

Financial Statements of

URACAN RESOURCES LTD.

(Unaudited – Prepared by Management)

April 30, 2007 and 2006

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

	April 30, 2007	July 31, 2006
ASSETS		
Current		
Cash	\$ 3,486,811	\$ 3,087,163
Receivables	361,008	42,775
Prepays and deposits	86,591	24,687
	<u>3,934,410</u>	<u>3,154,625</u>
Property, plant and equipment (Note 3)	65,226	-
Mineral properties (Note 4)	4,831,430	1,828,267
	<u>\$ 8,831,066</u>	<u>\$ 4,982,892</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 464,921	\$ 859,029
Future income tax liability (Note 9)	939,697	-
	<u>1,404,618</u>	<u>859,029</u>
Shareholders' equity		
Share capital (Note 5)	8,831,351	6,310,388
Contributed surplus (Note 5)	1,894,546	522,740
Deficit	(3,299,449)	(2,709,265)
	<u>7,426,448</u>	<u>4,123,863</u>
	<u>\$ 8,831,066</u>	<u>\$ 4,982,892</u>

Nature of operations (Note 2)**Subsequent events** (Note 10)

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 April 30		Nine months ended April 30	
	2007	2006	2007	2006
Expenses				
Consulting	\$ 63,248	\$ 7,500	\$ 178,752	\$ 22,500
Depreciation	3,705	-	3,705	-
Marketing and advertising	8,565	-	15,937	-
Office and administration	59,593	3,088	113,274	9,265
Professional fees	40,636	8,278	59,436	34,077
Regulatory and transfer agent	15,583	-	29,928	-
Salaries and benefits	17,406	-	18,595	-
Shareholder services	52,356	7,190	148,321	8,056
Stock-based compensation	19,921	61,085	515,344	61,085
Travel, meals and entertainment	5,286	5,434	9,506	13,087
	<u>286,299</u>	<u>92,575</u>	<u>1,092,798</u>	<u>148,070</u>
Other Item				
Interest income	<u>37,155</u>	<u>8,081</u>	<u>84,529</u>	<u>12,254</u>
Loss before income taxes	<u>(249,144)</u>	<u>(84,494)</u>	<u>(1,008,269)</u>	<u>(135,816)</u>
Future income tax recovery (Note 9)	<u>418,086</u>	<u>-</u>	<u>418,086</u>	<u>-</u>
Income (loss) for the period	<u>168,942</u>	<u>(84,494)</u>	<u>(590,183)</u>	<u>(135,816)</u>
Deficit, beginning of period	<u>(3,468,391)</u>	<u>(2,064,513)</u>	<u>(2,709,266)</u>	<u>(2,013,191)</u>
Deficit, end of period	<u><u>\$ (3,299,449)</u></u>	<u><u>\$ (2,149,007)</u></u>	<u><u>\$ (3,299,449)</u></u>	<u><u>\$ (2,149,007)</u></u>
Basic and diluted income (loss) per share	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	<u>49,306,626</u>	<u>32,142,061</u>	<u>45,229,514</u>	<u>28,628,894</u>

See accompanying notes to the unaudited financial statements

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

	Three months ended April 30		Nine months ended April 30	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ 168,942	\$ (84,494)	\$ (590,183)	\$ (135,816)
Items not involving cash:				
Future income taxes	(418,086)	-	(418,086)	-
Depreciation	3,705	-	3,705	-
Shareholder services	3,666	-	31,883	-
Stock-based compensation	19,921	61,085	515,344	61,085
Changes in non-cash working capital items	<u>(660,056)</u>	<u>12,720</u>	<u>(1,124,546)</u>	<u>15,484</u>
Cash used in operating activities	<u>(881,908)</u>	<u>(10,689)</u>	<u>(1,581,883)</u>	<u>(59,247)</u>
FINANCING ACTIVITIES				
Issuance of shares	36,901	27,500	4,703,325	759,000
Subscriptions received in advance	-	1,944,800	-	1,944,800
Cash provided by financing activities	<u>36,901</u>	<u>1,972,300</u>	<u>4,703,325</u>	<u>2,703,800</u>
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(7,972)	-	(55,615)	-
Mineral property costs	<u>(800,851)</u>	<u>(104,000)</u>	<u>(2,666,179)</u>	<u>(104,000)</u>
Cash used in investing activities	<u>(808,823)</u>	<u>(104,000)</u>	<u>(2,721,794)</u>	<u>(104,000)</u>
Change in cash during the period	(1,653,830)	1,857,611	399,648	2,540,553
Cash, beginning of period	<u>5,140,641</u>	<u>900,453</u>	<u>3,087,163</u>	<u>217,511</u>
Cash, end of period	<u>\$ 3,486,811</u>	<u>\$ 2,758,064</u>	<u>\$ 3,486,811</u>	<u>\$ 2,758,064</u>

See accompanying notes to the unaudited financial statements

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the nine month period ended April 30, 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 are unaudited 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.

During the nine months ended April 30, 2007, the Company adopted the following significant accounting policies:

- a) 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.

- b) Flow-through common shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permit the enterprise to renounce, or transfer to the investor the tax deductions associated with an equal value of qualifying resource expenditures. In accordance with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3465 – *Income Taxes*, and Emerging Issues Committee Abstract 146 – *Flow-through shares*, the Company records a future income tax liability on the date that the Company files the renouncement documents with the tax authorities, provided that there is reasonable assurance that the expenditures will be made. At the time of recognition of the future income tax liability, an offsetting reduction to share capital is made.

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

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the nine month period ended April 30, 2007

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.

3. PROPERTY, PLANT AND EQUIPMENT

As at April 30, 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	\$ 7,762	\$ 647	\$ 7,115	\$ -
Furniture and fixtures	7,719	386	7,333	-
Office equipment	13,856	692	13,164	-
Leasehold improvements	39,594	1,980	37,614	-
	<u>\$ 68,931</u>	<u>\$ 3,705</u>	<u>\$ 65,226</u>	<u>\$ -</u>

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 has paid Sheridan \$1,000,000 and issued 350,000 common shares of the Company. The Company must also pay an additional \$1,000,000 or issue 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 nine month period ended April 30, 2007

4. MINERAL PROPERTIES (continued)

The following table summarizes the capitalized costs associated with the Company's mineral properties as at April 30, 2007:

	North Shore Properties	Saskatchewan Properties	Total
Acquisition costs:			
Balance, July 31, 2006	\$ 767,650	\$ -	\$ 767,650
Cash paid	400,000	-	400,000
Staking costs	-	36,512	36,512
Balance, April 30, 2007	<u>1,167,650</u>	<u>36,512</u>	<u>1,204,162</u>
Exploration costs:			
Balance, July 31, 2006	1,060,617	-	1,060,617
Air support and fuel	122,402	-	122,402
Assaying and analysis	239,972	1,349	241,321
Camp costs	34,004	-	34,004
Consultants	972,454	28,525	1,000,979
Drilling	309,544	-	309,544
Equipment rentals	332,826	459	333,285
Geophysical survey	503,680	-	503,680
Travel and accommodation	21,436	-	21,436
Balance, April 30, 2007	<u>3,596,935</u>	<u>30,333</u>	<u>3,627,268</u>
Total costs, April 30, 2007	<u>\$ 4,764,585</u>	<u>\$ 66,845</u>	<u>\$ 4,831,430</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
for the nine month period ended April 30, 2007

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 and warrants	606,800	276,120	(76,220)
Stock-based compensation	-	-	547,227
Income tax effect on flow-through share renouncement (Note 9)	-	(1,357,782)	-
Balance, April 30, 2007	<u>49,344,232</u>	<u>\$ 8,831,351</u>	<u>\$ 1,894,546</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 nine month period ended April 30, 2007

5. SHARE CAPITAL (continued)

(c) Stock options (continued)

The following table summarizes information about the stock options outstanding and exercisable at April 30, 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	1.6 years
1,955,000	1,955,000	0.40	March 30, 2011	3.9 years
350,000	350,000	0.70	April 12, 2008	1.0 years
<u>925,000</u>	<u>868,750</u>	1.21	January 24, 2012	4.7 years
<u><u>3,605,000</u></u>	<u><u>3,548,750</u></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, April 30, 2007	<u><u>3,605,000</u></u>	<u><u>\$ 0.61</u></u>

(d) Warrants

The following table summarizes information about the warrants outstanding at April 30, 2007:

<u>Outstanding & exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>
141,800	\$ 0.50	July 27, 2007
4,130,000	0.80	December 14, 2008
<u>1,000,000</u>	0.90	December 19, 2008
<u><u>5,271,800</u></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	5,150,000	0.82
Exercised	<u>(61,800)</u>	<u>0.60</u>
Balance, April 30, 2007	<u><u>5,271,800</u></u>	<u><u>\$ 0.81</u></u>

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the nine month period ended April 30, 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 nine month period ended April 30, 2007 was \$547,227, of which \$31,883 has been included in shareholder services in the unaudited statement of operations and deficit. The remaining \$515,344 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:

	<u>2007</u>	<u>2006</u>
Risk-free interest rate	4.09%	4.11%
Expected life	5 years	5 years
Annualized volatility	50%	41%
Dividend rate	0.00%	0.00%

6. RELATED PARTY TRANSACTIONS

- a) During the nine month period ended April 30, 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	\$ 169,419	\$ 22,500
Rent	7,000	9,000
Legal Fees	36,135	4,000

- 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 April 30, 2007 were amounts of \$5,000 owed to GJS (see "Commitments a)" below) and \$10,000 owed to GVCC (see "Commitments b)" below).

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 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.

URACAN RESOURCES LTD.
Notes to the unaudited Financial Statements
for the nine month period ended April 30, 2007

7. COMMITMENTS (continued)

- b) 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.
- c) 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	\$	24,720
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. INCOME TAXES

To date, the Company has issued 8,060,000 common shares on a flow-through basis for gross proceeds of \$4,377,000. The flow-through agreements required the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants, which resulted in an initial income tax liability of \$1,400,000 being recorded, with the corresponding amount going to share capital. As a result of the Company incurring operating losses, this liability has been reduced by \$460,303. The corresponding credits have been recorded as future income tax recovery in the amount of \$418,086 and a reduction to share capital in the amount of \$42,217. As at April 30, 2007, the amount of the income tax liability was \$939,697.

10. SUBSEQUENT EVENTS

- a) On May 18, 2007, the Company granted 300,000 incentive stock options to a director of the Company, with each option exercisable into one common share of the company at an exercise price of \$0.96, expiring on May 18, 2012.
- b) On June 20, 2007, the Company completed a non-brokered private placement of 4,000,000 units at a price of \$0.95 per unit for gross proceeds of \$3,800,000. One million units of the four million units were issued on a flow-through basis. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant is exercisable at \$1.25 per common share, expiring on June 20, 2009.
- c) On May 28, 2007, the Company granted 100,000 incentive stock options to an officer of the Company, with each option exercisable into one common share of the company at an exercise price of \$1.32, expiring on May 28, 2012.

UFM VENTURES LTD.

**Notes to the unaudited Consolidated Financial Statements
for the nine month period ended April 30, 2006**

10. SUBSEQUENT EVENTS (continued)

- d) Subsequent to April 30, 2007, 56,500 warrants with an exercise price of \$0.80 per share and 10,000 stock options with an exercise price of \$0.40 per share were exercised for total proceeds of \$49,200.