

Condensed Interim Financial Statements of

**Uracan Resources Ltd.**

Three and nine months ended April 30, 2018 and 2017  
(Expressed in Canadian dollars)  
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim financial statements of Uraçan Resources Ltd. ("Uraçan" or the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

# Uracan Resources Ltd.

## Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	April 30, 2018	July 31, 2017
<b>Assets</b>		
Current assets		
Cash	\$ 67,845	\$ 40,826
Amounts receivable (Note 3)	8,500	7,149
Prepaid expenses	4,007	7,707
	<b>80,352</b>	<b>55,682</b>
Exploration and evaluation assets (Note 4)	<b>1,542,147</b>	<b>1,542,147</b>
<b>Total assets</b>	<b>\$ 1,622,499</b>	<b>\$ 1,597,829</b>
<b>Liabilities</b>		
Current liabilities		
Amounts payable	\$ 469,222	\$ 340,492
Notes payable (Note 5, 7)	305,000	205,000
Flow-through share premium (Note 6(e))	-	23,077
Total liabilities	<b>774,222</b>	<b>568,569</b>
<b>Equity</b>		
Share capital (Note 6)	<b>39,747,478</b>	<b>39,747,478</b>
Reserves (Note 6)	<b>7,594,799</b>	<b>7,594,799</b>
Deficit	<b>(46,494,000)</b>	<b>(46,313,017)</b>
Total equity	<b>848,277</b>	<b>1,029,260</b>
<b>Total liabilities and equity</b>	<b>\$ 1,622,499</b>	<b>\$ 1,597,829</b>

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on June 29, 2018:

\_\_\_\_\_  
"Gordon Keep" Director

\_\_\_\_\_  
"Jay Sujir" Director

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

# Uracan Resources Ltd.

## Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended		Nine months ended	
	April 30,		April 30,	
	2018	2017	2018	2017
<b>Expenses</b>				
Consulting (Note 7)	\$ 30,000	\$ 30,000	\$ 90,000	\$ 90,000
Maintenance and rehabilitation	-	697	38,211	697
Office and administration	3,030	1,370	5,090	5,015
Professional fees	5,044	11,636	14,436	20,856
Regulatory and transfer agent	2,064	2,785	7,996	11,671
Salaries and benefits (Note 7)	24,308	49,011	54,530	125,665
Share-based compensation (Note 6(c))	-	20,086	-	448,156
Shareholder services	-	(78)	3,439	3,680
Travel	-	-	3,899	-
	<b>(64,446)</b>	<b>(115,507)</b>	<b>(217,601)</b>	<b>(705,740)</b>
Other income - flow-through (Note 6(e))	-	-	23,077	109,866
Exploration tax credits (Note 4)	27,532	-	27,532	-
Impairment of exploration and evaluation assets (Note 4(b))	-	-	-	(1,670,408)
Finance income	207	-	281	1,431
Finance expense	(6,937)	(1,588)	(14,272)	(3,699)
<b>Loss and comprehensive loss</b>	<b>(43,644)</b>	<b>(117,095)</b>	<b>(180,983)</b>	<b>(2,268,550)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>				
basic and diluted	105,944,601	105,944,601	105,944,601	105,317,918

The accompanying notes are an integral part of these unaudited condensed interim financial statements

# Uracan Resources Ltd.

## Condensed Interim Statement of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Share capital		Reserves	Deficit	Total equity
	Shares issued	Amount			
<b>At July 31, 2016</b>	100,102,140	\$ 39,510,071	\$ 7,145,685	\$ (43,806,707)	\$ 2,849,049
Private placement: Flow-through	5,138,461	280,000	-	-	280,000
Private placement: Non flow-through	704,000	34,151	1,049	-	35,200
Flow-through share premium	-	(41,077)	-	-	(41,077)
Share issue costs	-	(26,041)	(79)	-	(26,120)
Share-based compensation	-	-	448,156	-	448,156
Loss and comprehensive loss	-	-	-	(2,268,550)	(2,268,550)
<b>At April 30, 2017</b>	105,944,601	39,757,104	7,594,811	(46,075,257)	1,276,658
Share issue costs	-	(9,626)	(12)	-	(9,638)
Loss and comprehensive loss	-	-	-	(237,760)	(237,760)
<b>At July 31, 2017</b>	105,944,601	39,747,478	7,594,799	(46,313,017)	1,029,260
Loss and comprehensive loss	-	-	-	(180,983)	(180,983)
<b>At April 30, 2018</b>	105,944,601	\$ 39,747,478	\$ 7,594,799	\$ (46,494,000)	\$ 848,277

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

# Uracan Resources Ltd.

## Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Nine months ended April 30,	
	2018	2017
<b>Operating activities</b>		
Loss for the period	\$ (180,983)	\$ (2,268,550)
Items not involving cash:		
Impairment of exploration and evaluation assets	-	1,670,408
Share-based compensation	-	448,156
Other income - flow-through	(23,077)	(109,866)
Finance expense - accrued	11,797	-
Changes in non-cash working capital items:		
Amounts receivable	(1,351)	12,393
Prepaid expenses	3,700	3,375
Trade and other payables	116,933	(34,134)
	<b>(72,981)</b>	<b>(278,218)</b>
<b>Financing activities</b>		
Proceeds on shares issued, net of share issuance costs	-	289,080
Issuance of notes payable	100,000	110,000
	<b>100,000</b>	<b>399,080</b>
<b>Investing activities</b>		
Exploration and evaluation asset expenditures	-	(991,239)
	-	(991,239)
Change in cash during the period	27,019	(870,377)
Cash, beginning of period	40,826	906,034
<b>Cash, end of period</b>	<b>\$ 67,845</b>	<b>\$ 35,657</b>

Supplemental disclosure with respect to cash flows (Note 10)

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

The Company was originally incorporated as 583860 B.C. Ltd. in the province of British Columbia on April 21, 1999. The Company changed its name to Uracan Resources Ltd. on July 27, 2006. The Company is publicly listed on the TSX Venture Exchange under the symbol URC and its registered and records office is located at 2500 – 700 W. Georgia Street, Vancouver BC, V7Y 1B3. The Company operates in one reportable segment, being the acquisition and exploration of uranium properties. All of the Company's assets are located in Canada. The Company has not generated revenues from operations and is considered to be in the exploration stage.

While these unaudited condensed interim 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 April 30, 2018, the Company had a working capital deficit of \$693,870. The Company recorded a loss of \$180,983 during the nine months ended April 30, 2018, and had an accumulated deficit of \$46,494,000 as at April 30, 2018. 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. These unaudited condensed interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These conditions cast significant doubt as to the Company's ability to continue as a going concern.

## **2. BASIS OF PRESENTATION**

### *(a) Statement of compliance*

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements. These unaudited condensed interim financial statements were approved by the board of directors on June 29, 2018.

### *(b) Recent accounting standards*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The standards listed below include only those which the Company reasonably expects are applicable to the Company.

The Company recently early adopted IFRS 9. IFRS 9 is the new standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company has determined that there is no impact of adoption of IFRS 9 on its financial statements.

The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

**Uracan Resources Ltd.**  
Notes to the Financial Statements  
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**3. AMOUNTS RECEIVABLE**

	As at April 30, 2018	As at July 31, 2017
Input tax credits	\$ 4,043	\$ 2,692
Other receivables	4,457	4,457
	<b>\$ 8,500</b>	<b>\$ 7,149</b>

**4. EXPLORATION AND EVALUATION ASSETS**

Title to exploration and evaluation assets 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 exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation assets located in Saskatchewan, Canada:

	<b>Clearwater Property</b>
<b>Acquisition costs:</b>	
Balance, July 31, 2017 and April 30, 2018	<b>\$ 19,056</b>
<b>Exploration costs:</b>	
Balance, July 31, 2017 and April 30, 2018	<b>1,523,091</b>
<b>Total costs:</b>	
Balance, July 31, 2017 and April 30, 2018	<b>\$ 1,542,147</b>

During the nine months ended April 30, 2018, the Company received \$27,532 in Quebec exploration tax credits related to camp maintenance and rehabilitation expenditures incurred during the year ended July 31, 2017, all of which was recorded as income in the statement of loss and comprehensive loss.

**Saskatchewan Properties**

**a) Clearwater Project**

In August 2014, Uracan signed a definitive option agreement (the "Forum Agreement") with Forum Uranium Corp. ("Forum"), whereby Uracan had the option to earn up to a 70% interest in Forum's Clearwater Project (the "Clearwater Project") in northern Saskatchewan.

During the nine months ended April 30, 2018, Uracan and Forum agreed to terminate the Forum Agreement. Forum currently owns 75% and Uracan has earned a 25% interest after spending \$1.5 million on exploration since August 2014.



# Uracan Resources Ltd.

## Notes to the Financial Statements

April 30, 2018

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### 4. EXPLORATION AND EVALUATION ASSETS (continued)

#### b) Black Lake Project

In January, 2013, the Company entered into an agreement (the "Agreement") with UEX Corporation ("UEX") whereby the Company could earn into the Black Lake Project (the "Project") in the Athabasca Basin in northern Saskatchewan.

During the year ended July 31, 2017, the Company was unable to fund its minimum commitment under the Agreement and the option expired. As such, the Company recognized an impairment of \$1,670,408 in the statement of loss and comprehensive loss in the year.

#### c) Pipewrench Lake and Narrows Lake Properties

The Company holds four claim blocks in the Pipewrench Lake and Narrows Lake areas in Saskatchewan. The Company has a 100% interest in these properties, which are carried at \$nil.

#### d) Quebec Properties

The Company holds two non-contiguous claim blocks in the Baie Johan Beetz, Aguanish and Natashquan corridor along the North Shore of the Gulf of St. Lawrence. The blocks consist of two distinct claim groups: Costebelle and Lac Turgeon. The Company has a 100% interest in these properties, which are carried at \$nil.

### 5. NOTES PAYABLE

During the nine months ended April 30, 2018, notes payable of \$100,000 were issued to a director of the Company. As at April 30, 2018, notes payable of \$305,000 (July 31, 2017: \$205,000) were outstanding to a director of the Company. The notes accrue interest at 6% per annum and are payable on demand. As at April 30, 2018, accrued interest on notes payable of \$34,993 (July 31, 2017: \$23,196) is included in amounts payable in the statement of financial position.

### 6. EQUITY

#### (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

As at April 30, 2018, there were 105,944,601 common shares issued and outstanding.

No common shares were issued during the nine months ended April 30, 2018.

#### *Issued during the year ended July 31, 2017*

During the year ended July 31, 2017, the Company closed a non-brokered private placement, consisting of 1,538,461 flow-through shares at a price of \$0.065 per share for gross proceeds of \$100,000. Cash share issue costs of \$16,985 were incurred. A flow-through share premium liability of \$23,077 was allocated to these flow-through funds.

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**6. EQUITY** (continued)

(b) *Issued and fully paid common shares* (continued)

During the year ended July 31, 2017, the Company closed the second tranche of a 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-through units at a price of \$0.05 per unit for gross proceeds of \$35,200. Each non flow-through unit consists of one common share and one half of a warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per common share until August 2, 2017. The warrants issued in connection with the non-brokered private placement were allocated a fair value of \$1,049 on a relative fair value basis. Cash share issue costs of \$18,773 were incurred, of which \$18,682 and \$91 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 (Note 6(d)). A flow-through share premium liability of \$18,000 was allocated to the flow-through portion of this non-brokered private placement.

(c) *Share options*

The Company has established a rolling Share 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 maximum term of each option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period. All other options vest at the discretion of the Board of Directors.

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

	Outstanding	Weighted average exercise price
Balance, July 31, 2016	4,045,000	\$ 0.13
Expired	(650,000)	0.13
Granted	6,550,000	0.09
Balance, April 30, 2017 and July 31, 2017	9,945,000	0.10
Expired	(200,000)	0.09
Balance, April 30, 2018	9,745,000	\$ 0.10

No share options were granted during the nine months ended April 30, 2018.

During the nine months ended April 30, 2017, 6,150,000 share options were granted to directors, officers, consultants and charities of the Company, with an exercise price of \$0.09 and an expiry date of September 29, 2026. The fair value of the share options granted was estimated on the date of the grant in the amount of \$428,070 using the Black-Scholes option pricing model with the following assumptions: i) exercise price per share of \$0.09; ii) expected share price volatility of 75%; iii) risk-free interest rate of 0.78%; iv) expected life of 10 years; v) no dividend yield.

During the nine months ended April 30, 2017, 400,000 share options were granted to officers of the Company, with an exercise price of \$0.07 and an expiry date of February 17, 2027. The fair value of the share options granted was estimated on the date of the grant in the amount of \$20,086 using the Black-Scholes option pricing model with the following assumptions: i) exercise price per share of \$0.07; ii) expected share price volatility of 75%; iii) risk-free interest rate of 1.45%; iv) expected life of 10 years; v) no dividend yield.

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**6. EQUITY** (continued)

(c) *Share options* (continued)

The following table summarizes information about the share options outstanding and exercisable at April 30, 2018:

Options outstanding	Exercise price	Expiry Date
200,000	\$ 0.09	June 30, 2018
285,000	0.13	January 27, 2019
250,000	0.13	March 23, 2020
310,000	0.13	March 22, 2021
2,250,000	0.13	March 3, 2024
300,000	0.16	March 18, 2024
5,750,000	0.09	September 29, 2026
400,000	0.07	February 17, 2027
9,745,000		

(d) *Warrants*

No warrants were issued and 352,000 warrants with an exercise price of \$0.10 expired during the nine months ended April 30, 2018.

During the nine months ended April 30, 2017, the Company issued 352,000 warrants in connection with the second tranche of a non-brokered private placement. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per common share until August 2, 2017.

The fair value of the warrants issued in connection with the second tranche of a non-brokered private placement closed during the nine months ended April 30, 2017, was calculated using the Black-Scholes option pricing model with the following assumptions: i) exercise price per warrant of \$0.10; ii) expected share price volatility of 75%; iii) risk-free interest rate of 0.54%; iv) expected life of 1 year; v) no dividend yield.

A summary of changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
Balance, July 31, 2016	6,088,750	\$ 0.10
Issued	352,000	0.10
Balance, April 30, 2017	6,440,750	0.10
Expired	(6,088,750)	0.10
Balance, July 31, 2017	352,000	0.10
Expired	(352,000)	0.10
Balance, April 30, 2018	-	\$ -

# Uracan Resources Ltd.

## Notes to the Financial Statements

April 30, 2018

(Expressed in Canadian dollars)

(Unaudited)

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### 6. EQUITY (continued)

#### (e) *Flow-through shares*

*Issued during the year ended July 31, 2017*

During the year ended July 31, 2017, the Company issued 1,538,461 flow-through shares for gross proceeds of \$100,000 (Note 6(b)). As at January 31, 2018, all of these flow-through funds have been spent and the tax benefit has been renounced. And as such, \$23,077 in flow-through premium amortization was recognized as other income in the statement of loss and comprehensive loss during the six months ended January 31, 2018.

During the year ended July 31, 2017, the Company issued 3,600,000 flow-through shares for gross proceeds of \$180,000 (Note 6(b)). As at July 31, 2017, all of these flow-through funds have been spent and the tax benefit has been renounced. And as such, \$18,000 in flow-through premium amortization was recognized as other income in the statement of loss and comprehensive loss during the year ended July 31, 2017.

### 7. RELATED PARTY TRANSACTIONS

During the nine months ended April 30, 2018, the Company:

- (a) Incurred consulting fees of \$90,000 (2017: \$90,000) and share issue costs of \$nil (2017: \$3,152) to a company of which a director of the Company is an officer. As at April 30, 2018, \$78,500 (July 31, 2017: \$5,250) is due to this company and included in amounts payable in the statement of financial position.
- (b) Incurred legal fees of \$214 (2017: \$nil) and share issue costs of \$nil (2017: \$1,230) to a legal firm of which a director of the Company is a partner.
- (c) Had notes payable of \$305,000 (July 31, 2017: \$205,000) outstanding and accrued interest of \$34,993 (July 31, 2017: \$23,196) that were owed to a director of the Company (Note 5).

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:

During the nine months ended April 30, 2018, compensation of \$54,276 (2017: \$142,053) was paid for the CEO of the Company.

# Uracan Resources Ltd.

## Notes to the Financial Statements

April 30, 2018

(Expressed in Canadian dollars)

(Unaudited)

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### 8. FINANCIAL INSTRUMENTS

#### *Financial Risk Management*

Cash, amounts payable 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 is exposed to credit risk on cash and amounts receivable. The Company reduces its credit risk on cash 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.

#### *Liquidity Risk*

At April 30, 2018, the Company had cash of \$67,845 to settle payables of \$774,222, and had a working capital deficit of \$693,870. Management has concluded that the Company does not have adequate financial resources to settle obligations as at April 30, 2018, and will require additional funding to continue operations for the next twelve months (Note 1).

#### *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, and equity prices:

##### *I. Interest Rate Risk*

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 financial instruments is relatively unaffected by changes in short-term interest rates.

##### *II. Commodity Price Risk*

Although the Company is an exploration stage 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 commodity 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.

##### *III. 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.

**9. 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 of its uranium 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 equity.

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. Refer to Note 1 for additional details of the Company's ability to continue as a going concern. The Company is not subject to externally imposed capital requirements.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash investing or financing transactions included:

- A flow-through share premium of \$nil (April 30, 2017: \$41,077) was recorded as a reduction in share capital.
- Included in amounts payable at April 30, 2018, is \$148,182 (July 31, 2017: \$6,438) of exploration and evaluation costs and \$9,638 (July 31, 2017: \$9,638) of share issue costs.

No cash was paid for interest or income taxes during the nine months ended April 30, 2018 and 2017.

**11. COMPARATIVE FIGURES**

Certain comparative data have been reclassified to conform with the presentation of the current year. The Company has grouped together the comparative balances for expenses on the statement of loss and comprehensive loss. There is no net impact on the financial position, net loss, cash flows or loss per share in fiscal 2017 as a result of these reclassifications.