

Interim Financial Statements of

**URACAN RESOURCES LTD.**

(Unaudited)

As at and for the three and nine months  
ended April 30, 2008

**URACAN RESOURCES LTD.****Interim Balance Sheets**

(unaudited)

*(expressed in Canadian dollars)*

	April 30, 2008	July 31, 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 4,255,858	\$ 5,329,351
Receivables	452,933	448,501
Prepays and deposits	85,002	80,485
	<u>4,793,793</u>	<u>5,858,337</u>
<b>Property, plant and equipment</b> (Note 3)	97,846	63,350
<b>Equipment under capital lease</b> (Note 4)	45,550	-
<b>Mineral properties</b> (Note 5)	16,265,577	7,374,196
	<u>\$ 21,202,766</u>	<u>\$ 13,295,883</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,604,546	\$ 856,492
Current portion of obligation under capital lease (Note 6)	16,971	-
	<u>1,621,517</u>	<u>856,492</u>
<b>Obligation under capital lease</b> (Note 6)	26,562	-
<b>Future income tax liability</b> (Note 10)	2,265,381	935,968
	<u>3,913,460</u>	<u>1,792,460</u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	17,855,007	12,788,529
Contributed surplus (Note 7)	4,175,352	2,468,315
Deficit	(4,741,053)	(3,753,421)
	<u>17,289,306</u>	<u>11,503,423</u>
	<u>\$ 21,202,766</u>	<u>\$ 13,295,883</u>

Approved by the Board of Directors:

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

**URACAN RESOURCES LTD.****Interim Statements of Operations, Comprehensive Income (Loss) and Deficit**

(unaudited)

*(expressed in Canadian dollars)*

	Three months ended April 30,		Nine months ended April 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Expenses</b>				
Consulting	\$ 106,523	\$ 63,248	\$ 232,751	\$ 178,752
Depreciation	5,546	3,705	13,495	3,705
Marketing and advertising	29,784	8,565	69,273	15,937
Office and administration (note 8(c))	25,114	59,593	56,192	113,274
Professional fees	45,820	40,636	110,143	59,436
Regulatory and transfer agent	14,372	15,583	31,882	29,928
Salaries and benefits (note 8(c))	9,220	17,406	10,535	18,595
Shareholder services (Note 7(e))	51,832	52,356	150,061	148,321
Stock-based compensation (Note 7(e))	760,086	19,921	781,779	515,344
Travel, meals and entertainment	14,161	5,286	47,350	9,506
	<u>1,062,458</u>	<u>286,299</u>	<u>1,503,461</u>	<u>1,092,798</u>
<b>Other Item</b>				
Interest income	<u>62,026</u>	<u>37,155</u>	<u>150,820</u>	<u>84,529</u>
<b>Loss before income taxes</b>	<u>(1,000,432)</u>	<u>(249,144)</u>	<u>(1,352,641)</u>	<u>(1,008,269)</u>
Future income tax recovery (Note 10)	<u>188,369</u>	<u>418,086</u>	<u>365,009</u>	<u>418,086</u>
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<u>(812,063)</u>	<u>168,942</u>	<u>(987,632)</u>	<u>(590,183)</u>
<b>Deficit, beginning of period</b>	<u>(3,928,990)</u>	<u>(3,468,391)</u>	<u>(3,753,421)</u>	<u>(2,709,266)</u>
<b>Deficit, end of period</b>	<u><u>\$ (4,741,053)</u></u>	<u><u>\$ (3,299,449)</u></u>	<u><u>\$ (4,741,053)</u></u>	<u><u>\$ (3,299,449)</u></u>
<b>Basic and diluted loss per share</b>	<u><u>\$ (0.01)</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ (0.02)</u></u>	<u><u>\$ (0.01)</u></u>
<b>Weighted average number of common shares outstanding</b>	<u>67,037,532</u>	<u>49,306,626</u>	<u>60,372,204</u>	<u>45,229,514</u>

*See accompanying notes to the unaudited interim financial statements*

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

	Three months ended April 30		Nine months ended April 30	
	2008	2007	2008	2007
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ (812,063)	\$ 168,942	\$ (987,632)	\$ (590,183)
Items not involving cash:				
Future income taxes	(188,369)	(418,086)	(365,009)	(418,086)
Depreciation	5,546	3,705	13,495	3,705
Shareholder services	-	3,666	-	31,883
Stock-based compensation	760,086	19,921	781,779	515,344
Changes in non-cash working capital items:				
Receivables	(123,748)	(116,724)	(4,432)	(318,233)
Prepays and deposits	67,095	142,149	(4,517)	(61,904)
Accounts payable and accrued liabilities	(334,197)	(685,481)	(758,303)	(744,409)
Cash used in operating activities	<u>(625,650)</u>	<u>(881,908)</u>	<u>(1,324,619)</u>	<u>(1,581,883)</u>
<b>FINANCING ACTIVITY</b>				
Issuance of shares	<u>(32,880)</u>	<u>36,901</u>	<u>7,585,060</u>	<u>4,703,325</u>
Cash provided by (used in) financing activity	<u>(32,880)</u>	<u>36,901</u>	<u>7,585,060</u>	<u>4,703,325</u>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(45,549)	(7,972)	(47,991)	(55,615)
Purchase of equipment under capital lease, net	(2,017)	-	(2,017)	-
Mineral property costs	<u>(2,598,238)</u>	<u>(800,851)</u>	<u>(7,283,926)</u>	<u>(2,666,179)</u>
Cash used in investing activities	<u>(2,645,804)</u>	<u>(808,823)</u>	<u>(7,333,934)</u>	<u>(2,721,794)</u>
<b>Increase (decrease) in cash and cash     equivalents during the period</b>	(3,304,334)	(1,653,830)	(1,073,493)	399,648
<b>Cash and cash equivalents, beginning     of period</b>	<u>7,560,192</u>	<u>5,140,641</u>	<u>5,329,351</u>	<u>3,087,163</u>
<b>Cash and cash equivalents, end     of period</b>	<u>\$ 4,255,858</u>	<u>\$ 3,486,811</u>	<u>\$ 4,255,858</u>	<u>\$ 3,486,811</u>
<b>Cash and cash equivalents is comprised of:</b>				
Cash	\$ 1,256,496	\$ 3,486,811	\$ 1,256,496	\$ 3,486,811
Short-term deposits	<u>2,999,362</u>	<u>-</u>	<u>2,999,362</u>	<u>-</u>
	<u>\$ 4,255,858</u>	<u>\$ 3,486,811</u>	<u>\$ 4,255,858</u>	<u>\$ 3,486,811</u>

*See accompanying notes to the unaudited interim financial statements*

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The interim period financial statements of Uracon Resources Ltd. (the “**Company**”) have been prepared in accordance with Canadian generally accepted accounting principles (“**GAAP**”) 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 GAAP 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, 2008, the Company adopted the following significant accounting policy:

**Leases (Section 3065)**

Leases entered into are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and risks of ownership of property to the lessee are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with the related obligation. Equipment acquired under capital leases is being depreciated on the same basis as equipment in similar asset classes.

Effective August 1, 2007, the Company has adopted five new accounting standards related to accounting policy changes and financial instruments that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

**Accounting Changes (Section 1506)**

In accordance with this new standard, an accounting policy can be changed only if the change is required by a primary source of GAAP, or voluntarily if it results in the financial statements providing information that is both reliable and more relevant. Changes in accounting policies are accounted for in accordance with the specified transitional provisions where required provisions or the change is voluntary. Disclosure is required to be made of the nature of changes in accounting policies, the adjustments made to the current and prior periods, and when voluntary the reasons for making the change. Changes in accounting estimates are to be recognized prospectively, and disclosure is required to be made of the nature and amount of such changes. Material prior period errors are to be corrected retrospectively in the first set of financial statements completed after their discovery, and disclosure is required to be made of the nature and amount of such corrected errors. The Company has made no voluntary changes in its accounting policies since the adoption of this revised standard.

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Instruments – Recognition and measurement (Section 3855)**

In accordance with this new standard, the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading, loans and receivables, or other financial liabilities. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations, comprehensive loss and deficit.

Upon adoption of this new standard, the Company has designated its cash as held-for-trading, which is measured at fair value. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The adoption of this standard had no effect on the presentation of the Company's unaudited interim financial statements for the nine month period ended April 30, 2008.

**Financial Instruments – Disclosures and Presentation (Sections 3862 and 3863)**

In March 2007, the CICA issued Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories. The CICA also issued Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. The Company adopted these standards effective August 1, 2007 and has included the required disclosure in note 9 to these unaudited interim financial statements.

**Comprehensive Income (Section 1530)**

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes, but is not limited to, unrealized gains and losses on financial assets classified as available-for-sale, exchange gains and losses arising from the translation of financial statements of a self-sustaining foreign operation and the effective portion of the changes in fair value of cash flow hedging instruments. This statement has been included in the financial statements starting this year.

During the nine month period ended April 30, 2008, there were no changes in shareholders' equity that resulted from the non-owner sources and consequently, the adoption of the standard noted above had no effect on the presentation of the Company's unaudited interim financial statements.

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

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**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 Urcan Resources Ltd. on July 27, 2006.

The Company's principal business activity is the acquisition and exploration of properties in the uranium industry, with a focus in Quebec and Saskatchewan. The Company has not generated significant revenues from operations and is considered to be in the exploration stage.

**3. PROPERTY, PLANT AND EQUIPMENT**

As at April 30, 2008, the Company's property, plant and equipment consisted of the following:

	April 30, 2008			July 31, 2007
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 12,140	\$ 4,203	\$ 7,937	\$ 8,297
Furniture and fixtures	7,719	1,930	5,789	6,947
Office equipment	13,857	3,464	10,393	12,471
Mining equipment	45,550	1,518	44,032	-
Leasehold improvements	39,594	9,899	29,695	35,635
	\$ 118,860	\$ 21,014	\$ 97,846	\$ 63,350

**4. EQUIPMENT UNDER CAPITAL LEASE**

The following table summarizes information about the Company's equipment under capital lease:

	April 30, 2008	July 31, 2007
Equipment (cost)	\$ 45,550	\$ -
Accumulated depreciation	-	-
Net book value	\$ 45,550	\$ -

The equipment under capital lease is amortized on a straight-line basis over its economic life of 5 years. The lease commenced on April 28, 2008 and consequently no depreciation was charged to expense during the nine month period ended April 30, 2008.

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**5. MINERAL PROPERTIES**

**North Shore Properties**

On July 27, 2006, the Company signed an option agreement with Sheridan Platinum Group Limited (“**Sheridan**”) whereby the Company has purchased 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**”). The Company has paid Sheridan \$2,000,000, including \$1,000,000 during the nine months ended April 30, 2008, and has issued 350,000 common shares of the Company. The Company granted 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. Effective January 1, 2008, the Company began making advance royalty payments of \$25,000 per quarter. During the nine months ended April 30, 2008, the Company paid Sheridan \$50,000 in advanced royalty payments.

**Saskatchewan Properties**

In 2006, the Company staked two claim blocks in the Pipewrench Lake and Narrows Lake areas in Saskatchewan. The Company has a 100% interest in these properties.

The following table summarizes the capitalized costs associated with the Company's mineral properties.

	North Shore Properties	Saskatchewan Properties	Total
<b>Acquisition costs:</b>			
Balance, July 31, 2007	\$ 1,167,650	\$ 42,009	\$ 1,209,659
Cash paid	<u>1,050,000</u>	<u>-</u>	<u>1,050,000</u>
Balance, April 30, 2008	<u>2,217,650</u>	<u>42,009</u>	<u>2,259,659</u>
<b>Exploration costs:</b>			
Balance, July 31, 2007	5,643,947	520,590	6,164,537
Air support and fuel	474,628	510,905	985,533
Assaying and analysis	508,201	22,307	530,508
Consultants	726,452	949,431	1,675,883
Drilling	3,288,252	555,644	3,843,896
Field supplies	452,776	626,480	1,079,256
Geophysical survey	2,400	-	2,400
Renewal fees	55,866	1,366	57,232
Travel and accommodation	33,179	4,710	37,889
Recovered costs	<u>(371,216)</u>	<u>-</u>	<u>(371,216)</u>
	<u>5,170,538</u>	<u>2,670,843</u>	<u>7,841,381</u>
Balance, April 30, 2008	<u>10,814,485</u>	<u>3,191,433</u>	<u>14,005,918</u>
<b>Total costs, April 30, 2008</b>	<u>\$ 13,032,135</u>	<u>\$ 3,233,442</u>	<u>\$ 16,265,577</u>

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**6. OBLIGATION UNDER CAPITAL LEASE**

The following table summarizes information about the Company's obligation under capital lease:

	April 30, 2008	July 31, 2007
Capital lease obligation with imputed interest rate of 20% per annum	\$ 43,533	\$ -
Less: current portion	<u>(16,971)</u>	<u>-</u>
	<u>\$ 26,562</u>	<u>\$ -</u>

The following is a schedule of future minimum lease payments under the capital lease expiring August 27, 2010, together with the balance of the obligation under capital lease:

Year ending July 31	
2008	\$ 6,051
2009	24,203
2010	<u>24,203</u>
Total minimum lease payments	54,457
Amount representing interest at 20%	<u>(10,924)</u>
Balance of the obligation	<u>\$ 43,533</u>

**7. SHARE CAPITAL**

**(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**

	Number of Shares	Amount	Contributed surplus
Balance, July 31, 2007	54,157,532	\$ 12,788,529	\$ 2,468,315
Issued pursuant to private placement	12,860,000	6,851,992	864,008
Share issue costs	-	(130,486)	(16,454)
Exercise of warrants	20,000	16,000	-
Stock-based compensation (Note 7(e))	-	-	859,483
Income tax effect on flow-through share renouncement (Note 10)	<u>-</u>	<u>(1,671,028)</u>	<u>-</u>
Balance, April 30, 2008	<u>67,037,532</u>	<u>\$ 17,855,007</u>	<u>\$ 4,175,352</u>

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**7. SHARE CAPITAL** (continued)

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

On December 21, 2007, the Company completed a non-brokered private placement of 12,860,000 units at a price of \$0.60 per unit for gross proceeds of \$7,716,000. 8,770,000 of the 12,860,000 units were issued on a flow-through basis. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole share purchase warrant is exercisable at \$1.00 per common share, expiring on December 21, 2009.

The fair value of the 6,430,000 common share purchase warrants was \$864,008, which was recorded to contributed surplus. If the warrants are exercised, a pro-rata amount of contributed surplus will be transferred to share capital.

The warrants issued as part of the above noted private placements have been valued using the Black-Scholes pricing model, and included as credit to contributed surplus, using the following weighted average assumptions:

Risk-free interest rate	3.85%
Expected life	2 years
Expected volatility	60%
Dividend rate	0.00%

**(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.

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

	<u>Outstanding</u>	<u>Weighted average exercise price</u>
Balance, July 31, 2007	3,785,000	\$ 0.66
Granted	2,965,000	0.45
Cancelled	(50,000)	1.21
Expired	(350,000)	0.70
Balance, April 30, 2008	<u>6,350,000</u>	<u>\$ 0.56</u>

On March 19, 2008, the Company granted a total of 2,965,000 stock options to charities, directors, officers and employees of the Company. Each stock option is exercisable into one common share of the Company at a price of \$0.45 per share, expiring on March 19, 2013.

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**7. SHARE CAPITAL** (continued)

**(c) Stock options**

The following table summarizes information about the stock options outstanding at April 30, 2008:

<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	0.6 years
1,735,000	1,735,000	0.40	March 30, 2011	2.9 years
875,000	856,250	1.21	January 24, 2012	3.7 years
300,000	300,000	0.96	May 18, 2012	4.0 years
100,000	100,000	1.32	May 28, 2012	4.1 years
<u>2,965,000</u>	<u>2,965,000</u>	0.45	March 19, 2013	4.9 years
<u>6,350,000</u>	<u>6,331,250</u>			

**(d) Warrants**

A summary of the changes in warrants is presented below:

	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
Balance, July 31, 2007	6,678,500	\$ 0.95
Issued	6,430,000	1.00
Exercised	<u>(20,000)</u>	<u>0.80</u>
Balance, April 30, 2008	<u>13,088,500</u>	<u>\$ 0.97</u>

In connection with the private placement noted in Note 7(b), the Company issued 6,430,000 warrants, with each warrant exercisable at \$1.00 per common share, expiring on December 21, 2009.

The following table summarizes information about the warrants outstanding at April 30, 2008:

<u>Outstanding &amp; exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>
3,658,500	\$ 0.80	December 14, 2008
1,000,000	0.90	December 19, 2008
2,000,000	1.25	June 20, 2009
<u>6,430,000</u>	1.00	December 21, 2009
<u>13,088,500</u>		

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**7. SHARE CAPITAL** (continued)

**(e) Stock-based compensation**

Using the fair value method for stock-based compensation, the value of the portion of the stock options that vested during the nine month period ended April 30, 2008 was \$859,483, of which \$77,704 has been capitalized to mineral properties, with the remaining \$781,779 recorded as stock-based compensation in the unaudited statement of operations, comprehensive loss and deficit.

Using the fair value method for stock-based compensation, the value of the portion of 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, comprehensive loss and deficit. The remaining \$515,344 has been recorded as stock-based compensation in the unaudited statement of operations, comprehensive loss and deficit. The following assumptions were used for the Black-Scholes valuation of stock options:

	<u>2008</u>	<u>2007</u>
Risk-free interest rate	3.00%	4.09%
Expected life	5 years	2 - 5 years
Expected volatility	75%	50%
Dividend rate	0.00%	0.00%

**8. RELATED PARTY TRANSACTIONS**

- (a) During the nine month period ended April 30, the Company incurred the following costs with companies or individuals related by way of current and/or former directors and/or officers in common:

	<u>2008</u>	<u>2007</u>
Consulting fees	\$ 249,040	\$ 169,419
Rent	-	7,000
Legal fees	11,353	36,135
Share issue costs	24,410	-

Included in consulting fees was an amount of \$90,000 paid to Global Vision Capital Corp. ("**GVCC**"), whereby GVCC provides the Company with the services of Gregg J. Sedun and an amount of \$148,040 paid to an individual who is employed by a company in which an officer is a director of the Company.

- (b) Included in accounts payable and accrued liabilities at April 30, 2008 was an amount of \$12,838 (July 31, 2007: \$36,970) which was payable to companies or individuals related by way of directors and/or officers in common.
- (c) Included in accounts receivable at April 30, 2008 was an amount of \$11,060 (July 31, 2007: \$35,649) due from Goldgroup Resources Inc. This amount relates to 50% of the rent, administration staff salary and general office expenses incurred by the Company. The office is shared by both companies and expenses are shared evenly, effective as of February 1, 2007.

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.

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**9. COMMITMENTS**

- (a) Effective July 1, 2006, the Company 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. Effective February 1, 2007, the agreement with GJS was assigned with all obligations to Global Vision Capital Corp. ("GVCC").
- (b) Effective January 1, 2007, the Company entered into an agreement with GVCC, whereby GVCC is providing the Company with the services of Gregg J. Sedun, who holds the position of President and Chief Executive Officer ("CEO") of the Company for a fee of \$5,000 per month. Effective February 1, 2007, GVCC charges a total of \$10,000 per month plus expenses incurred on behalf of the Company for his services as the President, CEO and Chairman. The initial term of the agreement is for 18 months and thereafter 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:

2008	\$ 25,109
2009	101,531
2010	103,107
2011	104,215
2012	43,423

**10. INCOME TAXES**

To date, the Company has issued 17,830,000 common shares on a flow-through basis for gross proceeds of \$10,589,000. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. As at July 31, 2007, the Company had renounced the tax benefits on 8,060,000 flow-through common shares and the related \$4,377,000 of the gross proceeds.

During the nine month period ended April 30, 2008, the Company renounced the tax benefits on the remaining 9,770,000 flow-through common shares and the related \$6,212,000 of the gross proceeds resulting in an increase to the income tax liability of \$1,671,028, with a corresponding amount reducing share capital. As a result of the Company incurring operating losses and the income tax liability being revalued at each period end, the liability from renunciation of flow-through shares was reduced. As at April 30, 2008, the future income tax liability was \$2,265,381. A future income tax recovery of \$365,009 was also recorded during the nine month period ended April 30, 2008 upon reversal of the valuation allowance on future income tax assets.

**URACAN RESOURCES LTD.**  
**Notes to the unaudited Interim Financial Statements**  
**for the nine month period ended April 30, 2008**

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**11. 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, receivables and accounts payable and accrued liabilities.

The fair values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their book values because of 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 non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk includes cash and cash equivalents and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

***Liquidity Risk***

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand.

***Market Risk***

*Interest Rate Risk* - The Company's bank accounts earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

*Commodity Price Risk* - Although the Company is an exploration company, it is subject to price risk from fluctuations in market prices of uranium since its future profitability is dependent on the market price of this commodity. The price of uranium is affected by numerous factors beyond the Company's control. Fluctuations in the price of uranium could result in future commercial production that is impracticable to the Company. Therefore, management regularly monitors uranium prices to determine the appropriate course of action to be taken by the Company.

**12. SEGMENTED INFORMATION**

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