URACAN RESOURCES LTD.

Management's Discussion and Analysis of
Financial Condition and Results of Operations
Second Quarter Report - January 31, 2010 and 2009

The following discussion is management's assessment and analysis of the results and financial condition of Uracan 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 March 30, 2010.

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 Uracan 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.

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 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 January 31, 2010, the Company has paid Sheridan a total of $250,000 in advance royalty payments.

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

Work is underway to update the resource at Double S, Middle and TJ Zones which are host to an NI 43-101 compliant inferred resource of approximately 154.9 million tonnes at an average grade of 0.012% U_3O_8 containing 18.48 million kilograms (40.73 million pounds) of U_3O_8 at a 0.009% cutoff. The Double S portion of this resource will be updated based on the results from the 2009 drilling program in this area. The resource estimate calculation is being conducted by SRK Consulting and a revised NI-43-101 compliant inferred resource is expected to be released later in 2010.

Mineral Properties (continued)

***North Shore Properties** (continued)*

***a) Double S and Surrounding Zones** (continued)*

From January to September 2009, a total of 10,072.4 meters in 46 diamond drill holes was completed. Uracan's summer drilling objective was achieved by expanding the Double S zone mineralization to the southeast. The drilling intercepted significant near surface mineralization in the various zones with grades ranging from 96 ppm (0.010%) to 345 ppm (0.35%) U3O8.

The MB zone is a new zone covering the triangular area located between the Double S and TJ zones immediately north of Middle Zone. It is approximately 1,500 meters in length north to south by 800 meters east to west. This area is cradled between the zones (Double S, Middle and TJ) that are host to the previously announced NI 43-101 compliant inferred resource of approximately 154.9 million tonnes at an average grade of 0.012% U3O8 containing 18.48 million kilograms (40.73 million pounds) of U3O8 at a 0.009% cutoff. This area had not been previously explored in great detail either by historic operators or by Uracan. This summer's mapping identified numerous outcrops dominated by pegmatite and granite with occasional smoky quartz veins. Channel assay results reveal numerous anomalous showings such as 0.176% (1,762 ppm or 3.52 lbs/t) U3O8 over 4 meters containing a sub-interval of 0.599% (5,989 ppm or 11.98 lbs/t) U3O8 over 1 meter

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 2007 the Company commenced its drilling program where a total of 20,244 meters of diamond drilling was completed. Analysis of assay results indentified 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.

Mineral Properties (continued)

North Shore Properties *(continued)*

b) Costebelle Claim Group

On March 2, 2010, Uracan announced the commencement of a multi hole, helicopter supported diamond drilling program on its North Shore property. The first phase of this diamond drilling program has begun at the A4 area of the Costebelle claims. The Company had expected to begin its winter drilling program earlier in the year on the Grandroy zone in the Turgeon claims, but has been delayed due to unseasonably warm weather in the North Shore area of Quebec. This winter drill program is designed to follow-up channel sampling results that were previously reported by the Company on November 25, 2009 and is intended to further define mineralization potential in the vicinity of Uracan's trenching in the Costebelle claims. The 2009 results included 12 meters grading 0.123% (1,233 ppm or 2.47 lbs/t) U3O8 (A4 Zone) and 6.5 meters of 0.074% (735 ppm or 1.47 lbs/t) U3O8 (H3 Zone) in saw channel samples. The mineralized zones at Costebelle are generally open in all directions as channel sampling was limited to areas of existing outcrop exposure, with shallow overburden cover overlaying large areas of the targeted airborne anomalies.

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.

Results from the previous reconnaissance sampling carried out on the Costebelle claim group 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.

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.

Mineral Properties (continued)

North Shore Properties *(continued)*

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.

Saskatchewan Properties

a) Pipewrench Lake and Narrows Lake Properties

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.

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.

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.

Mineral Properties (continued)

Saskatchewan Properties *(continued)*

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 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 January 31, 2010, the Company had paid Bonaventure $180,138, had issued 500,000 common shares with a market value of $150,000 to Bonaventure and had incurred $1,128,453 in exploration expenditures on the Foster Lake Property. 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.

In January 2010 Uracan carried out a staking program to restake selected claims that form part of the Joint Venture with Bonaventure. A total of 14 claims were restaked. Restaking was done as insufficient work had been carried out on the pre-existing claims to hold them in good standing. The restaked claims will be held in good standing for an initial 2 year period, after which work must be carried out to maintain them in good standing.

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.

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.

Mineral Properties (continued)

The following table summarizes the capitalized costs associated with the Company's mineral properties as at January 31, 2010:

	Quebec	Saskatchewan		
	North Shore Properties	Pipewrench and Narrows Properties	Foster Lake Property	Total
Acquisition costs:				
Balance, July 31, 2009	$ 2,420,869	$ 42,119	$ 185,713	$ 2,648,701
Cash paid	50,000	-	49,450	99,450
Shares issued	-	-	95,000	95,000
License renewal fees	7,123	50	-	7,173
Balance, January 31, 2010	2,477,992	42,169	330,163	2,850,324
Exploration costs:				
Balance, July 31, 2009	19,311,597	3,538,796	945,261	23,795,654
Air support and fuel	421,851	-	-	421,851
Assaying and analysis	210,899	-	-	210,899
Consultants	720,368	1,660	-	722,028
Drilling	265,947	-	-	265,947
Field supplies	320,120	38	-	320,158
Office and salaries	61,686	5,741	1,192	68,619
Staking	-	21,556	182,000	203,556
Travel and accomodation	24,086	726	-	24,812
Balance, January 31, 2010	21,336,554	3,568,517	1,128,453	26,033,524
Recovered costs:				
Balance, July 31, 2009 and January 31, 2010	(5,267,023)	-	-	(5,267,023)
Total costs, January 31, 2010	$ 18,547,523	$ 3,610,686	$ 1,458,616	$ 23,616,825

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.

Overall Performance

Total assets increased from $25,317,843 at July 31, 2009 to $28,274,135 at January 31, 2010, a difference of $2,956,292. The most significant assets at January 31, 2010 were mineral properties of $23,616,825 (July 31, 2009: $22,084,251), cash and cash equivalents of $3,486,708 (July 31, 2009: $270,483) and receivables of $963,215 (July 31, 2009: $263,480). The mineral properties are capitalized costs relating to the Company's North Shore and Saskatchewan properties, consisting of $2,850,324 in acquisition costs and $26,033,524 in exploration costs, offset by $5,267,023 of recovered costs. Receivables consisted of refunds owed from the Quebec government related to the Company's exploration expenditures incurred during fiscal 2009, refundable taxes incurred on expenditures during the period and accrued interest on cash and cash equivalents.

Overall Performance (continued)

Cash and cash equivalents increased by $3,216,224 during the six months ended January 31, 2010. The items that contributed the most to the increase were net proceeds from private placements of $5,046,883, proceeds on redemption of short-term investments of $2,506,000 and $906,919 of cost recoveries from the Quebec government related to exploration expenditures incurred during fiscal 2009, partially offset by $3,185,872 used in operating activities and mineral property expenditures of $2,039,138.

As at January 31, 2010, the Company had working capital of $4,050,412. The Company has incurred negative cash flows from operations, recorded a loss of $499,410 for the six months ended January 31, 2010 and had an accumulated deficit of $6,300,993 as at January 31, 2010. In addition to its ongoing operating requirements, the Company must secure sufficient funding for existing commitments including minimum exploration expenditures amounting to approximately $4.0 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.

On November 16, 2009, the Company completed a private placement for gross proceeds of $5,094,700. Pursuant to the private placement the Company issued 16,982,332 units (of which 16,318,666 were flow-through) at $0.30 per unit. Each unit consisted of one common share and one half share purchase warrant exercisable into a half common share at $0.50 until May 16, 2011.

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.

Summary of Quarterly Results

	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Interest income	$ 2,306	$ 2,195	$ 8,563	$ 10,239
Expenses	$ 284,322	$ 388,401	$ 394,630	469,167
Loss before income taxes	(282,016)	(386,206)	(386,067)	(458,928)
Future income tax recovery	$ 68,276	$ 100,536	$ 53,426	85,593
Income (loss) for the period	$ (213,740)	$ (285,670)	$ (332,641)	$ (373,335)
Basic and diluted income (loss) per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

	Q2 2009	Q1 2009	Q4 2008	Q3 2008
Interest income	$ 11,912	$ 13,238	$ 26,248	$ 62,026
Expenses	861,334	368,851	329,928	1,062,458
Loss before income taxes	(849,422)	(355,613)	(303,680)	(1,000,432)
Future income tax recovery	105,016	115,343	933,802	188,369
Income (loss) for the period	$ (744,406)	$ (240,270)	$ 630,122	$ (812,063)
Basic and diluted income (loss) per share	$ (0.01)	$ (0.00)	$ 0.01	$ (0.01)

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. The most significant expenses in Q2, 2010 were consulting fees of $103,721 (Q2 2009: $96,026), office and administration of $60,744 (Q2 2009: $57,593) and shareholder services of $44,443 (Q2 2009: $47,629). Included in the consulting fees was $42,000 (Q2 2009: $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 (Q2 2009: $6,000) paid to JJS JR Enterprises Ltd. ("JJS"), whereby JJS provides the Company with the services of John Sutherland.

Liquidity and Capital Resources

As at January 31, 2010, the Company had working capital of $4,050,412 (July 31, 2009: $1,050,818). 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.

Related Party Transactions

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

	2010	2009
Consulting fees	$ 96,000	$ 173,801
Legal	19,292	-

Included in consulting fees was an amount of $84,000 (2009: $60,000) paid to Global Vision Capital Corp. ("GVCC"), whereby GVCC provides the Company with the services of Gregg J. Sedun, and an amount of $12,000 (2009: $12,000) paid to JJS JR Enterprises Ltd. ("JJS"), whereby JJS provides the Company with the services of John Sutherland.

Included in accounts payable at January 31, 2010 was an amount of $14,058 (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.

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.

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.

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.

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.

Changes in and Initial Adoption of Accounting Policies

During the six months ended January 31, 2010, the Company adopted the following significant accounting policies:

Goodwill and Intangible Assets

On August 1, 2009, the Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaced 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. Adoption of this section did not have a material impact on the Company's financial statements.

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:

Business Combinations

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.

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.

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.

Cash and cash equivalents are designated as held-for-trading and therefore carried at fair value, with the unrealized gain or loss recorded in the statement of operations. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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

Financial Instruments (continued)

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 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.

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 and cash equivalents are held in bank accounts and are available on demand.

Market Risk

The only significant market risk to which the Company is exposed is interest rate risk. The Company's bank accounts earn interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest is exposed to short-term rate fluctuations.

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.

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 March 30, 2010, 108,203,589 common shares were issued and outstanding. There are 10,200,000 options outstanding which can be converted into 10,200,000 common shares and 21,172,166 warrants outstanding which can be converted into 21,172,166 common shares.

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.