

**WESTERN URANIUM & VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**For the three and six months ended June 30, 2021 and 2020**  
**(Stated in USD)**

**Dated August 23, 2021**

## **INTRODUCTION**

Western Uranium & Vanadium Corp. (the "Company" or "Western", formerly Western Uranium Corporation) is the issuer. This Management's Discussion and Analysis ("MD&A") provides a review of corporate developments, results of operations and financial position for the three months ended June 30, 2021 and 2020. The MD&A is intended to supplement the consolidated financial statements and notes thereto (the "Statements") of Western for the above-noted periods.

All amounts included in the MD&A are presented in US dollars, unless otherwise specified. This report is dated August 23, 2021, and the Company's filings can be reviewed on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the CSE website at [www.cnsx.ca](http://www.cnsx.ca)

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains forward-looking statements. Forward-looking statements can often be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to obtain necessary financing, the economy generally, anticipated and unanticipated costs and other risks and uncertainties referred to elsewhere in this MD&A. Such statements could also be materially affected by environmental regulation, taxation policies, competition, the lack of available and qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal or external sources. Actual results, performance or achievement could differ materially from those expressed herein. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon Western Uranium & Vanadium Corp., as representing the Company's views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted in this MD&A under "Risk Factors".

## **ABOUT THE COMPANY**

Western Uranium & 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.

## **GOING CONCERN**

The Company has incurred continuing losses from its operations and negative operating cash flows from operations, and as of June 30, 2021, the Company had an accumulated deficit of \$11,853,683 and working capital of \$4,855,915.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes and the sale of its common shares. On February 16, 2021, the Company closed on a non-brokered private placement of 3,250,000 units at a price of CAD \$0.80 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$2,600,000 (USD \$1,950,509 in net proceeds). On March 1, 2021, the Company closed on a non-brokered private placement of 3,125,000 units at a price of CAD \$0.80 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$2,500,000 (USD \$1,918,797 in net proceeds). During the six months ended June 30, 2021, the Company received \$1,597,416 in proceeds from the exercise of warrants.

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.

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

## **HIGHLIGHTS AND SIGNIFICANT EVENTS**

### ***February 2021 Private Placement***

On February 16, 2021, the Company closed on a non-brokered private placement of 3,250,000 units at a price of CAD \$0.80 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$2,600,000. Each unit consisted 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.

### ***March 2021 Private Placement***

On March 1, 2021, the Company closed on a non-brokered private placement of 3,125,000 units at a price of CAD \$0.80 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$2,500,000. Each unit consisted of one Share and one 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.

### ***Warrant Exercises***

During the second quarter of 2021, an aggregate of 1,722,570 warrants were exercised for total gross proceeds of CAD \$2,014,513 (USD \$1,597,416). The warrants exercised predominantly included warrants whose expiration was previously extended until April 30, 2021 and May 9, 2021. Eighty percent of the warrant holders elected to exercise, and the residual warrants have expired.

### ***Bullen Property (Weld County)***

The Bullen Property is an oil and gas property located in Weld County Colorado. The Company acquired this non-core property in 2015 in the Black Range Minerals Limited acquisition, and Black Range purchased the property in 2008 for its Keota Uranium Project.

In 2017, the Company signed a three year oil and gas lease which in 2020 was extended for an additional three year term or until the end of continuous operations. The consideration was in the form of upfront bonus payments and backend 3/16<sup>th</sup> production royalty payment. Additional right-of-way easement agreements were signed which allowed for the development of a pipeline. The lease agreement allows the Company to retain property rights to vanadium, uranium, and other mineral resources.

A 2019 lawsuit was filed in the Weld County District Court over the original Bullen Property deed language which was negotiated before the Company acquired Black Range by prior management and a bank representing the estate of the property owner. The Company settled with the plaintiffs by awarding the estate's beneficiaries a non-participating royalty interest of 1/8th for all hydrocarbon and non-hydrocarbon substances that are produced and sold from the property.

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 permit to create a new pooled unit.

During 2021, the operator advanced through the oil well production stages: drilling was completed in the first quarter, wellfield completion/fracking was completed during the second quarter, drill out was completed in July, and flowback was completed in August. By mid-August 2021, each of the eight (8) Blue Teal Fed wells commenced oil and gas production. During the 4th quarter, well production levels will be determined and Western will begin receiving its proportion of royalty payments.

### ***Kinetic Separation Licensing***

During 2016, the Company submitted documentation to the Colorado Department of Public Health and Environment ("CDPHE") for a determination ruling regarding the type of license which may be required for the application of Kinetic Separation at the Sunday Mine Complex within the state of Colorado. During May and June of 2016, CDPHE

held four public meetings in several cities in Colorado as part of the process. On July 22, 2016, CDPHE closed the comment period. In connection with this matter, the CDPHE consulted with the United States Nuclear Regulatory Commission (“NRC”). In response, the CDPHE received an advisory opinion, dated October 16, 2016, which did not contain support for the NRC’s opinion and with which the Company’s regulatory counsel does not agree. NRC’s advisory opinion recommended that Kinetic Separation should be regulated as a milling operation but did recognize that there may be exemptions to certain milling regulatory requirements because of the benign nature of the non-uranium bearing sands produced after Kinetic Separation is completed on uranium-bearing ores. On December 1, 2016, the CDPHE issued a determination that the proposed Kinetic Separation operations at the Sunday Mine Complex must be regulated by the CDPHE through a milling license. The 2018 increase in the blended uranium/vanadium price has brought the Company closer to production. Beginning in 2017, the Company’s regulatory counsel prepared significant documentation in preparation for a prospective submission. On September 13, 2019, the Company’s regulatory counsel submitted a white paper to the NRC entitled “Recommendations on the Proper Legal and Policy Interpretation for Using Kinetic Separation Processes at Uranium Mine Sites.” On July 24, 2020, the NRC staff responded with a letter in support of the original conclusion. Western’s regulatory counsel has proposed alternatives. However, management has decided not to proceed at this time, given its present opportunity set.

### ***Sunday Mine Complex Vanadium Project Supplementary Requirements***

On June 18, 2019, The Colorado Division of Reclamation, Mining and Safety (CDRMS) issued a letter indicating limited supplementary requirements prior to the removal of material (ore) from the Sunday Mine Complex’s underground workings and further offsite handling. In a follow-up meeting on Monday, August 5, 2019, the Company agreed to construct an ore pad on the surface before stockpiling or storing ore outside the mine and acquire certification that the storm drainage system was constructed in accordance with the existing plan prior to the removal of ore from the Sunday Mine Complex. On August 15, 2019, the Company sent a response letter to CDRMS providing the requested additional information regarding the reopening of the Sunday Mine Complex. On September 18, 2019, the CDRMS issued a letter indicating that activities at the Sunday Mine Complex do not meet the definition of a “Mining Operation”, and thus, at this time, the Division does not consider the permits in active status. In the letter, CDRMS reiterated that prior to the removal of ore material from the mines and upgrading to an active status, the CDRMS surface requirements needed to be completed, inspected, and accepted by CDRMS. The CDRMS further noted requirements that would apply to Western’s proposed off-site kinetic separation test facility. On April 9, 2020, CDRMS issued a letter acknowledging that the Construction Completion Reports and As-Built Certifications for the ore storage pads have been reviewed and accepted. It was further noted that prior to ore being removed and placed on the ore pad an inspection would still need to be completed, but due to COVID-19 the CDRMS staff were subject to a no-travel policy under the Governor’s Stay-at-Home Order. Hence, CDRMS offered an alternative remote procedure requiring extensive photo documentation and a signed affidavit from both the manufacturer and installation crew certifying that the ore pad liner was installed in accordance with the approved Environmental Protection Plan. Additional requirements included the submission of a comprehensive hydrogeology report and completion of the Sunday Mine Complex MLRB permit hearing process. With this approval, Western has now completed every project, study, and submission stipulated as required under the existing Environmental Protection Plan by CDMRS, and all submissions have been made. The hydrogeology report is currently being reviewed by CDMRS, and approval is needed to conduct mining activities below the static groundwater level or to affect ground or surface waters. The Company is working toward the completion of an updated Plan of Operations, which is required for resumption of mining activities at the Topaz mine.

### ***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 was 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 was 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-19 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 Mine Complex 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 been 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 12, 2020, a coalition of environmental groups filed a lawsuit 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. On May 5, 2021, the Plaintiff in the Topaz Appeal filed an opening brief with the Denver District Court seeking to overturn the July 22, 2020 and October 21, 2020 MLRB permit hearing decisions on the Topaz mine permit. The MLRB and the Company were to respond with an answer brief within 35 days on or before June 9, 2021, but instead sought a settlement. The judicial review process was delayed as extensions were put in place until August 20, 2021. A settlement was not reached and the MLRB and the Company submitted answer briefs. The Plaintiff may file a reply brief up to 21 days thereafter.

### ***Sunday Mine Complex Project 2021 Restart***

On July 6, 2021, the Company issued a news release (the “July 6<sup>th</sup> News Release”) announcing its preparation for the resumption of mining activities at the Sunday Mine Complex, which was reported on the Monthly Progress Report dated July 8, 2021 (the “June 2021 Report”) and filed on the CSE website under the Company’s profile. For further details, please refer to the July 6<sup>th</sup> News Release and the June 2021 Report.

The team has completed its first three weeks on the resumption of mining activities at the Sunday Mine Complex. As the base of operations was moved from the St. Jude Mine into the Sunday Mine, significant underground refurbishment has taken place. Currently, the mines are partially ventilated, and power will be upgraded to increase ventilation. The project is operating well and on schedule with underground development projected to begin within one week. After upgrading explosives capabilities, the team will begin underground drifting of the last approximately 150 feet to complete access to the GMG uranium ore body which wasn’t completed when Denison Mining shut down operations during the last uranium bull market. Following development activities, limited ore production from this target area is anticipated.

### ***Van 4 Mine Permitting Status***

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 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, ruling that the additional five-year Temporary Cessation period should not have been granted.

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 on March 2, 2020, the MLRB issued an order vacating the Van 4 Temporary Cessation, revoking the permit, and ordering commencement of final reclamation, which must be completed within five years. The Company commenced reclamation of the Van 4 mine, but progress has been delayed both by COVID-19 restrictions and countywide fire and open flame restrictions. The reclamation cost is fully covered by the reclamation bonds posted upon acquisition of the property.

### ***Uranium Section 232 Investigation/Nuclear Fuel Working Group Process***

An investigation under Section 232 of the Trade Expansion Act of 1962 was undertaken by the U.S. Department of Commerce (“DoC”) in 2018 to assess the impact to national security of the importation of the vast majority of uranium utilized by the approximately 100 operative civilian nuclear reactors within the United States. In response to the Section 232 report, the White House disseminated a Presidential Memoranda in July 2019. At that time, President Trump formed the Nuclear Fuel Working Group (“NFWG”) to find solutions for reviving and expanding domestic nuclear fuel production and reinvigorating recommendations.

In April 2020, the Department of Energy (“DoE”) released the NFWG report entitled “Restoring America’s Competitive Nuclear Energy Advantage – A strategy to assure U.S. national security.” The report outlines a strategy for the reestablishment of critical capabilities and direct support to the front end of the U.S. domestic nuclear fuel cycle. The NFWG findings and recommendations presented are a positive outcome for U.S. uranium miners; however, the ultimate outcome and timing remains uncertain as the continuing process requires approvals and budget appropriation from Congress and implementation by U.S. government agencies. This remains an ongoing process where a number of bills were introduced in both the U.S. Senate and House to implement the key provisions of the NFWG report’s recommendations. In November 2020, after the U.S. election, the Senate Committee on Appropriations released its funding measures and allocations recommending the creation and funding of the American Uranium Reserve. In October 2020, the DoC extended the Russian Suspension Agreement for an additional 20 years until 2040. Existing categories of quotas on imports of Russian uranium into the U.S. were reduced by a graduated scale, and additional provisions were modified to eliminate loopholes. An extension of this agreement was among the NFWG’s recommendations. In further implementation of the report’s recommendations, the DoE made multiple investment awards to companies advancing new nuclear technologies. TerraPower and X-energy received awards to build demonstration models of their advanced reactor designs, and NuScale received support to deploy the first U.S. small modular reactor (“SMR”) plan comprised of 12 modules at the Idaho National Laboratory. The International Development Finance Corp. signed a letter of intent to finance NuScale’s development of 42 SMR modules in South Africa. In an acknowledgement of the future growth potential of new nuclear technologies, the U.S. government has increased its industry support to a level not seen in decades. This is being done to level the playing field versus state-sponsored foreign entities. In December 2020, U.S. Congress passed the “COVID-Relief and Omnibus Spending Bill,” which included \$75 million for the establishment of a strategic U.S. Uranium Reserve. The Biden-Harris Administration has rolled the 2021 funding into its 2022 fiscal year budget to continue this initiative. The U.S. Department of Energy (DOE) continues to work on establishing the parameters of the program and in August 2021, the DoE put out an RFI to obtain additional comments related to the establishment of the DOE’s Uranium Reserve program with a submission deadline of September 10, 2021. Also, recent follow through includes the July 2021 public release of the uranium Section 232 report which the DoC presented to President Trump in April 2019. The report concluded that uranium imports were “weakening our internal economy” and “threaten to impair the national security” and recommended immediate actions to “enable U.S. producers to recapture and sustain a market share of U.S. uranium consumption”. These actions were not taken in favor of the NFWG process.

### ***Vanadium Section 232 Investigation***

In the United States, a petition for an investigation under Section 232 of the Trade Expansion Act of 1962 was requested by two domestic companies in November 2019. On June 2020, the U.S. Secretary of Commerce, Wilbur Ross, initiated an investigation into whether the present quantities or circumstances of vanadium imports into the United States threaten to impair the national security. The initiation of this investigation created a 270-day window, which lasted until February 2021, to compile and deliver a report to the President of the United States. The Section 232 National Security Investigation of Imports of Vanadium was concluded and a report was submitted to President Biden in February 2021 and in July 2021 the report was made public. It concluded that vanadium imports “do not threaten to impair the national security as defined in Section 232,” but identified and recommended “several actions that would help to ensure reliable domestic sources of vanadium and lessen the potential for imports to threaten national security.” No action has been taken on these recommendations.

### ***Biden-Harris Administration Initiatives***

The positive momentum has continued for the nuclear and uranium mining sector due to the Biden-Harris Administration’s emphasis on climate change. The “Plan to Build a Modern Sustainable Infrastructure and an Equitable Clean Energy Future” emphasizes climate change solutions. Upon taking office, the Biden team immediately rejoined the Paris Agreement and continued its pursuit of campaign promises of investments in clean energy, creating jobs, producing clean electric power, and achieving carbon-pollution free energy in electricity generation by 2035. Since taking office, President Biden has given all agencies climate change initiatives and has

started a climate change working group. The existing U.S. nuclear reactor fleet currently produces in excess of 50% of U.S. clean energy, and new, advanced nuclear technologies promise to generate additional clean energy. A White House national climate advisor told the media in a press briefing that the Biden-Harris Administration intends to seek a national clean energy standard that includes nuclear energy. The Company believes that nuclear energy will be increasingly able to compete on a level playing field with renewable energy technologies. The recent Infrastructure bill provides significant support for nuclear power generation from existing reactors and new technologies. There has been legislative advancement of implementation mechanisms including tax credits, subsidies, and/or U.S. utilities being required to produce an increasing proportion of electricity generation from clean energy power sources.

### ***Strategic Acquisition of Physical Uranium***

On June 2, 2021, the Company executed a binding agreement to purchase 125,000 pounds of natural uranium concentrate at the market price, in which the Company plans to take delivery on or before June 2022.

### **COVID-19**

During 2020 and continuing into 2021, the world has been, and continues to be, impacted by the COVID-19 pandemic. COVID-19, and measures to prevent its spread, impacted our business in a number of ways. The impact of these disruptions and the extent of their adverse impact on the Company's financial and operating results will be dictated by the length of time that such disruptions continue, which will, in turn, depend on the currently unpredictable duration and severity of the impacts of COVID-19, and among other things, the impact of governmental actions imposed in response to COVID-19 and individuals' and companies' risk tolerance regarding health matters going forward and developing strain mutations. To date, COVID-19 has primarily caused Western delays in reporting, regulatory matters, 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.

## Results of Operations

### Summary

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
Lease revenue	\$ 16,155	\$ 11,155	\$ 32,310	\$ 22,310
<b>Expenses</b>				
Mining expenditures	40,034	57,755	87,893	292,471
Professional fees	104,481	111,421	150,868	185,177
General and administrative	262,799	280,383	473,980	669,780
Consulting fees	4,009	8,882	4,009	36,822
<b>Total operating expenses</b>	<u>411,323</u>	<u>458,441</u>	<u>716,750</u>	<u>1,184,250</u>
<b>Operating loss</b>	(395,168)	(447,286)	(684,440)	(1,161,940)
Interest expense, net	1,001	1,885	3,343	5,701
Settlement expense	78,441	-	78,441	-
Warrant modification expense	-	639,012	-	639,012
<b>Net loss</b>	<u>(474,610)</u>	<u>(1,088,183)</u>	<u>(766,224)</u>	<u>(1,806,653)</u>
<b>Other Comprehensive income (expense)</b>				
Foreign exchange gain (loss)	<u>24,930</u>	<u>(37,358)</u>	<u>69,894</u>	<u>(115,801)</u>
<b>Comprehensive loss</b>	<u>(449,680)</u>	<u>(1,125,541)</u>	<u>(696,330)</u>	<u>(1,922,454)</u>
<b>Net loss per share - basic and diluted</b>	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>

### *Three Months Ended June 30, 2021 as Compared to the Three Months Ended June 30, 2020*

Our condensed consolidated net loss for the three months ended June 30, 2021 and 2020 was \$474,610 and \$1,088,183 or (\$0.01) and (\$0.04) per share, respectively. The principal components of these quarter over quarter changes are discussed below.

Our comprehensive loss for the three months ended June 30, 2021 and 2020 was \$449,680 and \$1,125,541, respectively.

1. Our revenue for the three months ended June 30, 2021 and 2020 was \$16,155 and \$11,155, respectively. This revenue resulted from lease revenue pursuant to a July 18, 2017 oil and gas lease agreement, which was extended for an additional three years in 2020 at a 150% increased rate. The February 2, 2018 pipeline easement with the initial operator has terminated resulting in a decrease in this portion of revenue. The July 1, 2018 right-of-way agreement with the new operator was consistent between periods. The aforementioned revenue streams are derived from the Weld County oil and gas property.
2. Mining expenditures for the three months ended June 30, 2021 were \$40,034 as compared to \$57,755 for the three months ended June 30, 2020. The decrease in mining expenditures of \$17,721, or 31% was principally attributable to mining expenditures related to the Sunday Mine Complex project in 2020 during the second quarter without corresponding 2021 expenditures.
3. Professional fees for the three months ended June 30, 2021 were \$104,481 as compared to \$111,421 for the three months ended June 30, 2020. The decrease in professional fees of \$6,940, or 6% is primarily attributable to a \$9,221 decrease in investor relations expenditures.



4. General and administrative expenses for the three months ended June 30, 2021 were \$262,799 as compared to \$280,383 for the three months ended June 30, 2020. The decrease in general and administrative expense of \$17,584, or 6% is principally due to a \$45,924 decrease in stock-based compensation expense offset by a \$12,132 increase in payroll expenses and \$5,071 increase in insurance expense.
5. Consulting fees for the three months ended June 30, 2021 were \$4,009 as compared to \$8,882 for the three months ended June 30, 2020. The decrease in consulting fees was principally due to the Company's reduced utilization of consultants during the current period.
6. Interest expense, net, for the three months ended June 30, 2021 was \$1,001 as compared to \$1,885 for the three months ended June 30, 2020. The decrease of interest expense, net, of \$884 was comparable for both quarterly periods presented, and was primarily driven by the accretion of our reclamation liability.
7. Foreign exchange gain (loss) for the three months ended June 30, 2021 was \$24,930 as compared to (\$37,358) for the three months ended June 30, 2020. The increase of the foreign exchange gain is primarily due to holding cash balances in Canadian Dollars and the translation gain from using United States Dollars as the reporting currency.

***Six Months Ended June 30, 2021 as Compared to the Six Months Ended June 30, 2020***

Our condensed consolidated net loss for the six months ended June 30, 2021 and 2020 was \$766,224 and \$1,806,653 or (\$0.02) and (\$0.06) per share, respectively. The principal components of these quarter over quarter changes are discussed below.

Our comprehensive loss for the six months ended June 30, 2021 and 2020 was \$696,330 and \$1,922,454, respectively.

1. Our revenue for the six months ended June 30, 2021 and 2020 was \$32,310 and \$22,310, respectively. This revenue resulted from lease revenue pursuant to a July 18, 2017 oil and gas lease agreement, which was extended for an additional three years in 2020 at a 150% increased rate. The February 2, 2018 pipeline easement with the initial operator has terminated resulting in a decrease in this portion of revenue. The July 1, 2018 right-of-way agreement with the new operator was consistent between periods. The aforementioned revenue streams are derived from the Weld County oil and gas property.
2. Mining expenditures for the six months ended June 30, 2021 were \$87,893 as compared to \$292,471 for the six months ended June 30, 2020. The decrease in mining expenditures of \$204,578, or 70% was principally attributable to mining expenditures related to the Sunday Mine Complex project in 2020 without corresponding 2021 expenditures.
3. Professional fees for the six months ended June 30, 2021 were \$150,868 as compared to \$185,177 for the six months ended June 30, 2020. The decrease in professional fees of \$34,309, or 19% was due to a \$13,013 decrease in investor relations expenditures and \$20,947 reduction in other professional services utilization.
4. General and administrative expenses for the six months ended June 30, 2021 were \$473,980 as compared to \$669,780 for the six months ended June 30, 2020. The decrease in general and administrative expense of \$195,800, or 29% is due to a \$199,966 decrease in stock-based compensation expense and \$18,088 decrease in travel and convention expenditures.
5. Consulting fees for the six months ended June 30, 2021 were \$4,009 as compared to \$36,822 for the six months ended June 30, 2020. The decrease in consulting fees was principally due to the Company's reduced utilization of consultants during the current period.
6. Interest expense, net, for the six months ended June 30, 2021 was \$3,343 as compared to \$5,701 for the six months ended June 30, 2020. The decrease of interest expense, net, of \$2,358 was due to the forgiveness of the Company's Paycheck Protection Program (PPP) loan.

7. Foreign exchange gain (loss) for the six months ended June 30, 2021 was \$69,894 as compared to (\$115,801) for the six months ended June 30, 2020. The increase of the foreign exchange gain is primarily due to holding cash balances in Canadian Dollars and the translation gain from using United States Dollars as the reporting currency.

## **Financial Position**

### ***Net cash used in operating activities***

Net cash used in operating activities was \$753,946 for the six months ended June 30, 2021, as compared with \$656,376 for the six months ended June 30, 2020. Of the \$754,802 in net cash used in operating activities, \$766,224 is derived from our net loss before non-cash adjustments. During the six months ended June 30, 2021, \$8,564 represented an increase in depreciation, \$2,867 represented an increase in accretion of reclamation liability, \$18,856 represented a decrease in prepaid expenses and other current assets, \$52,388 represented an increase in accounts payable and accrued expenses, and \$32,310 represented a decrease in deferred revenue.

### ***Net cash used in investing activities***

Net cash used in investing activities was \$65,000 for the six months ended June 30, 2021, as compared with \$0 for the six months ended June 30, 2020. This capital expenditure relates to purchasing property and equipment for our mining operations.

### ***Net cash provided by financing activities***

Net cash provided by financing activities for the six months ended June 30, 2021 and 2020 were \$5,466,722 and \$73,116, respectively. The Company completed two private placements during the first quarter of 2021 representing aggregate net proceeds of \$3,869,306 and received \$1,597,416 from the exercise of warrants.

### ***Liquidity and Capital Resources***

The Company's cash balance as of June 30, 2021 was \$5,275,792. The Company's cash position is highly dependent on its ability to raise capital through the issuance of debt and equity and its management of expenditures for mining development and for fulfillment of its public company reporting responsibilities. Management believes that in order to finance the development of the mining properties and Kinetic Separation, the Company will be required to raise additional capital by way of debt and/or equity. The Company could potentially require additional capital if the scope of the Sunday Mine Complex expands. This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on current exploration program results and/or external opportunities.

### ***Reclamation Liability***

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 June 30, 2021 and December 31, 2020, to be approximately \$896,833 and \$906,811, 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%. The net discounted aggregated values as of June 30, 2021 and December 31, 2020 were \$312,807 and \$309,940, respectively. The gross reclamation liabilities as of June 30, 2021 and December 31, 2020 are secured by financial warranties in the amount of \$896,833 and \$906,811, respectively.

During the first quarter 2021, the Company received notice that its Ferris Haggerty property was no longer considered to be subject to reclamation treatment. The Company recorded a discontinuation of the Ferris Haggerty property's present value of \$2,669 during the first quarter 2021. On April 29, 2021, the Company removed the portion of the restricted cash related to the Ferris Haggerty property into its cash account for a total of \$10,000.

### ***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 from 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 2021, the operator completed all well development stages and each of the eight (8) Blue Teal Fed wells commenced oil and gas production by mid-August 2021.

During the three months ended June 30, 2021 and 2020 the Company recognized aggregate revenue of \$16,155 and \$11,155, respectively, and for the six months ended June 30, 2021 and 2020, the Company recognized aggregate revenue of \$32,310 and \$22,310, respectively, under these oil and gas lease arrangements.

### ***Related Party Transactions***

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 \$374,980 as of June 30, 2021) 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 \$374,980 and \$392,086 as of June 30, 2021 and December 31, 2020, respectively.

### ***Going Concern***

The Company has incurred continuing losses from its operations and as of June 30, 2021, the Company had an accumulated deficit of \$11,853,683 and working capital of \$4,855,915.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes and the sale of its common shares. On February 16, 2021, the Company closed on a non-brokered private placement of 3,250,000 units at a price of CAD \$0.80 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$2,600,000 (USD \$1,950,509 in net proceeds). On March 1, 2021, the Company closed on a non-brokered private placement of 3,125,000 units at a price of CAD \$0.80 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$2,500,000 (USD \$1,918,797 in net proceeds). During the six months ended June 30, 2021, the Company received \$1,597,416 in proceeds from the exercise of warrants.

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, securing regulatory approval to fully utilize its Kinetic Separation, and initiating the processing of ore to generate operating cash flows.

There are no assurances that the Company will be able to raise capital on terms acceptable to the Company or at all, or that cash flows generated from its operations will be sufficient to meet its current operating costs and required debt

service. If the Company is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned product development, which could harm its financial condition and operating results, or it may not be able to continue to fund its ongoing operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern to sustain operations for at least one year from the issuance of the accompanying financial statements. The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

### ***Off Balance Sheet Arrangements***

As of June 30, 2021, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

### ***Critical Accounting Estimates and Policies***

The preparation of these condensed consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of expenses during the reporting period.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, include, but are not limited to, the following: fair value of transactions involving common shares, assessment of the useful life and evaluation for impairment of intangible assets, valuation and impairment assessments on mineral properties, deferred contingent consideration, the reclamation liability, valuation of stock-based compensation, valuation of available-for-sale securities and valuation of long-term debt, HST and asset retirement obligations. Other areas requiring estimates include allocations of expenditures, depletion and amortization of mineral rights and properties.

### **Summary of Quarterly Results**

The table below reflects a summary of certain key financial results for each of the company's previous four quarters ended June 30, 2021:

Description	June 30, 2020 \$	March 31, 2021 \$	December 31, 2020 \$	September 30, 2020 \$
<b>Balance sheet</b>				
Cash	5,275,792	4,119,776	565,250	818,630
Mineral properties and equipment	11,791,958	11,797,865	11,735,522	11,738,179
Kinetic separation intellectual property	9,488,051	9,488,051	9,488,051	9,488,051
Accounts payable	541,182	493,695	488,794	505,509
Shareholders' equity	23,543,758	22,396,022	18,773,366	19,002,934
<b>Income statement</b>				
Lease revenue	16,155	16,155	21,155	11,155
Mining expenditures	40,034	47,859	47,545	53,166
Professional fees	104,481	46,387	47,375	67,356
Comprehensive loss	(449,680)	(246,650)	(229,568)	(351,728)

## **RISKS**

There are a number of factors that could negatively affect the Company's business and the value of its securities, including the factors listed below. The following information pertains to the outlook and conditions currently known to Western that could have a material impact on the financial condition of Western. Other factors may arise in the future that are currently not foreseen by management of the Company that may present additional risks in the future. Current and prospective security holders of the Company should carefully consider these risk factors.

### **Internal Cash Flow Risk**

The uranium/vanadium ore that we have mined remains stockpiled underground at the Sunday Mine Complex. As a result, we have no saleable product and currently have no sources of operating cash. If we cannot access additional sources of private or public capital, partner with another company that has cash resources and/or find or develop other means of generating revenue other than uranium or vanadium sales, we may not be able to remain in business.

We currently have no way to generate cash inflows prior to commencement of either uranium or vanadium sales, unless we monetize certain of our assets, obtain additional financing, or receive production royalties from the Weld County oil and gas property. We can provide no assurance that our properties will produce saleable production or, if so, that we will be able to continue to find, develop, acquire and finance mineable reserves. If we cannot monetize certain existing assets, partner with another company that has cash resources, find or develop other means of generating revenue other than uranium or vanadium production and/or access additional sources of private or public capital, we may not be able to remain in business and our shareholders may lose their entire investment.

Our ability to operate on a positive cash flow basis will be dependent on mining sufficient quantities of uranium or vanadium at a profit sufficient to finance our operations and for the acquisition and development of additional mining properties. Any profit will necessarily be dependent upon, and affected by, the long- and short-term market prices of uranium and vanadium, which are subject to significant fluctuation. Uranium prices have been and will continue to be affected by numerous factors beyond our control. These factors include the demand for nuclear power, political and economic conditions in uranium producing and consuming countries, uranium supply from secondary sources, the COVID-19 pandemic, and uranium production levels and costs of production. A significant, sustained drop in uranium/vanadium prices may make it impossible to operate our business at a level that will permit us to cover our fixed costs or to remain in operation. Vanadium prices may also be affected by numerous factors outside of our control such as: demand for steel, the potential for vanadium to be used in energy storage technologies, costs of production, world production levels, and political and economic conditions in vanadium producing and consuming countries.

### **Limited Operating History**

We acquired our first mineral properties in November of 2014. To date, we have been acquiring additional mineral properties, developing and mining the Sunday Mine Complex, and raising capital. We hold a portfolio of uranium/vanadium resource properties in various stages of exploration in the States of Colorado and Utah.

We have a history of significant negative cash flow and net losses, with an accumulated deficit balance of \$11.9 million and \$11.1 million at June 30, 2021 and December 31, 2020, respectively. We have been reliant on equity financings from the sale of our common shares and on debt financing in order to fund our operations. We do not expect to achieve profitability or develop positive cash flow from operations in the near term. As a result of our limited financial and operating history, including our significant negative cash flow and net losses to date, it may be difficult to evaluate our future performance.

At June 30, 2021 and December 31, 2020, we had working capital of \$4,855,915 and \$162,375, respectively. The continuation of the Company as a going concern is dependent upon our ability to obtain adequate additional financing which we have successfully secured since inception. However, there is no assurance that we will be successful in securing additional financing in the future. Our condensed consolidated financial statements for the six months ended June 30, 2021 and 2020, which are incorporated herein by reference, were prepared assuming that we would continue as a going concern. We have incurred continuing losses from operations, and we are dependent upon future sources of equity or debt financing in order to fund our operations. These conditions raise substantial doubt about our ability to continue as a going concern. Our condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required will depend on many factors beyond our control, including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electricity generation, the volatility in the global financial markets affecting our stock price, the impact of the COVID-19 pandemic and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as asset divestitures or joint venture arrangements to continue advancing our uranium projects, which would depend entirely on finding a suitable third party willing to enter into such an arrangement, typically involving an assignment of a percentage interest in the mineral project.

Our long-term success, including the recoverability of the carrying values of our assets and our ability to acquire additional uranium projects and continue with exploration and pre-extraction activities and mining activities on our existing uranium projects, will depend ultimately on our ability to achieve and maintain profitability and positive cash flow from our operations by establishing ore bodies that contain commercially recoverable uranium and to develop these into profitable mining activities. The economic viability of our mining activities has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates and/or vanadium; (iii) significantly higher than expected capital costs to develop mines and/or construct a processing plant; (iv) significantly higher than expected extraction costs; (v) significantly higher than expected processing costs in lieu of constructing a processing plant; (vi) significantly lower than expected uranium and vanadium extraction; (vii) significant delays, reductions or stoppages of uranium/vanadium extraction activities; and (viii) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties, and there is no assurance that any ore body that we extract mineralized materials from will result in achieving and maintaining profitability and developing positive cash flow.

### **Mining Capitalization Risk**

Our operations are capital intensive and future capital expenditures are expected to be substantial. We will require significant additional financing to fund our operations, including acquiring additional uranium/vanadium resource properties and projects and pursuing exploration, development, and mining operations. In the absence of such additional financing, we would not be able to fund our operations, which may result in delays, curtailment or abandonment of any one or all of our uranium and/or vanadium projects.

### **Uranium/Vanadium Mining Operation Risk**

Uranium/vanadium exploration, development and mining operations are inherently subject to numerous significant risks and uncertainties, many beyond our control, including, but not limited to: (i) unanticipated ground and water conditions and adverse claims to water rights; (ii) unusual or unexpected geological formations; (iii) metallurgical and other processing problems; (iv) the occurrence of unusual weather or operating conditions and other force majeure events; (v) lower than expected ore grades; (vi) industrial accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) availability of contractors and labor; (x) government permit restrictions and regulation restrictions; (xi) unavailability of materials and equipment; and (xii) the failure of equipment or processes to operate in accordance with specifications or expectations. These risks and uncertainties could result in delays, reductions or stoppages in our mining activities; increased capital and/or extraction costs; damage to, or destruction of, our mineral projects, extraction facilities or other properties; personal injuries; environmental damage; monetary losses; and legal claims.

Success in uranium/vanadium exploration is dependent on many factors, including, without limitation, the experience and capabilities of a company's management, the availability of geological expertise and the availability of sufficient funds to conduct the exploration program. Even if an exploration program is successful and commercially recoverable uranium/vanadium is established, it may take a number of years from the initial phases of drilling and identification of the mineralization until extraction is possible, during which time the economic feasibility of extraction may change such that the uranium ceases to be economically recoverable.

Uranium/vanadium exploration is frequently non-productive due, for example, to poor exploration results or the inability to establish ore bodies that contain commercially recoverable uranium, in which case the uranium project may be abandoned and written-off. Furthermore, we will not be able to benefit from our exploration efforts and recover the expenditures that we incur on our exploration programs if we do not establish ore bodies that contain commercially

recoverable uranium/vanadium and develop these uranium/vanadium projects into profitable mining activities, and there is no assurance that we will be successful in doing so for any of our uranium/vanadium projects.

Whether an ore body contains commercially recoverable uranium/vanadium depends on many factors including, without limitation: (i) the particular attributes, including material changes to those attributes, of the ore body such as size, grade, recovery rates and proximity to infrastructure; (ii) the market price of uranium, which may be volatile; and (iii) government regulations and regulatory requirements including, without limitation, those relating to environmental protection, permitting and land use, taxes, land tenure and transportation.

We are an “exploration stage issuer”, as defined by the SEC in subpart 1300 of Regulation S-K (“Subpart 1300”), even though the Sunday Mine Complex has been permitted and developed and we intend to do additional development to expand near-term production capacity. We have not established proven mineral reserves or probable mineral reserves, as defined in Subpart 1300, through the completion of a “final” or “bankable” feasibility study for any of our uranium properties. Furthermore, we have no current plans to establish proven mineral reserves or probable mineral reserves for any of our uranium properties as it doesn’t serve a business purpose at the present time. Thus, although we intend to conduct further development and production activities at the Sunday Mine Complex in the near term, we have not demonstrated the viability of such plans in accordance with Subpart 1300.

### **Mining Opposition Disruption Risk**

In recent years, governmental and non-governmental agencies, individuals, communities and courts have become more vocal and active with respect to their opposition to certain mining and business activities. This opposition may take on forms such as road blockades, applications for injunctions seeking work stoppages, refusals to grant access to lands or to sell lands on commercially viable terms, lawsuits for damages or to revoke or modify licenses and permits, issuances of unfavorable laws and regulations, and other rulings that could be contrary to our interests. These actions can occur in response to current activities or in respect of mines that are decades old. In addition, these actions can occur in response to our activities or the activities of other unrelated entities. Opposition to our activities may also result from general opposition to nuclear energy. Opposition to our mining and business activities is beyond our control. Any such opposition may disrupt our business and may result in increased costs, which could have a material adverse effect on our business and financial condition.

### **Kinetic Separation Regulatory Risk**

We have acquired a license for Kinetic Separation, which provides a low cost, purely physical, method of separating uranium and vanadium mineralization from waste. To utilize and commercialize Kinetic Separation to process uranium/vanadium bearing ore there are uncertainties that must be overcome, which include the uncertainty as to the evolution of the regulatory framework and technological considerations. Either may cause delays in start-up, and/or increase costs, and may preclude the realization of the anticipated benefits of the Kinetic Separation process. Use of Kinetic Separation represents an additional processing step, requiring additional equipment, support, material handling and a potential increase in water usage requirements.

### **Technological Risk**

Requirements for our products and services may be affected by technological changes in nuclear reactors, enrichment and used uranium fuel reprocessing. These technological changes could reduce the demand for uranium. In addition, our competitors may adopt technological advancements that give them an advantage over us.

### **Equipment and Supply Shortage Risk**

We are dependent on various supplies and equipment to carry out our mining exploration and, if warranted, development operations. Any shortage of such supplies, equipment, and parts could have a material adverse effect on our ability to carry out our operations and could therefore limit, or increase the cost of, production.

### **Joint Venture or Partnership Risk**

We may enter into joint ventures, partnership arrangements, or offtake agreements, with other parties in relation to the exploration, development, and production of the properties in which we have an interest. Any failure of such other companies to meet their obligations to us or to third parties, or any disputes with respect to the parties’ respective rights and obligations, could have a material adverse effect on us, the development and production at our properties,

and on future joint ventures, if any, or their properties, and therefore could have a material adverse effect on our results of operations, financial performance, cash flows and the price of our common shares.

### **Insurance Risk**

In general, where coverage is available and not prohibitively expensive relative to the perceived risk, we will maintain insurance against such risk, subject to exclusions and limitations. We currently maintain insurance against certain risks including securities and general commercial liability claims and certain physical assets used in our operations, subject to exclusions and limitations; however, we do not maintain insurance to cover all of the potential risks and hazards associated with our operations. We may be subject to liability for environmental, pollution or other hazards associated with our exploration, pre-extraction and extraction activities, which we may not be insured against, which may exceed the limits of our insurance coverage or which we may elect not to insure against because of high premiums or other reasons. Furthermore, we cannot provide assurance that any insurance coverage we currently have will continue to be available at reasonable premiums or that such insurance will adequately cover any resulting liability.

### **Financial Surety Risk**

Future financial surety requirements to comply with federal and state environmental and remediation requirements and to secure necessary licenses and approvals may increase significantly as future development and production occurs at certain of our sites in the United States. The amount of the financial surety for each producing property is subject to annual review and revision by regulators. We expect that the issuer of the financial surety instruments will require us to provide cash collateral for a significant amount of the face amount of the bond to secure the obligation. In the event we are not able to raise, secure or generate sufficient funds necessary to satisfy these requirements, we will be unable to develop our sites and bring them into production, which inability will have a material adverse impact on our business and may negatively affect our ability to continue to operate.

### **Merger and Acquisition Risk**

From time to time, we may examine opportunities to acquire additional mining assets and businesses. Any acquisition that we may choose to complete may be of a significant size, may change the scale of our business and operations, and may expose us to new geographic, political, operating, financial and geological risks. Our success in our acquisition activities depends on our ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully. Any acquisitions would be accompanied by risks which could have a material adverse effect on our business. For example, there may be a significant change in commodity prices after we have committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt our ongoing business and our relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. If we choose to raise debt capital to finance any such acquisition, our leverage will be increased. If we choose to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, we may choose to finance any such acquisition with our existing resources. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

### **Industry Regulatory Risk**

Uranium exploration and development programs and mining activities are subject to numerous stringent laws, regulations and standards at the federal, state, and local levels governing permitting, pre-extraction, extraction, exports, taxes, labor standards, occupational health, waste disposal, protection and reclamation of the environment, protection of endangered and protected species, mine safety, hazardous substances and other matters. Our compliance with these requirements requires significant financial and personnel resources.

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States or any other applicable jurisdiction, may change or be applied or interpreted in a manner which may also have a material adverse effect on our operations. The actions, policies or regulations, or changes thereto, of any government body or regulatory agency or special interest group, may also have a material adverse effect on our operations.



Uranium exploration and development programs and mining activities are subject to stringent environmental protection laws and regulations at the federal, state, and local levels. These laws and regulations, which include permitting and reclamation requirements, regulate emissions, water storage and discharges and disposal of hazardous wastes. Uranium mining activities are also subject to laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods. Various permits from governmental and regulatory bodies are required for mining to commence or continue, and no assurance can be provided that required permits will be received in a timely manner.

Our compliance costs including the posting of surety bonds associated with environmental protection laws and regulations and health and safety standards have been significant to date and are expected to increase in scale and scope as we expand our operations in the future. Furthermore, environmental protection laws and regulations may become more stringent in the future, and compliance with such changes may require capital outlays greater than those anticipated or cause substantial delays, which would have a material adverse effect on our operations.

To the best of our knowledge, our operations comply, in all material respects, with all applicable laws, regulations and standards. We may not be able or may elect not to insure against the risk of liability for violations of such laws, regulations and standards, due to high insurance premiums or other reasons. Where coverage is available and not prohibitively expensive relative to the perceived risk, we will maintain insurance against such risk, subject to exclusions and limitations. However, we cannot provide any assurance that such insurance will continue to be available at reasonable premiums or that such insurance will be adequate to cover any resulting liability.

### **Climate Change Regulation Risk**

A number of governments or governmental bodies have introduced or are contemplating legislative and/or regulatory changes in response to concerns about the potential impact of climate change. Although new legislation and increased regulation regarding climate change could potentially benefit the nuclear and uranium mining industries by helping to spur an increase in worldwide demand for and use of nuclear fuel, it could also impose significant costs on us, on our future venture partners, if any, and on our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, and other costs necessary to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the emotional and political significance and uncertainty surrounding the impact of climate change and how it should be dealt with, we cannot predict how legislation and regulation will ultimately affect our financial condition, operating performance, and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain, could be particular to the geographic circumstances in areas in which we operate and may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels, and changing temperatures. These impacts may adversely impact the cost, production, and financial performance of our operations.

### **Permitting Risk**

Our exploration, development and mining activities are dependent upon the grant of appropriate rights, authorizations, licenses, permits and consents, as well as continuation and amendment of these rights, authorizations, licenses, permits and consents already granted, which may be granted for a defined period, or may not be granted or may be withdrawn or made subject to limitations. There can be no assurance that all necessary rights, authorizations, licenses, permits and consents will be granted to us, or that authorizations, licenses, permits and consents already granted will not be withdrawn or made subject to limitations.

### **Decommissioning and Reclamation Risk**

Natural resource companies are required to close their operations and rehabilitate the lands in accordance with a variety of environmental laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for uranium operations are significant and are based principally on current legal and regulatory requirements and closure plans that may change materially. Any underestimated or unanticipated rehabilitation costs could materially affect our financial position, results of operations and cash flows. Environmental liabilities are accrued when they become known, are probable and can be reasonably estimated. Whenever a previously unrecognized remediation liability becomes known,

or a previously estimated reclamation cost is increased, the amount of that liability and additional cost will be recorded at that time and could materially reduce our consolidated net income in the related period.

The laws and regulations governing closure and remediation in a particular jurisdiction are subject to review at any time and may be amended to impose additional requirements and conditions which may cause our provisions for environmental liabilities to be underestimated and could materially affect our financial position or results of operations.

### **Nuclear Incident Risk**

The nuclear incident that occurred in Japan in March 2011 had significant and adverse effects on both the nuclear and uranium industries. If another nuclear incident were to occur, it may have further adverse effects for both industries. Public opinion of nuclear power as a source of electricity generation may be adversely affected, which may cause governments of certain countries to further increase regulation for the nuclear industry, reduce or abandon current reliance on nuclear power or reduce or abandon existing plans for nuclear power expansion. Any one of these occurrences has the potential to reduce current and/or future demand for nuclear power, resulting in lower demand for uranium and lower market prices for uranium, adversely affecting the Company's operations and prospects. Furthermore, the growth of the nuclear and uranium industries is dependent on continuing and growing public support of nuclear power as a viable source of electricity generation.

### **Uranium Marketability Risk**

The marketability of uranium concentrates extracted by us will be affected by numerous factors beyond our control. These factors include macroeconomic factors, fluctuations in the market price of uranium, governmental regulations, land tenure and use, regulations concerning the importing and exporting of uranium and environmental protection regulations. The future effects of these factors cannot be accurately predicted, but any one or a combination of these factors may result in our inability to receive an adequate return on our invested capital.

### **Customer Concentration Risk**

We are dependent on a limited number of electric utilities that buy uranium for nuclear power plants. Because of the limited market for uranium, a reduction in purchases of newly produced uranium by electric utilities for any reason (such as plant closings) would adversely affect the viability of our business.

### **Infrastructure Maintenance Risk**

Mining, processing, development and exploration activities depend, to a substantial degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. We consider the existing infrastructure to be adequate to support our currently proposed operations. However, unusual or infrequent weather phenomena, sabotage, or government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations, financial condition and results of operations.

### **Mill Access Risk**

Since we do not have a mill of our own, we will need to arrange with a third party for any milling that is needed in the future. Because the number of mills permitted for processing of uranium and vanadium is very limited, it may be difficult for us to gain access to a mill on favorable terms or at all. This could result in increased costs and/or significant delays in or interruption of or cessation of the Company's business activities. We could sell uranium ore without utilizing a mill to process into yellowcake (U<sub>3</sub>O<sub>8</sub>), however this practice would likely generate lower revenues.

### **Renewable and Alternative Energy Competitive Risk**

The attractiveness of uranium as an alternative fuel to generate electricity may be dependent on the relative prices of oil, gas, wind, solar, coal and hydro-electricity and the possibility of developing other low-cost sources of energy. If the prices of alternative energy sources decrease or new low-cost alternative energy sources are developed, the demand for uranium could decrease, which may result in a decrease in the price of uranium.

### **Mineral Property Control and Title Risk**

Although we have taken reasonable measures to ensure proper title to our interests in mineral properties and other assets, there is no guarantee that the title to any of such interests will not be challenged. No assurance can be given that we will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to us, or that governments in the jurisdictions in which we operate will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments, aboriginal peoples or other claimants. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. A successful challenge to the precise area and location of our claims could result in us being unable to operate on our properties as permitted or being unable to enforce our rights with respect to our properties.

### **Legal Risk**

Due to the nature of our business, we may be subject to numerous regulatory investigations, securities claims, civil claims, lawsuits and other proceedings in the ordinary course of our business. The outcome of these lawsuits is uncertain and subject to inherent uncertainties, and the actual costs to be incurred will depend upon many unknown factors. We may be forced to expend significant resources in the defense of these suits, and we may not prevail. Defending against these and other lawsuits in the future may not only require us to incur significant legal fees and expenses but may become time-consuming for us and detract from our ability to fully focus our internal resources on our business activities. The results of any legal proceeding cannot be predicted with certainty due to the uncertainty inherent in litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on our business, financial position or operating results.

### **Global and Government Sponsored Competition Risk**

There is global competition for uranium properties, capital, customers and the employment and retention of qualified personnel. In the production and marketing of uranium, there are a number of producing entities, some of which are government controlled and all of which are significantly larger and better capitalized than we are. Many of these organizations also have substantially greater financial, technical, manufacturing and distribution resources than we have.

Our future uranium production may also compete with uranium recovered from the de-enrichment of highly enriched uranium obtained from the dismantling of United States and Russian nuclear weapons and imports to the United States of uranium from the former Soviet Union and from the sale/barter of uranium inventory held by the United States Department of Energy. Import competition from state-owned uranium enterprises and the non-market business practices of Russia, Kazakhstan, Uzbekistan, and China, unless addressed, will continue to impact U.S. civilian nuclear reactor supply decisions in sourcing nuclear fuel. In addition, there are numerous entities in the market that compete with us for properties and are attempting to become licensed to operate ISR and/or underground mining facilities. If we are unable to successfully compete for properties, capital, customers or employees or with alternative uranium sources, it could have a materially adverse effect on our results of operations.

Because we have limited capital, we may be unable to withstand significant losses that can result from inherent risks associated with mining, including environmental hazards, industrial accidents, flooding, earthquake, interruptions due to weather conditions and other acts of nature which larger competitors could withstand. Such risks could result in damage to or destruction of our infrastructure and production facilities, as well as to adjacent properties, personal injury, environmental damage and processing and production delays, causing monetary losses and possible legal liability. Our business could also be harmed if we lose the services of our key personnel.

Our business and mineral exploration programs depend upon our ability to retain and employ the services of geologists, engineers and other experts as subcontractors and/or as employees. In operating our business and in order to continue our programs, we compete for the services of professionals with other mineral exploration companies and businesses. In addition, several entities have expressed an interest in hiring certain of our employees. Our ability to maintain and expand our business and continue our exploration programs may be impaired if we are unable to continue to engage or employ those parties currently providing services and expertise to us or identify and engage or employ other qualified personnel to do so in their place. The number of available qualified mining subcontractors is limited, and there is no assurance that we will be able to engage or retain the subcontractors needed to carry out our current or future business plans. To retain key employees, we may also face increased compensation costs, including potential

new stock incentive grants, and there can be no assurance that the incentive measures we implement will be successful in helping us retain our key personnel.

### **Dependence on Key Personnel and Qualified and Experienced Employees**

We are dependent on a small number of key management personnel, including our Chief Executive Officer and Chief Financial Officer. The loss of any officer could have a material adverse effect on us. We have no life insurance on any individual, and we may not be able to hire a suitable replacement for any officer on favorable terms, should that become necessary.

### **Internal Control Risk**

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate consolidated financial statements on a timely basis is a costly and time-consuming effort that will need to be evaluated frequently. Section 404 of the U.S. Sarbanes-Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls. Our failure to maintain the effectiveness of our internal controls in accordance with the requirements of the Sarbanes-Oxley Act could have a material adverse effect on our business. We could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on the price of our common shares.

### **Foreign Currency Risk**

Our operations are subject to foreign currency fluctuations. Our operating expenses and revenues are primarily incurred in U.S. dollars, while some of our cash balances and expenses are measured in Canadian dollars. The fluctuation of the Canadian dollar in relation to the U.S. dollar will consequently have an impact upon our profitability and may also affect the value of our assets and shareholders' equity.

### **Ability to Pay Obligations**

We may from time to time enter into arrangements to borrow money in order to fund our operations and expansion plans, and such arrangements may include covenants that restrict our business in some way. Events may occur in the future, including events beyond our control that would cause us to fail to satisfy our obligations under existing notes payable or other debt instruments. In such circumstances, or we were to default on our obligations under debentures or other debt instruments, the amounts drawn under our debt agreements may become due and payable before the agreed maturity date, and we may not have the financial resources to repay such amounts when due.

Further, although most, but not all, of our reclamation obligations are bonded, and cash and other assets have been reserved to secure a portion but not all of this bonded amount, to the extent the bonded amounts are not fully collateralized, we will be required to come up with additional cash to perform our reclamation obligations when they occur. In addition, the bonding companies have the right to require increases in collateral at any time upon 30-days' notice to us, failure of which would constitute a default under the bonds. In such circumstances, we may not have the financial resources to perform such reclamation obligations or to increase such collateral when due.

Our failure to meet these obligations could jeopardize our ability to continue in business.

### **Tax Risk**

The Company may not be able to structure any future proposed acquisitions to result in tax-free treatment for the companies or their shareholders, which could deter third parties from entering into certain business combinations with the Company or result in being taxed on consideration received in a transaction.

### **COVID-19 Risk**

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 worldwide, including in the United States. As the COVID-19 coronavirus and new variants continue to spread in the United States, we may experience disruptions that could severely impact our business, including:

- interruption of key mining activities due to limitations on travel, gathering, or business operations imposed or recommended by federal or state governments, employers and others.
- limitations in employee resources, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people.
- delays in financial reporting and filings due to the impact of mitigation efforts on staff and service providers.
- changes in local regulations as part of a response to the COVID-19 coronavirus outbreak which may require us to change the ways in which our mining activities are conducted, which may result in unexpected costs.
- delays in necessary interactions with regulators and other important agencies and contractors due to limitations in employee resources or new procedures due to limitations imposed by COVID-19.
- reduction in the global demand for uranium and vanadium due to reduced production levels in the primary applications of uranium and vanadium. Restrictions for COVID-19 could cause a decline in energy consumption or indirectly reduced oil prices could lessen the demand for nuclear power.
- COVID-19 has globally resulted in uranium mine closures that have taken substantial uranium supply offline and increased the spot price of uranium to date during this crisis, there is no guarantee that this relationship will continue as the COVID-19 crisis is ongoing and the dynamic of the mine closure/spot price relationship may change.

The global outbreak of the COVID-19 coronavirus continues to evolve. The extent to which the COVID-19 coronavirus may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the continuing geographic spread of the disease and its variants, 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 and other countries to contain and treat the disease.