

URACAN RESOURCES LTD.

Management's Discussion and Analysis

Year ended July 31, 2009

The following discussion is management's assessment and analysis of the results and financial condition of Uraacan Resources Ltd. (the "Company") and should be read in conjunction with the accompanying audited financial statements for the year ended July 31, 2009 and related notes. The preparation of financial data is in accordance with Canadian generally accepted accounting principles ("GAAP") and all figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is November 26, 2009.

Description of Business

The Company was incorporated as 583860 B.C. Ltd. in the province of British Columbia on April 21, 1999. The Company changed its name to UFM Ventures Ltd. on March 4, 2004 and to Uraacan Resources Ltd. on July 27, 2006. The Company's principal business activity is the acquisition and exploration of properties in the uranium industry, with a focus in Quebec and Saskatchewan. The Company has not generated significant revenues from operations and is considered to be in the exploration stage.

Selected Highlights

The following is a summary of the Company's highlights from fiscal 2009:

- Increased its National Instrument ("NI") 43-101 compliant inferred resources to approximately 154.9 million tonnes at an average grade of 0.012% containing 40.7 million pounds of U3O8 by completing resource calculations on the Company's TJ Zone (7.0 million pounds) and its Middle Zone (13.7 million pounds), both of which are part of the Company's North Shore Properties;
- Completed non-brokered private placements of 21,760,000 flow-through units and 1,250,000 non flow-through units for gross proceeds of \$5,690,000;
- Entered into an option agreement with Bonaventure Enterprises Inc. to earn up to a 75% interest in a number of mineral claims in northern Saskatchewan;
- Continued extensive exploration work on the North Shore, Pipewrench and Foster Lake properties, capitalizing \$6,848,054 of exploration costs to these mineral properties;
- Received refunds of \$3,988,888 from the Quebec government relating to exploration expenses incurred during fiscal 2007 and 2008;

Mineral Properties

North Shore Properties

On July 27, 2006, the Company signed an option agreement with Sheridan Platinum Group Limited ("Sheridan") whereby the Company has purchased a 100% interest in the Lac Turgeon, Wee Gee, Pontbriand and Costabelle properties (the "North Shore Properties") located in Quebec (the "North Shore Acquisition"). The Company has paid Sheridan \$2,000,000 and has issued it 350,000 common shares of the Company. The Company granted Sheridan a Net Smelter Royalty ("NSR") of 3% in the first 2 years after commencement of commercial production, increasing to 5% thereafter. By making a payment of \$3,000,000 within the first 30 days after commencement of commercial production, the Company has the right to reduce the NSR to 1.5% for the entire term. Effective January 1, 2008, the Company began making advance royalty payments of \$25,000 per quarter. As at July 31, 2009, the Company has paid Sheridan a total of \$175,000 in advance royalty payments.

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Mineral Properties (continued)

North Shore Properties (continued)

The North Shore Properties are located along the Quebec North Shore of the Gulf of St. Lawrence and are located in the vicinity of known uranium occurrences characterized by a highly favorable geological setting for large tonnage and low grade uranium mineralization. The North Shore Properties are comprised of a total of 1,039 km² of mining claims which include the original Sheridan claims as well as additional claims staked since 2007.

a) Double S and Surrounding Zones

In 2007 the Company commenced its drilling program where a total of 20,244 meters of diamond drilling was completed. Analysis of assay results identified a significant discovery which focused on the Double S Zone. Based on the analysis, the Double S Zone hosts a NI 43-101 compliant inferred resource of 74.21 million tonnes with an average grade of 0.012% U₃O₈, containing 19.96 million pounds of uranium. This resource analysis was completed in July 2008.

In February 2009, the Company completed a NI 43-101 compliant inferred resource calculation on the TJ Zone and Middle Zone discoveries based on diamond drilling completed between January and September 2008. These two zones are thought to be extensions of the Double S Zone trend. The TJ Zone hosts a NI 43-101 compliant inferred resource of 28.66 million tonnes with an average grade of 0.011% U₃O₈, containing 7.0 million pounds of uranium. The Middle Zone hosts a NI 43-101 compliant inferred resource of 52.03 million tonnes averaging 0.012% U₃O₈, containing 13.7 million pounds of uranium. A total of 33 diamond drill holes totaling 6,791 meters at the TJ Zone and 33 diamond drill holes totaling 7,072 meters at the Middle Zone were used to create the resource calculations. The TJ Zone is 3.0 kilometers northwest of the Double S Zone and 1.4 kilometers northwest of the Middle Zone.

In May and June 2009, the Company received all assay results from its ongoing diamond drill program on the Double S Zone. A total of 4,819 meters in 21 diamond drill holes was completed during March and April 2009. Drilling was completed over an area of approximately 1,000 meters by 250 meters, predominantly to the west and north of the 2007 drilling and resource estimate area of the Double S Zone. Notable results included 182 meters of 0.015% U₃O₈, 40 meters of 0.021% U₃O₈ and 72 meters of 0.014% U₃O₈.

From June to September 2009, a total of 4,181.3 meters in 15 diamond drill holes was completed. UraCan's summer drilling objective was achieved by expanding the Double S zone mineralization to the southeast. Of the 9 drill holes with returned assays, 100% of the holes have intercepted significant near surface mineralization with grades ranging from 96 ppm (0.010%) to 345 ppm (0.035%) U₃O₈.

An updated NI 43-101 compliant resource estimate, based on the new drilling completed in 2009, will be compiled once all results have been received later this year.

Mineral Properties (continued)

North Shore Properties (continued)

b) Costebelle Claim Group

In 2007, an airborne geophysical survey was flown over the Costebelle claim group which comprises the eastern portion of the property. Numerous radiometric anomalies were defined by this airborne survey and subsequently followed up in 2008 by ground reconnaissance mapping, prospecting and channel sampling. The Costebelle claims have seen limited historic exploration activity prior to the Company's involvement, and represents a new area for uranium exploration in Quebec.

Results from the reconnaissance sampling carried out on the Costebelle claim group have uncovered a number of significant uranium mineralized zones. In November 2008 the Company announced new discoveries approximately 65 km northeast of the Company's Double S Zone. Results included up to 22 meters of 0.036% U₃O₈ and 57 meters grading 0.021% U₃O₈. Strike lengths range from tens of meters to over hundreds of meters of exposure. The mineralization is open along strike and at depth in all areas.

In January 2009 the Company announced new discoveries approximately 115 km northeast of the Company's Double S Zone, which represents a third new area of significant uranium mineralization in the eastern Costebelle claim group area. Results included 8 meters of 0.033% U₃O₈ and 10 meters of 0.019% U₃O₈ in saw channel samples. In addition, several 2 meter channels with up to 0.181% U₃O₈ were also encountered.

The mineralized zones at Costebelle are open in all directions as channel sampling was limited to areas of outcrop exposure, with overburden cover overlaying large areas of the targeted airborne anomalies.

The summer 2009 Costebelle work program included mapping and sampling to define the size and grade of the mineralized zones outlined during field work in 2008. Prospecting for additional mineralization elsewhere on the Costebelle was also carried out.

c) Grandroy Zone

During the summer of 2009, nine drill holes were completed, two of which contained significant uranium mineralization. Results included 0.213% U₃O₈ over a core length of 5.4 meters and 0.089% U₃O₈ over 10.5 meters. The drill assay results from these two holes confirm the grade and general trend of uranium mineralization encountered in channel saw cut sampling of historic trenches earlier this year of 20 meters of 0.174% U₃O₈.

The other six drill holes intersected unmineralized metasediments and/or metagabbros with occasional pegmatite dykes. It is thought that the Grandroy area is near the margin of the Turgeon Intrusive Complex and the surrounding Wakeham Group metasediments and metagabbros. Further work will be undertaken to better outline the morphology of the mineralized zone at Grandroy in the near term.

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Mineral Properties (continued)

Saskatchewan Properties

a) Pipewrench Lake and Narrows Lake Properties

In 2006, the Company staked two claim blocks in the Pipewrench Lake and Narrows Lake areas in Saskatchewan. The Company has a 100% interest in these properties.

In January 2007 the Company received results of surface sampling from a limited field program that was conducted in late September and early October 2006. Five historic uranium occurrences were sampled, giving encouraging results which confirmed that significant mineralization exists on the property.

The Company completed a summer work program on the claims in 2007. The work program consisted of mapping, trenching, sampling, and ground geophysics. Results of the sampling program have been received and the historic uranium showings have been confirmed as high priority drill targets by surface trenching and sampling. A 2,596 meter diamond drilling program was completed on the property in late April 2008, focusing on the Portage, the Narrows Lake and the Pipewrench North zones.

Initial drill results from all three zones were encouraging, yielding multiple zones of mineralization including 12.7 meters of 0.142% U308 and 19.5 meters of 0.083% U308 at the Portage Zone. The Portage Zone is a new discovery of uranium mineralization on the Pipewrench Lake Property. This mineralization remains open along strike and at depth.

b) Foster Lake Property

On August 5, 2008, the Company entered into an option agreement with Bonaventure Enterprises Inc. ("Bonaventure") whereby the Company can acquire up to a 75% interest in a number of mineral claims in northern Saskatchewan (the "Foster Lake Property"). In order to earn its 75% interest, the Company must:

- make staged payments to Bonaventure totaling approximately \$299,000 over a three year period. This was reduced from \$870,000 during the year, as the Company allowed certain non-core claims to lapse;
- issue a total of 1,250,000 common shares of the Company to Bonaventure over a four year period; and
- incur a minimum of \$5,000,000 in exploration expenditures on the Foster Lake Property over a period of five years.

As at July 31, 2009, the Company had paid Bonaventure \$130,688, had issued 250,000 common shares with a value of \$55,000 to Bonaventure and had incurred \$945,261 in exploration expenditures on the Foster Lake Property. As part of the agreement Uracan will spend a total of \$1.35 million in exploration expenditures by the second anniversary of the JV agreement. Subsequent to year end, the Company paid Bonaventure \$49,450 and issued 250,000 shares. The next payment is due on August 5, 2010 in the amount of \$59,340. The next issuance of 250,000 shares is due on August 5, 2010.

The Foster Lake Property sits adjacent to the Company's Pipewrench Lake property. All payments, share issuances and exploration expenditures can be accelerated at the Company's option. Areas deemed non-prospective as a result of exploration work would be returned to Bonaventure. If the Company earns its interest, a joint venture will be formed to operate the mining project. If Bonaventure's interest is diluted to a 10% interest or less, the interest will be converted to a 2% NSR, with an option for the Company to purchase 1% of the NSR for \$2,500,000.

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Mineral Properties (continued)

Saskatchewan Properties (continued)

b) Foster Lake Property (continued)

During August and September 2008 a field program consisting of mapping sampling and prospecting was carried out on the Foster Lake Property. An existing radiometric survey completed by the Geological Survey of Canada (GSC) over much of the property area was utilized to prioritize uranium radiometric anomalies for assessment by field crews. Field crews visited these anomalous areas in a prioritized sequence.

The following table summarizes the capitalized costs associated with the Company's mineral properties as at July 31, 2009:

	Quebec	Saskatchewan		
	North Shore Properties	Pipewrench and Narrows Properties	Foster Lake Property	Total
Acquisition costs:				
Balance, July 31, 2008	\$ 2,242,650	\$ 42,009	\$ -	\$ 2,284,659
Cash paid	100,000	-	130,688	230,688
Shares issued	-	-	55,000	55,000
License renewal fees	78,219	110	25	78,354
Balance, July 31, 2009	<u>2,420,869</u>	<u>42,119</u>	<u>185,713</u>	<u>2,648,701</u>
Exploration costs:				
Balance, July 31, 2008	13,577,928	3,369,672	-	16,947,600
Air support and fuel	921,291	401	297,490	1,219,182
Assaying and analysis	580,315	26,894	-	607,209
Consultants	1,868,531	97,331	404,754	2,370,616
Drilling	1,335,692	-	-	1,335,692
Environmental	50,000	-	-	50,000
Field supplies	806,902	30,645	222,297	1,059,844
Office and salaries	125,782	10,355	20,720	156,857
Travel and accomodation	45,156	3,498	-	48,654
Balance, July 31, 2009	<u>19,311,597</u>	<u>3,538,796</u>	<u>945,261</u>	<u>23,795,654</u>
Recovered costs:				
Balance, July 31, 2008	(371,216)	-	-	(371,216)
Quebec exploration tax credits	(3,988,888)	-	-	(3,988,888)
Balance, July 31, 2009	<u>(4,360,104)</u>	<u>-</u>	<u>-</u>	<u>(4,360,104)</u>
Total costs, July 31, 2009	<u>\$ 17,372,362</u>	<u>\$ 3,580,915</u>	<u>\$ 1,130,974</u>	<u>\$ 22,084,251</u>

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

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Selected Annual Information

	2009	2008	2007	2006
Total Assets, July 31	<u>\$ 25,267,843</u>	<u>\$ 20,475,359</u>	<u>\$ 13,295,883</u>	<u>\$ 4,982,892</u>
Interest income	43,952	177,067	123,722	32,320
Expenses	<u>2,093,982</u>	<u>1,833,388</u>	<u>1,534,822</u>	<u>728,394</u>
Loss before income taxes	(2,050,030)	(1,656,321)	(1,411,100)	(696,074)
Future income tax recovery	<u>359,378</u>	<u>1,298,811</u>	<u>366,945</u>	<u>-</u>
Loss for the year	<u>\$ (1,690,652)</u>	<u>\$ (357,510)</u>	<u>\$ (1,044,155)</u>	<u>\$ (696,074)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>85,278,303</u>	<u>62,047,641</u>	<u>46,778,478</u>	<u>29,697,336</u>

Total assets increased from \$20,475,359 at July 31, 2008 to \$25,267,843 at July 31, 2009, an increase of \$4,729,484. The most significant assets at July 31, 2009 were short-term investments of \$2,506,000 (July 31, 2008: \$Nil), mineral properties of \$22,084,251 (July 31, 2008: \$18,861,043) and cash of \$270,483 (July 31, 2008: \$1,053,867). The mineral properties are capitalized costs relating to the Company's North Shore and Saskatchewan properties, consisting of \$2,648,701 in acquisition costs, \$23,795,654 in exploration costs offset by \$4,360,104 of recovered costs. The short-term investments consist of term deposits held at a large international financial institution. The term deposits, which have a weighted average interest rate of 1.24%, are redeemable, in full or in part at any time prior to maturity with no penalty.

The most significant expenses for the year ended July 31 2009, were stock-based compensation of \$548,647 (2008: \$770,301), consulting fees of \$326,224 (2008: \$261,692), and office and administration of \$222,071 (2008: \$87,614). The stock-based compensation expense represented the fair value of the options that vested during the year ended July 31, 2009.

Income and Mining Credits

Interest income for the most recent eight quarters, which was earned from cash in bank and short-term deposits, has fluctuated relative to the amount of cash the Company has maintained in its bank account and short-term deposits.

As at July 31, 2009, the Company had issued 35,590,000 common shares on a flow-through basis for gross proceeds of \$16,029,000. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. As at July 31, 2009, the Company had renounced the tax benefits on all 35,590,000 flow-through common shares and the related \$16,029,000 of gross proceeds.

During the year ended July 31, 2009, the Company renounced the tax benefits on 21,760,000 flow-through common shares and the related \$5,440,000 of the gross proceeds resulting in an increase to the income tax liability of \$1,242,523, with a corresponding amount reducing share capital. As a result of the Company incurring operating losses and the income tax liability being revalued at each period end, the liability from renunciation of flow-through shares was reduced. As at July 31, 2009, the future income tax liability was \$2,099,125. A future income tax recovery of \$367,558 was also recorded during the year ended July 31, 2009 upon reversal of the valuation allowance on future income tax assets.

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Selected Annual Information (continued)

Cash Flow Analysis

Cash and short-term investments increased by \$1,722,616 during the year ended July 31, 2009. The items that contributed the most to the increase in cash and short-term investments were net proceeds of \$5,354,099 from a series of private placements the Company completed and refunds totaling \$3,988,888 from the Quebec government relating to the Company's exploration expenses incurred during fiscal 2007 and 2008. This increase was partially offset by mineral property expenditures of \$6,273,636, the purchase of property, plant and equipment of \$135,517 and cash of \$1,195,880 used in operating activities.

Selected Quarterly Information (unaudited)

	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Interest income	\$ 8,563	\$ 10,239	\$ 11,912	\$ 13,238
Expenses	\$ 394,630	469,167	861,334	360,747
Write-off of leasehold improvements and deferred rent	-	-	-	8,104
Loss before income taxes	(386,067)	(458,928)	(849,422)	(355,613)
Future income tax recovery	\$ 53,426	85,593	105,016	115,343
Income (loss) for the period	<u>\$ (332,641)</u>	<u>\$ (373,335)</u>	<u>\$ (744,406)</u>	<u>\$ (240,270)</u>
Basic and diluted income (loss) per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Interest income	\$ 26,248	\$ 62,026	\$ 42,721	\$ 46,072
Expenses	329,928	1,062,458	184,479	256,523
Loss before income taxes	(303,680)	(1,000,432)	(141,758)	(210,451)
Future income tax recovery	933,802	188,369	117,581	59,059
Income (loss) for the period	<u>\$ 630,122</u>	<u>\$ (812,063)</u>	<u>\$ (24,177)</u>	<u>\$ (151,392)</u>
Basic and diluted income (loss) per share	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

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Selected Quarterly Information (unaudited) (continued)

Fourth Quarter

The most significant expenses for Q4, 2009 were consulting fees of \$73,656 (2008: \$28,941), marketing and advertising of \$72,376 (2008: \$49,248) and office and administration of \$61,996 (2008: \$31,422). Included in the consulting fees was \$42,000 (2008: \$30,000) paid to Global Vision Capital Corp. ("GVCC"), whereby GVCC provides the Company with the services of Gregg J. Sedun, and an amount of \$6,000 (2008: \$6,000) paid to JJS JR Enterprises Ltd. ("JJS"), whereby JJS provides the Company with the services of John Sutherland.

Going Concern

While the accompanying financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business, there are conditions that cast doubt on the validity of this assumption. As at July 31, 2009, the Company had working capital of \$1,050,817. The Company has had negative cash flows from operations, recorded a loss of \$1,690,652 for the year ended July 31, 2009 and had an accumulated deficit of \$5,801,583 as at July 31, 2009. In addition to its ongoing capital requirements, the Company must secure sufficient funding for existing commitments including minimum exploration expenditures amounting to approximately \$4.05 million over a period ending August 28, 2013. The Company's ability to continue as a going concern is dependent on management's capacity to identify additional sources of capital and to raise sufficient resources in order to fund the Company's development plan. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Trends

In the last few years, the mineral exploration industry has seen significant growth, primarily as a result of increased global demand, led by India and China. Prices of minerals increased steadily, resulting in multi-year price highs for a number of resource commodities in 2007 and 2008. With improving prices and increasing demand, a discernible need for the development of exploration projects arose, spawning a significant number of new junior mining companies. Prices came off of their multi-year highs as a result of various economic factors including a global credit and financial crisis. Junior mining companies remain key participants in identifying properties of merit to explore and develop.

Risks and Uncertainties

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, including adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter these risks to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

Industry

The Company is engaged in the acquisition and exploration of mineral properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits. The geological focus of the Company is on areas in which the geological setting is well understood by management.

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Risks and Uncertainties (continued)

Uranium and Metal Prices

The price of uranium is affected by numerous factors beyond the control of the Company including producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, demand, political and economic conditions and production levels. In addition, the price of uranium has been volatile over short periods of time due to speculative activities. The price of other metals and mineral products that the Company may explore for have the same or similar price risk factors.

Liquidity and Capital Resources

As at July 31, 2009, the Company had working capital of \$1,050,817 (July 31, 2008: \$279,174). In addition, and as noted in point c) of "Subsequent Events" below, the Company received gross proceeds of \$5,094,699 pursuant to a private placement that was completed on November 16, 2009. In management's opinion, this is sufficient to cover the Company's ongoing work programs and short-term obligations as they become due; however substantial additional capital would be required to put any of the Company's properties into commercial production.

The sources of funds currently available to the Company for its acquisition and exploration projects are solely due from equity financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Dependence on Management

The Company strongly depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Related Party Transactions

During the year ended July 31, the Company incurred the following costs with companies or individuals related by way of directors and/or officers in common:

	<u>2009</u>	<u>2008</u>
Mineral properties	\$ 7,963	\$ 216,245
Consulting fees	164,000	137,000
Professional fees	16,522	17,007
Legal	29,318	24,410

Included in consulting fees was an amount of \$140,000 (2008: \$115,000) paid to Global Vision Capital Corp. ("GVCC"), whereby GVCC provides the Company with the services of Gregg J. Sedun, and an amount of \$24,000 (2008: \$22,000) paid to JJS JR Enterprises Ltd. ("JJS"), whereby JJS provides the Company with the services of John Sutherland. An amount of \$7,963 (2008: \$216,245) was paid to an individual who was employed by a company in which an officer is a director of the Company.

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Related Party Transactions (continued)

Included in accounts payable and accrued liabilities at July 31 were the following amounts which were payable to companies or individuals related by way of directors and/or officers in common:

	<u>2009</u>	<u>2008</u>
Professional fees	\$ 551	\$ 5,919
Consulting fees	-	10,858

Included in accounts receivable at July 31, 2009 was an amount of \$3,829 (July 31, 2008: \$4,252) due from Goldgroup Resources Inc. This amount relates to 50% of the rent, administration staff salary and general office expenses. The office is shared by both companies and expenses are shared evenly.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities.

The fair values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk includes cash and cash equivalents and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets. The Company's cash is invested in business accounts which are available on demand.

Liquidity Risk

The Company ensures that it has sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. Additional information regarding liquidity risk is provided in note 1 of the annual financial statements for the year ended July 31, 2009.

Market Risk

Interest Rate Risk - The Company's bank accounts earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

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Critical accounting policies and estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the annual financial statements for the year ended July 31, 2009.

Mineral properties

All costs directly related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations.

A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Management regularly reviews the net carrying value of each mineral property. Where events or changes in circumstances suggest impairment, estimated future cash flows are calculated using estimated future prices, proven and probable reserves, value beyond proven and probable reserves, probability weighted outcomes and operating capital reclamation costs on an undiscounted basis. If it is determined that the future cash flows are less than the carrying value, a write down to the estimated fair value is expensed in the period. The Company presently has no proven or probable reserves. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if carrying values are recoverable. If the carrying values exceed estimated recoverable values, then the property is written-down to estimated fair value, with the write down expensed in the period.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, and future profitable production or proceeds from the disposition thereof.

Stock-based compensation

The Company uses the Black-Scholes Option Pricing Model ("Black-Scholes") in determining the fair value of options granted for stock-based compensation. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective price assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Changes in and Initial Adoption of Accounting Policies

During the year ended July 31, 2009, the Company adopted the following significant accounting policies:

General Standards of Financial Statement Presentation - Going Concern

CICA Handbook Section 1400, General Standards of Financial Statement Presentation has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This standard is effective for interim and annual financial statements beginning on or after January 1, 2008. This standard requires that management make an assessment of the Company's ability to continue as a going concern and to use the going concern basis in the preparation of the financial statements unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, those uncertainties should be disclosed. The Company adopted this new standard on August 1, 2008.

Capital Disclosures and Financial Instruments - Disclosure and Presentation

On December 1, 2006, the CICA issued three accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments - Disclosures, and Handbook Section 3863, Financial Instruments - Presentation. 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. The Company adopted Section 1535 on August 1, 2008 and management has evaluated the impact of this standard and the necessary disclosures are included in note 13 of the annual financial statements for the year ended July 31, 2009.

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. The guidance requires that an entity's own credit risk 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. This guidance is applicable to fiscal periods ending on or after January 20, 2009. Adoption of this section has had no impact on the financial statements

Mining Exploration Costs

In March 2009 the CICA approved EIC 174, Mining Exploration Costs. The guidance clarified that an enterprise 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. The guidance is applicable to fiscal periods ending after the issuance date.

Recent Canadian Accounting Pronouncements

Recent Canadian accounting pronouncements that have been issued but are not yet effective, and which may affect the company's financial reporting are summarized below:

Goodwill and Intangible Assets

In February 2008, the CICA issued CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new Section will be applicable to the Company's consolidated financial statements for its fiscal year beginning August 1, 2009. The Company does not expect that the adoption of this section will have a material impact on its consolidated financial statements.

Business Combinations

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which replace the existing guidance.

Section 1601 establishes standards for the preparation of consolidated financial statements, while section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted.

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that International Financial Reporting Standards will replace Canada's current generally accepted accounting principles for publicly accountable profit-oriented enterprises effective January 1, 2011.

The Company is currently developing its IFRS conversion plan with priority being placed on those standards likely to have a significant impact. The Company's analysis will include identifying the differences between IFRS and the Company's current accounting policies, assessing the impact of the difference, and where necessary, analyzing the various policies that it could elect to adopt. Changes in accounting policies are likely and may materially impact the Company's consolidated financial statements.

Outstanding Share Data

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. At November 26, 2009, 108,203,589 common shares were issued and outstanding. There are 8,275,000 options outstanding which can be converted into 8,275,000 common shares and 27,602,165 warrants outstanding which can be converted into 27,602,165 common shares. At November 26, 2009, there were 144,080,754 fully diluted common shares outstanding.

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Subsequent Events

- a) On September 10, 2009, the Company granted 250,000 stock options with an exercise price of \$0.30, expiring September 10, 2014.
- b) On November 16, 2009, the Company completed a private placement of 16,318,666 flow-through units and 663,666 non flow-through units, for gross proceeds of \$5,094,699. Each unit consists of one share and one half of a warrant, exercisable until May 16, 2011 at \$0.50 per share.

Outlook

The Company is continuing to carry out its work programs on the North Shore Properties and Saskatchewan Properties while continuing to seek additional opportunities in the natural resource sector.

Additional information relating to the Company is available on the Company's web site at www.uracan.ca and on SEDAR at www.sedar.com.