

WESTERN URANIUM CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Stated in \$USD)

(Unaudited-Prepared by Management)

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

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

	As of:	
	September 30, 2017	December 31, 2016
	(unaudited)	
Assets		
Current assets:		
Cash	\$ 501,677	\$ 791,814
Prepaid expenses	185,191	80,734
Marketable securities	3,224	2,976
Restricted cash	215,976	215,976
Other current assets	62,020	22,047
Total current assets	968,088	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	\$ 22,921,791	\$ 23,067,173
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 646,780	\$ 769,907
Reclamation liability, current	215,976	215,976
Current portion of notes payable	482,568	183,125
Deferred revenue, current portion	40,000	-
Total current liabilities	1,385,324	1,169,008
Reclamation liability, net of current portion	194,251	187,663
Deferred tax liability	4,063,330	4,063,330
Deferred contingent consideration	392,188	372,000
Notes payable, net of discount and current portion	-	468,368
Deferred revenue, net of current portion	70,000	-
Total liabilities	6,105,093	6,260,369
Commitments		
Shareholders' Equity		
Common stock, no par value, unlimited authorized shares, 20,084,472 and 18,886,497 shares issued as of September 30, 2017 and December 31, 2016, respectively and 20,084,166 and 18,886,497 shares outstanding as of September 30, 2017 and December 31, 2016, respectively	22,316,846	20,927,360
Treasury shares, 306 and 0 shares held in treasury as of September 30, 2017 and December 31, 2016, respectively	-	-
Subscription receivable	-	(28,429)
Accumulated deficit	(5,541,937)	(4,125,855)
Accumulated other comprehensive income	41,789	33,728
Total shareholders' equity	16,816,698	16,806,804
Total liabilities and shareholders' equity	\$ 22,921,791	\$ 23,067,173

Approved on behalf of the Board:

"George Glasier"
Director

"Russell Fryer"
Director

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues				
Lease revenue	\$ 10,000	\$ -	\$ 10,000	\$ -
Expenses				
Mining expenditures	48,181	119,711	127,435	331,798
Professional fees	127,485	200,734	502,868	526,826
General and administrative	96,723	103,412	480,236	277,515
Consulting fees	63,757	95,179	265,888	252,048
Unrealized foreign exchange gain	-	-	-	(128,000)
Total operating expenses	<u>336,146</u>	<u>519,036</u>	<u>1,376,427</u>	<u>1,260,187</u>
Operating loss	(326,146)	(519,036)	(1,366,427)	(1,260,187)
Interest expense, net	<u>10,911</u>	<u>25,135</u>	<u>49,655</u>	<u>262,400</u>
Net loss	(337,057)	(544,171)	(1,416,082)	(1,522,587)
Other comprehensive (loss) gain				
Foreign exchange (loss) gain	<u>(2,360)</u>	<u>(10,735)</u>	<u>8,061</u>	<u>(64,519)</u>
Comprehensive loss	<u>\$ (339,417)</u>	<u>\$ (554,906)</u>	<u>\$ (1,408,021)</u>	<u>\$ (1,587,106)</u>
Loss per share - basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>
Weighted average shares outstanding, basic and diluted	<u>19,663,144</u>	<u>17,301,151</u>	<u>19,391,380</u>	<u>16,752,130</u>

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

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

	Common Shares	Treasury Shares		Additional paid- in capital	Subscription Receivable	Accumulated Deficit	Accumulated Other Comprehensive	Total
		Shares	Amount					
Balance as of January 1, 2017	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 the private placement	634,424	-	-	814,078	-	-	-	814,078
Sale of 509,763 units on September 15, 2017 in the private placement	509,763	-	-	358,788	-	-	-	358,788
Acquisition of shares into treasury	-	306	-	-	-	-	-	-
Stock based compensation - stock options	-	-	-	133,282	-	-	-	133,282
Foreign exchange gain	-	-	-	-	-	-	8,061	8,061
Net loss for the nine months ended September 30, 2017	-	-	-	-	-	(1,416,082)	-	(1,416,082)
Balance as of September 30, 2017	<u>20,084,472</u>	<u>306</u>	<u>\$ -</u>	<u>\$ 22,316,846</u>	<u>\$ -</u>	<u>\$ (5,541,937)</u>	<u>\$ 41,789</u>	<u>\$ 16,816,698</u>

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

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

	For the Nine Months Ended September 30,	
	2017	2016
Cash Flows From Operating Activities:		
Net loss	\$ (1,416,082)	\$ (1,522,587)
Reconciliation of net loss to cash used in operating activities:		
Accretion of reclamation liability	6,588	183,510
Amortization of debt discount on notes payable	16,639	59,013
Stock based compensation	133,282	-
Change in foreign exchange on marketable securities	(248)	(159)
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	(144,507)	(43,134)
Deferred contingent consideration	-	(128,000)
Accounts payable and accrued liabilities	(39,789)	(32,176)
Deferred revenue	110,000	-
Net cash used in operating activities	(1,334,117)	(1,483,533)
Cash Flows From Financing Activities:		
Payment of Nueco Note	(185,564)	(90,000)
Payment of Siebels Note	-	(250,000)
Proceeds from the sale of common stock in private placements, net of offering costs	1,172,866	2,048,251
Proceeds from Siebels Note	-	100,000
Receipt of subscription receivable	28,429	-
Net cash provided by financing activities	1,015,731	1,808,251
Effect of foreign exchange rate on cash	28,249	(64,519)
Net (decrease) increase in cash	(290,137)	260,199
Cash - beginning	791,814	214,482
Cash - ending	\$ 501,677	\$ 474,681
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 15,000	\$ 31,477
Non-cash financing activities:		
Shares issued from subscription payable	\$ -	\$ 198,298
Exchange of mortgage payable for land & buildings	\$ -	\$ 1,051,000
Shares issued for accounts payable and accrued expenses	\$ 83,338	\$ -

There were no cash flows from investing activities during the nine months ended September 30, 2017 and 2016.

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

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

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").

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

NOTE 2 – LIQUIDITY AND GOING CONCERN

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

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

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

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

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal accruals) considered for a fair presentation have been included. Operating results for the three months and nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016 and related notes thereto which were included in the Company’s Form 10-K filed with the Securities and Exchange Commission on March 31, 2017.

The accompanying unaudited condensed 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.

Use of Estimates

The preparation of these condensed 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 income (loss) in the condensed consolidated balance sheets.

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.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Values of Financial Instruments

The fair value of financial instruments in the Company's condensed consolidated financial statements as of September 30, 2017 and December 31, 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 September 30, 2017	\$ 3,224	\$ -	\$ -
Marketable securities as of December 31, 2016	\$ 2,976	\$ -	\$ -

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 three and nine months ended September 30, 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 Three and Nine Months Ended September 30,	
	2017	2016
Warrants to purchase shares of common stock	3,873,086	1,644,814
Options to purchase shares of common stock	1,321,996	271,996
Total potentially dilutive securities	5,195,082	1,916,810

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. The Company's revenues are minimal. The Company does not believe the adoption of this ASU will have a material impact on the Company's condensed consolidated financial position and results of operations.

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

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 condensed consolidated financial position and results of operations.

On March 30, 2016, the FASB issued ASU No. 2016-09, "Compensation – Stock Compensation (Topic 718)". This update requires that all excess tax benefits and tax deficiencies arising from share-based payment awards should be recognized as income tax expense or benefit on the income statement. The amendment also states that excess tax benefits should be classified along with other income tax cash flows as an operating activity. In addition, an entity can make an entity-wide accounting policy election to either estimate the number of awards expected to vest or account for forfeitures as they occur. The provisions of this update are effective for annual and interim periods beginning after December 15, 2016. The Company has determined that the adoption of this standard did not have a material impact on its condensed consolidated financial statements. The Company has adopted this standard for the period beginning January 1, 2017.

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. The Company will evaluate the effects, if any, that adoption of this guidance will have on its consolidated financial statements. The Company is currently evaluating the impact the adoption of this ASU will have on the Company's condensed consolidated financial position and results of operations.

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. The provisions of this update are effective for annual and interim periods beginning after December 15, 2017, with early application permitted. The Company does not believe that the adoption of this ASU will have a material impact on the Company's condensed 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 condensed 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 is currently evaluating the impact the adoption of this ASU will have on the Company's condensed 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 is currently evaluating the impact the adoption of this ASU will have on the Company's condensed consolidated financial position and results of operations.

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

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED

In December 2016, the FASB issued ASU No.2016-19, “Technical Corrections and Improvements”, to clarify the codification, correct unintended application of guidance, or make minor improvements to the accounting standards codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. For public companies, the standard is effectively immediately for amendments that do not have transition guidance. Amendments that are subject to transition guidance, the effective date is interim and annual reporting periods beginning after December 15, 2016. The Company adopted the standard immediately upon issuance for amendments that do not have transition guidance. The adoption of the standard did not have an impact on the Company’s consolidated financial statements.

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 Company has determined that the adoption of this standard will not have a material impact on its consolidated financial statements. The update is now effective for interim and annual reporting periods beginning after December 15, 2017.

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 is currently evaluating the impact the adoption of this ASU will have 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 is currently evaluating the impact that the adoption of this ASU will have on the Company’s consolidated financial statements.

NOTE 5 - MINERAL PROPERTIES AND ABLATION INTELLECTUAL PROPERTY

The Company’s mining properties acquired on August 18, 2014, include: San Rafael Uranium Project located in Emery County, Utah; The Sunday Mine Complex located in western San Miguel County, Colorado; The Van 4 Mine located in western Montrose County, Colorado; The Yellow Cat Project located in eastern Grand County, Utah; The Farmer Girl Mine project located in Montrose County, Colorado; The Sage Mine project located in San Juan County, Utah, and San Miguel County, Colorado. 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, include Hansen, North Hansen, High Park, Hansen Picnic Tree, Taylor Ranch, Boyer Ranch, located in Fremont County, Colorado. The Company also acquired Jonesville Coal located in Palmer Recording District, Alaska and Keota located in Weld County, Wyoming. These mining assets include both owned and leased land in the states of Utah, Colorado, Wyoming, and Alaska. All of the mining assets represent properties which have previously been mined to different degrees for uranium.

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

NOTE 5 - MINERAL PROPERTIES AND ABLATION INTELLECTUAL PROPERTY, CONTINUED

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.

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.

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

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

	As of	
	September 30, 2017	December 31, 2016
Mineral properties	\$ 11,645,218	\$ 11,645,218
Ablation intellectual property	\$ 9,488,051	\$ 9,488,051

Vanadium Property Letter of Intent

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

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

NOTE 5 - MINERAL PROPERTIES AND ABLATION INTELLECTUAL PROPERTY, CONTINUED

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 \$10,000 and \$10,000 of revenue during the three and nine months ended September 30, 2017, respectively. No such revenue was recognized during the three and nine months ended September 30, 2016.

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 September 30, 2017 and December 31, 2016 to be approximately \$1,036,333 and \$1,036,333, respectively. During the three months ended September 30, 2017 and 2016, the accretion of the reclamation liabilities was \$2,561 and \$3,096, and for the nine months ended September 30, 2017 and 2016 was \$6,588 and \$183,510, respectively. Except in regard to its Alaska coal mine property (as discussed below), 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 values as of September 30, 2017 and December 31, 2016 of \$410,227 and \$403,639, respectively. The gross reclamation liabilities as of September 30, 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.

Reclamation liability activity for the nine months ended September 30, 2017 consists of:

January 1, 2017	\$	403,639
Accretion		6,588
September 30, 2017		<u>410,227</u>
Less current portion		215,976
Non-current portion	\$	<u>194,251</u>
Balance as of December 31, 2016	\$	403,639
Less current portion		215,976
Non-current portion	\$	<u>187,663</u>

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

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of:

	As of:	
	September 30, 2017	December 31, 2016
Trade accounts payable	\$ 498,193	\$ 547,254
Accrued liabilities	148,587	222,653
	\$ 646,780	\$ 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. The EFHC Note was initially recorded net of a discount for interest of \$73,971, 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 certain of the mineral 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.

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

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.

Notes Payable Summary

Notes payable consisted of:

	As of September 30, 2017				
	Balance, Net				
	Principal	Discount	of Discount	Current	Non-Current
EFHC Note	\$ 500,000	\$ 17,432	\$ 482,568	\$ 482,568	\$ -
	As of December 31, 2016				
	Balance, Net				
	Principal	Discount	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 Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Interest expense, notes payable	\$ 3,781	\$ 7,188	\$ 13,381	\$ 21,418
Amortization of discount on notes payable	4,833	13,244	29,889	53,979
Accretion of reclamation liabilities	2,561	3,096	6,588	183,510
Other interest expense	83	1,818	1,072	4,397
Interest income	(347)	(210)	(1,275)	(903)
Interest expense, net	\$ 10,911	\$ 25,135	\$ 49,655	\$ 262,400

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

NOTE 8 - 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.

Michael Skutezky

On July 27, 2017, Michael Skutezky resigned as the Independent Chairman of the Board of Western. On such date Mr. Skutezky also relinquished his roles as Director, a member of the audit committee, and as a director of Western's subsidiaries and affiliates. Subsequently, Russell Fryer, a current member of the Company's Board of Directors, was named Executive Chairman, in addition to his current role as a director.

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 is effective on July 28, 2017 and expires on December 31, 2018. The agreement may be mutually extended for subsequent annual terms. The agreement may be terminated by either party with 90 days notice. The agreement provides for compensation of \$15,000 per month and an annual bonus at the discretion of the Board of Directors. Pursuant to the agreement, if a change of control occurs wherein the consideration in such change of control is more than USD \$2.00 per share, the Company is required to pay a lump sum in the amount of two and one-half times the entity's annual fee to this entity.

Robert Klein

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

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

On November 13, 2017, the Company entered into an employment agreement with Mr. Klein. The agreement is effective on October 1, 2017 and expires on September 30, 2018. The agreement may be mutually extended for subsequent annual terms. The agreement provides for compensation of \$120,000 per annum and an annual bonus at the discretion of the Board of Directors. 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 merger 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.

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

NOTE 9 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS

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 Placement

On March 31, 2017, the Company completed a private placement of 634,424 units at a price of CAD \$1.75 (USD \$1.32) per unit for gross proceeds of CAD \$1,110,242 (USD \$834,252) and net proceeds of CAD \$1,083,415 (USD \$814,078). Each unit consists of one share of the Company's common stock and a warrant for the purchase of one share of the Company's common stock. Each warrant is immediately exercisable at a price of CAD \$3.25 (USD \$2.44) and expires five years from the date of issuance. The Company also issued broker warrants to purchase 11,108 shares of common stock at a price of CAD \$3.25 per share, which expire two years from the date of issuance.

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

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 September 30, 2017, a total of 20,084,166 common shares were outstanding, and at that date the maximum number of stock options eligible for issue under the Plan was 2,008,417 (10% of the 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 condensed consolidated balance sheet.

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

NOTE 9 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

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	4.28	\$ 0.53	
Forfeited	(25,000)	\$ 2.37			
Outstanding - September 30, 2017	<u>1,321,996</u>	<u>\$ 2.38</u>	<u>3.52</u>	<u>\$ 0.54</u>	<u>\$ -</u>
Exercisable - September 30, 2017	<u>1,321,996</u>	<u>\$ 2.38</u>	<u>3.52</u>	<u>\$ 0.54</u>	<u>\$ -</u>

There were no stock options granted or exercised during the three months and nine months ended September 30, 2017.

The Company's stock based compensation expense related to stock options for the three months ended September 30, 2017 and 2016 was \$0 and \$0 and for the nine months ended September 30, 2017 and 2016 was \$133,282 and \$0, respectively.

Warrants

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Intrinsic Value
Outstanding - January 1, 2017	2,696,040	\$ 2.08	4.71	\$ -
Issued	1,177,046	\$ 1.98		
Outstanding - September 30, 2017	<u>3,873,086</u>	<u>\$ 2.16</u>	<u>4.16</u>	<u>\$ -</u>
Exercisable - September 30, 2017	<u>3,873,086</u>	<u>\$ 2.16</u>	<u>4.16</u>	<u>\$ -</u>

NOTE 10 - MINING EXPENDITURES

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Permits	\$ 2,334	\$ 72,362	\$ 7,637	\$ 188,736
Maintenance	36,062	38,299	110,013	126,512
Contract labor	4,525	-	4,525	-
Royalties	5,260	9,050	5,260	16,550
	<u>\$ 48,181</u>	<u>\$ 119,711</u>	<u>\$ 127,435</u>	<u>\$ 331,798</u>

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

NOTE 11 - RELATED PARTY TRANSACTIONS

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

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

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

Pursuant to a consulting agreement, a United States limited liability company owned by a person who is a director, and on July 28, 2017, became the Company's Executive Chairman, entered into a consulting agreement with the Company effective April 1, 2016 to provide financial, advisory, and consulting services, including representing the Company to a variety of stakeholders for a six month term ending on September 30, 2016. On October 1, 2016 the Company extended this agreement through January 31, 2017. Professional fees for the three months ended September 30, 2017 and 2016 were \$35,292 and \$45,000, and for the nine months ended September 30, 2017 and 2016 was \$95,292 and \$75,000, respectively, related to this agreement. As of September 30, 2017 and December 31, 2016, the Company had \$0 and \$0, respectively, included in accounts payable and accrued liabilities payable to this entity.

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

NOTE 12 - SUBSEQUENT EVENTS

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 \$1.28), and vest equally in thirds commencing initially on the date of grant and thereafter on October 31, 2017, and March 31, 2018.