

Financial Statements of

URACAN RESOURCES LTD.

(Unaudited – Prepared by Management)

January 31, 2007 and 2006

URACAN RESOURCES LTD.**Balance Sheets - unaudited***(expressed in Canadian dollars)*

	January 31, 2007	July 31, 2006
ASSETS		
Current		
Cash	\$ 5,140,641	\$ 3,087,163
Receivables	244,284	42,775
Prepays and deposits	228,740	24,687
	<u>5,613,665</u>	<u>3,154,625</u>
Property, plant and equipment (Note 3)	52,473	-
Mineral properties (Note 4)	2,980,644	1,828,267
	<u>\$ 8,646,782</u>	<u>\$ 4,982,892</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 91,980	\$ 859,029
Shareholders' equity		
Share capital (Note 5)	10,144,441	6,310,388
Contributed surplus (Note 5)	1,878,751	522,740
Deficit	(3,468,390)	(2,709,265)
	<u>8,554,802</u>	<u>4,123,863</u>
	<u>\$ 8,646,782</u>	<u>\$ 4,982,892</u>

Nature of operations (Note 2)**Subsequent event** (Note 9)

Approved by the Board of Directors:

"Gordon Keep" Director"Jay Sujir" Director*See accompanying notes to the unaudited financial statements*

URACAN RESOURCES LTD.
Statements of Operations and Deficit - unaudited
(expressed in Canadian dollars)

	Three months ended January 31,		Six months ended January 31,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Expenses				
Consulting	\$ 65,029	\$ 7,500	\$ 115,504	\$ 15,000
Marketing and advertising	4,997	-	7,372	-
Office and administration	50,282	3,097	53,681	6,177
Professional fees	18,800	12,124	18,800	25,799
Regulatory and transfer agent	11,408	6,308	14,345	7,653
Salaries and benefits	1,189	-	1,189	-
Shareholder services (Note 5(e))	51,629	866	95,965	866
Stock-based compensation (Note 5(e))	495,423	-	495,423	-
Travel, meals and entertainment	4,220	-	4,220	-
	<u>702,977</u>	<u>29,895</u>	<u>806,499</u>	<u>55,495</u>
Other Item				
Interest income	<u>30,022</u>	<u>3,255</u>	<u>47,374</u>	<u>4,173</u>
Net loss for the period	<u>(672,955)</u>	<u>(26,640)</u>	<u>(759,125)</u>	<u>(51,322)</u>
Deficit, beginning of period	<u>(2,795,435)</u>	<u>(2,037,873)</u>	<u>(2,709,265)</u>	<u>(2,013,191)</u>
Deficit, end of period	<u><u>\$ (3,468,390)</u></u>	<u><u>\$ (2,064,513)</u></u>	<u><u>\$ (3,468,390)</u></u>	<u><u>\$ (2,064,513)</u></u>
Basic and diluted loss per share	<u><u>\$ (0.01)</u></u>	<u><u>\$ (0.00)</u></u>	<u><u>\$ (0.02)</u></u>	<u><u>\$ (0.00)</u></u>
Weighted average number of common shares outstanding	<u>45,427,432</u>	<u>29,009,508</u>	<u>43,257,432</u>	<u>26,929,590</u>

See accompanying notes to the unaudited financial statements

URACAN RESOURCES LTD.
Statements of Cash Flows - unaudited
(expressed in Canadian dollars)

	Three months ended January 31		Six months ended January 31,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
OPERATING ACTIVITIES				
Net loss for the period	\$ (672,955)	\$ (26,640)	\$ (759,125)	\$ (51,322)
Items not involving cash:				
Shareholder services	14,890	-	28,217	-
Stock-based compensation	495,423	-	495,423	-
Changes in non-cash working capital items	<u>(332,487)</u>	<u>(5,800)</u>	<u>(464,490)</u>	<u>2,764</u>
Cash used in operating activities	<u>(495,129)</u>	<u>(32,440)</u>	<u>(699,975)</u>	<u>(48,558)</u>
FINANCING ACTIVITY				
Issuance of shares	<u>4,666,424</u>	<u>709,500</u>	<u>4,666,424</u>	<u>731,500</u>
Cash provided by financing activity	<u>4,666,424</u>	<u>709,500</u>	<u>4,666,424</u>	<u>731,500</u>
INVESTING ACTIVITY				
Purchase of property, plant and equipment	(47,643)	-	(47,643)	-
Mineral property costs	<u>(486,851)</u>	<u>-</u>	<u>(1,865,328)</u>	<u>-</u>
Cash used in investing activity	<u>(534,494)</u>	<u>-</u>	<u>(1,912,971)</u>	<u>-</u>
Increase in cash during the period	3,636,801	677,060	2,053,478	682,942
Cash, beginning of period	<u>1,503,840</u>	<u>223,393</u>	<u>3,087,163</u>	<u>217,511</u>
Cash, end of period	<u><u>\$ 5,140,641</u></u>	<u><u>\$ 900,453</u></u>	<u><u>\$ 5,140,641</u></u>	<u><u>\$ 900,453</u></u>

See accompanying notes to the unaudited financial statements

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the six month period ended January 31, 2007

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim period financial statements have been prepared by Uraacan Resources Ltd. (the "**Company**"), in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars. The preparation of interim financial statements is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

As a result of the Company purchasing property, plant and equipment during the three months ended January 31, 2007, the Company has adopted the following significant accounting policy:

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is calculated annually using the straight-line method over the following terms:

Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	Life of the lease

The cost of maintenance and repairs is charged to expense as incurred. The cost of significant renewals and improvements is added to the carrying amount of the respective asset.

When assets are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts, and any resulting gain or loss is reflected in the statement of operations and deficit.

Certain comparative figures have been reclassified to conform with the current period's presentation.

2. NATURE OF OPERATIONS

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 UFM Ventures Ltd. on March 4, 2004 and to Uraacan Resources Ltd. on July 27, 2006.

The Company's principal business activity is the acquisition and exploration of properties in the natural resource industry.

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the six month period ended January 31, 2007

3. PROPERTY, PLANT AND EQUIPMENT

As at January 31, 2007, the Company's property, plant and equipment consisted of the following:

	2007			2006
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 7,568	\$ -	\$ 7,568	\$ -
Furniture and fixtures	9,056	-	9,056	-
Office equipment	13,235	-	13,235	-
Leasehold improvements	22,614	-	22,614	-
	\$ 52,473	\$ -	\$ 52,473	\$ -

4. MINERAL PROPERTIES

North Shore Properties

On July 27, 2006, the Company completed an option agreement with Sheridan Platinum Group Limited ("**Sheridan**") whereby the Company has been granted an option to purchase a 100% interest in the Lac Turgeon, Wee Gee, Pontbriand and Ne Costbelle properties (the "**North Shore Properties**") located along the Quebec North Shore of the Gulf of St. Lawrence (the "**Acquisition**"). In order to exercise the option, the Company paid Sheridan \$600,000 and issued 350,000 common shares of the Company. In order to comply with the terms of the agreement, the Company paid Sheridan \$200,000 on November 28, 2006 and \$200,000 on March 16, 2007. The Company must also pay an additional \$1,000,000 or 1,000,000 common shares of the Company (at Sheridan's option) by November 30, 2007. The Company has also agreed to grant Sheridan a Net Smelter Royalty ("**NSR**") of 3% in the first 2 years after commencement of commercial production, increasing to 5% thereafter. With a payment of \$3,000,000 within the first 30 days after commencement of commercial production, the Company has the right to reduce the NSR to 1.5% for the entire term. The Company has agreed to make advance quarterly royalty payments of \$25,000 beginning January 1, 2008.

Saskatchewan Properties

On September 25, 2006, the Company announced that it has staked two claim blocks in the Pipewrench Lake and Narrows Lake areas in Saskatchewan. The Company has a 100% interest in these properties.

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the six month period ended January 31, 2007

4. MINERAL PROPERTIES (continued)

The following table summarizes the capitalized costs associated with the Company's mineral properties as at January 31, 2007:

	North Shore Properties	Saskatchewan Properties	Total
Acquisition costs:			
Balance, July 31, 2006	\$ 767,650	\$ -	\$ 767,650
Cash paid	200,000	-	200,000
Staking costs	-	36,512	36,512
Balance, January 31, 2007	<u>967,650</u>	<u>36,512</u>	<u>1,004,162</u>
Exploration costs:			
Balance, July 31, 2006	1,060,617	-	1,060,617
Air support and fuel	100,833	-	100,833
Assaying and analysis	98,270	1,349	99,619
Camp costs	34,004	-	34,004
Consultants	326,419	28,525	354,944
Equipment rentals	2,180	459	2,639
Geophysical survey	302,390	-	302,390
Travel and accommodation	21,436	-	21,436
Balance, January 31, 2007	<u>1,946,149</u>	<u>30,333</u>	<u>1,976,482</u>
Total costs, January 31, 2007	<u><u>\$ 2,913,799</u></u>	<u><u>\$ 66,845</u></u>	<u><u>\$ 2,980,644</u></u>

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares with no par value
Unlimited number of preferred shares with no par value

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
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5. SHARE CAPITAL

(b) Issued and fully paid common shares

	Number of Shares	Amount	Contributed surplus
Balance, July 31, 2006	41,087,432	\$ 6,310,388	\$ 522,740
Issued pursuant to private placements	7,650,000	3,739,201	900,799
Share issuance costs	-	(136,576)	-
Exercise of stock options	545,000	231,428	(68,428)
Stock-based compensation	-	-	523,640
Balance, January 31, 2007	<u>49,282,432</u>	<u>\$ 10,144,441</u>	<u>\$ 1,878,751</u>

On December 14, 2006, the Company completed a non-brokered private placement of 5,000,000 flow-through units (“**FT Units**”) at a price of \$0.60 per FT Unit and 1,650,000 non flow-through units (“**NFT Units**”) at a price of \$0.60 per NFT Unit for gross proceeds of \$3,990,000. Each FT Unit consisted of one flow-through common share (“**FT Share**”) and one half of a common share purchase warrant. Each NFT Unit consisted of one common share and one whole common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.80 with an expiry date of December 14, 2008. The fair value of the 4,150,000 common share purchase warrants was \$750,257. In connection with the private placement and in accordance with a mandate agreement, the Company paid Endeavour Financial Ltd. (“**Endeavour**”), a company in which an officer is a director and an officer of the Company, a fee of \$39,900. The Company paid a finders fee in the amount of \$109,128, which includes the fee paid to Endeavour.

On December 19, 2006 the Company completed a non-brokered private placement of 1,000,000 units with Sprott Asset Management at a price of \$0.65 per unit for gross proceeds of \$650,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Company at a price of \$0.90 with an expiry date of December 19, 2008. The fair value of the 1,000,000 common share purchase warrants was \$150,542. In connection with the private placement and in accordance with a mandate agreement, the Company paid Endeavour a fee of \$6,500.

(c) Stock options

The Company has established a “rolling” Stock 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 exercise price of each option shall not be less than the market price of the Company’s stock at the date of grant.

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the six month period ended January 31, 2007

5. SHARE CAPITAL (continued)

(c) Stock options (continued)

The following table summarizes information about the stock options outstanding and exercisable at January 31, 2007:

<u>Outstanding</u>	<u>Exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>	<u>Remaining contractual life</u>
375,000	375,000	\$ 0.10	November 21, 2008	1.8 years
1,955,000	1,955,000	0.40	March 30, 2011	4.2 years
350,000	262,500	0.70	April 12, 2008	1.2 years
<u>925,000</u>	<u>875,000</u>	1.21	January 24, 2012	5.0 years
<u>3,605,000</u>	<u>3,467,500</u>			

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

	<u>Outstanding</u>	<u>Weighted average exercise price</u>
Balance, July 31, 2006	3,225,000	\$ 0.38
Granted	925,000	1.21
Exercised	<u>(545,000)</u>	<u>0.30</u>
Balance, January 31, 2007	<u>3,605,000</u>	<u>\$ 0.61</u>

(d) Warrants

The following table summarizes information about the warrants outstanding at January 31, 2007:

<u>Outstanding & exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>
183,600	\$ 0.50	July 27, 2007
4,150,000	0.80	December 14, 2008
<u>1,000,000</u>	0.90	December 19, 2008
<u>5,333,600</u>		

A summary of the changes in warrants is presented below:

	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
Balance, July 31, 2006	183,600	\$ 0.50
Issued	<u>5,150,000</u>	<u>0.82</u>
Balance, January 31, 2007	<u>5,333,600</u>	<u>\$ 0.81</u>

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the six month period ended January 31, 2007

5. SHARE CAPITAL (continued)

(e) Stock-based compensation

Using the fair value method for stock-based compensation, the value of the portion of the 925,000 and 350,000 stock options that vested during the six month period ended January 31, 2007 was \$523,640, of which \$28,217 has been included in shareholder services in the unaudited statement of operations and deficit. The remaining \$495,423 has been recorded as stock-based compensation in the unaudited statement of operations and deficit. The following assumptions were used for the Black-Scholes valuation of stock options:

Risk-free interest rate	4.09%
Expected life	5 years
Annualized volatility	50%
Dividend rate	0.00%

6. RELATED PARTY TRANSACTIONS

- a) During the six month period ended January 31, the Company incurred the following expenses with companies related by way of directors and/or officers in common:

	<u>2007</u>	<u>2006</u>
Consulting fees	\$ 105,643	\$ 15,000
Rent	6,000	6,000

- b) In connection with the December 14, 2006 and December 19, 2006 private placements, and in accordance with an advisory agreement, the Company paid Endeavour a total of \$46,400.
- c) On January 24, 2007, the Company granted 100,000 stock options to Endeavour which were part of the 925,000 stock option grant noted in Note 5(c).
- d) Included in accounts payable and accrued liabilities at January 31, 2007 was an amount of \$5,000 owed to GVCC (see Note 7c)) for its services for the month of January 2007 and an amount of \$18,570 owed to GJS (see Note 7b)) as reimbursement for paying for the Company's first and last months' office rent commitments.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. COMMITMENTS

- a) Effective April 2006, the Company has engaged Vanguard Shareholder Solutions Inc. ("**Vanguard**") to provide public relations services to the Company. The agreement includes consulting fees of \$10,000 per month plus expenses. The term of the agreement is 12 months.

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the six month period ended January 31, 2007

7. COMMITMENTS (continued)

- b) Effective July 1, 2006, the Company has entered into an agreement with GJS Capital Corp. ("**GJS**"), whereby GJS is providing the Company with the services of Gregg J. Sedun, who holds the position of the Chairman of the Board of the Company. GJS charges \$5,000 per month plus expenses incurred on behalf of the Company. The term of the agreement is for 12 months and the agreement may be terminated by either party at any time by giving 3 months written notice.
- c) Effective January 1, 2007, the Company has entered into an agreement with Global Vision Capital Corp. ("**GVCC**"), whereby GVCC is providing the Company with the services of Gregg J. Sedun, who holds the position of President and Chief Executive Officer of the Company. GVCC charges \$5,000 per month plus expenses incurred on behalf of the Company. The term of the agreement is for 18 months and the agreement may be terminated by either party at any time by giving 3 months written notice.
- d) Effective January 2007, the Company has entered into a 5 year lease agreement for its office premises and its minimum annual lease commitments are as follows:

2007	\$	49,440
2008		98,880
2009		98,880
2010		98,880
2011		98,880
2012		41,200

8. SEGMENTED INFORMATION

The Company currently operates in one business segment, being the acquisition and exploration of natural resource properties exclusively in Canada.

9. SUBSEQUENT EVENTS

- a) On March 16, 2007, the Company paid Sheridan \$200,000 in accordance with the terms of the option agreement for the North Shore Properties.
- b) Subsequent to January 31, 2006, 41,800 warrants were exercised for proceeds of \$20,900.

**URACAN RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
Six month period ended January 31, 2007**

Prepared as of March 29, 2007

The following discussion is management's assessment and analysis of the results and financial condition of Uracan Resources Ltd. (the "**Company**") and should be read in conjunction with the accompanying unaudited financial statements for the six month period ended January 31, 2007 and related notes. The preparation of interim financial statements is in accordance with Canadian generally accepted accounting principles and all figures are reported in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Description of Business

The Company was incorporated as 583860 B.C. Ltd. in the province of British Columbia on April 21, 1999. The Company changed its name to UFM Ventures Ltd. on March 4, 2004 and to Uracan Resources Ltd. on July 27, 2006.

The Company's principal business activity is the acquisition and exploration of uranium properties in Canada.

Mineral Properties

North Shore Properties

On July 27, 2006, the Company completed an option agreement with Sheridan Platinum Group Limited ("**Sheridan**") whereby the Company has been granted an option to purchase a 100% interest in the Lac Turgeon, Wee Gee, Pontbriand and Ne Costbelle properties (the "**North Shore Properties**") located in Quebec (the "**North Shore Acquisition**"). In order to exercise the option, the Company paid Sheridan \$600,000 and issued it 350,000 common shares of the Company. In order to comply with the terms of the agreement, the Company paid Sheridan \$200,000 on November 28, 2006, \$200,000 on March 16, 2007 and must pay an additional \$1,000,000 or 1,000,000 common shares of the Company (at Sheridan's option) by November 30, 2007. The Company has also agreed to grant Sheridan a Net Smelter Royalty ("**NSR**") of 3% in the first 2 years after commencement of commercial production, increasing to 5% thereafter. With a payment of \$3,000,000 within the first 30 days after commencement of commercial production, the Company has the right to reduce the NSR to 1.5% for the entire term. The Company has agreed to make advance quarterly royalty payments of \$25,000 beginning January 1, 2008.

The North Shore Properties are located along the Quebec North Shore of the Gulf of St. Lawrence and are located in the vicinity of known uranium occurrences characterized by a highly favourable geological setting for large tonnage and low grade uranium mineralization.

North Shore Properties (continued)

In September 2006, the Company completed Phase I of its budgeted work program which included analyzing previous work performed on the properties, conducting regional and detailed mapping and bedrock sampling, carrying out an airborne geophysical survey, and completing uranium modeling and target validation.

In February 2007, the Company commenced drilling on the North Shore Properties. The Company intends to conduct a 12,000 meter drill program which will test at least 4 separate first order uranium anomalies and occurrences that were outlined by the airborne geophysical survey and surface exploration work carried out in 2006. Approximately 16 km² of the 900 km² North Shore Properties area will be tested.

Saskatchewan Properties

On September 25, 2006, the Company announced that it has staked two claim blocks in the Pipewrench Lake and Narrows Lake areas in Saskatchewan. The Company has a 100% interest in these properties.

In January 2007 the Company received results of surface sampling from a limited field program that was conducted in late September and early October 2006. Five historic uranium occurrences were sampled, giving encouraging results which confirm that significant mineralization exists on the property. The Company is planning to conduct a summer exploration program to follow up the recent results, including prospecting, geological and structural mapping, rock and soil sampling and airborne and ground geophysics. Diamond drilling is planned to follow up targets outlined by the summer program.

In addition, the Company has staked additional ground surrounding the existing claims, increasing the total area staked to 100 km².

Mineral Properties (continued)

The following table summarizes the capitalized costs associated with the Company's mineral properties as at January 31, 2007:

	<u>North Shore Properties</u>	<u>Saskatchewan Properties</u>	<u>Total</u>
Acquisition costs:			
Balance, July 31, 2006	\$ 767,650	\$ -	\$ 767,650
Cash paid	200,000	-	200,000
Staking costs	-	36,512	36,512
Balance, January 31, 2007	<u>967,650</u>	<u>36,512</u>	<u>1,004,162</u>
Exploration costs:			
Balance, July 31, 2006	1,060,617	-	1,060,617
Air support and fuel	100,833	-	100,833
Assaying and analysis	98,270	1,349	99,619
Camp costs	34,004	-	34,004
Consultants	326,419	28,525	354,944
Equipment rentals	2,180	459	2,639
Geophysical survey	302,390	-	302,390
Travel and accommodation	21,436	-	21,436
Balance, January 31, 2007	<u>1,946,149</u>	<u>30,333</u>	<u>1,976,482</u>
Total costs, January 31, 2007	<u>\$ 2,913,799</u>	<u>\$ 66,845</u>	<u>\$ 2,980,644</u>

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Selected Annual Information

Total assets increased from \$4,982,892 at July 31, 2006 to \$8,646,782 at January 31, 2007, a difference of \$3,663,890. The most significant assets at January 31, 2007 were cash of \$5,140,641 (July 31, 2006: \$3,087,163) and mineral properties of \$2,980,644 (July 31, 2006: \$1,828,267). The mineral properties consist of capitalized costs relating to the North Shore and Saskatchewan properties noted in "*Mineral Properties*" above.

Cash Flow Analysis

The items contributing to the \$2,053,478 increase in cash during the six month period ended January 31, 2007 were net proceeds of \$4,503,424 from the private placements noted in "*Outstanding Share Data*" below and proceeds of \$163,000 from the exercise of stock options. These were partially offset by mineral property costs of \$1,865,328, cash of \$699,975 used in operating activities and \$47,643 for the purchase of property, plant and equipment.

Selected Quarterly Information

	Q2 2007	Q1 2007	Q4 2006	Q3 2006
Interest income	\$ 30,022	\$ 17,352	\$ 20,066	\$ 8,081
Expenses	702,977	103,522	580,324	92,575
Net loss for the period	<u>\$ (672,955)</u>	<u>\$ (86,170)</u>	<u>\$ (560,258)</u>	<u>\$ (84,494)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>

	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Interest income	\$ 3,255	\$ 918	\$ 845	\$ 873
Expenses	29,895	25,600	15,762	23,241
Net loss for the period	<u>\$ (26,640)</u>	<u>\$ (24,682)</u>	<u>\$ (14,917)</u>	<u>\$ (22,368)</u>
Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

Results of Operations

Income and expenses for the four quarters from Q3, 2005 to Q2, 2006 were relatively consistent. Expenses for the four most recent quarters have increased primarily as a result of expenditures on the North Shore Properties. Interest income for the eight most recent quarters has been generated exclusively from cash maintained in bank accounts. Effective Q3, 2006, interest income began to increase as a result of higher bank balances related to the receipt of private placement proceeds and cash from the exercise of warrants and stock options.

The most significant expenses for the two most recent quarters, respectively, were stock-based compensation of \$495,423 and \$Nil, shareholder service costs of \$51,629 and \$44,336 and consulting fees of \$65,029 and \$50,475. The stock-based compensation expense represented the fair value of the 925,000 stock options granted on January 24, 2007. The shareholder service costs for Q1 and Q2 2007 included a fair value of \$28,217 for the vested portion of the 350,000 stock options that were granted to Vanguard Shareholder Solutions Inc. ("**Vanguard**"). The consulting fees for Q1 and Q2 2007 consisted of \$70,643 paid to Endeavour Financial Ltd. ("**Endeavour**"), \$35,000 paid to companies controlled by the President of the Company for his services as the President, Chief Executive Officer ("**CEO**") and the Chairman of the Board of Directors and \$9,861 paid to other consultants.

Results of Operations (continued)

The most significant expenses in Q4, 2006 were stock-based compensation of \$312,001, professional fees of \$95,682 and consulting fees of \$59,570. The stock-based compensation expense represented the fair value of the 2,000,000 stock options granted on March 30, 2006. These stock options were conditionally granted subject to the completion of the North Shore Acquisition, and although granted in Q3, 2006, were accounted for in Q4, 2006, the quarter the North Shore Acquisition was completed. The professional fees consisted of legal fees of \$69,198 and accounting and audit fees of \$26,484.

Liquidity and Capital Resources

As at January 31, 2007, the Company had working capital of \$5,521,685. In management's opinion, this will be sufficient to cover the Company's intended work program costs and short-term obligations as they become due.

Outstanding Share Data

Authorized

Unlimited common shares with no par value
Unlimited preferred shares with no par value

Issued and Fully Paid Common Shares

	<u>Number of Shares</u>	<u>Amount</u>
Balance, July 31, 2006	41,087,432	\$ 6,310,388
Issued pursuant to private placements	7,650,000	3,739,201
Share issuance costs	-	(136,576)
Exercise of stock options	<u>545,000</u>	<u>231,428</u>
Balance, January 31, 2007	<u><u>49,282,432</u></u>	<u><u>\$ 10,144,441</u></u>

On December 14, 2006, the Company completed a non-brokered private placement of 5,000,000 flow-through units ("**FT Units**") at a price of \$0.60 per FT Unit and 1,650,000 non flow-through units ("**NFT Units**") at a price of \$0.60 per NFT Unit for gross proceeds of \$3,990,000. Each FT Unit consisted of one flow-through common share ("**FT Share**") and one half of a common share purchase warrant. Each NFT Unit consisted of one common share and one whole common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.80 with an expiry date of December 14, 2008. The fair value of the 4,150,000 common share purchase warrants was \$750,257. In connection with the private placement and in accordance with a mandate agreement, the Company paid Endeavour a fee of \$39,900. The Company paid a finders fee in the amount of \$109,128, which includes the fee paid to Endeavour.

Outstanding Share Data (continued)

On December 19, 2006 the Company completed a non-brokered private placement of 1,000,000 units with Sprott Asset Management at a price of \$0.65 per unit for gross proceeds of \$650,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Company at a price of \$0.90 with an expiry date of December 19, 2008. The fair value of the 1,000,000 common share purchase warrants was \$150,542. In connection with the private placement and in accordance with a mandate agreement, the Company paid Endeavour a fee of \$6,500.

As at the date of this report, there were 49,324,232 common shares issued and outstanding.

The following table summarizes information about the stock options outstanding and exercisable at January 31, 2007:

<u>Outstanding</u>	<u>Exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>
375,000	375,000	\$ 0.10	November 21, 2008
1,955,000	1,955,000	0.40	March 30, 2011
350,000	262,500	0.70	April 12, 2008
925,000	875,000	1.21	January 24, 2012
<u>3,605,000</u>	<u>3,467,500</u>		

The following table summarizes information about the warrants outstanding and exercisable at January 31, 2007:

<u>Outstanding & exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>
183,600	\$ 0.50	July 27, 2007
4,150,000	0.80	December 14, 2008
<u>1,000,000</u>	0.90	December 19, 2008
<u>5,333,600</u>		

As of the date of this report, there were 3,605,000 stock options and 5,291,800 warrants outstanding.

Investor Relations

The Company's Annual General Meeting was held on January 10, 2007. Effective April 2006, the Company has engaged Vanguard to provide public relations services to the Company.

Related Party Transactions

- a) During the six month period ended January 31, the Company incurred the following expenses with companies related by directors and/or officers in common:

	<u>2007</u>	<u>2006</u>
Consulting fees	\$ 105,643	\$ 15,000
Rent	6,000	6,000

- b) In connection with the December 14, 2006 and December 19, 2006 private placements, and in accordance with an advisory agreement, the Company paid Endeavour, a company in which an officer is a director and an officer of the Company, a total of \$46,400.
- c) On January 24, 2007, the Company granted 100,000 stock options to Endeavour.
- d) Included in accounts payable and accrued liabilities at January 31, 2007 was an amount of \$5,000 owed to GVCC (see “*Commitments c*”) below) for its services for the month of January 2007 and an amount of \$18,570 owed to GJS (see “*Commitments b*”) below) as reimbursement for paying the Company’s first and last months’ office rent commitments.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Commitments

- a) Effective April 2006, the Company has engaged Vanguard to provide public relations services to the Company. The agreement includes consulting fees of \$10,000 per month plus expenses. The term of the agreement is 12 months.
- b) Effective July 1, 2006, the Company has entered into an agreement with GJS Capital Corp. (“**GJS**”), whereby GJS will provide the Company with the services of Gregg J. Sedun, who will hold the position of the Chairman of the Board of the Company. GJS charges \$5,000 per month plus expenses incurred on behalf of the Company. The term of the agreement is for 12 months and the agreement may be terminated by either party at any time by giving 3 months written notice.
- c) Effective January 1, 2007, the Company has entered into an agreement with Global Vision Capital Corp. (“**GVCC**”), whereby GVCC is providing the Company with the services of Gregg J. Sedun, who holds the position of President and CEO of the Company. GVCC charges \$5,000 per month plus expenses incurred on behalf of the Company. The term of the agreement is for 18 months and the agreement may be terminated by either party at any time by giving 3 months written notice.

Commitments (continued)

- d) Effective February 2007, the Company has entered into a 5 year lease agreement for its office premises and its minimum annual lease commitments are as follows:

2007	\$ 49,440
2008	98,880
2009	98,880
2010	98,880
2011	98,880
2012	41,200

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Critical accounting policies and estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the annual financial statements for the year ended July 31, 2006. There have been no material changes in the critical accounting estimates since the Company's audited financial statements and related notes for the for the year ended July 31, 2006 were prepared.

Subsequent Events

- a) On March 16, 2007, the Company paid Sheridan \$200,000 in accordance with the terms of the option agreement for the North Shore Properties.
- b) Subsequent to January 31, 2007 and to the date of this report, 41,800 warrants were exercised for proceeds of \$20,900.

Outlook

The Company is continuing to analyze the results of its Phase I work program on the North Shore Properties and has commenced its Phase II work program. The Company is also continuing to perform initial work on its Saskatchewan Properties while continuing to seek additional opportunities in the natural resource sector.

Forward Looking Statements

Certain statements contained in this Management's Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth above.

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, not least adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter this risk to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

Industry

The Company is engaged in the acquisition and exploration of mineral properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits. The geological focus of the Company is on areas in which the geological setting is well understood by management.

Uranium and Metal Prices

The price of uranium is affected by numerous factors beyond the control of the Company including strategic stock pile sales, 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.

Cash Flows and Additional Funding Requirements

The Company currently has no revenues from operations. Substantial additional capital will be required to put the North Shore Properties into commercial production. The sources of funds currently available to the Company for its acquisition and exploration projects are solely due from equity financing. Although the Company presently has sufficient financial resources to undertake its currently planned exploration programs and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

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.