Financial Statements of

Uracan Resources Ltd.

Three months ended October 31, 2016 and 2015
(Expressed in Canadian dollars)
(Unaudited)

Uracan Resources Ltd.

Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	October 31, 2016	July 31, 2016
Assets		
Current assets		
Cash	**$ 172,670**	$ 906,034
Amounts receivable (Note 3)	**41,625**	19,249
Prepaid expenses	**4,657**	7,582
Advances (Note 4(a))	**65,882**	-
	284,834	932,865
Exploration and evaluation assets (Note 4)	**2,943,392**	2,214,878
Total assets	**$ 3,228,226**	$ 3,147,743
Liabilities		
Current liabilities		
Trade and other payables	**$ 121,897**	$ 173,694
Notes payable (Note 5)	**45,000**	45,000
Flow-through premium (Note 6)	**24,507**	80,000
Total liabilities	**191,404**	298,694
Equity		
Share capital (Note 6)	**39,690,031**	39,510,071
Reserves (Note 6)	**7,574,725**	7,145,685
Deficit	**(44,227,934)**	(43,806,707)
Total equity	**3,036,822**	2,849,049
Total liabilities and equity	**$ 3,228,226**	$ 3,147,743

Nature of operations and going concern (Note 1)
Commitments (Note 4(a),4(b))
Subsequent events (Note 4(a),5,6(b)(e))

Approved by the Board of Directors and authorized for issue on December 8, 2016:

"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 months ended October 31, 2016 and 2015
(Expressed in Canadian dollars)
(Unaudited)

		2016		2015
Expenses				
Share-based compensation (Note 6(c),7)	**$**	**428,070**	$	-
Consulting		**30,000**		30,000
Salaries and benefits (Note 7)		**27,158**		23,275
Regulatory and transfer agent		**3,693**		2,852
Shareholder services		**2,886**		3,096
Office and administration		**1,282**		2,940
Professional fees		**1,170**		5,400
Marketing and advertising		**180**		120
Camp maintenance and storage		**-**		33,333
Travel		**-**		94
		(494,439)		(101,110)
Other income (Note 6(e))		**73,493**		-
Finance income		**399**		-
Finance expense		**(680)**		(2,269)
Net loss and comprehensive loss		**(421,227)**		(103,379)
Basic and diluted loss per share	**$**	**(0.00)**	$	(0.00)
Weighted average number of common shares outstanding basic and diluted		**104,358,843**		71,974,640

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

Uracan Resources Ltd.

Condensed Interim Statement of Changes in Equity
For the three months ended October 31, 2016 and 2015
(Expressed in Canadian dollars)
(Unaudited)

	Share Capital				
	Shares issued	Amount	Reserves	Deficit	Total equity
At July 31, 2015	71,974,640	$ 38,307,690	$ 7,088,342	$ (43,360,957)	$ 2,035,075
Net loss	-	-	-	(103,379)	(103,379)
At October 31, 2015	71,974,640	38,307,690	7,088,342	(43,464,336)	1,931,696
Private placement: Flow-through (Note 6(b),6(e))	16,000,000	800,000	-	-	800,000
Private placement: Non-flow-through (Note 6(b),6(d))	12,127,500	546,397	59,978	-	606,375
Flow-through premium (Note 6(b))	-	(80,000)	-	-	(80,000)
Share issue costs (Note 6(b))	-	(64,016)	(2,635)	-	(66,651)
Net loss	-	-	-	(342,371)	(342,371)
At July 31, 2016	100,102,140	39,510,071	7,145,685	(43,806,707)	2,849,049
Private placement: Flow-through (Note 6(b),6(e))	3,600,000	180,000	-	-	180,000
Private placement: Non-flow-through (Note 6(b),6(d))	704,000	34,151	1,049	-	35,200
Flow-through premium (Note 6(b))	-	(18,000)	-	-	(18,000)
Share issue costs (Note 6(b))	-	(16,191)	(79)	-	(16,270)
Share-based compensation (Note 6(c),7)	-	-	428,070	-	428,070
Net loss	-	-	-	(421,227)	(421,227)
At October 31, 2016	104,406,140	$ 39,690,031	$ 7,574,725	$ (44,227,934)	$ 3,036,822

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 three months ended October 31, 2016 and 2015
(Expressed in Canadian dollars)
(Unaudited)

		2016		2015
Operating activities				
Net loss for the period	**$**	**(421,227)**	$	(103,379)
Items not involving cash:				
Share-based compensation (Note 6(c),7)		**428,070**		-
Flow-through share premium		**(73,493)**		-
Changes in non-cash working capital items:				
Amounts receivable		**(22,376)**		6,755
Prepaid expenses		**2,925**		3,938
Advances		**(65,882)**		-
Trade and other payables		**(51,797)**		33,286
		(203,780)		(59,400)
Financing activities				
Proceeds on shares issued, net of share issuance costs		**198,930**		-
		198,930		-
Investing activities				
Exploration and evaluation asset expenditures (Note 4)		**(728,514)**		-
		(728,514)		-
Change in cash during the period		**(733,364)**		(59,400)
Cash, beginning of period		**906,034**		61,276
Cash, end of period	**$**	**172,670**	$	1,876

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

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 October 31, 2016, the Company had working capital of $93,430. The Company recorded a loss of $421,227 during the three months ended October 31, 2016, and had an accumulated deficit of $44,227,934 as at October 31, 2016. 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 December 8, 2016.

(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.

3. AMOUNTS RECEIVABLE

Amounts receivable are primarily comprised of input tax credits receivable from the Canadian Government.

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.

Saskatchewan Properties

a) Clearwater Project

On August 25, 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. Forum is the 100% owner of the Clearwater Project.

Pursuant to the Forum Agreement, the Company issued a total of 300,000 common shares of Uracan to Forum. 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. During the three months ended October 31, 2016, this deadline was extended to December 31, 2016. Subsequent to October 31, 2016, a total of $1.0 million had been advanced towards this commitment. The advanced funds are expected to be expended by the end of January 2017, after which this commitment will have been met.
3. Complete additional exploration expenditures of $1.5 million by August 29, 2017, to earn a 51% interest.

Uracan can elect to earn an additional 19% interest in the Clearwater Project (bringing total interest to 70%) 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.

During the three months ended October 31, 2016, the Company advanced $800,000 to Forum to fund the commencement of field work on the Clearwater Project in September 2016.

Subsequent to October 31, 2016, the Company advanced $200,000 to Forum to fund further field work on the Clearwater Project in the three months ending January 31, 2017.

As of October 31, 2016, expenditures of $1,248,238 were incurred by Forum, on behalf of the Company, in relation to the Clearwater Project, of which nil (July 31, 2016: $22,878) is included in trade and other payables in the statement of financial position. As at October 31, 2016, $1,300,000 has been advanced to Forum, of which $65,882 (July 31, 2016: nil) remains recorded as advances in the statement of financial position.

4. EXPLORATION AND EVALUATION ASSETS (continued)

b) 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.

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 (“Share purchase warrants” or “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 (Note 6(d)).

As of October 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.

The Company is exploring a potential extension of the December 31, 2016, expenditure commitment deadline, however there is no guarantee that this extension will be given by UEX.

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.

Pursuant to the option agreement, the Company is 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.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

d) Quebec properties (continued)

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.

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation assets:

	Saskatchewan		
	Clearwater Property	Black Lake Property	Total
	$	$	$
Acquisition costs:			
Balance, July 31, 2016 and October 31, 2016	19,056	45,684	64,740
Exploration costs:			
Balance, July 31, 2016	525,414	1,624,724	2,150,138
Drilling & analysis	438,851	-	438,851
Camp and accommodation	127,419	-	127,419
Geophysics	70,545	-	70,545
Office and other	62,915	-	62,915
Travel & transport	28,444	-	28,444
Equipment rental	340	-	340
Balance, October 31, 2016	1,253,928	1,624,724	2,878,652
Total costs:			
Balance, October 31, 2016	1,272,984	1,670,408	2,943,392

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

5. NOTES PAYABLE

As at October 31, 2016, notes payable of $45,000 (July 31, 2016: $45,000) were outstanding to a director of the Company. The notes accrue interest at 6% per annum and are payable on demand. As at October 31, 2016, accrued interest on notes payable of $17,499 (July 31, 2016: $16,819) was included in trade and other payables in the statement of financial position.

Subsequent to October 31, 2016, additional notes payable of $60,000 were issued to this director.

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 October 31, 2016, there were 104,406,140 common shares issued and outstanding.

Issued during the three months ended October 31, 2016

During the three months ended October 31, 2016, 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 (Note 6(e)), 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 common share and 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 (Note 6(d)). 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 (Note 6(d)).

Cash share issue costs of $16,270 were incurred in connection to the non-brokered private placement, 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 (Note 6(d)).

A flow through premium liability of $18,000 was allocated to the flow through portion of the non-brokered private placement based on the difference between the issuance price and the market price of the Company's shares.

Subsequent to October 31, 2016, 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 (Note 6(e))

No common shares were issued during the three months ended October 31, 2015.

Issued during the year ended July 31, 2016

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 (Note 6(e)), 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 common share and 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 (Note 6(d)). 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 (Note 6(d)).

(Expressed in Canadian dollars)

6. EQUITY (continued)

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

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 (Note 6(d)).

A flow through premium liability of $80,000 was allocated to the flow through portion of the non-brokered private placement based on the difference between the issuance price and the market price of the Company's shares.

(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 and October 31, 2015	4,245,000	$	0.13
Forfeited	(200,000)		0.13
Balance, July 31, 2016	4,045,000		0.13
Forfeited	(450,000)		0.13
Granted	6,150,000		0.09
Balance, October 31, 2016	9,745,000	$	0.11

During the three months ended October 31, 2016, 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.

During the three months ended October 31, 2016, 450,000 share options with an exercise price of $0.13 were forfeited.

No share options were granted during the three months ended October 31, 2015.

The fair value of the share options granted during the three months ended October 31, 2016, was calculated as $428,070 (2015: nil) using the Black-Scholes option pricing model using the following assumptions:

	2017
Risk-free interest rate	**0.78%**
Expected life	**10 years**
Annualized volatility	**75.00%**
Dividend rate	**0.00%**

(Expressed in Canadian dollars)

6. EQUITY (continued)

(c) Share options (continued)

The following table summarizes information about the share options outstanding and exercisable at October 31, 2016:

Options outstanding	Options exercisable	Weighted average exercise price	Expiry Date	Weighted average remaining contractual life (years)
200,000	200,000	$ 0.13	February 28, 2017	0.3
285,000	285,000	0.13	January 27, 2019	2.2
250,000	250,000	0.13	March 23, 2020	3.4
310,000	310,000	0.13	March 22, 2021	4.4
2,250,000	2,250,000	0.13	March 3, 2024	7.3
300,000	300,000	0.16	March 18, 2024	7.4
6,150,000	6,150,000	0.09	September 29, 2026	9.9
9,745,000	9,745,000	$ 0.11		8.5

(d) Share purchase warrants

Issued during the three months ended October 31, 2016

During the three months ended October 31, 2016, the Company issued 352,000 Warrants in connection with the non-brokered private placement. Each Warrant will entitle the holder to purchase one common share at an exercise price of $0.10 per common share until August 2, 2017 (Note 6(b)).

The fair value of the Warrants issued in connection with the non-brokered private placement closed during the three months ended October 31, 2016, was calculated as $1,049 (2015: nil) using the Black-Scholes option pricing model using the following assumptions below.

Issued during the year ended July 31, 2016

During the year ended July 31, 2016, the Company issued 6,063,750 Warrants in connection with the non-brokered private placement. Each Warrant will entitle the holder to purchase one common share at an exercise price of $0.10 per common share until June 30, 2017 (Note 6(b)).

The fair value of the Warrants issued in connection with the non-brokered private placement closed during the year ended July 31, 2016, was calculated as $59,978 using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Risk-free interest rate	**0.54%**	0.62%
Expected life	**1 year**	1 year
Annualized volatility	**75.00%**	75.00%
Dividend rate	**0.00%**	0.00%

(Expressed in Canadian dollars)

6. EQUITY (continued)

(d) Share purchase warrants (continued)

A summary of changes in Warrants is presented below:

	Number of warrants		Weighted average exercise price
Balance, July 31 and October 31, 2015	5,170,000	$	0.07
Expired	(5,145,000)		0.07
Issued	6,063,750		0.10
Balance, July 31, 2016	6,088,750		0.10
Issued	352,000		0.10
Balance, October 31, 2016	6,440,750	$	0.10

The following table summarizes information about the Warrants outstanding and exercisable at October 31, 2016:

Warrants outstanding & exercisable		Weighted average exercise price	Expiry Date	Weighted average remaining contractual life (years)
6,063,750	$	0.10	June 30, 2017	0.7
25,000		0.12	July 23, 2017	0.7
352,000		0.10	August 2, 2017	0.8
6,440,750	$	0.10		0.7

(e) Flow through shares

Issued during the three months ended October 31, 2016

During the three months ended October 31, 2016, the Company issued 3,600,000 (2015: nil) flow through shares for gross proceeds of $180,000 (2015: nil)(Note 6(a)). As at October 31, 2016, $180,000 of flow through funds remain to be spent on the flow through financing completed during the three months ended October 31, 2016.

Subsequent to October 31, 2016, the Company issued 1,538,461 flow through shares for gross proceeds of $100,000 (Note 6(a)).

Issued during the year ended July 31, 2016

During the year ended July 31, 2016, the Company issued 16,000,000 flow through shares for gross proceeds of $800,000 (Note 6(a)). As at October 31, 2016, $734,925 of flow through funds have been spent and as such $73,493 in flow through premium amortization was recognized as other income on the statement of loss and comprehensive loss during the three months ended October 31, 2016. As at October 31, 2016, $65,075 of flow through funds remain to be spent on the flow through financing completed during the year ended July 31, 2016.

7. RELATED PARTY TRANSACTIONS

(a) During the three months ended October 31, 2016, the Company incurred consulting fees of $30,000 (2015: $30,000) and share issue costs of $2,152 (2015: nil) to Fiore Management and Advisory Corp., a company of which a director of the Company is an officer.

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS (continued)

(b) During the three months ended October 31, 2016, the Company incurred legal fees of $214 (2015: nil) and share issue costs of $630 (2015: nil) to Farris, Vaughan, Wills & Murphy LLP, a legal firm of which a director of the Company is a partner.

(c) As at October 31, 2016, notes payable of $45,000 (July 31, 2016: $45,000) and accrued interest of $17,499 (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:

	For the three months ended	
	October 31, 2016	October 31, 2015
Salaries and benefits expensed(1) (2)	$ 27,158	$ 45,796
Salaries and benefits capitalized	20,387	-
	$ 47,545	$ 45,796

(1) During the three months ended October 31, 2016, share-based compensation of $389,797 (2015: nil), relating to 5,600,000 share options was granted to directors and officers of the Company.

(2) During the three months ended October 31, 2016, the Company received salary recoveries of nil (2015: $77,628) from an arm's length company for services provided by the Company's CEO.

(3) No directors fees were paid or accrued for the three months ended October 31, 2016 and 2015.

8. 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.

8. FINANCIAL INSTRUMENTS (continued)

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 cash equivalents 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 cash equivalents and amounts receivable.

Liquidity Risk

At October 31, 2016, the Company had cash of $172,670 to settle current liabilities of $191,404 and had working capital of $93,430. 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.

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.

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.

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.

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 premium of $18,000 (July 31, 2016: $80,000) was recorded as a reduction in share capital.
- The fair value of warrants attached to the non-flow through units was $1,049 (2015: nil).
- Included in trade and other payables at October 31, 2016, is nil (July 31, 2016: $22,878) of exploration and evaluation costs (Note 4(a)).