WESTERN URANIUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2009 and 2008

(Expressed in Canadian Dollars)

CHARTERED ACCOUNTANTS
MacKay LLP

1100 – 1177 West Hastings Street
Vancouver, BC V6E 4T5
Tel: 604-687-4511
Fax: 604-687-5805
Toll Free: 1-800-351-0426
www.MacKay.ca

mackay.ca

Auditors' Report

To the Shareholders of
Western Uranium Corporation

We have audited the consolidated balance sheets of Western Uranium Corporation as at September 30, 2009 and 2008, and the consolidated statements of operations, comprehensive loss and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada ***"MacKay LLP"***

January 14, 2010 **Chartered Accountants**

WESTERN URANIUM CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2009 AND 2008
(Expressed in Canadian Dollars)

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 46,358,395	$ 51,145,711
Receivables	13,137	57,129
Prepaid expenses and deposits	21,058	21,042
	46,392,590	51,223,882
MINERAL PROPERTIES AND DEFERRED COSTS (Note 4)	22,016,788	20,215,906
EQUIPMENT (Note 5)	17,422	25,932
INVESTMENT IN WESTERN LITHIUM (Note 3)	3,270,060	2,221,980
	$ 71,696,860	$ 73,687,700
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 132,090	$ 800,930
FUTURE INCOME TAX LIABILITY (Note 8)	1,508,446	612,040
	1,640,536	1,412,970
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	72,054,723	72,054,723
CONTRIBUTED SURPLUS (Note 6)	4,929,007	4,071,628
ACCUMULATED OTHER COMPREHENSIVE INCOME	(159,931)	(159,931)
DEFICIT	(6,767,475)	(3,691,690)
	70,056,324	72,274,730
	$ 71,696,860	$ 73,687,700

Nature of operations (Note 1)
Commitments (Notes 4 and 11)
Arrangement with Western Lithium (Note 3)
Subsequent events (Note 14)

On behalf of the Board:

"Pamela Klessig" Director *"John Proust"* Director

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

WESTERN URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008
(Expressed in Canadian Dollars)

	2009	2008
EXPENSES		
Amortization	$ 8,510	$ 9,733
Audit and accounting (Note 7)	172,441	185,833
Consulting fees (Note 7)	126,000	192,310
Corporate development	40,000	-
Interest and bank charges	1,925	63,921
Investor relations	54,000	72,000
Legal fees	42,510	155,837
Office and miscellaneous	97,763	117,499
Property investigation	64,858	2,115
Regulatory and filing fees	44,898	58,629
Rent	85,220	63,591
Stock-based compensation (Note 6)	418,793	800,299
Telephone	19,436	24,230
Travel	47,787	53,597
Wages and benefits	675,864	382,696
Mineral property write-off (Note 4)	191,908	998,369
LOSS BEFORE OTHER ITEMS	(2,091,913)	(3,180,659)
OTHER ITEMS		
Gain on dilution of interest in Western Lithium (Note 3)	53,967	2,330,454
Equity loss in Western Lithium (note 3)	(1,007,128)	(406,640)
Foreign exchange gain	379,733	1,225,940
Interest income	423,307	1,857,920
	(150,121)	5,007,674
(LOSS)/INCOME BEFORE INCOME TAXES	(2,242,034)	1,827,015
FUTURE INCOME TAX RECOVERY/(EXPENSE) (Note 8)	279,985	(612,040)
NET (LOSS)/INCOME AND COMPREHENSIVE (LOSS)/INCOME	(1,962,049)	1,214,975
DEFICIT – BEGINNING OF YEAR	(3,691,690)	(4,906,665)
FUTURE INCOME TAX ON DISTRIBUTION OF WESTERN LITHIUM (Note 3)	(1,113,736)	-
DEFICIT – END OF YEAR	$ (6,767,475)	$ (3,691,690)
BASIC AND DILUTED (LOSS)/INCOME PER SHARE	$ (0.03)	$ 0.02
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC	59,371,834	58,929,270
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – DILUTED	59,371,834	61,759,270

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

WESTERN URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008
(Expressed in Canadian Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/income for the year	$ (1,962,049)	$ 1,214,975
Items not affecting cash:		
Amortization	8,510	9,733
Gain on dilution of interest in Western Lithium	(53,967)	(2,330,454)
Investment in Western Lithium	-	144,514
Equity loss in Western Lithium	1,007,128	406,640
Mineral property write-off	191,908	998,369
Foreign exchange on cash and cash equivalents	(445,880)	(1,203,353)
Future income tax	(279,985)	612,040
Stock-based compensation	418,793	800,299
Changes in non-cash working capital items:		
Decrease in receivables	43,992	25,900
(Increase)/decrease in prepaid expenses and deposits	(16)	72,574
Increase/(decrease) in accounts payable and accrued liabilities	5,551	(9,326)
Net cash from operating activities	(1,066,015)	741,911
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties and deferred costs	(2,667,181)	(6,640,272)
Investment in Western Lithium	(1,500,000)	-
Loans to Western Lithium	-	(2,095,550)
Repayment of loans from Western Lithium	-	2,095,550
Net cash used in investing activities	(4,167,181)	(6,640,272)
CASH FLOWS FROM FINANCING ACTIVITY		
Issuance of common shares	-	4,777,951
Net cash provided by financing activity	-	4,777,951
FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	445,880	1,203,353
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(4,787,316)	82,943
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	51,145,711	51,062,768
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 46,358,395	$ 51,145,711
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash	$ 18,484,815	$ 3,132,040
Term deposits	27,873,580	48,013,671
	$ 46,358,395	$ 51,145,711

Supplemental disclosure with respect to cash flows (Note 9).

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

1. NATURE OF OPERATIONS

Western Uranium Corporation (the "Company") is a Canadian based resource company focused on exploration, acquisition and advancement of mineral properties in North America (Note 4). The Company was incorporated under the provisions of the British Columbia Business Corporations Act on February 7, 2000. Western Uranium Corporation and its subsidiary companies are engaged in uranium exploration.

To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The amounts shown as mineral properties and deferred costs represent expenditures incurred to date and do not necessarily represent present or future values. The underlying value of mineral properties and deferred costs are entirely dependant on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and future profitable production. The Company considers that it has adequate resources to maintain its core operations for the next year.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As most exploration companies, the Company raises financing for its activities using a variety of sources. Based on its current plans, budgeted expenditures, and cash requirements, the Company has sufficient cash to finance its current plans for at least 12 months from the date of approval of the financial statements. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue business.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates include the determination of environmental obligations, the recoverability of mineral properties, and the assumptions used in the determination of the fair value of stock based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Properties and Deferred Costs

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company are deferred on an individual property basis until the viability of a property is determined. Administration costs and general exploration costs are expensed as incurred. When a property is placed in commercial production, deferred costs will be depleted using the units-of-production method. Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the costs are written-off, or if its carrying value has been impaired, then the mineral properties and deferred costs are written down to fair value.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

Principles of Consolidation

The consolidated financial statements contained herein include the accounts of Western Uranium Corporation (formerly “Navan Capital Corp.”), its wholly-owned USA subsidiary, Western Energy Development Corp. (“WEDC”) and its wholly-owned Canadian subsidiary, Ruby Hill Exploration Inc. All inter-company transactions and balances have been eliminated.

Share Issue Costs

Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

Equipment

Equipment is recorded at cost less accumulated amortization calculated using the declining balance method at the following annual rates:

Computer equipment	30%
Office equipment	20%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its estimated future value, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at September 30, 2009 the Company does not have any asset retirement obligations.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less and Guaranteed Investment Certificates (“GICs”) or Term Deposits which are cashable after 30 days. The company places its cash and cash investments with institutions of high credit worthiness. As at September 30, 2009 the Company’s cash equivalents are invested in GICs and term deposits with the annual interest rates in the range of 0.1% to 0.4% (September 30, 2008 – 1.25% to 3.1%).

Impairment of Long-lived Assets

The Company has adopted the recommendations of CICA Handbook Section 3063 "Impairment of Long-lived Assets" and abstract EIC 174, "Mining Exploration Costs" ("EIC 174") of the Emerging Issues Committee on a prospective basis. Section 3063 requires that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstance indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated.

EIC 174 provides that an enterprise that is in the development stage with initially capitalized exploration costs but has not established mineral reserves objectively and, therefore, does not have a basis for preparing a projection of the estimated future net cash flow from the property, is not obliged to conclude that the capitalized costs have been impaired. However, such an enterprise should consider whether a subsequent write-down of capitalized exploration costs related to mining properties is required.

Investments

Long term investments, in which the Company has the ability to exercise significant influence, are accounted for using the equity method. Under this method, the Company’s share of the investee’s earnings and losses is included in operations and its investments therein are adjusted by a like amount. Dividends are credited to the investment accounts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases and loss carryforwards, using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Potential future income tax assets are not recognized to the extent that they are not considered more likely than not to be realized.

Income/(Loss) Per Share

Income/(loss) per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The Company uses the treasury stock method to calculate fully diluted per share amounts whereby any proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the year. Information regarding securities that could potentially dilute basic earnings per share in the future is presented in Note 6.

Stock-Based Compensation

The Company accounts for stock options granted to directors, officers, employees and non-employees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon remeasurement. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

Foreign currency translation

The Company's activities and those of its subsidiaries denominated in currencies other than Canadian dollars are translated as integrated operations using the temporal method. This method translates monetary balances at the rate of exchange at the balance sheet date, non-monetary balances at historic exchange rates and revenues and expense items at exchange rates in effect when incurred. Gains or losses resulting from changes in eschange rates are included in the determination of income or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants.

Transaction Costs

Transaction costs associated with the spin-out of the lithium assets were expensed as incurred.

Comparative Figures

Certain of the prior year comparatives have been reclassified to conform with the current year's presentation.

Financial Instruments

CICA Section 3855 requires that all financial assets initially measured at fair value, except those classified as held to maturity, and loans and receivables, must be subsequently measured at fair value. All financial liabilities must be subsequently measured at fair value when they are classified as held-for trading; otherwise, they are measured at amortized cost. Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. When a decline in the fair value of a financial asset is determined to be other-than-temporary, the cumulative loss is recognized in net income. Those instruments classified as held-for-trading, have gains or losses included in earnings in the period in which they arise.

The Company does not use derivative instruments or hedges to manage risks. Transaction costs related to all financial instruments will be expensed in the period incurred.

Cash and cash equivalents have been designated as held-for-trading, receivables have been designated as loans and receivables and accounts payable designated as other financial liabilities. The Company has elected to use settlement date accounting on any regular way contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Policies and Standards

General standards on financial statement presentation

Effective October 1, 2008, the Company adopted the recommendations in CICA Handbook Section 1400, *General Standards of Financial Statements Presentation*, which includes requirements to assess an entity's ability to continue as a going concern; disclosure of material uncertainties relate to events or conditions that may cast doubt upon the entity's ability to continue as a going concern; disclosure of when financial statements are not prepared on a going concern basis, together with the basis on which the financial statements are prepared, and the reason why the entity is not regarded as a going concern. Disclosures required by this standard are included in Note 1 and Note 2.

Goodwill and Intangible Assets

Effective October 1, 2008, the Company adopted the recommendations in CICA Handbook Section 3064, which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Cost*. This new section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. Adoption of this section had no impact on the Company's financial results.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued Emerging Issues Committee ("EIC') Abstract 173 entitled *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* ("EIC – 173"). EIC–173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC– 173 is applicable to the Corporation's interim and annual financial statements for periods ending on or after January 20, 2009. The Company has evaluated the new guidance and determined that the adoption of these new requirements has not had an impact on the Company's consolidated financial statements.

Mining Exploration Costs

On March 27 2009, the CICA approved EIC-174 "Mining Exploration Costs". This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company has evaluated the new section and determined that the adoption of these new requirements has not had an impact on the Company's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Issued but not Adopted Primary Sources of GAAP

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. The Company is currently engaged in the scoping phase of its conversion which involves a high level review of major differences between Canadian GAAP and IFRS, setting a timeline for resources and developing a project plan. This scoping phase is intended to provide direction to the Company's management for the second phase of conversion project and will be disclosed in the Company's 2010 annual financial statements and management's discussion and analysis. The company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. Section 1582 replaces Section 1581 "Business Combinations" and establishes standards for the accounting for business combinations. It provides the Canadian equivalent to *International Financial Reporting Standards IFRS 3* "Business Combinations".

The section applies prospectively to the business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 provides guidance on accounting for any non-controlling interests subsequent to a business combination. Section 1602 is to be implemented concurrently with section 1582, *Business Combinations*. It is equivalent to the corresponding provisions of *International Financial Reporting Standard IAS 27* "Consolidated and Separate Financial Statements" and applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will consider the impact of adopting these pronouncements on its financial statements if future acquisitions are completed.

3. COMPLETION OF ARRANGEMENT WITH WESTERN LITHIUM

On July 16, 2008 the Company closed its statutory plan of arrangement with its wholly-owned subsidiary, Western Lithium Canada Corporation ("Western Lithium").

As part of the Arrangement, the Company's shareholders of record as of June 19, 2008 received one Western Lithium share for every three of the Company's shares held.

Accordingly, 19,734,361 shares in Western Lithium were distributed to shareholders of the Company by way of an in-kind dividend. The dividend-in-kind is considered to be a non-monetary capital transaction and was accounted for as an increase in contributed surplus at a book value of $81,506.

(Expressed in Canadian Dollars)

3. COMPLETION OF ARRANGEMENT WITH WESTERN LITHIUM (continued)

As part of the arrangement, Western Lithium completed a brokered private placement (the "Private Placement") of 16,220,000 common shares of Western Lithium at a price of $0.50 per share for gross proceeds of $8,110,000. The agent for the offering received a cash commission of $283,850 and a financial services fee of $25,000 plus GST. All securities issued pursuant to the Private Placement were subject to a four-month hold period from the date the common shares of Western Lithium were posted for trading on the TSX Venture Exchange. The Private Placement further diluted the Company's interest of 15,209,393 common shares in Western Lithium which represented approximately 29.8% of the issued and outstanding shares of Western Lithium as at September 30, 2008. A dilution gain of $2,330,454 was recorded in the consolidated Statement of Operations for the year ended September 30, 2008.

On completion of the Arrangement, the Company no longer controlled Western Lithium and so ceased to consolidate it from this date. Through its 29.7% shareholding, the Company had the ability to exercise significant influence in Western Lithium and so accounts for its investment using the equity method. Under the equity method, the Company recognized an equity loss of $406,640 in Western Lithium for the period since the completion of the Arrangement to September 30, 2008, equal to 29.7% of Western Lithium loss for the same period. The Company also recorded $361,174 of its proportionate share of Western Lithium's contributed surplus for the same period.

The reconciliation of the Company's investment in Western Lithium and changes during the year ended September 30, 2008 is as follows:

Investment in Western Lithium on July 16, 2008 (the "spin-out date")	$ (144,514)
Dividend-in-kind	81,506
Gain on dilution	2,330,454
Contributed surplus of Western Lithium	361,174
Equity loss	(406,640)
	$ 2,221,980

On May 6 2009, the Company made an additional investment in Western Lithium by purchasing 3,000,000 units of Western Lithium, priced at $0.50 per unit for the total investment of $1,500,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the Company to purchase an additional common share of Western Lithium for a period of 2 years at an exercise price of $0.60 per share.

As at September 30, 2009, the Company owned 18,209,393 or 28.9% of issued and outstanding shares of Western Lithium and continues to account for its investment using the equity method. During 2009 the Company recorded in deficit a future income tax of $1,113,736 on the distribution of Western Lithium.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTIES AND DEFERRED COSTS

For the year ended September 30, 2009	Thelon Basin, $	Kings Valley, $	Treeline, $	Virgin Valley, $	Pamlico, $	Total, $
Acquisition costs						
Balance, beginning of year	1,229,378	3,407,307	337,383	37,960	71,450	5,083,478
Additions	23,825	454,429	27,954	-	-	506,208
Balance, end of year	1,253,203	3,861,736	365,337	37,960	71,450	5,589,686
Deferred exploration costs						
Drilling	-	811,634	-	-	-	811,634
Geological and consulting	35,948	343,626	-	1,975	778	382,327
Geophysics	1,122	41,497	-	-	-	42,619
Mapping, supplies and other	57,547	121,453	455	-	243	179,698
Sampling	-	164,012	-	-	1,780	165,792
Transportation and travel	43,065	31,851	-	-	-	74,916
Total deferred exploration costs	137,682	1,514,073	455	1,975	2,801	1,656,986
Balance, beginning of year	6,086,117	8,606,404	386,010	41,207	12,690	15,132,428
Balance, end of year	6,223,799	10,120,477	386,465	43,182	15,491	16,789,414
Recovery of prior costs	(111,375)	-	-	-	-	(111,375)
Option payment received	-	(59,029)	-	-	-	(59,029)
Written-off during the year	(23,825)	-	-	(81,142)	(86,941)	(191,908)
Total mineral property costs	7,341,802	13,923,184	751,802	-	-	22,016,788

For the year ended September 30, 2008	Thelon Basin, $	Kings Valley – Uranium, $	Kings Valley – Lithium, $	Treeline, $	Virgin Valley, $	Pamlico, $	Total, $
Acquisition costs							
Balance, beginning of year	1,748,403	2,784,824	14,799	316,041	28,792	-	4,892,859
Additions	5,565	632,920	406	21,342	9,168	71,450	740,851
Balance, end of year	1,753,968	3,417,744	15,205	337,383	37,960	71,450	5,633,710
Deferred exploration costs							
Drilling	328,464	3,009,316	1,185,938	-	-	-	4,523,718
Geological and consulting	142,852	840,895	597,870	13,942	11,958	12,690	1,620,207
Geophysics	-	675,656	-	-	-	-	675,656
Mapping, supplies and other	560,141	215,137	128,709	7,599	713	-	912,299
Sampling	20,974	289,920	119,911	-	-	-	430,805
Transportation and travel	148,455	29,707	10,475	-	-	-	188,637
Total deferred exploration costs	1,200,886	5,060,631	2,042,903	21,541	12,671	12,690	8,351,322
Balance, beginning of year	5,359,010	3,560,572	183,612	364,469	28,536	-	9,496,199
Balance, end of year	6,559,896	8,621,203	2,226,515	386,010	41,207	12,690	17,847,521
Arrangement with Western Lithium (Note 3)	-	-	(2,241,720)	-	-	-	(2,241,720)
Option payment received	-	(25,236)	-	-	-	-	(25,236)
Written-off during the year	(998,369)	-	-	-	-	-	(998,369)
Total mineral property costs	7,315,495	12,013,711	-	723,393	79,167	84,140	20,215,906

4. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

Kings Valley Claims, Nevada, USA

On January 21, 2005, the Company entered into a Mining Option Agreement with Uravada Inc. (“Uravada”) to acquire all of Uravada’s interest in certain mining claims located in Nevada. The Company paid $30,633 (US$25,000) and can acquire Uravada’s interest by making additional payments as follows:

- US$30,000 on or before January 21, 2006 (paid),
- US$50,000 on or before January 21, 2007 (paid),
- US$75,000 on or before January 21, 2008, (paid)
- US$100,000 on or before January 21, 2009 (paid), and
- US$125,000 on or before January 21, 2010 (note 14).

This agreement is subject to a 3% net smelter return royalty. Commencing on January 21, 2011, and each year thereafter, the Company shall pay to Uravada US$50,000 in advance net smelter return royalty payments.

On November 15, 2005, the Company entered into a Mining Option Agreement to acquire a 50% interest in four mining claims forming part of the Kings Valley Claims. The Company paid $1,788 (US$1,500) and can acquire the 50% interest by making additional payments as follows:

- US$2,000 on or before November 15, 2006 (paid),
- US$3,500 on or before November 15, 2007 (paid),
- US$5,500 on or before November 15, 2008, (paid)
- US$7,500 on or before November 15, 2009 (note 14), and
- US$9,000 on or before November 15, 2010.

The Company’s interest in the claim is subject to a 1.5% net smelter return royalty. The Company shall pay an annual advance net smelter return royalty payment of US$1,785, commencing November 15, 2011.

On November 15, 2005, the Company entered into a 20 year renewable mining lease on two claims forming part of the King Valley Claims. The terms of the lease require the Company to make advanced scheduled minimum royalty payments, to be credited against any production royalties that may accrue and against the purchase price as follows:

- US$10,000 on or before November 15, 2005 (paid),
- US$5,000 on or before November 15, 2006 (paid),
- US$5,000 on or before November 15, 2007 (paid),
- US$5,000 on or before November 15, 2008 (paid), and
- US$10,000 on or before November 15, 2009 (note 14) and each anniversary date thereafter.

The advance minimum royalty payments shall be paid in two installments each year, half on the anniversary date and half six months later.

4. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

Kings Valley Claims, Nevada, USA (continued)

After commencement of production of minerals from the claims, the Company shall pay an annual 2% net smelter return royalty or US$10,000 a year, whichever is greater. The Company has an option to purchase the claims for US$100,000, less any amounts previously paid as advance royalty payments, in which case no further royalties are payable. During the years ended September 30, 2007, 2006 and 2005, the Company staked and filed a number of federal lode mining claims, with the Bureau of Land Management, on this property.

Option Agreement with Western Lithium

The Company entered into a mining lease and option to purchase agreement (the "Lease Agreement") with Western Lithium, through their subsidiaries, Western Lithium USA (100% owned by Western Lithium Canada Corporation) and Western Energy Development Corp. (100% owned by Western Uranium), pursuant to which Western Uranium granted to Western Lithium the exclusive right to explore for lithium bearing minerals and clay on the Kings Valley Property (the "Exploration Right").

The Lease Agreement has a term of 30 years that is renewable subject to Western Lithium fulfilling terms required under the lease agreement.

In consideration for the Exploration Right, Western Lithium must pay to Western Uranium US$25,000 (paid), US$50,000 on the first anniversary of the effective date of the Lease Agreement (paid), US$75,000 (note 12) on each of the second through fourth anniversaries of the effective date of the Lease Agreement, US$100,000 on each of the fifth through tenth anniversaries of the effective date of the Lease Agreement, US$150,000 on each of the eleventh through twentieth anniversaries of the effective date of the Lease Agreement and US$200,000 on each of the twenty-first through thirtieth anniversaries of the effective date of the Lease Agreement, for total payments of US$4,400,000. The lease payments will be credited against the Kings Valley property costs upon receipt. These payments are applied against any royalty payments. Western Lithium has agreed to pay to Western Uranium a Net Smelter Returns Royalty of 1.5% and a Net Profits Royalty equal to 3.5%.

Treeline Claims, New Mexico, USA

On March 30, 2005, the Company purchased a leasehold interest in property located in New Mexico for $91,785 (US$75,000) and purchased data on the surrounding ground for $6,119 (US$5,000).

During the year ended September 30, 2005 and 2006, the Company staked and filed a number of federal lode mining claims, with the Bureau of Land Management, on this property.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

Virgin Valley Claims, Nevada, USA

The Company has staked a number of federal lode mining claims, with the Bureau of Land Management, on this property. The Company paid $13,570 (US$11,560) filing fees on November 29, 2005 to perfect the claims. In September 2009, the Company did not renew its leases at Virgin Valley. This decision was made based on the exploration results and permitting issues. Accordingly, the Company wrote-off $81,142 of deferred property costs during 2009.

Pamlico Claims, Nevada, USA

The Company has staked a number of federal lode mining claims, with the Bureau of Land Management, on this property. The Company paid $22,533 (US$22,950) filing fees on November 16, 2007 to perfect the claims. In addition, The Company paid a one time finder's fee of US$25,000 to Western Recon and Mineral Exploration Inc. for identifying the property.

In September 2009, the Company did not renew its leases at Pamlico. This decision was made based on the exploration results and permitting issues. Accordingly, the Company wrote-off $86,941 of deferred property costs during 2009.

Thelon Basin Permits and Claims, Northwest Territories and Nunavut, Canada

The Company's holds exploration permits in Nunavut in the Thelon Basin. During 2009 the Company discounted its exploration permits held on the Northwest Territories portion of the Thelon Basin. The Company wrote-off $23,825 (2008 - $998,369) of deferred exploration expenditures on the Northwest Territories claims, due to problems associated with permitting exploration work in this area. The Company continues to hold Nunavut claims in good standing.

5. EQUIPMENT

	September 30, 2009			September 30, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 33,192	$ 28,156	$ 5,036	$ 33,192	$ 23,975	$ 9,217
Office equipment	31,662	19,276	12,386	31,662	14,947	16,715
	$ 64,854	$ 47,432	$ 17,422	$ 64,854	$ 38,922	$ 25,932

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number	Amount, $	Contributed Surplus, $
Authorized			
Unlimited common shares without par value			
Issued			
As at September 30, 2007	56,130,552	67,044,495	3,060,926
Exercise of agent warrants	161,282	204,671	-
Fair value of agent warrants exercised	-	80,877	(80,877)
Exercise of warrants	2,892,500	4,338,900	-
Exercise of stock options	187,500	234,380	-
Fair value of stock options exercised	-	151,400	(151,400)
Stock-based compensation	-	-	800,299
Contributed surplus of Western Lithium	-	-	361,174
Dividend-in-kind on Western Lithium Arrangement	-	-	81,506
As at September 30, 2008	59,371,834	72,054,723	4,071,628
Contributed surplus of Western Lithium	-	-	438,586
Stock-based compensation	-	-	418,793
As at September 30, 2009	59,371,834	72,054,723	4,929,007

There were no changes in the number of shares issued and share capital during the year ended September 30, 2009.

During the year ended September 30, 2008, the Company:

a) issued 161,282 common shares for proceeds of $204,671 pursuant to the exercise of agent’s warrants previously granted;

b) issued 2,892,500 common shares for total proceeds of $4,338,900 pursuant to the exercise of warrants previously granted;

c) issued 187,500 common shares for total proceeds of $234,380 pursuant to the exercise of stock options previously granted.

Stock options

The Company has a stock option plan in accordance with the policies on the TSX Venture Exchange whereby, from time to time at the discretion of the board of directors, stock options are granted to directors, officers and certain consultants. Under the plan up to 5,937,183 common shares are reserved for the issuance of stock options, being 10% of the issued and outstanding share capital at any given time. The exercise price of each option is based on the market price of the Company’s common stock at the date of the grant less an applicable discount. The options can be granted for a maximum term of 10 years. The vesting terms are determined at the discretion of the Company’s Board of Directors.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

During the year ended September 30, 2009 the Company granted a total of 600,000 incentive stock options to acquire 500,000 common shares at $0.83 per share and 100,000 common shares at $0.90 per share for a period of five years. Of the options granted, 25% vested on the date of the grants and the remaining 75% of the stock options vest over a period of 18 months in accordance with the minimum vesting requirements of the Company's stock option plan.

Stock-based compensation expense of $418,793 was charged to operations and credited to contributed surplus to reflect the fair value of stock options previously granted and vested during the year ended September 30, 2009. At September 30, 2009 $97,218 of the fair value of stock options previously granted but not yet vested remains to be expensed in fiscal 2010 and $1,070 in 2011.

During the year ended September 30, 2008 the Company granted a total of 475,000 incentive stock options to two officers and a consultant to acquire 425,000 common shares at $1.99 per share and 50,000 common shares at $2.55 per share, for a period of five years and with various vesting times. Stock-based compensation expense of $800,299 was charged to operations and credited to contributed surplus to reflect the fair value of stock options vested during the year ended September 30, 2008.

The weighted average fair value of options granted during the year is as follows:

	Year Ended September 30, 2009		Year Ended September 30, 2008	
Exercise price:	Weighted Average Exercise Price	Weighted Average Fair Value of Option	Weighted Average Exercise Price	Weighted Average Fair Value of Option
equals	$ 0.84	$ 0.68	$ 2.05	$ 1.31
exceeds	-	-	-	-
less than	-	-	-	-
the market price of the stock on the grant date				

The fair value of stock options granted is estimated on the dates of grants using the Black-Scholes Option Pricing Model with the following assumptions used for the grants made during the year:

	2009	2008
Risk-free interest rate	1.67 - 1.69%	3.89% - 4.39%
Expected life	5 years	5 years
Annualized volatility	115%	75%
Dividend rate	0.00%	0.00%

The weighted average fair value of stock options granted during the period was $0.68 (2008 - $1.31) per option. Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

A summary of the Company's outstanding options at September 30, 2009 and 2008, and the changes for the years ended on those dates is presented below:

	Year Ended September 30, 2009		Year Ended September 30, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	3,180,000	$ 1.23	2,892,500	$ 1.54
Granted	600,000	$ 0.84	475,000	$ 2.05
Exercised	-	-	(187,500)	$ 1.25
Expired or cancelled	-	-	-	-
Balance, end of year	3,780,000	$ 1.17	3,180,000	$ 1.23

As at September 30, 2009, the following amended incentive stock options are outstanding and exercisable:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
	2,130,000	2,130,000	$ 0.94	March 31, 2011
	75,000	75,000	$ 0.94	June 8, 2011
	100,000	100,000	$ 0.94	October 17, 2011
	100,000	100,000	US$ 1.58	January 29, 2012
	300,000	300,000	$ 2.85	March 30, 2012
	50,000	50,000	$ 1.91	October 11, 2012
	425,000	425,000	$ 1.49	December 6, 2012
	500,000	250,000	$ 0.83	January 21, 2014
	100,000	25,000	$ 0.90	May 6, 2014
Total	3,780,000	3,455,000		

Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at September 30, 2009 and 2008, and the changes for the year then ended is as follows:

	Year Ended September 30, 2009		Year Ended September 30, 2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	-	-	6,385,257	$ 2.82
Issued	-	-	-	-
Exercised	-	-	(3,053,782)	$ 1.49
Cancelled or expired	-	-	(3,331,475)	$ 4.04
Balance, end of year	-	-	-	-

There are no common shares reserved pursuant to warrants and agent warrants outstanding at September 30, 2009.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2009 and 2008, the Company entered into transactions with related parties as follows:

a) paid $48,000 (2008 - $98,000) in consulting fees, $30,000 (2008 - $30,000) in administration fees and $56,040 (2008 - $56,040) in accounting fees to a company controlled by a director of the Company;

b) paid $48,000 (2008 - $48,000) in consulting fees to Director of the Company;

c) paid $2,832 (2008 - $6,707) for the environmental consulting to a Director of the Company.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

8. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates with reported taxes is as follows:

	Year Ended September 30, 2009 $	Year Ended September 30, 2008 $
(Loss)/income for the year	(2,242,034)	1,827,015
Expected income tax recovery/(expense)	675,412	(544,086)
Items not deductible for income tax purposes	(130,971)	(238,329)
Change in tax rates and other	(88,735)	414,139
Change in valuation allowance	(238,376)	(243,764)
Equity loss on contributed surplus in Western Lithium	62,655	-
Future income tax recovery/(expense)	279,985	(612,040)

The significant components of the Company's future income tax assets and liabilities are as follows:

	September 30, 2009 $	September 30, 2008 $
Future income tax assets/(liabilities)		
Mineral Properties	(1,729,047)	(793,455)
Financing costs	215,408	338,988
Operating loss carryforward	939,040	602,698
Eligible Capital Property	47,058	47,059
Equity Investment	(182,899)	(247,700)
	(710,440)	(52,410)
Valuation allowance for future income tax asset	(798,006)	(559,630)
	(1,508,446)	(612,040)

(Expressed in Canadian Dollars)

8. INCOME TAXES (continued)

The Company has Canadian non-capital loss carryforwards of $789,000 that may be available for tax purposes. These losses expire between 2016 and 2029.

The Company has US non-capital loss carryforwards of US$1,900,000 that may be available for tax purposes. These losses expire between 2026 and 2029.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had the following significant non-cash transactions:

a) allocated $Nil (2008 - $80,877) to share capital from contributed surplus for the fair value of the agents warrants and $Nil (2008 - $151,400) for the fair value of the stock options exercised during the year;

b) recorded, using the Black-Scholes Pricing Model, stock-based compensation with a fair value of $418,793 (2008 – $800,299) for stock options vested during the year;

c) included $72,523 (2008 - $746,916) of accounts payable relating to the property expenditures in investing activities;

d) recorded in contributed surplus $438,586 of the Company's proportionate share of Western Lithium's contributed surplus;

e) for the year ended September 30, 2008, recorded in contributed surplus, a dividend-in-kind of $81,506 and $361,174 of the Company's proportionate share of Western Lithium's contributed surplus as a result of distribution of Western Lithium shares to the Company's shareholders;

f) paid $Nil (2008 - $Nil) in interest and $Nil (2008 - $Nil) in taxes.

10. SEGMENTED INFORMATION

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for each of fiscal 2009 and 2008.

The Company's total assets are segmented geographically as follows:

	September 30, 2009		
	Canada $	United States $	Total $
Current assets	44,025,898	2,366,692	46,392,590
Equipment	-	17,422	17,422
Investment in Western Lithium	3,270,060	-	3,270,060
Mineral properties and deferred costs	7,341,802	14,674,986	22,016,788
	54,637,760	17,059,100	71,696,860

(Expressed in Canadian Dollars)

10. SEGMENTED INFORMATION (continued)

	September 30, 2008		
	Canada $	United States $	Total $
Current assets	47,801,150	3,422,732	51,223,882
Equipment	-	25,932	25,932
Investment in Western Lithium	2,221,980	-	2,221,980
Mineral properties and deferred costs	7,315,495	12,900,411	20,215,906
	57,338,625	16,349,075	73,687,700

11. COMMITMENTS

a) The Company has committed to rent office space for the following annual amounts:

2010	$85,327
2011	$6,606
	$91,933

b) Mineral properties (Note 4).

12. FINANCIAL INSTRUMENTS

The Company adopted the CICA Handbook section 3855 "Financial Instruments – Recognition and Measurement" and designated its financial instruments as follows:

i) Cash and cash equivalents are classified as "*Held-for-trading*". Their carrying values are equal to its fair values;

ii) Accounts receivable are classified as "*Loans and Receivables*". These financial assets are recorded at values that approximate their amortized cost using the effective interest method; and

iii) Accounts payable and accrued liabilities are classified as "*Other Financial Liabilities*". These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objectives of the Company's risk management process are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

12. FINANCIAL INSTRUMENTS (continued)

Financial Instruments Risk Exposure

Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company's maximum exposure to credit risk for cash and cash equivalents is the amount disclosed in the balance sheet. The Company limits its exposure to credit loss by placing its cash with major financial institutions and invests only in short-term obligations that are guaranteed by the Canadian government or by Canadian chartered banks.

The Company's accounts receivable consists mainly of goods and services tax (GST) due from the Federal Government of Canada.

Management believes that the credit risk concentration with respect to financial instruments included in cash, cash equivalents and receivables is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintain sufficient reserves of cash and cash equivalents or have an available credit facility to meet its liquidity requirements in the short and long term. As the industry in which the Company operates is very capital intensive, the majority of the Company's spending is related to its capital programs. The Company prepares annual budgets, which are regularly monitored and updated as considered necessary.

As at September 30, 2009, the Company had cash and cash equivalents balance of $46,358,395 (2008 - $51,145,711) to settle current liabilities of $132,090 (2008 - $800,930). All of the Company's financial liabilities are classified as current and are anticipated to mature within this fiscal period. The Company intends to settle these with funds from its positive working capital position.

Concentration risk

The Company's cash and cash equivalents are subject to the concentration risk. The Company limits its exposure to the concentration risk by placing most of its cash balance with major Canadian financial institutions. As at September 30, 2009, $2,352,940 (September 30, 2008 - $3,397,845) was held in US Bank, $20,509,040 (September 30, 2008 - $Nil) in Royal Bank Canada, $22,096,416 (September 30, 2008 - $47,747,866) was held in HSBC Bank Canada ("HSBC") and $1,400,000 was held in Haywood Securities Inc.

12. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals.

i) Foreign currency risk

All current assets and liabilities of the Company, except cash and cash equivalents of $28,227,212 (September 30, 2008 - $30,562,953), receivables of $5,965 (September 30, 2008 - $37,869), prepaid expenses of $14,478 (September 30, 2008 - $15,416) and accounts payable and accrued liabilities of $48,459 (September 30, 2008 - $108,301), are denominated in US dollars and have been translated at a value of $1.0707 (September 30, 2008 - $1.0642) Canadian dollars to $1.00 US dollar. If the US dollar appreciated by 1% in relation to Canadian dollar, the Company's net income would have increased by approximately $191,323 (2008 - $181,523).

ii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Price risk is not significant since the company is not a producing entity.

iii) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions are subject to a floating rate of interest. If the interest rate on the Company's cash maintained in the financial institutions decreases by 1%, the Company's net income would have decreased by approximately $487,521 (2008 - $511,457).

13. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus, accumulated other comprehensive income and deficit. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

13. CAPITAL DISCLOSURE (continued)

The properties in which the Company currently has an interest are in the exploration stage. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period.

14. SUBSEQUENT EVENTS

Subsequent to September 30, 2009, the Company:

a) fulfilled its November 15, 2009 Mining Option Agreements and mining lease obligations on Kings Valley Claims by making payments of US$7,500 and US$10,000 respectively (Note 4);

b) fulfilled January 21, 2010 Mining Option Agreement obligation by making US$125,000 payment to Uravada (Note 4);

c) received US$75,000 option payment from Western Lithium according to the Kings Valley property Lease Agreement (note 4);

d) entered into an Option Agreement with AuEx Ventures, Inc. (XAU) to earn a 70% interest in the Baza property in south east Spain. The Company has the right to carry EuEx (a wholly owned subsidiary of AuEx) through bankable feasibility on any given exploration permit to earn up to 70% of the project and by paying an aggregate of US$400,000 to AuEx of which US$100,000 has been paid. To maintain the option US$100,000 must be paid on the first, second, and third anniversaries of the Agreement to AuEx and minimum annual expenditures must be incurred at the rate of:

   EUR$500,000 on or before the first anniversary;
   EUR$600,000 on or before the second anniversary;
   EUR$1,000,000 on or before the third anniversary;
   EUR$500,000 in each subsequent year until such time as a bankable feasibility study is obtained in respect of a particular Permit;

   If WUC spends at least EUR$3,000,000 on any given Exploration Permit or Application, it is entitled to a 5% NSR which reduces to a 1% NSR after EUR$6,000,000 in payments;

e) purchased 1,476,000 units of Western Lithium at a price of $0.95 per unit, pursuant to a private placement. Each unit consisted of one common share and one-half of a share purchase warrant, with each whole share purchase warrant being exercisable into one additional common share of Western Lithium at a price of $1.25 per share for eighteen months;

f) has entered into an agreement with the HB Syndicate to acquire 7 cateos covering approximately 14,000 hectares located in the La Rioja Province of Argentina. In addition, the agreement extends to any other uranium properties identified by the HB Syndicate within Argentina over the next two years that, with Company's agreement, merit acquisition. The terms of this acquisition are: payment of USD100,000, 500,000 units of the Company (a unit considering of one common share and one-half warrant) and a 2% NSR, which with respect to the property WUC will have the option to purchase any or all of the NSR at a price of USD1,000,000 per percentage interest.