

**WESTERN URANIUM & VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**For the three months ended March 31, 2023 and 2022**  
**(Stated in USD)**

**Dated May 17, 2023**

## **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 March 31, 2023 and 2022. The MD&A is intended to supplement the condensed 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 May 17, 2023, 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.thecse.com](http://www.thecse.com)

## **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**

With the exception of the quarter ended June 30, 2022, we incurred losses from our operations, and as of March 31, 2023, the Company had an accumulated deficit of \$14,978,794 and working capital of \$8,141,821.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes, the sale of its common shares and from limited revenue sources. During the three months ended March 31, 2023, the Company received oil and gas royalty and lease revenues of \$165,975. During the three months ended June 30, 2022, we realized revenue of \$7.2 million and corresponding costs of \$4.0 million in connection with a single sale of uranium concentrate.

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 licenses to fully utilize its Kinetic Separation, to construct a conventional mill for the processing of uranium and vanadium and to incorporate Kinetic Separation in the processing of ore to generate operating cash flows. Western will need additional capital to continue ongoing mining operations by its in-house mining team at the Sunday Mine Complex while simultaneously permitting and construction a processing plant.

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.

## HIGHLIGHTS AND SIGNIFICANT EVENTS

### ***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 a backend 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.

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

In late 2020 Mallard began development of the pooled unit. These DJ-Basin wells target the Niobrara formation. During 2021, the operator completed all well development stages and eight (8) wells commenced oil and gas production by August 2021. The first royalty payment was made in January 2022. During 2022, the operator completed all well development stages on a second set of eight (8) wells which commenced oil and gas production by August 2022. The first monthly royalty payment including production from the new wells was made in January 2023. Monthly royalty payments are ongoing.

In January 2023, Mallard was acquired by Bison.

During the three months ended March 31, 2023 and 2022, we recognized aggregate revenue of \$165,975 and \$156,226, respectively, under these oil and gas lease arrangements.

### ***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 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. 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 proposed alternatives. However, management has decided not to proceed at this time, given its present opportunity set.

### ***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. Subsequently on March 20, 2023, the MLRB issued a board order for the Company to commence final reclamation, which upon completion will terminate mining operations at the Topaz Mine. Reclamation is to commence immediately at the Topaz Mine and is to be completed within five years by March 2028. The Company is currently working 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 the federal land at the Topaz Mine and needed to re-permit the Topaz Mine with Colorado’s DRMS.

### ***Sunday Mine Complex Project 2021/2022/2023 Project***

The SMC project entailed the development of multiple SMC ore bodies and involves a shift in the base of operations from the St. Jude Mine (2019) to the Sunday Mine (2021). The Sunday Mine Complex is the Company's core resource property and in July 2021 was assigned "Active" status when mining operations were restarted. Underground development began in August 2021 following mine ventilation, power upgrades, and increasing explosive capabilities. The first target was the extension of the drift (tunnel) 150 feet to reach the first surface exploration drill hole to access the GMG Ore Body (GMG). Early results were positive as drilling toward the GMG resulted in the location of ore-grade material within thirty feet of the existing mine workings. Notably, only limited exploration drilling has been done in this area due to the mountainous terrain on the surface above. As drifting proceeded, very high-grade ore continued to be intersected through the drift path and on both sides of the drift. As a result, the team shifted from development to mining.

At the end of March 2022, the mining contractor engaged by Western decided to retire from contract mining operations. Thereafter, Western began the acquisition of a full complement of mining equipment and personnel to take over mining operations. Western's transition from employing a mining contractor to building an in-house mining operation has now been completed. Since this transition began in spring 2022, additional employees have been hired to support mining operations and mining equipment and vehicles have been acquired to support deployment of two (2) fully equipped mining teams. The equipment has been prepared for operations and readied for deployment; site infrastructure upgrades have been finished. In early 2023, the mines were reopened for ventilation and infrastructure upgrades. Mining operations restarted in April 2023 and will initially involve additional development of the GMG Ore Body, stockpiling of high-grade ore and underground drilling/exploration to define additional production zones. The next project will be similar in scope but on the St. Jude Mine target areas defined during the 2019/2020 work project.

### ***Stockpiled Ore Inventory***

From December 2021 to March 2022, 3,140 tons of uranium/vanadium ore was mined from the Sunday Mine Complex. The mining contractor calculated uranium grades based upon scintillometer sampling of each 10-ton truckload and vanadium quantities were derived by applying the 6:1 historical ratio. The estimated stockpiled ore inventory is 50,289 pounds of uranium and 301,736 pounds of vanadium. Using March 31, 2023 commodity prices and historical recovery rates, and before incurring milling and processing costs, the gross post-processing value of the stockpiled ore is approximately \$4.5 million. This value is not reflected as an asset on the balance sheet as the costs to produce the stockpiled ore inventory were expensed in accordance with Regulation SK-1300.

### ***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 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 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 undertaking of some NFWG findings and recommendations was a positive outcome for the U.S. nuclear industry and U.S. uranium miners.

The Russian Suspension Agreement was extended 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. Also, 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.

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. In July 2021, the uranium Section 232 report was publicly released. 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”.

The Russian invasion of Ukraine has fast tracked the Uranium Reserve Program. On May 5, 2022, the U.S. Secretary of Energy Jennifer Granholm testified before the Senate Committee on Energy and Natural Resources that the DoE “would make direct purchases of domestically mined and converted uranium this calendar year to establish a strategic uranium reserve”. Secretary Granholm’s comments make clear that the U.S. is thinking larger. Granholm stated that “We should not be sending any money to Russia for any American energy or for any other reason,” and “if we move away from Russia right away, we want to make sure we have the ability to continue to keep the fleet afloat.” To accomplish this she further disclosed that the DoE is “developing a full-on uranium strategy that’s going through the interagency process.”

Subsequently in June 2022, the U.S. Department of Energy (“DOE”) released program guidelines to initiate purchases of up to \$75 million of U.S. domestic origin uranium inventory from existing storage at the Honeywell Metropolis Works uranium conversion facility in Metropolis, Illinois. The DOE awarded contracts in December 2022 for the purchase of 1,100,000 lbs of uranium that were delivered in the first quarter of 2023. Five uranium companies disclosed receiving contract awards within a price range from \$59.50 to \$70.50 per pound. Western did not hold qualifying inventory, and as such did not submit a bid proposal. An expansion of the U.S. Uranium Reserve program continues to be discussed. As originally proposed, the program contemplated \$150M in annual purchases for a 10 year period which would aggregate to \$1.5 billion over its lifetime.

## ***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. 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 Harris-Biden DoE has been a supporter of new nuclear technologies and invested in next generation demonstration reactors due to its pro-climate agenda.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act, which is a significantly reduced version of the Build Back Better plan. This Act provides for \$369 billion in climate and energy investments, a portion of which will significantly benefit the U.S. domestic nuclear industry. Notably, while protecting the climate, there is a leveling of the playing field with renewable energy, which has long benefited from government support. We see the benefits to nuclear split across existing reactors, new advanced reactors, low enriched uranium and high-assay low enriched uranium nuclear fuels, and in multiple stages of the domestic nuclear fuel cycle. We believe that each of these benefits increase future aggregate uranium demand. While this represents the largest funding support of the U.S. nuclear industry in decades, there could be a larger secondary benefit as greater funding was allocated to battery technologies including vanadium redox flow batteries (VRFB).

During 2022, we have observed the DoE becoming increasingly outspoken and working hard at creating nuclear fuel solutions to address the current dependence on Russia and promote a geopolitical realignment of the nuclear fuel cycle away from Russia. As an example, during September 2022, activity in the U.S. escalated in response to Russia's invasion of Ukraine. The U.S. Secretary of Energy, Jennifer Granholm, in an address to the IAEA Vienna conference stated: "And for those countries held hostage by Russian fossil fuels right now, nuclear power—freed of Russian supply chains—is part of the solution to sever that dependence." The Biden-Harris Administration requested \$1.5 billion in emergency funding to replace nuclear fuel and services coming from Russia. This followed the DOE \$4.3 billion commitment for the development of expanded domestic reactor fuel supply chain specifically focused on domestic enrichment and conversion services. Most notably, the DoE continues to make preparations for a Russian counter-sanction terminating the flow of nuclear fuel and services from Russia. Multiple bills were introduced into the U.S. legislature, and many of these have bipartisan support.

## ***Nuclear Fuel and Uranium Effect from the Russian Invasion of Ukraine***

The start of the Russia/Ukraine war created extraordinary volatility in uranium markets during the first half of 2022. At the peak, the spot price was at an 11 year high. Prior to the invasion on February 24, 2022, uranium spot prices were in the \$43 per pound range and rose to slightly over \$63 per pound by April 2022; an increase of ~\$20 per pound. Later in May 2022 and June 2022, the spot price receded to \$45 levels, before recovering to the \$50 level into September 2022. In the subsequent six months, the spot price of uranium has been range bound at \$50 +/- per pound levels.

Equity markets followed the price action of physical uranium prices in speculation that governments worldwide would sanction and ban nuclear fuel from Russia. This was in recognition of Russia's dominant position in nuclear fuel services including 38% of world conversion capacity and 46% of world enrichment capacity. The market position of Rosatom, Russia's national nuclear company, was developed through decades of government subsidies. However, because of the lack of replacement capacity in the global nuclear fuel cycle, Rosatom has avoided sanctions.

Because of the Ukraine invasion, new contracts are largely not being signed with Rosatom, but deliveries under existing contracts continue to be made. Customer dependencies upon the Russian supply of uranium, conversion and enrichment are being addressed slowly by governments as alternative suppliers are not currently available. However, a desire to stay away from bad actors and the threat of Russia weaponizing energy exports or a Russian embargo has elicited responses. Worldwide, utilities have accelerated their contracting of non-Russian conversion and enrichment services. New uranium supply agreements are being signed with western producers. In the United States, multiple new nuclear funding programs have already been put in place and the language from the Department of Energy has only

gotten stronger. The Secretary of Energy recently declared: “The United States wants to be able to source its own fuel from ourselves and that’s why we are developing a uranium strategy.”

In January 2023, ban and sanction discussions intensified as Rosatom was shown to have become an active participant in the Ukraine war. An article entitled “Russia’s nuclear entity aids war effort, leading to calls for sanctions” was published by the Washington Post. Obtained documents show that the Rosatom state nuclear power conglomerate was supplying the Russian military with “components, technology, and raw materials for missile fuel” to be used in the Ukraine war. In the months since, multiple legislative sanction proposals have been put forth in the United States, including banning Russian uranium imports. As the U.S. has the largest fleet of nuclear reactors, these actions have the potential to cause a realignment of uranium markets.

We believe the shift away from Russia/Rosatom will be a major catalyst in the realignment of nuclear fuel markets which will benefit western producers. As a result, Western continues to accelerate the advancement of our operational strategy in anticipation of increasing uranium price levels that will reward near-term scaled-up ore production.

### ***Nuclear Fuel Fundamentals Disconnected from Capital Markets***

During the 1Q2023, the spot uranium price increased +\$5.25 to \$52.93 and the long-term uranium price increased \$1.50 to \$53.50. This followed 2022 where long-term prices increased from \$42.75 to \$52.00 and a price surge for conversion and enrichment services. However, uranium equities had a down quarter which in our opinion was due to macroeconomic general market factors. The events of 2022 have set in motion uranium market and nuclear fuel opportunities for the next decade and beyond. There are positive catalysts across multiple levels of the nuclear fuel and uranium markets. Underlying fundamentals are the strongest in decades. This is attributable to multiple factors, including climate change, energy security, supply chain and energy scarcity initiatives. The supply/demand imbalance has flipped from a market with excess supply into a market with excess future demand. With the reduced availability of secondary supplies, utilities have begun adding multi-year contracts with mining companies for primary supply. The drivers expanding the demand for nuclear fuel include non-nuclear nations adding nuclear power generation, nuclear nations expanding fleets and/or extending lives of existing reactors, idled nuclear reactors being redeployed, the reversal of phase outs and shutdowns, and the deployment of advanced reactors / SMRs. However, the challenge is in meeting increasing demand simultaneously with supply constraints from the world’s largest suppliers. We believe future uranium equity prices will reflect the underlying positive fundamentals in the nuclear/uranium sector after general market conditions improve.

### ***Nuclear Fuel Supply Chain Concentration Risks***

Russia’s invasion of Ukraine and the ensuing global energy crisis has focused attention on security of supply and supply chain risks. This has caused most of the world to re-evaluate their dependence upon nuclear fuel exported by Russia. In spite of the dominant market position of Rosatom, future deliveries potentially could be at risk due to sanctions, legislation, or a Russian embargo. Customer dependence upon the Russian supply of uranium, conversion and enrichment are being addressed slowly by governments as alternative suppliers are not currently available. Kazakhstan is also a concern because the world’s largest uranium producing country has an unguarded and the second longest continuous land border in the world shared with Russia. The potential exists for Russia to exert influence over Kazakhstan. Additionally, Kazatomprom is currently working toward putting large long-term contracts in place with China. This supply is needed for China to fulfill its 15 year plan to deploy 150 new nuclear reactors. China National Nuclear Corp. (CNNC) has recently opened a uranium trading hub /warehouse facility, on the China / Kazakhstan border, with the capacity to store 60 million pounds of uranium. It has become evident that the nuclear fuel supply chain has become increasingly concentrated and interconnected in this very small area of the world. Expanding Kazakhstan uranium exports to Russia and China significantly reduces future supply for Western nuclear fuel buyers.

### ***Sprott Physical Uranium Trust***

The Sprott Physical Uranium Trust (U.UN) (the “Trust”) took over the former Uranium Participation Corp. (U.TO) and launched an at-the-market program (ATM) on August 17, 2021 to raise capital for the closed-ended trust. Since the inception of the ATM program, the Trust has bought significant quantities of uranium causing spot prices to increase. In the first year since the Trust initiated its ATM program in August 2021, over 39 million pounds of uranium were purchased. Subsequently, additional physical uranium funds have been launched in Kazakhstan and Switzerland. Notably, Kazatomprom, the world’s largest uranium producer, is both an investor and uranium supplier to the new physical uranium fund launched in Kazakhstan.



### ***Utah Mineral Processing Plant***

In January 2023, the Company issued news releases announcing that it has begun site and facility design and permitting on a property acquired in Green River, Emery County, Utah to build a state-of-the-art mineral processing plant. This facility will be designed to recover uranium, vanadium and cobalt from conventional ore mined both from Company mines and ore produced by other mining companies. Selecting and acquiring the processing site has taken over one year to find a location with the road, power and water infrastructure required. The processing plant will utilize the latest processing technology, including Western's patented Kinetic Separation process. These technology advancements will result in lower overall capital and processing costs. This processing plant is expected to have a cost of approximately \$50 to \$60 million. After permitting and construction, the processing of uranium and vanadium ore is expected to commence in late 2026. The facility will be designed to recover cobalt, a metal essential in battery technology and electric vehicles. Within the state of Utah, there are numerous occurrences of cobalt which may be economical to mine, if a processing facility were available. Construction of the cobalt circuit will be dependent on the availability of feed material. The processing plant is expected to be licensed and constructed for annual production of two million pounds of U<sub>3</sub>O<sub>8</sub> and six to eight million pounds of V<sub>2</sub>O<sub>5</sub>.

## Results of Operations

### Summary

	For the Three Months Ended March 31,	
	2023	2022
<b>Revenue</b>	\$ 165,975	\$ 156,226
<b>Expenses</b>		
Mining expenditures	605,104	289,038
Professional fees	87,096	136,060
General and administrative	613,365	863,062
Consulting fees	737	39,512
<b>Total operating expenses</b>	<u>1,306,302</u>	<u>1,327,672</u>
<b>Operating loss</b>	<u>(1,140,327)</u>	<u>(1,171,446)</u>
Accretion and interest (income) expense, net	(35,296)	2,157
Other income	<u>(1,500)</u>	<u>-</u>
<b>Net loss</b>	(1,103,531)	(1,173,603)
<b>Other comprehensive loss</b>		
Foreign exchange gain	<u>6,314</u>	<u>56,661</u>
<b>Comprehensive loss</b>	<u>\$ (1,097,217)</u>	<u>\$ (1,116,942)</u>
<b>Net loss per share - basic and diluted</b>	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>

### *Three Months Ended March 31, 2023 as Compared to the Three Months Ended March 31, 2022*

Our consolidated net loss for the three months ended March 31, 2023 and 2022 was \$1,103,531 and \$1,173,603 or \$0.03 and \$0.03 per share, respectively. The principal components of these year over year changes are discussed below.

Our comprehensive loss for the three months ended March 31, 2023 and 2022 was \$1,097,217 and \$1,116,942, respectively.

1. Our revenue for the three months ended March 31, 2023 and 2022 was \$165,975 and \$156,226, respectively. The increase in revenue of \$9,749 was primarily related to additional oil and gas royalty revenue. Sixteen (16) oil and gas wells were producing in the current period versus eight (8) in the prior period.
2. Mining expenditures for the three months ended March 31, 2023 were \$605,104 as compared to \$289,038 for the three months ended March 31, 2022. The increase in mining expenditures of \$316,066 was principally attributable to scaling up mining activities at the Company's Sunday Mine Complex. Cost increases were attributable to the hiring of additional personnel, increases in cost of equipment, vehicles, and supplies, and stock-based compensation expense for the mining team.
3. Professional fees for the three months ended March 31, 2023 were \$87,096 as compared to \$136,060 for the three months ended March 31, 2022. The decrease in professional fees of \$48,964, or 36% was primarily due to a \$39,742 decrease in legal services.

4. General and administrative expenses for the three months ended March 31, 2023 were \$613,365 as compared to \$863,062 for the three months ended March 31, 2022. The decrease in general and administrative expense of \$249,697, or 29% was due primarily to a \$283,708 decrease in stock-based compensation expense.
5. Consulting fees for the three months ended March 31, 2023 were \$737 as compared to \$39,512 for three months ended March 31, 2022. The decrease in consulting fees of \$38,775, or 98% was principally due to the decreased use of consultants due to the increased use of the Company's expanded in-house staff.
6. Accretion and interest (income) expense, net for the three months ended March 31, 2023 was income of \$35,296 as compared to expense of \$2,157 for the three months ended March 31, 2022. The increase in income of \$37,453 was principally attributable to investment interest earned on higher level cash balances and higher interest rates during the three months ended March 31, 2023 compared to the three months ended March 31, 2022.
7. Foreign exchange gain for the three months ended March 31, 2023 was \$6,314, as compared to \$56,661 for the three months ended March 31, 2022. The decrease of the foreign exchange gain is primarily due to lower differences between the principal functional currency and the reporting currency.

## **Financial Position**

### ***Net cash provided by (used in) operating activities***

Net cash used in operating activities was \$629,914 for the three months ended March 31, 2023, as compared with \$1,087,087 used in operating activities for the three months ended March 31, 2022. The decrease of \$457,173 in cash used in operating activities was due principally to a decrease of \$591,940 in cash used to fund operating assets and liabilities.

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

Net cash used in investing activities was \$623,623 for the three months ended March 31, 2023, as compared with \$369,900 for the three months ended March 31, 2022. The increase in cash used in investing activities of \$253,723 was due principally to the purchase of additional mining equipment and vehicles, as the Company scales up its mining operations.

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

Net cash provided by financing activities for the three months ended March 31, 2023 and 2022 was \$0 and \$3,353,728, respectively. There were no financing activities during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, when we completed a private placement during the first quarter of 2022 representing aggregate net proceeds of \$3,011,878 and received \$341,850 from the exercise of warrants.

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

The Company's cash and restricted cash balance as of March 31, 2023 was \$9,186,315. 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, to secure regulatory licenses and to construct a conventional mill for the processing of uranium and vanadium, the Company will be required to raise additional capital by way of debt and/or equity. Western will also require additional working capital to continue to scale-up its mining operations at the Sunday Mine Complex. 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 to be \$751,424 and \$751,405 as of March 31, 2023 and December 31, 2022, respectively. 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 March 31, 2023 and December 31, 2022 were \$303,018 and \$300,276, respectively. The gross reclamation liabilities as of March 31, 2023 and December 31, 2022 are secured by financial warranties in the amount of \$751,424 and \$751,405, respectively.

### ***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 a first set of eight (8) wells which commenced oil and gas production by August 2021. During 2022, the operator completed a second set of eight (8) wells which commenced oil and gas production by August 2022. Monthly royalty payments are ongoing on the sixteen (16) wells.

During the three months ended March 31, 2023 and 2022, the Company recognized aggregate revenue of \$165,975 and \$156,226, 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 of the Company ("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 \$334,867 as of March 31, 2023) 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 \$334,867 and \$340,252 as of March 31, 2023 and December 31 2022, respectively.

The Company has multiple lease arrangements with Silver Hawk Ltd., an entity which is owned by George Glasier and his wife Kathleen Glasier. These leases, which are all on a month-to-month basis, are for the Company's rental of office, workshop, warehouse and employee housing facilities. The Company incurred rent expense of \$17,925 and \$12,198 in connection with these arrangement for the three months ended March 31, 2023 and 2022, respectively.

The Company is obligated to pay Mr. Glasier for reimbursable expenses in the amount of \$35,252 and \$87,221 as of March 31, 2023 and December 31 2022, respectively.

### ***Going Concern***

With the exception of the quarter ended June 30, 2022, we incurred losses from our operations, and as of March 31, 2023, the Company had an accumulated deficit of \$14,978,794 and working capital of \$8,141,821.

Since inception, the Company has met its liquidity requirements principally through the issuance of notes, the sale of its common shares and from limited revenue sources. During the three months ended March 31, 2023, the Company received oil and gas royalty and lease revenues of \$165,975. During the three months ended June 30, 2022, we realized

revenue of \$7.2 million and corresponding costs of \$4.0 million in connection with a single sale of uranium concentrate.

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 licenses to fully utilize its Kinetic Separation, to construct a conventional mill for the processing of uranium and vanadium and to incorporate Kinetic Separation in the processing of ore to generate operating cash flows. Western will need additional capital to continue ongoing mining operations by its in-house mining team at the Sunday Mine Complex while simultaneously permitting and construction a processing plant.

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 March 31, 2023, 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 March 31, 2023:

Description	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
	\$	\$	\$	\$
<b>Balance sheet</b>				
Cash	8,434,891	9,682,133	10,468,789	11,244,681
Prepaid uranium concentrate inventory	-	-	-	-
Mineral properties and equipment, net	13,378,909	12,798,904	12,656,075	12,410,111
Kinetic separation intellectual property	9,488,051	9,488,051	9,488,051	9,488,051
Accounts payable and accrued liabilities	560,949	551,615	572,930	674,816
Shareholders' equity	28,413,433	29,257,908	29,748,914	30,135,686
<b>Income statement</b>				
Revenues	165,975	247,553	108,547	7,346,646
Cost of revenues	-	-	-	4,044,083
Mining expenditures	605,104	146,187	204,520	122,588
General and administrative	613,365	1,375,424	351,928	655,757
Comprehensive (loss)/income	(1,097,217)	(1,304,307)	(675,890)	2,058,762

## 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.

### Uranium and Vanadium Price Fluctuations

The Company's activities are significantly affected by the market price of uranium and vanadium, which is cyclical and subject to substantial fluctuations. The Company's earnings and operating cash flow are and will be particularly sensitive to the change in the long and short term market price of uranium and vanadium. Among other factors, these prices also affect the value of the Company's resources, reserves and inventories, as well as the market price of the Company's common shares.

Market prices are affected by numerous factors beyond the Company's control. With respect to uranium, such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear incident; reprocessing of used reactor fuel, the re-enrichment of depleted uranium tails and the enricher practice of underfeeding; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons; the premature decommissioning of nuclear power plants; and from the build-up of Japanese utility uranium inventories as a result of the Fukushima incident) by governments and industry participants; uranium supply, including the supply from other secondary sources; and production levels and costs of production. With respect to vanadium, such factors include, among others: demand for steel; the potential for vanadium to be used in advanced battery technologies; political and economic conditions in vanadium producing and consuming countries; world production levels; and costs of production. Other factors relating to both the price of uranium include: levels of supply and demand for a broad range of industrial products; substitution of new or different products in critical applications for the Company's existing products; expectations with respect to the rate of inflation; the relative strength of the US dollar and of certain other currencies; interest rates; global or regional political or economic crises; regional and global economic conditions; and sales of uranium by holders in response to such factors. In the event the Company concludes that a significant deterioration in expected future uranium prices has occurred, the Company will assess whether an impairment allowance is necessary which, if required, could be material.

The recent fluctuations in the price of many commodities is an example of a situation over which the Company has no control and which could materially adversely affect the Company in a manner for which it may not be able to

compensate. There can be no assurance that the price of any minerals that could be extracted from the Company's properties will be such that any deposits can be mined at a profit.

### **Global Economic Conditions**

In the event of a general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Company would not be materially adversely affected. During the past several years, the global economy faced a number of challenges. During the global financial crisis of 2007-2008, economic problems in the United States and Eurozone caused a deterioration in the global economy, as numerous commercial and financial enterprises either went into bankruptcy or creditor protection or had to be rescued by governmental authorities. Access to public financing was negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets, and massive investment losses by banks with resultant recapitalization efforts. Although economic conditions have shown improvement in recent years, the global recovery from the recession has been slow and uneven. The effects of the global financial crisis continue to limit growth. In addition, increasing levels of government debt, slowing economic growth in certain key regions including China, the threat of sovereign defaults including Greece, and political instability in Eastern Europe, including the impact of the conflict between Russia and Ukraine, continued to weigh on markets. These factors continue to impact commodity prices, including uranium, as well as currencies and global debt and stock markets.

These factors may impact the Company's ability to obtain equity, debt or bank financing on terms commercially reasonable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If these increased levels of volatility and market turmoil continue, or there is a material deterioration in general business and economic conditions, the Company's operations could be adversely impacted and the trading price of the Company's securities could continue to be adversely affected.

### **Market Price of Shares**

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in the uranium spot price, changes in industry forecasts of uranium prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies in periods of volatility in the market price of their securities, and following major corporate transactions or mergers and acquisitions. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### **Governmental Regulation and Policy Risks**

Exploration, development, mining and milling of minerals and the transportation and handling of the products produced are subject to extensive federal, state and local laws and regulations governing, among other things: acquisition of the mining interests; maintenance of claims; tenure; expropriation; prospecting; exploration; development; mining; milling and production; price controls; exports; imports; taxes and royalties; labor standards; occupational health; waste disposal; toxic substances; water use; land use; Native American land claims; environmental protection and remediation; endangered and protected species; mine and mill decommissioning and

reclamation; mine safety; transportation safety and emergency response; and other matters. Compliance with such laws and regulations has increased the costs of exploring, drilling, developing, constructing, operating and closing the Company's mines. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact the Company's decision as to whether to proceed with exploration or development, or that such laws and regulations may result in the Company incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time. The Company expends significant financial and managerial resources to comply with such laws and regulations. The Company anticipates it will have to continue to do so as the historic trend toward stricter government regulation may continue. There can be no assurance that future changes in applicable laws and regulations will not adversely affect the operations or financial condition of the Company. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and regulations, including through stricter license and permit conditions, could have a material adverse impact on the Company, increase costs, cause a reduction in levels of, or suspension of, production and/or delay or prevent the development of new mining properties.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration, mining and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of a property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect on the Company. To the extent that the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce otherwise available earnings and could have a material adverse effect on the Company. In addition, the Company does not have coverage for certain environmental losses and other risks as such coverage cannot be purchased at a commercially reasonable cost. Compliance with applicable environmental laws and regulations requires significant expenditures and increases mine development and operating costs.

Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies. The development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The duration and success of such approvals are subject to many variables outside the Company's control. Any significant delays in obtaining or renewing such permits or licenses in the future could have a material adverse effect on the Company. In addition, the international marketing of uranium is subject to governmental policies and certain trade restrictions, such as those imposed by the suspension agreement between the United States and Russia. Changes in these policies and restrictions may adversely impact the Company's business.

### **Public Acceptance of Nuclear Energy and Competition from Other Energy Sources**

Growth of the uranium and nuclear industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, including the risk of a nuclear incident, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal, hydro-electricity and renewable energy sources. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity may result in lower demand for uranium concentrates. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

### **Uranium Industry Competition and International Trade Restrictions**

The international uranium industry, including the supply of uranium concentrates, is competitive. The Company's market for uranium is in direct competition with supplies available from a relatively small number of uranium mining companies, from state-owned uranium companies, from uranium produced as a byproduct of other mining operations,



from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of UF<sub>6</sub>. A large quantity of current world production is inelastic, in that uranium market prices have little effect on the quantity supplied. The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of uranium available in the United States and Europe. The United States and China are also currently involved in a trade and tariff war, which could impact the Company's future sales as China is a globally large uranium and vanadium customer.

### **Additional Funding Requirements**

The Company may need additional financing in connection with the implementation of its business and strategic plans from time to time. The exploration and development of mineral properties and the ongoing operation of mines, requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. The Company may accordingly need further capital in order to take advantage of further opportunities or acquisitions. The Company's financial condition, general market conditions, volatile uranium markets, volatile interest rates, a claim against the Company, a significant disruption to the Company's business or operations or other factors may make it difficult to secure financing necessary for the expansion of mining activities or to take advantage of opportunities for acquisitions. Further, continuing volatility in the credit markets may increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or may affect the ability of the Company, or third parties it seeks to do business with, to access those markets. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms, if at all.

### **Dilution from Further Equity Financing**

If the Company raises additional funding by issuing additional equity securities or securities convertible, exercisable or exchangeable for equity securities, such financing may substantially dilute the interests of shareholders of the Company and reduce the value of their investment.

### **Nature of Exploration and Development, Expansion Projects and Restarting Projects**

The exploration and development of mineral deposits, the expansion of projects and restarting projects involves significant financial risks. The exploration and development of mineral deposits involve significant financial risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral resources and mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed programs on the Company's mineral resource properties will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, among other things: the accuracy of resource estimates; the particular attributes of the deposit, such as its size and grade; ability to economically recover commercial quantities of the minerals; proximity to infrastructure; financing costs and governmental regulations, including regulations relating to prices, taxes, royalties; infrastructure; land use; importing and exporting and environmental protection. The development, expansion and restarting of projects are also subject to the successful completion of engineering studies, the issuance of necessary governmental permits, the availability of adequate financing, that the correct estimation of engineering and construction timetables and capital costs for the Company's development and expansion projects, including restarting projects on standby, and such construction timetables and capital costs not being affected by unforeseen circumstances. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from the Company's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, take much longer than originally anticipated to bring into a producing phase, and to require more capital than anticipated.

### **The Company's Mineral Resources Are Estimates**

Mineral resources are statistical estimates of mineral content, based on limited information acquired through drilling and other sampling methods, and require judgmental interpretations of geology. Successful extraction requires safe and efficient mining and processing. The Company's mineral resources are estimates, and no assurance can be given that the estimated resources are accurate or that the indicated level of uranium or vanadium will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Mineral resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill-hole information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. It should not be assumed that all or any part of the Company's mineral resources constitute or will be converted into reserves. Market price fluctuations of uranium or vanadium as applicable, as well as increased production and capital costs or reduced recovery rates, may render the Company's proven and probable reserves unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower grade mineralization uneconomic.

## **Environmental Regulatory Requirements and Risk**

The Company is required to comply with environmental protection laws and regulations and permitting requirements promulgated by federal agencies and various states and counties in which the Company operates, in connection with mining and milling operations. The uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and milling. The Company expends significant resources, both financial and managerial, to comply with these laws and regulations. The possibility of more stringent regulations exists in the areas of worker health and safety, storage of hazardous materials, standards for heavy equipment used in mining or milling, the disposition of wastes, the decommissioning and reclamation of exploration, mining, milling and in-situ sites, climate change and other environmental matters, each of which could have a material adverse effect on the cost or the viability of a particular project.

The Company cannot predict what environmental legislation, regulations or policies will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation is generally toward stricter standards, and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies, stricter interpretation of existing laws and stricter permit and license conditions, may necessitate significant capital outlays, may materially affect the Company's results of operations and business or may cause material changes or delays in the Company's intended activities. There can be no assurance of the Company's continued compliance or ability to meet stricter environmental laws and regulations and permit or license conditions. Delays in obtaining permits and licenses could impact expected production levels or increases in expected production levels.

The Company's operations may require additional analysis in the future, including environmental, cultural and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. The Company cannot provide assurance that it will be able to obtain or maintain all necessary permits that may be required to continue operations or exploration and development of its properties or, if feasible, to commence construction or operation of mining facilities at such properties on terms that enable operations to be conducted at economically justifiable costs. If the Company is unable to obtain or maintain, licenses, permits or other rights for development of its properties, or otherwise fails to manage adequately future environmental issues, its operations could be materially and adversely affected.

## **Opposition to Mining May Disrupt Business Activity**

In recent years, governmental and non-governmental agencies, individuals, communities and courts have become more vocal and active with respect to their opposition of 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 contrary to the Company's interest. 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 activities of the Company or the activities of other unrelated entities. Opposition to the Company's activities may also result from general opposition to nuclear energy and/or mining. Opposition to the Company's business activities are beyond the Company's control. Any opposition to the Company's business activities may cause a disruption to the Company's business activities and may result in increased costs and this could have a material adverse effect on the Company's business and financial condition.

## **Competition for Properties and Experienced Employees**

The Company competes with other mining companies and individuals for capital, mining interests on exploration properties and undeveloped lands, acquisitions of mineral resources and reserves and other mining assets, which may increase its cost of acquiring suitable claims, properties and assets, and the Company also competes with other mining companies to attract and retain key executives and employees.

There can be no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced employees. The mining

industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling and other equipment, supplies and skilled labor, and these shortages have caused unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

### **Litigation and Other Legal Proceedings**

The Company is not subject to any litigation, potential claims or other legal proceedings. The causes of potential future litigation and legal proceedings cannot be known and may arise from, among other things, business activities, environmental laws, permitting and licensing activities, volatility in stock prices or failure to comply with disclosure obligations. The results of litigation and proceedings cannot be predicted with certainty, and may include potential injunctions pending the outcome of such litigation and proceedings. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

### **Decommissioning and Reclamation**

As owner and operator of numerous uranium mines located in the United States and certain exploration properties, and for so long as the Company remains an owner thereof, the Company is obligated to eventually reclaim or participate in the reclamation of such properties. Most, but not all, of the Company's reclamation obligations are bonded, and cash and other assets of the Company have been reserved to secure a portion but not all of this bonded amount. Although the Company's financial statements will record a liability for the asset retirement obligation, and the bonding requirements are generally periodically reviewed by applicable regulatory authorities, there can be no assurance or guarantee that the ultimate cost of such reclamation obligations will not exceed the estimated liability to be provided on the Company's financial statements. Further, to the extent the bonded amounts are not fully collateralized, the Company will be required to come up with additional cash to perform its reclamation obligations when they occur.

Decommissioning plans for the Company's properties have been filed with applicable regulatory authorities. These regulatory authorities have accepted the decommissioning plans in concept, not upon a detailed performance forecast, which has not yet been generated. As the Company's properties approach or go into decommissioning, further regulatory review of the decommissioning plans may result in additional decommissioning requirements, associated costs and the requirement to provide additional financial assurances. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulatory authorities. Further, the applicable regulatory authorities could require the Company to decommission and reclaim its inactive mines at any time, which could have a negative effect on the Company's operations.

### **Technical Innovation and Obsolescence**

Requirements for the Company's 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, the Company's competitors may adopt technological advancements that give them an advantage over the Company.

### **Property Title Risk**

The Company has investigated its rights to explore and exploit all of its properties and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including by local governments.

The validity of unpatented mining claims on US public lands is sometimes difficult to confirm and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on US public lands, the Company's US properties are subject to various title uncertainties which are common to the industry or the geographic location of such claims, with the attendant risk that there may be defects in its title.

### **Foreign Currency Risks**

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

### **Post-Acquisition Success**

The success of the Company following the acquisition of Black Range will depend in large part on the success of the Company's management in integrating the Black Range assets into the Company. The failure of the Company to achieve such integration and to mine or advance such assets could result in the failure of the Company to realize the anticipated benefits of the Black Range assets and could impair the results of operations, profitability and financial results of the Company.

### **Dependence on Issuance of Mine Licenses and Permits**

The Company maintains regulatory mine licenses and permits, all of which are subject to renewal from time to time and are required in order for the Company to operate in compliance with applicable laws and regulations. In addition, depending on the Company's business requirements, it may be necessary or desirable to seek amendments to one or more of its licenses or permits from time to time. While the Company has been successful in renewing its licenses and permits on a timely basis in the past and in obtaining such amendments as have been necessary or desirable, there can be no assurance that such license and permit renewals and amendments will be issued by applicable regulatory authorities on a timely basis or at all in the future.

### **Realization of Benefits of Kinetic Separation**

In order to utilize Kinetic Separation to process uranium/vanadium bearing ore, there are uncertainties that must be addressed. Currently, to utilize Kinetic Separation the Company plans to apply for its own milling license for a processing facility. If this is not practical or feasible the Company would need to arrange to utilize a third party's mill. There are substantial costs and risks associated with both of these alternatives. The Company is open to continuing to seek an alternative path forward that would allow the use of Kinetic Separation either inside a uranium mine or on the surface outside of the underground workings to further reduce transportation costs. There is no assurance that such an alternative approach will be approved for Western or other companies with comparable processes pursuing regulatory remedies.

In addition, although the Company has conducted initial tests of its Kinetic Separation technology with what appear to be positive results, those results have not been validated by a qualified person.

### **Access to Mills**

In the event that there is not a buying program in place for uranium/vanadium ore, the Company would need to arrange with a third party for conventional milling services. 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, interruption of, or cessation of the Company's business activities. The practice of selling uranium/vanadium ore without first processing into yellowcake (U<sub>3</sub>O<sub>8</sub>) or Vanadium Pentoxide (V<sub>2</sub>O<sub>5</sub>) would likely generate lower revenues.

### **Permitting and Constructing Ore Processing Mill**

The construction of a facility for the processing of uranium ore is both a capital-intensive and regulatory intensive endeavor. Obtaining a license to construct and operate a processing plant to mill uranium and vanadium is subject to a number of risks, including local, state and national regulations, and political and environmental influences. Furthermore, we must raise sufficient capital to fund the permitting efforts and construction of the mill. We are subject to the risks that adequate capital in general may not be available at the levels needed and risks that adequate capital may not be available for investments in the front-end of the nuclear fuel cycle. If we are not able to address these risks and build a processing plant/mill then, we would need to arrange with a third party for conventional milling services.

It may be difficult for the Company to gain access to a third party's mill on favorable terms, or at all. This could result in increased costs and/or significant delays in, interruption of, or cessation of the Company's business activities.

### **Mining, Milling and Insurance**

The current and future operations of the Company are subject to all of the hazards and risks normally incidental to exploration, development and mining of mineral properties, and milling, including: environmental hazards; industrial accidents; labor disputes, disturbances and unavailability of skilled labor; encountering unusual or unexpected geologic formations; rock bursts, pressures, cave-ins, and flooding; periodic interruptions due to inclement or hazardous weather conditions; technological and processing problems, including unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; the availability and/or fluctuations in the costs of raw materials and consumables used in the Company's production processes; the ability to procure mining equipment and operating supplies in sufficient quantities and on a timely basis; and other mining, milling and processing risks, as well as risks associated with the Company's dependence on third parties in the provision of transportation and other critical services. Many of the foregoing risks and hazards could result in damage to, or destruction of, the Company's mineral properties or processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of production from the Company's mines or processing facilities or in its exploration or development activities, delay in or inability to receive regulatory approvals to transport its uranium concentrates, or costs, monetary losses and potential legal liability and adverse governmental action. In addition, due to the radioactive nature of the materials handled in uranium mining and processing, additional costs and risks are incurred by the Company on a regular and ongoing basis.

While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure.

The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings, financial position and competitive position of the Company. No assurance can be given that such insurance will continue to be available or will be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards. This lack of insurance coverage could result in material economic harm to the Company.

### **Credit Risk**

The Company's sales of uranium and vanadium products expose the Company to the risk of non-payment. The Company manages this risk by monitoring the creditworthiness of its customers and requiring pre-payment or settlement at a conversion facility.

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

The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees, some of which are approaching retirement. Certain of these individuals have significant experience in the uranium industry. The number of individuals with significant experience in this industry is small. While the Company does not foresee any reason why such officers and key employees will not remain with the Company if for any reason they do not, the Company may be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

The Company's success will also depend on the availability of qualified and experienced employees to work in the Company's operations and the Company's ability to attract and retain such employees. The number of individuals with relevant mining and operational experience in this industry is small.

### **Labor Relations**

None of the Company's operations directly employ unionized workers who work under collective agreements. However, there can be no assurance that employees of the Company or its contractors do not become unionized in the future, which may impact mill and mining operations. Any lengthy work stoppages may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

## **Infrastructure**

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. The Company considers the existing infrastructure to be adequate to support its proposed operations. However, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

## **COVID-19 Coronavirus**

The world continues to be impacted by the COVID-19 pandemic. COVID-19 and the measures to prevent its spread, previously impacted the Company's business in a number of ways. COVID-19 has primarily caused Western delays in reporting, regulatory matters, operations, and sick/quarantine days for employees infected/exposed to COVID-19. The COVID-19 pandemic previously limited Western's participation in industry and investor conference events during 2020 and 2021. The impact of future disruptions and the extent of adverse impacts on the Company's financial and operating results will be dictated by the unpredictable duration and severity of the future waves of COVID-19. The Company is continuing to monitor COVID-19 and its subvariants and the potential impact of the pandemic on the Company's operations.