

Condensed Interim Financial Statements of

**Uracan Resources Ltd.**

Three and nine months ended April 30, 2017 and  
2016

(Expressed in Canadian dollars)

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim financial statements of Uraçan Resources Ltd. (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, 2017	July 31, 2016
<b>Assets</b>		
Current assets		
Cash	\$ 35,657	\$ 906,034
Amounts receivable	6,856	19,249
Prepaid expenses	4,207	7,582
	<b>46,720</b>	<b>932,865</b>
Exploration and evaluation assets (Note 3)	<b>1,542,147</b>	2,214,878
<b>Total assets</b>	<b>\$ 1,588,867</b>	<b>\$ 3,147,743</b>
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	\$ 145,998	\$ 173,694
Notes payable (Note 4)	155,000	45,000
Flow-through share premium (Note 5)	11,211	80,000
Total liabilities	<b>312,209</b>	<b>298,694</b>
<b>Equity</b>		
Share capital (Note 5)	39,757,104	39,510,071
Reserves (Note 5)	7,594,811	7,145,685
Deficit	<b>(46,075,257)</b>	<b>(43,806,707)</b>
Total equity	<b>1,276,658</b>	<b>2,849,049</b>
<b>Total liabilities and equity</b>	<b>\$ 1,588,867</b>	<b>\$ 3,147,743</b>

Nature of operations and going concern (Note 1)

Subsequent event (Note 4)

Approved by the Board of Directors and authorized for issue on June 29, 2017:

\_\_\_\_\_  
"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

For the three and nine months ended April 30, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended		Nine months ended	
	2017	April 30, 2016	2017	April 30, 2016
<b>Expenses</b>				
Camp maintenance and storage	\$ 697	\$ 28,229	\$ 697	\$ 95,014
Consulting	30,000	30,285	90,000	90,285
Marketing and advertising	300	260	760	560
Office and administration	1,070	2,575	4,255	8,169
Professional fees	11,636	5,000	20,856	54,509
Regulatory and transfer agent	2,785	2,669	11,671	6,741
Salaries and benefits (Note 6)	49,011	24,457	125,665	72,641
Share-based compensation (Note 5)	20,086	-	448,156	-
Shareholder services	(78)	(151)	3,680	3,838
Travel	-	63	-	211
	<b>(115,507)</b>	<b>(93,387)</b>	<b>(705,740)</b>	<b>(331,968)</b>
Other income - flow-through (Note 5)	-	-	109,866	-
Impairment of exploration and evaluation assets (Note 3)	-	-	(1,670,408)	-
Finance income	-	-	1,431	-
Finance expense	(1,588)	(6,582)	(3,699)	(12,040)
<b>Loss and comprehensive loss</b>	<b>(117,095)</b>	<b>(99,969)</b>	<b>(2,268,550)</b>	<b>(344,008)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>				
<b>basic and diluted</b>	<b>105,944,601</b>	<b>71,974,640</b>	<b>105,317,918</b>	<b>71,974,640</b>

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, 2015</b>	71,974,640	\$ 38,307,690	\$ 7,088,342	\$ (43,360,957)	\$ 2,035,075
Loss and comprehensive loss for the period	-	-	-	(344,008)	(344,008)
<b>At April 30, 2016</b>	71,974,640	38,307,690	7,088,342	(43,704,965)	1,691,067
Private placement: Flow-through	16,000,000	800,000	-	-	800,000
Private placement: Non flow-through	12,127,500	546,397	59,978	-	606,375
Flow-through share premium	-	(80,000)	-	-	(80,000)
Share issue costs	-	(64,016)	(2,635)	-	(66,651)
Loss and comprehensive loss for the period	-	-	-	(101,742)	(101,742)
<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 for the period	-	-	-	(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

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

# Uracan Resources Ltd.

## Condensed Interim Statements of Cash Flows

For the nine months ended April 30, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	2017	2016
<b>Operating activities</b>		
Loss for the period	\$ (2,268,550)	\$ (344,008)
Items not involving cash:		
Impairment of exploration and evaluation assets	1,670,408	-
Share-based compensation	448,156	-
Flow-through share premium	(109,866)	-
Changes in non-cash working capital items:		
Amounts receivable	12,393	5,457
Prepaid expenses	3,375	6,613
Advances	-	14,212
Trade and other payables	(34,134)	179,344
	<b>(278,218)</b>	<b>(138,382)</b>
<b>Financing activities</b>		
Proceeds on shares issued, net of share issuance costs	289,080	-
Issuance of notes payable	110,000	120,000
	<b>399,080</b>	<b>120,000</b>
<b>Investing activities</b>		
Exploration and evaluation asset expenditures	(991,239)	(1,170)
	<b>(991,239)</b>	<b>(1,170)</b>
Change in cash during the period	<b>(870,377)</b>	<b>(19,552)</b>
Cash, beginning of period	906,034	61,276
<b>Cash, end of period</b>	<b>\$ 35,657</b>	<b>\$ 41,724</b>

Supplemental disclosure with respect to cash flows (Note 9)

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

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Uracan Resources Ltd. ("Uracan" or "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, 2017, the Company had a working capital deficit of \$265,489. The Company recorded a loss of \$2,268,550 during the nine months ended April 30, 2017, and had an accumulated deficit of \$46,075,257 as at April 30, 2017. 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 may 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, 2017.

#### (b) *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.
- 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 Condensed Interim Financial Statements

April 30, 2017

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### 3. 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:

	Saskatchewan		Total
	Clearwater Property	Black Lake Property	
	\$	\$	\$
<b>Acquisition costs:</b>			
Balance, July 31, 2016	19,056	45,684	64,740
Impairment of Black Lake Property (Note 3(b))	-	(45,684)	(45,684)
<b>Balance, April 30, 2017</b>	<b>19,056</b>	<b>-</b>	<b>19,056</b>
<b>Exploration costs:</b>			
Balance, July 31, 2016	525,414	1,624,724	2,150,138
Drilling & analysis	613,658	-	613,658
Camp and accommodation	173,216	-	173,216
Geophysics	70,545	-	70,545
Office and other	94,492	-	94,492
Travel & transport	45,426	-	45,426
Equipment rental	340	-	340
Impairment of Black Lake Property	-	(1,624,724)	(1,624,724)
<b>Balance, April 30, 2017</b>	<b>1,523,091</b>	<b>-</b>	<b>1,523,091</b>
<b>Total costs:</b>			
<b>Balance, April 30, 2017</b>	<b>1,542,147</b>	<b>-</b>	<b>1,542,147</b>
	Saskatchewan		
	Clearwater Property	Black Lake Property	Total
	\$	\$	\$
<b>Acquisition costs:</b>			
Balance, July 31, 2015 and July 31, 2016	19,056	45,684	64,740
<b>Exploration costs:</b>			
Balance, July 31, 2015	525,414	1,623,555	2,148,969
Office and other	-	166	166
Personnel	-	1,003	1,003
<b>Balance, July 31, 2016</b>	<b>525,414</b>	<b>1,624,724</b>	<b>2,150,138</b>
<b>Total costs:</b>			
<b>Balance, July 31, 2016</b>	<b>544,470</b>	<b>1,670,408</b>	<b>2,214,878</b>

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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

#### Saskatchewan Properties

##### a) Clearwater Project

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

Currently Uracan has earned a 25% interest in the Clearwater Project, with Forum holding the remaining 75% interest. Uracan earned the 25% interest with the cumulative exploration expenditures of \$1.5 million. In order for Uracan to earn a 51% interest, the Company must spend an additional \$1.5 million in exploration by August 29, 2017, and can elect to earn up to a 70% interest by funding cumulative expenditures of \$6.0 million by August 29, 2019.

Pursuant to the Forum Agreement, the Company issued a total of 300,000 common shares to Forum. Uracan will also grant Forum a 2% net smelter royalty ("NSR") 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 51% 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 Clearwater Project operator until Uracan earns its 51% interest, after which Uracan may elect to become the operator. The Company and Forum are currently discussing the terms of the Forum Agreement.

##### 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. 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 was to 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 including minimum expenditures of \$1.0 million per year.

During the nine months ended April 30, 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 on the statement of loss and comprehensive loss in the period.

##### 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.

##### d) Quebec Properties

On July 27, 2006, the Company signed an option agreement with Sheridan Platinum Group Limited ("Sheridan") whereby the Company purchased a 100% interest in the Lac Turgeon, Wee Gee, Pontbriand and Costabelle properties (the "North Shore Properties") located along the Quebec North Shore of the Gulf of St. Lawrence. The Company paid Sheridan \$2,000,000 and issued Sheridan 70,000 common shares of the Company.

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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

#### d) Quebec Properties (continued)

Pursuant to the option agreement, the Company was required to make advance royalty payments of \$25,000 per quarter, which commenced January 1, 2008. As at April 30, 2012, the Company had paid Sheridan a total of \$450,000. Following the de facto moratorium on uranium exploration in Quebec, in 2013, which remains in effect, the Company considered the agreement to have been frustrated, but due to potential legal uncertainty it continued to accrue the payments and as at July 31, 2015, had accrued a total of \$325,000 in advance royalty payments.

During the year ended July 31, 2015, the holder of the advance royalty acknowledged the Company's position that the agreement had been frustrated and accordingly the Company recorded \$325,000 as forgiven advance royalties payable in the statement of loss and comprehensive loss.

### 4. NOTES PAYABLE

During the nine months ended April 30, 2017, notes payable of \$110,000 were issued to a director of the Company. As at April 30, 2017, notes payable of \$155,000 (July 31, 2016: \$45,000) were outstanding to this director. The notes accrue interest at 6% per annum and are payable on demand. As at January 31, 2017, accrued interest on notes payable of \$20,515 (July 31, 2016: \$16,819) was included in trade and other payables.

Subsequent to April 30, 2017, notes payable of \$50,000 were issued to a director of the Company.

### 5. 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, 2017, there were 105,944,601 common shares issued and outstanding.

During the nine months ended April 30, 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 \$16,270 were incurred, of which \$16,191 and \$79 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. A flow-through share premium liability of \$18,000 was allocated to the flow-through portion of this non-brokered private placement.

During the nine months ended April 30, 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 \$9,850 were incurred. A flow-through share premium liability of \$23,077 was allocated to these flow-through funds.

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 5. EQUITY (continued)

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

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-through units at a price of \$0.05 per unit for gross proceeds of \$606,375. 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 June 30, 2017. The warrants issued in connection with the non-brokered private placement were allocated a fair value of \$59,978 on a relative fair value basis. 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. A flow-through premium liability of \$80,000 was allocated to the flow-through portion of the 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, 2015	4,245,000	\$ 0.13
Forfeited	(200,000)	0.13
Balance, April 30 and July 31, 2016	4,045,000	0.13
Forfeited	(650,000)	0.13
Granted	6,550,000	0.09
Balance, April 30, 2017	9,945,000	\$ 0.10

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.

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 5. EQUITY (continued)

#### (c) Share options (continued)

The following table summarizes information about the share options outstanding and exercisable at April 30, 2017:

Options outstanding	Options exercisable	Exercise price	Expiry date
200,000	200,000	\$ 0.09	January 4, 2018
285,000	285,000	0.13	January 27, 2019
250,000	250,000	0.13	March 23, 2020
310,000	310,000	0.13	March 22, 2021
2,250,000	2,250,000	0.13	March 3, 2024
300,000	300,000	0.16	March 18, 2024
5,950,000	5,950,000	0.09	September 29, 2026
400,000	400,000	0.07	February 17, 2027
<b>9,945,000</b>	<b>9,945,000</b>		

#### (d) Warrants

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 (Note 5(b)).

The fair value of the warrants issued in connection with second tranche of a non-brokered private placement closed during the nine months ended April 30, 2017, was calculated as \$1,049 (2016: \$59,978) using the Black-Scholes option pricing model using the following assumptions:

	2017
Risk-free interest rate	<b>0.54%</b>
Expected life	<b>1 year</b>
Annualized volatility	<b>75.00%</b>
Dividend rate	<b>0.00%</b>

A summary of changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
Balance, July 31, 2015	5,170,000	\$ 0.07
Expired	(5,145,000)	0.07
Balance, April 30, 2016	25,000	0.15
Issued	6,063,750	0.10
Balance, July 31, 2016	6,088,750	0.10
Issued	352,000	0.10
Balance, April 30, 2017	6,440,750	\$ 0.10

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 5. EQUITY (continued)

#### (d) Warrants (continued)

The following table summarizes information about the warrants outstanding and exercisable at April 30, 2017:

Warrants outstanding		Exercise price	Expiry date
6,063,750	\$	0.10	June 30, 2017
25,000		0.12	July 23, 2017
352,000		0.10	August 2, 2017
6,440,750			

#### (e) Flow-through shares

During the nine months ended April 30, 2017, the Company issued 3,600,000 (2016: nil) flow-through shares for gross proceeds of \$180,000 (2016: nil) (Note 5(b)). As at April 30, 2017, all of these flow-through funds have been spent and the tax benefit has been renounced. And as such, \$20,179 in flow-through premium amortization was recognized as other income on the statement of loss and comprehensive loss during the nine months ended April 30, 2017.

During the nine months ended April 30, 2017, the Company issued 1,538,461 (2016: nil) flow-through shares for gross proceeds of \$100,000 (2016: nil) (Note 5(b)). As at April 30, 2017, \$nil of these flow-through funds have been spent and the tax benefit has been renounced.

During the year ended July 31, 2016, the Company issued 16,000,000 flow-through shares for gross proceeds of \$800,000 (Note 5(b)). As at April 30, 2017, all of these flow-through funds have been spent and the tax benefit has been renounced. And as such, \$89,687 in flow-through premium amortization was recognized as other income on the statement of loss and comprehensive loss during the nine months ended April 30, 2017.

### 6. RELATED PARTY TRANSACTIONS

- During the nine months ended April 30, 2017, the Company incurred consulting fees of \$90,000 (2016: \$90,000) and share issue costs of \$3,152 (2016: nil) to a company of which a director of the Company is an officer.
- During the nine months ended April 30, 2017, the Company incurred legal fees of \$214 (2016: nil) and share issue costs of \$1,230 (2016: nil) to a legal firm of which a director of the Company is a partner.
- As at April 30, 2017, notes payable of \$155,000 (July 31, 2016: \$45,000) and accrued interest of \$20,515 (July 31, 2016: \$16,819) 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, 2017, salaries and benefits expense of \$142,053 (2016: \$137,560) was recognized on the statement of loss and comprehensive loss.

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 6. RELATED PARTY TRANSACTIONS (continued)

During the nine months ended April 30, 2017, share-based compensation of \$409,873 (2016: nil), was recorded relating to 6,000,000 share options granted to directors and officers of the Company.

During the nine months ended April 30, 2017, the Company received salary recoveries of \$21,396 (2016: \$70,067) from arm's length companies.

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

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, 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 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 and amounts receivable.

#### *Liquidity Risk*

At April 30, 2017, the Company had cash of \$35,657 to settle current liabilities of \$312,209 and had a working capital deficit of \$265,489. Refer to Note 1 for additional details of liquidity risk as it relates to the Company continuing as a going concern.

# Uracan Resources Ltd.

## Notes to the Condensed Interim Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 7. FINANCIAL INSTRUMENTS (continued)

#### *Financial Instrument Risk Exposure (continued)*

##### *Market Risk*

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

##### *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.

##### *IV. Currency Risk*

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

### 8. 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.

# Uracan Resources Ltd.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

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## 9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing or financing transactions included:

- A flow-through share premium of \$41,077 (July 31, 2016: \$80,000) was recorded as a reduction in share capital.
- Included in trade and other payables at April 30, 2017, is \$33,462 (July 31, 2016: \$22,878) of exploration and evaluation costs.