WESTERN URANIUM CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2009

Background

The following discussion and analysis of financial position and results of operations, prepared as of February 26, 2010, should be read together with the Company's interim consolidated financial statements for the three month ended December 31, 2009 and audited consolidated financial statements for the years ended September 30, 2009 and 2008 and related notes attached thereto. The financial statements are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company on its properties and work plans to be conducted by the Company. With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- uncertainties relating to receiving mining and exploration permits in USA, Canada, Spain and Argentina;
- the impact of increasing competition in uranium, gold and copper business;
- unpredictable changes to the market prices for uranium, gold and copper;
- exploration and developments costs for its properties;
- availability of additional financing or joint-venture partners;
- anticipated results of exploration activities;
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral exploration; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and/or joint venture partners and unpredictable weather conditions.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Company Overview

Western Uranium Corporation ("Western", "WUC" or the "Company") was incorporated under the British Columbia Business Corporations Act on February 7, 2000. The Company is a natural resource company engaged in the acquisition and exploration of resource properties in North and South America and in Spain. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The Company trades on the TSX Venture Exchange under the symbol WUC.

Trends

In recent years, the resource exploration industry had been through a very difficult period, with low prices for precious, base metals, uranium and a host of other metals. Lack of interest led to low market capitalizations and large companies found it was easier to grow by purchasing companies or mines than to explore for them. This led to downsizing of large company exploration staff and many professionals took early retirement or left the industry to pursue other careers. As a result of these trends, there were limited mining projects in the pipeline and a shortage of experienced explorationists.

Outlook

The Company continues to believe that the uranium market will recover from the current levels of pricing and will play a strong role in providing future global energy needs. As such, the Company is continuing exploration for uranium and seeking out opportunities for properties or projects that exhibit potential for containing resources of uranium or other metals of economic interest. In following this objective the Company entered into a Joint Venture lease agreement with AuEx Ventures to explore a property for copper and gold mineralization in Southeast Spain (Baza Project) and has expanded the uranium exploration program into the La Rioja Province of Argentina through an acquisition of 7 cateos covering 14,000 hectares held by the HB syndicate. The Company will also continue with exploration on Kings Valley and will seek joint ventures to advance exploration on one or more of its properties. The company is sensitive to market issues for financing and is prudently managing the treasury to ensure the company's long term viability and success.

Resource Properties

All costs related to the acquisition, exploration and development of resource properties are capitalized by property. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a resource property is impaired, that property is written down to its estimated net realizable value. A resource property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Through the Company's wholly-owned subsidiaries, Western Energy Development Corp. ("WEDC") and Ruby Hill Exploration Inc., the Company has three mineral exploration concessions in the USA, and Canada. Western Uranium Corp. holds an option to earn 70% interest in the Baza property in south east Spain. In addition, Western Uranium Corp. entered into an agreement to acquire 7 cateos covering approximately 14,000 hectares located in the La Rioja Province of Argentina. A description of each of the properties is provided as follows:

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)
- US$125,000 on or before January 21, 2010. (paid)

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.

In May 2005 and February 2007 the Company staked additional claims which were filed with the Bureau of Land Management.

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 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, (paid)
- 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)
- US$10,000 on or before November 15, 2009 (paid) 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.

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.

Western Uranium acquired the Kings Valley property in January 2005. Recognizing the regional exploration potential the property holds to host uranium and potentially gold or molybdenum mineralization the Company has been aggressively exploring the large land position of nearly 80,000 acres over the past several years. After evaluation consisting of geophysics, structural interpretation, geologic mapping and sampling, the Company decreased the land position by 2154 claims in 2009. The Company currently holds in total 2033 claims covering over 40,000 acres within the McDermitt Caldera. During the past five years the Company has conducted various phases of exploration including undertaking large geochemical surveys, airborne and ground geophysical surveys, geologic mapping, large regional structural analyses, and various drill campaigns. Results from the all drilling have been reported in the previous quarterly financial and annual management's discussions and analyses.

The Company engaged AMEC Mining and Metals, Inc. to prepare a NI 43-101 compliant resource estimation based on historical drill information plus results available from the drilling undertaken by the Company during 2006 and 2007. A NI 43-101 compliant inferred resource has been calculated that indicates 4.8 million pounds of uranium in approximately 3 million tonnes at a cutoff of 0.035% U_3O_8 for the north zone and 0.05% U_3O_8 for the south and Moonlight zones are present. Permitting is still in progress to allow for an expanded drill program on the western margin of the caldera in the zones of known mineralization. Permitting is taking longer than initially anticipated due to delays on part of the BLM. Further drilling in the areas of known mineralization may expand the inferred resource and it is expected that with additional work and drilling, these resources could be upgraded to the Indicated category with additional information regarding the mineral processing and mining methodology. Future exploration is targeted at expanding the known resources in the North, South, and Moonlight Mine areas and locating additional targets in the claim block that may host uranium or other types of mineral deposits.

The 2008 field program focused on testing regional targets identified in peripheral areas of the property during the previous field seasons. The program successfully identified areas that contain elevated levels of uranium mineralization which warrant follow-up with additional drilling. Credits of both silver and molybdenum have potential to enhance the economic viability of the known uranium mineralization at the Kings Valley project and the drilling during the 2008 program has highlighted that peripheral targets in the property contain potential for hosting gold. One target, identified as Albisu, and was the focus of the 2009 program. In addition, three core holes were drilled, with one terminated prior to targeted depth due to drilling problems, in the Moonlight area to assist in defining controls on known mineralization and two holes were drilled as an initial pass on the JJ uranium anomaly.

The Company focused exploration activity on the Kings Valley, Nevada Project during 2009. In addition the Company evaluated various properties and companies that potentially merited leasing, acquisitions or mergers.

Geologic Discussion

Exploration and drilling results indicate that the mineral and alteration assemblage found at three areas of known mineralization, the North Zone, South Zone and Moonlight Mine consists of at least two mineralizing events, one event appears to include deposition of gold, silver, arsenic, antimony, copper, lead and zinc and the other system appears to control deposition of uranium, molybdenum, silver and mercury. Geologic and structural mapping along the western escarpment of the caldera has defined a 5 kilometer long, north- to northeast-trending structural corridor extending from the Moonlight Mine in the south past the North Zone.

The structural corridor is characterized by a complex zone of east dipping caldera related normal faults and west dipping normal faults associated with Basin and Range normal faulting. Rocks in the structural corridor have been intruded by late-stage andesite to rhyolite dikes and domes. Uranium mineralization occurs along the brecciated margins of the intrusive and in other structurally controlled zones of low pressure (dilation & open space breccias). Minor uranium mineralization is also found along lithologic breaks, in fault zones, and at depositional contacts. Recognition of the structural corridor and multiple episodes of intrusive activity along the corridor are critical as it indicates a much more dynamic mineralizing event occurred in the area than originally interpreted by Chevron Minerals. This type of mineralizing environment typically produces larger and better mineralized deposits than weaker, less dynamic systems.

The Company believes that geologic work over the past five years has assisted in better determining mineralizing controls and depositional environment. This work is being used to guide future exploration activities. The Company's current regional exploration program has successfully identified additional areas within the caldera exhibiting potential for containing additional uranium, gold, silver, lithium and possibly molybdenum mineralization. Regional exploration has identified several large geochemical and geophysical anomalies in areas peripheral to previously identified zones of drill defined uranium mineralization. These anomalies are in areas with similar geology to other known uranium deposits within the McDermitt Caldera. The Company believes that the geologic setting of the McDermitt Caldera is similar to that of the Streltsovka Caldera in Transbaikalia, Russia which hosts reported uranium resources of greater than 600 million pounds U_3O_8 distributed in 20 deposits. Although the geologic ages of the calderas differ, the internal rock types, complex structural components, the geologic environment, and nearly identical geographical dimensions are analogous.

Geologic work to date has identified a large area of approximately 16 kilometers in strike length and 3 kilometers in width covering prospective regional targets from south to north referred to as JJ, Horse Canyon, Bull Basin, Old Man Springs, and Albisu. Additional evaluation of the airborne radiometric data has highlighted an area approximately 4.5 kilometers to the east and south of the Moonlight Mine, the JJ area that exhibits the same radiometric intensity as displayed over the outcropping area at the Moonlight Mine. Ground scintillometer readings are also highly anomalous and a number of rock samples collected in the area were elevated geochemically. The compilation of these data was used to identify locations for a first pass drill test. Three core holes were drilled and intercepted altered tuffaceous volcanic rocks. JJ-1A was a re-drill of JJ-1 as the first hole encountered drilling problems and was abandoned. Probe results did not yield radiometric results such as encountered at surface. After additional geologic examination it was determined that the JJ-1A and JJ-2 core should be sent in for analytical geochemical analyses. Results from these two holes were elevated geochemically in uranium in various intervals five to six time normal background levels. This area will receive further evaluation.The Horse Canyon target is located just to the east of KV North. A strong magnetic high has been identified with dimensions of some 3200 meters x 800 meters that corresponds to a uranium soil anomaly defined by Chevron Resources that was never drill tested during their tenure on the project. Examination of historical Chevron Resources geophysical data has highlighted a correlation between IP (Induced Polarization) anomalies and uranium mineralization. An I-P survey will be undertaken over the Horse Canyon Area to assist in selecting drill targets. Pending receipt of a permit for drilling the Company plans on drill testing the Horse Canyon target during 2010. Bull Basin and Old Man Springs were drill tested during the 2008 program and results from this program have been previously reported on and can be found in the company’s 2008 year-end management’s discussion and analysis which is filed on SEDAR. The data gathered during these programs is used in guiding future exploration activities.

Albisu is an area that exhibits paleo-hot springs style surface alteration and lies at the northern end of the dominant north-south structural trend that seems to focus much of the uranium or gold mineralization along the western edge and side of the caldera. Prior to the 2008 field season the Albisu target had received minor focus. From May through the end of June 2009, the Company completed eleven core holes for a total of 3,320 meters in the area of ALB-04. ALB-04 intercepted 12 grams of gold over 1.5 metres from 103.7 m to 105.2 m and 41 metres from 154.0m to 195.1m that averaged 0.66 g/t gold, see press release dated October 29, 2008. Drilling has intercepted geochemically anomalous and intensely altered volcanic rocks suggesting a large mineralizing system has been active in the area. Significantly, ALB-06 has intercepted 3.98 g/t gold over 6.1 meters from 111.3-117.4m that included 14.6 g/t gold from 111.3-112.8 m and 2.3 g/t gold from 114.3-115.8 m, see press release dated August 4, 2009.

This intercept correlates with the zone in ALB-04 that intercepted 12 g/t gold over 1.5 metres from 103.7 m to 105.2 m. The zone intercepted in ALB-06 lies up dip and 40 meters west of the intercept in ALB-04. ALB-06 also returned 0.66 g/t gold from 125-126.5m, 0.41 g/t gold from 135.6-137.2 m, and 0.41 g/t gold from 141.7-143.2m. Additional results from ALB-13, located 95 metres along strike to the north of ALB-04 and ALB-06, have returned the following zones of interest: 1.6 g/t gold from 70.0-71.5 m, 1.02 g/t gold from 88.4-89.9m, 0.57 g/t gold from 123.4-124.9m and 0.342 g/t gold from 352.0-364.2 m. The upper 1 gram intercepts are interpreted to correlate with the 12 g/t and 14 g/t intercepts in holes 4 and 6 respectively. Nearly all of the holes drilled intercepted wide intervals of low-grade gold mineralization in the 100 – 400 ppb range, see press release dated October 14, 2009.

Drilling has intercepted geochemically anomalous and intensely altered volcanic rocks in every drill hole. Low grade, wide intercepts of gold with scattered narrower zones of higher grade has been encountered in many of the holes. The gold occurs in hydrothermally altered brecciated volcanic rocks that exhibit strong argillization, silicification and sulphide veining characteristic of high level epithermal systems. The large halo of widespread and continuous lower grade gold along with geochemically elevated intervals of silver, arsenic, cobalt, mercury and molybdenum within hydrothermally altered and brecciated volcanic rocks indicates this has been an active and dynamic system. Due to the amount of widespread alteration and geochemically elevated levels of gold and various pathfinder elements the Company believes that this area deserves further evaluation and is seeking a to lease or joint venture this area to another group to undertake additional exploration.

Two core holes for a total of 743 meters were drilled in the vicinity of the Moonlight Zone as offsets to KV- 63. KV-64 and KV-65 were drilled to assist in defining potential structural controls for mineralizing fluids. These holes have been geological logged and split and probed. The probe values indicated the presence of low grade uranium mineralization. A problem with the laboratory used for the chemical evaluation has necessitated sending the samples to another laboratory for analysis. Assays from the second laboratory confirm the presence of low grade uranium mineralization but yielded higher values. Further discussion with the first laboratory highlighted that the incorrect sample digestion procedure was initially used. It was through the Company's' submission of blind standards along with the samples that the error was highlighted. In summary, there is a dominant north-south corridor of mineralization and alteration that strikes 24 kilometres along the western rim of the McDermitt Caldera. The southern part of the trend is defined by the known zones of uranium mineralization. North Zone, South Zone and Moonlight Mine area, reported by the Company in previous press releases and in the Management's and Discussion Analysis in quarterly and annual financial reports. The north end as defined as Albisu appears to be a gold enriched portion of the system. Along this entire trend scattered old prospect pits and random historic drill holes tend to have elevated geochemical signatures of metals that may occur proximal to large mineral systems. Many of the holes are geochemically elevated significantly above background concentrations in arsenic, mercury, and silver along with scattered zones of elevated gold and molybdenum. All of these elements when examined on a regional scale suggest that an extremely large, active, multi-element, metalliferrous system has been active in the caldera.

WUC QA/QC Program

Quality Control and Assurance for all sampling projects at Kings Valley is under the direction of Mr. John Rice, Vice President of Exploration, a Qualified Person as defined by National Instrument 43-101 standards. When drilling is on-going, core samples are collected daily from the drill site and transported back to the field office where WUC personnel photograph each box. WUC geologists then log the core noting rock types and alteration. The core is then split and packaged in sealed polyethylene bags. Core samples are delivered by WUC employees to American Assay Laboratories located in Sparks, Nevada or collected on site by American Assay Laboratory

American Assay Laboratory's quality control system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025:1999. Analytical accuracy and precision are monitored by the use of reagent blanks, reference samples, and sample duplicates. Additionally, WUC selects duplicate samples which are then submitted to a third party lab for separate confirmation analysis.

WUC contracted Minerals Exploration and Environmental Chemistry Laboratories, located in Washoe Valley, Nevada, to develop a set of analytical standards for uranium quality control. WUC standards were made at 0.01%, 0.05%, 0.10%, and 1.0% U_3O_8. Once prepared, the standards were submitted to six different accredited assay laboratories for round robin analysis and confirmation of grade before use. Control samples are submitted with each round of samples submitted to the laboratory.

Lease Agreement with Western Lithium on Kings Valley Property, Nevada

In December 2007, the Company entered into a mining lease and option to purchase agreement (the "Lease Agreement") with Western Lithium Canada Corporation ('Western Lithium"), through their subsidiaries, Western Lithium USA (100% owned by Western Lithium Canada Corporation) and Western Energy Development Corporation (100% owned by Western Uranium), pursuant to which Western Uranium granted to the 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 (received), US$50,000 (received) on the first anniversary of the effective date of the Lease Agreement, US$75,000 on each of the second (received) 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. 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%.

Additional information for Western Lithium has been reported on in previous quarterly and annual filings for Western Uranium and can be accessed via SEDAR. In addition, filings for Western Lithium Canada Corporation are available on SEDAR.

Completion of arrangement with Western Lithium

In June 2008 the Company received the final order from the Supreme Court of British Columbia approving the previously approved by shareholders statutory plan of arrangement. Under the Arrangement, the Company spun-out a portion of its interest in the wholly-owned subsidiary, Western Lithium Canada Corporation, to the shareholders of the Company. Western Lithium has the exclusive right to explore for lithium bearing materials and clay on the Company’s Kings Valley Lithium Claims.

In July 2008, the Company announced that the common shares of Western Lithium are listed and posted for trading on the TSX Venture Exchange at the start of business on Wednesday, July 16, 2008. The listing and posting for trading of the Western Lithium shares was the final condition for the statutory plan of arrangement between the Company and its wholly-owned subsidiary Western Lithium (the "Arrangement"). Accordingly, as of the start of trading on July 16, 2008, the Arrangement was officially closed. Pursuant to the Arrangement, the Company’s shareholders of record as of June 19, 2008 received one Western Lithium share for every three Company’s shares held. As a result of Arrangement the Company acquired 15,209,393 common shares of Western Lithium which represent approximately 29.8% of the issued and outstanding shares of Western Lithium. Subsequently, Western Lithium has completed two equity financings. WUC participated in both financings which increased the number of common shares held to 19,685,393. Both financings diluted WUC’s holding in Western Lithium to approximately 24%. The Company also holds 3,000,000 warrants of Western Lithium at an exercise price of $0.60 per share expiring on May 6, 2011 and 738,000 warrants at an exercise price of $1.25 per share expiring on April 14, 2011.

19,734,361 shares in Western Lithium were distributed during 2008 to shareholders of the Company on the spin-out by way of an in-kind dividend. During the year ended December 31, 2009 the Company recorded in deficit a future income tax of $1,113,736 on the distribution of Western Lithium.

Treeline Claims, New Mexico, USA

The Treeline project consists of 480 acres of private lands leased by the Company through its wholly owned US subsidiary Western Energy Development Corp. (WEDC) (referred to as leased lands) and approximately 3380 acres of unpatented mining claims located by Western also through WEDC (referred to as WEDC's unpatented claims). The project lies within a west-northwest-trending belt of uranium mineralization known as the Grants Uranium District in northwestern New Mexico. 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). The Company has staked and filed a number of federal lode mining claims, with the Bureau of Land Management on this property. The Company is currently focusing the majority of exploration activities on the Kings Valley Project. The Company has requested that the United States Forest Service undertake the completion of the Environmental Impact Statement (EIS). The Forest Service requested the EIS prior to granting a permit to undertake exploration drilling on the claims.

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

Western Uranium Corporation had nine exploration permits covering ~ 355,000 acres in Nunavut that expired at the end of January 2009 according to regulations. Prior to expiration, the Company converted the most favorable portions of the permits to 49 mineral claims covering 126,543 acres. In the Northwest Territories the Company determined the acreage covered by the one exploration permit held little exploration potential and relinquished the ground. The Company held three claim blocks covering 80,233 acres in the Northwest Territories in the Thelon Basin which were valid until September 2009. Subsequent to this date, management decided to relinquish the claims due to the extreme problems with permitting uranium exploration on the Northwest Territory side of the Thelon Basin. The Company wrote down $998,369 of the deferred exploration costs in 2008 and $23,825 in 2009 on the property.

No further work is planned in the near term and dependent upon the resolution of the caribou issue the Company will carefully consider whether Nunavut is a politically acceptable environment in which to conduct further exploration. An adequate amount of expenditure has been made in the area to keep the claims in good standing until January 2011. Portions of the existing claim blocks can be kept in good standing by filing on the property each subsequent year for up to ten years.

Baza, Spain

The Company has entered into an Option Agreement with AuEx Ventures, Inc. (XAU) to earn a 70% interest in the Baza property in south east Spain (Press Release October 14, 2009). The property is located on the south slope of the Sierra de Filabres which is separated by a major east-west trending valley from the Sierra Nevada to the south and is about 120 kilometers to the east of Granada. The project exhibits potential for discovery of one or more gold and copper deposits. The Company believes this property represents a sound opportunity to explore a property with widespread indications of hosting a large mineralized system. This is an area that has not been subjected to modern exploration methods. The expansion of exploration into gold and copper provides important diversification into the rapidly rising gold market and as the economic recovery continues, into the base metal arena. Management believes both commodities have potential to provide nearer term value to shareholders and spreads the risk from focusing solely on one commodity.

The Option gives the Company 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

€$500,000 on or before the first anniversary;

€$600,000 on or before the second anniversary;

€$1,000,000 on or before the third anniversary;

€$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 €$3,000,000 on any given Exploration Permit or Application, it is entitled to a 5% NSR which reduces to a 1% NSR after €$6,000,000 in payments. Any excess expenditure made in one year may be carried forward towards meeting the following years work commitment.

Characteristics associated with Kansanshi type copper-gold deposits or possibly Iron Oxide Copper Gold (IOCG) deposits are found within the region and localized areas. However the style of mineralization remains open to debate. Previous workers based the IOCG model interpretation on the presence of abundant iron-rich carbonate gangue, chalcopyrite, feldspar-stable alteration, and the presence in the greater district of hypogene specular hematite and magnetite (Bedell and Parratt). Yet they also noted that mineralization is not completely typical of the IOCG model. According to Murray Hitzman who visited the property in June of 2009, notes the area has an apparent magmatic-related trace element suite present and due to the lack of extensive hydrothermal alteration and significant iron oxides, and suggests that the potential model may be Kinsanshi style (~200Mt, 1.1% Cu, 0.16 g/t Au) which occurs as a bulk tonnage deposit in albitized metasedimentrary rocks around high-grade chalcopyrite-quartz-carbonate veins.

The project is in a region that was historically mined for iron. The last iron mine closed in 1992 but there are no records of copper and gold being exploited. Significant quantities of gold and copper are found in many samples taken from various small mine workings and dumps scattered over the entire 25 kilometer length of the project area, suggesting that both commodities were not recovered during any of the historic periods of small scale mining activity. Currently two areas have been identified, Cerro del Gallo and El Valenciano, that with some additional field work will be drill ready by first quarter of 2010. The most advanced prospect area, Cerro del Gallo has yielded gold and coppers values in rock samples ranging from 1.53 g/t Au and 0.33% Cu over 1.2 meters to 6.8 g/t Au, and 1.86% Cu over 3.4 m from mineralized structures and prospects along a 2 km strike length. Individual rock chip samples have returned gold values up to 20.0 g/t and copper values up to 10%. Gold and copper mineralization has been identified along a strike length of 1000 meters in the El Valenciano area. Analyses from a first pass of limited sampling returned copper values ranging from 1.25% to 3.12% and gold that returned 1.42 to 9.18 grams over widths from 1 to several meters. Additional sampling has recently been submitted for analyses and results are pending.

Due to the large size of the property and the number of areas that have significant amounts of mineralization at surface, drilling programs will be conducted in several phases. The first phase of drilling will be focused on testing near surface gold/copper targets at the main two areas identified. A ground magnetic survey has been completed over Cerro del Gallo which will supplement the geochemistry and geologic mapping to assist in defining drill targets. Additional geologic mapping and sampling in the area of El Valenciano is being used to guide the first pass of drilling in this area. A larger airborne survey designed to cover the entire project area is in the planning stages and is planned for the middle part of the second quarter of 2010.

La Rioja, Argentina

The Company entered into an agreement with the HB syndicate to acquire seven cateos covering approximately 14,000 hectares located in the La Rioja province of Argentina that demonstrate strong potential for hosting uranium mineralization. In addition, the agreement extends to any other uranium properties identified by the HB syndicate within Argentina over the next two years that, with Western's agreement, merit acquisition.

The Cateos cover areas that are similar geologically to the producing basins in the Western United States that have been mined and have produced hundreds of millions of pounds of uranium. However, these areas have not been subjected to the intense level of exploration or mining by the private sector as in the United States. In addition to the geologic favorability of the area, the provincial government of La Rioja recently rescinded negative mining regulations, and the infrastructure and access are good compared with other prospective areas in Argentina. The company believes this represents a sound business opportunity to continue uranium exploration with a minimal outlay of expenditures, which will position Western Uranium well as the uranium sector revives.

Acquisition terms

Payment comprises $100,000 (U.S.), 500,000 units (issued) of WUC (a unit comprising one common share and one-half warrant) and a 2-per-cent net smelter return (NSR). Western Uranium will have the option to purchase any or all of the NSR at a price of $1-million (U.S.) per percentage interest.

Selected Quaterly Financial Information and Three Months Ended December 31, 2009

The following selected consolidated financial information is derived from the unaudited consolidated interim financial statements of the Company. The information has been prepared in accordance with Canadian GAAP.

	2010	Year ended September 30, 2009				Year ended September 30, 2008		
	Q4 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $
Total assets	72,121,085	71,696,860	73,767,892	75,800,205	75,639,878	73,687,700	71,466,681	70,890,807
Mineral properties and deferred costs	22,659,286	22,016,788	21,566,993	20,750,329	20,622,071	20,215,906	19,922,525	18,023,106
Working capital	43,523,702	46,260,500	48,736,491	53,093,710	52,801,612	50,422,952	50,828,321	52,531,231
Total revenues	-	-	-	-	-	-	-	-
General and administrative expenses	(359,578)	(531,828)	(447,178)	(652,240)	(460,667)	(1,446,037)	(553,388)	(605,489)
Net income/(loss) for the period	24,473	(2,251,642)	(2,361,087)	26,187	2,624,493	947,972	(176,657)	416,877
Income/(loss) per common share – basic and diluted	0.00	(0.03)	(0.04)	0.00	0.04	0.01	(0.003)	0.01

Significant fluctuations for the quarterly periods are due to the following:

Total assets

- Q1 2010 increase in total assets is mainly due to the increase in Investment in Western Lithium from $1,080,303 gain on dilution offset with operating expenses and foreign exchange loss.
- Q4 and Q3, 2009 decreases in total assets are mainly due to the cash spent on operating activities and depreciation of US currency in relation to Canadian dollar and decrease in the value of the Company's US$ denominated cash.
- Q2 and Q1 2009 increase in total assets is mainly due to the appreciation of US currency in relation to Canadian dollar and increase in the value of the Company's US$ denominated cash offset with operating expenditures.
- Q4 2008 increase is mainly due to increase in Investment in Western Lithium on the spin-out.
- Q3 – there were no significant fluctuations in total assets.

Mineral properties and deferred costs

- Q1 2010 increase is mainly due to exploration expenditures on the Company's Kings Valley and Baza properties. The Company made US$125,000 option payment on Kings Valley property and US$100,000 payment upon acquisition of the Baza option.
- The increase in Q4 and Q3 2009 is mainly due to the drilling program on the Company's King's Valley property. Q4 2009 also included Kings Valley holding fees of $306,886 offset with $191,908 properties write-down. There was no significant increase during Q2 2009. Increases during the periods are due to the exploration expenditures and acquisition costs for the Company's properties, mainly on the Kings Valley and Thelon Basin. During Q4 2008, this was offset with $998,369 write-off for Northwest Territories portion of Thelon Basin property.

Working capital

Q1 2010 decrease of $2,736,798 in working capital is mainly due to the $1,402,188 purchase of Western Lithium shares on October 14, 2009, $671,632 exploration expenditures and $615,997 cash expanded on operating activities. Fluctuations in working capital during the previous periods are mainly due to the proceeds from financings or exercise of warrants, offset by changes in non-cash working capital balances and exploration and general and administrative expenditures. See analysis of the total assets fluctuations in the above and general and administrative expenses below.

General and administrative expenses

- Q4 2009 increase is due to the $168,082 property write down during the period offset with decrease in stock-based compensation.

- Q3 and Q2 2009 – increases are mainly due to the non-cash stock-based compensation. The stock-based compensation increased due to 600,000 stock options granted during the two periods.

- Q1 2009 – decrease is mainly due to the lesser number of stock options vested during the period as most of the Company's stock options are fully vested and were expensed in the prior periods.

- Q4 2008 – increase is mainly due to the $998,369 mineral property write-off.

- Q3 and Q2 2008 – there were no significant fluctuations in individual expense categories during the periods.

Net loss

In addition to general and administrative expenses net loss for the periods includes the following:

- Q1 2010: $1,080,303 gain on dilution of interest in Western Lithium ("WLC") and equity loss of $316,474 was recorded under the equity accounting for the Company's investment in WLC. The gain on dilution was realized mainly due to WLC financing closed on October 14, 2009. Foreign exchange loss of $405,930 mainly due to depreciation of the US$ denominated cash held by the Company.

- Q4 2009: Future income tax recovery of $279,985 mainly due to the recognition of the tax benefit from Company's current year tax losses; foreign exchange loss of $1,600,322 due to Canadian/US dollar exchange fluctuations and its effect on the Company's US$ denominated funds on deposit. US dollar closing price on September 30 2009, was CDN$1.0707 or ~8% decrease from the CDN$1.163 closing price on June 30, 2009. The Company held approximately US$17.1 million as at September 30, 2009. In addition, Q4 2009 net loss includes $389,893 equity loss in Western Lithium.

- Q3 2009: Foreign exchange loss of $1,777,456 was recorded in the period. The foreign exchange adjustment primarily is a result of Canadian/US dollar exchange fluctuations and its effect on the Company's US$ denominated funds on deposit and conversion of US$ denominated property expenditures of its US subsidiary upon consolidation. US dollar closing price on June 30 2009, was CDN$1.163 or ~8% decrease from the CDN$1.2613 closing price on December 31, 2008. In addition, Q3 2009 net loss includes $301,638 equity loss in Western Lithium.

- Q2 2009: Foreign exchange gain of $808,359 was recorded in the period. US dollar closing price on March 31, 2009, was 3.5% higher from the closing price on December 31, 2008.

- Q1 2009: Foreign exchange gain of $2,949,152 was recorded in the period primarily is a result of Canadian/US dollar exchange. US dollar closing price on December 31, 2008 was 14.5% higher from the closing price on September 30, 2008.

- Q4 2008: $2,330,454 gain on dilution of interest in Western Lithium on the $8,110,000 (net $7,753,393) financing completed by Western Lithium during the period. Foreign exchange gain of $676,976 was recorded in Q4, 2008.

- Q3 2008: $358,871 and Q4, 2008: $405,259 interest income from funds on deposit. Increase in interest income from prior periods is due to the Company's larger cash balance from financings completed during fiscal 2007.

- Q2 2008: $509,863 interest income from funds on deposit. Increase in interest income from prior periods is due to the Company's larger cash balance from financings completed during fiscal 2007. Foreign exchange gain of $512,503 was recorded in Q2, 2008 compared to the gain of $18,601 in Q1, 2008.

Results of Operations

The Company generated a net income of $24,473 ($0.00 per share) during the three months ended December 31, 2009 (“2009”), compared to income of $2,624,493 ($0.04 per share) during the three months ended December 31, 2008 (“2008”). The significant components of the Company’s general and administrative expenses and other income are discussed below.

The significant items included in the net income for the 2009 compared to 2008 were as follows: (a) audit and accounting expense of $30,234 (2008 - $51,384) are mainly for accounting salaries and audit fees. 2008 expense was higher due to additional work related to Western Lithium spin-out; (b) investor relations fees of $14,000 in 2009 and $18,000 in 2008 were paid to the Company’s investor relations consultant; (3) $Nil mineral property write-off was recorded in 2009 and $23,825 in 2008; (d) 2009 non-cash stock based compensation was $46,306 (2008 - $62,529) for the stock options vested during the periods. Decrease in stock-based compensation expense is due to fewer stock options granted and vested during 2009; (e) $Nil in 2009 corporate development expenses and $30,000 in 2008 incurred in connection with the investment banker fees for evaluating various strategic acquisitions for the Company; (f) $142,841 in 2009 wages and benefits compared to $181,030 in 2008 mainly due to reduction in number of staff in the Company’s Reno office; g) consulting fees of $31,500 in 2009 and in 2008 consist of fees paid to related parties for corporate activities; h) travel increased to $25,909 in 2009 from $6,844 in 2008 mainly due to the trips for evaluation of various properties.

Income from other items consists of the following:

- Interest income of $26,152 decreased in 2009 compared to $231,626 in 2008, mainly due to the decline in interest rates offered by the banks for the Company’s deposits.

- Foreign exchange loss of $405,930 was recorded in 2009 compared to the gain of $2,949,152 in 2008. The foreign exchange adjustment primarily is a result of Canadian/US dollar exchange fluctuations and its effect on the Company’s US$ denominated funds on deposit and conversion of US$ denominated property expenditures of its US subsidiaries upon consolidation.

- Equity loss in Western Lithium of $316,474 was recorded in 2009 ($95,618 in 2008) for the Company’s interest in Western Lithium loss for the same period.

- Gain on dilution of interest in Western Lithium (1,080,303 in 2009 and $Nil in 2008) was due to the reduction of the Company’s interest in Western Lithium on the the financings completed by Western Lithium during the period.

Liquidity and Capital Resources

The Company’s cash position at December 31, 2009 was $43,668,578; a decrease of $2,689,817 from September 30, 2009 and was explained under changes in working capital section in the above. As at the date of this MD&A, the Company’s working capital is approximately $42,500,000.

On October 14, 2009 the Company 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.

The Company currently holds 19,685,393 shares of Western Lithium or approximately 24%. The Company also holds 3,000,000 warrants of Western Lithium at an exercise price of $0.60 per share expiring on May 6, 2011 and 738,000 warrants at an exercise price of $1.25 per share expiring on April 14, 2011.

The Company considers that it has adequate resources to maintain its ongoing operations but currently may not have sufficient working capital to fund all of its future exploration and development. The Company will continue to rely on successfully completing additional equity financing to further development of its properties. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of or substantial dilution of its interest in its properties.

Except as disclosed, the Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs.

The Company does not now and does not expect to engage in currency hedging to offset any risk of currency fluctuations.

Operating Cash Flow

Cash used in operating activities during 2009 was $615,997, compared to cash inflow for 2008 of $2,086,739, mainly as a result of $2,949,152 foreign exchange gain realized in 2008.

Financing Activities

During the three months ended December 31, 2009, the Company did not receive any proceeds from financing activities.

The Company entered into a strategic alliance agreement with Cameco Corporation ("Cameco") on August 29, 2007. Pursuant to the agreement, Cameco has the right to earn a 70% joint venture interest on each economically viable stand alone deposit developed within any area currently in the Company's exploration portfolio upon the definition of 15 million pounds indicated or higher resources under NI 43-101 classifications. On either the Kings Valley, Nevada or Treeline, New Mexico projects these 15 million pounds must be in addition to the historical resources contained on each project.

The key business terms of the Western - Cameco Strategic Alliance, provided Cameco maintains a 7.5% or greater equity interest in the Company, are as follows:

- During the course of future common share issuances by Western, Cameco will have the right to maintain its ownership percentage in Western.

- Related to this basic right to maintain its ownership percentage, Cameco will also have the right to maintain its ownership percentage, as necessary, through a top up mechanism following each year end to prevent dilution to Cameco resulting from the exercise of options and warrants throughout the prior year. The purchase price of any additional shares issued for this top up purpose will be market price at the time of purchase.

- Cameco and Western will form a joint technical committee made up of two members from each company.

- Cameco will have the right to nominate a representative to the Western's Board of Directors. Cameco exercised the right to appoint a Director in December 2009.

Formation of a Joint Venture:

The Strategic Alliance provides Cameco the right to earn a joint venture interest of 70% on each economically viable, stand-alone deposit(s) developed within any area currently in the Company's exploration portfolio upon the definition of 15 million pounds indicated or higher resources under NI 43-101 classifications. These pounds are in addition to any currently defined mineral resources on the Kings Valley or Treeline projects. Cameco has the exclusive right to initiate a joint venture on any stand alone deposit by payment to Western of the following amounts:

- Cameco will pay Western a minimum of $US 5.00 per pound of U_3O_8 for each pound of Cameco's 70% share of the uranium resource or reserve referred to in any mine plan.

- Cameco will pay an additional premium related to the fluctuations in the Ux spot prices for each pound of Cameco's 70% according to the following formula:

$US 1.50 x (month end Ux spot price for uranium for the month prior to the date when the bankable feasibility study is approved ÷ $US 85/lb).

For Example: $US1.50 x ($US 125/lb÷ $US 85/lb) equals $US 2.21/lb in addition to the $US 5.00/lb for a total of $US 7.21/lb.

Upon the execution of a formalized joint venture agreement, Cameco must fund 100% of costs to advance a project up to and including approved feasibility study, thereby carrying Western from the JV formation through feasibility stage. If a project is advanced beyond feasibility, future costs would be apportioned according to ownership percentage.

Investing Activities

Investing activities required cash of $2,073,820 during 2009 period, compared to $429,993 during 2008 period mainly due to the purchase of WLC shares and more active exploration program in 2009. Increase in 2009 exploration expenditures were primarily for expenditures on Baza property in Spain.

Related Party Transactions

During the three months ended December 31, 2009, the Company entered into transactions with related parties as follows:

a) paid $12,000 (2008 - $12,000) in consulting fees, $7,500 (2008 - $7,500) in administration fees and $14,010 (2008 - $14,010) in accounting fees to a company controlled by a director of the Company;

b) paid $12,000 (2008 - $12,000) in consulting fees to Director of the Company.

The Company entered into a Mining Lease and Option Agreement with Western Lithium Canada Corporation, with which it has two common directors.

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.

Commitments

The Company has committed to rent office space in Vancouver and Reno for the following annual amounts:

2010	$60,784
2011	$6,485
	$67,269

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than those disclosed under mineral properties.

Critical Accounting Estimates

Reference should be made to the Company’s significant accounting policies contained in Note 2 of the Company's audited consolidated financial statements for September 30, 2009. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

New accounting policies and standards

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.

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 December 31, 2009, the Company had cash and cash equivalents balance of $43,668,578 to settle current liabilities of $175,747. 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.

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

As at December 31, 2009 the Company holds its cash and cash equivalents in three currencies: EUR$981,319, US$15,848,134 and CDN$25,540,210. The Company's income is exposed to foreign exchange fluctuations in Euro and US$ currencies.

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 $436,686.

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.

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.

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 relate to the determination of environmental obligations and impairment of mineral properties and deferred costs. 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.

Mineral Properties and Deferred Costs

Consistent with the Company's accounting policy disclosed in Note 2 of the annual consolidated financial statements, direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company have been capitalized on an individual property basis. It is the Company's policy to expense any exploration associated costs not related to specific projects or properties. 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 or its carrying value has been impaired, a provision is made for any expected loss on the project or property. To date the impairment of long-lived assets identified was on Thelon Basin property, Virgin Valley and Pamlico properties. During 2009 and 2008, the Company wrote-off to an aggregate of $1,190,277 of deferred exploration expenditures and acquisition costs.

Risk Factors

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

Metal Price Risk: The Company's portfolio of properties has exposure to predominantly uranium. The price of uranium is affected by numerous factors beyond the control of the Company including producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, demand, political and economic conditions and production levels. The price of this metal greatly affects the value of the Company and the potential value of its properties. The price of other metals and minerals that the Company may explore for all have similar price risk factors.

Financial Markets: The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Environmental Risk: The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

Title Risk: 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.

Industry: The Company is engaged in the acquisition and exploration of resource properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable deposits. The focus of the Company is on areas in which the geological setting is well understood by management.

Share Data Information

As at the date of this MD&A, there were 59,871,834 common shares, 3,780,000 stock options and 250,000 warrants outstanding.

As at the date of this report the following 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	375,000	$ 0.83	January 21, 2014
	100,000	50,000	$ 0.90	May 6, 2014
Total	3,780,000	3,575,000		

The Company's 250,000 outstanding warrants are priced at $1.00 per warrant and have expiry date of February 6, 2012.

Investor Relations

Pamela Klessig, President, CEO and Director, and John Proust, Director, coordinate investor relations' activities. The Company also engaged an outside Investor Relations consultant.

Change in Directors and Management

Effective December 14, 2009, Mr. Colin Macdonald has been appointed a director of the Company. Mr. Macdonald has been with Cameco Corporation ("Cameco") and predecessor companies since 1981. A geologist by training, he obtained bachelors and masters degrees in geological sciences at Queen's University and University of Saskatchewan. Mr. Macdonald has held numerous positions in scientific, operational, and management roles while pursuing uranium and gold exploration in North America and internationally. He also served for a period as corporate strategic planner for Cameco. Mr. Macdonald is currently Vice-president, Exploration at Cameco, and is responsible for the company's worldwide uranium exploration activities.