

**WESTERN URANIUM CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Background

The following discussion and analysis of financial position and results of operations, prepared as of January 23, 2008, should be read together with the Company's audited consolidated financial statements for the year ended September 30, 2007 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.

Forward Looking Statements

Certain of the statements made and information contained herein is "forward- looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in uranium exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of resources and reserves and the geology, the possibility that future exploration, development or exploration results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors in the Company's Management Proxy Circular that can be found on the SEDAR website. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of uranium; that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Company Overview

The Company was incorporated under the British Columbia Business Corporations Act on February 7, 2000. On March 31, 2006, the Company acquired all of the issued and outstanding shares of Western Uranium Corporation and changed its name from Navan Capital Corp. to Western Uranium Corporation ("Western" or "Western Uranium"). Following the acquisition, the Company amalgamated with Western. The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the North America. 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. With improving metal prices and increasing demand there is a discernible need for development of exploration projects. Junior companies, like the Company, are a key participant in identifying properties of merit to explore and develop.

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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 four mineral exploration concessions in the USA and Canada. 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, and
- US\$125,000 on or before January 21, 2010.

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,
- US\$7,500 on or before November 15, 2009, 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:

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- 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,
- US\$10,000 on or before November 15, 2009 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.

On February 22, 2007, the Company announced that it has added an additional 1,982 lode claims or over 39,000 acres to the existing land position for the Kings Valley Uranium Project located in north central Nevada. The new claims, staked within the McDermitt Caldera, are contiguous with existing Company's claims. The Company now controls over 3,900 federal lode claims encompassing over 78,000 acres within and bordering the McDermitt Caldera on the Nevada side of the caldera.

The Company commenced drilling on April 27, 2006. Six reverse circulation drill holes were completed in May 2006 to confirm drill results from prior exploration drill programs undertaken in the late 1970's by both Chevron Resources and The Anaconda Company. As defined in an internal 1978 summary report, Chevron Resources had defined a mineral inventory of approximately 11.4 million pounds uranium. The uranium mineralization is hosted in approximately 5.75 million tons at 0.10 percent U₃O₈. Anaconda, in the area adjacent to the Chevron mineral inventory, in a 1979 internal memorandum, lists a mineral inventory of 5.7 million pounds at 0.10 percent in 2.86 million tons. These figures are not NI 43-101 compliant and should not be relied upon.

Two holes were placed in the North Zone and two in the South Zone, both of which were previously drilled by Chevron. Chevron had defined resource of ~ 11.0 million pounds U₃O₈ hosted in these two zones. Two holes were drilled in the Moonlight area where The Anaconda Company drilled a resource of ~ 6 million pounds U₃O₈. The Moonlight area lies 1.4 kilometers along strike to the south of the South Zone defined by Chevron. Neither Anaconda nor Chevron resources are considered NI 43-101 compliant and should not be relied upon. Only chemical assays were undertaken for this drilling.

In addition to testing for uranium mineralization the samples were also analyzed for a suite of elements including molybdenum and silver. Credits of both silver and molybdenum have potential to enhance the economic viability of the Kings Valley project. The drill results confirm uranium, silver, and molybdenum mineralization occur over a strike length of approximately six kilometers.

Results of the 2006 drill program confirm that the uranium mineralization at Kings Valley is of similar grade, thickness, and character as that originally defined by Chevron and Anaconda during the 1970s. Ongoing exploration is targeted at expanding the known resources in the North, South, and Moonlight Mine areas. The South Zone is located 1.4 kilometers north of the Moonlight Mine Area. Uranium mineralization in both areas shows a close spatial relationship to the north striking east dipping Moonlight fault system.

A follow-up Phase II drill program was designed and permitted to test for an extension of mineralization. Phase II drilling at Kings Valley, carried out during July and August 2006, was designed to test for extensions of uranium mineralization along strike between the Moonlight Mine area and the South Drill Zone. As a result of the drilling, Western has extended the mineralized strike length of the South drill area by over 200 meters. Uranium mineralization in the Moonlight Mine area has been extended over 70 meters to the northwest of previously known uranium. The program included select infill drilling within both the South and Moonlight Zones and step-out drilling on 50 meter centers. Fourteen reverse circulation drill holes were completed in Phase II, for a total of 2250 meters. Seven holes were placed in the Moonlight area, and seven in the South Zone. The South Zone is located approximately 1.4 kilometers north of the Moonlight Mine along the western escarpment of the McDermitt Caldera.

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In the South Zone, mineralization is hosted by a NW-trending fractured rhyolite dike and adjacent volcanic units. KV-2 previously drilled in Phase I, contained 7.6 meters of 0.238% U₃O₈ and 30.9 ppm Ag (news release, June 28, 2006). Newly drilled holes, KV-9 and KV-13, approximately 200 m SSE of KV-2, contain grades of up to 0.082 % U₃O₈ over 1.5 meters, and suggest continuity of mineralization along strike southwards towards the Moonlight area. Molybdenum mineralization is also present, and ranges up to 0.034% over 6.1 meters in KV-7.

In the Moonlight area, mineralization appears to be associated with a NW-trending, east dipping, fractured rhyolite dike, adjacent volcanic units, and hydrothermal breccias. KV-5, previously drilled in Phase I, contained 23 meters of 0.155% U₃O₈, as well as significant molybdenum and silver (news release, June 28, 2006). Phase II drilling included KV-19, located 50 meters NW of KV-5. KV-19 contains 27.4 meters of 0.180% U₃O₈ from 88.3 meters to 115.8 meters. Also found within this interval is 15.2 meters of 0.278% U₃O₈, 38 ppm Ag over 13.7 meters, 1.26 g/t Au over 10.7 meters, and 0.021% Mo over 19.8 meters. KV-15, approximately 150 meters S of KV-5, contains 4.6 meters of 0.093% U₃O₈ within rhyolite and breccias.

Western recognizes many of the mineralized structures and host rock units are moderately to steeply dipping. Due to the topography in the project area most of the holes in Phase II were vertical, therefore the true thickness is less than the intercept thickness. Due to the widely spaced drill pattern and the abrupt changes in attitudes of structures and host rocks as determined by examination of the drill cuttings additional drilling will be necessary to accurately define true thicknesses.

During January 2007, the company initiated a small core drilling program to test for a deeply buried porphyry molybdenum-uranium system in the vicinity of the Moonlight area. This program was designed to follow-up on Anaconda's hypothesis that there was a possibility a system of this type may be found in the area. In the September 2005 Western contracted a ground geophysical IP survey which was used to guide the location of these holes along with the geology and known mineralization. Four holes were completed but only two holes reached the projected targeted depths. Two of the holes were terminated due to difficult drilling conditions and it was necessary to abandon these holes prior to projected targets. All bedrock intercepted in the first three holes was geologically logged and sent out for geochemical analysis, the fourth drill hole was not able to penetrate bedrock and never advanced beyond alluvium. None of the holes intercepted molybdenum porphyry mineralization. Further evaluation is needed to explain the unusual IP survey results.

A third phase of drilling was completed in December 2007 in areas of known mineralization around Moonlight, the South Zone and the North Zone. This drill program was designed to in-fill and expand areas of known mineralization. Seven additional reverse circulation drill holes, KV-21 through KV-27 were completed in the Moonlight area. Highlights from this program include KV-22 which intercepted 67.1 meters of 0.073% U₃O₈ that included 15.2 meters of 0.253% U₃O₈ and KV-23 with 36.6 meters of 0.036% U₃O₈. In addition KV-25 contained 2 intervals with strongly elevated gold values including 6.1 meters of 0.51 g/t gold and 32 meters of 0.51 g/t gold. (News releases, July 30, 2007, August 2, 2007, and November 28, 2007) Metal and trace element geochemical signatures indicate two distinct mineralizing events, one, epithermal gold and the other a hypogene uranium event.

As of December 31, 2007, WEDC has completed 36 reverse circulation holes, totaling 5,496 meters. Seven holes were drilled in the Moonlight Mine area KV-21 through KV-27; eight holes were completed in the South Zone, KV-28 through KV-33, and KV-54 and 55; and 21 holes, KV-34- through KV-53 and KV-56, in the North Zone. Drill samples were submitted to American Assay Laboratories ("AAL") in Sparks, Nevada. WEDC has received analytical results for drill holes KV-21 through KV-50. Assay results for KV-51 through KV-56 are pending. Initial results from the drilling are listed below. (New Releases, July 30, 2007, August 2, 2007 and November 28, 2007)

Kings Valley Uranium Project 2007 Drill Results

* NZ = North Zone, SZ = South Zone, ML = Moonlight

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Drill Hole	From (meters)	To (meters)	Apparent Thickness (meters)	Grade
KV – 21 ML				No Significant Results (NSR)
KV - 22 ML	39.6	106.7	67.1	0.073 % U₃O₈
	86.9	102.1	15.2	0.253 % U₃O₈
KV – 23 ML	91.4	106.7	15.2	0.021 % U₃O₈
	123.4	160.0	36.6	0.036 % U₃O₈
KV – 24* ML				*Drilling problems, abandoned before target
KV – 25 ML	83.8	89.9	6.10	0.51 g/t Au
	106.7	138.7	32.0	0.51 g/t Au
KV – 26 ML				NSR
KV - 27 ML				NSR
KV – 28 SZ	96.0	105.2	9.14	14.50 ppm Ag
	71.6	82.3	10.7	0.020 % U₃O₈
KV – 29 SZ	131.1	134.1	3.01	0.015 % U₃O₈
KV – 30 SZ	35.1	36.6	1.5	0.013% U₃O₈
	41.1	42.7	1.5	0.025% U₃O₈
	76.2	77.7	1.5	0.017% U₃O₈
KV – 31 SZ	41.1	45.7	4.6	0.088% U₃O₈
KV-32 SZ	41.15	45.72	4.57	0.060% U₃O₈
KV-33 SZ				NSR
KV-34 SZ				NSR
KV-35 SZ				NSR
KV-36 NZ	25.91	33.53	7.62	0.113% U₃O₈
KV-37 NZ	1.52	4.57	3.05	0.15% U₃O₈
KV-38 NZ				NSR
KV-39 NZ	39.62	51.81	12.19	0.044% U₃O₈
KV-40 NZ				NSR
KV-41 NZ				NSR
KV-42 NZ	85.34	86.86	1.52	0.064% U₃O₈
	114.29	117.34	3.05	0.033% U₃O₈
KV-43 NZ	32.00	39.62	7.62	0.035% U₃O₈
KV-44 NZ				NSR
KV-45 NZ	38.10	42.67	4.57	0.018% U₃O₈

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The Moonlight Mine

2007 drilling at the Moonlight Mine was targeted at in-filling the pre-existing drill patterns started by Anaconda, expanding the strike length of known uranium mineralization, and delineating the structural setting of the Moonlight Mine area.

Drill holes KV-21 through KV-27 were drilled 100 to 300 meters north of the Moonlight Mine workings. The drill holes are located on approximately 50 meter centers except KV-22 and KV-23 which are 20 meter offsets to KV-19. KV-22, 23, 24, 25 and KV-27 were drilled to confirm geometry and grade of uranium mineralization found during previous drilling efforts. KV-21 and KV-26 were drilled to identify the position and orientation of suspected fault zones. KV-24 was terminated before reaching the projected target zone due to bad ground and will be re-drilled at a later date.

KV-25 contains 6.1 meters @ 0.51 g/t Au and 32 meters @ 0.51 g/t Au. The occurrence of uranium and gold in the same intervals, in multiple drill holes, strongly suggests a two-fluid system and possibly two discrete mineralizing episodes.

The South Zone

KV-28 is an in fill drill hole located in the South Zone drill area. It is unusual in that it contains twenty, 1.5 meter intervals with gold values between 0.10 and 0.50 g/t. Strongly elevated levels of barium, mercury, silver, arsenic, molybdenum, and uranium are also associated with the gold zones.

KV-29 intersected a 10 meter zone from 131.0 meters to 134.1 meters with 0.015% U₃O₈.

Drill holes KV-30 through KV-33, and KV-54,55 are also located in the South Zone. KV-31 intersected 4.6 meters of 0.088% U₃O₈ and KV-32 intersected 4.57 meters of 0.060% U₃O₈. Results for KV-55 and 56 are pending.

The North Zone

Drill holes KV-34 through KV-53, and 56, are located in the North Zone. These holes have been completed. Samples have been delivered to AAL offices and have been submitted for analysis. No significant results were intercepted in KV 45 - 50. Results are pending for KV-51 through 53 and 56.

The Company recognizes that many of the mineralized structures and host rock units are moderately to steeply dipping. Due to the topography in the project area, most of drilling was vertical. Therefore the true thickness is less than the intercept thickness. Additional drilling will be necessary to accurately define true thickness due to the widely spaced drill pattern and the abrupt changes in attitudes of structures and host rocks.

Geologic Discussion

Exploration and drilling results indicate that the mineral and alteration assemblage found at the 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 is 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 further geologic work will assist in better determining mineralizing controls and depositional environment and could lead to an expansion of areas in which to focus additional exploration drilling.

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All drill samples were analyzed by American Assay Laboratories in Reno, Nevada. Samples were collected on 1.5 meter intervals and were analyzed by ICP (Induced Coupled Plasma). All intervals over 100 ppm uranium are re-run using total fusion and XRF techniques as confirmation. Correlation between analytical methods is very good. AAL is an ISO 17025 accredited laboratory. The drill programs are supervised by Western Uranium's Chief Geologist Mr. Victor Calloway. Mr. Calloway has over 27 years of worldwide mineral exploration experience, including uranium experience working for the US National Uranium Resource Evaluation (NURE) program. Mr. Calloway has sufficient experience to direct the program and is a Qualified Person in terms of NI 43-101.

Over the past two years the company has been steadily evaluating various areas of the claims that are peripheral to the zones of known 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 which is a collapsed volcanic feature some 32 kms in diameter. The Company believes that the geologic setting of the McDermitt Caldera is similar to that of the Streltsova 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.

The Company's current regional exploration program has been successful in identifying additional localities within the caldera itself that have potential for containing additional uranium, lithium and possibly molybdenum mineralization. In 2005, a large regional modified stream sediment program was conducted over a large part of the caldera. Over 500 samples were collected and at each site 10-12 sample subsets were taken for each sample site providing a large and more representative bulk sample from each site. The data from this survey generated three highly prospective target areas, Bull Basin, Old Man Springs, and Horse Canyon. Each of these targets has similar geology to another known uranium deposit within the caldera as well as highly anomalous uranium and radon geochemistry that are several times normal background.

During 2006, with the permission of Energy Metals Corporation, an orientation survey line was run over the Aurora Deposit (18 million pounds U_3O_8) that is located in the northeast corner of the McDermitt Caldera in Oregon. Uranium mineralization at the Aurora deposit is hosted in a thick, flat lying layer of both moat sediments and an iron-rich andesitic volcanic unit. The orientation survey was undertaken to determine which geochemical and geophysical techniques might assist in identifying similar styles of mineralization elsewhere in the caldera. It is postulated that additional uranium mineralization could be hosted in the moat sediments which underlie a large area on top of the caldera. The results from the survey show that the Aurora deposit is characterized by a strong magnetic signature as well as an anomalous radon gas signature. One of the geochemical techniques employed was the Track-Etch method which measures radon gas emissions that migrate up and through soil cover and are captured by sampling devices which 'count' the tracks of radon emissions. Radon concentrations above normal background levels can reflect buried sources of uranium mineralization.

These same procedures were then employed over the regional anomalies mentioned above and have further defined the three regional zones identified to date. The Bull Basin anomaly has a coincident signature of a strong geochemical radon gas response, soil gas uranium response, and a geophysical magnetic high. The anomaly covers an area of approximately 2300 meters x 2000 meters that remains open in three directions. The Bull Basin area lies approximately 10 km to the northeast of the Kings Valley North drill area (KV North) which hosts part of the 17 million pounds of known uranium mineralization on the adjacent western caldera margin. The Old Man Springs target covers approximately 2000 meters by 1000 meters, is open to the north and south, and appears to lie along the same structural trend that controls uranium mineralization in the KV North drill zone which is located approximately 7 km to the south. Along with the strong radon gas signature found in this area, the ground magnetometer survey revealed a magnetic low corresponds with the area of the radon gas. Both magnetic highs and lows are often associated with mineralization and are a function of the style and intensity of associated alternation.

To date, the company has collected over 1065 soil samples, 3000 track-etch samples and 3000 soil gas hydrocarbon samples in an effort to define the overall dimensions of the anomalies at Bull Basin and Old Man Springs. The Old Man Springs anomaly and Bull Basin Anomaly, although both are distinct, appear to merge together and cover an overall area of ~ 11 x 4 kilometers. Geologic mapping has been completed over both Old Man Springs and Bull Basin and will be used in conjunction with geophysical and geochemical data to vector in on drill targets.

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The Horse Canyon target area is located just to the east of KV North. Due to man power and time constraints, this target has only been tested with a ground magnetometer survey and the first three lines of a Track-Etch and Soil Gas Survey have been completed with the survey to recommence in the spring of 2008. 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. Some of the initial results from the track-etch survey have been received and reveal concentrations of radon a number of times background.

An airborne geophysical survey was completed in November 2007 covering the entire 3800 claim block. Receipt of the data from this survey from the contractor has been scheduled for January 2008. All the data from the various geochemical and geophysical surveys along with geologic data will be compiled and used for drill site selection. It is the intent of the company to begin drill testing the most prospective targets, Bull Basin and Old Man Springs as soon as possible in 2008. Timing will be dependent upon weather conditions and permitting processes.

The Company has 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. AMEC has indicated to the Company that this report and estimation should be completed in January 2008.

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. As of 1980 The Grants Uranium District produced over 250 million pounds of uranium (New Mexico Bureau of Mines and Minerals Resources, 1980, Memoir 38). This belt of uranium mineralization is approximately 25 miles in width and extends for about 100 miles, between the towns of Gallup on the west and Laguna on the east. Treeline lies on the eastern edge of the sub district known as Ambrosia Lake, approximately 20 road miles north of Grants, 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 undertook a confirmation drilling program in April 2006. The confirmation drill program was designed to test the grade, thickness and style of uranium mineralization that was previously drill defined by Conoco Resources in the 1970's. The program was also directed at eliminating survey conflicts between Conoco's drill pattern, which was based on a local grid, and modern survey methods based on UTM coordinate systems.

Chemical assaying was completed to confirm values determined from the probe results. Whereas the probe provides eU_3O_8 values for each 0.50 ft interval, chemical analysis were run on composite intervals. The core drill samples were analyzed by American Assay Laboratories in Reno, Nevada. Samples were analyzed by ICP (Induced Coupled Plasma). AAL is an ISO 17025 accredited laboratory. At Treeline eU_3O_8 values were obtained using a calibrated Century Geophysics down hole gamma ray probe. The probe used was the standard gamma ray probe model number 9055c serial number 9055c-238. Physical parameters recorded include natural gamma, self potential, and resistivity. Data was collected and plotted using Century Geophysics's Compulog data reduction software. The probe was calibrated at the Department of Energy Test Bed Calibration Facility in Grants, New Mexico on April 25, 2006.

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Variation between probe values ($eU_3O_8\%$) and chemical assay values ($U_3O_8\%$) are well known in sandstone hosted uranium deposits. The condition is known as disequilibrium. As uranium decays it produces a well defined series of daughter products. In a closed setting, the amount of daughter products is related to the original amount of uranium. In an open system, the relative amount of uranium to daughter products can vary. By nature of its solubility, uranium may move out of or into an area upsetting the original ratio of uranium to daughter products. At Treeline, Conoco found that for lower probe values (less than 0.10%) uranium had moved out of the system. For higher probe values (greater than 0.10%), Conoco found that uranium had been introduced. The consequences are that in areas of low-grade uranium mineralization, the uranium content may be over estimated and in areas of higher grade uranium mineralization the actual uranium content may be underestimated.

Results of the drill program confirm that the uranium mineralization at Treeline is of similar grade, thickness, and character as that originally defined by Conoco during the 1970's.

The Company is currently focusing the majority of exploration activities on the Kings Valley Project. This coupled with the extensive time involved in permitting new drilling with the various regulatory agencies minimal work was undertaken on this project during the 2007 fiscal year.

Virgin Valley Claims, Nevada, USA

The Company has staked and filed 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.

Preliminary exploration work has been conducted on these claims by geologic mapping, a ground radiometric survey, rock chip sampling, and a radon track-etch survey. This work has confirmed the presence of anomalous radioactivity which corresponds to the area previously drilled by Exxon Minerals in the 1970's. Permitting of a drill program is in progress.

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

On May 31, 2006, the Company acquired 100% of the issued and outstanding share capital of Ruby Hill Exploration Inc. ("Ruby Hill") for 1,115,000 shares, including a finder's fee of 15,000 shares, valued at \$1,728,250. At May 31, 2006, Ruby Hill's net assets consisted entirely of prospecting permits and mineral claims in the Thelon Basin in Nunavut and the Northwest Territories, therefore, the entire purchase price was allocated to the mineral property.

Western Uranium Corporation has nine exploration permits that cover ~ 355,000 acres in Nunavut and one exploration permit and three claim blocks covering ~ 130,000 acres in the Northwest Territories all in the Thelon Basin. The Thelon Basin is geologically analogous to the Athabasca Basin which hosts an estimated resource in excess of 970 Mlbs. of uranium in large, high-grade deposits. The deposits in the Athabasca Basin form near the unconformable contact of the Paleozoic Sandstones that lie on top of Archean basement rocks in areas of structural complexity. The sites selected for the permits and claims owned by Western Uranium were based on a review of regional geology where the contact between the Paleozoic rocks and the underlying Archean rocks has been mapped in outcrop at the surface. Several of the areas are crossed by large regional shear zones which can provide the structural preparation often associated with deposits.

The Thelon Basin exhibits comparable exploration potential for hosting high-grade uranium deposits such as those hosted in the Athabasca Basin. Currently, the Thelon Basin hosts one significant uranium deposit, the Kiggavik deposit, which is reported to contain 100 million pounds at a grade of 0.65% of U_3O_8 and is located on the eastern perimeter of the northern extension of the Thelon Basin in Nunavut. The uranium mineralization in Kiggavik is hosted near surface in the Archean rocks in an area where the overlying sandstones have been eroded.

The Thelon Basin has been far less intensively explored than the Athabasca Basin and the acquisition placed the Company as an early entrant into a very prospective location. The Company has completed a compilation of data generated by previous exploration groups active in the region during the last uranium exploration cycle in the late 1970's and early 1980's which has been used in assisting to plan current exploration activities.

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Western Uranium contracted an airborne geophysical survey using Fugro Airborne Surveys' proprietary MEGATEM^{II} over all the permits and claims during the later part of the summer of 2006. The survey consisted of 7,948 line-kilometers at 300 metre line spacing. The interpretation of the data from the survey has highlighted a number of favorable targets that warrant follow-up exploration in the form of ground geophysics and drilling on the targets identified in Nunavut. The survey has identified a number of strong conductors along structural corridors that appear to be similar to the types of conductors associated with unconformity-type uranium deposits found in the Athabasca Basin. These anomalies are of a magnitude that justifies additional follow-up ground examination by ground geophysics or core drilling. A very striking conductor has been identified in the northwest corner of one of the permit areas in Nunavut. This conductor strikes northeasterly, extends for 1000 meters, appears to be within 100 meters of surface, and is sufficiently defined to warrant a first pass exploratory core drill program which was undertaken during April 2007.

The company received grant of the required permits in March 2007 to initiate the ground geophysical and core drilling program in Nunavut. The drilling program was designed to test the anomaly on Area 7 where a very strong geophysical conductive response was identified from the Mega-tem airborne survey. The Company completed 1032 meters of NQ core drilling in four holes, all of which intersected zones of anomalous uranium and associated pathfinder elements with alteration typical of Athabasca-style uranium deposits. In addition to the drilling, 120 line kilometers of Transient Electromagnetic (TEM) ground geophysical survey was completed on Area 6 and Area 7 target areas. These two areas contain conductive geophysical responses previously identified by a MEGATEM(C) airborne survey that was flown in September 2006.

Core samples of sheared graphite and graphitic, silicified breccias from all four holes drilled into a MEGATEM(C) EM anomaly returned anomalous values for uranium and nickel, as well as other associated base metals. Uranium values up to 443 ppm are accompanied by anomalous base metal values. Other metals assayed up to: nickel (662 ppm), copper (694 ppm), molybdenum (1078 ppm), lead (215 ppm), zinc (345 ppm) and cobalt (31 ppm) and occur within intervals of elevated uranium. The geochemically anomalous uranium and pathfinder elements are hosted in discrete 0.5 - 2.5 meter zones that occur within sandstones.

The four core holes were drilled in a fence to test a MEGATEM(C) electromagnetic response in Area 7 that is located near the basin margin contact of the Proterozoic Thelon Formation and older Proterozoic Amer Group sedimentary rocks. The high-grade uranium deposits found in the Athabasca Basin typically occur in a similar structural setting. The first two drill holes in the program intersected a southeasterly dipping zone containing sheared graphite in a package of locally silicified, immature Amer Group sandstones and siltstones. Graphite was also noted as having been having been remobilized into steeper-dipping fractures within the surrounding sandstones. The two holes drilled on the western edge of the conductive zone encountered 50-75 meter intervals of silicification containing localized zones of hematization and several 0.5-1.0 meter graphitic breccia zones in calcareous sandstones and siltstones. These alteration styles are also often associated with the uranium mineralization in the Athabasca Basin.

In the southeastern corner of Area 6, Quantec Geoscience Ltd. completed 32 lines of moving loop Geonics Protem TEM to evaluate and define a 10 kilometer long MEGATEM(C) electromagnetic response. The ground survey defined a string of discrete conductive zones 50-200 meters wide and up to 1000 meters long over a cumulative strike length of 7.5 kilometers. These conductors are within a complexly faulted portion of a mapped shear zone that juxtaposes Proterozoic Thelon sandstones and Archean igneous rocks along the eastern margin of the Thelon Basin. This conductive zone and the complex structural setting are very similar to the known productive areas in the eastern Athabasca Basin Uranium Province.

In summary, the size and complexity of the currently defined conductive anomalies in Area 6 and their coincidence with Thelon sandstones and a major regional shear zone present an exploration target requiring more detailed follow-up sampling in preparation for drill hole targeting. The Company started conducting a Soil Gas Hydrocarbon (SGH) survey over the area in August using the existing geophysical grid to delineate possible uranium mineralization at depth. 700 soil gas hydrocarbon samples have been collected in the area of a number of the geophysical anomalies on Area 6. Initial geologic ground reconnaissance has been undertaken in the area of the sampling trying to identify in place rock outcrops that might assist in understanding the geologic controls in the area. Results from the SGH survey are still pending and the company anticipates receipt of the data and interpretation in first quarter 2008.

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Continuation of the 2007 exploration program started on August 3 and continued until October 5th. During this period one core hole was drilled in Area 7 (RHC-07-5) and three holes were drilled on Area 6 (RHC-07-6, 7, 8) for a total of 860 meters. 830 SGH samples were collected over select sites on Areas 6 and 7.

Drill hole RHC-07-5 was completed as a continuation of the Area 7 Spring drill program and was drilled in order to assist in defining the alteration and potential trend of mineralization. Drill hole RHC-07-5 was drilled to 306 meters. Drill samples indicate that Itza Lake and/or Showing Lake units of the Amer Group rocks host alteration and mineralization in Area 7. In addition to encountering weak graphitic zones, RHC-07-05 core also revealed that chlorite, illite, and albite had been introduced to the host rocks. These alteration types are found in relation to Athabasca style mineralization and indicate that potential mineralizing fluids have been active in the area. (Press Release, July 9, 2007). During the technical committee review with Cameco, it was noted after examination of altered drill core from this area, additional work was warranted and that for a small, first pass drill program, it was a technical success.

A total of 554 meters was drilled in the three core holes in Area 6. These holes were drilled to test a 6 km long EM conductor oriented in a north-northwest direction. The EM conductor was defined by an airborne survey flown in 2006 and ground based survey conducted in the spring of 2007. None of the three holes completed in Area 6 encountered structures, alteration, or mineralization that could explain the source of the EM conductors and it is believed that the holes may have been too shallow and should have been drilled deeper. Hole RHC-07-6 (243 m) was drilled to the east-southeast at -45 degrees and encountered 80 meters of Thelon sandstone before intercepting basement rock. Holes RHC-07-7, and 8 were located to the south of RHC-07-6 and were drilled from the same pad. Hole RHC-07-7 (59 m) was a vertical hole and RHC-07-8 (252 m) was drilled to the east-southeast at -45 degrees. After drilling through the overburden, both holes penetrated directly into basement rock suggesting these sites should have been located further to the west of the proposed conductors and may have missed the source altogether.

A soil geochemical sampling program utilizing the SGH technique was undertaken over portions of Area 6 and Area 7. Approximately 700 samples were collected from the same project area as the ground based EM survey of Area 6. In conjunction with the geophysics these samples will assist in defining trends of alteration, mineralization, and structure. Another 130 SGH samples were collected on Area 7. Hand samples of Thelon sandstone from Area 6 show abundant amounts of introduced illite, indicating that mineralizing fluids may have moved through the nearby rock. Assay results from both the drill and soil sampling program are pending.

Selected Annual Financial Information

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Year Ended September 30, 2007	Year Ended September 30, 2006	Period from Incorporation on November 25, 2004 to September 30, 2005
	\$	\$	\$
Total assets	65,664,137	11,834,301	2,816,261
Mineral properties and deferred costs	14,389,058	5,989,247	1,670,721
Working capital	50,614,101	5,676,665	1,001,511
Long term financial liabilities	-	-	-
Total revenues	-	-	-
General and administrative expenses	(2,554,198)	(2,600,475)	(212,247)
Net loss	(2,005,406)	(2,553,866)	(203,703)
Loss per common share – basic and diluted	(0.05)	(0.12)	(0.03)

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Total assets increased by \$53,829,836 during 2007 primarily due to the capital raised from private placements completed during the year offset by operating expenditures. Mineral properties and deferred costs increased by \$8,399,811 mainly due to exploration expenditures and acquisition costs of \$4,162,645 on the Company's Thelon Basin Permits and Claims, \$4,035,799 on the Kings Valley Claims and \$181,049 on the Treeline Claims. Increase of \$44,937,436 in the Company's working capital is due to the funds raised during 2007, offset with the exploration and general and administrative expenditures. General and administrative expenses decreased by \$56,277 mainly due to \$276,170 decrease in non-cash stock-based compensation and \$169,297 decrease in legal offset with \$125,000 increase in corporate development and \$133,472 increase in wages and benefits. Decrease in stock-based compensation expense is due to less stock options granted and vested during 2007, decrease in legal is due to the fees related to reverse takeover and amalgamation with Navan Capital Corp. during 2006, increase in corporate development is due to the fees associated with the strategic alliance with Cameco Corporation during 2007 and increase in wages and benefits is mainly due to the Company having more staff due to increase in activities.

Total assets increased by \$9,018,040 from September 30, 2005 to 2006 primarily due to the capital raised from private placements completed during 2006 offset by operating expenditures. Mineral properties and deferred costs increased by \$4,318,526 mainly due to expenditures and acquisition costs of \$2,944,748 on Thelon Basin Permits and Claims, \$1,127,815 on the Kings Valley Claims and \$212,879 on the Treeline Claims during 2006. Increase of \$4,675,154 in the Company's working capital is due to the funds raised during 2006, offset by the exploration and general and administrative expenditures. General and administrative expenses have increased by \$2,388,228 mainly due to the non-cash stock-based compensation increase of \$1,587,402 and increase in activities attributed to increased operations, acquisition of Ruby Hill Exploration and the reverse takeover and amalgamation with Navan Capital Corp.

Selected Quarterly Financial Information and Fourth Quarter

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.

	Year end September 30, 2007				Year ended September 30, 2006			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Total assets	65,664,137	43,931,309	39,967,651	18,383,501	11,834,301	9,360,810	8,196,059	8,380,211
Mineral properties and deferred costs	14,389,058	11,280,475	7,801,715	6,405,511	5,989,247	3,979,356	2,062,600	1,853,283
Working capital	50,614,101	32,516,954	31,744,408	11,757,141	5,676,665	5,300,838	5,882,745	6,459,893
Long term financial liabilities	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-
General and administrative expenses	(604,103)	(557,735)	(913,573)	(468,787)	(791,798)	(810,050)	(882,351)	(116,276)
Net loss	(776,716)	(431,865)	(582,045)	(214,780)	(806,291)	(870,412)	(762,635)	(114,528)
Loss per common share – basic and diluted	(0.02)	(0.01)	(0.02)	(0.01)	(0.03)	(0.04)	(0.04)	(0.01)

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

Total assets

- Q4, 2007 increase of \$21,732,828 is primarily due to the Company receiving proceeds of \$21,227,727 from Cameco Corporation for a private placement during the period. The balance of the increase is mainly due to the \$453,057 received from exercise of warrants and \$529,615 increase in accounts payable offset by operating expenditures.
- Q3, 2007 increase of \$3,963,658 primarily is due to the Company receiving proceeds of \$4,455,802 from the exercise of warrants offset by operating expenditures.

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- Q2, 2007 increase of \$21,584,150 is due to the proceeds from \$20,140,000 bought deal financing and exercise of warrants offset by operating expenditures.
- Q1, 2007 increase of \$6,549,200 is mainly due to the proceeds from the \$6,666,000 financing.
- Q4, 2006 increase of \$2,473,491 is mainly due to the proceeds from the \$2,788,750 financing.
- Q3, 2006 increase of \$1,164,751 is due to the \$1,728,250 acquisition of the Thelon Basin Permits and Claims by issuing common shares in the capital of the Company offset with the cash expenditures on operating activities of \$359,076.

Mineral properties and deferred costs

Increases during the periods are due to the exploration expenditures and acquisition costs for the Company's properties, mainly on the Thelon Basin Permits and Claims and on the Kings Valley Claims. The summary of expenditures on the two properties during the periods are as follows:

Period	Thelon Basin (TB), \$	Kings Valley (KV), \$	Total (TB+KV), \$	Increase in mineral properties and deferred costs, \$
Q4, 2007	1,188,874	1,840,679	3,029,553	3,108,583
Q3, 2007	2,109,181	1,310,502	3,419,683	3,478,760
Q2, 2007	690,184	675,316	1,365,500	1,396,204
Q1, 2007	174,406	209,302	383,708	416,264
Q4, 2006	1,196,566	734,570	1,931,136	2,009,891
Q3, 2006	1,748,202	453,491	2,201,693	1,916,756
Q2, 2006	-	311,805	311,805	311,805
Q1, 2006	-	147,313	147,313	209,317
Prior to Q1, 2006	-	860,829	860,829	882,670
Total:	7,382,413	6,543,807	13,926,220	14,664,058

Working capital

Fluctuations in working capital during the 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, 2007 – there were no significant fluctuations in individual expense categories during the period.
- Q3, 2007 decrease of \$355,838 is due to the \$218,423 decrease in non-cash stock based compensation and \$125,000 corporate development expenses related to the strategic alliance with Cameco Corporation incurred in Q2 and \$Nil in Q3 of 2007.
- Q2, 2007 increase of \$444,786 is due to the \$210,068 increase in non-cash stock based compensation, \$125,000 corporate development expenses related to the strategic alliance with Cameco Corporation and \$56,874 increase in wages and benefits due to increase in activities.

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- Q1, 2007 decrease of \$323,011 is mainly due to the the non-cash stock-based compensation decrease of \$249,337 for the stock options vested during the period.
- Increases during 2006 Q2, Q3 and Q4 periods compared to Q1, 2006 are due to the non-cash stock based compensation expense for the stock-options vested and recorded during the periods: 2006 Q1 - \$7,854, Q2 - \$524,728, Q3 - \$549,020 and Q4 - \$539,732. The balance of the increase is due to increase in activities attributed to increased operations, acquisition of Ruby Hill Exploration and the reverse takeover and amalgamation with Navan Capital Corp.

Net loss

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

- Q4, 2007: \$593,111 foreign exchange loss offset with \$420,498 interest income from funds on deposit. Foreign exchange loss is mainly on the US\$ cash balances due to the decline in the value of US\$ compared to Canadian dollar during the period.
- Q3, 2007: \$216,630 foreign exchange loss offset with 342,500 interest income from funds on deposit.
- Q2, 2007: \$160,455 interest income and \$174,130 future income tax recovery as a result of the renunciation of \$2,788,750 of exploration activities to the investors in the flow-through shares during the Q2 2007.
- Q1, 2006: \$175,096 foreign exchange gain and \$78,911 interest income.

Results of Operations

The Company incurred a net loss of \$2,005,406 (\$0.05 per share) during 2007 compared to a loss of \$2,553,866 (\$0.12 per share) during 2006. The largest component of the Company's loss is a non-cash stock based compensation of \$1,345,164 (2006 - \$1,621,334) for the stock options vested during the year. Decrease in stock-based compensation expense in 2007 is due to less stock options granted and vested during the year. Other significant components of the Company's loss are discussed below.

The \$548,460 decrease in the net loss for the period was due to a number of factors of which \$56,277 can be attributed to decrease in general and administrative expenses and \$318,053 increase in other income and \$174,130 future income tax recovery. Some of the significant increases are as follows: (a) wages and benefits increased by \$133,472 during 2007 due to increases in staff, (b) legal fees were \$169,297 higher during 2006 due to the fees incurred in connection with the Company becoming public; (c) corporate development expenses increase of \$125,000 incurred in 2007 in connection with the strategic alliance with Cameco Corporation.

Income from other items consists of the following:

- Interest income of \$1,002,364 was recorded in 2007 compared to \$186,748 during 2006, primarily as a result of increase in funds on deposit.
- Foreign exchange loss of \$637,702 was recorded in 2007 compared to the loss of \$140,139 in 2006. The foreign exchange adjustment is a result of a strengthening Canadian dollar compared to the US dollar during the year and foreign exchange loss on the Company's US\$ denominated funds on deposit.

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- Future income tax recovery of \$174,130 incurred in 2007, compared to \$Nil in 2006, as a result of the \$2,788,750 renunciation of exploration activities to the investors in flow-through shares. Proceeds received from the issue of flow-through shares have been credited to share capital and the related exploration costs have been charged to the mineral properties. A future income tax liability of \$864,513 was recognized, and the shareholders' equity reduced, on the date the Company renounced the tax benefits associated with the expenditures, provided that there is a reasonable assurance that the expenditures will be made. The Company recognized \$174,130 benefit of previously unrecognized future income tax asset relating to non-capital loss carryforwards and \$690,383 future income tax asset relating to the share issue costs to offset the future income tax liability arising from the renouncement.

Liquidity and Capital Resources

The Company's cash position at September 30, 2007 was \$51,062,768, an increase of \$45,387,325 from September 30, 2006. The increase is primarily due to the capital raised from private placements, bought deal financing and exercise of outstanding warrants during 2007 offset by operating expenditures.

During 2007, the Company completed the following equity financings:

- a private placement of 5,586,244 units at a price of \$3.80 per unit to the wholly-owned subsidiary of Cameco Corporation ("Cameco") for gross proceeds of \$21,227,727. Each unit is comprised of one common share and one-half of a share purchase warrant. Each whole share purchase warrant entitles Cameco to acquire an additional common share at a price of \$4.25 until August 29, 2008. Share issue costs of \$76,401 were paid in connection with the financing.
- a bought deal financing of 5,300,000 common shares at a price of \$3.80 per common share for gross proceeds of \$20,140,000. The agent received a cash commission of \$1,094,400 and compensation warrants which will entitle the agent to acquire until March 13, 2008, 288,000 common shares at an exercise price of \$4.25 per share.
- a brokered private placement of 6,060,000 units at \$1.10 per unit for gross proceeds of \$6,666,000. Each unit consists of one common share and one-half of a share purchase warrant. Each warrant will entitle the holder to acquire an additional common share until October 31, 2007 at a price of \$1.50. If after 4 months from the closing of the private placement the Company's common shares close on the TSX Venture Exchange above \$2.00 for 20 consecutive trading days the Company will have the right to accelerate the expiry date of the warrants to a date that is 30 days from the date the Company gives notice to the holders of such early expiry. The agent received a cash commission of \$399,960 equal to 6% of the gross proceeds of the offering and compensation warrants which will entitle the agent to acquire until November 1, 2007, 363,600 common shares at an exercise price of \$1.29 per share. Share issue costs of \$70,807 were also paid in connection with the private placement.

During 2007, 12,137,784 warrants and 412,500 stock options were exercised for cash proceeds of \$7,320,862 and \$515,625 accordingly.

Subsequent to September 30, 2007, the Company has received \$4,566,859 from the exercise of 3,072,532 warrants. As at the date of this MD&A, the Company had working capital of approximately \$52,800,000. The Company does not hold any of its cash in Asset Backed Commercial Paper (ABCP), which is currently exposed to the liquidity uncertainty in the credit markets.

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 planned exploration. 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.

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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 outflow from operating activities for 2007 was \$935,719, compared to cash outflow for 2006 of \$1,092,854 mainly as a result of increases in interest income earned by the Company during 2007 offset by increase in general and administrative expenses.

Financing Activities

During 2007, the Company received \$55,870,212 from the issue of common shares from private placements, bought deal financing and on the exercise of warrants less costs of \$1,709,328, compared to \$9,098,728 received from the issuance of common shares less costs of \$749,384 and repayment of advances from related parties of \$140,000 during 2006.

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.

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 U₃O₈ for each pound of Cameco's 70% share of the uranium resource or reserve referred to in any mine plan.

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- 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:

$\text{\$US } 1.50 \times (\text{month end Ux spot price for uranium for the month prior to the date when the bankable feasibility study is approved} \div \text{\$US } 85/\text{lb})$.

For Example: $\text{\$US } 1.50 \times (\text{\$US } 125/\text{lb} \div \text{\$US } 85/\text{lb})$ equals $\text{\$US } 2.21/\text{lb}$ in addition to the $\text{\$US } 5.00/\text{lb}$ for a total of $\text{\$US } 7.21/\text{lb}$.

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 \$7,837,840 during 2007, compared to \$2,538,526 in 2006. 2007 period investing activities were primarily for additions to the Thelon Basin and Kings Valley properties.

Related Party Transactions

The Company entered into transactions with related parties as follows:

- a) The President of the Company provides her services on a full-time basis and in fiscal 2007 was paid US\$157,500 (2006 – US\$105,000) as salary and US\$75,000 (2006 – US\$25,000) as bonus.
- b) During fiscal 2007 the Company paid \$48,000 (2006 - \$48,000) in consulting fees, \$19,000 (2006 - \$12,000) in administration fees and \$34,040 (2006 - \$Nil) in accounting fees to a company controlled by a director of the Company.
- c) The Company paid \$28,000 (2006 - \$Nil) in consulting fees to the Chairman of the Board of the Company.
- d) During 2007 the Company paid US\$8,511 (2006 - \$Nil) for the environmental consulting to a Director of the Company.
- e) During 2006, the Company paid or accrued \$81,312, of which \$15,582 was included in accounts payable as at September 30, 2006, in professional fees to a firm in which a former officer of the Company is a partner.

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 for the following annual amounts:

2008	\$73,064
2009	\$73,657
2010	\$73,657
2011	\$6,138

Mineral properties commitments are disclosed in Note 4 of the September 30, 2007 audited consolidated financial statements.

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Off-balance Sheet Arrangements

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

Lithium Resources Spin-Out

The Company announced the proposed spin-out of the lithium resources located in the Company's Kings Valley property, into a newly incorporated, wholly owned subsidiary of the Company ("Newco"). Upon completion of the conveyance of the lithium assets, shares of Newco will be distributed to Western's shareholders. Application will also be made to list the shares of Newco on the appropriate exchange.

The Company has engaged Haywood Securities Inc. as its financial advisors to assist with the spin-out transaction and to provide advice with respect to the structure and financing of the new entity.

Kings Valley, Nevada

The Company currently controls approximately 78,000 acres within the region of the McDermitt Caldera through approximately 3,900 Federal Lode mining claims. The lithium resources are contained within a portion of these claims and were defined by Chevron Resources in the early 1980's during an extensive drilling and metallurgical evaluation program focused on delineating the lithium potential of the area concurrent with its ongoing uranium exploration program. Chevron drilled 228 holes that were a combination of conventional rotary and large-diameter metallurgical diamond core holes. The lithium averages a grade of 0.279% Li over an average thickness of 40 meters. Using the data from this program and a cut-off grade of 3.0 meters over 0.1% Li, a resource of 4.5 billion pounds of lithium metal or 24 billion pounds of lithium carbonate were estimated at the time. In addition to this drill defined resource, Chevron extrapolated that another 3.5 billion pound of lithium metal (18 billion pounds Lithium Carbonate) was likely to be found in relatively untested portions or the moat sediments based on very limited and widely spaced exploratory holes. This is a historical resource figure calculated by Chevron Resources. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon. The resource is not considered NI 43-101 compliant. Chevron conducted extensive metallurgical tests as part of a scoping study and succeeded in achieving recoveries that averaged 85%. Lithium carbonate is currently priced at approximately \$3.60 per pound according to pricing information that was verbally communicated to WEDC by FMC Corporation.

The lithium mineralization is hosted in a clay-rich unit in a sequence of volcanoclastic sediments found within the caldera. Lithium was precipitated as a stratabound, massive layer of lithium-rich claystone associated with a specific clay species known as hectorite. These rare magnesium-lithium clays also have commercial value as suspending agents used in drilling additives, binders and stabilizers in the cosmetics, chemical and pharmaceutical industries. Chevron had determined that it was possible to recover the lithium metal from the clays and be able to market both products. The mineralized horizon occurs within 0-40 meters of the surface and is relatively flat lying.

Lithium Supply and Demand

One of the primary uses of lithium today is in lithium-ion batteries for cell phones, laptop computers and other electronic devices that require maximum storage capacity with minimum weight. The overall lithium carbonate market is projected to grow at approximately 10% per year and rise from some 80,000 tonnes in 2005 to approximately 100,000 tonnes in 2010.

Longer-term growth will depend on the market penetration achieved by hybrid and electric cars over the next decade as lithium-ion batteries are currently the battery of choice in these applications. Toyota Motors, the largest hybrid car manufacturer plans to increase sales of hybrid vehicles to over 1 million units by 2010 and to replace nickel metal hydride batteries by lithium-ion products by the end of the decade.

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The industry is currently characterized by a high degree of concentration of production with over two-thirds of world production coming from Chile and Australia. SQM of Chile, produced 27,800 tonnes of lithium carbonate in 2005 which was approximately 35% of world production.

Critical Accounting Estimates

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's consolidated financial statements for September 30, 2007. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

New Accounting Policies

Effective October 1, 2006, the Company adopted CICA Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, CICA Handbook Section 3861, *Financial Instruments – Presentation and Disclosure* and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income.

Under these new standards, all financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading and all financial liabilities must be classified as held for trading or other. All financial instruments are recorded on the balance sheet at fair value and changes in fair value are included in earnings, except for derivative financial instruments designated as hedges, for which changes in fair value will be included in comprehensive income.

The Company has designated its financial instruments as follows:

- i) Cash and cash equivalents are classified as "*Available-for-sale*". Due to their short-term nature, their carrying value is equal to their fair value.
- ii) Receivables, prepaid expenses and deposits are classified as "*Loans and Receivables*". These financial assets are recorded at values that approximate their amortized cost using the effective interest method.
- 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.

In accordance with the provisions of these new standards, the only adjustment required to the Company's consolidated financial statements as of September 30, 2007 was to present cumulative translation adjustment as accumulated other comprehensive income.

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.

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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. During 2007, 2006 and 2005 no impairment of long-lived assets was identified.

Financial Instruments

The Company's financial instruments consisting of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of those instruments.

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.

Currency Risk: Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

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.

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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.

Disclosure Control and Procedures

Disclosure controls and procedures are defined under Multilateral Instrument 52-109 - Certification of Disclosure Controls in Issuers' Annual and Interim Filings ("MI 52-109") as "... controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer's management, including its chief executive officers and chief financial officers (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure". The Company has conducted a review and evaluation of its disclosure controls and procedures, with the conclusion that it has an effective system of disclosure controls, and procedures as defined under MI 52-109. In reaching this conclusion, the Company recognizes that two key factors must be and are present:

- a) the Company is very dependant upon its advisors and consultants (principally its legal counsel) to assist in recognizing, interpreting, understanding and complying with the various securities regulations disclosure requirements; and
- b) an active Board and management with open lines of communication.

The Company has a small staff with varying degrees of knowledge concerning the various regulatory disclosure requirements. The Company is not of a sufficient size to justify a separate department or one or more staff member specialists in this area. Therefore the Company must rely upon its advisors and consultants to assist it and as such they form part of the disclosure controls and procedures.

Proper disclosure necessitates that one not only be aware of the pertinent disclosure requirements, but one is also sufficiently involved in the affairs of the Company and/or receives the communication of information to assess any necessary disclosure requirements. Accordingly, it is essential that there be proper communication among those people who manage and govern the affairs of the Company, this being the Board of Directors and senior management. The Company believes this communication exists.

While the Company believes it has adequate disclosure controls and procedures in place, lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur the Company will take whatever steps necessary to minimize the consequences thereof.

Changes in Internal Controls and Procedures over Financial Reporting

There was no change in the Company's internal controls over financial reporting that occurred during the last fiscal quarter that has materially effected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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Share Data Information

As at the date of this MD&A, there were 59,203,084 common shares, 3,081,122 warrants and 3,348,750 stock options outstanding. 1,434,375 shares are held in escrow pursuant to the Escrow Agreement dated March 31, 2006 between the Company, Computershare and certain officers and directors of the Company. 478,125 of these shares are released every six months with the next release on April 4, 2008 and the last release on April 4, 2009.

Investor Relations

Mr. John Proust as a Company Director and Pamela Klessig, President, CEO and Director, coordinate investor relations' activities. The Company engaged an outside Investor Relations consultant with remuneration of \$6,000 per month. 50,000 stock options have been granted in association with this position.