

# **WESTERN URANIUM CORPORATION**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

**(Stated in US\$)**

**(Unaudited – Prepared by Management)**

**(These unaudited condensed interim consolidated financial statements, prepared by management, have not been reviewed by the Company's external auditors)**

**WESTERN URANIUM CORPORATION**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**WESTERN URANIUM CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Stated in \$USD)  
(Unaudited - Prepared by Management)

	As at	
	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current:</b>		
Cash	\$ 38,076	\$ 172,909
Accounts receivable (Note 5)	10,407	24,273
Prepaid permit and other costs	150,405	98,682
Marketable securities (Note 6)	2,978	3,448
	201,866	299,312
<b>Long term:</b>		
Land, buildings and improvements (Note 7)	1,125,000	-
Restricted cash (Note 8)	1,036,286	653,734
Mineral properties (Note 9)	9,645,218	1,543,218
Ablation intellectual property (Note 4)	7,424,721	-
Other property and equipment	19,810	-
	19,452,901	2,496,264
<b>LIABILITIES</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 664,526	\$ 186,681
Mortgage payable (Note 12)	1,051,000	-
Deferred exercise price payable (Note 4)	500,000	-
Current portion of notes payable (Note 11)	249,968	503,979
	2,465,494	690,660
<b>Long term:</b>		
Reclamation liability (Note 13)	217,155	113,772
Notes payable, net of current portion (Note 11)	451,026	423,041
	3,133,675	1,227,473
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 14)	18,338,619	2,315,159
Accumulated deficit	(2,019,393)	(1,046,368)
	16,319,226	1,268,791
	\$ 19,452,901	\$ 2,496,264
<b>Going concern</b> (Note 1(d))		

*The accompanying notes form an integral part of these condensed interim consolidated financial statements*

**Approved on behalf of the Board:**

"George Glasier"  
Director

"Michael Skutezky"  
Director

# WESTERN URANIUM CORPORATION

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Stated in \$USD)

(Unaudited - Prepared by Management)

	For the Three Months Ended September 30, 2015	For the Three Months Ended September 30, 2014	For the Nine Months Ended September 30, 2015	For the Period March 10, 2014 (Inception) through September 30, 2014
<b>Expenses</b>				
Mining expenditures (Note 16)	\$ 210,688	\$ 1,746	\$ 301,388	\$ 1,746
Professional fees	123,763	26,653	324,529	26,653
Office and general	51,591	28,138	169,812	41,712
Accretion and interest	23,512	524	68,588	524
Consulting fees (Note 19)	49,420	-	125,158	-
Foreign exchange (gain) loss	(18,447)	-	(16,450)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (440,527)</b>	<b>\$ (57,061)</b>	<b>\$ (973,025)</b>	<b>\$ (70,635)</b>
<b>Loss per share - basic and diluted (Note 15)</b>	<b>\$ (0.04)</b>	<b>\$ -</b>	<b>\$ (0.08)</b>	<b>\$ -</b>

*The accompanying notes form an integral part of these condensed interim consolidated financial statements*

# WESTERN URANIUM CORPORATION

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Stated in \$USD)

(Unaudited - Prepared by Management)

	Common shares		Accumulated deficit	Total
	Shares	Amount		
	<i>(Note 14)</i>			
<b>As at March 10, 2014</b>	-	\$ -	\$ -	\$ -
Issued on incorporation	-	2,100	-	2,100
Private placement	-	1,499,000	-	1,499,000
Net loss for period	-	-	(70,635)	(70,635)
<b>As at September 30, 2014</b>	<b>-</b>	<b>1,501,100</b>	<b>(70,635)</b>	<b>1,430,465</b>
<b>As at January 1, 2015</b>	<b>11,396,924</b>	<b>\$ 2,315,159</b>	<b>\$ (1,046,368)</b>	<b>\$ 1,268,791</b>
Sale of 640,000 common shares on February 4, 2015 in Private Placement, net of expenses of \$99,809	640,000	1,353,793	-	1,353,793
Issuance of 4,173,299 common shares to Sellers of Black Range Minerals	4,173,299	14,167,703	-	14,167,703
Issuance of 20,510 common shares to debtholders of Black Range Minerals	20,510	69,628	-	69,628
Issuance of 217,996 stock options to former holders of Black Range stock options	-	432,336	-	432,336
Net loss for period	-	-	(973,025)	(973,025)
<b>As at September 30, 2015</b>	<b>16,230,733</b>	<b>\$ 18,338,619</b>	<b>\$ (2,019,393)</b>	<b>\$ 16,319,226</b>

*The accompanying notes form an integral part of these condensed interim consolidated financial statements*

**WESTERN URANIUM CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014**  
**(Stated in \$USD)**  
**(Unaudited - Prepared by Management)**

	<b>For the Nine Months Ended September 30, 2015</b>	<b>For the Period March 10, 2014 (Inception) through September 30, 2014</b>
<b>Operating activities</b>		
Net loss	\$ (973,025)	\$ (70,635)
Add items not affecting cash		
Accretion of reclamation liability	27,700	-
Accretion of discount on notes payable (Note 11)	27,320	525
	<u>(918,005)</u>	<u>(70,110)</u>
<b>Change in non-cash working capital items</b>		
Accounts receivable	13,866	-
Prepaid expenses	(31,957)	(125,059)
Restricted cash	(190)	-
Accounts payable and accrued liabilities	81,700	30,825
	<u>(854,586)</u>	<u>(164,344)</u>
<b>Investing activities</b>		
Purchase of property and equipment	(21,810)	-
Investment in restricted cash	-	(672,196)
Purchase of mining properties	-	(526,781)
Acquisition of Black Range - cash acquired	4,190	-
Advance on Credit Facility to Black Range	(363,074)	-
	<u>(380,694)</u>	<u>(1,198,977)</u>
<b>Financing activities</b>		
Payment of Nueco Note	(253,346)	-
Proceeds from the sale of common stock in private placement, net of offering costs (Note 14)	1,353,793	-
Private Placement	-	1,499,000
Initial member's contribution	-	2,100
	<u>1,100,447</u>	<u>1,501,100</u>
<b>Change in cash</b>	<b>(134,833)</b>	<b>137,779</b>
Cash, beginning of period	172,909	-
<b>Cash, end of period</b>	<b>\$ 38,076</b>	<b>\$ 137,779</b>

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**WESTERN URANIUM CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014**  
(Stated in \$USD)  
(Unaudited - Prepared by Management)

	<u>For the Nine Months Ended September 30, 2015</u>	<u>For the Period March 10, 2014 (Inception) through September 30, 2014</u>
<b>Non-cash investing and financing activity:</b>		
Purchase of Black Range and other mining assets (Note 4):		
Net assets purchased:		
Current assets	\$ 23,486	\$ -
Mineral properties	8,100,000	1,539,195
Ablation intellectual property	7,424,721	-
Restricted cash	382,362	-
Land, buildings and improvements	1,125,000	-
Accounts payable and accrued liabilities	(396,145)	-
Mortgage payable	(1,051,000)	-
Credit Facility - Western	(363,074)	-
Reclamation liability	(75,683)	-
Deferred exercise price payable	(500,000)	-
Total purchase price consideration	<u>\$ 14,669,667</u>	<u>\$ 1,539,195</u>
Less: cash paid to purchase the mining assets	<u>-</u>	<u>(526,781)</u>
Non-cash consideration	<u>\$ 14,669,667</u>	<u>\$ 1,012,414</u>
Non-cash consideration consisted of:		
Fair value of 4,173,299 shares of Western common stock issued to the former stockholders of Black Range	\$ 14,167,703	\$ -
Fair value of 20,510 shares of Western common stock issued to directors and consultants of Black Range	69,628	902,665
Fair value of 271,996 Western stock options issued to directors and consultants of Black Range	432,336	109,749
Non-cash consideration	<u>\$ 14,669,667</u>	<u>\$ 1,012,414</u>

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**WESTERN URANIUM CORPORATION**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

**(a) Nature of operations**

Western Uranium Corporation ("Western") was incorporated in December, 2006 under the Ontario Business Corporations Act. On November 20, 2014, the Company completed a listing process on the Canadian Securities Exchange ("CSE"). As part of that process, the Company acquired 100% of the members' interests of Pinon Ridge Mining LLC ("PRM"), a Delaware limited liability company. The transaction constituted a reverse takeover ("RTO") of Western by PRM. Subsequent to obtaining appropriate shareholder approvals, the Company reconstituted its Board of Directors and senior management team.

PRM is a Delaware limited liability company with an indefinite term, which was formed on March 10, 2014 for the purpose of purchasing and operating uranium mines in Utah and Colorado. On August 18, 2014, the Company closed on the purchase of certain mining properties from Energy Fuels Holding Corp. ("EFHC"). Effective September 16, 2015, Western completed its acquisition of Black Range Minerals Limited ("Black Range"). (*see note 4*)

The Company has registered offices at 2702-401 Bay Street, Toronto, Ontario, Canada, M5H 2Y4 and its common shares are listed on the CSE under the symbol "WUC". Its principal business activity is the acquisition and development of uranium resource properties in the states of Utah and Colorado in the United States of America ("USA").

The unaudited condensed interim consolidated financial statements have not been reviewed by the company's external auditors and were authorized for issuance by the Board of Directors on November 30, 2015.

**(b) Reverse Takeover Transaction**

On November 20, 2014, Western, now the Company, through its wholly-owned US subsidiary Western Uranium Corporation, which was incorporated in Utah ("Western US"), acquired 100% of the members' interests of PRM. The transaction formed the basis for the Company obtaining a public listing on the Canadian Securities Exchange ("CSE"). To effect the transaction, Western issued 11,000,000 post-consolidation common shares in exchange for all the issued and outstanding securities of PRM.

Although the transaction resulted in PRM legally becoming a wholly-owned subsidiary of Western, the transaction constituted a reverse takeover of Western and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payments. As Western did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction does not constitute a business combination. It has been treated as an issuance of shares by PRM for the net monetary assets of Western.

The transaction therefore has been accounted for as a capital transaction, with PRM being identified as the accounting acquirer and the equity consideration measured at fair value. The resulting consolidated financial statements have been presented as a continuance of PRM's financial statements. The results of operations, cash flows and the assets and liabilities of Western have been included in these consolidated financial statements since November 20, 2014, the acquisition date.



**WESTERN URANIUM CORPORATION**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN, CONTINUED**

**(c) Private Placement**

On February 4, 2015, the Company completed a private placement. *(see note 14)*

**(d) Going concern**

The accompanying condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. In this circumstance, the Company would be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim consolidated financial statements. Such adjustments could be material.

The Company has a working capital deficit as at September 30, 2015 of \$2,263,628 and has incurred net losses of \$440,527 and \$973,025 for the three and nine months ended September 30, 2015, respectively. It expects to incur further losses in the development of its business. The Company will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. These conditions indicate the existence of material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These unaudited condensed interim consolidated financial statements should be read in conjunction with the company's audited consolidated financial statements for the year ended December 31, 2014 and reflect the same accounting policies and methods of computation applied therein.

**(b) Basis of preparation**

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2014. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2014. The effects of future IFRS pronouncements have been disclosed in Note 3 of these condensed interim consolidated financial statements.

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**2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**(c) Basis of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries PRM, Western US, Black Range Copper Inc., Ranger Resources Inc., Black Range Minerals Inc., Black Range Minerals Colorado LLC, Black Range Minerals Wyoming LLC, Haggerty Resources LLC, Ranger Alaska LLC, Black Range Minerals Utah LLC and Black Range Development Utah LLC.

Subsidiaries are those entities which the Company controls by having exposure or rights to variable returns from its involvement with the entity and by having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

**(d) Land, building and improvements**

Each class of land, building and improvements is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured. Repairs and maintenance expenditures are charged to operations in the period in which they are incurred.

As of September 30, 2015, land, building and improvements include only one asset, which is not in use and which is held for sale. As such, no depreciation was recorded for the three and nine months ended September 30, 2015.

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**3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

As at the date of authorization of these condensed interim consolidated financial statements, the IASB has issued the following revised standard which is not yet effective:

**IFRS 9: "Financial Instruments"** was issued by the IASB in its final form in June, 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company has not early adopted this standard and does not currently intend to do so, but management is currently assessing the impact of its application in the condensed interim consolidated financial statements.

**IFRS 15: "Revenue from Contracts with Customers"** was issued by the IASB during May 2014 and on July 9, 2015 was amended as to the effective date. IFRS 15 changes standards in regards to revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 is effective for annual reporting periods beginning after December 15, 2017. The IASB permits early adoption of the new standards, but not before annual periods beginning after December 15, 2016. The Company is still in the process of assessing the impact, if any, on its consolidated financial statements of this new standard.

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**4. ACQUISITION OF BLACK RANGE**

On September 16, 2015, Western completed its acquisition of Black Range, an Australian company that was listed on the Australian Securities Exchange until the acquisition was completed. The acquisition terms were pursuant to a definitive Merger Implementation Agreement entered into between Western and Black Range. Pursuant to the agreement, Western acquired all of the issued shares of Black Range by way of Scheme of Arrangement (“the Scheme”) under the Australian *Corporation Act 2001 (Cth)* (the “Black Range Transaction”), with Black Range shareholders being issued shares of Western on a 1 for 750 basis. On August 25, 2015, the Scheme was approved by the shareholders of Black Range and on September 4, 2015, Black Range received approval by the Federal Court of Australia. In addition, Western issued to certain employees, directors and consultants options to purchase Western common stock. Such stock options were intended to replace Black Range stock options outstanding prior to the Black Range Transaction on the same 1 for 750 basis.

In connection with the Black Range Transaction, Western acquired the net assets of Black Range. These net assets consist principally of interests in a uranium complex of mines located in Colorado (the “Hansen-Taylor Complex”) and a 100% interest in a 25 year license for ablation mining technologies and related patents from Ablation Technologies, LLC. The Hansen-Taylor Complex is principally a sandstone-hosted deposit that was discovered in 1977 which was permitted for mining in 1981. Ablation is a low cost, purely physical method of concentrating mineralization of uranium ore by applying a grain-size separation process to ore slurries.

As Black Range did not qualify as a business according to the definition in IFRS 3, the Black Range Transaction does not constitute a business combination. It has been treated as an issuance of shares and stock options by Western for the net monetary assets of Black Range.

The transaction therefore has been accounted for as an asset purchase, with Western being identified as the accounting acquirer and the equity consideration measured at fair value. The results of operations, cash flows and the assets and liabilities of Black Range have been included in these condensed interim consolidated financial statements since September 16, 2015, the acquisition date.

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**4. ACQUISITION OF BLACK RANGE, CONTINUED**

The following details the preliminary allocation of the purchase price consideration to the assets and liabilities acquired:

Cash	\$	4,190
Prepaid permit and other costs		19,296
Mineral properties		8,100,000
Ablation intellectual property		7,424,721
Land, buildings and improvements		1,125,000
Restricted cash		382,362
Accounts payable and accrued liabilities		(396,145)
Mortgage payable		(1,051,000)
Credit Facility		(363,074)
Deferred exercise price payable		(500,000)
Reclamation liability		(75,683)
Total	<u>\$</u>	<u>14,669,667</u>

Purchase price consideration:

Fair value of 4,173,299 shares of Western common stock issued to the former stockholders of Black Range	\$	14,167,703
Fair value of 20,510 shares of Western common stock issued to directors and consultants of Black Range		69,628
Fair value of 271,996 Western stock options issued to directors and consultants of Black Range		432,336
	<u>\$</u>	<u>14,669,667</u>

**(a) Mortgage**

In connection with the Black Range Transaction, Western assumed a mortgage secured by land, building and improvements at 7 Mile Road, Casper, Wyoming, with interest payable at 8.00% and payable in monthly payments of \$11,085 with the final balance of \$1,044,015 due as a balloon payment on January 16, 2016. (see note 12)

**(b) Credit facility**

In March 2015, Western agreed to provide a secured credit facility to Black Range providing for loans up to AUD \$450,000 (the “Credit Facility”). On September 1, 2015, the Credit Facility was increased by \$100,000 to \$550,000 and the term was extended to October 1, 2015. The terms of which included the following:

- (1) interest accrued at 8.00% per annum;
- (2) loans under the Credit Facility were secured by Black Range’s assets to the extent permitted by law and subject to any requisite third party consents; and
- (3) the loans under the Credit Facility were deemed satisfied in connection with the consummation of the Black Range Transaction.

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**4. ACQUISITION OF BLACK RANGE, CONTINUED**

**(c) Deferred Contingent Consideration**

Prior to the Black Range Transaction, the Company's CEO, who is also a director, ("Seller") transferred his interest in a former joint venture with Ablation Technologies, LLC to Black Range. In connection with the transfer, Black Range issued 25 million shares of Black Range common stock to Seller and committed to pay \$500,000 to Seller within 60 days of the first commercial application of the ablation technology. Western assumed this contingent payment obligation in connection with the Black Range Transaction. At September 30, 2015 this contingent obligation was determined to be probable as the Company expects to begin commercial use of the ablation technology on or before September 30, 2016. Since the amount of the obligation is certain (\$500,000), in connection with the Black Range Transaction, the Company recognized the \$500,000 as an assumed liability.

**(d) Reclamation Liabilities**

In connection with the Black Range Transaction, the Company assumed the reclamation liabilities imposed by law on the mineral properties. The Company has estimated that the gross reclamation liability as of September 16, 2015 and September 30, 2015 was \$382,386, and expects to begin incurring the liability after 2055. The Company discounted the liability for time at a discount rate of 5.4% and calculated the net discounted value to be \$78,683; such amount is subject to revisions. The gross reclamation liability is secured by certificates of deposit.

**(e) Options to Acquire Additional Interests within the Hansen-Taylor Complex**

In connection with the Black Range Transaction, the Company assumed two options to acquire additional mineral interests within the Hansen-Taylor Complex.

Pursuant to the option and exploration agreement between Black Range and STB Minerals LLC ("STB") dated February 18, 2011, and as amended and extended, expiring on July 28, 2017, an exclusive option to acquire STB's 51% mineral interest in the Hansen Deposit requiring upon exercise, a payment of US\$2,000,000 in cash and the issuance of shares of the Company's common stock equal in value to US\$3,750,000. 180 days following this initial cash payment and issuance of shares, the Company is required to issue additional shares of the Company's common stock equal in value to US\$3,750,000. Additionally, the Company will pay STB a perpetual royalty of 1.059%.

Pursuant to an amended and restated option agreement dated July 17, 2009, between Black Range and NZ Minerals, LLC ("NZ"), the Company has the right to acquire NZ's 24.5% mineral interest in the Hansen Deposit. Within 30 days of commencement of commercial scale production, the Company is required to pay US\$2,000,000 in cash and to issue shares of the Company's common stock equal in value to US\$2,000,000. Additionally, the Company will pay to NZ a perpetual royalty of 1.176%.

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**5. ACCOUNTS RECEIVABLE**

	As at September 30, 2015	As at December 31, 2014
Refundable HST ITC's	\$ 10,407	\$ 24,273

**6. MARKETABLE SECURITIES**

The Company's marketable securities are carried at fair value and are comprised of the following:

	As at September 30, 2015		As at December 31, 2014	
	\$	Shares	\$	Shares
Caracara Silver Inc.	\$ 2,978	800,000	\$ 3,448	800,000

As at September 30, 2015 the Company has 800,000 shares of the marketable securities.

**7. LAND, BUILDING AND IMPROVEMENTS**

Land, building and improvements, net, consists of the following:

	As of September 30, 2015	As of December 31, 2014
Land, building and improvements	\$ 1,125,000	\$ -
Less: Accumulated Depreciation	-	-
	\$ 1,125,000	\$ -

There was no depreciation expense during the three and nine months ended September 30, 2015.

**8. RESTRICTED CASH**

Certain cash balances are restricted as they relate to deposits with banks that have been assigned to state reclamation authorities in the United States to secure various reclamation guarantees with respect to mineral properties in Utah and Colorado. As these funds are not available for general corporate purposes and secure the long term reclamation liability (*see note 13*), they have been separately disclosed and classified as long-term.

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**9. MINERAL PROPERTIES**

On August 18, 2014, the Company purchased mining assets from Energy Fuels Holding Corp. ("EFHC") in an arm's length transaction. The mining assets include both owned and leased land in the states of Utah and Colorado. All of the mining assets represent properties which have previously been mined to different degrees for uranium in the past. As some of the properties have not formally established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated.

On September 16, 2015, in connection with the Black Range Transaction, the Company acquired additional mineral properties. The mining assets acquired through Black Range include leased land in the states of Colorado, Wyoming and Alaska. None of these mining assets are operational at this time. As these properties have not formally established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated.

The Company's mining properties acquired on August 18, 2014, include: San Rafael Uranium Project located in Emery County, Utah; The Sunday Mine Complex located in western San Miguel County, Colorado; The Van 4 Mine located in western Montrose County, Colorado; The Yellow Cat Project located in eastern Grand County, Utah; The Farmer Girl Mine project located in Montrose County, Colorado; The Sage Mine project located in San Juan County, Utah, and San Miguel County, Colorado USA.

The Company's mining properties acquired on September 16, 2015, include Hansen, North Hansen, High Park, Hansen Picnic Tree, Taylor Ranch, Boyer Ranch, located in Fremont County, Colorado. The Company also acquired Jonesville Coal located in Palmer Recording District, Alaska and Keota located in Weld County, Wyoming.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>As at September 30, 2015</b>	<b>As at December 31, 2014</b>
Trade accounts payable	<b>\$ 437,143</b>	<b>\$ 48,706</b>
Accrued liabilities	<b>227,383</b>	<b>137,975</b>
	<b><u>\$ 664,526</u></b>	<b><u>\$ 186,681</u></b>



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**11. NOTES PAYABLE**

On August 18, 2014, in connection with the purchase of the mining assets, the Company entered into a note payable with EFHC (the “EFHC Note”) for \$500,000. The EFHC Note bears interest at a rate of 3.0% per annum and is secured by a first priority interest in the mining assets. On the date of the purchase, the Company recorded the EFHC Note net of a discount for interest of \$73,971 at a rate of 4% per annum, resulting in a total effective interest rate of 7% per annum. The discount is being amortized using the effective interest method over the life of the loan. All principal on the EFHC Note is due and payable on August 18, 2018 and interest on the EFHC Note is due and payable annually beginning August 18, 2015.

On August 18, 2014, also in connection with the purchase of the mining assets, the Company entered into a Note Assumption Agreement with EFHC and Nuclear Energy Corporation (“Nueco”), whereby the Company assumed all of the obligations of EFHC under its note payable with Nueco (the “Nueco Note”). As at September 30, 2015, the Nueco Note had a remaining obligation outstanding of \$250,180, the due date of which was extended to January 13, 2016. In connection with the extension, the Company agreed to add interest from the date of October 13, 2015 until the date paid at the annual rate of one percent (1%) per annum. The Nueco Note bears no stated interest rate and is secured by certain of the Company’s mining assets. On the date of the purchase, the Company recorded the Nueco note net of a discount for interest of \$23,724 at a rate of 7% per annum. The discount is being amortized using the effective interest method over the life of the loan.

The Nueco payment due on December 20, 2014 in the amount of \$250,180 was made on January 5, 2015 without penalty other than additional interest at 6% per annum.

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**11. NOTES PAYABLE, CONTINUED**

During the three months ended September 30, 2015 and 2014, the Company's accretion and interest expense was \$23,512, and \$524, respectively. During the nine months ended September 30, 2015 and 2014, the Company's accretion and interest expense was \$68,588, and \$524, respectively.

	<b>As at September 30, 2015</b>		
	EFHC	Nueco	Total
Note payable arising on acquisition of mining properties	\$ 500,000	\$ 500,360	\$ 1,000,360
Note discount	(62,083)	(11,257)	(73,340)
<hr/>			
Note payable, net, December 31, 2014	437,917	489,103	927,020
Accretion of discount	13,109	14,211	27,320
Payments	-	(253,346)	(253,346)
<hr/>			
Note payable, net, September 30, 2015	451,026	249,968	700,994
Less: current portion	-	(249,968)	(249,968)
Long term portion	\$ 451,026	\$ -	\$ 451,026

	<b>As at December 31, 2014</b>		
	EFHC	Nueco	Total
Note payable arising on acquisition of mining properties	\$ 500,000	\$ 500,360	\$ 1,000,360
Note discount	(73,971)	(23,724)	(97,695)
<hr/>			
Note payable, net (at date of acquisition)	426,029	476,636	902,665
Accretion of discount	6,340	12,467	18,807
Accrued interest	5,548	-	5,548
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	437,917	489,103	927,020
Less: current portion	(14,876)	(489,103)	(503,979)
Long term portion	\$ 423,041	\$ -	\$ 423,041

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**12. MORTGAGE PAYABLE**

	<b>As at September 30, 2015 Total</b>
Mortgage payable in connection with the acquisition of Black Range on September 16, 2015	\$ 1,051,000
Payments	-
Mortgage payable September 30, 2015	1,051,000
Less: current portion	1,051,000
Long term portion	\$ -

**13. RECLAMATION LIABILITY**

The reclamation liabilities of the US mines are subject to legal and regulatory requirements, and estimates of the costs of reclamation are reviewed periodically by the applicable regulatory authorities. The reclamation liability represents the Company's best estimate of the present value of future reclamation costs in connection with the mineral properties (*see note 9*). The Company determined the gross reclamation liabilities at September 30, 2015 and December 31, 2014 of the mineral properties to be approximately \$1,036,142 and \$653,734, respectively. During the three and nine months ended September 30, 2015 the accretion of the reclamation liabilities amounted to \$2,066 and \$27,700, respectively. The Company expects to begin incurring the reclamation liability after 2055, and accordingly, has discounted the gross liabilities over a thirty year life using a discount rate of 5.4% to a net discounted value as at September 30, 2015 of \$217,155. The gross reclamation liabilities of \$1,036,142 are secured by certificates of deposit in the amount of \$1,036,286. (*see note 8*)

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**14. SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS**

**Private placement**

On February 4, 2015, the Company completed a private placement raising gross proceeds of CAD \$1,760,000 (US\$1,453,602) through the issuance of 640,000 common shares at a price of CAD \$2.75 (US\$2.27) per common share. In connection with this private placement, the Company paid broker fees, legal fees and other expenses of US\$99,809.

**Stock Options**

In connection with the Black Range Transaction, the Board of Directors granted options for the purchase of 271,996 shares of the Company's common stock to certain of the former directors, employees and consultants of Black Range. On the date of grant, these options were fully vested, had a weighted average exercise price of CAD \$6.39 (US\$4.82) and a weighted average remaining contractual life of 3.70 years. As of September 30, 2015, these stock options had no intrinsic value. Holders of these stock options have agreed to not exercise these options until after January 16, 2016.

The fair value of these stock options was credited to share capital as a component of acquisition consideration for the Black Range Transaction.

The Company utilized the Black-Scholes economic model to determine the fair value of these stock options, using the assumptions as outlined below. The remaining term was used as the expected life.

Stock Price	\$3.38
Weighted Average Exercise Price	\$4.82
Number of Options Granted	271,996
Dividend Yield	0%
Expected Volatility	75%
Weighted Average Risk-Free Interest Rate	0.69%
Expected life (in years)	3.70

**15. LOSS PER SHARE**

Basic and diluted loss per share is computed using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the three months ended September 30, 2015 and 2014 was 12,267,353, and 0, respectively. The weighted average number of common shares outstanding for the nine months ended September 30, 2015 and 2014 was 12,187,646 and 0, respectively.

Diluted loss per share and the weighted average number of common shares exclude all potentially dilutive equity instruments since their effect is anti-dilutive. The only potentially dilutive equity instruments outstanding during the nine months ended September 30, 2015 were 106,250 warrants which expired unexercised on February 26, 2015 and options for the purchase of 271,996 shares of common stock.

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**16. MINING EXPENDITURES**

	<b>For the three Months ended September 30, 2015</b>	<b>For the three Months ended September 30, 2014</b>	<b>For the nine Months ended September 30, 2015</b>	<b>For the nine Months ended September 30, 2014</b>
Permits	\$ 36,061	\$ -	\$ 102,396	\$ -
Maintenance	174,627	-	198,992	-
	<b>\$ 210,688</b>	<b>\$ -</b>	<b>\$ 301,388</b>	<b>\$ -</b>

**17. CAPITAL DISCLOSURES**

The Company's objectives when managing capital are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to develop its mining properties into production and to maintain investor, creditor and market confidence to sustain the future development of the business. The Company considers its capital structure to be its shareholders' equity. The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may, from time to time, secure equity capital raised by way of private placements, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern.

There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management since the year-end. The Company is not subject to externally imposed capital requirements.

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**18. SEGMENTED INFORMATION**

The Company conducts its business in a single operating segment consisting of the exploration activities principally in Utah and Colorado, where the mineral properties and restricted cash are principally situated.

**19. RELATED PARTY TRANSACTIONS (INCLUDING KEY MANAGEMENT COMPENSATION)**

The Company has transacted with related parties pursuant to service arrangements in the ordinary course of business, as follows:

(a) Entities controlled by a member of the Board of Directors incurred consulting fees totalling approximately \$22,680 and \$0 during the three months ended September 30, 2015 and 2014, respectively. Entities controlled by a member of the Board of Directors incurred consulting fees totalling approximately \$50,037 and \$0 during the nine months ended September 30, 2015 and 2014, respectively. As at September 30, 2015, the Company has \$5,267 in accounts payable and accrued liabilities owing to this director.

(b) Pursuant to a consulting agreement, a US limited liability company owned by a person who is a director and the company's CFO entered into a contract with the Company effective January 1, 2015 to provide financial and consulting services at an annual fee of \$100,000. The contract has a term of one year and is subject to a 90 day cancellation notice by either party plus normal termination clauses for breach of contract.

During the three months ended September 30, 2015, consulting fees of \$25,000 were charged under this consulting agreement. During the nine months ended September 30, 2015 consulting fees of \$75,000 were charged under this consulting agreement. As at September 30, 2015, the Company has \$0 in accounts payable and accrued liabilities under this consulting agreement.

(c) In connection with the acquisition of Black Range, (1) included in shares issued to the former shareholders of Black Range were 33,333 shares issued to its CEO and a director, and (2) liabilities assumed in the acquisition included the assumption of an obligation in the amount of \$500,000 payable to its CEO and director contingent upon the commercialization of the ablation technology.

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**20. SUBSEQUENT EVENTS**

**Short Term Debt**

On October 1, 2015, the Company entered into a short-term loan agreement with Siebels Hard Asset Fund, Ltd in the amount of \$250,000. This loan is unsecured, shall bear interest at 16% per annum and is due on December 15, 2015.

**Private Placement Offering**

On October 16, 2015, the Company commenced a non-brokered private placement offering to raise up to US\$1,500,000 through the issuance of 352,000 common share units at a price of CAD \$4.25 (US\$3.51), each unit consisting of one common share plus one-half common share purchase warrant. Each whole common share purchase warrant shall entitle the holder to purchase one common share at the exercise price of CAD \$5.75 (US\$4.75) for a term of five years from the closing date of the offering. The Company may, at its discretion, sell additional common share units to raise additional capital of up to 50% of the gross proceeds of the offering.

The proceeds of the offering will be used to pay the costs of completion of the Company's acquisition of Black Range and to fund the development of the Company's ablation mining technology, mine rehabilitation and for working capital purposes.