



First Quarter and Three Months Ended

March 31, 2008

(Unaudited)

Notice:

The accompanying unaudited interim financial statements (the "Financial Statements") for Uranium City Resources Inc. (the "Company") for the three months ended March 31, 2008 and 2007, have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. Only changes in accounting information have been disclosed in these Financial Statements. These Financial Statements are presented on an accrual basis and as such, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. These Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2007 which are available on SEDAR at www.sedar.com.

The Company's independent auditor has not reviewed these Financial Statements.

Uranium City Resources Inc.
Balance Sheets
As at March 31, 2008 and December 31, 2007

(Canadian Dollars)

	2008	2007
	\$	\$
	<i>(Unaudited)</i>	<i>(Audited)</i>
Assets		
Current Assets		
Cash and cash equivalents <i>(Note 2)</i>	4,985,366	5,862,174
Restricted cash <i>(Note 3)</i>	237,165	254,911
GST recoverable	38,331	76,715
Prepaid expenses	20,097	20,097
Advances <i>(Note 4)</i>	284,937	291,781
	5,565,896	6,505,678
Mineral Properties and Deferred Expenditures <i>(Note 4)</i>	8,607,823	7,885,485
Capital Assets <i>(Note 5)</i>	599,976	510,565
	14,773,695	14,901,728
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	245,934	437,184
Due to manager <i>(Note 7)</i>	234,498	65,276
	480,432	502,460
Future income taxes <i>(Note 10)</i>	2,350,138	2,383,000
	2,830,570	2,885,460
Shareholders' Equity		
Capital Stock:		
Common shares <i>(Note 8)</i>	8,554,645	8,554,645
Contributed surplus <i>(Note 9)</i>	5,749,732	5,749,732
Deficit	(2,361,252)	(2,288,109)
	11,943,125	12,016,268
	14,773,695	14,901,728

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 Operations and Comprehensive Net Loss and Deficit
For the three months ended March 31, 2008 and March 31, 2007

(Canadian Dollars)

	2008	2007
	\$	\$
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue		
Interest income	52,687	14,750
	52,687	14,750
Operating Expenses		
Office and general	70,930	54,444
Public relations	25,119	31,016
Professional fees	24,835	5,658
Shareholder information	7,963	12,093
Consulting	29,845	32,433
Stock-based compensation	-	60,691
	158,692	196,335
Net Loss before Future Income Tax Recovery	(106,005)	(181,585)
Future income tax recovery <i>(Note 9)</i>	32,862	43,650
Net Loss and Comprehensive Net Loss	(73,143)	(137,935)
Deficit at the beginning of period	(2,288,109)	(1,290,758)
Deficit at end of period	(2,361,252)	(1,428,693)
Basic and fully-diluted Net Loss Per Share	(0.1)¢	(0.4)¢
Weighted Average Number of Shares (000's)	50,994	37,818

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

Uranium City Resources Inc.

**Statements of Cash Flow
For the three months ended March 31, 2008 and March 31, 2007**

(Canadian Dollars except share and per share amounts)

	2008	2007
	\$	\$
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operations		
Net loss	(73,143)	(137,935)
Adjustments to reconcile net loss to cash flow from operating activities:		
Future income tax recovery	(32,862)	(43,650)
Amortization	15,976	25,096
Stock-based compensation	-	60,691
Net change in non-cash working capital items:		
GST recoverable	38,383	55,020
Prepaid expenses	-	10,735
Advances	6,844	998,408
Accounts payable and accrued liabilities	(191,249)	(235,919)
Due to manager	169,222	(212,197)
Cash Flow from (Used in) Operating Activities	(66,829)	520,249
Financing		
Issuance of common shares	-	573,947
Cash Flow from Financing Activities	-	573,947
Investments		
Purchase of capital assets	(115,955)	(448,847)
Expenditures on deferred exploration	(711,771)	(277,990)
Restricted cash <i>(Note 3)</i>	17,746	-
Cash Flow Used in Investing Activities	(809,980)	(726,837)
Net Increase (decrease) in Cash for the period	(876,808)	367,359
Cash and Cash Equivalents at beginning of period	5,862,174	2,312,062
Cash and Cash Equivalents at end of period	4,985,366	2,679,421

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)

As at March 31, 2008

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 2007 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 interim 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.

Capital Disclosure and Financial Instruments – Disclosure and Presentation.

On December 1, 2006, the CICA issued three new accounting standards: *CICA 1535 – Capital Disclosures*, *CICA 3862 – Financial Instruments – Disclosure* and *CICA 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.

(a) Capital Disclosures

CICA 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. The Company has adopted this standard as of January 1, 2008 and the disclosure required by it is included in *Note 8*.

(b) Financial Instruments – Disclosure and Presentation

CICA 3862 and *CICA 3863* replace *CICA 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 has adopted these standards as of January 1, 2008 and the disclosures required by them are included in *Note 11*.

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

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2. Cash and Cash Equivalents

The balance at March 31, 2008, consists \$3,104,201 (2007 - \$1,300,000) of funds held in Guaranteed Investment Certificate ("GIC") accruing interest at 4.0% (2007 - 4.1%). Expiry of the GIC occurs on September 29, 2008, with withdrawals possible in increments of \$100,000.

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. During the first quarter of 2008, the Company received a refund of \$17,746 related to its Neely Lake project.

4. Advances

The Company has advanced a total of \$284,937 (2007 - \$291,781,925). Of this amount, \$24,264 (2007 - \$24,264) has been advanced to various suppliers to cover the cost of services to be incurred. The remaining balance of \$260,674 (2007 - \$267,518) has been advanced to a contractor for drilling equipment and UCR has entered into a drilling contract (the "Drilling Agreement") with the contractor whereby the contractor agreed to complete part of the Company's drill program and the Company agreed to sell the contractor a drill for \$264,157 (plus GST) (the "Purchase Price"). Under the terms of the Drilling Agreement, the Company will deduct from each the contractor's billings an amount equal to between 10% and 15% of the billing with such amount being used to reduce the outstanding purchase price of the drill. Any unpaid purchase-price balance is non-interest bearing.

5. Mineral Properties and Deferred Expenditures

	March 31, 2008			
	Opening Balance	Additions	Disposals	Net
	\$	\$	\$	\$
Contact Lake	1,475,015	-	-	1,475,015
Inspiration Lake	431,914	-	-	431,914
Fishhook	920,920	150	-	921,070
Nicholson	171,039	16,270	-	187,309
Eldorado Lake	3,455,688	310,396	-	3,766,084
Tazin Lake	117,446	-	-	117,446
Quartzite Ridge	595,865	37,229	-	633,094
Gunner Area	212,797	-	-	212,797
General and other	504,801	358,293	-	863,094
	7,885,485	722,338	-	8,607,823

During the first quarter of 2008, amortization expense of \$10,568 (2007 - \$31,400) was included in the additions to mineral properties and deferred expenditures.

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

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Under its mineral properties option agreements, UCR is required to make cash payments totalling \$45,000 over the next 2 years as follows: 2008 - \$15,000; 2009 - \$30,000.

The Company is also required to incur exploration expenditures totalling \$1.4 million over the next 3 years as follows: 2008 - \$400,000; 2009 - \$500,000; 2010 - \$500,000.

	December 31, 2007			
	Opening Balance	Additions	Disposals	Net
	\$	\$	\$	\$
Contact Lake	1,438,092	36,923	-	1,475,015
Inspiration Lake	394,323	37,591	-	431,914
Fishhook	888,506	32,412	-	920,920
Nicholson	158,684	12,355	-	171,039
Eldorado Lake	1,651,226	1,804,462	-	3,455,688
Tazin Lake	105,171	12,275	-	117,446
Quartzite Ridge	179,737	416,128	-	595,865
Gunner Area	175,721	37,076	-	212,797
General and other	115,828	602,737	(213,764)	505,101
	5,107,290	2,991,959	(213,764)	7,885,485

During 2007, amortization expense of \$31,400 (2006 - \$8,108) was included in the additions to mineral properties and deferred expenditures.

6. Capital Assets

As at	March 31, 2008		December 31, 2007	
	(Unaudited)		(Audited)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	7,800	-	7,800	-
Exploration equipment	250,674	49,883	250,674	39,315
Equipment	400,616	104,464	309,661	89,142
Furniture and fixtures	1,267	651	1,267	618
Buildings	97,567	2,950	72,567	2,330
	757,924	157,948	641,969	131,405
Net Book Value	599,976		510,565	

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

As at March 31, 2008

7. Related Party Transactions

The amount due to the Company's manager, GLR, 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 ended March 31, 2008, was \$59,440 (2007 - \$12,307) and is included in the Due to manager account.

In addition to the GLR management fees noted above, these financial statements also include \$53,561 for the 3 months ended March 31, 2008 (2007 - \$50,000), 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.

8. 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, 2006	37,112,330	5,564,897
Issued for cash: Regular units	1,612,246	790,001
Flow-through units	10,773,583	5,710,000
Issue costs of shares issued	-	(576,749)
Options exercised	100,000	42,000
Warrants exercised	890,488	413,767
Broker warrants exercised	505,485	192,262
Value transfer of exercised options and warrants	-	207,424
Fair value of issued warrants	-	(2,018,957)
Future income taxes	-	(1,770,000)
Balance at December 31, 2007 and March 31, 2008	50,994,132	8,554,645

2007

During the 12 months ended December 31, 2007, 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

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

As at March 31, 2008

“Warrant”). Each Warrant is exercisable into 1 common share of the Company until May 25, 2009 for \$1.00 during the first 12 months and \$1.25 for the remaining 12 months. 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. Each warrant is exercisable into 1 common share of the Company until May 25, 2009 for \$1.00 during the first 12 months and \$1.25 for the remaining 12 months. The Agent Units were assigned a value of \$359,558 using the Black-Scholes valuation model.

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

Outstanding Issued Warrants –

The outstanding Issued Warrants balance at March 31, 2008, is comprised of the following items:

Date of Expiry	Type	No. of Warrants	Exercise Price \$
May 25, 2009	Warrant (regular issue)	10,773,583	1.00 (i)
May 25, 2009	Warrant (flow-through issue)	1,612,246	1.00 (i)
May 25, 2009	Agent’s Unit	1,114,724	0.49
May 25, 2009	Agent’s Warrant	1,114,724	1.00 (i)
Total		14,615,277	0.96

(i) These warrants are exercisable at \$1.00 until May 25, 2008 and then \$1.25 until May 25, 2009.

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. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at March 31, 2008 the Company had 1,064,413 (2007 – 1,705,060) options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	March 31, 2008		December 31, 2007	
	Weighted Average Exercise Price (\$)	No. of Options	Weighted Average Exercise Price (\$)	No. of Options
Outstanding at beginning of period	0.46	4,035,000	0.43	2,585,000
Transactions during the period:				
Granted	-	-	0.47	2,475,000
Exercised	-	-	0.42	(100,000)
Forfeited	-	-	0.43	(825,000)

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

As at March 31, 2008

Expired	-	-	0.50	(100,000)
Outstanding at end of period	0.46	4,035,000	0.46	4,035,000
Exercisable at end of period	0.46	3,985,000	0.46	3,935,000

The following table provides additional information about outstanding stock options at March 31, 2008.

Range of Exercise Prices (\$)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
0.25 - 0.40	450,000	4.0	0.33
0.41 - 0.50	3,335,000	3.3	0.47
0.51 - 0.75	250,000	3.0	0.52
	4,035,000	3.3	0.46

Stock-based compensation

The fair value of the stock options granted for the 3 months ended March 31, 2008 was \$Nil (2007 – \$60,691), which amount has been expensed in the statement of operations.

Capital disclosures

The Company manages its common shares, warrants and options as capital. The Company's objectives concerning capital management are to ensure that it will be able to continue as a going concern in order to pursue the further exploration and possible operations of its mineral properties. Management of capital risk consists of optimizing equity balances and ratios to ensure maximum shareholder returns.

9. Contributed Surplus

A summary of the changes in the Company's contributed surplus as at March 31, 2008, is set out below:

	Amount (\$)
Balance at January 1, 2007	3,051,708
Fair value of issued warrants	2,018,957
Value transfer of exercised options and warrants	(207,424)
Stock-based compensation	886,491
Balance at December 31, 2007 and March 31, 2008	5,749,732

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

As at March 31, 2008

10. 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 March 31, 2008		As at December 31, 2007	
	(\$)	%	(\$)	%
Income taxes at statutory rates	(32,862)	(31.0)	(517,200)	(31.0)
Effect of change on temporary differences of utilized tax rate from 36.1% to 31.0%	-	-	(181,300)	(10.9)
Financing fees deductible for tax purposes	-	-	(178,800)	(10.7)
Non-deductible expenses for tax purposes:				
Stock-based compensation	-	-	274,800	16.5
Other	-	-	(68,500)	(4.1)
Future income taxes recoverable	(32,862)	(31.0)	(671,000)	(40.2)

Future Income Tax Liability

The tax effects of temporary differences that give rise to significant portions of future tax assets and liabilities as at March 31, 2008 and December 31, 2007, are:

	2008	2007
	(\$)	(\$)
<i>Future tax asset:</i>		
Opening balance	(1,387,000)	(716,000)
Net loss before future income tax recovery capitalized as part of exploration expenditures for income tax purposes	(32,862)	(671,000)
Ending balance	(1,419,862)	(1,387,000)
<i>Future tax liability:</i>		
Opening balance	3,770,000	2,000,000
Foregone future tax savings from renunciation of Canadian Exploration Expenditures to flow-through warrants subscribers	-	1,770,000
Ending balance	3,770,000	3,770,000
Future Income Tax Liability	2,350,138	2,383,000

Uranium City Resources Inc.

Notes to the Financial Statements (Unaudited)

As at March 31, 2008

11. Financial Instruments

(a) Fair value

The carrying values of the Company's current assets and current liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

(b) Interest-rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in government investment certificates (*Note 2*).

(c) Credit risk

The Company is not exposed to significant credit risk as its sole receivable amount (GST recoverable) is due from the Canadian government.

(d) 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 property interests to which they relate are not sufficiently developed to reasonably determine value.

(e) Currency risk

Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars. UCR has not hedged its exposure to the United States dollar's currency fluctuations.