WESTERN URANIUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Stated in $USD)

WESTERN URANIUM CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Western Uranium Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Western Uranium Corporation (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations and other comprehensive loss, shareholders' equity and cash flows for the years then ended. 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, 2017 and 2016, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated 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 to reflect the possible effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Basis for Opinion

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 are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor is engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since April 7, 2015
Mississauga, Ontario
April 2, 2018

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

	As of December 31, 2017	As of December 31, 2016
Assets		
Current assets:		
Cash	$ 427,020	$ 791,814
Prepaid expenses	190,435	80,734
Marketable securities	3,123	2,976
Restricted cash	-	215,976
Other current assets	64,763	22,047
Total current assets	685,341	1,113,547
Restricted cash	820,434	820,357
Mineral properties	11,645,218	11,645,218
Ablation intellectual property	9,488,051	9,488,051
Total assets	$ 22,639,044	$ 23,067,173
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 602,016	$ 769,907
Reclamation liability, current	-	215,976
Current portion of notes payable	487,450	183,125
Deferred revenue, current portion	40,000	-
Total current liabilities	1,129,466	1,169,008
Reclamation liability, net of current portion	196,821	187,663
Deferred tax liability	2,708,887	4,063,330
Deferred contingent consideration	390,350	372,000
Notes payable, net of discount and current portion	-	468,368
Deferred revenue, net of current portion	60,000	-
Total liabilities	4,485,524	6,260,369
Commitments		
Shareholders' Equity		
Common stock, no par value, unlimited authorized shares, 20,510,806 and 18,886,497 shares issued as of December 31, 2017 and 2016, respectively and 20,510,500 and 18,886,497 shares outstanding as of December 31, 2017 and December 31, 2016, respectively	22,657,529	20,927,360
Treasury shares, 306 and 0 shares held in treasury as of December 31, 2017 and 2016, respectively	-	-
Subscription receivable	-	(28,429)
Accumulated deficit	(4,540,143)	(4,125,855)
Accumulated other comprehensive income	36,134	33,728
Total shareholders' equity	18,153,520	16,806,804
Total liabilities and shareholders' equity	$ 22,639,044	$ 23,067,173

Approval on behalf of the Board:

*George Glasier*____________________
Director

*Andrew Wilder*____________________
Director

The accompanying notes are in integral part of these consolidated financial statements.

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

	For the Years Ended December 31, 2017	2016
Revenues		
Lease revenue	$ 20,000	$ -
Expenses		
Mining expenditures	154,724	$ 389,832
Professional fees	529,854	704,837
General and administrative	723,387	546,607
Consulting fees	320,534	359,026
Unrealized foreign exchange gain	-	(128,000)
Total operating expenses	1,728,499	1,872,302
Operating loss	(1,708,499)	(1,872,302)
Interest expense, net	60,232	301,989
Loss before income taxes	(1,768,731)	(2,174,291)
Income tax benefit	(1,354,443)	-
Net loss	(414,288)	(2,174,291)
Other comprehensive (loss) gain		
Foreign exchange (loss) gain	2,406	(34,916)
Comprehensive loss	$ (411,882)	$ (2,209,207)
Loss per share - basic and diluted	$ (0.02)	$ (0.13)
Weighted average shares outstanding, basic and diluted	19,569,504	17,045,568

The accompanying notes are an integral part of these consolidated financial statements.

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

	Common Shares		Treasury Shares				Accumulated Other	
	Shares	Amount	Shares	Amount	Subscription Receivable	Accumulated Deficit	Comprehensive Income	Total
Balance as of January 1, 2016	16,230,733	$ 17,658,042	-	$ -	$ -	$ (1,951,564)	$ 68,644	$ 15,775,122
Sale of 101,009 common shares on January 4, 2016 in private placement	101,009	216,534	-	-	-	-	-	$ 216,534
Sale of 465,357 units in April and May of 2016 in private placement	465,347	622,174	-	-	-	-	-	$ 622,174
Sale of 1,078,458 units on September 2, 2016 in private placement	1,078,458	1,407,841	-	-	-	-	-	$ 1,407,841
Sale of 1,010,950 units on December 30, 2016 in private placement	1,010,950	870,447	-	-	(28,429)	-	-	$ 842,018
Stock based compensation - amortization of stock option expense	-	152,322	-	-	-	-	-	$ 152,322
Foreign exchange loss	-	-	-	-	-	-	(34,916)	$ (34,916)
Net loss	-	-	-	-	-	(2,174,291)	-	$ (2,174,291)
Balance as of December 31, 2016	18,886,497	$ 20,927,360	-	$ -	$ (28,429)	$ (4,125,855)	$ 33,728	$ 16,806,804
Issuance of shares to vendors and consultants	53,788	83,338	-	-	-	-	-	83,338
Receipt of subscription receivable	-	-	-	-	28,429	-	-	28,429
Sale of 634,424 units on March 31, 2017 in private placement	634,424	801,160	-	-	-	-	-	801,160
Sale of 509,763 units on September 15, 2017 in private placement	509,763	343,105	-	-	-	-	-	343,105
Sale of 426,334 units on December 29, 2017 in private placement	426,334	293,131	-	-	-	-	-	293,131
Acquisition of shares into treasury	(306)	-	306	-	-	-	-	-
Stock based compensation - stock options	-	209,435	-	-	-	-	-	209,435
Foreign exchange gain	-	-	-	-	-	-	2,406	2,406
Net loss	-	-	-	-	-	(414,288)	-	(414,288)
Balance as of December 31, 2017	20,510,500	$ 22,657,529	306	$ -	$ -	$ (4,540,143)	$ 36,134	$ 18,153,520

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Years December 31,	
	2017	2016
Cash Flows From Operating Activities:		
Net loss	$ (414,288)	$ (2,174,291)
Reconciliation of net loss to cash used in operating activities:		
Accretion of reclamation liability	9,158	183,510
Amortization of debt discount on notes payable	21,521	51,316
Stock based compensation	209,435	152,322
Change in foreign exchange on marketable securities	(147)	(96)
Deferred income taxes	(1,354,443)	-
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	(152,494)	32,602
Deferred contingent consideration	-	(128,000)
Accounts payable and accrued liabilities, net of shares issued for accounts payable	(84,553)	(55,384)
Deferred revenue	100,000	-
Net cash used in operating activities	(1,665,811)	(1,938,021)
Cash Flows From Financing Activities:		
Payment of Nueco Note	(185,564)	(90,000)
Payment of Siebels Note	-	(350,000)
Proceeds from the sale of common stock in private placements, net of offering costs	1,437,396	2,890,269
Proceeds from Siebels Note	-	100,000
Receipt of subscription receivable	28,429	-
Net cash provided by financing activities	1,280,261	2,550,269
Effect of foreign exchange rate on cash	20,756	(34,916)
Net (decrease) increase in cash	(364,794)	577,332
Cash - beginning	791,814	214,482
Cash - ending	$ 427,020	$ 791,814
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 15,000	$ 15,000
Non-cash financing activities:		
Shares issued from subscription payable	$ -	$ -
Exchange of mortgage payable for land & buildings	$ -	$ -
Shares issued for accounts payable and accrued expenses	$ 83,338	$ -

There were no cash flows from investing activities during the years ended December 31, 2017 and 2016

The accompanying notes are an integral part of these consolidated financial statements.

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. 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 Note 5)*.

The Company has registered offices at 330 Bay Street, Suite 1400, Toronto, Ontario, Canada, M5H 2S8 and its common shares are listed on the CSE under the symbol "WUC." On April 22, 2016, the Company's shares of common stock began trading on the OTC Pink Open Market, and on May 23, 2016, the Company's common stock was approved for the commencement of trading on the OTCQX Best Market. 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 ("United States").

On June 28, 2016, the Company's registration statement became effective and Western became a United States reporting issuer. Thereafter, the Company was approved for Depository Trust Company eligibility through the Depository Trust and Clearing Corporation, which facilitates electronic book-entry delivery, settlement and depository services for shares in the United States.

NOTE 2 – LIQUIDITY AND GOING CONCERN

The Company has incurred continuing losses from its operations and as of December 31, 2017 the Company had an accumulated deficit of $4,540,143 and a working capital deficiency of $444,125.

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

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

NOTE 2 – LIQUIDITY AND GOING CONCERN, CONTINUED

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 to sustain operations for at least one year from the issuance of these financial statements do not include any adjustments that might result from the outcome of these uncertainties.

During the year ended December 31, 2016, the Company raised USD $3,088,567 in net proceeds from the issuance of 2,655,764 units in private placements. Each unit contained one common share and a warrant for the purchase of one common share with exercise prices ranging from CAD $2.60 to CAD $3.50 (USD $2.05 to USD $2.77 as of December 31, 2017). The Company also issued broker warrants to purchase shares of common stock (*see Note 10*).

During the year ended December 31, 2017, the Company raised USD $1,437,396 in net proceeds from the issuance of 1,570,521 units in private placements. Each unit contains one common share and a warrant for the purchase of one common share with exercise prices ranging from CAD $1.40 to CAD $3.25 (USD $0.95 to USD $2.58 as of December 31, 2017) The Company also issued broker warrants to purchase shares of common stock (*see Note 10*).

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 Corporation (Utah), PRM, Black Range, 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.

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.

Exploration Stage

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.

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 periods reported. By their nature, these estimates are subject to measurement uncertainty and the effects 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, and the reclamation liability, valuation of stock-based compensation, valuation of available-for-sale securities and valuation of long-term debt. Other areas requiring estimates include allocations of expenditures, depletion and amortization of mineral rights and properties. 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 (Western Uranium Corporation (Ontario)) 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

The Company determines its reporting units in accordance with FASB ASC 280, "*Segment Reporting*" ("ASC 280"). The Company evaluates a reporting unit by first identifying its operating segments under ASC 280. The Company then evaluates 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, the Company evaluates 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, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated. The Company has one operating segment and reporting unit. The Company operates in one reportable business segment; the Company is in the business of exploring, developing, mining and the production of its uranium and vanadium resource properties, including the utilization of the Company's ablation technology in its mining processes. The Company is 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. As of December 31, 2017 and 2016, the Company had no cash equivalents.

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.

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 6)*, they have been separately disclosed and classified as long-term.

Revenue Recognition

The Company leases certain of its mineral properties for the exploration and production of oil and gas reserves. Lease payments received in advance are deferred and recognized on a straight – line basis over the related lease term associated with the prepayment. Royalty payments are recognized as revenues when received.

Fair Values of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts payable, accrued liabilities, and notes payable approximate their fair value due to the short-term nature of these instruments. Marketable securities are adjusted to fair value at 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 sheets, are deposits mainly invested in certificates of deposit at major financial institutions and their fair values were estimated to approximate their carrying values. 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.

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).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Values of Financial Instruments, continued

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, 2017 and 2016 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 as of December 31, 2017	$ 3,123	$ -	$ -
Marketable securities as of December 31, 2016	$ 2,976	$ -	$ -

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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Impairment of Long-Lived Assets

The Company reviews and evaluates 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 U_3O_8 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. As of December 31, 2017, the Company evaluated the total estimated future cash flows on an undiscounted basis for its mineral properties and ablation intellectual property and determined that no impairment was deemed to exist. 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. 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, 2017 and 2016, 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, 2017 and 2016. 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 2014 through 2017 remain subject to examination.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduces the U.S. federal corporate tax rate from 35% to 21%. As of the completion of these consolidated financial statements and related disclosures, we have made a reasonable estimate of the effects of the Tax Act. This estimate incorporates assumptions made based upon the Company's current interpretation of the Tax Act, and may change as the Company may receive additional clarification and implementation guidance and as the interpretation of the Tax Act evolves. In accordance with SEC Staff Accounting Bulletin No. 118, the Company will finalize the accounting for the effects of the Tax Act no later than the fourth quarter of 2018. Future adjustments made to the provisional effects will be reported as a component of income tax expense in the reporting period in which any such adjustments are determined. See Note 12 for additional information. Based on the new tax law that lowers corporate tax rates, the Company revalued its deferred tax assets. Future tax benefits are expected to be lower, with the corresponding one time charge being recorded as a component of income tax expense.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of debt. Once the associated debt instrument is issued, these costs would be recorded as a debt discount and amortized to interest expense 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants (using the treasury stock method). The computation of basic net loss per share for the years ended December 31, 2017 and 2016 excludes potentially dilutive securities. The computations of net loss per share for each period presented is the same for both basic and fully diluted.

Potentially dilutive securities outlined in the table below have been excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive.

	For the Year Ended December 31,	
	2017	2016
Warrants to purchase shares of common stock	4,095,563	2,655,764
Options to purchase shares of common stock	1,846,996	1,346,996
Total potentially dilutive securities	5,942,559	4,002,760

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (Topic 606) (“ASU 2014-09”), which supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition," and most industry-specific guidance. ASU No. 2014-09 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. In April 2016, the FASB issued ASU No. 2016-10 “Revenue from Contracts with Customers (Topic 606)”, “Identifying Performance Obligations and Licensing” (“ASU 2016-10”). ASU 2016-10 clarifies the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The provisions of this update are effective for annual and interim periods beginning after December 15, 2017, with early application permitted. In May 2016, the FASB issued Topic ASU No. 2016-12 “Revenue from Contracts with Customers (Topic 606)”, “Narrow-Scope Improvements and Practical Expedients” (“ASU 2016-12”). The core principal of ASU 2016-12 is the recognition of revenue to depict the transfer of promised 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. In December 2016, the FASB issued ASU No. 2016-20. “Technical Corrections and Improvements to Topic 606. Revenue from Contracts with Customers”. This update is a comprehensive revenue recognition standard that applies to all entities that have contracts with customers, except for those that fall within the scope of other standards, such as insurance contracts. The amendment also clarifies narrow aspects of ASC 606 or corrects unintended application of the guidance. The update is now effective for interim and annual reporting periods beginning after December 15, 2017. The Company has minimal revenues. The Company expects to implement ASU 2014-09 on January 1, 2018, pursuant to which it will utilize the modified retrospective approach. The Company does not believe that ASU 2014-09 will have a material impact on its consolidated financial position and results of operations.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED

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 currently evaluating the impact the adoption of this ASU will have on the Company's consolidated financial position and results of operations.

In June 2016 the FASB issued Topic ASU No. 2016-13 "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326)" ("ASU 2016-13"). ASU 2016-13 changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for losses. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2019 and early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently evaluating the impact the adoption of this ASU will have on the Company's consolidated financial position and results of operations.

In August 2016 the FASB issued Topic ASU No. 2016-15 "Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). ASU 2016-15 clarifies diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The update to the standard is effective for the Company beginning January 1, 2018, with early application permitted. The Company expects to adopt this ASU on January 1, 2018 and it does not expect it to have a material impact on its consolidated financial position and results of operations.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" ("ASU 2016-18"). ASU 2016-18 amends the classification and presentation of changes in restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for the Company's fiscal year beginning January 1, 2018. Early adoption is permitted. The Company expects to adopt this ASU on January 1, 2018 and it does not expect it to have a material impact on its consolidated financial position and results of operations.

In December 2016, the FASB issued ASU No. 2016-20. "Technical Corrections and Improvements to Topic 606. Revenue from Contracts with Customers". This update is a comprehensive revenue recognition standard that applies to all entities that have contracts with customers, except for those that fall within the scope of other standards, such as insurance contracts. The amendment also clarifies narrow aspects of ASC 606 or corrects unintended application of the guidance. The update is now effective for interim and annual reporting periods beginning after December 15, 2017.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED

In January 2017, the FASB issued ASU No. 2017-01. "Business Combinations (Topic 805): Clarifying the Definition of a Business ("ASU 2017-01"). ASU 2017-01 provides a more robust framework to use in determining when a set of assets and activities is a business. Also the amendments provide more consistency in applying the guidance, reducing the costs of application, and make the definition of a business more operable. The guidance is effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. The Company expects to implement ASU 2017-01 on January 1, 2018, it expects that such implementation will not have a material impact on the Company's consolidated financial position and results of operations.

In January 2017, the FASB issued ASU No. 2017-04. "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. ASU No. 2017-04 will be effective for the Company as of January 1, 2020. The Company is currently evaluating the impact that the adoption of this ASU will have on the Company's consolidated financial statements and whether it may be early adopted prior to the effective date.

In May 2017, the FASB issued ASU No. 2017-09. "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting. The guidance provides clarity and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation – Stock Compensation, to a change to the terms or conditions of a share-based payment award. The ASU is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, with early adoption permitted. The Company expects to implement ASU 2017-01 on January 1, 2018, it expects that such implementation will not have a material impact on the Company's consolidated financial statements.

NOTE 5 - MINERAL ASSETS, ABLATION INTELLECTUAL PROPERTY AND OTHER PROPERTY

The Company's mining properties acquired on August 18, 2014 that the Company retains as of December 31 2017, 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 Sage Mine project located in San Juan County, Utah, and San Miguel County, Colorado. These mining properties include leased land in the states of Colorado and Utah. None of these mining properties were operational at the date of acquisition.

The Company's mining properties acquired on September 16, 2015 that the Company retains as of December 31, 2017, include Hansen, North Hansen, High Park, Hansen Picnic Tree, and Taylor Ranch, located in Fremont and Teller Counties, Colorado. The Company also acquired the Keota project located in Weld County, Wyoming and Ferris Haggerty located in Carbon County Wyoming. These mining assets include both owned and leased land in the states of Utah, Colorado and Wyoming. All of the mining assets represent properties which have previously been mined to different degrees for uranium.

As the Company has not formally established proven or probable reserves on any of its properties, there is inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated.

On February 16, 2017, the Company's Boyer Ranch lease reached its expiration date and the Company elected not to renew the lease. The forfeiture of this lease has no material adverse impact on the fair value of the Company's mineral properties or its future plans.

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

NOTE 5 - MINERAL ASSETS, ABLATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

The Option and Exploration Agreement provided an extension for an "event of force majeure". Under this clause, the Company would receive an extension of the period during which it could exercise its option if it experiences an unreasonable delay outside its control that prevents it from exercising the option. On May 10, 2017, the Company provided to STB a notice that it was exercising the force majeure clause due to the delay by government regulators in licensing the Company's ablation technology and permitting mining at the Hansen property. STB has contested the Company's finding that an event of force majeure has occurred. Ongoing negotiations continued until September 21, 2017 when the Company and STB agreed to settle the matter through the pre-established arbitration mechanism. Prior to the commencement of arbitration, a settlement was agreed to on February 28, 2018 through the execution of an Amendment of Option and Exploration Agreement. As consideration, the Company paid STB a $20,000 extension payment and granted STB the right to seek a bona fide written offer over the remaining term, and agreed to the removal of the force majeure clause from the agreement. The Company received an extension until July 28, 2019 and a right of first refusal to match any bona fide written offer. Hence the Company already owns 49% of the resource property and retains an option to purchase the 51% of the resource property that the Company does not already own for the duration of the agreement. Further the Company believes the execution of this agreement is without financial implications, and as such, the Company has not made any adjustment to these consolidated financials related to this matter.

A prior owner of the Van 4 Mine had been granted a first Temporary Cessation from reclamation of the mine by the Colorado Mined Land Reclamation Board ("MLRB") which was set to expire June 23, 2017. Prior to its expiration, PRM formally requested an extension through a second Temporary Cessation. PRM subsequently, participated in a public process which culminated in a hearing on July 26, 2017. Prior to the hearing, three non-profit organizations who pursue environmental and conservation objectives filed a brief objecting to the extension. The MLRB board members voted to grant a second five-year Temporary Cessation for the Van 4 Mine. Thereafter the three objecting parties filed a lawsuit on September 18, 2017. The MLRB was named as the defendant and PRM was named as a party to the case due to the Colorado law requirement that any lawsuit filed after a hearing include all of the parties to the proceeding. The plaintiff organizations are seeking for the court to set aside the board order granting a second five-year Temporary Cessation period to PRM for the Van 4 Mine. The Colorado state Attorney General is defending this action which is pending in the Denver Colorado District Court. As a party to this action neither the Company, nor its wholly owned subsidiary, PRM has taken any action and is monitoring this lawsuit.

The Company's mineral properties and ablation intellectual property are:

	As of December 31,	
	2017	2016
Mineral properties	$ 11,645,218	$ 11,645,218
Ablation intellectual property	$ 9,488,051	$ 9,488,051

Oil and Gas Lease

On July 18, 2017, an oil and gas lease became effective with respect to minerals and mineral rights owned by of the Company of approximately 160 surface acres of the Company's property in Colorado. As consideration for entering into the lease, the Company received $120,000 during the third quarter of 2017. The lease will be in force for an initial term of three years and may be extended by the lessee at 150% of the initial rate. The lessee has also agreed to pay the Company a royalty of 18.75% of the lessee's revenue attributed to oil and gas produced, saved, and sold attributable to the net mineral interest.

The $120,000 will be recognized as revenue incrementally over the term of the lease. The Company recognized $20,000 and $0 of revenue during the years ended December 31, 2017 and 2016, respectively.

NOTE 5 - MINERAL ASSETS, ABLATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

Reclamation Liabilities

The Company's mines are subject to certain asset retirement obligations, which the Company has recorded as reclamation liabilities. The reclamation liabilities of the United States 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. The Company determined the gross reclamation liabilities of the mineral properties as of December 31, 2017 and, 2016 to be approximately $1,036,333. During the years ended December 31, 2017 and 2016, the accretion of the reclamation liabilities was $9,158 and $183,510, respectively. The Company expects to begin incurring the reclamation liability after 2054 and accordingly, has discounted the gross liabilities over their remaining lives using a discount rate of 5.4% to net discounted aggregated values as of December 31, 2017 and 2016 of $196,821 and $403,639, respectively. The gross reclamation liabilities as of December 31, 2017 are secured by certificates of deposit in the amount of $1,036,410.

During the second quarter of 2016, the Company initiated actions to cancel its coal mining leases in Alaska. In connection therewith, the Company notified the state of Alaska of its intent to forfeit the posted bond in satisfaction of the reclamation liabilities at the site. In response to the Company's notification, the Company received notification that the state of Alaska was initiating forfeiture of the Company's performance bond for reclamation. However, the notice indicated an additional surety bond of $150,000 in excess of the $210,500 cash bond which had been posted by the Company upon purchase of the property. The Company and its advisors do not believe that it is obligated for this additional amount of claimed reclamation obligation. The Company is working with its legal counsel and the State of Alaska to resolve this matter. The Company has not recorded an additional $150,000 obligation as the Company does not expect, based on the advice of legal counsel, to be obligated to an amount greater than that presently reflected in the reclamation liability. On January 20, 2017, the state of Alaska notified the Company that its reclamation bond had been forfeited and that it was unlikely that any additional amount would be due to Alaska pursuant to the Company's reclamation obligations and since January 20, 2017, the Company has received no further communications. On December 31, 2017, the Company wrote off the reclamation liability related to this property and the related bond, as the Company does not expect that the obligation to remediate will be in excess of the value of the bond.

Reclamation liability activity consists of:

	For the years ended December 31, 2017	2016
Beginning balance	$ 403,639	$ 220,129
Accretion	9,158	183,510
Write-off of Alaska reclamation liability	(215,976)	-
Ending Balance	$ 196,821	$ 403,639
Less current portion	-	215,976
Non-current portion	$ 196,821	$ 187,663

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of:

	As of December 31,	
	2017	2016
Trade accounts payable	$ 453,618	$ 547,254
Accrued liabilities	148,398	222,653
	$ 602,016	$ 769,907

NOTE 7 - NOTES PAYABLE

EFHC Note

On August 18, 2014, in connection with the purchase of certain of the mineral properties, the Company entered into a note payable with Energy Fuels Holding Corporation ("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 certain of the Company's mineral properties. 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.

Nueco Note

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 Note 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 amount by 10% (or $25,384), increased the interest rate to 6% per annum and paid a $5,000 fee that did not reduce the interest or principal. On June 20, 2016, the Company further extended the maturity of the Nueco Note to July 31, 2016. In consideration for the extension, the Company paid a $5,000 fee that did not reduce the interest or principal on the Nueco Note.

On August 8, 2016, accrued interest was paid in the amount of $13,477. On August 16, 2016, the Company further extended the maturity of the Nueco Note to November 16, 2016. In consideration for the extension, the Company paid a fee of $10,000 which did not reduce the interest or principal on the Nueco Note. Further, a principal payment of $90,000 was made on August 23, 2016, which reduced the outstanding principal amount to $185,564. The August 16, 2016 extension was accounted for as a modification, and as such, the extension fees were accounted for as additional debt discount and were amortized over the remaining extended term of the note.

On November 29, 2016, the Company and the lender agreed to further extend the maturity of the Nueco Note to January 31, 2017. In consideration for the extension, the Company paid a $5,000 fee that did not reduce the principal or interest on the Nueco Note. The Company also made a payment of $5,155, which represented interest on the Nueco Note through January 31, 2017.

NOTE 7 - NOTES PAYABLE, CONTINUED

Nueco Note, Continued

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

On March 31, 2017, the Company repaid the Nueco Note in full.

Siebels Note

On February 22, 2016, the Company entered into a note payable with Siebels Hard Assets Fund, Ltd. for $100,000. The note bore 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.

Notes Payable Summary

Notes payable consisted of:

	As of December 31, 2017				
	Principal	Discount	Balance, Net of Discount	Current	Non-Current
EFHC Note	$ 500,000	$ 12,550	$ 487,450	$ 487,450	$ -
Total	$ 500,000	$ 12,550	$ 487,450	$ 487,450	$ -

	As of December 31, 2016				
	Principal	Discount	Balance, Net of Discount	Current	Non-Current
EFHC Note	$ 500,000	$ 31,632	$ 468,368	$ -	$ 468,368
Nueco Note	185,564	2,439	183,125	183,125	-
Total	$ 685,564	$ 34,071	$ 651,493	$ 183,125	$ 468,368

The Company's total interest expense, net, consisted of:

	For the Years Ended December 31,	
	2017	2016
Interest expense, notes payable	$ 17,162	$ 71,301
Amortization of discount on notes payable	34,771	51,316
Accretion of reclamation liabilities	9,158	183,510
Other interest expense	1,074	-
Interest income	(1,933)	(4,138)
Interest expense, net	$ 60,232	$ 301,989

NOTE 8 - MORTGAGE

In connection with the acquisition of Black Range, 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 make the final balloon payment as scheduled. On May 26, 2016, the Company executed agreements with the mortgage holder whereby in an equal exchange the mortgage was exchanged for the land, building and improvements with which it was secured, and pursuant to which no future financial consideration is required.

NOTE 9 – COMMITMENTS

George Glasier

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

Russell Fryer

On July 28, 2017, Russell Fryer was appointed the Company's Executive Chairman. On November 13, 2017, the Company entered into a consulting agreement with an affiliate of Mr. Fryer. The agreement became effective on July 28, 2017 and, pursuant to its terms, expires on December 31, 2018. The agreement may be terminated by either party with 90 days’ notice. The agreement provides for compensation of $15,000 per month and an annual bonus at the discretion of the Board of Directors. Pursuant to the agreement, if a change of control occurs wherein the consideration in such change of control is more than USD $2.00 per share, the Company is required to pay a lump sum in the amount of two and one-half times the entity’s annual fee to this entity. On January 29, 2018, the Company provided the requisite 90-day notification to terminate the consulting agreement, effective April 30, 2018. This was initiated pursuant to a proposed board review and restructuring of the service portion of the consulting agreement outside of the director and board chairman roles. As of March 30, 2018, the proposed board review has not yet been undertaken.

Robert Klein

On October 19, 2016, Robert Klein was appointed to serve as Chief Financial Officer of the Company, replacing Andrew Wilder. Mr. Wilder has continued to serve as a director of the Company. On October 1, 2016, Western entered into a consulting agreement with Bedford Bridge Fund LLC (“Bedford Bridge”) and Robert Klein, pursuant to which Western retained Bedford Bridge to provide financial operating services for the Company and retained Mr. Klein to serve as Chief Financial Officer of the Company, both subject to Board approval. On March 26, 2017, the Company provided notice that it would be cancelling this agreement, effective April 30, 2017. On October 4, 2016, Mr. Klein was granted an option to purchase 100,000 shares of our common stock at an exercise price of CAD $2.50 per share which expires five years from the date of issuance. These options vest in thirds in equal installments on the date of grant, October 31, 2016 and March 31, 2017.

On May 12, 2017, the Company entered into an engagement agreement with Robert Klein to continue his service as the Company’s Chief Financial Officer. . The engagement agreement provided for an initial term of May 1, 2017 through June 30, 2017. The May 12, 2017 engagement agreement provided for a base salary of $12,500 per month.

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

NOTE 9 – COMMITMENTS, CONTINUED

Robert Klein, continued

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

NOTE 10 - 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 rateably in all assets of the Company that are legally available for distribution. As of December 31, 2017 and 2016, an unlimited number of common shares were authorized for issuance.

Shares Issued for Accounts Payable

On February 7, 2017, the Company issued 53,788 shares of its common stock in exchange for approximately $83,338 of its accounts payable outstanding with certain creditors.

Private Placements

On January 4, 2016, the Company completed a private placement raising gross proceeds of CAD $300,000 (USD $216,534) through the subscription for 101,009 common shares at a price of CAD $2.97 (USD $2.14) per common share, and warrants to purchase an aggregate of 101,009 common shares at an exercise price of CAD $3.50 (USD $2.60 as of December 31, 2016). The warrants are exercisable immediately upon issuance and have a term of five years. Of the total amount received, CAD $275,000 (USD $198,298) was received in December of 2015 while the remainder CAD $25,000 (USD $18,236) was received in the three months ended March 31, 2016. As of December 31, 2015, the Company accounted for the proceeds of $198,298 as subscriptions payable.

During April 2016, the Company initiated a private placement offering for the sale of units of its securities for a price per unit of CAD $1.70 (USD $1.34). Each unit consisted of one share of the Company's common stock and one warrant to purchase a share of common stock at CAD $2.60 (USD $1.93 as of December 31, 2016) per share, with a term of five years. During April and May 2016 the Company raised gross and net proceeds of CAD $791,090 (USD $622,174) through the issuance of 465,347 units.

On September 2, 2016 the Company completed a private placement issuing 1,078,458 units at CAD $1.70 (USD $1.32) per unit for total gross proceeds of CAD $1,833,378 (USD $1,423,618) and net proceeds of CAD $1,830,029 (USD $1,407,841). Each unit consisted of one common share of the Company and one warrant at an exercise price of CAD $2.80 (USD $2.08 as of December 31, 2016) which expire five years after the date of issuance.

During December 2016, the Company completed a private placement and issued 1,010,950 units at CAD $1.20 (USD $.90) per unit for total gross proceeds of CAD $1,213,140 (USD $909,855) and total net proceeds of CAD $1,129,922 (USD $870,447). Each unit consisted of one common share of the Company and one warrant at an exercise price of CAD $2.80 (USD $2.08 as of December 31, 2016) which expires five years after the date of issuance. In connection with this private placement, the Company issued 40,276 broker warrants with identical terms to the warrants included in the units issued in the private placement.

NOTE 10 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

Private Placements, continued

On March 31, 2017, the Company completed a private placement of 634,424 units at a price of CAD $1.75 (USD $1.35) per unit for gross proceeds of CAD $1,110,263 (USD $835,805) and net proceeds of CAD $1,066,223 (USD $801,160). Each unit consisted of one share of the Company's common stock and a warrant for the purchase of one share of the Company's common stock. Each warrant is immediately exercisable at a price of CAD $3.25 and expires five years from the date of issuance.

On September 15, 2017, the Company completed a private placement of 509,763 units at a price of CAD $0.90 (USD $0.74) per unit for gross proceeds of CAD $458,787 (USD $376,022) and net proceeds of CAD $418,880 (USD $343,105). Each unit consisted of one share of common stock and one warrant. Each warrant is immediately exercisable at a price of CAD $1.40 and expires five years from the date of issuance. The Company also issued broker warrants to purchase 21,751 shares of common stock at a price of CAD $1.40 per common share, which expire two years from the date of issuance.

On December 29, 2017, the Company completed a private placement of 426,334 units at a price of CAD $0.90 (USD $0.72) per unit for gross proceeds of CAD $383,071 (USD $305,918) and net proceeds of CAD $367,059 (USD $293,131). Each unit consisted of one share of common stock and a warrant to purchase one half of one share of common stock. Each warrant is immediately exercisable at a price of CAD $1.50 and expires two years from the date of issuance. The Company also issued broker warrants to purchase 9,310 shares of common stock at a price of CAD $1.50 per common share, which expire two years from the date of issuance.

Incentive Stock Option Plan

The Company maintains an Incentive Stock Option Plan (the "Plan") that permits the granting of stock options as incentive compensation. Shareholders of the Company approved the Plan on June 30, 2008 and amendments to the Plan on June 20, 2013, and the Board of Directors approved additional changes to the Plan on September 12, 2015.

The purpose of the Plan is to attract, retain and motivate directors, management, staff and consultants by providing them with the opportunity, through stock options, to acquire a proprietary interest in the Company and benefit from its growth.

The Plan provides that the aggregate number of common shares for which stock options may be granted will not exceed 10% of the issued and outstanding common shares at the time stock options are granted. As of December 31, 2017, a total of 20,510,000 common shares were outstanding, and at that date the maximum number of stock options eligible for issue under the Plan was 2,051,000. At December 31, 2016, a total of 18,886,497 common shares were outstanding, and at that date the maximum number of stock options eligible for issue under the Plan was 1,888,650 (10% of the issued and outstanding common shares).

Acquisition of Common Shares

During the three months ended September 30, 2017, the Company received into treasury an aggregate of 306 common shares from two shareholders for no consideration. The Company has included these shares in Treasury Shares on its consolidated balance sheets.

NOTE 10 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

Stock Option Grants

On October 4, 2016, the Company granted options under the Plan for the purchase of an aggregate of 1,075,000 shares of common stock to ten individuals consisting of officers, consultants, directors and employees of the Company. The options have a five year term, an exercise price of CAD $2.50 (USD $1.97 as of December 31, 2017), and vest equally in thirds commencing initially on the date of grant and thereafter on October 31, 2016, and March 31, 2017.

On October 6, 2017, the Company granted options under the Plan for the purchase of an aggregate of 825,000 shares of common stock to five individuals consisting of directors and officers of the Company. The options have a five year term, an exercise price of CAD $1.60 (USD $1.26 as of December 31, 2017), and vest equally in thirds commencing initially on the date of grant and thereafter on October 31, 2017, and March 31, 2018.

Stock Options

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Weighted Average Grant Date Fair Value	Intrinsic Value
Outstanding - January 1, 2017	1,346,996	$2.37			
Granted	825,000	$1.28			
Expired, forfeited, or cancelled	(325,000)	$1.90			
Exercised	-	-			
Outstanding December 31, 2017	1,846,996	$1.92	4.11	$0.42	$ -
Exercisable, December 31, 2017	1,571,996	$2.06	4.11	$0.46	$ -

The Company's stock based compensation expense related to stock options for the years ended December 31, 2017 and 2016 was $209,435 and $152,322, respectively. As of December 31, 2017, the Company had $19,038 in unamortized stock option expense, which will be amortized over a period of 0.25 years.

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

	For the Year Ended December 31, 2017	2016
Stock Price	$1.05	$1.74
Exercise Price	$1.60	$1.90
Number of Options Granted	825,000	1,075,000
Dividend Yield	0%	0%
Expected Volatility	52%	75%
Weighted Average Risk-Free Interest Rate	1.64%	1.22%
Expected life (in years)	2.59	2.59

Warrants

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Intrinsic Value
Outstanding, January 1, 2017	2,696,040	$2.08		
Issued	1,399,523	$1.80		
Outstanding, December 31, 2017	4,095,563	$2.27	3.70	$ -
Exercisable, December 31, 2017	4,095,563	$2.27	3.70	$ -

NOTE 11 - MINING EXPENDITURES

	For the Year Ended December 31,	
	2017	2016
Permits	$ 132,183	$ 127,430
Maintenance	8,706	238,047
Contract Labor	8,575	7,805
Royalties	5,260	16,550
	$ 154,724	$ 389,832

NOTE 12 - 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,	
Deferred tax assets:	2017	2016
Net operating loss carryovers	$ 3,651,732	$ 4,729,737
Marketable securities	15,471	23,473
Accrued expenses	44,059	91,925
Deferred tax assets, gross	3,711,262	4,845,135
Less: valuation allowance	(1,512,585)	(1,578,784)
Deferred tax assets, net	2,198,677	3,266,351
Deferred tax liabilities:		
Property and equipment	(4,907,564)	(7,329,681)
Deferred tax assets (liabilities), net	$ (2,708,887)	$ (4,063,330)

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

	For the Years Ended December 31,	
	2017	2016
Beginning of year	$ 1,578,784	$ 531,983
(Decrease) increase in valuation allowance	(66,199)	1,046,801
End of year	$ 1,512,585	$ 1,578,784

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,	
	2017	2016
U.S. federal statutory rate	(34.0)%	(34.0)%
State and foreign taxes	(3.2)%	(3.2)%
Permanent differences		
Non-deductible expenses	2.9%	2.7%
Valuation allowance	(3.7)%	48.1%
Change in federal tax rate	(33.3)%	-%
True-up of prior year deferred tax assets	(4.1)%	(13.6)%
Effective income tax rate	(75.4)%	0.0%

NOTE 12 - INCOME TAXES, CONTINUED

The Company has net operating loss carryovers of approximately $14,724,726 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, 2017 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 $1,512,585 and $1,578,784 as of December 31, 2017 and 2016, respectively.

Internal Revenue Code ("IRC") Section 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. The Company has analyzed the issuances of shares of common stock during the years ended December 31, 2017 and 2016 and does not believe such change of control 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

NOTE 13 - 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:

Entities controlled by a former member of the Board of Directors earned consulting fees totaling $64,715 and $47,660 for the years ended December 31, 2017 and 2016, respectively. The same former director earned director fees totaling $8,356 and $3,021 during the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, the Company has $1,300 and $0, respectively, in accounts payable and accrued liabilities owing to this director. This director resigned on July 27, 2017.

Pursuant to a consulting agreement, a United States limited liability company owned by a person who is a director and until October 19, 2016, was the Company's CFO, entered into a contract with the Company dated January 1, 2016, (" the January 2016 Agreement") to provide financial and other consulting services at $8,333 per month. On October 19, 2016 the January 2016 Agreement was terminated. On the same date a new agreement was entered into between the Company, a United States limited liability company owned by the same director and Robert Klein (the "October 2016 Agreement") to provide financial operating services and to have Mr. Klein serve as the Chief Financial Officer. The term of the October 2016 Agreement was to run through July 31, 2017 and has an annual fee of $162,000 payable monthly, starting on October 1, 2016. On March 26, 2017, the Company provided notice that it would be cancelling the October 2016 Agreement, effective April 30, 2017. The acknowledgement of the termination initiated the preparation of Mr. Klein's engagement agreement as described in Note 8. During the years ended December 31, 2017 and 2016, the Company incurred fees of $89,049 and $94,351, respectively, to these companies. At December, 2017 and 2016, the Company had $0 and $0, included in accounts payable and accrued liabilities payable to these companies.

Prior to the acquisition of Black Range, Mr. George Glasier, the Company's CEO, who is also a director, 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 AUD $500,000 (USD $390,350) to Seller within 60 days of the first commercial application of the ablation technology. Western assumed this contingent payment obligation in connection with the acquisition of Black Range. At the date of the acquisition of Black Range, this contingent obligation was determined to be probable. Since the deferred contingent consideration obligation is probable and the amount estimable, the Company recorded the deferred contingent consideration as an assumed liability in the amount of $390,350 and $372,000 as of December 31, 2017 and 2016, respectively.