WESTERN URANIUM CORPORATION
(Formerly Pinon Ridge Mining LLC)
Management's Discussion and Analysis
For the Year Ended December 31, 2014

Dated April 30, 2015

INTRODUCTION

Western Uranium Corporation (formerly known as Pinon Ridge Mining LLC) (the "Company" or "Western") is the issuer resulting from a reverse takeover transaction between Homeland Uranium Inc. ("HUI") and Pinon Ridge Mining LLC. ("PRM"). This Management's Discussion and Analysis ("MD&A") provides a review of corporate developments, results of operations and financial position as at December 31, 2014 and for the period from incorporation (March 10, 2014) to December 31, 2014. The MD&A is intended to supplement the year-end audited consolidated financial statements and notes thereto ("Statements") of Western Uranium Corporation for the above-noted period.

All amounts included in the MD&A are presented in US dollars, unless otherwise specified. This report is dated April 30, 2015, and the Company's filings, including the comprehensive information included in the Company's application dated November 20, 2014 to be listed on the Canadian Securities Exchange ("CSE"), can be reviewed on the SEDAR website at www.sedar.com. and on the CSE website at 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 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 (the "Company" or "Western") (formerly Homeland Uranium Inc.) ("HUI") was incorporated in December, 2006 under the Ontario Business Corporations Act and was formerly a non-listed reporting issuer subject to the rules and regulations of the Ontario Securities Commission. 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 issued and outstanding shares of Pinon Ridge Mining LLC ("PRM"), a Delaware limited liability company. The transaction constituted a reverse takeover of HUI by PRM as more fully described in note 4. After obtaining appropriate shareholder approvals, the Company subsequently reconstituted its Board of Directors and senior management team and changed its name to Western Uranium Corporation.

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

GOING CONCERN

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

The Company has a working capital deficiency as at December 31, 2014 of $391,348 and has incurred a net loss for the period ended December 31, 2014 of $1,046,368. It expects to incur further losses in the development of its business. The Company will require additional financing *(see note 20(c) regarding a completed private placement after year-end)* in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. These conditions indicate the existence of material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

2014 HIGLIGHTS

Acquisition of Mineral Properties

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

The consideration paid for the mining assets included the following:

Cash paid at closing	$ 526,781
Reclamation liability assumed	109,749
Notes payable	902,665
	$ 1,539,195

The total consideration above was recorded on the consolidated statement of financial position 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 statement of financial position under "restricted cash".

The details of the properties acquired during the period are as follows:

(i) At the time of listing, the Company's material property is the San Rafael Uranium Project. This project is located in Emery County, Utah, and forms a single contiguous claim block covered by 146 unpatented federal lode mining claims and the contiguous State Section 36 Mineral Lease. Specifically, the 136 BM claims and the Hollie claims (1-10) cover about 2,900 acres located in parts of Emery County, Utah.

The BM and Hollie claims all lie on public lands administered by the U.S. Federal Bureau of Land Management (the "BLM"). The majority of the San Rafael property lies north of US Interstate Highway 70. The Interstate Highway crosses Utah State Section 36 diagonally from northeast to southwest. The Down Yonder deposit is situated north of the highway.

Most the BM claims included in this project, and all of the Hollie claims, were staked intermittently from January through March 2006. Additional claims having been staked in January 2007 and November 2007. These claims are subject to a 2% net smelter return royalty payable to EMC Utah Inc., a previous owner of these claims.

The Utah State Section 36 Mineral Lease (being Mineral Lease No. 49311), comprises approximately 640 acres, leased from the State of Utah School and Institutional Trust Lands Administration (SITLA). This Lease is for a period of ten (10) years, expiring on April 30, 2024 and carries a royalty of 8% for fissionable metalliferous materials and four percent (4%) for non-fissionable metalliferous minerals, based on the gross value of the ores produced from the leased lands and sold by the Lessee. The annual rental fee is US$1.00 per acre per annum.

A 100% interest in the BM claims, Hollie claims and lease forming the San Rafael Uranium Project was acquired by subsidiaries of Energy Fuels Inc. in May of 2009 and January of 2011. On August 18, 2014, the San Rafael Uranium Project was sold by a subsidiary of Energy Fuels Inc. to PRM.

(ii) The Sunday Mine Complex is located in western San Miguel County, Colorado, USA. 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 mines were most recently actively mined from 2007 to 2009. The Sunday Mine Complex property consists of 221 unpatented claims on public lands covering approximately 3,800 acres. 20 of these claims are subject to a 12.5% royalty on all ore produced. The operation of each of the mines included in the Sunday Mine Complex requires a separate permit. Each of the mines is considered to be in active status. The Company has installed a series of monitoring wells.

(iii) The Van 4 Mine is located in western Montrose County, Colorado, USA. The Van 4 Mine is a small underground mine that was last operated between 1987 and 1990. The property consists of 115 unpatented claims located on public lands covering in excess of 1,900 acres. There are no royalties encumbering these claims. A mine permit for the Van 4 Mine has been granted and is currently in good standing, and the necessary bonds have been obtained.

(iv) The Yellow Cat Project is located in eastern Grand County, Utah, USA. This project consists of a total of 90 claims covering approximately 4,660 acres as follows: 85 unpatented claims on public land and 5 Utah State Leases. There are no royalties encumbering the 85 unpatented claims. The 5 Utah State Leases carry a royalty payable to the State of Utah of 8% on uranium produced, and 4% on vanadium produced. The Company holds no current permits on the Yellow Cat Project.

(v) The Dunn Mine Complex is located in San Juan County, Utah, USA. It is comprised of 11 unpatented claims and one private lease. The Dunn Mine was closed in the mid-1980s, with only limited development completed and very little production realized. The 11 unpatented claims are located on public lands covering approximately 220 acres. The private lease is subject to a production royalty of 12.5% of the fair market value of ore produced. The private lease requires annual payments to be made, half of which is rent and the other half being an advance payment of royalty that is deductive from any royalty payments due on future production. The Company holds no permit for the Dunn Mine Complex.

(vi) The Farmer Girl Mine project is located in Montrose County, Colorado, USA. It is comprised of a lease that was entered into on September 2006 for a 10 years term. The lease renews automatically once production at the Farmer Girl Mine commences. The project consists of the historic Farmer Girl Mine, as well as 22 unpatented claims and 7 patented claims. Production at the Farmer Girl Mine ceased in 1989. The project covers an area of approximately 450 acres. All claims carry royalties ranging between 4% and 8% for uranium production. The Company holds no permit for the Farmer Girl Mine.

(vii) The Sage Mine project is located in San Juan County, Utah, and San Miguel County, Colorado USA. It consists of 94 unpatented claims and one Utah State Lease covering approximately 1,942 acres. The historic Sage Mine ceased operating in 1982. The 94 unpatented claims are subject to an overriding royalty of 2.5% payable to a previous owner of the claims. The Utah State Lease is subject to a royalty, payable to the State of Utah, of 8% on uranium and 4% on vanadium, plus a 1% overriding royalty payable to the previous owner. Although the mine is partially permitted and bonded, further permits must be obtained prior to the commencement of production.

In December 2014, the Company elected to abandon the private lease portion of the Dunn Mine Complex by not making the scheduled lease payment. Consequently, $17,500 was written off as lease abandonment costs *(see note 8(a)(v)),* such that all of the company's rights and obligations under that private lease have been terminated.

The only addition to the mining properties since the acquisition date is an amount of $4,023 from accretion of the reclamation liability *(see note 11).*

Reverse Take-Over Transaction

On November 20, 2014, Homeland Uranium Inc. ("HUI"), now the Company, through its wholly-owned US subsidiary HUI US, acquired 100% of the issued and outstanding shares of Pinon Ridge Mining LLC ("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, HUI issued 11,000,000 post-consolidation common shares *(see note 12(b)(ii))* in exchange for the all the issued and outstanding securities of PRM. HUI subsequently changed its name to Western Uranium Corporation, such that Western is now the indirect parent company of PRM, a 100% owned-subsidiary.

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

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

The consideration paid by PRM to acquire HUI was measured on the basis of the fair value of the equity instruments issued, considering the price per share of private placements closing concurrently with the transaction. In accordance with IFRS 2, the excess of the fair value of the equity instruments issued by PRM over the value of the net monetary assets of HUI was recognized in the consolidated statement of comprehensive loss as a non-cash loss on completion of the RTO. The fair value of the consideration and related allocation were as follows:

Fair value of consideration issued		
Deemed issuance of 396,924 post-consolidation common shares to former shareholders of HUI at CAD $2.32 (USD $2.05) per share (Note 12(b)(i))	$	814,059
106,250 warrants to former shareholders of HUI - no value ascribed (Note 12(c))		-
		814,059
Allocation of consideration		
Funds held in trust		231,152
Other assets		42,950
Accounts payable and accrued liabilities		(140,620)
on-cash loss on completion of RTO		680,577
	$	814,059

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

2015 HIGHLIGHTS

Private Placement

On February 4, 2015, the Company completed a private placement raising gross proceeds of CAD $1,760,000 (USD $1,453,602) through the issuance of 640,000 common shares at a price of CAD $2.75 (USD $2.27) per common share. In connection with this private placement, the Company paid broker fees of USD $70,694.

Black Range Minerals: Definitive Agreements Executed, Formalizing WUC's Takeover of Black Range

On March 23, 2015, the Company announced that, further to its announcement of January 30, 2015 disclosed above, Black Range and Western have executed a series of definitive agreements and ancillary documents to give effect to the proposed transaction which is to be implemented under a Scheme of Arrangement under the Australian Corporations Act 2001 ("Scheme") (the "Agreements").

Offer Structure and Terms

Western has proposed to acquire all of the issued ordinary shares of Black Range by way of a Scheme. The Offer is subject to a number of conditions, including:

(1) receipt of all requisite regulatory and shareholder approvals;
(2) an independent expert providing an independent expert's report to Black Range that, in the opinion of the independent expert, the Scheme is in the best interests of Black Range shareholders;

(3) all outstanding Black Range options to be converted to options to acquire shares in Western on a 1 to 750 ratio, for the same term of exercise period as Black Range options and at a corresponding exercise price ratio;
(4) Black Range's key personnel waiving any entitlements to redundancy, severance or termination payments that may otherwise be triggered by a change of control event;
(5) under the terms of the Agreements and as soon as reasonably practicable, Black Range will arrange for the transport of an Ablation pilot plant to Western's Sunday Mine Complex for the purpose of undertaking a field trial. Western is responsible for the transportation and field trial costs;
(6) subject to the condition that in the event Black Range's Board of Directors receives a proposal from a third party that it determines is superior to Western's proposal, Black Range may terminate the Agreements, subject to repaying all amounts outstanding under the Credit Facility and paying Western a break fee of $500,000 within 60 days following such termination;
(7) Western may terminate the agreement at any time by providing written notice, in which case Western will reimburse Black Range their costs incurred as a result of the Offer up to AU $100,000.

Credit facility
Concurrently with the execution of the Agreements, Western has agreed to provide a secured credit facility providing for loans up to AU $450,000 (the "Credit Facility"), the terms of which include the following:

(1) interest will accrue at 8.00% per annum;
(2) loans under the Credit Facility are secured by Black Range's assets to the extent permitted by law and subject to any requisite third party consents; and
(3) the loan, together with accrued interest, will be repayable to Western on the earlier of (i) 60 days after either party gives notice to terminate the Transaction as provided in the LOI or the Merger Implementation Agreement (as applicable), (ii) 60 days after the date of the Black Range Shareholder Meeting (as defined in the Merger Implementation Agreement), and, (iii) 1 October 2015 (the "Principal Repayment Date").

To date, advances of approximately $129,800 have been made to Black Range under the terms of this credit facility.

Summary of Quarterly Results

The table below reflects a summary of certain key financial results for each of the company's first three quarters since incorporation on March 10, 2014: previous quarters:

Description	December, 2014 $	September, 2014 $	June, 2014 $
Balance sheet			
Cash	172,909	137,779	-
Deposit on purchase	-	-	350,000
Mineral properties	1,543,218	1,539,195	-
Notes payable	927,020	1,012,939	-
Shareholders' equity	1,268,791	1,422,564	(13,574)
Income statement			
Loss on RTO transaction	680,577	-	-
Transaction listing costs	106,525	19,150	13,574
Mining expenditures	64,472	30,899	-
Net loss	(967,832)	(64,962)	(13,574)

LIQUIDITY AND CAPITAL RESOURCES

The Company was initially capitalized with an equity raise of $1,501,000. Those monies were primarily used to fund (i) the acquisition of the mineral properties in the amount of $526,781, and (ii) funding of the required reclamation guarantees of $672,196.

On August 18, 2014, in connection with the purchase of the mining assets, the Company entered into a note payable with the vendor, Energy Fuels Holdings Corp. ("EFHC") for $500,000. The note payable bears interest at 3% per annum. All principal is due and payable on August 18, 2018 and interest is due and payable annually beginning August 18, 2015. The Company also entered into a Note Assumption Agreement with EFHC and Nuclear Energy Corporation ("Nueco"), whereby the Company assumed all of the obligations of EHFC under its note payable with Nueco (the "Nueco Note"). The Nueco Note is non-interest bearing and has remaining obligations outstanding of $500,360, with two installments of $250,180 each, the first of which was due on October 13, 2014. On November 5, 2014, the Company entered into an Agreement with Nueco for the purpose of addressing the payment which came due on October 13, 2014. Under the terms of the Agreement, the due date for the 2014 payment was extended to December 20, 2014. On or before December 20, 2014, the Company was to pay Nueco the full amount of the 2014 payment together with interest thereon at a rate of 6% per annum. The Nueco payment due on December 20, 2014 was made on January 5, 2015 with no penalty other than additional interest at 6% per annum.

On February 4, 2015, the Company completed a private placement raising gross proceeds of CAD $1,760,000 (USD $1,453,602). These proceeds will be used to fund the company's 2015 operating expenditures and debt service budgeted at approximately $1,250,000.

RESULTS OF OPERATIONS

The consolidated statement of loss and comprehensive loss reflects the following major expenditures for the fiscal period ended December 31, 2014:

1) The non-cash loss on the RTO transaction of $680,577 as discussed above in the section "Reverse Take-Over".

2) Costs of $139,349 associated with the CSE listing application process, comprised mostly of professional fees and listing expenses.

3) Professional fees of $55,756 includes year-end audit fee accruals and other legal fees not related to the CSE listing process.

4) Mining expenditures of $95,371, including the following:
   a) Permit costs of $38,857
   b) Mine property maintenance costs of $24,386
   c) Lease abandonment costs of $17,500 related to the Dunn Mine Complex

5) Interest expense of $24,888 incurred on the notes payable to EFHC and Nueco, including accrued interest and accretion of note discount.

OFF-BALANCE SHEET ARRANGEMENTS

From March 10, 2014 to December 31, 2014, 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.

RELATED PARTY TRANSACTIONS

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

(a) Entities controlled by a member of the Board of Directors were paid consulting fees totalling $9,807 during the fiscal period. As at December 31, 2014, the Company has $11,238 in accounts payable and accrued liabilities owing to this director.

(b) Consulting fees includes $2,615 charged by a company owned by the Company's CFO. As at December 31, 2014, the Company has $2,997 in accounts payable and accrued liabilities owing to the CFO.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these 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 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:

Environmental rehabilitation provision

Provisions for environmental rehabilitation require judgement as to the time frame and amounts required to successfully complete such rehabilitations given factors such as weather conditions, the success of replanting efforts and limitations on access to the relative work areas.

Impairment of mineral properties

Management uses significant judgement in determining whether there is any indication that mineral properties may be impaired. Significant judgements include the spot price for uranium, the ability to obtain additional financing, the ability to defer spending requirements and the world-wide political environment towards the use of nuclear energy.

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 UF6. 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 the 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.

<u>The Company's Mineral Reserves and Resources Are Estimates</u>

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 U.S. 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 U.S. public lands, the Company's U.S. 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 U.S. dollars, while some of its cash balances and expenses are measured in Canadian dollars. The fluctuation of the Canadian dollar in relation to the U.S. 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.

Acquisition and Post-Acquisition Success

The proposed acquisition of Black Range by the Company may not be completed as anticipated, and, as a result the Company may not realize the anticipated benefits from that transaction, and will have expended significant transaction costs to no avail. The success of the Company following the proposed 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, 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.