities		
Current		
Accounts payable and accrued liabilities (note 12)	\$ 933,203	\$ 258,406
Loans payable (note 8)	147,407	-
Current portion of capital leases (note 9)	159,751	-
Current portion of long term debt (note 10)	86,413	-
	1,326,774	258,406
Long term capital leases (note 9)	18,837	-
Long term debt (note 10)	290,867	-
	1,636,478	258,406
Shareholders' Equity		
Capital stock (note 11)	27,913,955	26,208,864
Contributed surplus (note 11(d))	3,804,797	3,425,659
Shares subscribed (note 11s and 18)	100,000	-
Deficit	(16,881,079)	(15,259,651)
	14,937,673	14,374,872
	\$ 16,574,151	\$ 14,633,278

Nature and continuance of operations (note 1)
Contingency (note 17)
Commitments (note 13)
Subsequent events (notes 9 and 18)

Approved by the Board:
"Gary Monaghan"
..... Director
Gary Monaghan

"Gregg Roberts"
..... Director
Gregg Roberts

UC RESOURCES LTD.**Consolidated Statements of Operations, Comprehensive Loss and Deficit
Years ended June 30**

	2009	2008
Expenses		
Amortization	\$ 37,698	\$ 24,750
Consulting fees	130,931	247,543
Interest on long term debt	24,629	-
Investor communication	65,818	141,231
Management fees	156,000	389,295
Office and administration	778,352	961,566
Professional fees	451,875	168,960
Regulatory and transfer agent fees	38,175	56,737
Stock-based compensation (note 11)	287,773	1,030,545
Travel	72,443	168,560
Loss Before Other Items	(2,043,694)	(3,189,187)
Other Items		
Interest income	14,311	88,442
Recovery(write-off) of other receivables	40,518	(80,736)
Foreign exchange gain	11,857	32,770
Write off mineral interest (note 5)	(43,164)	-
Loss on sale of equipment	(2,069)	(13,903)
Loss before Income Taxes	(2,022,241)	(3,162,614)
Income Taxes		
Future Income tax recovery (notes 11 and 13)	400,813	1,065,121
Net loss and Comprehensive Loss for the year	(1,621,428)	(2,097,493)
Deficit, Beginning of year	(15,259,651)	(13,162,158)
Deficit, End of year	\$ (16,881,079)	\$ (15,259,651)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	115,919,633	100,717,831

UC RESOURCES LTD.
Consolidated Statements of Cash Flows
Years ended June 30

	2009	2008
Operating activities		
Net loss	\$ (1,621,428)	\$ (2,097,493)
Items not involving cash		
Amortization	37,698	24,750
Future income tax recovery	(400,813)	(1,065,121)
Write-off of mineral interest	43,164	-
Interest on loans payable (note 8)	76,725	-
Stock-based compensation	287,773	1,030,545
	<u>(1,576,881)</u>	<u>(2,107,319)</u>
Changes in non-cash working capital		
Accounts receivable and advances	214,779	163,404
Prepaid expenses	(14,194)	40,040
Advance to contractor	216,463	(129,499)
Accounts payable and accrued liabilities	674,797	120,612
	<u>1,091,845</u>	<u>194,557</u>
Cash used in operating activities	(485,036)	(1,912,762)
Financing activities		
Obligation under capital leases	(106,179)	-
Capital stock issued for cash, net	2,197,269	6,318,564
Private placement subscription	100,000	-
Loans payable	147,407	-
Long term debt	377,280	-
Obligation for mineral property interest	-	(207,106)
Cash provided by financing activities	2,715,777	6,111,458
Investing activities		
Expenditures on mineral property interests	(2,105,577)	(2,420,798)
Short-term investments	248,050	721,000
Acquisition of plant and equipment	(1,457,698)	(863,126)
Cash used in investing activities	(3,281,963)	(2,562,924)
Increase (Decrease) in Cash and cash equivalents	(1,051,222)	1,635,772
Cash and cash equivalents, Beginning of year	1,913,386	277,614
Cash and cash equivalents, End of year	\$ 862,164	\$ 1,913,386
Cash and cash equivalents consist of:		
Cash	\$ 155,021	\$ 292,220
Guaranteed investment certificates	707,143	1,621,166
	<u>\$ 862,164</u>	<u>\$ 1,913,386</u>

Supplemental disclosure with respect of cash flows:

- (a) During the year ended June 30, 2009, the Company issued 900,000 common shares valued at \$81,000 for commission and finders fees on private placement (note 11)
- (b) The Company paid dore bars with total value of \$76,725 in lieu of interest for the loan payable (note 8)
- (c) Interest expense of \$123,833 (2008 - \$1,612) and income taxes of \$nil (2008 - \$nil) was paid during the year ended June 30 2009,
- (d) The Company acquired \$251,505 (2008 - \$Nil) under capital lease arrangement.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

1. NATURE AND CONTINUANCE OF OPERATIONS

UC Resources Ltd. (the "Company") is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties in Canada and Mexico.

At June 30, 2009, the Company had working capital deficit of \$314,673 (2008 – working capital of \$2,470,015) and an accumulated deficit of \$16,881,079 (2008 - \$15,259,651). The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral property interests. The Company's ability to continue as a going-concern is dependent on the ability of the Company to raise equity financing in the future to fund further exploration work and to fund continuing operating losses, and ultimately on the attainment of profitable operations to meet the Company's liabilities as they become payable.

The recovery of the Company's investment in mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development and the future proceeds from the disposition of those reserves.

These financial statements have been prepared on a going-concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. These financial statements do not include any adjustments for the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going-concern. The Company presently, has not yet determined whether its mineral property interests contain economically recoverable resources. Management is also aware that significant material uncertainties exist, related to current economic conditions that could cast doubt upon the Company's ability to continue to finance its exploration activities. Management is not able to assess the likelihood or timing of improvements in the equity markets for raising capital for future acquisitions or expenditures. These uncertainties represent a liquidity risk and may impact the Company's ability to continue as a going concern in the future. Management expects to be successful in raising sufficient funding to meet operating commitments for the ensuing year. Subsequent to year end, the Company completed three private placements (note 18).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies generally accepted ("GAAP") in Canada and reflect the following policies.

(a) Principles of consolidation

These financial statements include the accounts of UC Resources Ltd. and its wholly-owned integrated subsidiaries, Minera Planet Exploration, S.A. de C.V. ("Minera Planet") and Minera Silver Creeck S.A. de C.V. ("Silver Creeck"), companies incorporated under the laws of Mexico, hereinafter collectively referred to as the "Company". All significant inter-company balances and transactions have been eliminated upon consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid short-term interest bearing securities with terms at the date of purchase of three months or less.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Mineral Property interests

The Company capitalizes all costs related to investments in mineral interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. All deferred mineral property expenditures are reviewed annually or when there are significant changes in events or circumstances, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value. (note 3 – EIC-174)

These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

(d) Plant and equipment

Plant and equipment are recorded at cost and are amortized using the declining-balance method at an annual rate of 20% for office equipment, 30% for computer equipment, 20% for machinery and equipment, and 30% for transportation equipment. The La Yesca mill, bought in 2006, has not been put in use to date. Upon commencement of commercial mining operations the mill will be amortized over its estimated useful life.

(e) Loss per share

Loss per share is calculated based on the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Diluted loss per share has not been presented as the outstanding options and warrants are anti-dilutive for each of the years presented.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation

These consolidated financial 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 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.

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.

(g) Asset retirement obligations

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. As at June 30, 2009 and 2008, the Company has determined that it has no material AROs to record in the consolidated financial statements.

(h) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Emerging Issues Committee (EIC 146), future income tax liabilities resulting from the renunciation of qualified mineral expenditures by the Company is recorded as a reduction in share capital. Any corresponding realization of future income tax benefits resulting from the utilization of prior year losses available to the Company not previously recorded, as the Company did not meet the criteria for recognition, will be reflected as part of the Company's operating results as a recovery of future income taxes in the same period of filing the renunciations with the Canada Revenue Agency.

(i) Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized, except for conditions described under note 2 (h).

(k) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of environmental obligations, the determination of the valuation allowance for future income tax assets, the assumptions used in the determination of stock-based compensation, impairment of mineral claims and deferred exploration expenditures, and rates for amortization and depletion. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(l) Impairment of long-lived assets

The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying value amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds the undiscounted future cash flows.

(m) Risk management

The Company is engaged in mineral exploration and development and is accordingly exposed to environmental risks and fluctuations in commodity pricing associated with mineral exploration activity. The Company is currently in the initial exploration stages on its property interests and has not determined whether significant site reclamation costs will be required. The Company would only record liabilities for site reclamation when reasonably determinable and when such costs can be reliably quantified.

The Company's functional currency is the Canadian dollar. The exchange rate may vary from time to time exposing it to foreign currency risks. The Company has not entered into foreign exchange derivative contracts.

The Company is not exposed to significant credit concentration and interest rate risks.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(o) Political risks

The Company's mineral properties located in Mexico expose the Company to different considerations and other risks not typically associated with companies in Canada. Such risks are associated with the political, economic and legal environments. The Company's results may be adversely affected by changes in the political and social conditions in Mexico and by changes in government policies with respect to laws and regulations.

(p) Financial instruments

The Company follows the CICA Handbook Section 3855, "Financial Instruments". This section prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities, which are measured at amortized cost.

The Company's financial instruments consist of cash and cash equivalents, short-term investments, receivable and advances, accounts payable, loans payable, capital lease obligations and long term debt. The Company designated its cash and cash equivalents as held-for-trading. Its short-term investments as available-for-sale. Its receivable and advances as receivables. Its accounts payable, loans payable, capital lease obligations and long term debt as other financial liabilities. The fair values of cash and cash equivalents, receivable and advances, accounts payable, loans payable, capital lease obligations and long term debt approximate their carrying values because of their short-term nature. The Company recorded the short-term investment at its fair value. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Derivatives – mineral properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties, the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral interests to which they relate are not sufficiently developed to reasonably determine value.

(r) Comprehensive income (loss)

On July 1, 2007, the Company adopted CICA Handbook Section 1530, Comprehensive income. Section 1530 establishes standards for the reporting and presenting of comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income (loss) refers to items recognized in comprehensive income (loss) that are excluded from net loss. For the years ended June 30, 2009 and 2008 the Company had no significant items that caused other comprehensive loss to be different than net loss.

(s) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purposes only and has no effect on previously reported results.

3. ADOPTION OF NEW ACCOUNTING POLICIES

Effective July 1, 2008, the Company adopted the following new accounting standards issued by the CICA:

Capital Disclosures – Section 1535

CICA Handbook Section 1535, Capital Disclosures, establishes standards for disclosing information about the Company's objectives, policies and processes for managing capital. This information is disclosed in note 15.

Going Concern – Amendments to Section 1400

CICA Handbook Section 1400, General Standards on Financial Statements Presentation, has been amended to include further requirements to assess and disclose a company's ability to continue as a going concern. These disclosures are contained in note 1.

Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

CICA Handbook Section 3862, Financial Instruments – Disclosures and Handbook Section 3863, Financial Instruments - Presentation, require entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the Company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. This information is disclosed in note 16.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

3. ADOPTION OF NEW ACCOUNTING POLICIES (continued):

EIC-172 - Income statement presentation of tax loss carryforward recognized following an unrealized gain recorded in other comprehensive income

In August 2008, the CICA issued EIC-172, "Income statement presentation of tax loss carryforwards recognized following an unrealized gain recorded in other comprehensive income". This new abstract provides guidance on whether the tax benefit from recognizing tax loss carryforwards consequent to the recording of unrealized gains in other comprehensive income, such as unrealized gains on available-for-sale financial assets, should be recognized in net income or in other comprehensive income. This abstract should be applied retrospectively, with restatement of prior periods from the date of adoption of Section 3855, "Financial Instruments", for all interim and annual reporting periods ending on or after December 31, 2008. The adoption of this new accounting policy did not have any impact on the Company's consolidated financial statements.

EIC-173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, "Financial Instruments – Recognition and Measurement." It states that an entity's own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value.

EIC-174 - Impairment Testing of Mineral Exploration Properties,

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Also, it clarified when exploration costs related to mining properties may be capitalized, in particular when the company has not established mineral reserves objectively. This standard was effective for the Company for the quarter ended March 31, 2009.

Goodwill and Intangible Assets

In February 2008, the AcSB issued Handbook Section 3064 "Goodwill and Intangible Assets", and amended Section 1000, "Financial Statement Concepts", clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized as assets. The standard is effective for fiscal years beginning on or after October 1, 2008. The adoption of this new accounting policy did not have any impact on the Company's consolidated financial statements.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

3. ADOPTION OF NEW ACCOUNTING POLICIES (continued):

Recent Accounting Pronouncements not yet adopted

International Financial Reporting Standards (“IFRS”)

In January 2006, the AcSB announced that accounting standards in Canada are to converge with IFRS. The AcSB has indicated that Canadian companies will need to begin reporting under IFRS by the first quarter of 2011 with appropriate comparative data from the prior year. Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy, which must be addressed. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business Combinations

In January 2009, the CICA issued Section 1582, “Business Combinations” effective for fiscal years beginning on or after January 1, 2011. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquire, and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company’s financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact of adopting this pronouncement on the consolidated financial statements, it will be limited to any future acquisitions beginning in fiscal 2011.

Consolidated financial statement and non-controlling interests

In January 2009, the CICA issued Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-controlling Interests”, effective for fiscal years beginning on or after January 1, 2011. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interest in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within equity but separate from the parent’s equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income. In addition, these pronouncements establish standards for a change in a parent’s ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is currently considering the impact of adopting these pronouncements on its consolidated financial statements in fiscal 2011 in connection with the conversion to IFRS,

4. SHORT TERM INVESTMENTS

Short-term investments consist of a Guaranteed investment Certificate maturing on June 25, 2010 with 2% interest per annum. The investments are designated as “available for sale” and are measured at fair value. The cost of the short-term investments approximates their fair value of \$34,500 at June 30, 2009 (2008 - \$282,550).

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

5. MINERAL INTERESTS

At June 30, 2009 and 2008, the Company's deferred exploration and acquisition costs for mineral interests was comprised of properties located in Canada and Mexico as follows:

2009	Copalquin	La Yesca	McFauld's	MAR	Le Quebrada	Total
Balance, beginning of year	\$3,783,541	\$4,126,451	\$ 1,986,985	\$ 107,762	\$ 11,149	\$ 10,015,888
Additions during the year						
Acquisition costs	252,862	-	-	3,553	32,015	288,430
Exploration costs						
Assays, testing	24,573	-	5,000	-	-	29,573
Camp and field supplies	150,988	-	16,169	-	-	167,157
Drilling	38,492	-	797,079	-	-	835,571
Geological and geophysical	56,766	-	519,715	-	-	576,481
Travel and accommodation	13,783	-	6,160	-	-	19,943
Disposition of production sampling (note 8 b)	-	(76,725)	-	-	-	(76,725)
Other and amortization	16,533	114,213	57,676	-	-	188,422
	553,997	37,488	1,401,799	3,553	32,015	2,028,852
Write off mineral interest	4,337,538	4,163,939	3,388,784	111,315	43,164	12,044,740
	-	-	-	-	(43,164)	(43,164)
Balance, end of year	\$4,337,538	\$4,163,939	\$3,388,784	\$111,315	\$ -	\$ 12,001,576

2008	Copalquin	La Yesca	McFauld's	MAR	Le Quebrada	Total
Balance, beginning of year	\$3,267,423	\$4,060,960	\$ 266,706	\$ -	\$ -	\$ 7,595,089
Additions during the year						
Acquisition costs	354,663	-	72,375	107,762	11,149	545,949
Exploration costs	-	-	-	-	-	-
Assays, testing	1,920	-	-	-	-	1,920
Camp and field supplies	189	-	26,763	-	-	26,952
Drilling	75,773	-	557,422	-	-	633,195
Geological and geophysical	83,573	-	996,390	-	-	1,079,963
Travel and accommodation	-	-	27,329	-	-	27,329
Other and amortization	-	65,491	40,000	-	-	105,491
	516,118	65,491	1,720,279	107,762	11,149	2,420,799
Balance, end of year	\$3,783,541	\$4,126,451	\$1,986,985	\$107,762	\$ 11,149	\$ 10,015,888

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Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

5. MINERAL INTERESTS (Continued)

(a) Copalquin Property, Mexico

Copalquin is located in the northwest corner of Durango State, and is located in Mexico's Sierra Madre mineralogical belt.

The Company acquired 100% of the shares of Minera Planet by paying the optionors US \$50,000 on July 8, 2005 and US \$500,000 on October 8, 2005.

As part of an option agreement for the concession, the Company is responsible for the payments due by Minera Planet to the underlying concession title holders:

- July 13, 2005, the amount of US \$50,000, plus value added tax (paid);
- July 13, 2006, the amount of US \$50,000, plus value added tax (paid);
- January 13, 2007, the amount of US \$50,000, plus value added tax (paid);
- July 13, 2007, the amount of US \$50,000, plus value added tax (paid);
- January 13, 2008, the amount of US \$75,000, plus value added tax (paid); and
- July 13, 2008, the amount of US \$75,000, plus value added tax tax (paid).

The property is subject to the following encumbrances to the title holders:

- A payment of US \$1 plus value added tax per ounce of measured recoverable gold and silver equivalent or other mineral based on a feasibility study;
- A 2.5% net smelter returns royalty of which 1.5% may be purchased for US \$1,000,000; and
- Advance royalty of US \$6,000 every three months subsequent to the assignment of the concessions.

The Company first became involved in Copalquin in February 2004 by signing an option agreement with Minera Planet to acquire a 50% interest on its Copalquin project, which allowed the Company to earn a 50% interest in Minera Planet's 100% option on 7,005 hectares of historic gold and silver property. The Company followed up this agreement in June 2005 by signing an option to acquire 100% of the issued and outstanding shares of Minera Planet. The sole asset of Minera Planet at the time was an exploration contract, which granted Minera Planet the exclusive rights to purchase a 100% interest in the Copalquin property.

At the time of the acquisition of all the outstanding shares of Minera Planet, the Company effectively had an exclusive right to acquire a 100% interest in Copalquin and the agreement in June 2005 took precedent over all previous agreements.

The Company also expanded its land package by staking additional territory, beginning in October 2005 by staking 12,264 hectares. In May of 2006, the Company staked an additional 44,830 hectares. In January 2007, two new concession applications (located to the southwest and southeast of the Company's existing concessions at Copalquin) covering multiple historic mining areas were submitted, increasing the total land position for the Company from 64,000 hectares to 152,000 hectares.

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Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

5. MINERAL INTERESTS (Continued)

(a) Copalquin Property, Mexico (Continued)

The Company has fulfilled its obligations of the original Copalquin agreement, exclusive of NSR, encompassing some 7,005 hectares including final property payments, exploration spending, and maintaining the properties in good standing. There is currently a lawsuit filed by the vendor of the property, Sr. Matas, against the Company and Minera Planet. (see Note 17.)

(b) La Yesca, Mexico

On August 10, 2006, the Company completed the 100% acquisition of Silver Creeck. At the date of acquisition, Silver Creeck's only asset was the La Yesca mining project located near the town of La Yesca, in the state of Nayarit, Mexico, approximately 100 kilometres northwest of Guadalajara City and the only liability was the obligation described below. The Company acquired Silver Creeck by issuing 6,000,000 common shares of the Company and agreeing to pay US \$490,000, of which US \$250,000 was paid on closing. The remaining US \$240,000 was paid in 12 equal monthly payments of US \$20,000 each, commencing on September 1, 2006. The balance of US \$40,000 was paid during the current year.

The Company is responsible for the payments due by Silver Creeck to the underlying concession titleholders as follows on or before:

- September 30, 2006, the amount of US \$50,000, plus value added tax (paid);
- March 30, 2007, the amount of US \$50,000, plus value added tax (paid);
- September 30, 2007, the amount of US \$75,000, plus value added tax (paid); and
- March 30, 2008, the amount of US \$75,000, plus value added tax (paid).

(c) McFauld's Lake, Ontario Canada

On March 6, 2007, the Company entered into a binding letter of intent ("LOI") to acquire mineral claims located in the McFauld's Lake area of James Bay Lowlands of Northern Ontario. On March 6, 2009, the option agreement was finalized and signed. The option agreement provides the Company an option to earn up to a 55% undivided interest in the mineral claims from two companies. To earn its interest, the Company must give notice of intent to continue or incur exploration expenditures on the mineral claim as follows:

- 10% interest by incurring \$1,000,000 in exploration expenditures on or before March 6, 2008 (completed on January 31, 2008);
- An additional 15% interest by incurring an additional \$1,000,000 in exploration expenditures on or before March 6, 2009 (completed on October 31, 2008);
- An additional 15% interest by incurring an additional \$1,250,000 in exploration expenditures on or before March 6, 2010 (completed August 2009); and
- A final 15% interest by incurring an additional \$1,250,000 in exploration expenditures on or before March 6, 2011.

Acquisition during the current year included the payment of \$Nil (2008-\$72,375) in staking costs.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

5. MINERAL INTERESTS (Continued)

(d) MAR, Mexico

The Company has a letter of intent signed by Mr. Felipe Paizanni, the vendor of the MAR property interest, dated March 27, 2006, expressing his and his partners' intention of granting to Silver Creeck the right to explore the "Mar" lot and the option to purchase the mining concession that covers such lot. There is an exploration agreement with an Option to Purchase dated November 26, 2007 between Mr. Felipe Paizanni and Silver Creeck, for a total consideration of US\$100,000, plus a 2% NSR royalty. Silver Creeck has the right to terminate this option at any time.

The Company is responsible for the payments due by Silver Creeck to the underlying concession titleholders as follows on or before:

- Upon signing, the amount of US \$25,000, plus value added tax (paid);
- February 26, 2008, the amount of US \$25,000, plus value added tax (paid);
- March 26, 2008, the amount of US \$25,000, plus value added tax (paid); and
- September 26, 2008, the amount of US \$25,000, plus value added tax (paid).

An Assignment Agreement between Mr. Paizanni and Silver Creeck, was signed and ratified before a Notary Public at the time the last installment of US\$25,000 under the Exploration Agreement was paid by Silver Creeck to Mr. Paizanni. Through this Assignment Agreement, Silver Creeck has become the legal holder of the concession of the "Mar" lot, title 214296, and all payments made under the Exploration Agreement has been applied to the payment of the purchase price of US\$100,000.

(e) La Quebrada, Mexico

The Company staked and was granted by the Mexican Government mining rights to this concession. The Company has decided to not proceed with exploration of this property, and has written off the carrying value at the year end.

6. INVESTMENT – MINERAL PROPERTY SYNDICATE

The Company holds a 5.4% interest, represented by 153,194 shares of SVB Nickel Co. Ltd., in a mineral property syndicate holding mineral claims in the South Voisey Bay area of Newfoundland, carried at a nominal carrying value of \$1.

UC RESOURCES LTD.**Notes to Consolidated Financial Statements**

Years ended June 30, 2009 and 2008

7. PLANT AND EQUIPMENT

				2009		
		Cost	Accumulated Amortization		Net	
Office equipment	\$	56,140	\$	21,809	\$ 34,331	
Computer equipment		36,806		17,566	19,240	
Machinery and equipment		1,184,097		180,026	1,004,071	
Equipment under capital lease		251,505		19,874	231,631	
Transportation equipment		122,585		67,546	55,039	
Mill		2,216,161		-	2,216,161	
	\$	3,867,294	\$	306,821	\$ 3,560,473	

				2008		
		Cost	Accumulated Amortization		Net	
Office equipment	\$	37,133	\$	17,141	\$ 19,992	
Computer equipment		26,316		11,101	15,215	
Machinery and equipment		952,007		94,567	857,440	
Transportation equipment		144,510		42,343	102,167	
Mill		894,154		-	894,154	
	\$	2,054,120	\$	165,152	\$ 1,888,968	

8. LOANS PAYABLE

- a) On November 21, 2008, \$139,000 (1,500,000 Pesos), was loaned to the company at a 1.43% per month interest on the face value of the loan and was to be paid in full in 90 days. Any balance remaining unpaid at the end of the loan term incurs an additional 1.43% penalty every month until paid in full. The loan is secured by certain assets of Minera Planet. The loan is further secured by the guarantee by the CEO/President of the Company. To date, \$15,475 (250,000 Pesos) of the principal has been repaid. As at June 30, 2009, principal and accrued interest and penalties of \$123,526 (1,299,335 Pesos) remains payable.
- b) On December 19, 2008, an additional \$83,000 (900,000 Pesos) loan facility was made available to Minera Planet by the same lender. Any draws on the loan are to be paid back within 90 days. The lender accepted dore bars, produced during the testing of the mill, as payment in lieu of interest for a total value of \$76,725 (829,197 Pesos), which was recorded as interest expense and recovery from mineral interests during the year. The Company drew \$76,725 (829,197 Pesos) on this facility and paid back \$52,844 (578,000 Pesos), leaving a balance of \$23,881 (251,197 Pesos) at June 30, 2009.

UC RESOURCES LTD.**Notes to Consolidated Financial Statements**

Years ended June 30, 2009 and 2008

9. OBLIGATION UNDER CAPITAL LEASES

	2009	2008
Capital lease payable in monthly payments of US\$1,666.67 plus IVA, including interest at 18%, secured by sale leaseback asset due September 1, 2010	\$ 30,398	\$ -
Capital lease payable in monthly payments of US\$8,125 plus IVA, including interest at 18%, secured by sale leaseback asset, due September 1, 2010	148,190	-
	178,588	-
Current portion	(159,751)	-
	\$ 18,837	\$ -

Since January 2009, the Company has not made the payments on the capital leases, and subsequent to the year end, has reached a new agreement with the lessor. In August 2009, the lessor has agreed to a re-financing on which a payment of US\$10,888 (Cdn\$11,943) was paid on August 31, 2009 for the restructuring agreement starting September 1st, 2009. This payment represents the payment of the outstanding penalty interest plus the insurances on the leased equipment. Commencing October 2009, there is to be a monthly payment of US\$5,000 (Cdn\$5,481) for three months. After that, starting January 2010, the new monthly lease payments will be US\$9,336 (Cdn\$10,233) plus taxes for a further 21 months.

The future minimum payments under the renegotiated capital lease agreements in each of the next five years are as follows:

2010	\$ 75,697
2011	122,800
2012	30,700
	229,197
Less: interest portion	(13,051)
	\$ 216,146

10. LONG TERM DEBT

	2009	2008
Loan facility payable in monthly payments of US\$6,481(Cdn\$7,537) plus interest at LIBOR plus 7.5%, payable over 60 month period. First six months payments are interest only payments.	\$ 377,281	-
	377,281	-
Current portion	(86,413)	-
	\$ 290,868	\$ -

The future minimum payments under the long-term debt in each of the next five years are as follows:

2010	\$ 86,413
2011	86,413
2012	86,413
2013	86,413
2014	31,629
	\$ 377,281

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

10. LONG TERM DEBT (Continued)

The Company received a US\$350,000 (Cdn\$392,000) loan facility from the Mexican Mining Development Trust - Fideicomiso de Fomento Minero (FIFOMI), which is a Mexican government agency. The loan is secured by assets of Minera Planet. Furthermore, the Company must retain an insurance policy for protecting the assets involved in the collateral. The insurance policy must be renewed every year and endorsed to the FIFOMI. The loan is repayable over a term of 60 months. Loan payments for the first six months of the term consisted of interest only payments. The remaining 54 months of the term include monthly payments of US\$6,481 (Cdn\$7,537) plus interest at LIBOR plus 7.5% per annum.

11. CAPITAL STOCK

The authorized capital stock consists of unlimited common shares without par value.

Issued and outstanding

	2009		2008	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	106,208,126	\$ 26,208,864	89,725,326	\$ 21,173,315
Issued during the year				
Private placements, net	24,400,000	2,197,269	10,310,030	4,436,772
Exercise of options	-	-	900,000	121,300
Exercise of warrants	-	-	5,272,770	1,760,492
Reallocation of contributed surplus for options exercised	-	-	-	145,542
Renounced to shareholders	-	(400,813)	-	(1,065,121)
For broker warrants & options	-	(91,365)	-	(363,436)
	24,400,000	1,705,091	16,482,800	5,035,549
Balance, end of year	130,608,126	\$ 27,913,955	106,208,126	\$ 26,208,864

In December 2008, the Company completed a private placement and issued 10,000,000 flow-through units at \$0.10 per unit for aggregate gross proceeds of \$1,000,000 and incurred expenses of \$156,136 in the form of finder's fees and other issuance costs for net proceeds of \$843,864. Each unit consists of one flow-through common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.20 per share for a period of two years, expiring December 2, 2010. All securities are subject to a hold period, which expires April 3, 2009. The fair value of warrants has been included in share capital. An additional 800,000 broker options were issued that entitles the holder to acquire one additional common share and one-half of one common share purchase warrant at \$0.20 per share on or before December 2, 2010. Each whole warrant entitles the broker to purchase one additional share at \$0.20 per share for a period of two years. Management has determined the fair value attributed to the broker options to be \$61,708, which is included in capital stock.

UC RESOURCES LTD.

Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

11. CAPITAL STOCK (Continued)

In December 2008, the Company completed a private placement and issued 250,000 non-flow-through units and 3,250,000 flow-through units at \$0.10 per unit for aggregate gross proceeds of \$350,000 and incurred expenses of \$34,804 in the form of finder's fees for net proceeds of \$315,196. 3,250,000 units consist of one flow-through common share and one-half transferable common share purchase warrant. 250,000 units consist of one non-flow-through common share and one-half transferable common share purchase warrant. Each warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.20 per warrant for a period of two years, expiring December 11, 2010. All securities are subject to a hold period, which expires April 12, 2009. The fair value of warrants has been included in share capital. An additional 200,000 broker options were issued that entitles the holder to acquire one additional common share and one-half of one common share purchase warrant at \$0.20 per share on or before December 11, 2010. Each whole warrant entitles the broker to purchase one additional share at \$0.20 per share for a period of two years. Management has determined the fair value attributed to the broker options to be \$5,433, which is included in capital stock.

In April 2009, the Company completed a private placement and issued 10,000,000 flow-through shares at \$0.10 per share for aggregate gross proceeds of \$1,000,000 and incurred expenses of \$134,156 in the form of finder's fees and other issuance costs for net proceeds of \$865,844. A finder's fee consisting of a commission equal to 4.5% (450,000 shares) of the proceeds raised, a due diligence fee of 4.5% (450,000 shares) of the proceeds raised, represents \$81,000 in share issue costs. In addition, the Company issued finder's warrants exercisable to purchase 1,000,000 shares, at a price of \$0.10 per share, for a period of two years from closing. Management has determined the fair value attributed to the finder's warrants to be \$24,224, which is included in capital stock.

In April 2009, the Company received \$100,000 for a private placement that closed subsequent to the year end.

The Company renounced flow-through expenditures of \$1,311,750 on December 31, 2008 relating to the above private placement from December 2008, and recorded a recovery of future income taxes of \$400,813 in the current year to record the utilization of previously unrecognized tax loss carry forwards to offset the future income tax liability resulting from the tax benefits renounced. For the \$1,000,000 flow-through expenditures renounced after the year end, a recovery of future income taxes of \$262,500 will be recorded in the year of 2010 for the utilization of previously unrecognized tax loss carry forwards to offset the future income tax liability resulting from the tax benefits renounced.

During the year ended June 30, 2008, the Company received \$121,300 and issued 900,000 common shares pursuant to the exercise of stock options. A further \$1,760,492 was received on the issue of 5,272,770 common shares on the exercise of warrants.

In November 2007, the Company completed a private placement and issued 6,810,030 non-flow-through units at \$0.45 per unit and 3,500,000 flow-through units at \$0.50 per unit for aggregate gross proceeds of \$4,814,514 and incurred expenses of \$377,742 in the form of finder's fees and other issuance costs for net proceeds of \$4,436,772. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the purchaser to purchase one additional non-flow-through share at \$0.70 per share for a period of two years. The Company has the right to accelerate the expiry date of the warrants, on not less than 30 days prior written notice, if the closing price of the common shares of the Company is at least \$1.50 per share for any period not less than 30 consecutive trading days. All securities are subject to a hold period, which expires March 17, 2008. An additional 877,778 broker options were issued that entitles the holder to acquire one additional common share and one-half of one common share purchase warrant at \$0.45 per share on or before November 16, 2009. Each whole warrant entitles the broker to purchase one additional share at \$0.70 per share for a period of two years. Management has determined the fair value attributed to the options and warrants to be \$363,436, which is included in capital stock.

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Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

11. CAPITAL STOCK (Continued)

The Company renounced flow-through expenditures of \$3,247,320 on December 31, 2007 relating to the above private placement and the private placement completed in March 2007, and recorded a recovery of future income taxes of \$1,065,121 to record the utilization of previously unrecognized tax loss carry forwards to offset the future income tax liability resulting from the tax benefits renounced.

(a) Stock options

A summary of the status of the Company's stock options at June 30, 2009 and 2008 and the changes during the years then ended is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Life
Outstanding as at June 30, 2007	6,200,000	\$ 0.377	4.400
Granted	4,527,778	0.474	
Exercised	(900,000)	0.135	
Cancelled/Expired	(300,000)	0.500	
Outstanding as at June 30, 2008	9,527,778	0.442	3.748
Granted	5,850,000	0.131	
Exercised	-		
Cancelled/Expired	(2,300,000)	0.420	
Outstanding and exercisable as at June 30, 2009	13,077,778	\$ 0.307	3.410

During the year ending June 30, 2009, 4,850,000 options were issued at \$0.12 for a term of 5 years. In addition, 1,000,000 broker options were issued at \$0.20 for a term of 2 years as per the terms of the private placement as per above,

During the year ending June 30, 2008, 3,500,000 options were issued between \$0.45 and \$0.50 for a term of 5 years. In addition, 150,000 options at \$0.57 were issued for a term of 1 year and 877,778 broker options were issued at \$0.70 for a term of 2 years.

The following summarizes information about stock options outstanding at June 30, 2009:

Options Outstanding and Exercisable		
Number of Shares	Expiry Date	Exercise Price
877,778	November 16, 2009	\$ 0.45
200,000	January 31, 2011	\$ 0.15
1,250,000	September 20, 2011	\$ 0.46
1,400,000	September 13, 2012	\$ 0.40
450,000	October 22, 2012	\$ 0.45
1,200,000	December 20, 2012	\$ 0.45
1,850,000	February 27, 2013	\$ 0.50
4,850,000	March 12, 2014	\$0.12
800,000	December 2, 2010	\$0.20
200,000	December 11, 2010	\$ 0.20
13,077,778		

All the above options vested at the date of grant. The weighted average grant date fair value of options granted during the years ended June 30, 2009 and 2008 was \$0.10, and \$0.28 respectively.

UC RESOURCES LTD.**Notes to Consolidated Financial Statements**

Years ended June 30, 2009 and 2008

11. CAPITAL STOCK (Continued)

(b) Warrants

As at June 30, 2009, the Company had the following outstanding warrants:

Exercise Price	Expiry Date	Outstanding at June 30, 2008	Issued	Exercised	Expired	Outstanding at June 30, 2009
\$ 1.00	Mar. 13, 2009	1,607,139	-	-	(1,607,139)	-
\$ 0.50	Nov. 16, 2009	5,155,015	-	-	-	5,155,015
\$ 0.20	Dec. 2, 2010	-	5,000,000	-	-	5,000,000
\$ 0.20	Dec. 11, 2010	-	1,750,000	-	-	1,750,000
\$ 0.10	Apr. 21, 2011	-	1,000,000	-	-	1,000,000
		6,762,154	7,750,000	0	(1,607,139)	12,905,015

Weighted Average exercise price	\$ 0.771	\$ 0.200	\$ 0.000	\$ 1.000	\$ 0.308
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Exercise Price	Expiry Date	Outstanding at June 30, 2007	Issued	Exercised	Expired	Outstanding at June 30, 2008
\$ 0.125	June 23, 2007	50,000	-	50,000	-	-
\$ 0.125	July 17, 2007	100,000	-	100,000	-	-
\$ 0.34	Sept. 30, 2007	5,282,770	-	5,122,770	(160,000)	-
\$ 1.00	Mar. 13, 2009	1,607,139	-	-	-	1,607,139
\$ 0.50	Nov. 16, 2009	-	5,155,015	-	-	5,155,015
		7,039,909	5,155,015	5,272,770	(160,000)	6,762,154

Weighted Average exercise price	\$ 0.443	\$ 0.500	\$ 0.336	\$ 0.340	\$ 0.771
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The weighted average remaining life of all outstanding warrants is 1.06 years (2008 – 1.22 years).

(c) Stock-based compensation

Stock-based compensation expense of \$287,773 (2008 - \$1,030,545) was comprised as follows: consulting fee of \$29,668 (2008 - \$188,115), and management fee of \$258,105 (2008 - \$842,430) for the year ended June 30, 2009. In addition, \$nil (2008 - \$145,542) was transferred from contributed surplus to capital stock on the exercise of stock options for the year ended June 30, 2009.

The fair value of stock options was determined using the Black-Scholes option pricing model based on the following assumptions:

	2009	2008
Risk-free interest rate	1.91%	3.40% - 4.27%
Expected dividend yield	0%	0%
Expected stock price volatility	109%	105% & 106%
Expected option life in years	5	1-5

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Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

11. CAPITAL STOCK (Continued)

(c) Stock-based compensation (continued)

Share issue costs of \$91,365 (2008 - \$363,436) were recorded upon the issue of broker options and warrants.

The fair value of broker options and warrants were determined using the Black-Scholes option pricing model based on the following assumptions:

	2009	2008
Risk-free interest rate	0.98% - 1.58%	4.23%
Expected dividend yield	0%	0%
Expected stock price volatility	109%	105%
Expected option/warrant life in years	2	2

(d) The following summarizes information about contributed surplus:

	2009		2008	
Balance, beginning of year	\$	3,425,659	\$	2,177,220
Stock-based compensation expense		287,773		1,030,545
Broker warrants/options		91,365		363,436
Reallocated to capital stock		-		(145,542)
Balance, end of year	\$	3,804,797	\$	3,425,659

12. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2009, in addition to amounts disclosed elsewhere in these financial statements, the Company paid \$156,000 (2008 - \$163,000) for management fees to officers of the Company. During the year ended June 30, 2009, the following were amounts paid to the former CEO and President: \$nil (2008 - \$40,000) in management fees, \$nil (2008 - \$14,000) in living expenses, and \$nil (2008 - \$120,000) in severance.

The Company has engaged Billiken Management Services Inc. ("Billiken"), a private company, to manage the McFauld's Lake and the Mexican properties. Billiken charges a fee based on a percentage of expenses incurred on behalf of the Company. The fee totaled \$86,686 for the fiscal year ended June 30, 2009 (2008 - \$143,450). At June 30, 2009 there was a balance owing to Billiken of \$40,110 (2008- deposit on account of \$216,463), which is included in accounts payable. The President/CEO of the Company holds a non-controlling interest in Billiken through a private company.

First Mexican Resources Ltd., a private company with two common directors of the Company, advanced to Minera Planet funds during the year for a total of \$118,796 that was included in accounts payable as at June 30, 2009.

Related party transactions have been recorded at their exchange amount, which is the amount of consideration established between the related parties.

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Years ended June 30, 2009 and 2008

(D) INCOME TAXES

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

	2009	2008
Future income tax assets and liabilities:		
Non-capital losses carried forward	\$ 2,244,387	\$ 1,635,261
Donations carried forward	1,650	1,664
Investment tax credits carried forward	20,003	19,737
Resource pools in excess of book value of Mineral property interests	(711,251)	(203,914)
Share issue costs	143,437	112,511
Plant and equipment	(65,884)	9,261
	<u>1,632,343</u>	<u>1,574,520</u>
Valuation allowance:		
Valuation allowance opening	(1,574,520)	(2,074,214)
Change in valuation allowance	(57,823)	499,694
Valuation allowance, ending	<u>(1,632,343)</u>	<u>(1,574,520)</u>
Net future income tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company has Canadian non-capital loss carryforwards of approximately \$5,162,000 (2008 – \$4,386,000) and Mexican net operating loss carryforwards of approximately \$3,703,000 (2008 - \$1,790,000) which can be applied to reduce future taxable income in Canada and Mexico, respectively and expiring as follows:

	Canada	Mexico
2010	\$ 107,000	\$ -
2014	328,000	131,000
2015	349,000	5,000
2016	-	291,000
2017	-	210,000
2018	-	1,153,000
2019	-	1,913,000
2026	1,059,000	-
2027	1,207,000	-
2028	1,202,000	-
2029	910,000	-
	<u>\$ 5,162,000</u>	<u>\$ 3,703,000</u>

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13. INCOME TAXES (Continued)

The actual income tax provision differs from the expected amounts calculated by applying the combined statutory federal and provincial corporate income tax rate to the Company's loss before income taxes. The components of these differences are as follows.

	2009	2008
Loss before income taxes	\$ (2,022,241)	\$ (3,162,614)
Combined statutory income tax rate	30.25%	32.80%
Expected tax expense (recovery)	(611,728)	(1,037,337)
Increase (decrease) resulting from:		
Change in Canadian statutory income tax rate	19,630	134,534
Difference in foreign tax rates	(22,847)	(64,384)
Unrecognized items for tax purposes	174,206	424,665
Expiry of non-capital losses carried forward	40,545	96,396
Share issue costs incurred	(98,342)	(123,899)
Change in future tax asset valuation allowance	57,823	(499,694)
Other	39,900	4,599
Future income tax provision (recovery)	\$ (400,813)	\$ (1,065,121)

The Company renounced flow-through expenditures of \$1,325,000 on December 31, 2008 (December 31 2007 - \$3,247,320) and recorded a recovery of future income taxes of \$400,813 (2007 - \$1,065,121) to record the utilization of current year and previously unrecognized future tax assets to offset the future income tax liability resulting from the tax benefits renounced.

Part XII.6 tax

\$1,325,000 of the flow-through amounts renounced on December 31, 2008 (2007 - \$2,139,298) were done under the look back provision whereby the Company is required to incur the amounts by December 31, 2009 and is subject to Part XII.6 tax to the extent flow through expenditures are incurred after February 28, 2009.

The Company incurred flow-through expenditures of \$62,591 in the period from January 1, 2009 to June 30, 2009 (2008 - \$847,017) and thus is required at June 30, 2009 to incur qualify expenditures flow-through expenditures of \$1,262,409 by December 31, 2009 (2008 - 1,292,281 - incurred by December 31, 2008). The Company accrued \$20,000 in Part XII.6 tax related flow through expenditures incurred from March 1 to June 30, 2009 (2008 - \$50,000). The Company will incur additional Part XII.6 tax related to flow through expenditures incurred from July 1 to December 31, 2009.

The balance of the flow-through expenditures must be incurred by December 31, 2009 to avoid additional penalties and reversal of the renunciation of any unspent amounts renounced under the look back provision.

In April 2009 the Company raised \$1,000,000 in flow-through funds, which shall be renounced on or before December 31, 2009.

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(E) SEGMENTED DISCLOSURE

The Company operates in one industry segment, which is the acquisition and exploration of mineral properties. Geographic information is as follows:

2009	Canada	Mexico	Total
Current assets	\$ 916,794	\$ 95,307	\$ 1,012,101
Mineral property interests	3,388,784	8,612,792	12,001,576
Property, plant and equipment	26,842	3,533,631	3,560,473
Total Assets	4,332,420	12,241,730	16,574,150
Interest income	11,126	3,185	14,311
Amortization	8,100	29,598	37,698
Net Loss	\$ (627,693)	\$ (993,736)	\$ (1,621,428)

2008	Canada	Mexico	Total
Current assets	\$ 2,296,738	\$ 431,683	\$ 2,728,421
Mineral property interests	1,986,986	8,028,903	10,015,889
Property, plant and equipment	29,964	1,859,004	1,888,968
Total Assets	4,313,688	10,319,590	14,633,278
Interest income	86,115	2,327	88,442
Amortization	8,130	16,620	24,750
Net Loss	\$ (1,066,562)	\$ (1,030,931)	\$ (2,097,493)

(F) MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue its operations, so that it can bring its exploration projects to commercial production and provide returns for shareholders and benefits for other stakeholders. The Company relies mainly on equity issuances to raise new capital. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The capital structure of the Company currently consists of common shares, flow through common shares, stock options and warrants. The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated without interest or penalty. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations.

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Notes to Consolidated Financial Statements

Years ended June 30, 2009 and 2008

(G) MANAGEMENT OF FINANCIAL RISK

The fair values of the Company's cash and cash equivalents, amounts receivable, accounts payables, loans payable, capital lease obligation and long-term debt approximate their carrying values.

The mining industry in general is intensely competitive and there is no assurance that a profitable market may exist for any substances discovered. Commodity prices have fluctuated significantly, particularly recently, the effect of which cannot be accurately be predicted.

The carrying value of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

a) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico, and as a result a portion of the Company's expenditures are in Mexican pesos. The risk from a significant change in the exchange rate of the Canadian dollar relative to the Mexican peso could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in Mexican pesos and US dollar (000s):

	Mexican Peso	US dollar
Cash and cash equivalents	114,000	\$ -
Receivables and advances	1,661,000	-
Accounts payable and accrued liabilities	(9,597,000)	-
Capital lease and long-term debt		(518,000)
Net exposure	(7,822,000)	\$ (518,000)

Based on the above net exposures as at June 30, 2009, and assuming that all other variables remain constant, a 10% change in the value of the Mexican peso against the Canadian dollar would result in an increase/decrease of approximately \$71,000 in the loss from operations. Based on the above net exposures as at June 30, 2009, and assuming that all other variables remain constant, a 10% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of approximately \$60,000 in the loss from operations.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and causes the other party to incur a financial loss. The Company's credit risk consists primarily of cash and cash equivalents and short term investments. The credit risk is minimized by placing cash and cash equivalents and investing short term investments with major Canadian financial institutions. The Company's receivables consist of GST due from the Federal Government of Canada and IVA taxes receivables due from the Federal Government of Mexico. Management believes that the credit risk concentration with respect to amounts receivable is remote. The Company does not invest in asset-backed commercial papers.

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Notes to Consolidated Financial Statements

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16. MANAGEMENT OF FINANCIAL RISK (Continued)

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources as outlined in note 15.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because they are generally held to maturity. The Company's current policy is to invest excess cash to investment-grade short-term deposit certificates issued by its banking institutions.

(H) CONTINGENCY

The Company and Minera Planet have a legal claim filed against them by Miguel Angel Matas Martinez and Compañía Minera Copalquin, S.A. de C.V., concessionaires of the Copalquin Project, alleging that they have not been able to reach a deal with a third party to which they asked for US\$20 per ounce of gold or its equivalent in other metals that they considered as discovered in the Copalquin Project.

The Company has had a resource calculation estimate completed by a qualified Mexican Engineer regarding the current estimated resource at the Copalquin Project to determine the balance of the purchase price of this project and as a result a cheque for US\$33,154 based on such calculation, has been deposited with the Mexican court in payment of the balance of the purchase price of the Copalquin Project in accordance with the terms of the original agreement. It is management's position that Minera Planet has met all of the payments required under the option agreement.

The Company considers Mr. Matas's action as frivolous and unsubstantiated. The Company and Minera Planet are vigorously attending to this action and will continue to do so. A defence will be filed stating no further amounts are owing, except for the payment of a NSR royalty. The Company has filed a response to a previous suit.

The outcome of this legal action and the likelihood of further loss, if any, is currently not determinable and no amounts have been accrued in the financial statements at June 30, 2009 relating to this contingency.

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(I) SUBSEQUENT EVENTS

- a) In July 2009, the Company closed a non-brokered private placement by the sale of 1,000,000 units, at \$0.10 per unit, which the total proceeds of \$100,000 were received before year end. Each unit is comprised of one share and one-half of one transferable share purchase warrant, with each whole warrant exercisable for the purchase of one additional share, at a price of \$0.15 per share for a period of two years.
- b) In August 2009, the Company closed a private placement of 8,692,307 flow-through shares, at a price of \$0.13 per share, to raise proceeds of \$1,130,000. A finder's fee was paid in shares consisting of a commission equal to 4.5% (346,153 shares) of the proceeds raised, a due diligence fee of 4.5% plus G.S.T. (\$47,250) of the proceeds raised, and finder's warrants exercisable to purchase 769,230 shares, at a price of \$0.13 per share, for a period of two years from closing, expiring August 21, 2011. All of the shares and any shares issued upon exercise of the finder's warrants are subject to a hold period and may not be traded in Canada until December 22, 2009, except as permitted by applicable Canadian securities laws and the TSX Venture Exchange.
- c) In August 2009, the Company closed a non-flow-through placement of 1,707,000 units, at \$0.13 per unit, for the proceeds of \$221,910. Each unit is comprised of one share and one-half of a warrant with a full warrant entitling the holder to purchase one additional non-flow-through share, at a price of \$0.20 per share, for a period of two years. There is no finder's fee payable in connection with this placement.
- d) In August 2009, 200,000 options were granted to the CFO at \$0.12 per share for a term of five years. \$17,331 of stock based compensation will be recorded during the quarter ended September 30, 2009.
- e) In August 2009, 4,500,000 options previously granted to directors, consultants and officers, ranging in prices from \$0.40 to \$0.50 will be repriced to \$0.20 subject to regulatory and shareholder approval.