WESTERN URANIUM & VANADIUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in $USD)

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Western Uranium & Vanadium Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Western Uranium & Vanadium Corp. (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of operations and other comprehensive loss, shareholders’ equity and cash flows for the years then ended and the related notes thereto (collectively referred to as the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company, as of December 31, 2018 and 2017, and the results of its consolidated operations and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to 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 in regard to those matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we 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 consolidated 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 consolidated 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 consolidated 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 2015
Mississauga, Ontario
April 1, 2019

WESTERN URANIUM & VANADIUM CORP.
CONSOLIDATED BALANCE SHEETS
(Stated in $USD)

	As of December 31, 2018	As of December 31, 2017
Assets		
Current assets:		
Cash	$ 909,865	$ 427,020
Prepaid expenses	127,122	190,435
Marketable securities	4,781	3,123
Other current assets	93,841	64,763
Total current assets	1,135,609	685,341
Restricted cash	889,030	820,434
Mineral properties	11,681,720	11,645,218
Ablation intellectual property	9,488,051	9,488,051
Total assets	$ 23,194,410	$ 22,639,044
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 493,320	$ 602,016
Current portion of notes payable	-	487,450
Deferred revenue, current portion	44,620	40,000
Total current liabilities	537,940	1,129,466
Reclamation liability	224,645	196,821
Deferred tax liability	2,708,887	2,708,887
Deferred contingent consideration	352,361	390,350
Deferred revenue, net of current portion	47,720	60,000
Total liabilities	3,871,553	4,485,524
Commitments		
Shareholders' Equity		
Common stock, no par value, unlimited authorized shares, 25,977,143 and 20,510,806 shares issued as of December 31, 2018 and December 31, 2017, respectively and 25,976,837 and 20,510,500 shares outstanding as of December 31, 2018 and December 31, 2017, respectively	25,865,367	22,657,529
Treasury shares, 306 and 306 shares held in treasury as of December 31, 2018 and December 31, 2017, respectively	-	-
Accumulated deficit	(6,584,342)	(4,540,143)
Accumulated other comprehensive income	41,832	36,134
Total shareholders' equity	19,322,857	18,153,520
Total liabilities and shareholders' equity	$ 23,194,410	$ 22,639,044

Approval on behalf of the Board:

/s/ George E. Glasier
Director

/s/ Andrew Wilder
Director

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

WESTERN URANIUM & VANADIUM CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS
(Stated in $USD)

	For the Years Ended December 31,	
	2018	2017
Revenues		
Lease revenue	$ 48,245	$ 20,000
Expenses		
Mining expenditures	177,715	154,724
Professional fees	426,020	529,854
General and administrative	1,252,334	723,387
Consulting fees	200,251	320,534
Total operating expenses	2,056,320	1,728,499
Operating loss	(2,008,075)	(1,708,499)
Interest expense, net	36,124	60,232
Loss before income taxes	(2,044,199)	(1,768,731)
Income tax benefit	-	(1,354,443)
Net loss	(2,044,199)	(414,288)
Other comprehensive income		
Foreign exchange gain	5,698	2,406
Comprehensive loss	$ (2,038,501)	$ (411,882)
Loss per share - basic and diluted	$ (0.09)	$ (0.02)
Weighted average shares outstanding, basic and diluted	23,016,594	19,569,504

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

WESTERN URANIUM & VANADIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in $USD)

	Common Stock		Treasury Shares				Accumulated Other	
	Shares	Amount	Shares	Amount	Subscription Receivable	Accumulated Deficit	Comprehensive Income	Total
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 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
Sale of 909,622 units on May 4, 2018 in private placement	909,622	457,608	-	-	-	-	-	457,608
Sale of 2,525,526 units on July 27, 2018 in private placement	2,525,526	1,272,210	-	-	-	-	-	1,272,210
Sale of 1,907,088 units on August 9, 2018 in private placement	1,907,088	973,513	-	-	-	-	-	973,513
Issuance of 60,832 shares of common stock in exchange of accounts payable	60,832	32,251	-	-	-	-	-	32,251
Exercise of warrants	63,269	62,168	-	-	-	-	-	62,168
Stock based compensation - stock options	-	410,088	-	-	-	-	-	410,088
Foreign exchange gain	-	-					5,698	5,698
Net loss	-	-	-	-	-	(2,044,199)	-	(2,044,199)
Balance as of December 31, 2018	**25,976,837**	**$ 25,865,367**	**306**	**$ -**	**$ -**	**$ (6,584,342)**	**$ 41,832**	**$ 19,322,857**

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

WESTERN URANIUM & VANADIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in $USD)

	For the Years Ended December 31, 2018	2017
Cash Flows From Operating Activities:		
Net loss	$ (2,044,199)	$ (414,288)
Reconciliation of net loss to cash used in operating activities:		
Accretion of and additions to reclamation liability	27,824	9,158
Amortization of debt discount on notes payable	12,550	21,521
Stock based compensation	410,088	209,435
Change in foreign exchange on marketable securities	(1,658)	(147)
Deferred income taxes	-	(1,354,443)
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	34,235	(152,417)
Accounts payable and accrued liabilities, net of shares issued for accounts payable	(76,445)	(84,553)
Deferred revenue	(7,660)	100,000
Net cash used in operating activities	(1,645,265)	(1,665,734)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(36,502)	-
Forfeiture of reclamation bond	-	(215,976)
Net cash used in investing activities	(36,502)	(215,976)
Cash Flows From Financing Activities:		
Payment of Nueco Note	-	(185,564)
Payment of EFHC Note	(500,000)	-
Issuance of Common shares, net of offering costs	2,703,331	1,437,396
Proceeds from the exercise of warrants	62,168	-
Receipt of subscription receivable	-	28,429
Net cash provided by financing activities	2,265,499	1,280,261
Effect of foreign exchange rate on cash	(32,291)	20,756
Net increase (decrease) in cash and restricted cash	551,441	(580,693)
Cash and restricted cash - beginning	1,247,454	1,828,147
Cash and restricted cash - ending	$ 1,798,895	$ 1,247,454
Cash	$ 909,865	$ 427,020
Restricted cash	889,030	820,434
Total	$ 1,798,895	$ 1,247,454
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 15,000	$ 15,000
Income taxes	$ -	$ -
Non-cash financing activities:		
Shares issued for accounts payable and accrued expenses	$ 32,251	$ 83,338

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

NOTE 1 – BUSINESS

Nature of operations

Western Uranium & Vanadium Corp. ("Western" or the "Company", formerly Western Uranium Corporation) 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 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 and vanadium 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.

On June 29, 2018, the shareholders of the Company approved the name change of the Company from "Western Uranium Corporation" to "Western Uranium & Vanadium Corp." The name change became effective in Ontario, Canada on October 1, 2018; thereafter on October 4, 2018 Western's shares started trading under the new name on the CSE and OTCQX and the Company announced the name change by news release.

NOTE 2 – LIQUIDITY AND GOING CONCERN

The Company has incurred continuing losses from its operations and as of December 31, 2018, the Company had an accumulated deficit of $6,584,342 and working capital of $597,669.

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

On May 4, 2018, the Company completed a private placement of 909,622 units at a price of CAD $0.68 (USD $0.53) per unit for gross proceeds of CAD $618,543 (USD $481,560). Each unit consisted of one common share and a warrant to purchase one-half of one common share. Each warrant is exercisable at a price of CAD $1.15 and expires two years from the date of issuance.

On July 27, 2018, the Company completed a private placement of 2,525,526 units at a price of CAD $0.68 (USD $0.52) per unit for gross proceeds of CAD $1,717,358 (USD $1,319,096). Each unit consisted of one common share and a warrant to purchase one-half of one common share. Each warrant is exercisable at a price of CAD $1.15 and expires two years from the date of issuance.

On August 9, 2018, the Company completed a private placement of 1,907,088 units at a price of CAD $0.68 (USD $0.52) per unit for gross proceeds of CAD $1,296,820 (USD $1,000,000). Each unit consisted of one common share and a warrant to purchase one-half of one common share. Each warrant is exercisable at a price of CAD $1.15 and expires two years from the date of issuance.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

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

The accompanying consolidated financial statements include the accounts of Western and its wholly-owned subsidiaries, Western Uranium Corp. (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.

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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates

The preparation of these 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 & Vanadium Corp. (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.

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, 2018 and 2017, 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. The Company accounts for lease revenue in accordance with ASC 840 "Leases". 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, 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).

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:

Fair Values of Financial Instruments

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 the Company's financial instruments 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, 2018	$ 4,781	$ -	$ -
Marketable securities as of December 31, 2017	$ 3,123	$ -	$ -

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Mineral Properties

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

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

The carrying values of the mineral properties are assessed for impairment by management.

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, 2018, 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, 2018 and December 31, 2017, no liability for unrecognized tax benefits was required to be reported.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes, continued

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, 2018 and 2017. 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 2018 remain subject to examination.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduced the U.S. federal corporate tax rate from 35% to 21%. As December 31, 2017, the Company had 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 has finalized the accounting for the effects of the Tax Act during 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.

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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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, 2018 and 2017 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 Years Ended December 31,	
	2018	2017
Warrants to purchase shares of common stock	6,798,401	4,095,563
Options to purchase shares of common stock	2,416,664	1,846,996
Total potentially dilutive securities	9,215,065	5,942,559

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying consolidated financial statements, other than those disclosed below.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (“ASU 2016-13”). ASU 2016-13 replaces the incurred loss model with an expected loss model, which is referred to as the current expected credit loss (CECL) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables, held-to-maturity debt securities, and reinsurance receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (such as loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor. For public business entities that meet the definition of an SEC filer, the standard will be effective for fiscal years beginning after Dec. 15, 2019, including interim periods in those fiscal years. For debt securities with other-than-temporary impairment, the guidance will be applied prospectively. Existing purchased credit impaired (PCI) assets will be grandfathered and classified as purchased credit deteriorated (PCD) assets at the date of adoption. The asset will be grossed up for the allowance for expected credit losses for all PCD assets at the date of adoption and will continue to recognize the noncredit discount in interest income based on the yield of such assets as of the adoption date. Subsequent changes in expected credit losses will be recorded through the allowance. For all other assets within the scope of CECL, a cumulative-effect adjustment will be recognized in retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company does not believe ASU 2016-13 will have a material effect on its consolidated financial statements.

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 Company adopted ASU 2016-15 on January 1, 2018 and it has not had a material impact on its consolidated statements of cash flows.

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. The Company adopted ASU 2016-18 on January 1, 2018 and it has not had a material impact on its consolidated statements of cash flows.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update “ASU” No. 2014-09, Revenue from Contracts with Customers (Topic 606) which was subsequently amended by ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-12, ASU 2016-20, and ASU 2017-13. These ASUs outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies a performance obligation.

In July 2015, the FASB deferred the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017. A full retrospective or modified retrospective approach is required. The Company has adopted ASU No. 2014-09 effective January 1, 2018. The Company has elected to apply the modified retrospective method and there was no impact on the consolidated financial statements. Accordingly, the new revenue standard has been applied prospectively in the Company’s consolidated financial statements from January 1, 2018 forward and reported financial information for historical comparable periods will not be revised and will continue to be reported under the accounting standards in effect during those historical periods. The Company performed an analysis and determined that its revenues are not within the scope of ASC 606, and as such, the Company determined that its methods of recognizing revenues have not been impacted by the new guidance.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, continued

In February 2018, the FASB issued ASU 2018-03, Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2018-03"). ASU 2018-03 provided targeted improvements to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Specifically, the amendments include clarifications related to: measurement elections, transition requirements, and adjustments associated with equity securities without readily determinable fair values; fair value measurement requirements for forward contracts and purchased options on equity securities; presentation requirements for hybrid financial liabilities for which the fair value option has been elected; and measurement requirements for liabilities denominated in a foreign currency for which the fair value option has been elected. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

In July 2018, the FASB issued ASU 2018-10 Leases (Topic 842), Codification Improvements and ASU 2018-11 Leases (Topic 842), Targeted Improvements, to provide additional guidance for the adoption of Topic 842. ASU 2018-10 clarifies certain provisions and correct unintended applications of the guidance such as the application of implicit rate, lessee reassessment of lease classification, and certain transition adjustments that should be recognized to earnings rather than to stockholders' (deficit) equity. ASU 2018-11 provides an alternative transition method and practical expedient for separating contract components for the adoption of Topic 842. In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842) which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases with terms greater than 12 months. ASU 2018-11, ASU 2018-10, and ASU 2016-02 (collectively, "the new lease standards") are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company has evaluated the effects of ASU 2018-10, and determined that there are no material impacts to the consolidated financial statements.

NOTE 4 - 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, 2018, 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, 2018, include Hansen, North Hansen, High Park, Hansen Picnic Tree, a nd Taylor Ranch, located in Fremont and Teller Counties, Colorado. The Company also acquired the Keota project located in Weld County, Wyoming and the Ferris Haggerty project 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 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 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 controls 49% of the resource property and retains an option to purchase the 51% of the resource property that the Company does not already control 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 were 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 was defending this action in the Denver Colorado District Court. On May 8, 2018, the Denver Colorado District Court ruled in favor of PRM, whereby the additional five-year temporary cessation period was granted.

NOTE 4 - MINERAL ASSETS, ABLATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

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

	As of December 31,	
	2018	2017
Mineral properties	$ 11,681,720	$ 11,645,218
Ablation intellectual property	$ 9,488,051	$ 9,488,051

Oil and Gas Lease and Easement

On July 18, 2017, an oil and gas lease became effective with respect to minerals and mineral rights owned by 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 Company is recognizing the initial payment incrementally over the term of the lease.

On February 26, 2018, the Company entered into a further agreement with the same entity as the oil and gas lease to provide them with an easement to an additional part of the Company's property solely for the purposes of transporting the oil and gas extracted via a pipeline. As consideration for the easement, the Company received $36,960 during the first quarter of 2018. The Company is recognizing this payment incrementally over the eight year term of the easement.

During the years ended December 31, 2018 and 2017 the Company recognized aggregate revenue of $48,245 and $20,000, respectively, under these oil and gas lease arrangements.

Right-of-way grant agreement

On July 1, 2018, the Company entered into a right of way agreement with a third party, whereby, the Company has granted "right of way" access to a portion of its mineral properties in exchange for an up front payment of $3,624. The Company is recognizing this payment incrementally over the term of the right-of-way agreement.

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, 2018 and December 31, 2017, to be approximately $889,030 and $820,434, respectively. During the years ended December 31, 2018 and 2017, the accretion of the reclamation liabilities was $11,030 and $9,158, 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, 2018 and December 31, 2017 of $224,645 and $196,821, respectively. The gross reclamation liabilities as of December 31, 2018 and 2017 are secured by certificates of deposit in the amount of $889,030 and $820,434, respectively.

On April 11, 2018, the Company received notice from the Colorado Division of Reclamation, Mining and Safety ("CDRMS") in regard to its reclamation liability. CDRMS has recalculated the Company's estimated future reclamation liability, which would require the Company to increase its certificates of deposit that secure its reclamation liability by $68,517. The Company had until June 8, 2018 to comply with or appeal the determination. On August 7, 2018, the Company paid CDRMS $68,517 in additional reclamation bonds to satisfy their requirement.

NOTE 4 - MINERAL ASSETS, ABLATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

Reclamation liability activity for the years ended December 31, 2018 and 2017 consists of:

	For the Years Ended December 31,	
	2018	2017
Beginning balance	$ 196,821	$ 403,639
Increase in reclamation liability required by CDRMS	16,794	-
Accretion	11,030	9,158
Write-off of Alaska reclamation liability	-	(215,976)
Ending Balance	$ 224,645	$ 196,821

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of:

	As of	
	December 31, 2018	December 31, 2017
Trade accounts payable	$ 326,250	$ 453,618
Accrued liabilities	167,070	148,398
	$ 493,320	$ 602,016

NOTE 6 - 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 was due and payable on August 18, 2018 and interest on the EFHC Note was due and payable annually beginning August 18, 2015. Prior to the original August 18, 2018 maturity, the Company and EFHC modified the EFHC Note to extend the maturity date to September 4, 2018. On August 31, 2018, the Company paid the EFHC Note in full.

Notes Payable Summary

Notes payable consisted of:

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

As of December 31, 2018, there were no notes payable outstanding.

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

	For the Years Ended December 31,	
	2018	2017
Interest expense, notes payable	$ 13,830	$ 17,162
Amortization of discount on notes payable	12,550	34,771
Accretion of reclamation liabilities	11,030	9,158
Other interest expense	-	1,074
Interest income	(1,286)	(1,933)
Interest expense, net	$ 36,124	$ 60,232

NOTE 7 - COMMITMENTS

Consulting Agreement with Executive Chairman

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 $350,000. On January 29, 2018, the Company provided the requisite 90-day notification to terminate the consulting agreement, effective April 30, 2018. On May 1, 2018, following the termination of this consulting contract, Mr. Fryer resigned as director and executive chairman of the Board of Directors.

Vanadium Joint Venture

On June 1, 2018, the Company signed a letter agreement with Battery Mineral Resource Nevada, Inc. (“BMR”) to form a joint venture for vanadium development at the Sage Mine.

Pursuant to the agreement, BMR will underwrite the cost of scoping, engineering and technical studies during the due diligence period to prepare for commencing pre-production work for resumption of production. Subsequent to the due diligence work program, BMR has the option to enter into a definitive joint venture agreement which will trigger an additional buy-in payment to the Company. Thereafter BMR and the Company will divide joint venture expenditures 50/50 and divide vanadium offtake 65/35 and uranium offtake 10/90. The higher percentage of vanadium offtake for BMR aligns with its rechargeable battery and energy storage mandate. The agreed deal structure compensates the Company for the differential in the offtake percentage. The agreement provides BMR an additional period to exercise a short-term option to purchase the entire Sage Mine Project. BMR also retains the right to not proceed beyond due diligence.

Since the agreement was signed during the first week of June, vanadium prices have risen from over $14 per pound to over $18 per pound. Consequently, rather than pursuing a joint venture, BMR provided notification of their desire to exercise the purchase option. Both parties were working toward the completion of a definitive agreement for the Sage Mine Project. On September 13, 2018, the Company and BMR mutually terminated the letter agreement and ceased negotiations.

Supply Contract

In December 2015, the Company signed a uranium concentrates supply agreement with a major U.S. utility for delivery commencing in 2018 and continuing for a five year period through 2022. As the Company is not currently in production, a partial assignment agreement was put in place whereby the assignee accepted the Company's right to the Year 1 delivery of 125,000 pounds of natural uranium concentrates. The delivery was made on May 1, 2018 and the assignee was paid the full consideration under the agreement. The Company did not recognize any gain or loss on this transaction. A partial assignment agreement was put in place whereby the assignee accepted the Company's right to the Year 2 delivery of 125,000 pounds of natural uranium concentrates. The delivery will be made and the assignee will be paid the full consideration under the agreement. The Company will not recognize any gain or loss on this transaction.

NOTE 8 - 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, 2018 and 2017, 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.

On May 4, 2018, the Company issued 60,832 shares of its common stock in exchange for approximately $32,251 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 $1.35) 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.

On May 4, 2018, the Company completed a private placement of 909,622 units at a price of CAD $0.68 (USD $0.53) per unit for gross proceeds of CAD $618,543 (USD $481,560). The Company paid USD $8,794 in offering costs and received net proceeds of USD $457,608. 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 exercisable at a price of CAD $1.15 and expires two years from the date of issuance.

On July 27, 2018, the Company completed a private placement of 2,525,526 units at a price of CAD $0.68 (USD $0.52) per unit for gross proceeds of CAD $1,717,358 (USD $1,319,096). The Company paid USD $46,886 in offering costs and received net proceeds of USD $1,272,210. 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 exercisable at a price of CAD $1.15 and expires two years from the date of issuance.

On August 9, 2018, the Company completed a private placement of 1,907,088 units at a price of CAD $0.68 (USD $0.52) per unit for gross proceeds of CAD $1,296,820 (USD $1,000,000). The Company paid USD $26,487 in offering costs and received net proceeds of USD $973,513. 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 exercisable at a price of CAD $1.15 and expires two years from the date of issuance.

NOTE 8 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

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, 2018, a total of 25,976,837 common shares were outstanding, and at that date the maximum number of stock options eligible for issue under the Plan was 2,597,684.

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

On February 8, 2018, the Company granted options under the plan for the purchase of an aggregate of 100,000 shares of common stock to a director. The options have an exercise price of CAD $1.00 (US $0.73 as of December 31, 2018) and vest one half on the date of grant and one half on December 31, 2018. One half of the options expire on January 31, 2023 and the remaining options expire on December 31, 2023.

On September 24, 2018, the Company granted options under the plan for the purchase of an aggregate of 983,000 shares of common stock to several officers, directors, and consultants. The options have an exercise price of CAD $2.15 (US $1.58 as of December 31, 2018) and vest equally in three installments on the date of grant, on October 31, 2018, and on March 31, 2019. One third of the options expire on September 24, 2023, one third expire on October 31, 2023, and the remaining one third expire on March 31, 2024.

Stock Options

	Number of Shares	Weighted Average Exercise Price (USD)	Weighted Average Contractual Life (years)	Weighted Average Grant Date Fair Value (USD)	Intrinsic Value (USD)
Outstanding - January 1, 2018	1,846,996	$1.92		$0.42	
Granted	1,083,000	$1.50		$0.50	
Expired, forfeited, or cancelled	(513,332)	$2.01		$0.24	
Exercised	-	-			
Outstanding - December 31, 2018	2,416,664	$1.67	3.73	$0.48	$ 38,705
Exercisable - December 31, 2018	2,088,997	$1.68	3.57	$0.47	$ 38,705

The Company's stock based compensation expense related to stock options for the years ended December 31, 2018 and 2017 was $410,088 and $209,435, respectively. As of December 31, 2018, the Company had $432,080 in unamortized stock option expense, which will be amortized over a period of 0.25 years.

NOTE 8 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

Stock Options, continued

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

	February 8, 2018	September 24, 2018
Stock Price	CAD $0.52	CAD $2.14
Exercise Price	CAD $1.00	CAD $2.15
Number of Options Granted	100,000	983,000
Dividend Yield	0%	0%
Expected Volatility	49%	49%
Weighted Average Risk-Free Interest Rate	1.64%	2.94%
Expected life (in years)	2.50 - 3.00	2.50-3.00

Warrants

	Number of Shares	Weighted Average Exercise Price (USD)	Weighted Average Contractual Life (years)	Intrinsic Value (USD)
Outstanding, January 1, 2018	4,095,563	$2.27		
Issued	2,766,107	$0.84		
Exercised	(63,269)	$0.98		
Outstanding - December 31, 2018	6,798,401	$1.49	2.30	$739,929
Exercisable - December 31, 2018	6,798,401	$1.49	2.30	$739,929

NOTE 9 - MINING EXPENDITURES

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Permits	$ 142,148	$ 132,183
Maintenance	19,879	8,706
Contract Labor	11,050	8,575
Royalties	4,638	5,260
	$ 177,715	$ 154,724

NOTE 10 - 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:

On April 1, 2017, the Company entered into a consulting agreement with a United States limited liability company owned by a person who was a director. 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. On January 29, 2018, the Company provided the requisite 90-day notification to terminate the consulting agreement, effective April 30, 2018, upon which date the agreement was terminated. On May 1, 2018, upon termination of the agreement, this director resigned his positions as director and as executive chairman.

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 $352,361 as of December 31, 2018) 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 $352,361 and $390,350 as of December 31, 2018 and 2017, respectively.

NOTE 11 – 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,	
	2018	2017
Deferred tax assets:		
Net operating loss carryovers	$ 4,114,419	$ 3,651,732
Marketable securities	15,060	15,471
Accrued expenses	39,871	44,059
Deferred tax assets, gross	4,169,350	3,711,262
Less: valuation allowance	(1,962,122)	(1,512,585)
Deferred tax assets, net	2,207,228	2,198,677
Deferred tax liabilities:		
Property and equipment	(4,916,114)	(4,907,564)
Deferred tax assets (liabilities), net	$ (2,708,887)	$ (2,708,887)

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

	For the Years Ended December 31,	
	2018	2017
Beginning of year	$ 1,512,585	$ 1,578,784
Increase (decrease) in valuation allowance	449,537	(66,199)
End of year	$ 1,962,122	$ 1,512,585

NOTE 11 – INCOME TAXES, CONTINUED

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,	
	2018	2017
U.S. federal statutory rate	(21.0)%	(34.0)%
State and foreign taxes	(3.8)%	(3.2)%
Permanent differences		
Non-deductible expenses	5.2%	2.9%
Valuation allowance	22.0%	(3.7)%
Change in federal tax rate	0%	(33.3)%
True-up of prior year deferred tax assets	(2.4)%	(4.1)%
Effective income tax rate	0%	(75.4)%

The Company has net operating loss carryovers of approximately $16,590,041 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, 2018 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 $1,962,122 and $1,512,585 as of December 31, 2018 and 2017, 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, 2018 and 2017 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