

UNIVERSAL POTASH CORPORATION

(An Exploration Stage Company)

Balance Sheets

ASSETS

	September 30, 2010 <u>(unaudited)</u>	March 31, 2010 <u>(unaudited)</u>
CURRENT ASSETS		
Cash	\$ 80	\$ 7,490
Total Current Assets	<u>80</u>	<u>7,490</u>
OTHER ASSETS		
Mineral properties	<u>10,810</u>	<u>10,810</u>
Total Other Assets	<u>10,810</u>	<u>10,810</u>
TOTAL ASSETS	<u><u>\$ 10,890</u></u>	<u><u>\$ 18,300</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 64,621	\$ 416,381
Exploration advances	54,910	54,910
Promissory notes	<u>95,000</u>	<u>70,000</u>
Total Current Liabilities	<u>214,531</u>	<u>541,291</u>

STOCKHOLDERS' EQUITY (DEFICIT)

Common stock, 300,000,000 shares authorized at par value of \$0.0001; 76,609,368 and 42,648,800 shares issued and outstanding, respectively	7,661	4,265
Additional paid-in capital	2,643,658	2,282,176
Accumulated other comprehensive loss	(7,000)	(7,000)
Deficit accumulated during the exploration stage	<u>(2,847,960)</u>	<u>(2,802,432)</u>
Total Stockholders' Equity (Deficit)	<u>(203,641)</u>	<u>(522,991)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DRFICIT)	<u><u>\$ 10,890</u></u>	<u><u>\$ 18,300</u></u>

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

UNIVERSAL POTASH CORPORATION

(An Exploration Stage Company)

Statements of Operations

(Unaudited)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,		From Inception on February 15, 2001 Through September 30,
	2010	2009	2010	2009	2010
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
COST OF SALES	-	-	-	-	-
GROSS MARGIN	-	-	-	-	-
OPERATING EXPENSES					
Amortization	-	-	-	-	133,196
Consulting fees	9,000	10,704	13,032	21,408	575,311
Interest and bank charges	70	505	108	1,011	159,290
General and administrative	5,717	1,737	11,384	3,474	500,563
Rent	1,200	1,500	2,400	3,000	72,560
Mineral property costs	18,604	-	18,604	-	218,480
Stock based compensation	-	-	-	-	48,960
Loss on disposal of marketable securities	-	-	-	-	8,000
Impairment of mineral properties	-	-	-	-	1,131,600
Total Operating Expenses	34,591	14,446	45,528	28,893	2,847,960
NET LOSS FROM OPERATIONS	<u>(34,591)</u>	<u>(14,446)</u>	<u>(45,528)</u>	<u>(28,893)</u>	<u>(2,847,960)</u>
LOSS BEFORE INCOME TAXES	(34,591)	(14,446)	(45,528)	(28,893)	(2,847,960)
PROVISION FOR INCOME TAXES	-	-	-	-	-
NET LOSS	<u>\$ (34,591)</u>	<u>\$ (14,446)</u>	<u>\$ (45,528)</u>	<u>\$ (28,893)</u>	<u>\$ (2,847,960)</u>
BASIC AND DILUTED LOSS					
PER COMMON SHARE	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	
WEIGHTED AVERAGE NUMBER					
OF COMMON SHARES OUTSTANDING	<u>76,609,368</u>	<u>42,648,800</u>	<u>59,585,064</u>	<u>42,648,800</u>	

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

UNIVERSAL POTASH CORPORATION
(An Exploration Stage Company)
Statements of Stockholders' Equity
(Unaudited)

	Common Stock		Additional	Common	Deficit	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Stock	Accumulated	Other	Comprehensive	Stockholders'
			Capital	Subscribed	During the	Loss	Loss	Equity
					Exploration			
					Stage			
Balance, February 15, 2001	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock issued for services at \$0.00005 per share	45,000,000	4,500	(2,250)	-	-	-	-	2,250
Net loss from inception to March 31, 2003	-	-	-	-	(2,936)	-	-	(2,936)
Balance, March 31, 2003	45,000,000	4,500	(2,250)	-	(2,936)	-	-	(686)
Cancellation of common stock	(45,000,000)	(4,500)	4,500	-	-	-	-	-
Common stock issued for cash at \$0.005 per share	19,284,000	1,928	94,492	-	-	-	-	96,420
Net loss for the year ended March 31, 2004	-	-	-	-	(78,562)	-	-	(78,562)
Balance, March 31, 2004	19,284,000	1,928	96,742	-	(81,498)	-	-	17,172
Net loss for the year ended March 31, 2005	-	-	-	-	(43,381)	-	-	(43,381)
Balance, March 31, 2005	19,284,000	1,928	96,742	-	(124,879)	-	-	(26,209)

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UNIVERSAL POTASH CORPORATION
(An Exploration Stage Company)
Statements of Stockholders' Equity
(Unaudited)

	Common Stock		Additional	Common	Deficit	Accumulated	Total
	Shares	Amount	Paid-in	Stock	Accumulated	Other	Stockholders'
			Capital	Subscribe	During the	Comprehensive	Equity
				d	Exploration	Loss	
					Stage		
Balance, March 31, 2005	19,284,000	1,928	96,742	-	(124,879)	-	(26,209)
Issuance of common stock for debt at \$0.005 per share, December 5, 2005	7,675,200	768	37,608	-	-	-	38,376
Common stock issued for cash at \$0.005 per share	8,800,000	880	43,120	-	-	-	44,000
Donated services	-	-	6,000	-	-	-	6,000
Net loss for the year ended March 31, 2006	-	-	-	-	(109,535)	-	(109,535)
Balance, March 31, 2006	35,759,200	3,576	183,470	-	(234,414)	-	(47,368)
Common stock issued for consulting at \$0.10 per share, May 10, 2006	100,000	10	9,991	-	-	-	10,001
Common stock issued for cash at \$0.10 per share, August 2, 2006	500,000	50	49,950	-	-	-	50,000
Common stock issued for cash at \$0.25 per share, December 15, 2006	400,000	40	99,960	-	-	-	100,000
Donated services	-	-	6,000	-	-	-	6,000

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UNIVERSAL POTASH CORPORATION

(An Exploration Stage Company)

Statements of Stockholders' Equity

(Unaudited)

Net loss for the year ended March 31, 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160,922)</u>	<u>-</u>	<u>(160,922)</u>	
Balance, March 31, 2007	36,759,200	3,676	349,371	-	(395,336)	-	(42,289)	
	0	6	1	-	(395,336)	-	(42,289)	
	Common Stock		Additional	Common	Deficit	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Stock	During the	Other	Comprehensive	Stockholders'
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Subscribed</u>	<u>Exploration</u>	<u>Loss</u>	<u>Loss</u>	<u>Equity</u>
Balance, March 31, 2007	36,759,200	3,676	349,371	-	(395,336)	-	-	(42,289)
Common stock subscribed	-	-	-	50,000	-	-	-	50,000
Common stock issued for Butte Property at \$1.09 per share, April 24, 2007	250,000	25	272,475	-	-	-	-	272,500
Common stock issued for Hat Property at \$1.052 per share, June 11, 2007	50,000	5	52,595	-	-	-	-	52,600
Common stock issued to a director at \$1.00 per share, June 11, 2007	100,000	10	99,990	-	-	-	-	100,000
Common stock issued to consultant at \$1.00 per share, June 20, 2007	100,000	10	99,990	-	-	-	-	100,000
Common stock issued for Pinto Property at \$1.12 per share, June 28, 2007	200,000	20	223,980	-	-	-	-	224,000
Common stock subscribed	-	-	-	130,000	-	-	-	130,000
Common stock issued for Finders' Fee, Pinto Property, at \$1.25 per share	50,000	5	62,495	-	-	-	-	62,500

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UNIVERSAL POTASH CORPORATION
(An Exploration Stage Company)
Statements of Stockholders' Equity
(Unaudited)

Common stock issued to a director at \$0.485 per share, September 12, 2007	100,000	10	48,490	-	-	-	48,500
	<u>Common Stock</u>		<u>Additional</u>	<u>Common</u>	<u>Deficit</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Stock</u>	<u>Accumulated</u>	<u>Other</u>	<u>Stockholders'</u>
			<u>Capital</u>	<u>Subscribed</u>	<u>During the</u>	<u>Comprehensive</u>	<u>Equity</u>
					<u>Exploration</u>	<u>Loss</u>	
					<u>Stage</u>		
Common stock issued for Whale Property at \$0.485 per share, September 12, 2007	100,000	10	48,490	-	-	-	48,500
Common stock subscribed	-	-	-	(180,000)	-	-	(180,000)
Common stock issued, private placement, at \$0.50 per share, October 25, 2007	520,000	52	259,948	-	-	-	260,000
Common stock issued for Whale Property at \$1.11 per share, November 5, 2007	50,000	5	55,495	-	-	-	55,500
Common stock issued for Ray Marie Property at \$0.90 per share	50,000	5	44,995	-	-	-	45,000
Common stock issued for Hoopie Property at \$0.90 per share, December 31, 2007	50,000	5	44,995	-	-	-	45,000
Common stock issued for Wild Claims at \$0.43 per share, January 25, 2008	100,000	10	42,990	-	-	-	43,000
Common stock issued for Whale Property at \$0.60 per share, February 12, 2008	50,000	5	29,995	-	-	-	30,000

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

UNIVERSAL POTASH CORPORATION
(An Exploration Stage Company)
Statements of Stockholders' Equity
(Unaudited)

Discount on notes payable	-	-	53,334	-	-	-	53,334
Donated services	-	-	6,000	-	-	-	6,000
	Common Stock		Additional Paid-in	Common Stock	Deficit Accumulated During the Exploration	Accumulated Other Comprehensive	Total Stockholders'
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Subscribed</u>	<u>Stage</u>	<u>Loss</u>	<u>Equity</u>
Donated services	-	-	6,000	-	-	-	6,000
Unrealized loss on marketable securities	-	-	-	-	-	(7,000)	(7,000)
Net loss for the year ended March 31, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,258,255)</u>	<u>-</u>	<u>(1,258,255)</u>
Balance, March 31, 2008	38,529,200	3,853	1,795,628	-	(1,653,591)	(7,000)	138,890
Common stock issued for Ernestina Property	150,000	15	39,985	-	-	-	40,000
Common stock issued for Whale Property at \$0.29 per share	100,000	10	28,990	-	-	-	29,000
Common stock issued for Hoopie Property at \$0.29 per share	100,000	10	28,990	-	-	-	29,000
Common stock issued for debt	3,769,600	377	376,583	-	-	-	376,960
Donated services	-	-	6,000	-	-	-	6,000
Net loss for the year ended March 31, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,083,488)</u>	<u>-</u>	<u>(1,083,488)</u>

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UNIVERSAL POTASH CORPORATION
(An Exploration Stage Company)
Statements of Stockholders' Equity
(Unaudited)

Balance, March 31, 2009	42,648,800	4,265	2,276,176	-	(2,737,079)	(7,000)	(463,638)
	<u>Common Stock</u>	<u>Additional</u>	<u>Common</u>	<u>Deficit</u>	<u>Accumulated</u>	<u>Accumulated</u>	<u>Total</u>
	Shares	Paid-in	Stock	During the	Other	Other	Stockholders'
	Amount	Capital	Subscribed	Exploration	Comprehensive	Loss	Equity
	Stage			Loss	Loss	Loss	Equity
Balance, March 31, 2009	42,648,800	4,265	2,276,176	-	(2,737,079)	(7,000)	(463,638)
Donated services	-	-	6,000	-	-	-	6,000
Net loss for the year ended March 31, 2010	-	-	-	-	(65,353)	-	(65,353)
Balance, March 31, 2010	42,648,800	4,265	2,282,176	-	(2,802,432)	(7,000)	(522,991)
Common stock issued for debt	33,960,568	3,396	359,982	-	-	-	363,378
Donated services	-	-	1,500	-	-	-	1,500
Net loss for the six months ended September 30, 2010	-	-	-	-	(45,528)	-	(45,528)
Balance, September 30, 2010	<u>76,609,368</u>	<u>\$ 7,661</u>	<u>\$ 2,643,658</u>	<u>\$ -</u>	<u>\$ (2,847,960)</u>	<u>\$ (7,000)</u>	<u>\$ (203,641)</u>

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

UNIVERSAL POTASH CORPORATION
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended September 30,		From Inception on February 15, 2001 Through September 30,
	2010	2009	2010
OPERATING ACTIVITIES			
Net loss	\$ (45,528)	\$ (14,446)	\$ (2,847,960)
Adjustments to reconcile net loss to net cash used by operating activities:			
Imputed interest on promissory notes	-	-	53,334
Amortization expense	-	-	432
Donated services	1,500	3,000	31,500
Common stock issued for services	-	-	270,751
Impairment of mineral properties	-	-	1,111,600
Loss on disposal of marketable securities	-	-	8,000
Stock-based compensation	-	-	48,960
Changes in operating assets and liabilities:			
Accounts payable and accrued liabilities	8,218	10,996	545,433
Due to related parties	-	-	(5,435)
Net Cash Used in Operating Activities	(35,810)	(450)	(783,385)
INVESTING ACTIVITIES			
Acquisition of equipment	-	-	(432)
Recovery on resource joint ventures	-	-	225,000
Acquisition of resource properties	-	-	(445,810)
Exploration advances	-	-	54,910
Net Cash Used in Investing Activities	-	-	(166,332)
FINANCING ACTIVITIES			
Proceeds for the issuance of common stock	-	-	481,440
Loans payable	-	-	20,000
Proceeds from the issuance of promissory notes	25,000	-	444,957
Net Cash Provided by Financing Activities	25,000	-	946,397
NET INCREASE IN CASH	(10,810)	(450)	(3,320)
CASH AT BEGINNING OF PERIOD	7,490	1,463	-
CASH AT END OF PERIOD	\$ (3,320)	\$ 1,013	\$ (3,320)
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
CASH PAID FOR:			
Interest	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF NON CASH FINANCING ACTIVITIES:			
Donated services	\$ 1,500	\$ 3,000	\$ 30,000
Common stock issued for services	\$ -	\$ -	\$ 270,751
Common stock issued for debt	\$ 363,378	\$ -	\$ 363,378
Common stock issued for mineral properties	\$ -	\$ -	\$ 1,111,600

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

UNIVERSAL POTASH CORPORATION

(An Exploration Stage Company)

Condensed Notes to Financial Statements

September 30, 2010 and March 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at September 30, 2010, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's March 31, 2010 unaudited financial statements. The results of operations for the period ended September 30, 2010 is not necessarily indicative of the operating results for the full year.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position, or statements.

NOTE 4 – PROMISSORY NOTES

At September 30, 2010, The Company had promissory notes totaling \$95,000. The promissory notes are unsecured, non-interest bearing and due and payable upon demand.

UNIVERSAL POTASH CORPORATION

(An Exploration Stage Company)

Condensed Notes to Financial Statements

September 30, 2010 and March 31, 2010

NOTE 5 – SUBSEQUENT EVENTS

On October 1, 2010, the Company entered into a consulting agreement for the development of its potash properties. The agreement is for a term of 3 months with a fee of \$6,000 per month.

On October 1, 2010, the Company entered into a consulting agreement for investor relations services. The agreement is for a term of 3 months with a fee of \$9,000 and 500,000 shares of the Company's common stock.

On October 1, 2010, the Company issued 691,600 shares of its common stock for cash at \$0.05.

On October 9, 2010, the Company issued 120,000 shares of its common stock for mineral costs.

In accordance with ASC 855-10, the Company's management has reviewed all material events through the date of this report and there are no additional material subsequent events.