

Notice to Reader

These consolidated financial statements are being re-filed with an amended independent auditors' report, which now refers to the appropriate periods under audit. No other changes have been made to the consolidated financial statements.

WESTERN URANIUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE PERIOD FROM INCORPORATION (MARCH 10, 2014) TO DECEMBER 31, 2014 AND THE
YEAR ENDED DECEMBER 31, 2015
(Stated in USD\$)**

WESTERN URANIUM CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
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Independent Auditor's Report

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Western Uranium Corporation

We have audited the accompanying consolidated balance sheets of Western Uranium Corporation (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations and other comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2015 and for the period from incorporation (March 10, 2014) to December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Western Uranium Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Western Uranium Corporation, as of December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for the year ended December 31, 2015 and for the period from incorporation (March 10, 2014) to December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred continuing losses from operations and is dependent upon future sources of equity or debt financing in order to fund its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 29, 2016

WESTERN URANIUM CORPORATION
CONSOLIDATED BALANCE SHEETS
(Stated in \$USD)

	As of December 31,	
	2015	2014
Assets		
Current assets:		
Cash	\$ 214,482	\$ 172,909
Prepaid expenses	119,656	98,682
Marketable securities	2,880	3,448
Other current assets	15,774	24,273
Total current assets	352,792	299,312
Land, buildings and improvements	1,050,810	-
Restricted cash	1,036,286	653,734
Mineral properties	11,645,218	1,543,218
Ablation intellectual property	9,488,051	-
Total assets	\$ 23,573,157	\$ 2,496,264
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 825,101	\$ 186,681
Mortgage payable	1,051,000	-
Deferred contingent consideration	500,000	-
Subscription payable	198,298	-
Current portion of notes payable	490,193	503,979
Total current liabilities	3,064,592	690,660
Reclamation liability	220,129	113,772
Deferred tax liability	4,063,330	-
Notes payable, net of discount and current portion	449,984	423,041
Total liabilities	7,798,035	1,227,473
Shareholders' Equity		
Common stock, no par value, unlimited authorized shares, 16,230,733 and 11,396,924 shares issued and outstanding as of December 31, 2015 and 2014, respectively	17,658,042	1,634,582
Accumulated deficit	(1,951,564)	(363,605)
Accumulated other comprehensive income (loss)	68,644	(2,186)
Total shareholders' equity	15,775,122	1,268,791
Total liabilities and shareholders' equity	\$ 23,573,157	\$ 2,496,264

Approved on behalf of the Board:

"George Glasier" Director

"Michael Skutezky" Director

WESTERN URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS
(Stated in \$USD)

	For the Year Ended December 31, 2015	For the Period March 10, 2014 (Inception) through December 31, 2014
Expenses		
Mining expenditures	\$ 457,212	\$ 95,371
Professional fees	379,093	195,105
General and administrative	403,993	33,204
Consulting fees	<u>233,022</u>	<u>15,037</u>
Loss from operations	(1,473,320)	(338,717)
Interest expense	<u>114,639</u>	<u>24,888</u>
Net loss	(1,587,959)	(363,605)
Other comprehensive gain (loss)		
Foreign exchange gain (loss)	<u>70,830</u>	<u>(2,186)</u>
Comprehensive Loss	<u>\$ (1,517,129)</u>	<u>\$ (365,791)</u>
Loss per share - basic and diluted	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>
Weighted average shares outstanding, basic and diluted	<u>13,206,726</u>	<u>10,637,612</u>

WESTERN URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Stated in \$USD)

	Common Shares		Accumulated Deficit	Accumulated Comprehen- sive Income	Total
	Shares	Amount			
Balance at March 10, 2014	-	\$ -	\$ -	\$ -	\$ -
Issuance of founders' shares	9,900,000	2,100	-	-	2,100
Sale of 1,100,000 common shares on July 1, 2014 in private placement	1,100,000	1,499,000	-	-	1,499,000
Reverse merger with Western Uranium Corporation	396,924	133,482	-	-	133,482
Foreign exchange loss	-	-	-	(2,186)	(2,186)
Net loss for period	-	-	(363,605)	-	(363,605)
Balance at December 31, 2014	<u>11,396,924</u>	<u>1,634,582</u>	<u>(363,605)</u>	<u>(2,186)</u>	<u>1,268,791</u>
Sale of 640,000 common shares on February 4, 2015 in private placement, net of expenses of \$99,809	640,000	1,353,793	-	-	1,353,793
Issuance of 4,193,809 common shares to sellers of Black Range	4,193,809	14,237,331	-	-	14,237,331
Issuance of options to purchase 271,996 shares of common stock, in connection with the acquisition of Black Range	-	432,336	-	-	432,336
Foreign exchange gain	-	-	-	70,830	70,830
Net loss for the year	-	-	(1,587,959)	-	(1,587,959)
Balance at December 31, 2015	<u><u>16,230,733</u></u>	<u><u>\$17,658,042</u></u>	<u><u>\$ (1,951,564)</u></u>	<u><u>\$ 68,644</u></u>	<u><u>\$ 15,775,122</u></u>

WESTERN URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in \$USD)

	For the Year Ended December 31, 2015	For the Period March 10, 2014 (Inception) through December 31, 2014
Cash Flows From Operating Activities:		
Net loss	\$ (1,587,959)	\$ (363,605)
Reconciliation of net loss to cash used in operating activities:		
Impairment of property and equipment	94,000	-
Accretion of reclamation liability	30,674	-
Amortization of debt discount on notes payable	16,503	18,807
Change in foreign exchange on marketable securities	568	88
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	6,821	(87,530)
Accounts payable and accrued liabilities	240,085	51,609
Net cash used in operating activities	<u>(1,199,308)</u>	<u>(380,631)</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(19,810)	-
Investment in restricted cash	-	(653,734)
Acquisition of RTO transaction - cash acquired	-	235,141
Acquisition of mining properties	-	(526,781)
Acquisition of Black Range - cash acquired	4,190	-
Advance on Credit Facility to Black Range	(363,074)	-
Net cash used in investing activities	<u>(378,694)</u>	<u>(945,374)</u>
Cash Flows From Financing Activities:		
Payment of Nueco Note	(253,346)	-
Proceeds from the sale of common stock in private placements, net of offering costs	1,353,793	1,499,000
Proceeds from subscription payable	198,298	-
Proceeds from Siebels Note	250,000	-
Share issuance upon incorporation	-	2,100
Net cash provided by financing activities	<u>1,548,745</u>	<u>1,501,100</u>
Effect of foreign exchange rate on cash	<u>70,830</u>	<u>(2,186)</u>
Net increase in cash	<u>41,573</u>	<u>172,909</u>
Cash - beginning	<u>172,909</u>	<u>-</u>
Cash - ending	<u>\$ 214,482</u>	<u>\$ 172,909</u>

WESTERN URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in \$USD)

	<u>For the Year Ended</u> <u>December 31, 2015</u>	<u>For the Period</u> <u>March 10, 2014</u> <u>(Inception) through</u> <u>December 31, 2014</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 15,000	\$ -
Taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Purchase of Black Range and other mining assets:		
Net assets purchased:		
Current assets	\$ 23,486	\$ -
Mineral properties	10,100,000	1,539,195
Ablation intellectual property	9,488,051	-
Restricted cash	382,362	-
Land, buildings and improvements	1,125,000	-
Accounts payable and accrued liabilities	(396,145)	-
Mortgage and notes payable	(1,051,000)	(902,665)
Credit Facility - Western	(363,074)	-
Deferred tax liability	(4,063,330)	-
Reclamation liability	(75,683)	(109,749)
Deferred exercise price payable	(500,000)	-
Total purchase price consideration	<u>\$ 14,669,667</u>	<u>\$ 526,781</u>
Less: cash paid to purchase the mining assets	-	(526,781)
Non-cash consideration	<u>\$ 14,669,667</u>	<u>\$ -</u>
Non-cash consideration consisted of:		
Fair value of 4,193,809 shares of Western common stock issued to the former stockholders of Black Range	\$ 14,237,331	\$ -
Fair value of options to purchase 271,996 shares of Western common stock issued to directors and consultants of Black Range	432,336	-
Non-cash consideration	<u>\$ 14,669,667</u>	<u>\$ -</u>

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Stated in \$USD)

NOTE 1 - BUSINESS

Nature of operations

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 (*see below and note 5*). 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") (*see below and note 6*).

The Company has registered offices at 10 King Street East, Suite 700, Toronto, Ontario, Canada, M5C 1C3 and its common shares are listed on the CSE under the symbol "WUC" and on April 22, 2016, the Company's common stock began trading on the OTC Pink. Its principal business activity is the acquisition and development of uranium resource properties in the states of Utah and Colorado in the United States of America ("USA").

Reverse Takeover Transaction

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

PRM is a Delaware limited liability company with an indefinite term, which was formed on March 10, 2014 for the purpose of purchasing and operating uranium mines in Utah and Colorado. On August 18, 2014, the Company closed on the purchase of certain mining properties from Energy Fuels Holding Corp. ("EFHC").

The transaction constituted an RTO of Western and has been accounted for as PRM acquiring Western. It has been treated as an issuance of shares by PRM for the net monetary assets of Western.

The transaction therefore has been accounted for as a capital transaction, with PRM being identified as the accounting acquirer. The resulting consolidated financial statements have been presented as a continuance of PRM's financial statements. The results of operations, cash flows and the assets and liabilities of Western have been included in these consolidated financial statements since November 20, 2014, the acquisition date (*see note 5*).

Acquisition of Black Range Minerals Limited

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 "Black Range Transaction") (*see note 6*).

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Stated in \$USD)

NOTE 2 – LIQUIDITY AND GOING CONCERN

The Company has incurred continuing losses from its operations, and as of December 31, 2015 has an accumulated deficit of \$1,951,564. As of December 31, 2015, the Company has a working capital deficit of \$2,711,800.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes and the sale of its 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 and to initiate process of ore to generate operating cash flows.

The Company has been actively seeking a combination of funding.

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 financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Pursuant to the Company's capital raising objectives, on April 28, 2016 the Company completed a private placement raising gross proceeds of CAD \$680,760 (US\$543,456) through the issuance of 400,447 common shares at a price of CAD \$1.70 (US\$1.36) per common share, and warrants to purchase an aggregate of 400,447 common shares at an exercise price of CAD \$1.70 per share. The warrants are exercisable immediately and expire on April 30, 2021.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

These consolidated financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").

The accompanying consolidated financial statements include the accounts of Western and its wholly-owned subsidiaries, Western Uranium, Corp., Pinon Ridge Mining LLC, Black Range Minerals Limited, Black Range Copper Inc., Ranger Resources Inc., Black Range Minerals Inc., Black Range Minerals Colorado LLC, Black Range Minerals Wyoming LLC, Haggerty Resources LLC, Ranger Alaska LLC, Black Range Minerals Utah LLC, Black Range Minerals Ablation Holdings Inc. and Black Range Development Utah LLC. All significant inter-company transactions and balances have been eliminated upon consolidation.

Exploration Stage

The Company has established the existence of mineralized materials for certain uranium projects. The Company has not established proven or probable reserves, as defined by the United States Securities and Exchange Commission (the "SEC") under Industry Guide 7, through the completion of a "final" or "bankable" feasibility study for any of its uranium projects.

In accordance with U.S. GAAP, expenditures relating to the acquisition of mineral rights are initially capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time the Company exits the Exploration Stage by establishing proven or probable reserves. Expenditures relating to exploration activities such as drill programs to search for additional mineralized materials are expensed as incurred. Expenditures relating to pre-extraction activities such as the construction of mine wellfields, ion exchange facilities and disposal wells are expensed as incurred until such time proven or probable reserves are established for that uranium project, after which subsequent expenditures relating to mine development activities for that particular project are capitalized as incurred.

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Stated in \$USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Exploration Stage, continued

Companies in the Production Stage as defined under Industry Guide 7, having established proven and probable reserves and exited the Exploration Stage, typically capitalize expenditures relating to ongoing development activities, with corresponding depletion calculated over proven and probable reserves using the units-of-production method and allocated to future reporting periods to inventory and, as that inventory is sold, to cost of goods sold. The Company is in the Exploration Stage which has resulted in the Company reporting larger losses than if it had been in the Production Stage due to the expensing, instead of capitalizing, of expenditures relating to ongoing mill and mine development activities. Additionally, there would be no corresponding amortization allocated to future reporting periods of the Company since those costs would have been expensed previously, resulting in both lower inventory costs and cost of goods sold and results of operations with higher gross profits and lower losses than if the Company had been in the Production Stage. Any capitalized costs, such as expenditures relating to the acquisition of mineral rights, are depleted over the estimated extraction life using the straight-line method. As a result, the Company's consolidated financial statements may not be directly comparable to the financial statements of companies in the Production Stage.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant areas requiring management's estimates and assumptions include determining the fair value of transactions involving 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 and asset retirement obligations. Other areas requiring estimates include allocations of expenditures, depletion and amortization of mineral rights and properties and depreciation of property, plant and equipment. Actual results could differ from those estimates.

Foreign Currency Translation

The reporting currency of the Company, including its subsidiaries, is the United States dollar. The financial statements of subsidiaries located outside of the U.S. are measured in their functional currency, which is the local currency. The functional currency of the parent is the Canadian dollar. Monetary assets and liabilities of these subsidiaries are translated at the exchange rates at the balance sheet date. Income and expense items are translated using average monthly exchange rates. Non-monetary assets are translated at their historical exchange rates. Translation adjustments are included in accumulated other comprehensive loss in the consolidated balance sheets.

Segment Information

We determined our reporting units in accordance with FASB ASC 280, "Segment Reporting" ("ASC 280"). We evaluate a reporting unit by first identifying its operating segments under ASC 280. We then evaluate each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, we evaluate those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, we determine if the segments are economically similar and, if so, the operating segments are aggregated.

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Stated in \$USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Segment Information, continued

We have one operating segment and reporting unit. We operate in one reportable business segment; we are in the business of exploring, developing, mining and the production of our uranium and vanadium resource properties, including the utilization of the Company's ablation technology in our mining processes. We are organized and operated as one business. Management reviews its business as a single operating segment, using financial and other information rendered meaningful only by the fact that such information is presented and reviewed in the aggregate.

Cash and Cash Equivalents

The Company considers all highly-liquid instruments with an original maturity of three months or less at the time of issuance to be cash equivalents.

Restricted Cash

Certain cash balances are restricted as they relate to deposits with banks that have been assigned to state reclamation authorities in the United States to secure various reclamation guarantees with respect to mineral properties in Utah, Alaska and Colorado. As these funds are not available for general corporate purposes and secure the long term reclamation liability (*see note 11*), they have been separately disclosed and classified as long-term.

Marketable Securities

The Company classifies its marketable securities as available-for-sale securities, which are carried at their fair value based on the quoted market prices of the securities with unrealized gains and losses reported as accumulated comprehensive income (loss), a separate component of shareholders' equity. Realized gains and losses on available-for-sale securities are included in net earnings in the period earned or incurred.

Fair Values of Financial Instruments

The carrying amounts of cash and cash equivalents, marketable securities, accounts payable and accrued expenses, mortgage payable, and notes payable. The carrying amounts of cash and cash equivalents, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. Marketable securities are adjusted to fair value each balance sheet date, based on quoted prices; which are considered level 1 inputs. The reclamation deposits, which are reflected in restricted cash on the consolidated balance sheet, are deposits mainly invested in certificates of deposit at major financial institutions and their fair value was estimated to approximate their carrying value. The Company's operations and financing activities are conducted primarily in United States dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates. The Company is exposed to credit risk through its cash and restricted cash, but mitigates this risk by keeping these deposits at major financial institutions.

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Stated in \$USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Values of Financial Instruments, continued

ASC 820 “Fair Value Measurements and Disclosures” provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 Significant unobservable inputs that cannot be corroborated by market data.

The fair value of financial instruments in the Company’s consolidated financial statements at December 31, 2015 and 2014 are as follows:

	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable securities at December 31, 2015	\$ 2,880	\$ -	\$ -
Marketable securities at December 31, 2014	\$ 3,448	\$ -	\$ -

Securities Available-For-Sale and Held to Maturity

The Corporation classifies its securities as held to maturity or available-for-sale. Investments in debt securities that the Corporation has the positive intent and ability to hold to maturity are classified as securities held to maturity and are carried at amortized cost. All other securities are classified as securities available-for-sale. Securities available-for-sale may be sold prior to maturity in response to changes in interest rates or prepayment risk, for asset/liability management purposes, or other similar factors. These securities are carried at fair value with unrealized holding gains or losses reported in a separate component of shareholders’ equity, net of the related tax effects.

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Stated in \$USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Mineral Properties

Acquisition costs of mineral properties are capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time the Company exits the Exploration Stage by establishing proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred.

Where proven and probable reserves have been established, the project’s capitalized expenditures are depleted over proven and probable reserves upon commencement of production using the units-of-production method. Where proven and probable reserves have not been established, such capitalized expenditures are depleted over the estimated production life upon commencement of extraction using the straight-line method. The Company has not established proven or probable reserves for any of its projects.

The carrying values of the mineral properties are assessed for impairment by management on a quarterly basis or when indicators of impairment exist.

Impairment of Long-Lived Assets

We review and evaluate its 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 long-lived assets (which include its mineral assets and ablation intellectual property) were acquired during the end of 2014 and in 2015 in 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 the Company’s 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 its long-lived assets. 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.

Income Taxes

The Company utilizes an asset and liability approach for financial accounting and reporting for income taxes. The provision for income taxes is based upon income or loss after adjustment for those permanent items that are not considered in the determination of taxable income. Deferred income taxes represent the tax effects of differences between the financial reporting and tax basis of the Company’s assets and liabilities at the enacted tax rates in effect for the years in which the differences are expected to reverse.

The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance when it is more likely than not that some portion or all the deferred tax assets will not be realized. Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In management’s opinion, adequate provisions for income taxes have been made.

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Stated in \$USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes, continued

If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for “unrecognized tax benefits” is recorded for any tax benefits claimed in the Company’s tax returns that do not meet these recognition and measurement standards. As of December 31, 2015 and 2014, no liability for unrecognized tax benefits was required to be reported.

The Company’s policy for recording interest and penalties associated with tax audits is to record such items as a component of general and administrative expense. There were no amounts accrued for penalties and interest for the years ended December 31, 2015 and 2014. The Company does not expect its uncertain tax position to change during the next twelve months. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

The Company has identified its federal tax return and its state tax returns in Colorado and Utah as its “major” tax jurisdictions, and such returns for the years 2013 through 2015 remain subject to examination.

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.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Financing Costs

Deferred financing costs represent costs incurred for the future issuance of debt. Once the associated debt instrument is issued, these costs would be recorded as a debt discount and amortized using the effective interest method over the term of the related debt instrument. Upon the abandonment of a pending financing transaction, the related deferred financing costs would be charged to general and administrative expense.

The Company may also issue warrants or other equity instruments in connection with the issuance of debt instruments. The equity instruments are recorded at their relative fair market value on the date of issuance which results in a debt discount which is amortized to interest expense using the effective interest method.

Stock-Based Compensation

The Company follows ASC 718, Compensation - Stock Compensation, which addresses the accounting for stock-based payment transactions, requiring such transactions to be accounted for using the fair value method. Awards of shares for property or services are recorded at the more readily measurable of the fair value of the stock and the fair value of the service. The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of stock-based awards under ASC 718. The fair value is charged to earnings depending on the terms and conditions of the award, and the nature of the relationship of the recipient of the award to the Company. The Company records the grant date fair value in line with the period over which it was earned. For employees and management, this is typically considered to be the vesting period of the award. For consultants the fair value of the award is recorded over the term of the service period, and unvested amounts are revalued at each reporting period over the service period. The Company estimates the expected forfeitures and updates the valuation accordingly.

Loss per Share

The Company reports loss per share in accordance with ASC 260, "Earnings per Share". Basic loss per share is computed by dividing net loss by the weighted average number of common stock outstanding during each period. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock and other potentially dilutive securities outstanding during the year. Potentially dilutive securities for the year ended December 31, 2015, includes options for purchase of 271,996 (2014 – Nil) shares of common stock. These instruments are not included in the calculation of the weighted average number of shares outstanding because their effect is anti-dilutive.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" (Topic 606), which supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition," and most industry-specific guidance. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The amendments in the ASU must be applied using one of two retrospective methods and are effective for annual and interim periods beginning after December 15, 2016. On July 9, 2015, the FASB modified ASU 2014-09 to be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. As modified, the FASB permits the adoption of the new revenue standard early, but not before the annual periods beginning after December 15, 2016. A public organization would apply the new revenue standard to all interim reporting periods within the year of adoption. The Company will evaluate the effects, if any, that adoption of this guidance will have on its consolidated financial statements.

WESTERN URANIUM CORPORATION
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NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. This standard is intended to define management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. Under U.S. GAAP, financial statements are prepared under the presumption that the reporting organization will continue to operate as a going concern, except in limited circumstances. Financial reporting under this presumption is commonly referred to as the going concern basis of accounting. The going concern basis of accounting is critical to financial reporting because it establishes the fundamental basis for measuring and classifying assets and liabilities. Currently, U.S. GAAP lacks guidance about management’s responsibility to evaluate whether there is substantial doubt about the organization’s ability to continue as a going concern or to provide related footnote disclosures. This ASU provides guidance to an organization’s management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The adoption of this standard is not expected to have a material impact on the Company’s consolidated financial position and results of operations.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs, (“ASU 2015-03”). This standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015, but early adoption is permitted. The Company has adopted ASU 2015-03 effective with the issuance of its consolidated financial statements as of December 31, 2015 and 2014.

In August 2015, the FASB issued ASU No. 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements” – Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015, which clarified the SEC staff’s position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements. ASU 2015-15 should be adopted concurrent with the adoption of ASU 2015-03. The Company is evaluating the impact the adoption of these standards will have on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall (Subtopic 740): Recognition and Measurement of Financial Assets and Financial Liabilities. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017. ASU 2016-01 enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The Company is evaluating the impact the adoption of this ASU will have on the consolidated financial statements.

On February 25, 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This update will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The new guidance will also require additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. The provisions of this update are effective for annual and interim periods beginning after December 15, 2018. The Company is evaluating the impact the adoption of this ASU will have on the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting”. The amendments are effective for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The Company is evaluating the impact the adoption of this ASU will have on the consolidated financial statements.

WESTERN URANIUM CORPORATION
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NOTE 5 - REVERSE TAKEOVER TRANSACTION (“RTO”)

On November 20, 2014, Western, through its wholly owned US subsidiary Western US, acquired 100% of the members' interests of PRM, a private Delaware Limited Liability Company with mining interests in the states of Utah and Colorado. The transaction formed the basis for the Company obtaining a public listing on the CSE. To effect the transaction, Western issued (i) 9,900,000 common shares to the Company’s founders and (ii) 1,100,000 common shares to the shareholders that purchased shares in the November 2014 private placement.

Although the transaction resulted in PRM legally becoming a wholly-owned subsidiary of Western, the transaction constituted a RTO of Western and has been accounted for as a RTO transaction. As Western did not qualify as a business this RTO transaction does not constitute a business combination. It has been treated as an issuance of shares by PRM for the net monetary assets of Western and a recapitalization of Western.

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

The following details the allocation of the purchase price consideration:

Cash	\$ 231,152
Other assets	42,950
Accounts payable and accrued liabilities	(140,620)
Total fair value of assets acquired	<u>\$ 133,482</u>
Fair value of consideration issued	<u>\$ 133,482</u>

The purchase price consideration consisted of 396,924 shares of common stock and warrants to purchase 106,250 shares of common stock issued to the former shareholders of HUI.

The Company incurred transaction costs of \$139,349 in the process of acquiring the CSE listing, including legal and accounting fees and listing expenses.

NOTE 6 - ACQUISITION OF BLACK RANGE

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

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

WESTERN URANIUM CORPORATION
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NOTE 6 - ACQUISITION OF BLACK RANGE, CONTINUED

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

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

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

Cash	\$ 4,190
Prepaid permit and other costs	19,296
Mineral properties	10,100,000
Ablation intellectual property	9,488,051
Land, buildings and improvements	1,125,000
Restricted cash	382,362
Accounts payable and accrued liabilities	(396,145)
Mortgage payable	(1,051,000)
Credit Facility	(363,074)
Deferred exercise price payable	(500,000)
Deferred tax liability	(4,063,330)
Reclamation liability	(75,683)
Total	<u><u>\$ 14,669,667</u></u>

Purchase price consideration:

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

Mortgage

In connection with the Black Range Transaction, Western assumed a mortgage secured by land, building and improvements at 1450 North 7 Mile Road, Casper, Wyoming, with interest payable at 8.00% and payable in monthly payments of \$11,085 with the final balance of \$1,044,015 due as a balloon payment on January 16, 2016. The Company did not pay the mortgage on its due date, consequently it is in default. The Company is currently in negotiations with its mortgage holder to exchange the mortgage for the land, building and improvements it is secured by.

WESTERN URANIUM CORPORATION
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NOTE 6 - ACQUISITION OF BLACK RANGE, CONTINUED

Credit facility

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

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

On September 16, 2015, upon consummation of the Black Range Transaction, the Company assumed and subsequently settled the outstanding obligations under the Credit Facility.

Deferred Contingent Consideration

Prior to the Black Range Transaction, George Glasier, the Company's CEO, who is also a director, ("Seller") transferred his interest in a former joint venture with Ablation Technologies, LLC to Black Range. In connection with the transfer, Black Range issued 25 million shares of Black Range common stock to Seller and committed to pay \$500,000 to Seller within 60 days of the first commercial application of the ablation technology. Western assumed this contingent payment obligation in connection with the Black Range Transaction. At September 16, 2015 this contingent obligation was determined to be probable as the Company projected to begin commercial use of the ablation technology on or before September 30, 2016. Since the amount of the obligation is certain (\$500,000), in connection with the Black Range Transaction, the Company recognized the \$500,000 as an assumed liability.

Reclamation Liabilities

In connection with the Black Range Transaction, the Company assumed the reclamation liabilities imposed by law on the mineral properties. The Company has estimated that the gross reclamation liability as of September 16, 2015 and December 31, 2015 was \$382,386, and expects to begin incurring the liability after 2055. The Company discounted the liability for time at a discount rate of 5.4% and calculated the net discounted value to be \$78,683, such amount is subject to revisions. The gross reclamation liability is secured by certificates of deposit.

Options to Acquire Additional Interests within the Hansen-Taylor Complex

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

Pursuant to the option and exploration agreement between Black Range and STB Minerals LLC ("STB") dated February 18, 2011, and as amended and extended, expiring on July 28, 2017, an exclusive option to acquire STB's 51% mineral interest in the Hansen Deposit requiring upon exercise, a payment of \$2,000,000 in cash and the issuance of shares of the Company's common stock equal in value to \$3,750,000. 180 days following this initial cash payment and issuance of shares, the Company is required to issue additional shares of the Company's common stock equal in value to \$3,750,000. Additionally, the Company will pay STB a perpetual royalty of 1.5%.

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

WESTERN URANIUM CORPORATION
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NOTE 7 - LAND, BUILDING AND IMPROVEMENTS

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

	As of December 31, 2015	As of December 31, 2014
Land, building and improvements	\$ 1,050,810	\$ -
Less: Accumulated Depreciation	-	-
	<u>\$ 1,050,810</u>	<u>\$ -</u>

The Company's land, building and improvements consisted of a single building, which as of December 31, 2015, was held for sales. Accordingly, the Company has not recorded depreciation expense. As the building is held for sale, at December 31, 2015, it was recorded at net realizable value. Accordingly, during the year ended December 31, 2015, the Company recognized an impairment loss on the building held for sale of \$94,000.

NOTE 8 - MINERAL PROPERTIES

Pinon Ridge Properties

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

The consideration paid for the mining assets included the following:

Cash paid at closing	\$ 526,781
Reclamation liability assumed (Note 11)	109,749
Notes payable (Note 10)	902,665
	<u>\$ 1,539,195</u>

Mineral Properties

The total consideration above was recorded on the consolidated balance sheet as "mineral properties." In addition, the Company was required to fund certificates of deposit representing permit bonds required to operate the mines, which represent pledges to secure the Company's reclamation of each mine. These certificates of deposit are recorded on the Company's consolidated balance sheet as "restricted cash."

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

WESTERN URANIUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 - MINERAL PROPERTIES - CONTINUED

Black Range Properties

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

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

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As of December 31, 2015	As of December 31, 2014
Trade accounts payable	\$ 520,530	\$ 48,706
Accrued liabilities	304,571	137,975
	<u>\$ 825,101</u>	<u>\$ 186,681</u>

Note 10 - NOTES PAYABLE

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

On August 18, 2014, also in connection with the purchase of the mining properties, the Company entered into a Note Assumption Agreement with EFHC and Nuclear Energy Corporation ("Nueco"), whereby the Company assumed all of the obligations of EFHC under its note payable with Nueco (the "Nueco Note"). The Nueco Note bears no stated interest rate and is secured by certain of the Company's mining assets. On the date of the purchase, the Company recorded the Nueco Note net of a discount for interest of \$23,724 at a rate of 7% per annum. The discount is being amortized using the effective interest method over the life of the loan. The Nueco payment due on December 20, 2014 in the amount of \$250,180 was made on January 5, 2015 without penalty other than additional interest at 6% per annum. As of December 31, 2015, the Nueco Note had a remaining obligation outstanding of \$250,180, the due date of which was extended to January 13, 2016. In connection with the extension, the Company agreed to add interest from the date of October 13, 2015 until the date paid at the annual rate of one percent (1%) per annum.

On February 8, 2016, the Company and the lender agreed to further extend the maturity of the Nueco Note to June 2016. In consideration for the extension the Company increased the principal by 10%, increased the interest rate to 6% per annum and paid a \$5,000 fee that did not reduce the interest or principal.

On September 30, 2015 the Company entered into a note payable with The Siebels Hard Asset Fund, Ltd ("Siebels Note") for \$250,000, which was fully funded on October 14, 2015. The Siebels Note bears interest at a rate of 16.0% per annum and matures on December 15, 2015. On December 16, 2015 the Company and the lender agreed to extend the maturity of the Siebels Note until June 16, 2016. In consideration for the extension of the repayment, the accrued interest at the time of extension of \$8,333 was to be reclassified to principal, bringing the principal of the Siebels Note to \$258,423. Also in consideration for the extension the interest rate was increased to 18% per annum.

WESTERN URANIUM CORPORATION
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NOTE 10 - NOTES PAYABLE, CONTINUED

Notes payable consisted of:

	As of December 31, 2015				
	Principal	Discount	Balance, Net of Discount	Current	Non-Current
EFHC	\$ 500,000	\$ 50,016	\$ 449,984	\$ -	\$ 449,984
Nueco	250,180	-	250,180	250,180	-
Siebels	240,013	-	240,013	240,013	-
Total	\$ 990,193	\$ 50,016	\$ 940,177	\$ 490,193	\$ 449,984

	As of December 31, 2014				
	Principal	Discount	Balance, Net of Discount	Current	Non-Current
EFHC	\$ 500,000	\$ 62,083	\$ 437,917	\$ 14,876	\$ 423,041
Nueco	500,360	11,257	489,103	489,103	-
Total	\$ 1,000,360	\$ 73,340	\$ 927,020	\$ 503,979	\$ 423,041

During the year ended December 31, 2015 and 2014, the Company's interest expense on notes payable was \$114,639, and \$24,888, respectively, including the amortization of debt discounts.

NOTE 11 - RECLAMATION LIABILITY

The reclamation liabilities of the US mines are subject to legal and regulatory requirements, and estimates of the costs of reclamation are reviewed periodically by the applicable regulatory authorities. The reclamation liability represents the Company's best estimate of the present value of future reclamation costs in connection with the mineral properties (*see note 8*). The Company determined the gross reclamation liabilities at December 31, 2015 and December 31, 2014 of the mineral properties to be approximately \$1,036,142 and \$653,734, respectively. During the year ended December 31, 2015 the accretion of the reclamation liabilities amounted to \$2,066. The Company expects to begin incurring the reclamation liability after 2055, and accordingly, has discounted the gross liabilities over a thirty year life using a discount rate of 5.4% to a net discounted value as at December 31, 2015 of \$220,129. The gross reclamation liabilities of \$1,036,142 are secured by certificates of deposit in the amount of \$1,036,286 (*see note 3*).

NOTE 12 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS

Authorized Capital

The holders of the Company's common stock are entitled to one vote per share. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of legally available funds. Upon the liquidation, dissolution, or winding up of the Company, holders of common stock are entitled to share ratably in all assets of the Company that are legally available for distribution. As of December 31, 2015 and 2014, an unlimited number of common shares were authorized for issuance.

WESTERN URANIUM CORPORATION
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NOTE 12 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

Western Uranium Share Capital

As part of the RTO transaction (*see note 5*) that closed on November 20, 2014, the following share capital transactions occurred (after giving effect to a 800 to 1 share consolidation):

- 396,924 common shares to the former shareholders of HUI;
- 9,900,000 common shares to the Company's founders; and
- 1,100,000 common shares to the shareholders that purchased shares in the November 2014 private placement.

The RTO transaction was accounted for as a recapitalization of the Company's equity. In connection with the RTO transaction, the Company has restated its statement of shareholders' equity on a recapitalization basis so that all equity accounts are now presented as if the recapitalization had occurred at the beginning of the earliest period presented.

Warrants

Former shareholders of HUI received 106,250 warrants exercisable until February 26, 2015 at a price of CAD \$8.00 per post-consolidation. Given the limited time until expiry and the spread between the exercise price and trading price on the initial CSE listing of CAD \$3.00, no value was ascribed to these warrants as part of the RTO transaction. The warrants all expired unexercised on February 26, 2015.

Private placements

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

On December 31, 2015, the Company completed a private placement raising gross proceeds of CAD \$300,000 through the subscription for 101,009 common shares at a price of CAD \$2.97 (US\$2.14) per common share, and warrants to purchase aggregate of 101,009 common shares at an exercise price of CAD \$3.50. Of the total amount received, CAD \$275,000 (US\$198,298) was received in December of 2015 while the remainder was received in February of 2016. The warrants are exercisable immediately upon issuance and expire five years from the date of issuance. At December 31, 2015, the Company accounted for these proceeds of \$198,298 as subscriptions payable.

Stock Options

In connection with the Black Range Transaction, the Board of Directors granted options for the purchase of 271,996 shares of the Company's common stock to certain of the former directors, employees and consultants of Black Range. On the date of grant, these options were fully vested, had a weighted average exercise price of CAD \$6.39 (US\$4.82) and a weighted average remaining contractual life of 3.52 years. As of December 31, 2015, these stock options had no intrinsic value. Holders of these stock options have agreed to not exercise these options until after January 16, 2016.

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

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NOTE 12 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

Stock Options

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

Stock Price	\$ 3.39
Weighted Average Exercise Price	\$ 4.82
Number of Options Granted	271,996
Dividend Yield	0%
Expected Volatility	75%
	0.82 –
Weighted Average Risk-Free Interest Rate	1.38%
Expected life (in years)	2.3 – 4.2

NOTE 13 - MINING EXPENDITURES

	For the year Ended December 31,	
	2015	2014
Permits	\$ 122,397	\$ 38,857
Maintenance	319,482	24,386
Lease abandonment	-	17,500
Contract Labor	5,003	8,271
Royalties	10,330	6,357
	<u>\$ 457,212</u>	<u>\$ 95,371</u>

NOTE 14 - INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	As of December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carryovers	\$ 3,739,799	\$ 5,174,895
Marketable securities	23,298	23,086
Accrued expenses	91,526	-
Deferred tax assets, gross	3,854,623	5,197,981
Less: valuation allowance	(531,983)	(5,197,981)
Deferred tax assets, net	3,322,640	-
Deferred tax liabilities:		
Property and equipment	(7,385,970)	-
Deferred tax liabilities	(7,385,970)	-
Deferred tax assets (liabilities), net	<u>\$ (4,063,330)</u>	<u>\$ -</u>

WESTERN URANIUM CORPORATION
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NOTE 14 - INCOME TAXES, CONTINUED

The change in the Company's valuation allowance is as follows:

	For the Years Ended December 31,	
	2015	2014
Beginning of year	\$ 5,197,981	\$ -
(Decrease) increase in valuation allowance	(4,665,998)	5,197,981
End of year	<u>\$ 531,983</u>	<u>\$ 5,197,981</u>

A reconciliation of the provision for income taxes with the amounts computed by applying the statutory Federal income tax rate to income from operations before the provision for income taxes is as follows:

	For the Years Ended December 31,	
	2015	2014
U.S. federal statutory rate	(34.0%)	(34.0%)
State and foreign taxes	(3.2%)	(3.2%)
Permanent differences		
Tax effect of Reverse Merger	0.0%	30.4%
Non-deductible expenses	3.6%	2.1%
Valuation allowance	33.6%	4.7%
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>

The Company has net operating loss carryovers of approximately \$10,053,223 for federal and state income tax purposes, which begin to expire in 2026. The ultimate realization of the net operating loss is dependent upon future taxable income, if any, of the Company. Based on losses from inception, the Company determined that as of December 31, 2015 it is more likely than not that the Company will not realize benefits from the deferred tax assets. The Company will not record income tax benefits in the financial statements until it is determined that it is more likely than not that the Company will generate sufficient taxable income to realize the deferred income tax assets. As a result of the analysis, the Company determined that a valuation allowance against the deferred tax assets was required of \$531,983 and \$5,197,981 as of December 31, 2015 and 2014, respectively.

Internal Revenue Code Section ("IRC") 382 imposes limitations on the use of net operating loss carryovers when the stock ownership of one or more 5% stockholders (stockholders owning 5% or more of the Company's outstanding capital stock) has increased on a cumulative basis over a period of three years by more than 50 percentage points. Management cannot control the ownership changes occurring. Accordingly, there is a risk of an ownership change beyond the control of the Company that could trigger a limitation of the use of the loss carryover. As of December 31, 2015, the Company had not completed an analysis as to whether or not such ownership change has occurred. If such ownership change under IRC section 382 had occurred, such change would substantially limit the Company's ability in the future to utilize its net operating loss carryforwards.

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NOTE 15 - RELATED PARTY TRANSACTIONS (INCLUDING KEY MANAGEMENT COMPENSATION)

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

An entity controlled by a member of the Board of Directors earned consulting fees totaling \$49,192 and \$0 for the year ended December 31, 2015 and 2014, respectively. The same director earned director fees totaling \$6,325 and \$0 during the years ended December 31, 2015 and 2014. As of December 31, 2015 and 2014, the Company has \$5,074 and \$0, respectively, in accounts payable and accrued liabilities owing to this director.

Pursuant to a consulting agreement, a US limited liability company owned by a person who is a director and the company's CFO entered into a contract with the Company effective January 1, 2015 to provide financial and consulting services at an annual consultant fee of \$100,000. The contract has a term of one year and is subject to a 90 day cancellation notice by either party plus normal termination clauses for breach of contract. On October 21, 2015, the Company entered into a second agreement with this company to provide marketing and other consulting services at \$6,500 per month. During the years ended December 31, 2015 and 2014, the Company incurred fees of \$119,500 and \$0 to this company. At December 31, 2015 and 2014, the Company has \$14,833 and \$0, respectively, included in accounts payable and accrued liabilities payable to the consultant.

In connection with the acquisition of Black Range on September 16, 2015, Western assumed an obligation in the amount of \$500,000 payable to Western's CEO and director contingent upon the commercialization of the ablation technology.

NOTE 16 - SUBSEQUENT EVENTS

Notes Payable

On February 22, 2016, the Company entered into a note payable with The Siebels Hard Asset Fund, Ltd for \$100,000. The note bears interest at a rate of 18.0% per annum and matured on April 22, 2016. On April 28, 2016, the Company repaid this note in full.

See Note 10 for disclosure of the extension of the Nueco Note.

April 2016 Private Placement

During April 2016, the Company completed a private placement raising gross proceeds of CAD \$680,760 (US\$543,456) through the issuance of 400,447 common shares at a price of CAD \$1.70 (US\$1.36) per common share, and warrants to purchase an aggregate of 400,447 common shares at an exercise price of CAD \$1.70 per share. The warrants are exercisable immediately and expire on April 30, 2021.