

Interim Financial Statements of

URACAN RESOURCES LTD.

Three months ended October 31, 2009
(Unaudited)

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, the Company discloses that its auditors have not reviewed the Company's unaudited consolidated financial statements for the three month period ended October 31, 2009.

URACAN RESOURCES LTD.
Balance Sheets
as at October 31
(Unaudited)

	October 31, 2009	July 31, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 729,620	\$ 270,483
Short-term investments	-	2,506,000
Receivables	207,504	263,480
Prepays and deposits (Note 12)	33,763	8,567
	<u>970,887</u>	<u>3,048,530</u>
Property, plant and equipment (Note 3)	139,551	150,900
Equipment under capital lease (Note 4)	31,885	34,162
Mineral properties (Note 5)	<u>23,768,031</u>	<u>22,084,251</u>
	<u>\$ 24,910,354</u>	<u>\$ 25,317,843</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 1,848,686	\$ 1,975,949
Current portion of obligation under capital lease (Note 6)	16,723	21,764
	<u>1,865,409</u>	<u>1,997,713</u>
Future income tax liability	1,998,589	2,099,125
Asset retirement obligation	<u>50,000</u>	<u>50,000</u>
	<u>3,913,998</u>	<u>4,146,838</u>
Shareholders' equity		
Share capital (Note 7)	21,821,479	21,821,479
Proceeds from share subscriptions (Note 12)	100,000	-
Contributed surplus (Note 7)	5,162,130	5,151,109
Deficit	<u>(6,087,253)</u>	<u>(5,801,583)</u>
	<u>20,996,356</u>	<u>21,171,005</u>
	<u>\$ 24,910,354</u>	<u>\$ 25,317,843</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

Approved by the Board of Directors:

"Gordon Keep" Director

"Jay Sujir" Director

See accompanying notes to the financial statements

URACAN RESOURCES LTD.
Statements of Operations, Comprehensive Loss and Deficit
for the three months ended October 31
(Unaudited)

	<u>2009</u>	<u>2008</u>
Expenses		
Consulting	\$ 102,596	\$ 74,039
Depreciation	13,627	14,789
Flow-through penalties and interest	5,547	16,832
Marketing and advertising	54,218	2,563
Office and administration	59,254	43,671
Professional fees	38,824	18,580
Recruitment Fees	-	72,000
Regulatory and transfer agent	2,457	302
Salaries and benefits	65,679	62,446
Shareholder services (Note 7)	30,611	40,533
Stock-based compensation (Note 7)	9,341	5,572
Travel, meals and entertainment	6,247	9,420
	<u>388,401</u>	<u>360,747</u>
Other Items		
Interest income	2,195	13,238
Write-off of leasehold improvements and deferred rent	-	<u>(8,104)</u>
Loss before income taxes	(386,206)	(355,613)
Future income tax recovery	<u>100,536</u>	<u>115,343</u>
Net loss and comprehensive loss for the period	(285,670)	(240,270)
Deficit, beginning of period	<u>(5,801,583)</u>	<u>(4,110,931)</u>
Deficit, end of period	<u>\$ (6,087,253)</u>	<u>\$ (4,351,201)</u>
Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	<u>90,971,257</u>	<u>68,871,880</u>

See accompanying notes to the financial statements

URACAN RESOURCES LTD.
Statements of Cash Flows
for the three months ended October 31
(Unaudited)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES		
Net loss for the year	\$ (285,670)	\$ (240,270)
Items not involving cash:		
Depreciation	13,626	14,789
Shareholder services (Note 7)	1,679	
Stock-based compensation (Note 7)	9,341	5,572
Write-off of leasehold improvements and deferred rent	-	8,104
Future income taxes	(100,536)	(115,343)
Changes in non-cash working capital items:		
Receivables	55,976	12,726
Prepays and deposits	(25,196)	81,544
Accounts payable and accrued liabilities	62,434	(962,588)
Cash used in operating activities	<u>(268,346)</u>	<u>(1,195,466)</u>
FINANCING ACTIVITIES		
Proceeds from share subscriptions (Note 12)	100,000	5,055,000
Share issue costs	-	(377,370)
Cash provided by financing activities	<u>100,000</u>	<u>4,677,630</u>
INVESTING ACTIVITIES		
Proceeds on redemption of short-term investments	2,506,000	-
Purchase of property, plant and equipment	-	(148,927)
Equipment under capital lease, net	(5,041)	(4,131)
Mineral property costs	(1,873,476)	(1,745,620)
Recovery of mineral property costs	-	1,354,685
Cash provided by (used in) investing activities	<u>627,483</u>	<u>(543,993)</u>
Change in cash during the period	459,137	2,938,171
Cash, beginning of period	<u>270,483</u>	<u>1,053,867</u>
Cash, end of period	<u>\$ 729,620</u>	<u>\$ 3,992,038</u>
Interest paid	\$ 1,009	\$ 16,832
Taxes paid	\$ -	\$ -

URACAN RESOURCES LTD.
Notes to the Financial Statements
for the three month periods ended October 31, 2009 and 2008
(Unaudited)

1. BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

The interim period financial statements of Uraacan Resources Ltd. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are expressed in Canadian dollars. The preparation of interim financial statements is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. These interim period statements are unaudited and should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Recent Accounting Pronouncements

- (i) In December 2008, 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.

2. NATURE OF OPERATIONS AND GOING CONCERN

Uraacan Resources Ltd. (the "Company"), formerly UFM Ventures Ltd., was originally 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 revenues from operations and is considered to be in the exploration stage.

While these 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 significant doubt on the validity of this assumption. As at October 31, 2009, the Company had a working capital deficiency of \$894,522. The Company has incurred negative cash flows from operations, recorded a loss of \$285,670 for the three months ended October 31, 2009 and had an accumulated deficit of \$6,087,253 as at October 31, 2009. In addition to its ongoing operating 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.

URACAN RESOURCES LTD.
Notes to the Financial Statements
for the three month periods ended October 31, 2009 and 2008
(Unaudited)

2. NATURE OF OPERATIONS AND GOING CONCERN (continued)

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 ongoing operating expenditures and the Company's development plan. These interim 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.

3. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes information about the Company's property, plant and equipment:

	October 31, 2009		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 41,178	\$ 23,998	\$ 17,180
Furniture and fixtures	100,717	23,728	76,989
Office equipment	15,376	5,198	10,178
Leasehold improvements	4,684	725	3,959
Exploration equipment	46,775	15,530	31,245
	<u>\$ 208,730</u>	<u>\$ 69,179</u>	<u>\$ 139,551</u>
	July 31, 2009		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 41,178	\$ 20,958	\$ 20,220
Furniture and fixtures	100,717	18,692	82,025
Office equipment	15,376	4,430	10,946
Leasehold improvements	4,684	558	4,126
Exploration equipment	46,775	13,192	33,583
	<u>\$ 208,730</u>	<u>\$ 57,830</u>	<u>\$ 150,900</u>

4. EQUIPMENT UNDER CAPITAL LEASE

The following table summarizes information about the Company's equipment under capital lease:

	October 31, 2009	July 31, 2009
Equipment (cost)	\$ 45,550	\$ 45,550
Accumulated depreciation	<u>(13,665)</u>	<u>(11,388)</u>
Net book value	<u>\$ 31,885</u>	<u>\$ 34,162</u>

The equipment under capital lease is amortized on a straight-line basis over its economic life of 5 years.

URACAN RESOURCES LTD.
Notes to the Financial Statements
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5. MINERAL PROPERTIES

North Shore Properties (Quebec)

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 along the Quebec North Shore of the Gulf of St. Lawrence (the "Acquisition"). The Company has paid Sheridan \$2,000,000 and has issued Sheridan 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. With 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 October 31, 2009, the Company had paid Sheridan a total of \$200,000 in advance royalty payments.

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.

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, which was reduced from \$870,000 during the year ended July 31, 2009 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 October 31, 2009, the Company had paid Bonaventure \$130,688, had issued 250,000 common shares with a market value of \$55,000 to Bonaventure and had incurred \$945,261 in exploration expenditures on the Foster Lake Property. Subsequent to October 31, 2009, 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 either party dilutes 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.

URACAN RESOURCES LTD.
Notes to the Financial Statements
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5. MINERAL PROPERTIES (continued)

The following table summarizes the capitalized costs associated with the Company's mineral properties:

	Quebec	Saskatchewan		Total
	North Shore Properties	Pipewrench and Narrows Properties	Foster Lake Property	
Acquisition costs:				
Balance, July 31, 2009	\$ 2,420,869	\$ 42,119	\$ 185,713	\$ 2,648,701
Cash paid	25,000	-	-	25,000
License renewal fees	3,328	-	-	3,328
Balance, October 31, 2009	2,449,197	42,119	185,713	2,677,029
Exploration costs:				
Balance, July 31, 2009	19,311,597	3,538,796	945,261	23,795,654
Air support and fuel	421,852	-	-	421,852
Assaying and analysis	147,121	-	-	147,121
Consultants	508,932	-	-	508,932
Drilling	265,947	-	-	265,947
Field supplies	273,486	-	-	273,486
Office and salaries	26,247	3,182	-	29,429
Travel and accomodation	7,960	725	-	8,685
Balance, October 31, 2009	20,963,142	3,542,703	945,261	25,451,106
Recovered costs:				
Balance, July 31, 2009 and October 31, 2009	(4,360,104)	-	-	(4,360,104)
Total costs, October 31, 2009	\$ 19,052,235	\$ 3,584,822	\$ 1,130,974	\$ 23,768,031

6. OBLIGATION UNDER CAPITAL LEASE

The following table summarizes information about the Company's obligation under capital lease:

	October 31, 2009	July 31, 2009
Capital lease obligation with imputed interest rate of 20% per annum	\$ 16,723	\$ 21,764
Less: current portion	(16,723)	(21,764)
	\$ -	\$ -

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6. OBLIGATION UNDER CAPITAL LEASE (continued)

The following is a schedule of future minimum lease payments under the capital lease expiring August 27, 2010, together with the balance of the obligation under capital lease:

2010	\$ 18,153
Year 2010 total minimum lease payments	\$ 18,153
Amount representing interest at 20%	(1,430)
Balance of the obligation	<u>\$ 16,723</u>

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized

Unlimited number of common shares with no par value
Unlimited number of preferred shares with no par value

(b) Issued and fully paid common shares

Balance, July 31, 2008	67,037,532	17,894,534	4,182,240
Issued pursuant to private placements	23,010,000	5,378,801	311,199
Share issue costs	298,725	(346,847)	(23,709)
Warrants issued to brokers	-	(69,246)	69,246
Issued to Bonaventure	250,000	55,000	-
Exercise of stock options	375,000	50,247	(12,747)
Stock-based compensation	-	-	624,880
Income tax effect on flow-through share renouncement	-	(1,141,010)	-
	<u>90,971,257</u>	<u>21,821,479</u>	<u>5,151,109</u>
Balance, July 31, 2009	90,971,257	21,821,479	5,151,109
Stock-based compensation (Note 7(e))	-	-	11,021
	<u>90,971,257</u>	<u>\$ 21,821,479</u>	<u>\$ 5,162,130</u>
Balance, October 31, 2009	<u>90,971,257</u>	<u>\$ 21,821,479</u>	<u>\$ 5,162,130</u>

(c) Stock options

The Company has established a "rolling" Stock Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant.

URACAN RESOURCES LTD.
Notes to the Financial Statements
for the three month periods ended October 31, 2009 and 2008
(Unaudited)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(c) Stock options (continued)

A summary of the changes in stock options is presented below:

Balance, July 31, 2008	5,600,000	\$	0.39
Granted	2,825,000		0.30
Exercised	(375,000)		0.10
Forfeited	(25,000)		0.53
	<u>8,025,000</u>		<u>0.30</u>
Balance, July 31, 2009	8,025,000	\$	0.39
Granted	250,000		0.30
	<u>8,275,000</u>		<u>0.39</u>
Balance, October 31, 2009	<u>8,275,000</u>	\$	<u>0.39</u>

The following table summarizes information about the stock options outstanding and exercisable at October 31, 2009:

<u>Outstanding</u>	<u>Exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>	<u>Remaining contractual life</u>
350,000	262,500	\$ 0.53	July 11, 2010	0.7 years
1,735,000	1,735,000	0.40	March 30, 2011	1.4 years
2,965,000	2,965,000	0.45	March 19, 2013	3.4 years
150,000	75,000	0.45	June 25, 2013	3.7 years
150,000	75,000	0.30	January 27, 2014	4.2 years
250,000	-	0.30	September 10, 2014	4.9 years
2,375,000	2,375,000	0.30	January 27, 2019	9.2 years
300,000	-	0.30	June 25, 2019	9.6 years
<u>8,275,000</u>	<u>7,487,500</u>			

(d) Warrants

A summary of the changes in warrants is presented below:

Balance, July 31, 2008	13,088,500	\$	0.97
Issued	12,681,000		0.47
Expired	(6,658,500)		0.49
Balance, July 31, 2009 and October 31, 2009	<u>19,111,000</u>	\$	<u>0.65</u>

URACAN RESOURCES LTD.
Notes to the Financial Statements
for the three month periods ended October 31, 2009 and 2008
(Unaudited)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Warrants (continued)

The following table summarizes information about the warrants outstanding at October 31, 2009:

<u>Outstanding & exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>
6,430,000	1.00	December 21, 2009
9,110,000	0.50	April 24, 2010
625,000	0.40	April 24, 2010
966,000	0.25	April 24, 2010
500,000	0.50	April 30, 2010
60,000	0.25	April 30, 2010
1,220,000	0.50	May 7, 2010
144,000	0.25	May 7, 2010
50,000	0.50	May 21, 2010
<u>6,000</u>	0.25	May 21, 2010
<u><u>19,111,000</u></u>		

(e) Stock-based compensation

Using the fair value method for stock-based compensation, the value of the portion of the stock options that vested during the three months ended October 31, 2009 was \$11,020 (2008: \$5,572), of which \$9,341 (2008: \$5,572) was recorded as stock-based compensation and \$1,679 (2008: \$Nil) as shareholder services in the statement of operations.

The following assumptions were used for the Black-Scholes valuation of stock options:

	<u>2009</u>	<u>2008</u>
Risk-free interest rate	0.8% - 3.09%	2.52% - 3.94%
Expected life	4.2 - 10 years	2 - 5 years
Annualized volatility	75%	75%
Dividend rate	0.00%	0.00%

URACAN RESOURCES LTD.
Notes to the Financial Statements
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(Unaudited)

8. RELATED PARTY TRANSACTIONS

- (a) During the three months ended October 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	\$ -	\$ 7,962
Consulting fees	48,000	36,000
Professional fees	-	1,294
Legal	-	29,318

Included in consulting fees was an amount of \$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.

- (b) Included in accounts payable and accrued liabilities at October 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	\$ -	\$ 5,919
Consulting fees	-	10,858

- (c) Included in accounts payable at October 31, 2009 was an amount of \$7,060 (July 31, 2009: receivable of \$3,829) due to (from) Goldgroup Resources Inc. ("Goldgroup"). 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.

9. COMMITMENTS

Effective October 1, 2008, GVCC has entered into a 7 year lease agreement for the Company's office premises. As noted in 8(c), Goldgroup and the Company share all office expenses evenly. The Company's approximate portion of the remaining minimum annual lease commitments are as follows:

2010	75,100
2011	102,500
2012	103,000
2013	105,500
2014	106,000
2015	108,400
2016	<u>18,200</u>
Total	<u><u>618,700</u></u>

URACAN RESOURCES LTD.
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10. 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 accounts payable and accrued liabilities.

Cash is designated as held-for-trading and therefore carried at fair value, with the unrealized gain or loss recorded in interest income. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The fair values of cash 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. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash. The Company reduces its credit risk by maintaining its bank accounts at a large international financial institution. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in bank accounts which are available on demand.

Market Risk

The only significant market risk to which the Company is exposed is interest rate risk. The Company's cash earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates as a result of the short-term nature of these instruments. The Company's future earned interest is exposed to short-term rates.

11. CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the company includes the components of shareholders' equity.

In order to facilitate the management of its capital requirements, the company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

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11. CAPITAL MANAGEMENT (continued)

The company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the company may attempt to issue new shares, issue debt or acquire or dispose of assets.

12. SUBSEQUENT EVENTS

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. \$100,000 was received prior to October 31, 2009 and has been included in the balance sheet as "proceeds from share subscriptions". \$20,750 of share issuance costs were incurred prior to October 31, 2009 and have been included in the balance sheet as a component of "prepaids and deposits".