



Uranium City Resources Inc.

**Third Quarter and Nine Months Ended
September 30, 2007**

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Uranium City Resources Inc.

Balance Sheets
As at September 30, 2007 and December 31, 2006

	2007 \$	2006 \$
	<i>(Unaudited)</i>	<i>(Audited)</i>
Assets		
Current Assets		
Cash and cash equivalents <i>(Note 2)</i>	6,371,659	2,312,062
Restricted cash <i>(Note 3)</i>	254,911	254,911
GST recoverable	40,120	125,498
Prepaid expenses and deposits	-	10,735
Due from related parties <i>(Note 6)</i>	392,670	25,654
Advances	35,997	1,206,925
	7,095,357	3,935,785
Mineral Properties and Deferred Expenditures <i>(Note 4)</i>	6,925,194	5,107,290
Capital Assets <i>(Note 5)</i>	880,701	251,780
	14,901,252	9,294,855
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	155,151	461,119
Due to manager <i>(Note 6)</i>	-	223,889
	155,151	685,008
Future income taxes <i>(Note 9)</i>	3,149,349	1,284,000
	3,304,500	1,969,008
Shareholders' Equity		
Capital Stock:		
Common shares <i>(Note 7)</i>	8,369,320	5,564,897
Contributed surplus <i>(Note 8)</i>	5,693,054	3,051,708
Deficit	(2,465,622)	(1,290,758)
	11,596,752	7,325,847
	14,901,252	9,294,855

The accompanying notes are an integral part of these financial statements.

These financial statements have been approved by the Company's directors.

Uranium City Resources Inc.

**Statements of Loss, Comprehensive Loss and Deficit
For the nine months ended September 30, 2007 and September 30, 2006**

(Unaudited)

	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>September 30</i>		<i>September 30</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	\$	\$	\$	\$
Interest Income	46,669	49,889	110,926	83,942
Operating Expenses				
Office and general	88,681	54,747	211,533	168,709
Public relations	54,013	20,599	142,555	88,966
Professional fees	108,700	5,211	140,931	36,039
Shareholder information	34,214	1,665	46,738	49,265
Consulting	27,610	(118,026)	99,871	23,720
Stock-based compensation	19,800	1,346,157	829,813	1,460,415
	333,018	1,310,353	1,481,441	1,827,114
Net Loss before Future Income Tax Recovery	(286,349)	(1,260,464)	(1,370,515)	(1,743,172)
Future income tax recovery / (expense) (Note 9)	97,518	(31,000)	195,651	102,010
Net Loss	(188,831)	(1,291,464)	(1,174,864)	(1,641,162)
Deficit at the beginning of period	(2,276,791)	(1,393,909)	(1,290,758)	(1,044,211)
Deficit at end of period	(2,465,622)	(2,685,373)	(2,465,622)	(2,685,373)
Net Loss Per Share	0.4¢	3.5¢	2.7¢	5.2¢
Weighted Average Number of Shares (000's)	50,994	36,688	44,192	28,364

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Uranium City Resources Inc.

Statements of Cash Flow For the nine months ended September 30, 2007 and September 30, 2006

(Unaudited)

	3 months ended		9 months ended	
	September 30		September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operations				
Net loss	(188,831)	(1,291,464)	(1,174,864)	(1,641,162)
Adjustments to reconcile net loss to cash flow from operating activities:				
Future income tax expense (recovery)	(97,518)	31,000	(195,651)	(102,010)
Amortization	43,667	7,816	96,009	15,249
Stock-based compensation	19,800	1,346,157	829,813	1,460,415
Net change in non-cash working capital items:				
GST recoverable	17,643	18,124	85,378	67,740
Prepaid expenses and deposits	190,000	(53,389)	200,735	(1,259)
Advances	(20,000)	(52)	980,928	(110,052)
Payables and accrued liabilities	(110,637)	(5,021)	(305,969)	28,890
Due to manager (Note 6)	(433,532)	(14,225)	(590,905)	(50,859)
Cash Flow from (Used in) Operating Activities	(579,408)	(38,946)	(74,526)	(333,048)
Financing				
Issuance of common shares	1,548	-	6,676,957	4,841,932
Cost of issuances	-	-	-	(345,135)
Cash Flow from Financing Activities	1,548	-	6,676,957	4,496,797
Investments				
Purchase of capital assets	(146,182)	(64,441)	(808,356)	(143,592)
Expenditures on deferred exploration	(664,827)	(306,987)	(1,734,478)	(683,888)
Cash Flow Used in Investing Activities	(811,009)	(371,428)	(2,542,834)	(827,480)
Net Increase (decrease) in Cash for the period	(1,388,869)	(332,482)	4,059,597	3,336,269
Cash and Cash Equivalents at beginning of period	7,760,528	5,869,395	2,312,062	2,200,644
Cash and Cash Equivalents at end of period	6,371,659	5,536,913	6,371,659	5,536,913

The accompanying notes are an integral part of these financial statements.

These financial statements have been approved by the Company's directors.

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

For the 9 months ended September 30, 2007 and

For the 9 months ended September 30, 2006

General

Uranium City Resources Inc. ("UCR", or the "Company") is incorporated in the Province of Ontario. Its principal business activity is that of a junior mineral exploration company actively focussed primarily on uranium exploration in Canada.

1. Basis of Presentation and Significant Accounting Policies

These unaudited interim financial statements follow the same accounting policies and their methods of application as the 2006 audited financial statements.

Not all disclosure required by generally accepted accounting principles for annual financial statements are present, and accordingly, these interim financial statements should be read in conjunction with the Company's audited financial statements.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the "going concern" assumption is not appropriate, then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these financial statements.

Certain prior year amounts have been reclassified to conform to account presentation in the current year.

Financial Instruments, Comprehensive Income (Loss) and Hedges

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855 – "Financial Instruments – Recognition and Measurement", 1530 – "Comprehensive Income" and 3865 – "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. Accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective January 1, 2007.

(a) Financial Instruments – recognition and measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

(b) Comprehensive Income / (Loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

For the 9 months ended September 30, 2007 and

For the 9 months ended September 30, 2006

(c) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 – “Hedging Relationships”, and the hedging guidance in Section 1650 – “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

(d) Impact upon Adoption of Sections 1530, 3855, and 3865

The Company has evaluated the impact of these new standards on its financial statements and determined that no adjustments are currently required.

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC address the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company has evaluated the impact of EIC-166 and determined that no adjustments are currently required.

Future Accounting Changes

Capital Disclosure and Financial Instruments – Disclosure and Presentation.

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 – “Capital Disclosures”, Handbook Section 3862 – “Financial Instruments – Disclosure” and Handbook Section 3863 – “Financial Instruments – Presentation”. These new standards are effective for interim and annual financial statements for the Company’s reporting period beginning January 1, 2008.

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

Sections 3862 and 3863 replace Handbook Section 3861 – “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extend of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

2. Cash and Cash Equivalents

The balance at September 30, 2007 of \$6.4 million (2006 - \$2.2 million) includes \$4.5 million (2006 - \$2.1 million) of funds held in Guaranteed Investment Certificates (“GIC’s”) that become due in less than one year. All GIC’s are available prior to maturity in minimum withdrawals of \$100,000 with no interest penalty.

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

3. Restricted Cash

The Company has made payments to *Saskatchewan Industry and Resources* for deficient exploration expenditures on some of its mineral properties. The Company will apply for a refund from the government of Saskatchewan as it incurs the exploration expenditures for which this restricted reserve was created.

4. Mineral Properties and Deferred Expenditures

	September 30, 2007	December 31, 2006
	\$	\$
	<i>Unaudited</i>	<i>Audited</i>
Mineral Properties		
Balance at beginning of period	504,698	497,698
Acquisitions costs	14,319	7,000
Balance at end of period	519,017	504,698
Deferred Exploration Expenditures		
Balance, beginning of period	4,602,592	1,776,112
Deferred exploration expenditures	1,803,585	2,826,480
Balance at end of period	6,406,177	4,602,592
	6,925,194	5,107,290

5. Capital Assets

As at	September 30, 2007		December 31, 2006	
	(Unaudited)		(Audited)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	1,800	-	1,800	-
Exploration equipment	569,755	55,396	79,152	7,915
Equipment	262,985	41,129	197,338	36,980
Office furniture, fixtures and equipment	105,085	38,903	19,834	1,449
Building	78,567	2,063	-	-
	1,018,192	137,491	298,124	46,344
Net Book Value	880,701		251,780	

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

For the 9 months ended September 30, 2007 and

For the 9 months ended September 30, 2006

6. Related Party Transactions

The amount due to the Company's manager, GLR Resources Inc. ("GLR") on account of management fees, is non-interest bearing and without fixed terms of repayment.

Under the terms of the purchase and sale agreement UCR has appointed GLR as the manager of all its exploration, development and mining operations in, on or under the mineral properties that were acquired from GLR. As manager, GLR is to receive from the Company a fee equal to 5% of all amounts paid to third parties pursuant to drilling contracts, 10% of all other expenditures incurred directly or indirectly in connection with such exploration and development operations and 3% of all expenditures incurred after commencement of production. The fee due to GLR as manager for the 3 months and 9 months ended September 30, 2007, was \$39,121 (2006 - \$13,709) and \$103,149 (2006 - \$41,114), respectively.

The amount due from GLR on account of a demand loan advanced on July 31, 2007, has no fixed term of repayment and bears interest at 6% per annum with interest payable monthly in arrears. The principal amount of the loan of \$500,000 has been offset by the management fees payable by UCR for 2007.

In addition to the GLR management fees noted above, these financial statements also include \$89,187 (2005 - \$45,267) and \$249,815 (2006 - \$139,015) for the 3 months and 9 months ended September 30, 2006, respectively, in deferred expenditures, consulting costs and general and administrative expenses incurred with directors and/or officers of the Company or corporations controlled by or related to them.

7. Capital Stock

Share Capital

UCR's authorized share capital consists of an unlimited number of Common shares.

The issued and outstanding Common share capital is as follows:

	Number of Shares	\$
Balance at December 31, 2005	23,878,252	2,842,237
Deemed exercise of warrants	4,380,300	1,259,899
Issued for cash:		
Regular units	5,614,286	1,965,000
Flow-through units	7,187,500	2,875,000
Issue costs of shares issued	-	(345,134)
Warrants exercised	432,292	128,502
Value transfer of exercised warrants	-	26,292
Fair value of issued warrants	-	(889,000)
Future income taxes	-	(1,038,000)
Balance at December 31, 2006	37,112,330	5,564,897

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

For the 9 months ended September 30, 2007 and

For the 9 months ended September 30, 2006

Issued for cash:		
Private placement (net of costs of issuance)	12,385,829	6,028,929
Options exercised	100,000	42,000
Warrants exercised	1,395,973	606,029
Fair value transfer of issued warrants and agent's warrants	-	(2,018,967)
Value transfer of exercised options and warrants	-	207,432
Future income taxes	-	(2,061,000)
Balance at September 30, 2007	50,994,132	8,369,320

2007

During the 9 months ended September 30, 2006, the Company completed a brokered private placement of 1,612,246 units at \$0.49 per unit (a "Unit") and 10,773,583 flow-through units at \$0.53 per unit (a "Flow-through Unit") for total gross proceeds of \$6.5 million. Each Unit and Flow-through Unit consisted of 1 common share of the Company together with 1 share purchase warrant (a "Warrant"). Each Warrant is exercisable into 1 common share of the Company until May 25, 2009 for \$1.00. In addition, the agent was paid a cash commission equal to 7% of the gross proceeds and was granted 1,114,724 agent units (each an "Agent Unit"). Each Agent Unit is exercisable at a price of \$0.49 until May 25, 2009 and consists of one common share of the Company together with one Warrant.

The Company also raised proceeds of \$42,000 and \$606,029 with the exercise of 100,000 options and 1,395,973 warrants, respectively.

2006

During 2006, the Company completed a non-brokered private placement of 1,532,286 units at \$0.35 per unit, raising gross proceeds of \$536,300. Each unit consisted of once common share and one-half of one common share purchase warrants. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.465 until October 25, 2007.

The Company also completed a brokered private placement of 4,082,000 units priced at \$0.35 per unit and 7,187,500 flow-through units priced at \$0.40 per flow-through unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share at a price of \$0.45 until October 20, 2007. In addition, the agent was paid a cash commission of 7% of the aggregate gross proceeds and was granted 1,126,950 warrants exercisable at a price of \$0.35 per warrant until October 20, 2007.

During the second quarter of 2006, 7,729 broker warrants were exercised resulting in approximately \$1,900 in gross proceeds to the Company.

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

Outstanding Issued Warrants -

The outstanding Issued Warrants balance at September 30, 2007, is comprised of the following items:

Date of Expiry	Type	No. of Warrants	Exercise Price \$
October 20, 2007	Warrant (regular issue)	1,929,751	0.45
October 20, 2007	Warrant (flow-through issue)	3,593,750	0.45
October 20, 2007	Agent's Warrant	490,385	0.35
May 25, 2009	Warrant (regular issue)	10,773,583	1.00
May 25, 2009	Warrant (flow-through issue)	1,612,246	1.00
May 25, 2009	Agent's Unit	1,114,724	0.49
May 25, 2009	Agent's Warrant	1,114,724	1.00
Total		20,629,163	0.81

The following table provides additional information about outstanding issued warrants at September 30, 2007.

Range of Exercise Prices (\$)	No. of Warrants Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price(\$)
0.25 - 0.75	7,128,610	0.3	0.45
0.76 – 1.00	13,500,553	1.7	1.00
	20,629,163	1.2	0.81

Options

UCR has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. A continuity of the unexercised options to purchase common shares is as follows:

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

	September 30, 2007		December 31, 2006	
	Weighted Average Exercise Price (\$)	No. of Options	Weighted Average Exercise Price (\$)	No. of Options
Outstanding at beginning of period	0.43	2,585,000	0.42	2,185,000
Transactions during the period:				
Granted	0.50	2,125,000	0.48	400,000
Exercised	0.42	(100,000)	-	-
Forfeited	-	-	-	-
Expired	0.43	(700,000)	-	-
Outstanding at end of period	0.47	3,910,000	0.43	2,585,000
Exercisable at end of period	0.47	3,910,000	0.43	2,585,000

The following table provides additional information about outstanding stock options at September 30, 2007.

Range of Exercise Prices (\$)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
0.25 - 0.40	100,000	2.4	0.36
0.41 - 0.50	3,560,000	3.6	0.47
0.51 - 0.75	250,000	3.5	0.52
	3,910,000	3.6	0.47

8. Contributed Surplus

A summary of the changes in the Company's contributed surplus as at September 30, 2007, is set out below:

	Amount (\$)
Balance at January 1, 2006	2,003,000
Fair value of issued warrants	889,000
Value transfer of exercised warrants	(26,292)
Stock-based compensation	186,000
Balance at December 31, 2006	3,051,707
Fair value of issued warrants	2,018,966
Value transfer of exercised warrants and options	(207,432)
Stock-based compensation	829,813
Balance at September 30, 2007	5,693,054

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

UCR records employee stock-based compensation and warrant issuances using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the equity instruments issued and are amortized over the vesting period. The offset to stock-based compensation is recorded to contributed surplus. Contributed surplus is relieved of these costs to the extent that the value of any exercised options or warrants is less than the current market price of the shares acquired by the holder of the options warrants.

The Company uses the Black-Scholes option pricing model to determine the value of all issued options and warrants. The table below summarizes the assumptions used with the Black-Scholes model for determining the value of the stock-based costs for the stock options and warrants issued in 2007 and 2006.

	2007	2006
Dividend yield	-	-
Expected volatility	116.2%	141.4
Risk-free interest rate*	0.15%	4.1%
Expected life (years)	2	1.5

*The risk-free rate for the warrants issued in 2007 has been adjusted to account for the step-up exercise price in accordance with CICA 3870 regarding step-up exercise prices. 3870 provides that the interest-free interest rate should be adjusted downward for the increase percentage represented by the step-up exercise price.

9. Income Taxes

Future Income Taxes Recoverable

The income tax provision differs from that computed using the statutory tax rates for the following reasons:

	As at September 30, 2007 (\$)	%	As at December 31, 2006 (\$)	%
Income taxes at statutory rates	(494,756)	(36.1)	(276,550)	(36.1)
Financing fees deductible for tax purposes	-	-	(307,200)	(40.1)
Non-deductible expenses for tax purposes:				
Stock-based compensation	299,562	25.5	67,150	8.8
Other	(457)	(0.1)	(2,400)	(0.3)
Future income taxes recoverable	(195,651)	(10.7)	(519,000)	(67.7)

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

For the 9 months ended September 30, 2007 and

For the 9 months ended September 30, 2006

Future Income Tax Liability

The tax effects of temporary differences that give rise to significant portions of future tax assets and liabilities as at September 30, 2007 and December 31, 2006, are:

	2007	2006
	(\$)	(\$)
<i>Future tax asset:</i>		
Opening balance	(716,000)	(197,000)
Net loss before future income tax recovery capitalized as part of exploration expenditures for income tax purposes	(195,651)	(519,000)
Ending balance	(911,651)	(716,000)
<i>Future tax liability:</i>		
Opening balance	2,000,000	962,000
Foregone future tax savings from renunciation of Canadian Exploration Expenditures to flow-through warrants subscribers	2,061,000	1,038,000
Ending balance	4,061,000	2,000,000
<i>Future Income Tax Liability</i>	3,149,349	1,284,000

10. Subsequent Events

During November, 2007, the Company issued a further 350,000 options pursuant to the Plan. The options are exercisable at \$0.32 with an expiry date of November 6, 2012.

During October, 2007, 125,000 options were forfeit. 50,000 options had an expiry date of April 19, 2012 with an exercise price of \$0.50 and 100,000 options had an expiry date of September 23, 2010 with an exercise price of \$0.42.