

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Stated in USD)
(Unaudited)

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Stated in USD)

(Unaudited)

	As of	
	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash	\$ 11,244,681	\$ 880,821
Restricted cash, current portion	75,057	75,057
Prepaid uranium concentrate inventory	-	4,085,723
Prepaid expenses	284,063	153,701
Marketable securities	1,191	2,120
Other current assets	80,345	264,039
Total current assets	11,685,337	5,461,461
Restricted cash, net of current portion	665,429	665,389
Mineral properties and equipment, net	12,410,111	11,780,142
Kinetic separation intellectual property	9,488,051	9,488,051
Total assets	\$ 34,248,928	\$ 27,395,043
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 674,816	\$ 699,593
Reclamation liability, current portion	75,057	75,057
Subscription payable	-	146,177
Deferred revenue, current portion	64,620	48,465
Total current liabilities	814,493	969,292
Reclamation liability, net of current portion	216,425	196,563
Deferred tax liability	2,708,887	2,708,887
Deferred contingent consideration	345,732	362,794
Deferred revenue, net of current portion	27,705	60,015
Total liabilities	4,113,242	4,297,551
Commitments and Contingencies (Note 6)		
Shareholders' Equity		
Common shares, no par value, unlimited authorized shares, 43,314,644 and 39,073,428 shares issued as of June 30, 2022 and December 31, 2021, respectively, and 43,314,338 and 39,073,122 shares outstanding as of June 30, 2022 and December 31, 2021, respectively	42,291,884	36,195,510
Treasury shares, 306 shares held in treasury as of June 30, 2022 and December 31, 2021	-	-
Accumulated deficit	(12,055,549)	(13,161,496)
Accumulated other comprehensive income	(100,649)	63,478
Total shareholders' equity	30,135,686	23,097,492
Total liabilities and shareholders' equity	\$ 34,248,928	\$ 27,395,043

Approval on behalf of the Board:

/s/ George E. Glasier
Director

/s/ Andrew Wilder
Director

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 7,346,646	\$ 16,155	\$ 7,502,872	\$ 32,310
Cost of revenues	4,044,083	-	4,044,083	-
Gross profit	3,302,563	16,155	3,458,789	32,310
Expenses				
Mining expenditures	122,588	40,034	411,626	87,893
Professional fees	212,459	104,481	348,519	150,868
General and administrative	655,757	262,799	1,518,819	473,980
Consulting fees	20,307	4,009	59,819	4,009
Total operating expenses	1,011,111	411,323	2,338,783	716,750
Operating profit/ (loss)	2,291,452	(395,168)	1,120,006	(684,440)
Accretion and interest	15,902	1,001	18,059	3,343
Other (income)/expense	(4,000)	-	(4,000)	-
Settlement expense	-	78,441	-	78,441
				-
Net income/(loss)	2,279,550	(474,610)	1,105,947	(766,224)
Other comprehensive income/(loss)				
Foreign exchange gain/(loss)	(220,788)	24,930	(164,127)	69,894
Comprehensive income/(loss)	\$ 2,058,762	\$ (449,680)	\$ 941,820	\$ (696,330)
Net income/(loss) per share - basic	\$ 0.05	\$ (0.01)	\$ 0.03	\$ (0.02)
Net income/(loss) per share - diluted	\$ 0.05	\$ (0.01)	\$ 0.02	\$ (0.02)
Weighted average shares outstanding - basic	43,142,312	37,733,961	42,102,885	35,241,493

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

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

	Common Shares		Treasury Shares		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount			
Balance as of January 1, 2022	39,073,122	\$ 36,195,510	306	\$ -	\$ (13,161,496)	\$ 63,478	\$ 23,097,492
Private placement - January 20, 2022	2,495,575	3,011,878	-	-	-	-	3,011,878
Stock based compensation - stock options	-	502,145	-	-	-	-	502,145
Proceeds from exercise of warrants	268,204	341,850	-	-	-	-	341,850
Foreign exchange gain	-	-	-	-	-	56,661	56,661
Net loss	-	-	-	-	(1,173,603)	-	(1,173,603)
Balance as of March 31, 2022	<u>41,836,901</u>	<u>\$ 40,051,383</u>	<u>306</u>	<u>\$ -</u>	<u>\$ (14,335,099)</u>	<u>\$ 120,139</u>	<u>\$ 25,836,423</u>
Proceeds from the exercise of warrants	1,477,743	1,989,427	-	-	-	-	1,989,427
Stock based compensation - stock options	-	251,074	-	-	-	-	251,074
Foreign exchange loss	-	-	-	-	-	(220,788)	(220,788)
Net income	-	-	-	-	2,279,550	-	2,279,550
Balance as of June 30, 2022	<u>43,314,644</u>	<u>\$ 42,291,884</u>	<u>306</u>	<u>\$ -</u>	<u>\$ (12,055,549)</u>	<u>\$ (100,649)</u>	<u>\$ 30,135,686</u>
Balance as of January 1, 2021	30,083,747	\$ 29,886,367	306	\$ -	\$ (11,087,459)	\$ (25,542)	\$ 18,773,366
Private placement - February 16, 2021	3,250,000	1,950,509	-	-	-	-	1,950,509
Private placement - March 1, 2021	3,125,000	1,918,797	-	-	-	-	1,918,797
Foreign exchange gain	-	-	-	-	-	44,964	44,964
Net loss	-	-	-	-	(291,614)	-	(291,614)
Balance as of March 31, 2021	<u>36,458,747</u>	<u>\$ 33,755,673</u>	<u>306</u>	<u>\$ -</u>	<u>\$ (11,379,073)</u>	<u>\$ 19,422</u>	<u>\$ 22,396,022</u>
Proceeds from the exercise of warrants	1,722,570	1,597,416	-	-	-	-	1,597,416
Foreign exchange gain	-	-	-	-	-	24,930	24,930
Net loss	-	-	-	-	(474,610)	-	(474,610)
Balance as of June 30, 2021	<u>38,181,317</u>	<u>\$ 35,353,089</u>	<u>306</u>	<u>\$ -</u>	<u>\$ (11,853,683)</u>	<u>\$ 44,352</u>	<u>\$ 23,543,758</u>

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

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

	For the Six Months Ended June 30,	
	2022	2021
Cash Flows From Operating Activities:		
Net income/(loss)	\$ 1,105,947	\$ (766,224)
Reconciliation of net loss to cash used in operating activities:		
Depreciation	5,908	8,564
Accretion of reclamation liability	19,862	2,867
Stock based compensation	753,219	-
Change in marketable securities	929	(375)
Change in operating assets and liabilities:		
Prepaid uranium concentrate inventory	4,085,723	-
Prepaid expenses and other current assets	53,332	(18,856)
Accounts payable and accrued liabilities	(24,778)	52,388
Subscription payable	(146,177)	-
Deferred revenue	(16,155)	(32,310)
Contingent consideration	(17,062)	-
Net cash provided by (used in) operating activities	5,820,748	(753,946)
Cash Flows From Investing Activities		
Purchase of property and equipment	(635,876)	(65,000)
Net cash used in investing activities	(635,876)	(65,000)
Cash Flows From Financing Activities		
Proceeds from Private Placement - January 20, 2022	3,011,878	-
Proceeds from warrant exercises	2,331,277	1,597,416
Issuances of common shares, net of offering costs	-	3,869,306
Net cash provided by financing activities	5,343,155	5,466,722
Effect of foreign exchange rate on cash	(164,127)	52,788
Net increase in cash and restricted cash	10,363,900	4,700,564
Cash and restricted cash - beginning	1,621,267	1,472,061
Cash and restricted cash - ending	\$ 11,985,167	\$ 6,172,625
Cash	\$ 11,244,681	\$ 5,275,792
Restricted cash, current portion	75,057	75,057
Restricted cash, noncurrent	665,429	821,776
Total	\$ 11,985,167	\$ 6,172,625
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 1 – BUSINESS

Nature of operations

Western Uranium & Vanadium Corp. (“Western” or the “Company”) was incorporated in December 2006 under the Ontario Business Corporations Act. On November 20, 2014, the Company completed a listing process on the Canadian Securities Exchange (“CSE”). As part of that process, the Company acquired 100% of the members’ interests of Pinon Ridge Mining LLC (“PRM”), a Delaware limited liability company. The transaction constituted a reverse takeover (“RTO”) of Western by PRM. Subsequent to obtaining appropriate shareholder approvals, the Company reconstituted its Board of Directors and senior management team. Effective September 16, 2015, Western completed its acquisition of Black Range Minerals Limited (“Black Range”).

The Company’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. The Company’s 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.

NOTE 2 – LIQUIDITY AND GOING CONCERN

Prior to the quarter ending June 30, 2022, the Company had incurred losses from our operations. During the three months ended June 30, 2022, the Company generated a net income of \$2,279,550, principally upon its sale of a prepaid uranium concentrate inventory contract that was purchased in December 2021. The Company expects to generate operating losses for the foreseeable future as it incurs expenses to bring its mining operations online. As of June 30, 2022, the Company had an accumulated deficit of \$12,055,549 and working capital of \$10,870,844.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes and the sale of its common shares. On January 20, 2022, the Company closed a non-brokered private placement of 2,495,575 units at a price of CAD \$1.60 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$3,992,920 (USD \$3,011,878 in net proceeds). During the six months ended June 30, 2022, the Company received \$2,331,277 in proceeds from the exercise of warrants.

The Company’s ability to continue its planned 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 financing, to secure regulatory approval to fully utilize its kinetic separation (“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.

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required U.S. GAAP. However, in the opinion of management of the Company, all adjustments necessary for a fair presentation of the financial position and operating results have been included in these condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as filed with the SEC on April 15, 2022. Operating results for the three and six months ended June 30, 2022 are not necessarily indicative of the results that may be expected for any subsequent quarters or for the year ending December 31, 2022.

The accompanying condensed 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”), through the completion of a “final” or “bankable” feasibility study for any of its uranium projects.

Exploration Stage and Mineral Properties

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, disposal wells, and mine development, are expensed as incurred until such time proven or probable reserves are established for that uranium project, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred. Expenditures relating to mining and ore production while the Company is in the exploration stage and while the ore is stockpiled underground are expensed as incurred.

Production stage issuers, as defined in subpart 1300 of Regulation S-K, having engaged in material extraction of established mineral reserves on at least one material property, 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 an exploration stage issuer, 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 condensed consolidated financial statements may not be directly comparable to the financial statements of companies in the production stage. Western will not be eligible to become a production stage issuer, and will remain an exploration stage issuer, until such time as mineral reserves are established on at least one material property.

Use of Estimates

The preparation of these condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues and expenses during the periods reported. By their nature, these estimates are subject to measurement uncertainty, and the effects on the condensed consolidated financial statements of changes in such estimates in future periods could be significant. Significant areas requiring management’s estimates and assumptions include the determination of 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

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

assessments of mineral properties and equipment, valuation of deferred contingent consideration, valuation of 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. Transactions denominated in currencies other than the functional currency are recorded based on the exchange rates at the time of the transaction. Income and expense items are translated using average monthly exchange rates. Non-monetary assets are translated at their historical exchange rates. Translation adjustments are included in “Accumulated other comprehensive income” in the condensed consolidated balance sheets.

Revenue Recognition

The Company purchases prepaid uranium concentrate contracts for future delivery of uranium concentrate pursuant to a supply agreement. The Company recognizes revenue upon the delivery of the uranium contract to the counterparty and charges to cost of revenues the purchase cost of the uranium concentrate contract upon such delivery. 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 the FASB 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 are recognized as revenues based upon production.

Fair Values of Financial Instruments

The carrying amounts of cash, restricted cash, accounts payable, subscription payable, contingent consideration and accrued liabilities 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 operating 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.

The FASB 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 and inputs that are derived principally from or corroborated by observable market data or correlation by other means.

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(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 June 30, 2022	\$ 1,191	\$ -	\$ -
Marketable securities as of December 31, 2021	\$ 2,120	\$ -	\$ -

Stock-Based Compensation

The Company follows the FASB 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 fair value of the stock or the fair value of the service, whichever is more readily measurable. 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 recognizes forfeitures at the time forfeitures occur.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants (using the treasury stock method). The following is a reconciliation of the numerator and denominator used to calculate basic earnings per share and diluted earnings per share for the three and six months ended June 30, 2022 and 2021. The computations of net income (loss) per share for each of the three and six months ended June 30, 2021 is the same for both basic and fully diluted.

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Numerator:				
Net (loss) income	\$ 2,279,550	\$ (474,610)	\$ 1,105,947	\$ (766,224)
Denominator:				
Weighted average shares outstanding, basic	<u>43,142,312</u>	<u>37,733,961</u>	<u>42,102,885</u>	<u>35,241,493</u>
Dilutive effect of options and warrants	<u>2,178,818</u>	<u>-</u>	<u>3,146,011</u>	<u>-</u>
Weighted average shares outstanding, diluted	<u>45,321,130</u>	<u>37,733,961</u>	<u>45,248,896</u>	<u>35,241,493</u>
Net (loss) income per share, basic	<u>\$ 0.05</u>	<u>\$ (0.01)</u>	<u>\$ 0.03</u>	<u>\$ (0.02)</u>
Net (loss) income per share, diluted	<u>\$ 0.05</u>	<u>\$ (0.01)</u>	<u>\$ 0.02</u>	<u>\$ (0.02)</u>

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Warrants to purchase common shares	2,970,826	11,824,331	2,970,826	11,824,331
Options to purchase common shares	1,883,000	2,808,000	983,000	2,808,000
Total potentially dilutive securities	<u>4,853,826</u>	<u>14,632,331</u>	<u>3,953,826</u>	<u>14,632,331</u>

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 condensed consolidated financial statements.

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

The Company's mining properties acquired on August 18, 2014 that the Company retains as of June 30, 2022 include: The 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 located in San Juan County, Utah, and San Miguel County, Colorado. These mining properties include leased land in the states of Colorado and Utah. None of these mining properties were operational at the date of acquisition.

The Company's mining properties acquired on September 16, 2015 that the Company retains as of June 30, 2022 include Hansen, North Hansen and Hansen Picnic Tree located in Fremont and Teller Counties, Colorado. 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 June 30, 2022	As of December 31, 2021
Mineral properties and equipment	\$ 12,410,111	\$ 11,780,142
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 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.

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

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

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. On January 31, 2022, the operator of the Weld County Colorado oil and gas pooled trust issued the first cumulative royalty payment check in the amount of \$207,552 for August 2021 through December 2021 sales which was recognized as income in the fourth quarter of 2021. Royalty receipts were received monthly as earned during each of the months in the first two quarters of 2022

During the three months ended June 30, 2022 and 2021, the Company recognized aggregate revenue of \$123,037 and \$16,155, respectively, and for the six months ended June 30, 2022 and 2021, the Company recognized aggregate revenue of \$279,263 and \$32,310, respectively, under these oil and gas lease arrangements.

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 to be \$740,446 as of June 30, 2022 and December 31, 2021. 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, 2022 and December 31, 2021 were \$291,482 and \$271,620, respectively. The gross reclamation liabilities as of June 30, 2022 and December 31, 2021 are secured by financial warranties in the amount of \$740,486 and \$740,446, respectively.

Reclamation liability activity for the six months ended June 30, 2022 and 2021 consists of:

	For the Six Months Ended	
	June 30,	
	2022	2021
Beginning balance at January 1	\$ 271,620	\$ 309,940
Accretion	19,862	5,536
Discontinuation of reclamation liability	-	(2,669)
Ending Balance at June 30	<u>\$ 291,482</u>	<u>\$ 312,807</u>

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 4 – MINERAL ASSETS EQUIPMENT, 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 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 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 (the “Plaintiffs”) 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. On May 5, 2021, the Plaintiffs 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 on August 20, 2021. The Plaintiff submitted a reply brief on September 10, 2021. On March 1, 2022, the Denver District Court reversed the MLRB’s orders regarding the Topaz Mine and remanded the case back to MLRB for further proceedings consistent with its order. The Company and the MLRB had until April 19, 2022 to appeal the Denver District Court’s ruling. Neither the Company nor the MLRB appealed the Denver District Court ruling. Western anticipates receiving an MLRB board order of reclamation for the Topaz Mine. The Company is continuing to work toward the completion of an updated Topaz Mine Plan of Operations which is a separate federal requirement of the BLM for the conduct of mining activities on federal land that has precluded the Company from commencing active mining operations at the Topaz Mine.

Kinetic Separation Intellectual Property

The Kinetic Separation intellectual property was acquired in Western’s acquisition of Black Range on September 16, 2015. Previously Black Range acquired its Kinetic Separation assets in the dissolution of a joint venture on March 17, 2015, through the acquisition of all the assets of the joint venture and received a 25-year license to utilize all of the patented and unpatented technology owned by the joint venture. The technology license agreement for patents and unpatented technology became effective as of March 17, 2015, for a period of 25 years, until March 16, 2040. There are no remaining license fee obligations, and there are no future royalties due under the agreement. The Company has the right to sub-license the technology to third parties. The Company may not sell or assign the Kinetic Separation license; however, the license could be transferred in the case of a sale of the Company. The Company has developed improvements to Kinetic Separation during the term of the license agreement and retains ownership of, and may obtain patent protection on, any such improvements developed by the Company.

The Kinetic Separation patent was filed on September 13, 2012 and granted on February 14, 2014 by the United States Patent Office. The patent is effective for a period of 20 years until September 13, 2032. This patent is supported by two provisional patent applications. The provisional patent applications expired after one year but were incorporated in the U.S. Patent by reference and claimed benefit prior to their expirations. The status of the patent and two provisional patent applications has not changed subsequent to the 2014 patent grant. The Company has the continued right to use any patented portion of the Kinetic Separation technology that enters the public domain subsequent to the patent expiration.

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

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

The Company anticipates Kinetic Separation will improve the efficiency of the mining and processing of the sandstone-hosted ore from Western’s conventional mines through the separation of waste from mineral bearing-ore, potentially reducing transportation, mill processing, and mill tailings costs. Kinetic Separation is not currently in use or being applied at any Company mines. The Company views Kinetic Separation as a cost saving technology, which it will seek to incorporate into ore production subsequent to commencing scaled production levels. There are also alternative applications, which the Company has explored.

Mining Equipment Purchases

During the six months ended June 30, 2022 and 2021, Western purchased \$635,876 and \$65,000, respectively, in mining equipment and vehicles.

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of:

	As of	
	June 30, 2022	December 31, 2021
Trade accounts payable	\$ 493,564	\$ 510,831
Accrued liabilities	181,252	188,762
Total accounts payable and accrued liabilities	\$ 674,816	\$ 699,593

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Supply Contract

In December 2015, the Company signed a uranium concentrates supply agreement with a major United States utility company for delivery commencing in 2018 and continuing for a five-year period through 2022. On March 8, 2021, the Company entered into an agreement with a third party to complete the Year 4 (2021) uranium concentrate delivery. The Company paid \$78,000 in April 2021 to the assignee for which the assignee made the delivery in May 2021. In April 2022, in satisfaction of the Year 5 delivery under its supply contract, the Company delivered 125,000 lbs of uranium concentrate from its prepaid uranium concentrate inventory. Accordingly, during the three and six months ended June 30, 2022, the Company recorded revenue of \$7,223,609 (at a price of approximately \$57 per pound) and cost of revenue of \$4,044,083 related to the delivery of the uranium. In May 2022, the Company received the cash proceeds from this sale.

Strategic Acquisition of Physical Uranium

In May 2021, the Company executed a binding agreement to purchase 125,000 pounds of natural uranium concentrate at approximately \$32 per pound. In December 2021, the Company paid \$4,044,083, in connection with its full prepayment of the purchase price for 125,000 pounds of natural uranium concentrate. This uranium concentrate was subsequently delivered under the terms of the aforementioned uranium concentrates supply agreement in April 2022.

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 7 – 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 ratably receive such dividends, if any, as may be declared by the board of directors, out of legally available funds. Upon the liquidation, dissolution, or winding down 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 June 30, 2022 and December 31, 2021, an unlimited number of common shares were authorized for issuance.

Private Placements

On January 20, 2022, the Company closed a non-brokered private placement of 2,495,575 units at a price of CAD \$1.60 per unit. The aggregate gross proceeds raised in the private placement amounted to CAD \$3,992,920 (USD \$3,011,878 in net proceeds). 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 \$2.50 per Share for a period of three years following the closing date of the private placement. A total of 2,495,575 Shares and 2,495,575 Warrants were issued to investors and 98,985 Warrants were issued to broker dealers in connection with the private placement.

Warrant Exercises

During the six months ended June 30, 2022, an aggregate of 1,745,947 warrants were exercised for total gross proceeds of \$2,331,277.

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. The board of directors approved additional changes to the Plan on September 12, 2015 and as of October 1, 2021.

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 June 30, 2022, a total of 43,314,338 common shares were outstanding, and at that date the maximum number of stock options eligible for issue under the Plan was 4,331,434.

Stock Options

On February 10, 2022, the Company granted options under the Plan for the purchase of an aggregate of 900,000 common shares to five individuals consisting of directors and officers of the Company. The options have a five year term, an exercise price of CAD \$1.76 (US \$1.37 as of June 30, 2022) and vest equally in thirds commencing initially on the date of grant and thereafter on April 1, 2022, and July 1, 2022.

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

	<u>February 10, 2022</u>
Stock Price	CAD \$ 1.76
Exercise Price	CAD \$ 1.76
Number of Options Granted	900,000
Dividend Yield	0%
Expected Volatility	103.3%
Weighted Average Risk-Free Interest Rate	1.61%
Expected life (in years)	2.6

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 7 – SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (Years)	Weighted Average Grant Date Fair Value	Intrinsic Value
Outstanding – January 1, 2022	2,324,670	\$ 1.35	1.67	\$ 0.39	\$ 528,714
Granted	900,000	1.37	-	0.84	
Expired	(116,670)	1.94	-	0.27	-
Outstanding – June 30, 2022	<u>3,108,000</u>	<u>\$ 1.33</u>	<u>2.40</u>	<u>\$ 0.52</u>	<u>\$ 95,550</u>
Exercisable – June 30, 2022	<u>2,808,000</u>	<u>\$ 1.32</u>	<u>2.13</u>	<u>\$ 0.49</u>	<u>\$ 95,550</u>

The Company's stock-based compensation expense related to stock options for the three months ended June 30, 2022 and 2021 was \$251,074 and \$0, respectively, and for the six months ended June 30, 2022 and 2021 stock-based compensation expense was \$753,219 and \$0, respectively, which is included in general and administrative expenses on the Company's condensed consolidated statements of operations and comprehensive loss. As of June 30, 2022, there was no unamortized stock option expense.

Warrants

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (Years)	Intrinsic Value
Outstanding - January 1, 2022	9,735,948	\$ 1.09	1.49	3,799,606
Issued	2,594,560	1.94	-	-
Exercised	(1,745,947)	1.31	-	-
Expired/Forfeited	(859,499)	2.21	-	-
Outstanding – June 30, 2022	<u>9,725,062</u>	<u>\$ 1.24</u>	<u>1.79</u>	<u>\$ 180,096</u>
Exercisable – June 30, 2022	<u>9,752,062</u>	<u>\$ 1.24</u>	<u>1.79</u>	<u>\$ 180,096</u>

NOTE 8 – MINING EXPENDITURES

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Permits	\$ 28,390	\$ 33,063	\$ 56,157	\$ 73,787
Mining costs	92,045	5,570	351,915	11,546
Royalties	2,153	1,401	3,554	2,560
Total mining expenses	<u>\$ 122,588</u>	<u>\$ 40,034</u>	<u>\$ 411,626</u>	<u>\$ 87,893</u>

WESTERN URANIUM & VANADIUM CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in USD)

NOTE 9 – 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 \$345,732 as of June 30, 2022) 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 \$345,732 and \$362,794 as of June 30, 2022 and December 31, 2021, respectively.

The Company also owed Mr. Glasier reimbursable expenses in the amount of \$37,500 and \$65,753 as of June 30, 2022 and December 31, 2021, respectively.

NOTE 10 – COVID-19

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 in August 2020 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 delayed because of COVID-19 pandemic lockdowns. The need to observe quarantine periods also caused a limited loss of manpower and delay to the 2021/2022 Sunday Mine Complex project. The COVID-19 pandemic has limited Western's participation in industry and investor conference events. The Company is continuing to monitor COVID-19 and its subvariants and the potential impact of the pandemic on the Company's operations.