

**WESTERN URANIUM CORPORATION**  
**Management's Discussion and Analysis**  
**For the three and nine months ended September 30, 2017**  
**(Stated in \$USD)**

**Dated November 15, 2017**

**INTRODUCTION**

Western Uranium Corporation (the "Company" or "Western") is the issuer. This Management's Discussion and Analysis ("MD&A") provides a review of corporate developments, results of operations and financial position for the three and nine months ended September 30, 2017 and 2016. The MD&A is intended to supplement the consolidated financial statements and notes thereto (the "Statements") of Western for the above-noted periods.

All amounts included in the MD&A are presented in US dollars, unless otherwise specified. This report is dated November 15, 2017, and the Company's filings can be reviewed on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the CSE website at [www.cnsx.ca](http://www.cnsx.ca)

**FORWARD-LOOKING STATEMENTS**

This MD&A contains forward-looking statements. Forward-looking statements can often be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to obtain necessary financing, the economy generally, anticipated and unanticipated costs and other risks and uncertainties referred to elsewhere in this MD&A. Such statements could also be materially affected by environmental regulation, taxation policies, competition, the lack of available and qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal or external sources. Actual results, performance or achievement could differ materially from those expressed herein. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon Western Uranium Corporation, as representing the Company's views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted in this MD&A under "Risk Factors".

**ABOUT THE COMPANY**

Western Uranium Corporation ("Western" or the "Company") 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. Effective September 16, 2015, Western completed its acquisition of Black Range Minerals Limited ("Black Range").

On August 18, 2014, the Company closed on the purchase of certain mining properties in Colorado and Utah from Energy Fuels Holding Corp. Assets purchased included both owned and leased lands in Utah and Colorado and all represent properties that have been previously mined for uranium to varying degrees in the past. The acquisition

included the purchase of the Sunday Mine Complex. The Sunday Mine Complex is located in western San Miguel County, Colorado. The complex consists of the following five individual mines: the Sunday mine, the Carnation mine, the Saint Jude mine, the West Sunday mine and the Topaz mine. The operation of each of these mines requires a separate permit and all such permits have been obtained by Western and are currently valid. In addition, each of the mines has good access to a paved highway, electric power to existing declines, office/storage/shop and change buildings, and extensive underground haulage development with several vent shafts complete with exhaust fans. The Sunday Mine Complex is where the Company anticipates it would start mining and Ablation operations, since the complex is ready to be mined.

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 common 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 shares. 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.

The Company has registered offices at 8 King Street East, Suite 100, Toronto, Ontario, Canada, M5C 1B5 and its common shares are listed on the CSE under the symbol "WUC" and are traded on the OTCQX Best Market under the symbol "WSTRF". Its principal business activity is the acquisition and development of uranium and vanadium resource properties in the states of Utah and Colorado in the United States of America ("United States").

## **GOING CONCERN**

The Company has incurred continuing losses from its operations and as of September 30, 2017 the Company had an accumulated deficit of \$5,541,937 and working capital deficit of \$417,236.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes and the sale of its shares of common stock.

The Company's ability to continue its operations and to pay its obligations when they become due is contingent upon the Company obtaining additional financing. Management's plans include seeking to procure additional funds through debt and equity financings, to secure regulatory approval to fully utilize its ablation technology and to initiate the processing of ore to generate operating cash flows.

There are no assurances that the Company will be able to raise capital on terms acceptable to the Company or at all, or that cash flows generated from its operations will be sufficient to meet its current operating costs and required debt service. If the Company is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned product development, which could harm its financial condition and operating results, or it may not be able to continue to fund its ongoing operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

## **HIGHLIGHTS AND SIGNIFICANT EVENTS**

### ***March 2017 Private Placement***

On March 31, 2017, the Company completed a private placement of 634,424 units at a price of CAD \$1.75 (USD \$1.32) per unit for gross proceeds of CAD \$1,110,242 (USD \$834,252) and net proceeds of CAD \$1,083,415 (USD \$814,078). Each unit consists of one share of the Company's common stock and a warrant for the purchase of one share of the Company's common stock. Each warrant is immediately exercisable at a price of CAD \$3.25 and expires five years from the date of issuance. The Company also issued broker warrants to purchase 11,108 shares of common stock at a price of CAD \$3.25 per share, which expire two years from the date of issuance.

### ***September 2017 Private Placement***

On September 15, 2017, the Company completed a private placement of 509,763 units at a price of CAD \$0.90 (USD \$0.74) per unit for gross proceeds of CAD \$458,787 (USD \$376,022) and net proceeds of CAD \$438,012 (USD \$358,788). Each unit consisted of one share of common stock and one warrant. Each warrant is immediately exercisable at a price of CAD \$1.40 and expires five years from the date of issuance. The Company also issued broker warrants to purchase 21,751 shares of common stock at a price of CAD \$1.40 per common share, which expire two years from the date of issuance.

### ***Nueco Note***

On February 1, 2017, the Company and the lender of the Nueco Note agreed to further extend the maturity of the Nueco Note to the earlier of (a) five days after the next closing of a private placement; or (b) April 15, 2017. In consideration for the extension, the Company paid to the lender a payment in the amount of \$100,000 which represented (i) a principal reduction of \$85,564; (ii) \$1,186 for a prepayment of interest through April 15, 2017; and (iii) a payment of \$13,250 which is a fee which does not reduce the principal or interest on the Nueco Note. On March 31, 2017, the Company repaid the Nueco Note in full.

### ***Ablation Licensing***

The following represents forward-looking information with respect to the commencement of production of uranium and/or vanadium and serves as an update to previously disclosed expectations. Production may commence at a different time than anticipated herein by management. As conditions and expectations change, Western will continue to provide updates. Western continues to position itself for flexibility with the goal of beginning production as expeditiously as possible once market conditions for production of U308 and/or vanadium are favorable. Currently, before committing resources to a production approach, resources have been and are continuing to be committed toward identifying the optimal regulatory and developmental approach to deploying Ablation. Subsequently, to commence production, management will be required to raise capital for production start-up costs. In order to minimize these costs, the Company plans to commence production at the Sunday Mine Complex where there exists substantial mining infrastructure from years of previous production. Further, the Company will use a contract mining approach utilizing a previous contractor who mined the properties for a former owner. However, permitting and preparation costs will be driven by the approach to the application of Ablation and relevant regulatory requirements.

Company management believes the key production determinant will be in the use and application of Ablation. In December 2016, CDPHE issued a decision letter that enables the use of Ablation at the Sunday Mine Complex in the state of Colorado under milling license regulations and which also recognized the appropriateness of exemptions to certain milling regulatory requirements. Further, the Company's attorneys are not fully in agreement with aspects of the decision letter from the CDPHE, thus the Company expects to pursue additional regulatory clarifications which the Company's management believes would make the application of Ablation potentially more economically advantageous. While resource prices are below target levels, the Company is focusing on improving the regulatory regime which governs the application of Ablation with the goal of minimizing future production costs.

The Company is exploring the application of Ablation to other minerals, which may not be subject to the same regulatory requirements applicable to uranium.

### ***Letter Of Intent with Pinon Ridge Mill***

The Company has entered into a letter of intent with Pinon Ridge Corporation for use of its Ablation at the permitted uranium recovery facilities at the Pinon Ridge Mill site. The letter of intent provides for the processing of all of Western's ore produced by its mines in the region at the mill site to produce U308 and vanadium utilizing both the application of Ablation mining technology and traditional milling techniques, at a cost to be determined in a definitive agreement. The Pinon Ridge Mill license is held by Pinon Ridge Resources Corporation, a wholly owned subsidiary of Pinon Ridge Corporation, which is owned by Mr. George Glasier, our Chief Executive Officer and Mr. Russell Fryer, our Executive Chairman. The letter of intent is subject to the signing of a definitive agreement between the parties, which was to be completed by March 1, 2017 but its completion was extended to April 30, 2017. This date has passed and an additional extension has not been signed, however the parties continue discussions. The Pinon Ridge Mill is permitted, but at the pre-development stage.

During April 2017, two sets of term sheets were drafted and exchanged between the Company and Pinon Ridge Corporation regarding the Pinon Ridge Mill. The term sheets have provided a basis for negotiation and, upon completion the basis for the preparation of a definitive agreement. Discussions are ongoing and a definitive agreement has not yet been completed as of November 15, 2017.

### ***Termination of Bedford Bridge Agreement***

On March 26, 2017, the Company provided notice to Bedford Bridge Fund LLC (“Bedford Bridge”) and Robert Klein that it would be cancelling its agreement to provide financial and other consulting services, effective April 30, 2017. The acknowledgement of the termination initiated the preparation of engagement agreements for Mr. Klein, which have been executed as described below.

### ***Mining Deposit Option and Exploration Agreement***

On September 16, 2015, in connection with the Company’s acquisition of Black Range, the Company assumed an option and exploration agreement (the “Option and Exploration Agreement”) with STB Minerals, LLC, a Colorado limited liability company (“STB”). The Option and Exploration Agreement gives the Company the right to purchase 51% of the mineral rights under the Hansen project (for which the Company already holds 49% of the rights). If the Company were to exercise its option under the Option and Exploration Agreement, it would require the Company to (a) make a cash payment of \$2,500,000 immediately upon exercise; (b) issue shares of common stock to STB amounting to a value of \$3,750,000 immediately upon exercise; and (c) issue shares of common stock to STB amounting to a value of \$3,750,000 on the date that is 180 days following exercise. The Option and Exploration Agreement was scheduled to expire by its terms on July 28, 2017 if not exercised.

The Option and Exploration Agreement provided an extension for an “event of force majeure”. Under this clause, the Company would receive an extension of the period during which it could exercise its option if it experiences an unreasonable delay outside its control that prevents it from exercising the option. On May 10, 2017, the Company provided to STB a notice that it was exercising the force majeure clause due to the delay by government regulators in licensing the Company’s ablation technology and permitting mining at the Hansen property. STB has contested the Company’s finding that an event of force majeure has occurred. Ongoing negotiations between the Company and STB continued until September 21, 2017, when Western’s counsel observed that a settlement agreement would not likely be worked out and moved that the matter proceed through the pre-established arbitration mechanism. On October 16, 2017, the Company provided STB with the Company’s choice of arbitrator for the required three arbitrator panel. On November 13, 2017, STB’s counsel proposed that the Company agree to arbitration by a single arbitrator in lieu of a three arbitrator panel provided in the Option and Exploration Agreement. Counsel for STB indicated that it was unwilling to consider the Company’s proposed arbitrator as the sole arbitrator but instead proposed selecting an arbitrator from one of two Colorado firms who maintain a pool of retired judges willing to serve as arbitrators. The Company is presently evaluating STB’s latest proposal. The Company is unable to determine the ultimate outcome of the arbitration. The Company is not yet in a position to evaluate the financial implications of this uncertainty, and as such, the Company has not made any adjustment to these condensed consolidated financials related to this matter.

### ***Agreements with Executive Officers***

#### **George Glasier**

On February 8, 2017, the Company entered into an employment agreement with George Glasier, its Chief Executive Officer. The employment agreement provides for an initial term of January 1, 2017 through December 31, 2018, with automatic annual renewals unless the Company or the Chief Executive Officer were to provide 90 days written notice of their desire to not renew the agreement. The employment agreement provides for a base salary of \$180,000 per annum and a discretionary annual cash bonus to be determined by the Company’s board of directors. Pursuant to the employment agreement, if the Company terminates the employment agreement without cause, or if a change of control occurs, the Company is required to pay to the Chief Executive Officer a lump sum payment equal to two and one-half times his annual base salary.

### Russell Fryer

On April 1, 2017, we entered into a new consulting agreement with a United States limited liability company owned by Mr. Russell Fryer, who, on July 28, 2017, became our Executive Chairman. The consulting agreement is to provide assistance with capital raising activities and other financial, advisory, and consulting services for the period April 1, 2017 through June 30, 2017. The agreement has a monthly fee of \$15,000. Pursuant to the consulting agreement, if the Company completes a merger with a third party introduced by this director whereby more than 50% of the Company's then outstanding shares are transferred to that third party, the Company is required to pay a lump sum in an amount of \$350,000 to this entity.

On July 28, 2017, Russell Fryer was appointed the Company's Executive Chairman. On November 13, 2017, the Company entered into a consulting agreement with an affiliate of Mr. Fryer. The agreement is effective on July 28, 2017 and expires on December 31, 2018. The agreement may be mutually extended for subsequent annual terms. The agreement may be terminated by either party with 90 days notice. The agreement provides for compensation of \$15,000 per month and an annual bonus at the discretion of the Board of Directors. During the term of the agreement and for six months following the termination of the agreement, the entity is prohibited from competing with the Company. Pursuant to the agreement, if a change of control occurs wherein the consideration in such change of control is more than USD \$2.00 per share, the Company is required to pay a lump sum in the amount of two and one-half times the entity's annual fee to this entity.

### Robert Klein

On May 12, 2017, Robert Klein was appointed the Company's Chief Financial Officer, with whom the Company subsequently entered into an engagement agreement. The engagement agreement provides for an initial term of May 1, 2017 through June 30, 2017. The May 12, 2017 engagement agreement provided for a base salary of \$12,500 per month.

On August 1, 2017, the Company entered into an engagement agreement to extend the initial May 12, 2017 agreement with Mr. Klein. The August 1, 2017 agreement extends the term of the agreement to provide for a term of July 1, 2017 through September 30, 2017 and provided for a base salary of \$8,000 per month. This agreement expired on September 30, 2017.

On November 13, 2017, the Company entered into an employment agreement with Mr. Klein. The agreement is effective on October 1, 2017 and expires on September 30, 2018. The agreement may be mutually extended for subsequent annual terms. The agreement provides for compensation of \$120,000 per annum and an annual bonus at the discretion of the Board of Directors. During the term of the agreement and for six months following the termination of the agreement, Mr. Klein is prohibited from competing with the Company. Pursuant to the employment agreement, once the Company raises a cumulative USD \$1,000,000 subsequent to October 1, 2017, Mr. Klein's annual base salary shall be increased. If a change in control occurs wherein and the consideration in such change of control is more than USD \$2.00 per share, the Company is required to pay a lump sum to Mr. Klein in the amount of two and one-half times Mr. Klein's annual salary.

### ***Vanadium Property Letter of Intent***

On September 14, 2017, the Company entered into a binding letter of intent to purchase a vanadium-rich property in western Colorado. However, during due diligence, it was determined that the permitting timeline could not be condensed to coincide with the Company's near-term production goals. On October 26, 2017, by mutual agreement, the letter of intent was terminated and the Company is no longer pursuing this purchase.

## Results of Operations

### Summary

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Revenue</b>				
Lease revenue	\$ 10,000	\$ -	\$ 10,000	\$ -
<b>Expenses</b>				
Mining expenditures	48,181	119,711	127,435	331,798
Professional fees	127,485	200,734	502,868	526,826
General and administrative	96,723	103,412	480,236	277,515
Consulting fees	63,757	95,179	265,888	252,048
Unrealized foreign exchange gain	-	-	-	(128,000)
<b>Total operating expenses</b>	<u>336,146</u>	<u>519,036</u>	<u>1,376,427</u>	<u>1,260,187</u>
<b>Operating loss</b>	(326,146)	(519,036)	(1,366,427)	(1,260,187)
Interest expense, net	<u>10,911</u>	<u>25,135</u>	<u>49,655</u>	<u>262,400</u>
<b>Net loss</b>	(337,057)	(544,171)	(1,416,082)	(1,522,587)
<b>Other comprehensive (loss) gain</b>				
Foreign exchange (loss) gain	<u>(2,360)</u>	<u>(10,735)</u>	<u>8,061</u>	<u>(64,519)</u>
<b>Comprehensive Loss</b>	<u>\$ (339,417)</u>	<u>\$ (554,906)</u>	<u>\$(1,408,021)</u>	<u>\$ (1,587,106)</u>
<b>Net loss per share - basic and diluted</b>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>

### Three Months Ended September 30, 2017 as Compared to the Three Months Ended September 30, 2016

Our condensed consolidated net loss for the three months ended September 30, 2017 and 2016 was \$337,057 and \$544,171 or \$0.02 and \$0.03 per share, respectively. The principal components of these quarter over quarter changes are discussed below.

Our comprehensive loss for the three months ended September 30, 2017 and 2016 was \$339,417 and \$554,906, respectively.

1. Our revenue for the three months ended September 30, 2017 and 2016 was \$10,000 and \$nil, respectively. The revenue in 2017 resulted from rental income pursuant to a July 18, 2017 lease with an oil and gas producer.
2. Mining expenditures for the three months ended September 30, 2017 were \$48,181 as compared to \$119,711 for the three months ended September 30, 2016. The decrease in mining expenditures of \$71,530, or 60% was principally attributable to \$30,380 in one-time costs incurred in 2016 for compiling data and reporting for a regulator in support of ablation and \$32,381 in decreased royalty payments due to the Company having released properties that didn't fit into its business plan.
3. Professional fees for the three months ended September 30, 2017 were \$127,485 as compared to \$200,734 for the three months ended September 30, 2016. The decrease in professional fees of \$73,246, or 36% was principally due to a decrease in audit, legal and accounting fees. The higher professional fees incurred during the three months ended September 30, 2016 were due to regulatory compliance costs of the Company becoming a U.S. reporting issuer in 2016.

4. General and administrative expenses for the three months ended September 30, 2017 were \$96,723 as compared to \$103,412 for the three months ended September 30, 2016. The decrease in general and administrative expense of \$6,689, or 6% is due to a decrease in expenses resulting from lower lease and rental costs associated with the Company's Black Range properties which was offset by an increase in payroll expenses resulting from an employment agreement with the Company's Chief Executive Officer, which was entered into on February 8, 2017.
5. Consulting fees for the three months ended September 30, 2017 were \$63,757 as compared to \$95,179 for the three months ended September 30, 2016. The decrease in consulting fees of \$31,422, or 33% was principally related to the decreased costs of consulting agreements with related parties to provide services.
6. Interest expense, net, for the three months ended September 30, 2017 was \$10,911 as compared to \$25,135 for the three months ended September 30, 2016. The decrease of interest expense, net, of \$14,224, or 56% was attributable to the decrease in interest expense due to the repayments of the Nueco Note and Siebels Note.
7. Foreign exchange gain (loss) for the three months ended September 30, 2017 was \$(2,360) as compared to \$(10,735) for the three months ended September 30, 2016. The decrease of the foreign exchange loss of \$8,375, or 78% is primarily due to the Canadian Dollar strengthening against the U.S. Dollar.

***Nine Months Ended September 30, 2017 as Compared to the Six Months Ended September 30, 2016***

Our condensed consolidated net loss for the nine months ended September 30, 2017 and 2016 was \$1,416,082 and \$1,522,587 or \$0.07 and \$0.09 per share, respectively. The principal components of these quarter over quarter changes are discussed below.

Our comprehensive loss for the nine months ended September 30, 2017 and 2016 was \$1,408,021 and \$1,587,106, respectively.

1. Our revenue for the nine months ended September 30, 2017 and 2016 was \$10,000 and \$nil, respectively. The revenue in 2017 resulted from the oil and gas lease entered into on July 18, 2017.
2. Mining expenditures for the nine months ended September 30, 2017 were \$127,435 as compared to \$331,798 for the nine months ended September 30, 2016. The decrease in mining expenditures of \$204,363, or 62% was principally attributable to one-time costs of \$129,655 for compiling data and reporting for a regulator in support of ablation in 2016, ablation technology development costs, costs of moving the ablation equipment from Wyoming to Colorado, and hydrological sampling costs. We also experienced decreased royalty payments of \$90,915 due to restructuring and the Company previously releasing mining properties that didn't fit into its business plan.
3. Professional fees for the nine months ended September 30, 2017 were \$502,868 as compared to \$526,826 for the nine months ended September 30, 2016. The decrease in professional fees of \$23,958, or 5% was principally due to a decrease in investor relations fees of \$25,063.
4. General and administrative expenses for the nine months ended September 30, 2017 were \$480,236 as compared to \$277,515 for the nine months ended September 30, 2016. The increase in general and administrative expense of \$202,721, or 73%, was principally due to an increase in stock-based compensation of \$133,282 due to vesting of stock options granted in October 2016 under the Incentive Stock Option Plan, as well as an increase in payroll expense of \$74,963 mostly deriving from an employment agreement with the Company's Chief Executive Officer, which was entered into on February 8, 2017.

5. Consulting fees for the nine months ended September 30, 2017 were \$265,888 as compared to \$252,048 for the nine months ended September 30, 2016. The increase in consulting fees of \$13,840, or 6% was principally related to costs of consulting agreements with related parties to provide financial and CFO-related services and the utilization of an additional third-party investor relations firm in the current year.
6. Interest expense, net for the nine months ended September 30, 2017 was \$49,655 as compared to \$262,400 for the nine months ended September 30, 2016. The decrease of interest expense, net of \$212,745, or 81% was primarily attributable to a decrease in interest expense due to the repayment of the Nueco Note and Siebels Note, and the one-time accretion of \$215,976 upon the 2016 acceleration of the reclamation expense of the Alaska Jonesville coal mine.
7. Foreign exchange gain (loss) for the nine months ended September 30, 2017 was \$8,061 as compared to \$(64,519) for the nine months ended September 30, 2016. The increase of the foreign exchange gain of \$72,580, or 112% is primarily due to the Canadian Dollar strengthening against the U.S. Dollar.

## **Financial Position**

### ***Operating Activities***

Net cash used in operating activities was \$1,334,117 for the nine months ended September 30, 2017, as compared with \$1,483,533 for the nine months ended September 30, 2016. Of the decrease of \$1,334,117 in net cash used in operating activities, \$74,296 is derived from changes in operating assets and liabilities. During the nine months ended September 30, 2017, \$39,789 was represented a reduction accounts payable and accrued liabilities, \$144,507 represented an increase in prepaid expenses and \$110,000 represented an increase in deferred revenue.

### ***Investing Activities***

There was no cash provided by or used in investing activities during the nine months ended September 30, 2017 and 2016.

### ***Financing Activities***

Net cash provided by financing activities for the nine months ended September 30, 2017 was \$1,015,731 as compared to \$1,808,251 for the nine months ended September 30, 2016. For the nine months ended September 30, 2017, the net cash provided by financing activities consisted of \$1,172,866 from the proceeds from the private placements. This was offset by principal payments of \$185,564 made on the Nueco Note.

## **Liquidity and Capital Resources**

The Company's cash balance as of September 30, 2017 was \$501,677. The Company's cash position is highly dependent on its ability to raise capital through the issuance of debt and equity and its management of expenditures for mining development and for fulfillment of its public reporting responsibilities. The Company expects to require additional capital in order to continue the development of Ablation. Management believes that in order to finance the development of the mining properties and Ablation, the Company will be required to raise significant additional capital by way of debt and/or equity. This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on current exploration program results and/or external opportunities.

On March 31, 2017, the Company completed a private placement of 634,424 units at a price of CAD \$1.75 (USD \$1.32) per unit for gross proceeds of CAD \$1,110,242 (USD \$834,252) and net proceeds of CAD \$1,083,415 (USD \$814,078). Each unit consists of one share of the Company's common stock and a warrant for the purchase of one share of the Company's common stock. Each warrant is immediately exercisable at a price of CAD \$3.25 and expires five years from the date of issuance. The Company also issued broker warrants to purchase 11,108 shares of common stock at a price of CAD \$3.25 per share, which expire two years from the date of issuance.

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exercisable at a price of CAD\$1.40 and expires five years from the date of issuance. The Company also issued broker warrants to purchase 21,751 shares of common stock at a price of CAD \$1.40 per common share, which expire two years from issuance.

### ***Going Concern***

The Company has incurred continuing losses from its operations and as of September 30, 2017 the Company had an accumulated deficit of \$5,541,937 and working capital deficit of \$417,236.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes and the sale of its shares of common stock.

The Company's ability to continue its operations and to pay its obligations when they become due is contingent upon the Company obtaining additional financing. Management's plans include seeking to procure additional funds through debt and equity financings, to secure regulatory approval to fully utilize its ablation technology and to initiate the processing of ore to generate operating cash flows.

There are no assurances that the Company will be able to raise capital on terms acceptable to the Company or at all, or that cash flows generated from its operations will be sufficient to meet its current operating costs and required debt service. If the Company is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned product development, which could harm its financial condition and operating results, or it may not be able to continue to fund its ongoing operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

### **Off-Balance Sheet Arrangements**

As of September 30, 2017, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

### **Critical Accounting Estimates and Policies**

The preparation of these condensed consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of expenses during the reporting period.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, include, but are not limited to, the following: fair value of transactions involving shares of common stock, assessment of the useful life and evaluation for impairment of intangible assets, valuation and impairment assessments on mineral properties, deferred contingent consideration, the reclamation liability, valuation of stock-based compensation, valuation of available-for-sale securities and valuation of long-term debt, HST and asset retirement obligations. Other areas requiring estimates include allocations of expenditures, depletion and amortization of mineral rights and properties.

### ***Property, Plant and Equipment***

We review and evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows or upon an estimate of fair value that may be received in an exchange transaction. Future cash flows are estimated based on estimated quantities of recoverable minerals, expected U3O8 prices (considering current and historical prices, trends and related factors), production levels, operating costs of production and capital and restoration and reclamation costs, based upon the projected remaining future uranium production from each project. The Company's mineral assets were acquired during the end of 2014 and in 2015 in an arms-length transactions. The Company determined that there were not sufficient changes in the market value of uranium on the spot market to justify an impairment. Estimates and assumptions used to assess

recoverability of our long-lived assets and measure fair value of our uranium properties are subject to risk uncertainty. Changes in these estimates and assumptions could result in the impairment of our long-lived assets. Events that could result in the impairment of our long-lived assets include, but are not limited to, decreases in the future U3O8 prices, decreases in the estimated recoverable minerals and any event that might otherwise have a material adverse effect on our costs. Existing proven and probable reserves and value beyond proven and probable reserves, including mineralization that is not part of the measured, indicated or inferred resource base, are included when determining the fair value of uranium properties upon acquisition and, subsequently, in determining whether the assets are impaired. The term “recoverable minerals” refers to the estimated amount of uranium that will be obtained after taking into account losses during processing and treatment. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows from other asset groups.

#### ***Restoration and Remediation Costs (Asset Retirement Obligations)***

Various federal and state mining laws and regulations require the Company to reclaim the surface areas and restore underground water quality for its mine projects to the pre-existing mine area average quality after the completion of mining.

Future reclamation and remediation costs, which include extraction equipment removal and environmental remediation, are accrued at the end of each period based on management's best estimate of the costs expected to be incurred for each project. Such estimates are determined by the Company's engineering studies which consider the costs of future surface and groundwater activities, current regulations, actual expenses incurred, and technology and industry standards.

In accordance with ASC 410, Asset Retirement and Environmental Obligations, the Company capitalizes the measured fair value of asset retirement obligations to mineral properties. The asset retirement obligations are accreted to an undiscounted value until the time at which they are expected to be settled. The accretion expense is charged to earnings and the actual retirement costs are recorded against the asset retirement obligations when incurred. Any difference between the recorded asset retirement obligations and the actual retirement costs incurred will be recorded as a gain or loss in the period of settlement.

At each reporting period, the Company reviews the assumptions used to estimate the expected cash flows required to settle the asset retirement obligations, including changes in estimated probabilities, amounts and timing of the settlement of the asset retirement obligations, as well as changes in the legal obligation requirements at each of its mineral properties. Changes in any one or more of these assumptions may cause revision of asset retirement obligations for the corresponding assets.

#### **Summary of Quarterly Results**

The table below reflects a summary of certain key financial results for each of the company's previous four quarters ended September 30, 2017:

Description	September, 2017 \$	June, 2017 \$	March, 2017 \$	December, 2016 \$
<b>Balance sheet</b>				
Cash	501,677	415,288	873,938	791,814
Mineral properties	11,645,218	11,645,218	11,645,218	11,645,218
Ablation intellectual property	9,488,051	9,488,051	9,488,051	9,488,051
Accounts payable	646,780	652,071	678,921	169,907
Shareholders' equity	16,816,698	16,797,327	17,268,269	16,806,804
<b>Income statement</b>				
Lease revenue	10,000	-	-	-
Mining expenditures	48,181	38,636	40,618	58,034
Professional fees	127,485	149,889	225,494	178,011
Comprehensive loss	(339,417)	(470,942)	(597,622)	(622,101)

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash balance as of September 30, 2017 was \$501,677. The Company's cash position is highly dependent on its ability to raise capital through the issuance of debt and equity and its management of expenditures for mining development and for fulfillment of its public reporting responsibilities. The Company expects to require additional capital in order to continue the development of Ablation. Management believes that in order to finance the development of the mining properties and Ablation, the Company will be required to raise significant additional capital by way of debt and/or equity. This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on current exploration program results and/or external opportunities.

On March 31, 2017, the Company completed a private placement of 634,424 units at a price of CAD \$1.75 (USD \$1.32) per unit for gross proceeds of CAD \$1,110,242 (USD \$834,252) and net proceeds of CAD \$1,083,415 (USD \$814,078). Each unit consists of one share of the Company's common stock and a warrant for the purchase of one share of the Company's common stock. Each warrant is immediately exercisable at a price of CAD \$3.25 and expires five years from the date of issuance. The Company also issued broker warrants to purchase 11,108 shares of common stock at a price of CAD \$3.25 per share, which expire two years from the date of issuance.

On September 15, 2017, the Company completed a private placement of 509,763 units at a price of CAD \$0.90 (USD \$0.74) per unit for gross proceeds of CAD \$458,787 (USD \$376,022) and net proceeds of CAD \$438,012 (USD \$358,788). Each unit consisted of one share of common stock and one warrant. Each warrant is immediately exercisable at a price of CAD \$1.40 and expires five years from the date of issuance. The Company also issued broker warrants to purchase 21,751 shares of common stock at a price of CAD \$1.40 per common share, which expire two years from the date of issuance.

## RELATED PARTY TRANSACTIONS

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

Entities controlled by a former member of the Board of Directors earned consulting fees totaling \$17,377 and \$9,117 for the three months ended September 30, 2017 and 2016, respectively, and \$47,288 and \$50,037 for the nine months ended September 30, 2017 and 2016, respectively. The same director earned director fees totaling \$0 and \$1,489 during the three months ended September 30, 2017 and 2016, respectively, and \$3,079 and \$7,747 for the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017 and December 31, 2016, the Company has \$1,634 and \$0, respectively, in accounts payable and accrued liabilities owing to this director. This director resigned on July 27, 2017.

Pursuant to a consulting agreement, a United States limited liability company owned by a person who is a director and until October 19, 2016, was the Company's CFO, entered into a contract with the Company dated January 1, 2016, ("the January 2016 Agreement") to provide financial and other consulting services at \$8,333 per month. On October 19, 2016 the January 2016 Agreement was terminated. On the same date a new agreement was entered into between the Company, a United States limited liability company owned by the same director and Robert Klein (the "October 2016 Agreement") to provide financial operating services and to have Mr. Klein serve as the Chief Financial Officer. The term of the October 2016 Agreement was to run through July 31, 2017 and has an annual fee of \$162,000 payable monthly, starting on October 1, 2016. On March 26, 2017, the Company provided notice that it would be cancelling the October 2016 Agreement, effective April 30, 2017. The acknowledgement of the termination initiated the preparation of Mr. Klein's engagement agreement as described under "Agreements with Executive Officers", above. During the three months ended September 30, 2017 and 2016, the Company incurred fees of \$25,000 and \$25,000, respectively, to these companies. During the nine months ended September 30, 2017 and 2016, the Company incurred fees of \$48,540 and \$75,000, respectively, to these companies. As of September 30, 2017 and December 31, 2016, the Company had \$0 and \$0, respectively, included in accounts payable and accrued liabilities payable to these companies.

Pursuant to a consulting agreement, a United States limited liability company owned by a person who is a director, and on July 28, 2017, became the Company's Executive Chairman, entered into a consulting agreement with the Company effective April 1, 2016 to provide financial, advisory, and consulting services, including representing the Company to a variety of stakeholders for a six month term ending on September 30, 2016. On October 1, 2016 the

Company extended this agreement through January 31, 2017. Professional fees for the three months ended September 30, 2017 and 2016 were \$35,292 and \$45,000, and for the nine months ended September 30, 2017 and 2016 was \$95,292 and \$75,000, respectively, related to this agreement. As of September 30, 2017 and December 31, 2016, the Company had \$0 and \$0, respectively, included in accounts payable and accrued liabilities payable to this entity.

On April 1, 2017, the Company entered into a new consulting agreement with a United States limited liability company owned by the Company's Executive Chairman. The consulting agreement is to provide assistance with capital raising activities and other financial, advisory, and consulting services for the period April 1, 2017 through June 30, 2017. At June 30, 2017 and the last day of each month thereafter, the agreement may be extended by the Company on a month-to-month basis with seven days' notice. The agreement has a monthly fee of \$15,000. Pursuant to the consulting agreement, if the Company completes a merger with a third party introduced by this director whereby more than 50% of the Company's then outstanding shares are transferred to that third party, the Company is required to pay a lump sum in an amount of \$350,000 to this entity.

#### ***Additional Disclosure on Director and Named Executive Officer Compensation Policy, Oversight, and Principles***

The principal objective of the Company's executive compensation program is to ensure that executive compensation is fair and reasonable, rewards performance of directors and management, and is successful in attracting and retaining experienced executives. The Company's compensation program is based on the principle that the compensation should be aligned with the short, medium and long-term interests of the Company's shareholders. The Company's compensation program also recognizes that the various components thereof must be sufficiently flexible to adapt to developments in the uranium and vanadium markets.

The Company's executive compensation program has allowed the Company to attract and retain a team of motivated executives who are working towards the common goal of enhancing the Company's value. The Board of Directors will periodically review the executive compensation program to ensure that the resulting compensation remains consistent with the performance of the Company.

The Company's executive compensation program is comprised of three primary components: (a) base salary; (b) a short-term incentive plan, which includes the potential for cash bonuses; and (iii) a long-term incentive plan, which consists of grants of stock options. The Board of Directors does not have a compensation committee and executive compensation is determined by the Board of Directors as a whole. In determining the executive compensation, the Board of Directors bears in mind the nature of the Company, its stage of development and scope of its operations, and the financial resources of the Company.

#### ***Base Salary***

The base salary of each executive is reviewed and evaluated by the Board of Directors based on the principles and objectives outlined above.

The Chief Executive Officer ("CEO") of the Company received no base salary or other type of compensation for the year ended December 31, 2016. The only executive officer compensated by the Company since inception has been the Chief Financial Officer ("CFO") of the Company. As the Company is a newly established non-producing mineral exploration and mining company, the Chief Financial Officer role has historically been fulfilled through a consulting agreement. The Chief Executive Officer has determined the terms of, and overseen the drafting of engagement agreements for the Chief Financial Officer, which upon completion was presented to the Board of Directors for input and approval. See "Agreements with Executive Officers" and "Related Party Transactions" above for more detail regarding the Company's engagement agreements with its CFO.

On February 8, 2017, the Company entered into an employment agreement with its CEO (see "Agreements with Executive Officers", above). Prior to entering into this agreement, the board of directors engaged a law firm that specializes in employment law to perform a survey of comparable mining companies with assets in Colorado to derive both compensation and employment provisions of the agreement. The resulting proposed agreement was presented to the Board of Directors and was used as the basis for the employment agreement that was entered into with the CEO.

On November 13, 2017, the Company entered into an employment agreement with its Chief Financial Officer. See "Agreements with Executive Officers", above.

### Short-Term Incentive Plan

A short-term incentive award, if any, in the form of a cash bonus may be awarded by the Board of Directors to the executive officers at its discretion. No such bonus was awarded during the year ended December 31, 2016 or the nine months ended September 30, 2017.

### Long-Term Incentive Plan

With regard to long-term incentives, the Company maintains an incentive stock option plan (the “Plan”) which permits the granting of stock options as incentive compensation. Shareholders of the Company approved the Plan on June 30, 2008 and amendments to the Plan on June 20, 2013, and the Board of Directors approved additional changes to the Plan on September 12, 2015. The purpose of the Plan is to attract, retain and motivate directors, management, staff and consultants by providing them with the opportunity, through stock options, to acquire a proprietary interest in the Company and benefit from its growth.

The Plan provides that the aggregate number of common shares for which stock options may be granted will not exceed 10% of the issued and outstanding common shares at the time stock options are granted. As of September 30, 2017, a total of 20,084,166 common shares were outstanding, and at that date the maximum number of stock options eligible for issue under the Plan was 2,008,417 (10% of the issued and outstanding common shares). The number of options to be granted to an executive is determined by the Board of Directors.

### **RISKS**

There are a number of factors that could negatively affect the Company’s business and the value of its securities, including the factors listed below. The following information pertains to the outlook and conditions currently known to Western that could have a material impact on the financial condition of Western. Other factors may arise in the future that are currently not foreseen by management of the Company that may present additional risks in the future. Current and prospective security holders of the Company should carefully consider these risk factors.

## **Uranium and Vanadium Price Fluctuations**

The Company's activities are significantly affected by the market price of uranium and vanadium, which is cyclical and subject to substantial fluctuations. The Company's earnings and operating cash flow are and will be particularly sensitive to the change in the long and short term market price of uranium and vanadium. Among other factors, these prices also affect the value of the Company's resources, reserves and inventories, as well as the market price of the Company's common shares.

Market prices are affected by numerous factors beyond the Company's control. With respect to uranium, such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear incident; reprocessing of used reactor fuel, the re-enrichment of depleted uranium tails and the enricher practice of underfeeding; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons; the premature decommissioning of nuclear power plants; and from the build-up of Japanese utility uranium inventories as a result of the Fukushima incident) by governments and industry participants; uranium supply, including the supply from other secondary sources; and production levels and costs of production. With respect to vanadium, such factors include, among others: demand for steel; the potential for vanadium to be used in advanced battery technologies; political and economic conditions in vanadium producing and consuming countries; world production levels; and costs of production. Other factors relating to both the price of uranium include: levels of supply and demand for a broad range of industrial products; substitution of new or different products in critical applications for the Company's existing products; expectations with respect to the rate of inflation; the relative strength of the US dollar and of certain other currencies; interest rates; global or regional political or economic crises; regional and global economic conditions; and sales of uranium by holders in response to such factors. In the event the Company concludes that a significant deterioration in expected future uranium prices has occurred, the Company will assess whether an impairment allowance is necessary which, if required, could be material.

The recent fluctuations in the price of many commodities is an example of a situation over which the Company has no control and which could materially adversely affect the Company in a manner for which it may not be able to compensate. There can be no assurance that the price of any minerals that could be extracted from the Company's properties will be such that any deposits can be mined at a profit.

## **Global Economic Conditions**

In the event of a general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Company would not be materially adversely affected. During the past several years, the global economy faced a number of challenges. During the global financial crisis of 2007-2008, economic problems in the United States and Eurozone caused a deterioration in the global economy, as numerous commercial and financial enterprises either went into bankruptcy or creditor protection or had to be rescued by governmental authorities. Access to public financing was negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets, and massive investment losses by banks with resultant recapitalization efforts. Although economic conditions have shown improvement in recent years, the global recovery from the recession has been slow and uneven. The effects of the global financial crisis continue to limit growth. In addition, increasing levels of government debt, slowing economic growth in certain key regions including China, the threat of sovereign defaults including Greece, and political instability in Eastern Europe continue to weigh on markets. These factors continue to impact commodity prices, including uranium, as well as currencies and global debt and stock markets.

These factors may impact the Company's ability to obtain equity, debt or bank financing on terms commercially reasonable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If these increased levels of volatility and market turmoil continue, or there is a material deterioration in general business and economic conditions, the Company's operations could be adversely impacted and the trading price of the Company's securities could continue to be adversely affected.

## **Market Price of Shares**

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in the uranium spot price, changes in industry forecasts of uranium prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies in periods of volatility in the market price of their securities, and following major corporate transactions or mergers and acquisitions. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

## **Governmental Regulation and Policy Risks**

Exploration, development, mining and milling of minerals and the transportation and handling of the products produced are subject to extensive federal, state and local laws and regulations governing, among other things: acquisition of the mining interests; maintenance of claims; tenure; expropriation; prospecting; exploration; development; mining; milling and production; price controls; exports; imports; taxes and royalties; labor standards; occupational health; waste disposal; toxic substances; water use; land use; Native American land claims; environmental protection and remediation; endangered and protected species; mine and mill decommissioning and reclamation; mine safety; transportation safety and emergency response; and other matters. Compliance with such laws and regulations has increased the costs of exploring, drilling, developing, constructing, operating and closing the Company's mines. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact the Company's decision as to whether to proceed with exploration or development, or that such laws and regulations may result in the Company incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time. The Company expends significant financial and managerial resources to comply with such laws and regulations. The Company anticipates it will have to continue to do so as the historic trend toward stricter government regulation may continue. There can be no assurance that future changes in applicable laws and regulations will not adversely affect the operations or financial condition of the Company. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and regulations, including through stricter license and permit conditions, could have a material adverse impact on the Company, increase costs, cause a reduction in levels of, or suspension of, production and/or delay or prevent the development of new mining properties.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration, mining and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of a property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect on the Company. To the extent that the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce otherwise available earnings and could have a material adverse effect on the Company. In addition, the Company does not have

coverage for certain environmental losses and other risks as such coverage cannot be purchased at a commercially reasonable cost. Compliance with applicable environmental laws and regulations requires significant expenditures and increases mine development and operating costs.

Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies. The development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The duration and success of such approvals are subject to many variables outside the Company's control. Any significant delays in obtaining or renewing such permits or licenses in the future could have a material adverse effect on the Company. In addition, the international marketing of uranium is subject to governmental policies and certain trade restrictions, such as those imposed by the suspension agreement between the United States and Russia. Changes in these policies and restrictions may adversely impact the Company's business.

### **Public Acceptance of Nuclear Energy and Competition from Other Energy Sources**

Growth of the uranium and nuclear industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, including the risk of a nuclear incident, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal, hydro-electricity and renewable energy sources. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity may result in lower demand for uranium concentrates. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

### **Uranium Industry Competition and International Trade Restrictions**

The international uranium industry, including the supply of uranium concentrates, is competitive. The Company's market for uranium is in direct competition with supplies available from a relatively small number of uranium mining companies, from nationalized uranium companies, from uranium produced as a byproduct of other mining operations, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of UF<sub>6</sub>. A large quantity of current world production is inelastic, in that uranium market prices have little effect on the quantity supplied. The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of uranium available in the United States and Europe.

### **Ability to Maintain Obligations Under Notes Payable and Other Debt**

The Company may from time to time enter into arrangements to borrow money in order to fund its operations and expansion plans, and such arrangements may include covenants that restrict its business in some way. Events may occur in the future, including events out of the Company's control that would cause the Company to fail to satisfy its obligations under its existing notes payable or other debt instruments. In such circumstances, or if the Company were to default on its obligations under debentures or other debt instruments, the amounts drawn under the Company's debt agreements may become due and payable before the agreed maturity date, and the Company may not have the financial resources to repay such amounts when due.

Further, although most, but not all, of the Company's reclamation obligations are bonded, and cash and other assets of the Company have been reserved to secure a portion but not all of this bonded amount, to the extent the bonded amounts are not fully collateralized, the Company will be required to come up with additional cash to perform its reclamation obligations when they occur. In addition, the bonding companies have the right to require increases in collateral at any time upon 30-days' notice to the Company, failure of which would constitute a default under the bonds. In such circumstances, the Company may not have the financial resources to perform such reclamation obligations or to increase such collateral when due.



### **Additional Funding Requirements**

The Company may need additional financing in connection with the implementation of its business and strategic plans from time to time. The exploration and development of mineral properties and the ongoing operation of mines, requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. The Company may accordingly need further capital in order to take advantage of further opportunities or acquisitions. The Company's financial condition, general market conditions, volatile uranium markets, volatile interest rates, a claim against the Company, a significant disruption to the Company's business or operations or other factors may make it difficult to secure financing necessary for the expansion of mining activities or to take advantage of opportunities for acquisitions. Further, continuing volatility in the credit markets may increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or may affect the ability of the Company, or third parties it seeks to do business with, to access those markets. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms, if at all.

### **Dilution from Further Equity Financing**

If the Company raises additional funding by issuing additional equity securities or securities convertible, exercisable or exchangeable for equity securities, such financing may substantially dilute the interests of shareholders of the Company and reduce the value of their investment.

### **Nature of Exploration and Development, Expansion Projects and Restarting Projects**

The exploration and development of mineral deposits, the expansion of projects and restarting projects involves significant financial risks. The exploration and development of mineral deposits involve significant financial risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral resources and mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed programs on the Company's mineral resource properties will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, among other things: the accuracy of reserve estimates; the particular attributes of the deposit, such as its size and grade; ability to economically recover commercial quantities of the minerals; proximity to infrastructure; financing costs and governmental regulations, including regulations relating to prices, taxes, royalties; infrastructure; land use; importing and exporting and environmental protection. The development, expansion and restarting of projects are also subject to the successful completion of engineering studies, the issuance of necessary governmental permits, the availability of adequate financing, that the correct estimation of engineering and construction timetables and capital costs for the Company's development and expansion projects, including restarting projects on standby, and such construction timetables and capital costs not being affected by unforeseen circumstances. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from the Company's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, take much longer than originally anticipated to bring into a producing phase, and to require more capital than anticipated.

### **The Company's Mineral Reserves and Resources Are Estimates**

Mineral reserves and resources are statistical estimates of mineral content, based on limited information acquired through drilling and other sampling methods, and require judgmental interpretations of geology. Successful extraction requires safe and efficient mining and processing. The Company's mineral reserves and resources are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of uranium or vanadium will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Mineral reserve and resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill-hole information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. It should not be assumed that all or any part of the Company's mineral resources constitute or will be converted into reserves. Market price fluctuations of uranium or vanadium as applicable, as well as increased production and capital costs or reduced recovery rates, may render the Company's proven and probable reserves unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower grade mineralization uneconomic.

### **Environmental Regulatory Requirements and Risk**

The Company is required to comply with environmental protection laws and regulations and permitting requirements promulgated by federal agencies and various states and counties in which the Company operates, in connection with mining and milling operations. The uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and milling. The Company expends significant resources, both financial and managerial, to comply with these laws and regulations. The possibility of more stringent regulations exists in the areas of worker health and safety, storage of hazardous materials, standards for heavy equipment used in mining or milling, the disposition of wastes, the decommissioning and reclamation of exploration, mining, milling and in-situ sites, climate change and other environmental matters, each of which could have a material adverse effect on the cost or the viability of a particular project.

The Company cannot predict what environmental legislation, regulations or policies will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation is generally toward stricter standards, and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies, stricter interpretation of existing laws and stricter permit and license conditions, may necessitate significant capital outlays, may materially affect the Company's results of operations and business or may cause material changes or delays in the Company's intended activities. There can be no assurance of the Company's continued compliance or ability to meet stricter environmental laws and regulations and permit or license conditions. Delays in obtaining permits and licenses could impact expected production levels or increases in expected production levels.

The Company's operations may require additional analysis in the future, including environmental, cultural and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. The Company cannot provide assurance that it will be able to obtain or maintain all necessary permits that may be required to continue operations or exploration and development of its properties or, if feasible, to commence construction or operation of mining facilities at such properties on terms that enable operations to be conducted at economically justifiable costs. If the Company is unable to obtain or maintain, licenses, permits or other rights for development of its properties, or otherwise fails to manage adequately future environmental issues, its operations could be materially and adversely affected.

### **Opposition to Mining May Disrupt Business Activity**

In recent years, governmental and non-governmental agencies, individuals, communities and courts have become more vocal and active with respect to their opposition of certain mining and business activities. This opposition may take on forms such as road blockades, applications for injunctions seeking work stoppages, refusals to grant access to lands or to sell lands on commercially viable terms, lawsuits for damages or to revoke or modify licenses and permits, issuances of unfavorable laws and regulations, and other rulings contrary to the Company's interest. These actions can occur in response to current activities or in respect of mines that are decades old. In addition, these actions can occur in response to activities of the Company or the activities of other unrelated entities. Opposition to the Company's activities may also result from general opposition to nuclear energy. Opposition to the Company's business activities are beyond the Company's control. Any opposition to the Company's business activities may cause a disruption to the Company's business activities and may result in increased costs and this could have a material adverse effect on the Company's business and financial condition.

### **Competition for Properties and Experienced Employees**

The Company competes with other mining companies and individuals for capital, mining interests on exploration properties and undeveloped lands, acquisitions of mineral resources and reserves and other mining assets, which may increase its cost of acquiring suitable claims, properties and assets, and the Company also competes with other mining companies to attract and retain key executives and employees.

There can be no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced employees. The mining industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires and skilled labor, and these shortages have caused unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

### **Litigation and Other Legal Proceedings**

The Company is not subject to any litigation, potential claims or other legal proceedings. The causes of potential future litigation and legal proceedings cannot be known and may arise from, among other things, business activities, environmental laws, permitting and licensing activities, volatility in stock prices or failure to comply with disclosure obligations. The results of litigation and proceedings cannot be predicted with certainty, and may include potential injunctions pending the outcome of such litigation and proceedings. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

### **Decommissioning and Reclamation**

As owner and operator of numerous uranium mines located in the United States and certain exploration properties, and for so long as the Company remains an owner thereof, the Company is obligated to eventually reclaim or participate in the reclamation of such properties. Most, but not all, of the Company's reclamation obligations are bonded, and cash and other assets of the Company have been reserved to secure a portion but not all of this bonded amount. Although the Company's financial statements will record a liability for the asset retirement obligation, and the bonding requirements are generally periodically reviewed by applicable regulatory authorities, there can be no assurance or guarantee that the ultimate cost of such reclamation obligations will not exceed the estimated liability to be provided on the Company's financial statements. Further, to the extent the bonded amounts are not fully collateralized, the Company will be required to come up with additional cash to perform its reclamation obligations when they occur.

Decommissioning plans for the Company's properties have been filed with applicable regulatory authorities. These regulatory authorities have accepted the decommissioning plans in concept, not upon a detailed performance forecast, which has not yet been generated. As the Company's properties approach or go into decommissioning, further regulatory review of the decommissioning plans may result in additional decommissioning requirements, associated costs and the requirement to provide additional financial assurances. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulatory authorities.

### **Technical Innovation and Obsolescence**

Requirements for the Company's products and services may be affected by technological changes in nuclear reactors, enrichment and used uranium fuel reprocessing. These technological changes could reduce the demand for uranium. In addition, the Company's competitors may adopt technological advancements that give them an advantage over the Company.

### **Property Title Risk**

The Company has investigated its rights to explore and exploit all of its properties and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including by local governments.

The validity of unpatented mining claims on US public lands is sometimes difficult to confirm and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on US public lands, the Company's US properties are subject to various title uncertainties which are common to the industry or the geographic location of such claims, with the attendant risk that there may be defects in its title.

### **Foreign Currency Risks**

The Company's operations are subject to foreign currency fluctuations. The Company's operating expenses and revenues are primarily incurred in US dollars, while some of its cash balances and expenses are measured in Canadian dollars. The fluctuation of the Canadian dollar in relation to the US dollar will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and shareholders' equity.

### **Post-Acquisition Success**

The success of the Company following the acquisition of Black Range will depend in large part on the success of the Company's management in integrating the Black Range assets into the Company. The failure of the Company to achieve such integration and to mine or advance such assets could result in the failure of the Company to realize the anticipated benefits of the Black Range assets and could impair the results of operations, profitability and financial results of the Company.

### **Dependence on Issuance of Mine Licenses and Permits**

The Company maintains regulatory mine licenses and permits, all of which are subject to renewal from time to time and are required in order for the Company to operate in compliance with applicable laws and regulations. In addition, depending on the Company's business requirements, it may be necessary or desirable to seek amendments to one or more of its licenses or permits from time to time. While the Company has been successful in renewing its licenses and permits on a timely basis in the past and in obtaining such amendments as have been necessary or desirable, there can be no assurance that such license and permit renewals and amendments will be issued by applicable regulatory authorities on a timely basis or at all in the future.

### **Mining, Milling and Insurance**

The current and future operations of the Company are subject to all of the hazards and risks normally incidental to exploration, development and mining of mineral properties, and milling, including: environmental hazards; industrial accidents; labor disputes, disturbances and unavailability of skilled labor; encountering unusual or unexpected geologic formations; rock bursts, pressures, cave-ins, and flooding; periodic interruptions due to inclement or hazardous weather conditions; technological and processing problems, including unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; the availability and/or fluctuations in the costs of raw materials and consumables used in the Company's production processes; the ability to procure mining equipment and operating supplies in sufficient quantities and on a timely basis; and other mining, milling and processing risks, as well as risks associated with the Company's dependence on third parties in the provision of transportation and other critical services. Many of the foregoing risks and hazards could result in damage to, or destruction of, the Company's mineral properties or processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of production from the Company's mines or processing facilities or in its exploration or development activities, delay in or inability to receive regulatory approvals to transport its uranium concentrates, or costs, monetary losses and potential legal liability and adverse governmental action. In addition, due to the radioactive nature of the materials handled in uranium mining and processing, additional costs and risks are incurred by the Company on a regular and ongoing basis.

While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure.

The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings, financial position and competitive position of the Company. No assurance can be given that such insurance will continue to be available or will be available at economically

feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards. This lack of insurance coverage could result in material economic harm to the Company.

### **Credit Risk**

The Company's sales of uranium and vanadium products expose the Company to the risk of non-payment. The Company manages this risk by monitoring the credit worthiness of its customers and requiring pre-payment or other forms of payment security from customers with an unacceptable level of credit risk.

### **Dependence on Key Personnel and Qualified and Experienced Employees**

The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees, some of which are approaching retirement. Certain of these individuals have significant experience in the uranium industry. The number of individuals with significant experience in this industry is small. While the Company does not foresee any reason why such officers and key employees will not remain with the Company if for any reason they do not, the Company may be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

The Company's success will also depend on the availability of qualified and experienced employees to work in the Company's operations and the Company's ability to attract and retain such employees. The number of individuals with relevant mining and operational experience in this industry is small.

### **Conflicts of Interest**

For so long as one or more of the Company's directors is also a director of other companies engaged in the business of acquiring, exploring and developing natural resource properties such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences will be that corporate opportunities presented to a director of the Company may be offered to another company or companies with which the director is associated, and may not be presented or made available to the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed in the Company's Code of Ethics and by the Business Corporations Act (Ontario).

### **Labor Relations**

None of the Company's operations directly employ unionized workers who work under collective agreements. However, there can be no assurance that employees of the Company or its contractors do not become unionized in the future, which may impact mill and mining operations. Any lengthy work stoppages may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

### **Infrastructure**

Mining, processing, development and exploration activities depend, to a substantial degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. The Company considers the existing infrastructure to be adequate to support its proposed operations. However, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.