URACAN RESOURCES LTD.

Management's Discussion and Analysis of
Financial Condition and Results of Operations
Annual Report – July 31, 2016

The following discussion is management's assessment and analysis of the results and financial condition of Uracan Resources Ltd. ("Uracan" or the "Company"), and should be read in conjunction with the accompanying audited financial statements and related notes. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS"). 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 4, 2016.

Overview

Uracan is a uranium exploration company that trades on the TSX Venture Exchange under the symbol URC. Uracan is in the business of exploring and developing bulk tonnage, uranium deposits with its Canadian projects in Saskatchewan and Quebec. The Company's current focus is on the Clearwater and Black Lake projects as discussed in *Saskatchewan Properties* below and Uracan continues to actively pursue new opportunities to capitalize on management's exploration and financing capabilities.

As at July 31, 2016, the Company had working capital of $634,171. The Company recorded a loss of $445,750 during the year ended July 31, 2016, incurred negative cash flows from operations and had an accumulated deficit of $43,806,707 as at July 31, 2016. These conditions cast significant doubt on the Company's ability to continue as a going concern. 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 on-going operating expenditures and the Company's development plan. Although management has been successful in the past, there is no assurance these initiatives will be successful in the future.

Subsequent to July 31, 2016, the Company closed the second tranche of the non-brokered private placement, consisting of 3,600,000 flow through shares at a price of $0.05 per share for gross proceeds of $180,000, and 704,000 non-flow though units at a price of $0.05 per unit for gross proceeds of $35,200. Each non-flow through unit consists of one half of a common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one common share at an exercise price of $0.10 per common share until August 2, 2017.

Saskatchewan Properties

<u>Clearwater Project</u>

On August 25, 2014, Uracan signed a definitive option agreement (the "Forum Agreement") with Forum Uranium Corp. (TSX.V:FDC) ("Forum"), whereby Uracan can earn up to a 70% interest in Forum's Clearwater Project (the "Clearwater Project") in northern Saskatchewan. Forum is the 100% owner of the Clearwater Project.

The Clearwater Project covers a total of 9,912 hectares (99 square kilometres) adjacent to the south-western edge of the prolific Athabasca Basin. The property adjoins Fission Uranium's Patterson Lake South claims on the south-west side. Exploration potential remains to be tested throughout the property, with numerous drill ready geophysical targets.

Pursuant to the Forum Agreement, the Company issued a total of 300,000 common shares and 150,000 Warrants of Uracan to Forum issued September 3, 2014. During the year ended July 31, 2016, the 150,000 Warrants expired. In order for Uracan to earn a 51% interest in the property it must commit to the following:

1. Complete exploration expenditures of $0.5 million by August 29, 2015 (Completed),
2. Complete additional exploration expenditures of $1.0 million by August 29, 2016, at which point Uracan will have earned a 25% interest. Subsequent to July 31, 2016, this deadline was extended to December 31, 2016.
3. Complete additional exploration expenditures of $1.5 million by August 29, 2017, to earn a 51% interest.

As of July 31, 2016, expenditures of $525,414 were incurred by Forum, on behalf of the Company, in relation to the Clearwater Project, of which $22,878 (July 31, 2015: $22,878) is included in trade and other payables.

Subsequent to July 31, 2016, the Company advanced $500,000 to Forum to fund the commencement of field work on the Clearwater Project in September 2016.

Uracan can elect to earn an additional 19% interest in the Clearwater Project (total 70% interest) by making an additional $3 million in exploration expenditures within a two year period following the date it earns its 51% interest. Uracan will also grant Forum a 2% NSR Royalty on the property, with Uracan having the option to purchase 1% of the NSR for $1.0 million.

Uracan will fund all exploration work until the earn-in option has been completed, after which further work will be funded by both Uracan and Forum under a joint venture agreement. Forum will be the Project operator until Uracan earns its 51% interest, after which Uracan may elect to become the operator.

Uracan and Forum commenced a geophysics and diamond drill program in September 2016. The geophysical work consisted of a ground VTEM program to define targets for subsequent exploration drilling. Drilling commenced in late September and, as of the effective date of this report, the drill program was ongoing.

During December, 2014, Forum completed an exploration drill program on the Project. This drilling was aimed at further testing the potential for basement hosted uranium mineralization similar to that seen on Fission Uranium's adjacent Patterson Lake South Property and Nexgen Energy's Rook 1 Property to the northeast.

Two drill holes totaling 526 metres were completed on the Property. These holes were focused on two target areas that hosted the combination of an EM conductor and a coincident gravity low, and were located near previously drilled holes that encountered encouraging geology and alteration.

Hole CW-10 was drilled 270 metres south of hole CW-01 (see Forum Uranium's April 17 2014 news release for further details) and intersected several fault zones with chloritization and variable hydrothermal hematization, along with a graphitic fault gouge zone from 177 to 186 metres down the hole. Elevated uranium values were returned below 186 metres to the bottom of the hole at 242 metres, ranging between 14 ppm U_3O_8 and 84.9 ppm U_3O_8. The high of 84.9 ppm U_3O_8 (partial digestion) was noted over a 6 metre wide interval.

Partial digestion of the rock extracts easily leached uranium, suggesting the uranium mineralization was remobilized from a nearby source. These uranium values are a significant increase relative to those obtained from the nearby hole CW-01. Further drilling along this conductor trend is recommended.

CW-11 was located approximately 100 metres north of CW-03 and intersected a large deformation zone with strong mylonite development. Uranium values of 36.5 ppm U_3O_8 between 242 and 254 metres down hole and 29.5 ppm U_3O_8 from 272 to 284 metres down hole were noted within a quartz-rich granitic unit. This area also appears to have had uranium-bearing fluid flow, similar to that seen in CW-10. In addition boron is also present in two samples with 509 ppm boron between 252 and 262 metres, and 158 ppm boron between 272 and 278 metres depth. Boron is a positive geochemical pathfinder for uranium mineralization, and both the uranium and boron values are substantially higher than the values intersected in CW-03 to the south. These results indicate that exploration drilling should continue to the north along this major structure.

The Clearwater Project is underlain by a mix of pelitic to psammitic metasediments that overlie older Archean gneisses. Graphitic horizons are typically present at the contact between the two and are a target for drilling, especially in areas where there are cross-cutting structures. Several SSW trending electromagnetic (EM) conductors cross from Fission's claim group onto the Clearwater Project.

Prior to Uracan's drill program, Forum carried out exploration work consisting of prospecting, soil and lake radon surveys, lake sediment sampling, airborne EM, magnetic and radiometric surveys, and ground gravity and EM surveys. An initial nine hole, 2,310 metre drill program was completed by Forum in April 2014. This drilling has shown that a number of targets are altered and reactivated graphite bearing structures with elevated boron and nickel geochemistry.

Black Lake Project

On January 24, 2013, the Company entered into an agreement (the "Agreement") with UEX Corporation ("UEX") whereby the Company can earn into the Black Lake Project (the "Project") in the Athabasca Basin in northern Saskatchewan. The Project is currently a joint venture between UEX (90.92% interest) and AREVA Resources Canada Inc. ("AREVA") (9.08% interest).

Under the Agreement, as amended on November 25, 2015, Uracan must fund a total of $10.0 million of project expenditures on or before December 31, 2023, to earn a 60% interest in the Project from UEX, with no partial earn-in permitted. Uracan has committed to advance $1,557,560 (advanced) to fund project expenditures by December 31, 2014 and an additional $1,422,440 of project expenditures by December 31, 2016. As at July 31, 2016, the Company has satisfied its December 31, 2014, commitment.

During the remainder of the option period, minimum expenditures of $1.0 million per year are to be funded by Uracan. UEX remains the project operator until such time as Uracan has earned its 60% interest in the Project, and is entitled to a 10% management fee under the Black Lake joint-venture agreement.

As required under the Agreement, Uracan issued the following in aggregate to UEX:

- 300,000 common shares and 150,000 Warrants of Uracan issued February 13, 2013 and 50,000 common shares and 25,000 Warrants of Uracan issued July 23, 2014. During the year ended July 31, 2016, the 150,000 Warrants, issued February 13, 2013, expired.

As of July 31, 2016, expenditures to date of $1,624,724 were incurred in relation to the Project, $67,165 of which has been applied to its expenditure commitment of $1,422,440 due by December 31, 2016. During the year ended July 31, 2016, unspent advances of $14,212 were returned to the Company from UEX, of which nil (2015: $2,888) finance income was earned on these balances. As at July 31, 2016, nil (July 31, 2015: $14,212) was recorded as advances.

The Company is exploring a potential extension of the December 31, 2016, expenditure commitment deadline.

A total of 2,652 metres of NQ diameter drilling was completed on the property in the winter 2014 program. Significant results from the drill program include 0.131% U_3O_8 over 0.5 metres, 0.124% U_3O_8 over 1.0 metres and 0.043% U_3O_8 over 0.5 metres in BL-148, along with significant alteration zones commonly associated with uranium mineralized systems in BL-143 and BL-147. Between early April and mid May the company carried out a ground resistivity geophysics program over the central portion of the Black Lake Property. This work was carried out to cover an area of the property that did not have ground resistivity coverage. The geophysical work report recommended additional target areas that will be the focus of future work programs.

In 2015, UEX completed its $455,000 winter drill program on the Black Lake Project, funded by Uracan. A total of 1,318 meters of drilling was completed in 3 diamond drill holes on the property. This drilling targeted unconformity and basement hosted uranium targets based on reinterpretation of previous drilling and geophysics. Strong clay alteration and graphitic fault zones often associated with uranium mineralized systems were encountered in all three drill holes.

Pipewrench Lake Property

In September 2006, Uracan staked two mineral claims totalling approximately 2,056 hectares in the Pipewrench Lake and Narrows Lake area approximately 130 kilometres northwest of La Ronge, Saskatchewan. Subsequently, Uracan staked an additional two claims adjacent to the existing claims, increasing the total area staked to 100 km^2 (collectively, the "Saskatchewan Property") and forming one contiguous group of claims. Uracan holds a 100% interest in the Saskatchewan Property.

During the year ended July 31, 2015, the Company determined expenditures on further exploration and evaluation of mineral resources on the Pipewrench Lake and Narrows Lake Properties was not budgeted nor planned in the foreseeable future and as such recognized an impairment of $42,169 on the statement of loss and comprehensive loss.

Quebec Properties

The North Shore property consists of 12 non-contiguous claim blocks covering 180.46 km^2 located in the Havre St. Pierre, Aguanish and Natashquan corridor along the North Shore of the Gulf of St. Lawrence. The blocks consist of three distinct claim groups: Wee Gee, Costebelle, and Lac Turgeon.

During the year ended July 31, 2014, the Company determined expenditures on further exploration and evaluation of mineral resources on the North Shore Properties was not budgeted nor planned in the foreseeable future and as such recognized an impairment of $3,067,095 on the statement of loss and comprehensive loss.

The Lac Turgeon Claim Group (Turgeon A) hosts numerous uranium occurrences and deposits including the Double S, Middle Zone and TJ Zone. On September 21st, 2015 the company announced that due to the ongoing de facto moratorium on uranium exploration in Quebec, significant uncertainty surrounds the future of uranium exploration and mining in Quebec. The Quebec Ministry of Environment is refusing to issue permits to any company engaged in uranium exploration in the province. In addition, the recent BAPE public consultation has recommended against allowing uranium exploration and mining in the province. These events have caused Uracan to be severely restricted in its ability to do any work on the North Shore Property, and make it appear unlikely that Uracan will be able to do so in the future.

Uracan has written off the North Shore Property in its financial statements effective July 31, 2012. Given these facts regarding the project, Uracan now considers the previous uranium resources to no longer be uranium resources due to the uncertainties laid out above. All other claim groups forming the North Shore property are early stage exploration properties and do not currently have any mineral resources defined on them.

The Company will continue to maintain core claims hosting known uranium mineralization in good standing while letting non-core claims lapse in order to lower the overall costs associated with the Quebec North Shore Property.

The Company's exploration and evaluation assets consist of the following:

	Saskatchewan		
	Black Lake Property	Clearwater Property	Total
	$	$	$
Acquisition costs:			
Balance, July 31, 2015 and July 31, 2016	45,684	19,056	64,740
Exploration costs:			
Balance, July 31, 2015	1,623,555	525,414	2,148,969
Office and other	166	-	166
Personnel	1,003	-	1,003
Balance, July 31, 2016	1,624,724	525,414	2,150,138
Total costs:			
Balance, July 31, 2016	1,670,408	544,470	2,214,878

Selected Annual Information

	2016	2015	2014
Total Assets, July 31	$ 3,147,743	$ 2,317,517	$ 1,291,670
Finance income	-	2,888	1,106
Expenses	(450,854)	(602,089)	(939,155)
Gain on settlement of trade payables	-	30,287	26,142
Exploration tax credits	5,104	-	67,689
Impairment of exploration and evaluation assets	-	(42,169)	(3,067,095)
Other income	-	146,033	110,400
Forgiven advance royalties payable	-	325,000	-
Exploration cost recoveries	-	-	4,426
Loss for the year	$ (445,750)	$ (140,050)	$ (3,796,487)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.10)

Summary of Quarterly Results

	Q4 July 31, 2016	**Q3 April 30, 2016**	**Q2 January 31, 2016**	**Q1 October 31, 2015**
Finance income	$ -	$ -	$ -	$ -
Operating expenses	(98,919)	(93,387)	(137,471)	(101,110)
Other income (expenses)	(2,823)	(6,582)	(3,189)	(2,269)
Net income (loss) for the period	$ (101,742)	$ (99,969)	$ (140,660)	$ (103,379)
Basic and diluted income (loss) per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

	Q4 July 31, 2015	**Q3 April 30, 2015**	**Q2 January 31, 2015**	**Q1 October 31, 2014**
Finance income	$ 10	$ 22	$ 2,845	$ 11
Operating expenses	(113,691)	(140,341)	(177,164)	(166,707)
Other income (expenses)	457,558	(475)	(336)	(1,782)
Net income (loss) for the period	$ 343,877	$ (140,794)	$ (174,655)	$ (168,478)
Basic and diluted income (loss) per share	$ 0.00	$ (0.00)	$ (0.00)	$ (0.00)

Significant items contributing to the increase in other income during Q4 2015 included accounts payable being written down, forgiven advance royalties payable of $325,000, and other income of $146,033 (amortization of the flow-through premium).

Overall Performance and Results of Operations

Total assets increased from $2,317,517 at July 31, 2015 to $3,147,743 at July 31, 2016. Assets at July 31, 2016 consisted of exploration and evaluation assets of $2,214,878 (July 31, 2015: $2,213,709), advances of nil (July 31, 2015: $14,212), prepaid expenses of $7,582 (July 31, 2015: $10,958), amounts receivable of $19,249 (July 31, 2015: $17,362), and cash and cash equivalents of $906,034 (July 31, 2015: $61,276). Exploration and evaluation assets are comprised of capitalized acquisition and exploration costs relating to the Company's Saskatchewan properties.

Cash and cash equivalents increased by $844,758 during year ended July 31, 2016. The items that contributed to the increase were issuance of shares, net of share issuance costs, in the amount of $1,339,724, net of cash outflows related to operating activities of $388,797 and repayment of notes payable in the amount of $225,000.

The most significant expenses incurred during the year ended July 31, 2016, were as follows:

- Consulting fees of $120,285 (2015: $120,760): Consisted mostly of payments made in accordance with a financial advisory agreement, which remained consistent

- Salaries and benefits of $111,473 (2015: $148,975): Decreased as a result of salary reimbursements received for consulting services provided to another corporation by the CEO of the Company

- Camp maintenance & storage costs of $105,657 (2015: $199,095): Decreased due to accrued advance royalty payments on the Quebec properties in the previous year

- Professional fees of $69,689 (2015: $51,289): Increased due to legal consulting services related to tax matters

Fourth Quarter

The most significant expenses incurred during the three months ended July 31, 2016, were as follows:

- Salaries and benefits of $38,832 (2015: $23,567): Increased due to termination of salary reimbursements received for consulting services provided to another corporation by the CEO of the Company

- Consulting fees of $30,000 (2015: 30,380): Consisted mostly of payments made in accordance with a financial advisory agreement, which remained consistent

- Professional fees of $15,179 (2015: $6,875): Increased due to legal consulting services related to general matters

- Camp maintenance & storage costs of $10,643 (2015: $44,793): Decreased due to accrued advance royalty payments on the Quebec properties in the previous year

Liquidity and Capital Resources

As at July 31, 2016, the Company had working capital of $634,171 and cash and cash equivalents of $906,034 to settle current liabilities of $298,694. The Company recorded a loss of $445,750 during the year ended July 31, 2016 and had an accumulated deficit of $43,806,707 as at July 31, 2016. These conditions cast significant doubt on the Company's ability to continue as a going concern. 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 on-going operating expenditures and the Company's development plan. Although management has been successful in the past, there is no assurance these initiatives will be successful in the future.

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 acceptable to the Company.

Subsequent to July 31, 2016, the Company closed the second tranche of the non-brokered private placement, consisting of 3,600,000 flow through shares at a price of $0.05 per share for gross proceeds of $180,000, and 704,000 non-flow though units at a price of $0.05 per unit for gross proceeds of $35,200. Each non-flow through unit consists of one half of a Warrant. Each whole Warrant will entitle the holder to purchase one common share at an exercise price of $0.10 per common share until August 2, 2017.

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.

During the year ended July 31, 2016, the Company closed the first tranche of a non-brokered private placement, consisting of 16,000,000 flow through shares at a price of $0.05 per share for gross proceeds of $800,000, and 12,127,500 non-flow though units at a price of $0.05 per unit for gross proceeds of $606,375. Each non-flow through unit consists of one half of a Warrant. Each whole Warrant will entitle the holder to purchase one common share at an exercise price of $0.10 per common share until June 30, 2017.

Cash share issue costs of $66,651 were incurred in connection to the non-brokered private placement, of which $64,016 and $2,635 were deducted from share capital and reserves respectively, based on the pro rata allocation of the fair value on issuance of the units to share capital and reserves.

Subsequent to July 31, 2016, the Company closed the second tranche of the non-brokered private placement, consisting of 3,600,000 flow through shares at a price of $0.05 per share for gross proceeds of $180,000, and 704,000 non-flow though units at a price of $0.05 per unit for gross proceeds of $35,200. Each non-flow through unit consists of one half of a Warrant. Each whole Warrant will entitle the holder to purchase one common share at an exercise price of $0.10 per common share until August 2, 2017.

Proceeds of these offerings will be used to continue exploration and development of the Clearwater Project located in the Southwest Athabasca basin region of Saskatchewan along the southwest extension of the Patterson Lake Trend.

At the date of this report, 104,406,140 common shares are issued and outstanding, 9,745,000 share options are outstanding and 6,440,750 Warrants are outstanding.

Related Party Transactions

During the year ended July 31, 2016, the Company incurred consulting fees of $120,000 (2015: $120,000) and share issue costs of $14,064 (2015: $14,636) to Fiore Management and Advisory Corp. ("Fiore"), a company of which a director of the Company is an officer. As at July 31, 2016, nil (July 31, 2015: $25,000) is due to Fiore and included in trade and other payables on the statement of financial position.

During the year ended July 31, 2016, the Company incurred legal fees of $10,144 (2015: nil) and share issue costs of $10,312 (2015: nil) to Farris, Vaughan, Wills & Murphy LLP, a legal firm of which a director of the Company is a partner.

During the year ended July 31, 2016, the Company incurred share issue costs of nil (2015: $785) to Anfield Sujir Kennedy and Durno LLP, a legal firm of which a director of the Company was a partner.

As at July 31, 2016, notes payable of $45,000 (July 31, 2015: $150,000) and accrued interest of $16,819 (July 31, 2015: $1,956) were owed to a director of the Company.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the year ended	
	July 31, 2016	July 31, 2015
Salaries and benefits expensed[(1) (2)]	$ 183,806	$ 181,425
Salaries and benefits capitalized	-	2,536
	$ 183,806	$ 183,961

(1) During the year ended July 31, 2016, the Company received salary recoveries of $77,628 (2015: $38,600), respectively, from an arm's length company for services provided by the Company's CEO.

(2) No directors fees were paid or accrued for the years ended July 31, 2016 and 2015.

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. The Company is subject to significant risks including, but not limited to, the following:

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

The Company has prepared the accompanying financial statements in accordance with IAS 34, using accounting policies consistent with IFRS. Significant accounting policies are described in Note 3 of the Company's financial statements as at and for the year ended July 31, 2016.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Adoption of New Accounting Standards

Effective August 1, 2015, the following standards were adopted but have had no material impact on the financial statements:

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 to IFRS 9, effective for annual periods beginning on or after January 1, 2015.

Recent Accounting Standards Not Yet Effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

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, amounts receivable, trade and other payables and notes payable.

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents, amounts receivable, trade and other payables and notes payable are held at amortized cost which approximates fair value due to 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 includes cash and cash equivalents and amounts receivable. The Company reduces its credit risk on cash and cash equivalents by maintaining its bank account with a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of its cash and cash equivalents and amounts receivable.

Liquidity Risk

At July 31, 2016, the Company had cash and cash equivalents of $906,034 to settle current liabilities of $298,694 and had working capital of $634,171. Refer to Note 1 for additional details of liquidity risk as it relates to the Company continuing as a going concern.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. The Company's notes payable bear interest at fixed rates and the Company's bank account earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates.

Commodity Price Risk

Although the Company is an exploration company, it is subject to price risk from fluctuations in market prices of natural resource commodities since its future profitability is dependent on the market price of these commodities. The prices of commodities are affected by numerous factors beyond the Company's control. Fluctuations in the commodities' prices could result in future commercial production that is impracticable to the Company. Therefore, management regularly monitors natural resource commodity prices to determine the appropriate course of action to be taken by the Company.

Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency Risk

The Company is not exposed to currency risk as all transactions are denominated in Canadian dollars.

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 condensed 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.

Outlook

Clearwater Project

Uracan is continuing exploration and development work with funds raised through the financings during and subsequent to the year ended July 31, 2016. This work consists of additional detailed ground geophysics to refine new areas for exploration drilling. The geophysics is being followed up by diamond drilling to test drill targets defined by the geophysics, as well as to follow up prospective areas defined by previous drill programs. The drill program is ongoing as of the effective date of this report. Results from the drilling are still pending.

In addition to the Clearwater project, the Company is also considering other business opportunities.

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.