WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Stated in USD)

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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MNP LLP

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, 2020 and 2019, and the related consolidated statements of operations and other comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes (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, 2020 and 2019, 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 and negative cash flows 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 these 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.

MNP LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 2015.

Mississauga, Canada
April 15, 2021

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

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash	$ 565,250	$ 2,084,782
Restricted cash, current portion	75,057	75,057
Prepaid expenses	136,883	189,818
Marketable securities	2,405	2,759
Other current assets	11,251	25,345
Total current assets	790,846	2,377,761
Restricted cash, net of current portion	831,754	822,605
Mineral properties and equipment	11,735,522	11,746,150
Kinetic separation intellectual property	9,488,051	9,488,051
Total assets	$ 22,846,173	$ 24,434,567
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 488,794	$ 599,337
Reclamation liability, current portion	75,057	75,057
Deferred revenue, current portion	64,620	24,620
Total current liabilities	628,471	699,014
Reclamation liability, net of current portion	234,883	219,171
Deferred tax liability	2,708,887	2,708,887
Deferred contingent consideration	392,086	351,099
Deferred revenue, net of current portion	108,480	23,100
Total liabilities	4,072,807	4,001,271
Commitments		
Shareholders' Equity		
Common shares, no par value, unlimited authorized shares, 30,084,053 and 30,084,053 shares issued as of December 31, 2020 and December 31, 2019, respectively and 30,083,747 and 30,083,747 shares outstanding as of December 31, 2020 and December 31, 2019, respectively	29,886,367	29,042,547
Treasury shares, 306 and 306 shares held in treasury as of December 31, 2020 and December 31, 2019, respectively	-	-
Accumulated deficit	(11,087,459)	(8,694,569)
Accumulated other comprehensive income	(25,542)	85,318
Total shareholders' equity	18,773,366	20,433,296
Total liabilities and shareholders' equity	$ 22,846,173	$ 24,434,567

Approval on behalf of the Board:

/s/ George E. Glasier
Director

/s/ Andrew Wilder
Director

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

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

	For the Years Ended December 31, 2020	2019
Revenues		
Lease revenue	$ 54,620	$ 44,620
Expenses		
Mining expenditures	393,182	466,117
Professional fees	299,908	362,698
General and administrative	1,136,049	1,122,591
Consulting fees	39,137	138,096
Total operating expenses	1,868,276	2,089,502
Operating loss	(1,813,656)	(2,044,882)
Accretion and interest	13,338	65,345
Warrant modification expense	639,012	-
Gain on forgiveness of debt	(73,116)	-
Net loss	(2,392,890)	(2,110,227)
Other comprehensive (expense) income		
Foreign exchange (loss) gain	(110,860)	43,486
Comprehensive loss	$ (2,503,750)	$ (2,066,741)
Net loss per share - basic and diluted	$ (0.08)	$ (0.07)
Weighted average shares outstanding, basic and diluted	30,083,747	28,859,646

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

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

	Common Shares		Treasury Shares		Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Deficit	Income	Total
Balance as of January 1, 2019	25,976,837	$ 25,865,367	306	$ -	$ (6,584,342)	$ 41,832	$ 19,322,857
Stock based compensation - stock options	-	180,269	-	-	-	-	180,269
Private placement - April 16, 2019	3,914,632	2,856,356	-	-	-	-	2,856,356
Private placement - June 17, 2019	192,278	140,555	-	-	-	-	140,555
Foreign exchange gain	-	-	-	-	-	43,486	43,486
Net loss	-	-	-	-	(2,110,227)	-	(2,110,227)
Balance as of December 31, 2019	30,083,747	$ 29,042,547	306	$ -	$ (8,694,569)	$ 85,318	$ 20,433,296
Stock based compensation - stock options	-	204,808	-	-	-	-	204,808
Warrant modification expense	-	639,012	-	-	-	-	639,012
Foreign Exchange (loss)	-		-	-	-	(110,860)	(110,860)
Net loss	-	-	-	-	(2,392,890)	-	(2,392,890)
Balance as of December 31, 2020	30,083,747	$ 29,886,367	306	$ -	$ (11,087,459)	$ (25,542)	$ 18,773,366

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

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

	For the Years Ended December 31, 2020	For the Years Ended December 31, 2019
Cash Flows From Operating Activities:		
Net loss	$ (2,392,890)	$ (2,110,227)
Reconciliation of net loss to cash used in operating activities:		
Depreciation	10,628	6,612
Accretion of and additions to reclamation liability	15,712	69,583
Gain on forgiveness of debt	(73,116)	-
Stock based compensation	204,808	180,269
Warrant modification expense	639,012	-
Change in marketable securities	354	2,022
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	67,029	5,800
Accounts payable and accrued liabilities	(110,543)	106,017
Deferred revenue	125,380	(44,620)
Net cash used in operating activities	(1,513,626)	(1,784,544)
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(71,042)
Net cash used in investing activities	-	(71,042)
Cash Flows From Financing Activities		
Proceeds from loan payable	73,116	-
Issuances of Common shares, net of offering costs	-	2,996,911
Net cash provided by financing activities	73,116	2,996,911
Effect of foreign exchange rate on cash	(69,873)	42,224
Net decrease in cash and restricted cash	(1,510,383)	1,183,549
Cash and restricted cash - beginning	2,982,444	1,798,895
Cash and restricted cash - ending	$ 1,472,061	$ 2,982,444
Cash	$ 565,250	$ 2,084,782
Restricted cash	906,811	897,662
Total	$ 1,472,061	$ 2,982,444
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

The accompanying notes are an 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's registered office is located 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 common shares began trading on the OTC Pink Open Market, and on May 23, 2016, the Company's common shares were approved for 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 negative operating cash flows from operations and as of December 31, 2020, the Company had an accumulated deficit of $11,087,459 and working capital of $162,375.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes and the sale of its common shares. On May 6, 2020, the Company obtained a Paycheck Protection Program loan (the "PPP Loan") of $73,116. The loan had a fixed interest rate of 1%, required the Company to make seventeen (17) monthly payments, after a deferral period, and had a maturity date of May 6, 2022. On December 2, 2020, the Company received notice from the U.S. Small Business Association that the entire PPP Loan balance and accrued interest was forgiven in full on such date. The Company recorded the loan forgiveness as other income in the Company's consolidated statements of operations and comprehensive loss.

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 kinetic separation 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. 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 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 mine development and extraction 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 consolidated 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 shares, assessment of the useful life and evaluation for impairment of Kinetic Separation intellectual property, valuation and impairment assessments on mineral properties and equipment, deferred contingent consideration, the reclamation liability, valuation of stock-based compensation, and valuation of available-for-sale securities. 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 Kinetic Separation 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

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, 2020 and 2019, 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, Wyoming and Colorado. As these funds are not available for general corporate purposes and secure the long term reclamation liability (see Note 4), they have been separately disclosed and classified as long-term for the majority of the Company's mines. As of December 31, 2020 and 2019, the Company has determined that the Van 4 Mine is now considered to be in reclamation. The Company recognized the Van 4 Mine's reclamation liability and its restricted cash in full on the Company's consolidated balance sheet as current.

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 842 "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 will be recognized as revenues when received.

Fair Values of Financial Instruments

The carrying amounts of cash, restricted cash, accounts payable, accrued liabilities, and loan 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 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:

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.

(Stated in USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Values of Financial Instruments (continued)

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, 2020	$ 2,405	$ -	$ -
Marketable securities as of December 31, 2019	$ 2,759	$ -	$ -

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 and kinetic separation technology 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 uranium ("U3O8") prices (considering current and historical prices, trends and related factors), production levels, operating costs of production and capital and restoration and reclamation costs, based upon the projected remaining future uranium production from each project. The Company's long-lived assets (which include its mineral assets and Kinetic Separation intellectual property) were acquired during the end of 2014 and in 2015 in arms-length transactions. As of December 31, 2020, the Company evaluated the total estimated future cash flows on an undiscounted basis for its mineral properties, equipment, and Kinetic Separation 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2020 and December 31, 2019, no liability for unrecognized tax benefits was required to be reported.

The Company's policy for recording interest and penalties associated with tax audits is to record such items as a component of general and administrative expense. There were no amounts accrued for penalties and interest for the years ended December 31, 2020 and 2019. 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 Canadian and United States tax returns and its state tax returns in Colorado and Utah as its "major" tax jurisdictions, and such returns for the years 2016 through 2020 remain subject to examination.

Restoration and Remediation Costs (Asset Retirement Obligations)

Various federal and state mining laws and regulations require the Company to reclaim the surface areas and restore underground water quality for its mine projects to the pre-existing mine area average quality after the completion of mining.

Future reclamation and remediation costs, which include extraction equipment removal and environmental remediation, are accrued at the end of each period based on management's best estimate of the costs expected to be incurred for each project. Such estimates are determined by the Company's engineering studies which consider the costs of future surface and groundwater activities, current regulations, actual expenses incurred, and technology and industry standards.

In accordance with ASC 410, Asset Retirement and Environmental Obligations, the Company capitalizes the measured fair value of asset retirement obligations to mineral properties. The asset retirement obligations are accreted to an undiscounted value until the time at which they are expected to be settled. The accretion expense is charged to earnings and the actual retirement costs are recorded against the asset retirement obligations when incurred. Any difference between the recorded asset retirement obligations and the actual retirement costs incurred will be recorded as a gain or loss in the period of settlement.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restoration and Remediation Costs (Asset Retirement Obligations), continued

At each reporting period, the Company reviews the assumptions used to estimate the expected cash flows required to settle the asset retirement obligations, including changes in estimated probabilities, amounts and timing of the settlement of the asset retirement obligations, as well as changes in the legal obligation requirements at each of its mineral properties. Changes in any one or more of these assumptions may cause revision of asset retirement obligations for the corresponding assets.

Deferred Financing Costs

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

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

Stock-Based Compensation

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

In November 2019, the FASB issued ASU 2019-08, Compensation – Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606), which clarifies that an entity must measure and classify share-based payment awards granted to a customer by applying the guidance in Topic 718. ASU 2019-08 is effective for annual reporting periods beginning after December 15, 2019, including interim reporting periods within those annual reporting periods. The Company adopted ASU 2019-08, and has determined that there was no material impacts on its consolidated financial statements.

Warrant Modification Expense

In accordance with ASC 718, a modification of the terms or conditions of an equity award shall be treated as an exchange of the original award for a new award. The incremental cost is measured as the excess of the fair value of the modified award determined in accordance with ASC 718 over the fair value of the original award immediately before its terms are modified, measured based on the share price and other pertinent factors. The resulting difference is recorded as a warrant modification expense. See Note 8 for additional information.

(Stated in USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the year. 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 diluted net loss per share for the years ended December 31, 2020 and 2019 excludes potentially dilutive securities. The computations of net loss per share for each year 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,	
	2020	2019
Warrants to purchase common shares	8,533,582	8,602,913
Options to purchase common shares	2,808,000	2,208,000
Total potentially dilutive securities	11,341,582	10,810,913

Leases

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 adopted ASU 2018-10, and has determined that there was no impact to the consolidated financial statements.

Recent Accounting Standards

Management does not believe that any recently issued, but not yet effective accounting standards, when adopted, will have a material effect on the accompanying consolidated financial statements. The Company has adopted the recent accounting standards that are disclosed below.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Standards, continued

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 December 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 non-credit 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 standard became effective for the Company beginning January 1, 2021. The adoption of this standard did not have a material impact on the Company’s results of operations, financial condition, cash flows, and financial statement disclosure.

In December 2019, FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. ASU 2019-12 eliminated certain exceptions and changed guidance on other matters. The exceptions relate to the allocation of income taxes in separate company financial statements, tax accounting for equity method investments and accounting for income taxes when the interim period year-to-date loss exceeds the anticipated full year loss. Changes relate to the accounting for franchise taxes that are income-based and non-income-based, determining if a step up in tax basis is part of a business combination or if it is a separate transaction, when enacted tax law changes should be included in the annual effective tax rate computation, and the allocation of taxes in separate company financial statements to a legal entity that is not subject to income tax. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the potential impact but does not believe there will be an impact of the adoption of this standard on its results of operations, financial position and cash flows and related disclosures.

In June 2020, the American Institute of Certified Public Accountants in conjunction with FASB developed Technical Question and Answer (“TQA”) 3200.18, “Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program”, which is intended to provide clarification on how to account for loans received from the Paycheck Protection Program (“PPP”). TQA 3200.18 states that an entity may account for PPP loans under ASC 470, “Debt” or, if the entity is expected to meet PPP eligibility criteria and the PPP loan is expected to be forgiven, the entity may account for the loans under International Accounting Standards (“IAS”) 20, “Accounting for Government Grants and Disclosure of Government Assistance”. The Company has accounted for PPP loan proceeds under ASC 470 as allowed by TQA 3200.18.

NOTE 4 - MINERAL ASSETS EQUIPMENT, AND KINETIC SEPARATION INTELLECTUAL PROPERTY AND OTHER PROPERTY

The Company’s mining properties acquired on August 18, 2014 that the Company retains as of December 31, 2020 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.

(Stated in USD)

NOTE 4 - MINERAL ASSETS EQUIPMENT, AND KINETIC SEPARATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

The Company's mining properties acquired on September 16, 2015 that the Company retains as of December 31, 2020 include Hansen, North Hansen, and Hansen Picnic Tree located in Fremont and Teller Counties, Colorado. The Company no longer holds any interest in Hansen and Hansen Picnic Tree, see Note 12 for additional information. The Company also acquired the Keota project located in Weld County, Colorado 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.

The Company's mineral properties and equipment and kinetic separation intellectual property are:

	As of December 31,	
	2020	2019
Mineral properties and equipment	$11,735,522	$11,746,150
Kinetic separation intellectual property	$ 9,488,051	$ 9,488,051

Oil and Gas Lease and Easement

The Company entered into an oil and gas lease that 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 lessee has 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 has also received cash payments from the lessee related to the easement that the Company is recognizing incrementally over the eight year term of the easement.

On June 23, 2020, the same entity as discussed above elected to extend the oil and gas lease easement for three additional years commencing on the date the lease would have previously expired.

During the years ended December 31, 2020 and 2019 the Company recognized aggregate revenue of $54,620 and $44,620, respectively, under these oil and gas lease arrangements.

In early 2020, Bison Oil & Gas traded this lease to Mallard Exploration ("Mallard"). Mallard subsequently filed an application with the Colorado Oil & Gas Conservation Commission ("COGCC") to update the permitting to create a new pooled unit.

In late 2020, Mallard began development of the pooled unit. By March 31, 2021, the drilling portion of the project had been completed for the eight horizontal wells named Blue Teal Fed. Seven wells were drilled to a 2.5 miles lateral length and one well was drilled to a 3.0 mile lateral length. These DJ-Basin wells target the Niobrara formation. During May 2021, Mallard will commence the well completion stage, fracking, and flow back. Despite some weather delays over the winter, the Operations Plan remains close to schedule and production is projected to commence during the third quarter of 2021. Upon production, the Company will receive a net royalty of 1/16th.

(Stated in USD)

NOTE 4 - MINERAL ASSETS EQUIPMENT, AND KINETIC SEPARATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

Reclamation Liabilities

The Company's mines are subject to certain asset retirement obligations, which the Company has recorded as reclamation liabilities. The reclamation liabilities of the United States mines are subject to legal and regulatory requirements, and estimates of the costs of reclamation are reviewed periodically by the applicable regulatory authorities. The reclamation liability represents the Company's best estimate of the present value of future reclamation costs in connection with the mineral properties. The Company determined the gross reclamation liabilities of the mineral properties as of December 31, 2020 and 2019, to be approximately $906,811 and $897,662, respectively. On March 2, 2020, the Colorado Mined Land Reclamation Board ("MLRB") issued an order vacating the Van 4 Temporary Cessation, terminating mining operations and ordering commencement of final reclamation. The Company has begun the reclamation of the Van 4 Mine. The reclamation cost is fully covered by the reclamation bonds posted upon acquisition of the property. The Company adjusted the fair value of its reclamation obligation for the Van 4 Mine. The portion of the reclamation liability related to the Van 4 Mine, and its related restricted cash are included in current liabilities, and current assets, respectively, at a value of $75,057. The Company expects to begin incurring the reclamation liability after 2054 for all mines that are not in reclamation 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, 2020 and 2019 of $309,940 and $294,228, respectively. The gross reclamation liabilities as of December 31, 2020 and 2019 are secured by financial warranties in the amount of $906,811 and $897,662, respectively.

Reclamation liability activity for the years ended December 31, 2020 and 2019 consists of:

	For the Years Ended December 31,	
	2020	2019
Beginning balance	$ 294,228	$ 224,645
Accretion	15,712	69,583
Ending Balance	$ 309,940	$ 294,228

NOTE 4 - MINERAL ASSETS EQUIPMENT, AND KINETIC SEPARATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

Van 4 Mine Permitting Status

A prior owner of the Company’s 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 must include all of the parties in the proceeding. The plaintiff organizations are seeking for the court to set aside the board order granting a second five-year Temporary Cessation period to PRM for the Van 4 Mine. The Colorado state Attorney General was defending this action in the Denver Colorado District Court. On May 8, 2018, the Denver Colorado District Court ruled in favor, whereby the additional five-year temporary cessation period was granted. The Plaintiffs appealed this ruling to the Colorado Court of Appeals and on July 25, 2019 the ruling was reversed, whereby the additional five-year temporary cessation period should not have been granted. Thereafter, the MLRB and the Colorado Attorney General advised Western that it will not make an additional appeal of the ruling. Further, the time period for an appeal has passed. The Judge has subsequently issued an instruction for the MLRB to issue an order revoking the permit and putting the Van 4 Mine into reclamation. On January 22, 2020, the MLRB held a hearing and afterward on March 2, 2020, the MLRB issued an order vacating the Van 4 Temporary Cessation, terminating mining operations and ordering commencement of final reclamation. The Company has five years to complete the reclamation of the Van 4 Mine. The reclamation commenced in the spring of 2020 and is fully covered by the reclamation bonds posted upon acquisition of the property.

(Stated in USD)

NOTE 4 - MINERAL ASSETS EQUIPMENT, AND KINETIC SEPARATION INTELLECTUAL PROPERTY AND OTHER PROPERTY, CONTINUED

Sunday Mine Complex Permitting Status

On February 4, 2020, the Colorado DRMS sent a Notice of Hearing to Declare Termination of Mining Operations related to the status of the mining permits issued by the state of Colorado for the Sunday Mine Complex. At issue is the application of an unchallenged Colorado Court of Appeals Opinion for a separate mine (Van 4) with very different facts that are retroactively modifying DRMS rules and regulations. The Company maintains that it was timely in meeting existing rules and regulations. The hearing was scheduled to be held during several monthly MLRB Board meetings, but this matter has been delayed several times. The permit hearing was held during the MLRB Board monthly meeting on July 22, 2020. At issue was the status of the five existing permits which comprise the Sunday Mine Complex. Due to COVID restrictions, the hearing took place utilizing a virtual-only format. The Company prevailed in a 3 to 1 decision which acknowledged that the work completed at the Sunday Mines under DRMS oversight was timely and sufficient for Western to maintain these permits. In a subsequent July 30, 2020 letter, the DRMS notified the Company that the status of the five permits (Sunday, West Sunday, St. Jude, Carnation, and Topaz) had been changed to Active status effective June 10, 2019, the original date on which the change of the status was approved. On August 23, 2020, the Company initiated a request for temporary cessation status for the Sunday Mine Complex as the mines had not be restarted within a 180-day window due to the direct and indirect impacts of the COVID-19 pandemic. Accordingly, a permit hearing was scheduled for October 21, 2020 to determine temporary cessation status. In a unanimous vote, the MLRB approved temporary cessation status for each of the five Sunday Mine Complex permits (Sunday, West Sunday, St. Jude, Carnation, and Topaz). On October 9, 2020, the MLRB issued a board order which finalized the findings of the July 22, 2020 permit hearing. On November 10, 2020, the MLRB issued a board order which finalized the findings of the October 21, 2020 permit hearing. On November 6, 2020, the MLRB signed an order placing the five Sunday Mine Complex mine permits into Temporary Cessation. On November 12, 2020, a coalition of environmental groups filed a complaint against the MLRB seeking a partial appeal of the July 22, 2020 decision by requesting termination of the Topaz Mine permit. On December 15, 2020, the same coalition of environmental groups amended their complaint against the MLRB seeking a partial appeal of the October 21, 2020 decision requesting termination of the Topaz Mine permit. The Company has joined with the MLRB in defense of their July 22, 2020 and October 21, 2020 decisions. According to the judicial review timetable, an opening brief and answer brief will be filed with the Denver District Court during second quarter 2021.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of:

	As of December 31,	
	2020	2019
Trade accounts payable	$ 347,017	$ 404,015
Accrued liabilities	141,777	195,322
Total accounts payable and accrued liabilities	$ 488,794	$ 599,337

NOTE 6 – LOAN PAYABLE

Paycheck Protection Program Loan

On May 6, 2020, the Company obtained the PPP Loan of $73,116. The loan had a fixed interest rate of 1%, required the Company to make seventeen (17) monthly payments, after a seven months deferral period, and had a maturity date of May 6, 2022. The entirety of the loan principal was eligible for forgiveness to the extent that the proceeds are utilized toward permissible expenditures within the initial period. On December 2, 2020, the Company received notice from the U.S. Small Business Association that the entire PPP Loan balance and accrued interest was forgiven in full on such date. The Company recorded the loan forgiveness as other income in the Company's consolidated statement of operations and other comprehensive loss.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Supply Contract

In December 2015, the Company signed a uranium concentrates supply agreement with a major U.S. utility company for delivery commencing in 2018 and continuing for a five year period through 2022. As the Company does not possess saleable uranium, 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 Year 1 delivery was made during 2018 and the assignee was paid the full consideration under the agreement. The Company did not recognize any gain or loss on this transaction. In Year 2, 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 Year 2 delivery was made during 2019 and the assignee was paid the full consideration under the agreement. The Company did not recognize any gain or loss on this transaction. The Company and the U.S. utility customer mutually agreed to cancel the Year 3 delivery, rather than pursue a partial assignment; there was no delivery during 2020. See Note 15 for additional information related to the Year 4 delivery.

Legal proceedings

On June 13, 2019, Black Range was sued over the original Weld County Colorado deed language. The lawsuit was filed in the Weld County District Court. This deed was negotiated prior to the Company acquiring Black Range in September 2015 by prior management and a bank representing the estate of the property owner. The plaintiff, the estate's beneficiaries, assert that it was the intent that they would receive a production override royalty for oil and gas production from the property, however this language was not included in the deed. Western's attorney has filed a response with the court contesting this allegation. This only involves royalties on oil and gas production on this undeveloped property, thus there is no current economic impact. Court procedure mandates that the parties participate in a mediation process before bringing the matter before the court. During the scheduling of the mediation process, the parties agreed to a settlement. Western executed the Settlement Agreement on December 31, 2019 and the four plaintiffs executed in counterparts on various days in January 2020. The plaintiff was given a non-participating royalty interest of 1/8th for all hydrocarbon and non-hydrocarbon substances that are produced and sold from the Weld County property. As the settlement only impacts future economics, the Company will not recognize any gain or loss from this transaction.

NOTE 8 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS

Authorized Capital

The holders of the Company's common shares are entitled to one vote per share. Holders of common shares 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 shares are entitled to share ratably in all assets of the Company that are legally available for distribution. As of December 31, 2020 and 2019, an unlimited number of common shares were authorized for issuance.

Private Placement

On April 16, 2019, the Company completed a private placement of 3,914,632 units at a price of CAD $0.98 (USD $0.73) per unit for gross proceeds of CAD $3,836,340 (USD $2,856,356). 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 $1.70 and expires three years from the date of issuance.

On June 17, 2019, the Company completed a private placement of 192,278 units at a price of CAD $0.98 (USD $0.73) per unit for gross proceeds of CAD $188,432 (USD $140,555). 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 $1.70 and expires three years from the date of issuance.

(Stated in USD)

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, 2020, a total of 30,083,747 common shares were outstanding, and at that date the maximum number of stock options eligible for issue under the Plan was 3,008,375.

On January 6, 2020, the Company granted options under the Plan for the purchase of an aggregate of 600,000 common shares to five individuals consisting of directors, officers, and consultants of the Company. The options have a five year term, an exercise price of CAD $1.03 (US $0.81 as of December 31, 2020) and vest equally in thirds commencing initially on the date of grant and thereafter on January 31, 2020, and September 30, 2020.

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, 2020	2,208,000	$ 1.56	3.01	$ 0.41	
Granted	600,000	$ 0.76	4.52	$ 0.76	
Expired, forfeited, or cancelled	-	$ -	-	$ -	
Outstanding – December 31, 2020	2,808,000	$ 1.42	2.43	$ 0.37	$ 33,782
Exercisable – December 31, 2020	2,808,000	$ 1.42	2.43	$ 0.37	$ 33,782

	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, 2019	2,416,664	$ 1.67	3.73	$ 0.48	
Expired, forfeited, or cancelled	(208,664)	$ 3.80	3.01	$ -	
Outstanding – December 31, 2019	2,208,000	$ 1.56	3.01	$ 0.41	$ -
Exercisable – December 31, 2019	2,208,000	$ 1.56	3.01	$ 0.41	$ -

The Company's stock based compensation expense related to stock options for the years ended December 31, 2020 and 2019 was $204,808 and $180,269, respectively. As of December 31, 2020, the Company had $0 in unamortized stock option expense.

(Stated in USD)

NOTE 8 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, 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.

	January 6, 2020
Stock Price	CAD $ 1.03
Exercise Price	CAD $ 1.03
Number of Options Granted	600,000
Dividend Yield	0%
Expected Volatility	90.5%
Weighted Average Risk-Free Interest Rate	1.61%
Expected life (in years)	2.6

Warrants

	Number of Shares	Weighted Average Exercise Price (USD)	Weighted Average Contractual Life (years)	Intrinsic Value (USD)
Outstanding - January 1, 2019	6,798,401	$ 1.49		
Issued	2,059,825	$ 1.70		
Expired	(255,313)	$ 1.26		
Outstanding – December 31, 2019	8,602,913	$ 1.31	1.03	$ -
Exercisable – December 31, 2019	8,602,913	$ 1.51	1.58	$ -
Outstanding - January 1, 2020	8,602,913	$ 1.51		
Issued	-	-		
Expired	(69,331)	0.86		
Outstanding – December 31, 2020	8,533,582	$ 1.54	0.82	$ -
Exercisable – December 31, 2020	8,533,582	$ 1.54	0.82	$ -

Warrant Extension

On April 20, 2020, the Company announced the extension by nine months of the common share purchase warrants (the “Warrants”) issued to investors in non-brokered private placements that closed on May 4, June 30, and August 9, 2018 (the “2018 Private Placements”) and the amendment of the trigger price in the acceleration clause of each Warrant. A total of 2,671,116 Warrants were amended. The warrant modification expense amounted to $639,012.

The Company performed a Black-Scholes valuation on the warrants both pre-modification and post-modification, using the assumptions below.

(Stated in USD)

NOTE 8 - SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

Warrant Extension, continued

	May 2018 – Prior to Modification	May 2018 – Post Modification	July 2018 – Prior to Modification	July 2018 – Post Modification	August 2018 – Prior to Modification	August 2018 – Post Modification
Stock Price	CAD $ 0.80	CAD $ 0.80	CAD $ 0.80	CAD $ 0.80	CAD $ 0.80	CAD $ 0.80
Exercise Price	CAD $ 1.15	CAD $ 1.15	CAD $ 1.15	CAD $ 1.15	CAD $ 1.15	CAD $ 1.15
Number of Warrants Modified	454,811	454,811	1,262,763	1,262,763	953,544	953,544
Dividend Yield	0%	0%	0%	0%	0%	0%
Expected Volatility	106.8%	106.8%	106.8%	106.8%	106.8%	106.8%
Weighted Average Risk-Free Interest Rate	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Expected life (in years)	0.04	0.79	0.27	1.02	0.30	1.05

Each Warrant initially entitled the holder to purchase one common share in the capital of the Company at a price of $1.15 CAD at any time prior to May 4, July 30, and August 9, 2020, respectively. Each of these dates has been extended by nine months from their respective expiration dates such that the Warrants will now expire on February 4, April 30, and May 9, 2021, respectively. Additionally, each Warrant originally contained an acceleration clause that allowed the Company to accelerate the expiration date of the Warrant if the closing price of the Company's common shares was equal to or greater than $2.50 CAD for a period of five consecutive trading days. The Company amended this clause by lowering the trigger price from $2.50 CAD to $1.83 CAD.

NOTE 9 - MINING EXPENDITURES

	For the Years Ended December 31, 2020	2019
Permits	$ 112,730	$ 145,128
Maintenance	-	-
Mining Costs	275,331	318,960
Royalties	5,121	2,029
	$ 393,182	$ 466,117

(Stated in USD)

NOTE 10 - RELATED PARTY TRANSACTIONS AND BALANCES

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

Prior to the acquisition of Black Range, Mr. George Glasier, the Company's CEO, who is also a director ("Seller"), transferred his interest in a former joint venture with Ablation Technologies, LLC to Black Range. In connection with the transfer, Black Range issued 25 million shares of Black Range common stock to Seller and committed to pay AUD $500,000 (USD $392,086 as of December 31, 2020) to Seller within 60 days of the first commercial application of the kinetic separation 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 is estimable, the Company recorded the deferred contingent consideration as an assumed liability in the amount of $392,086 and $351,099 as of December 31, 2020 and 2019, 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,	
	2020	2019
Deferred tax assets:		
Net operating loss carryovers	$ 5,228,266	$ 4,634,775
Marketable securities	15,650	15,562
Accrued expenses	78,600	43,659
Deferred tax assets, gross	5,322,516	4,693,996
Less: valuation allowance	(2,997,084)	(2,427,666)
Deferred tax assets, net	2,325,432	2,266,330
Deferred tax liabilities:		
Property and equipment	(5,034,319)	(4,975,217)
Deferred tax 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,	
	2020	2019
Beginning of year	$ 2,427,665	$ 1,962,122
Increase (decrease) in valuation allowance	569,419	465,543
End of year	$ 2,997,084	$ 2,427,665

(Stated in USD)

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, 2020	2019
U.S. federal statutory rate	(21.0)%	(21.0)%
State and foreign taxes	(3.8)%	(3.8)%
Permanent differences		
Non-deductible expenses	2.0%	2.3%
Valuation allowance	22.8%	22.5%
Effective income tax rate	0%	0%

The Company has net operating loss carryovers of approximately $21,081,717 for federal and state income tax purposes and net operating loss carryovers of $11,458,182 for Canadian provincial 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, 2020 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 consolidated 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 $2,997,084 and $2,427,666 as of December 31, 2020 and 2019, respectively.

Internal Revenue Code ("IRC") Section 382 imposes limitations on the use of net operating loss carryovers when the share ownership of one or more 5% shareholders (shareholders 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 common shares during the years ended December 31, 2020 and 2019 and does not believe such change of control occurred. If such ownership change under IRC section 382 had occurred, such change would substantially limit the Company's ability in the future to utilize its net operating loss carryforwards.

NOTE 12 – OPTION AND EXPLORATION AGREEMENT

Hansen and Picnic Tree Loss of Property

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 common shares to STB amounting to a value of $3,750,000 immediately upon exercise; and (c) issue common shares 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 (as extended) on July 28, 2019 if not exercised.

Prior to July 28, 2019, the Company decided not to exercise the option to purchase the remaining 51% of the mineral rights of specific areas of the Hansen and Picnic Tree deposits, and thus the option has expired unexercised.

NOTE 13 – FINANCIAL INSTRUMENTS

Fair Values

The Company's financial instruments consist of cash, restricted cash, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the short-term maturity of these instruments. The Company's financial instruments also incorporated marketable securities that 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. There were no transfers of financial instruments between Levels 1, 2, and 3 during the years ended December 31, 2020 and 2019.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the rates of exchange on foreign currencies will impact the financial position or cash flows of the Company. The Company's reporting currency is the United States Dollar. The functional currency for Western Uranium & Vanadium Corp. standalone entity is the Canadian dollar. The Company is exposed to foreign currency risks in relation to certain activity that is to be settled in Canadian funds. Management monitors its foreign currency exposure regularly to minimize the risk of an adverse impact on its cash flows.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss in the event that certain counterparties are unable to fulfil their obligations to the Company. The Company limits its exposure to credit loss on its cash and restricted cash by placing its cash with high credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company's consolidated cash flows from operations will not be sufficient for the Company to continue operating and discharge is liabilities. The Company is exposed to liquidity risk as its continued operation is dependent upon its ability to obtain financing, either in the form of debt or equity, or achieving profitable operations in order to satisfy its liabilities as they come due. As of December 31, 2020, the Company had a working capital of $162,375 and cash on hand of $565,250.

Market Risk

Market risk is the risk that fluctuations in the market prices of minerals will impact the Company's future cash flows. The Company is exposed to market risk on the price of uranium and vanadium, which will determine its ability to build and achieve profitable operations, the amount of exploration and development work that the Company will be able to perform, and the number of financing opportunities that will be available. Management believes that it would be premature at this point to enter into any hedging or forward contracts to mitigate its exposure to specific market price risks.

NOTE 14 – COVID-19

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China. Since then, the COVID-19 coronavirus has spread to multiple countries, including the United States. As the COVID-19 coronavirus continues to spread in the United States, the Company may experience disruptions that could severely impact the Company. The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact the Company's business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States to contain and treat the disease. To date, COVID-19 has primarily caused Western delays in reporting, regulatory, and operations. Most notably, the Company initiated a request for temporary cessation status for the Sunday Mine Complex as the mines had not been restarted within the 180-day window due to the direct and indirect impacts of the COVID-19 pandemic. The Van 4 Mine reclamation process was also delayed because of the COVID-19 pandemic. The Company is monitoring COVID-19's potential impact on the Company's operations.

NOTE 15 – SUBSEQUENT EVENTS

On February 16, 2021, the Company closed on a non-brokered private placement (the "Private Placement") of 3,250,000 units (the "Units") at a price of CAD $0.80 per Unit. The aggregate gross proceeds raised in this Private Placement amount to CAD $2,600,000.

Each Unit consists of one common share of Western (a "Share") plus one common share purchase warrant of Western (a "Warrant"). Each warrant entitled the holder to purchase one Share at a price of CAD $1.20 per Share for a period of three years following the closing date of the Private Placement. A total of 3,250,000 Shares and 3,250,000 Warrants were issued in the Private Placement.

On March 1, 2021, the Company closed on a non-brokered private placement (the "Private Placement") of 3,125,000 units (the "Units") at a price of CAD $0.80 per Unit. The aggregate gross proceeds raised in this Private Placement amount to CAD $2,500,000.

Each Unit consists of one common share of Western (a "Share") plus one common share purchase warrant of Western (a "Warrant"). Each warrant entitled the holder to purchase one Share at a price of CAD $1.20 per Share for a period of three years following the closing date of the Private Placement. A total of 3,125,000 Shares and 3,125,000 Warrants were issued in the Private Placement.

On March 8, 2021, the Company entered into an agreement with a third party to complete the 2021 (Year 4) uranium concentrate delivery, with reference to Note 7. The Company agreed to pay $78,000 in April 2021 to the assignee for the assignee making the delivery in May 2021. The Company did not recognize any gain or loss on this transaction.