Background

The following discussion and analysis of financial position and results of operations, prepared as of January 23, 2007, should be read together with the audited consolidated financial statements for the year ended September 30, 2006, 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.

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. 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,
- 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.

During the period ended June 30, 2006, 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,
- 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:

- 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,
- 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.

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 per cent U_3O_8. 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 per cent 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 U_3O_8 hosted in these two zones. Two holes were drilled in the Moonlight area where The Anaconda Company drilled a resource of ~ 6 million pounds U_3O_8. 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.

Drill Hole	Interval (m)	Thickness (m)	Chemical U_3O_8%	MoS(2)%	Ag (ppm)
KV-1	74.7 – 106.7	32.0	-	0.0134	-
KV-2	131.1 – 138.7	7.6	0.238	-	30.8
	132.0 – 135.0	3.0	-	0.051	-
KV-3	32.0 – 47.2	15.2	-	0.016	-
	85.3 - 88.4	3.1	-	0.021	-
	86.9 – 88.4	1.5	0.031	-	-
KV-4	32.0 – 89.9	57.9	-	0.021	-
	35.1 – 53.3	18.2	0.034	-	-
	74.7 – 77.7	3.0	-	-	43
	79.2 – 88.4	9.2	0.045	-	-
KV-5	160.0 – 183.0	23.0	0.153	-	-
	171.0 – 182.9	11.9	-	0.057	-
	167.6 – 179.8	12.2	-	-	24.6
KV-6	No significant results		-	-	-

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 recently completed 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 1970's. Ongoing exploration will be targeted at expanding the known resources in the North, South, and Moonlight Mine areas. In addition the highly prospective zone between the South Area and the Moonlight Mine area will be drill tested. Recently completed drill hole cross sections, derived from existing Chevron datasets, show that uranium mineralization in the South Zone is related to a north striking east dipping felsic dike. Drill holes KV-1 and KV-2 were vertical. Corrected true thickness for KV-2 is 6.1 meters (at) 0.238% U_3O_8.

Drill holes KV-3 and KV-4 are also vertical and were collared in the North Zone. Drill hole cross sections indicated that uranium mineralization occurs as a sub-horizontal blanket. In the North Zone intercept thickness is close to the true thickness. Drill holes KV-5 and KV-6 were collared 130m and 210m north of the Moonlight Mine portal. Uranium mineralization in the vicinity of the Moonlight Mine is also associated with a north striking east dipping structure which hosts a dike similar to that found in the South Zone. Drill holes KV-5 and KV-6 are vertical. Corrected true thickness for KV-5 is 15.2 meters (at) 0.153% U_3O_8.

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. Drill hole KV-2 is the southern most hole of the South Zone. Drill hole KV-5 is located on the north end of the Moonlight Zone. The strong uranium intercepts in both KV-2 and KV-5 suggest that there is a high probability of locating additional uranium in the 1.4 kilometers separating the South Zone and the Moonlight Mine.

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. Analytical results are shown in Table 1.

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% U_3O_8 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 % U_3O_8 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% U_3O_8, as well as significant molybdenum and silver (news release, June 28, 2006). New drilling includes KV-19, located 50 meters NW of KV-5. KV-19 contains 27.4 meters of 0.180% U_3O_8 from 88.3 meters to 115.8 meters. Also found within this interval is 15.2 meters of 0.278% U_3O_8, 38 ppm Ag over 13.7 meters, 0.038 opt Au over 12.2 meters, and 0.021% Mo over 19.8 meters (Table 1). KV-15, approximately 150 meters S of KV-5, contains 4.6 meters of 0.093% U_3O_8 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 two 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.

TABLE 1

Drill Hole	Interval (m)	Apparent Thickness (m)	(Chem) U_3O_8%	Mo%	Ag (ppm)	Au (ppm)
KV-7	157-163	6.1	-	0.034	-	-
KV-8	183-187	4.6	0.026	-	-	-
	184-193	9.1	-	0.015	-	-
	215-218	-	-	0.031	-	-
	215-219	4.6	0.028	-	-	-
KV-9	219-221	1.5	0.082	-	-	-
KV-10	225-228	3.0	-	0.026	-	-
	244-259	15.2	0.021	-	-	-
	263-266	3.0	-	0.026	-	-
KV-11	152-163	10.7	-	0.012	-	-
KV-12	88-90	1.5	0.022	-	-	-
KV-13	100-102	1.5	-	0.018	-	-
	132-134	1.5	0.020	-	-	-
	140-142	1.5	0.020	-	-	-
KV-14	No significant results			-	-	-
KV-15	24-26	1.5	0.020	-	-	-
	50-52	1.5	0.029	-	-	-
	85-90	4.6	0.093	-	-	-
KV-16	No significant results			-	-	
KV-17	215-216	1.5	-	0.039	-	-
KV-18	No significant results			-	-	-
KV-19	88-116	27.4	0.180	-	-	-
incl	96-111	15.2	0.278	-	-	-
	96-116	19.8	-	0.021	-	-
	102-116	13.7	-	-	38.75	-
	104-115	10.7	-	-	-	1.26
KV-20	No significant results			-	-	-

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 were supervised by Western Uranium's Vice President of Exploration 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.

A third phase of drilling is being planned to further expand and in-fill areas of known mineralization. This program will be guided by a re-interpretation of existing data that is underway. The previous drill campaigns have highlighted controls on mineralization that were not recognized by previous operators on the project. A better understanding of these geologic controls will assist in focusing the upcoming drill programs in 2007.

On-going regional work on the claim block has highlighted several areas outside of known mineralization that warrant additional exploration work. A program is underway to better define these areas and the potential style of mineralization.

Treeline Claims, New Mexico, USA

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

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 the test 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.

Drill Hole	Interval (ft)	Thickness (ft)	Probe %eU_3O_8	Chemical % U_3O_8
TL-1	335 - 338	3.00	0.080	not sampled
	360-361	2.00	0.044	not sampled
	363 - 364.5	1.50	0.053	not sampled
	362 - 370	8.00	0.027	0.011
TL-2	361.5 - 362	0.50	0.027	not sampled
	382.5 - 390.5	8.00	0.120	not sampled
	380 - 392	12.00	0.099	0.281
TL-3	416.5 - 420	3.50	0.114	not sampled
	417 - 421	4.00	0.086	0.232
TL-4	469 - 471	4.00	0.022	not sampled
	474 - 485.5	11.50	0.057	0.0532
TL-5	517 - 518	1.00	0.023	not sampled
TL-6	No significant results		-	-

At Treeline the drilled thickness is equal to true thickness.

Chemical assaying was completed to confirm values determined from the probe results. Whereas the probe provides eU3O8 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 eU3O8 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.

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 recently completed 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 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 had 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.

Uranium mineralization occurs in the Ambrosia Lake sub district as primary-tabular and redistributed ore bodies. Primary-tabular ore bodies are typical of the occurrences elsewhere in the district. This mineralization is not directly controlled by faults, fractures, or folds; however, the mineralized bodies tend to be sub parallel to depositional features such as channels, cross-stratification, and intraformational disconformities. These uranium deposits occur as groups of lenses or pods and may split and occupy several stratigraphic horizons. Ongoing exploration will be targeted at expanding the known resource in Section 24 and identifying additional paleo-stream channels on WEDC's claims to the south of Section 24.

Permitting is currently underway for a second phase of drilling that will be focused on defining additional uraniferous paleo-stream channels on the claims to the south. Receipt of the permit is anticipated for May of 2007 and will allow for the drilling of approximately 40 drill holes.

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. Planning 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, 1006, 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 claims 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 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 initiated 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.

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 and appears to be within 100 meters of surface and is sufficiently defined to warrant a first pass exploratory core drill program which will consist of approximately 2000 metres of drilling.
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A follow-up exploration program is in the planning stages with a projected start-up date for initiating the program in the field targeted for mid-March. This program will focus on several of the targets identified on Western's exploration permits that cover ground in Nunavut.

A ground geophysical program that will utilize a time domain electromagnetic (TDEM) survey is being planned for another area that exhibits large, structurally controlled anomalous geophysical responses. This program is being designed to more accurately define ground locations of the airborne geophysical targets and to further define the size and shape of several of the anomalies. Due to the number and extent of the targets identified, several phases of ground exploration programs will be undertaken. The first phase will focus on several but not all of the priority one targets.

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, 2006, $	Period from Incorporation on November 25, 2004 to September 30, 2005 $
Total assets	11,834,301	2,816,261
Mineral properties and deferred costs	5,989,247	1,670,721
Working capital	5,676,665	1,001,511
Long term financial liabilities	-	-
Total revenues	-	-
General and administrative expenses	(2,600,475)	(212,247)
Net loss	(2,553,866)	(203,703)
Loss per common share – basic and diluted	(0.12)	(0.03)

Total assets increased $9,018,040 from September 30, 2005 to 2006 primarily due to the capital raised from private placements completed during the 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 the Company's Thelon Basin Permits and Claims, $1,127,815 on the Kings Valley Claims and $212,879 on the Treeline Claims during the year ended September 30, 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 adminstrative expenses have increased by $2,388,228 mainly due to the 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 Quaterly 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.

	2006			
	Q4 $	Q3 $	Q2 $	Q1 $
Total assets	11,834,301	9,360,810	8,196,059	8,380,211
Mineral properties and deferred costs	5,989,247	3,979,356	2,062,600	1,853,283
Working capital	5,676,665	5,300,838	5,882,745	6,459,893
Long term financial liabilities	-	-	-	-
Total revenues	-	-	-	-
General and administrative expenses	(791,798)	(810,050)	(882,351)	(116,276)
Net loss	(806,291)	(870,412)	(762,635)	(114,528)
Loss per common share – basic and diluted	(0.03)	(0.04)	(0.04)	(0.01)

The fluctuations for the 2006 periods include the following:

- Total assets increased by $1,164,751 in Q3 compared to Q2 mainly due to the $1,728,250 acquisition of the Thelon Basin Permits and Claims during the period by issuing common shares in the capital of the Company offset with the cash expenditures on operating activities of $359,076 for the Q3 period. Increase of $2,473,491 in Q4 total assets is mainly due to the proceeds from the $2,788,750 financing during the Q4 period.
- Mineral properties and deferred costs increased by $1,916,756 in Q3 compared to Q2 mainly due to the $1,728,250 acquisition of the Thelon Basin Permits and Claims during the Q3 period. Q4 increase of $2,009,891 from Q3 period is mainly due to the $1,196,566 exploration expenditures on the Thelon Basin Permits and Claims and $734,570 exploration expenditures on Kings Valley Claims.
- Variations in the Company's working capital is due to the funds raised during the periods, offset by changes in non-cash working capital balances and exploration and general and administrative expenditures. The quarterly increases/(decreases) in the Company's cash were as follows: Q1 increase in cash of $5,382,110 mainly due to $5,755,581 cash generated by financing activitiies; Q2 decrease in cash of ($440,487) due to cash outflows for investing ($225,110) and for operating ($237,031) activities; Q3 decrease in cash of ($755,124) due to cash outflows of ($275,048) for investing and ($359,076) for operating activities; Q4 increase in cash of $391,465 was due to cash flow from financing activities of $2,534,285 offset by cash outflows of ($1,851,353) for investing and ($316,362) for operating activities.
- Increase in general and administrative expenses and net loss for the Q2, Q3 and Q4 periods compared to Q1 is due to the non-cash stock based compensation expense for the stock-options vested recorded during the periods: 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.

Results of Operations

The Company incurred a loss of $2,553,866 ($0.12 per share) during the year ended September 30, 2006 compared to a loss of $203,703 ($0.03 per share) during the period from incorporation on November 24, 2004 to September 30, 2005. The $2,350,163 increase in the loss for the year ended September 30, 2006, was due to a number of factors of which $2,388,228 can be attributed to increase in the operating expenses offset by $38,065 in other items. Some of the significant increases are as follows: (a) Professional fees increased $287,664 to $327,539 in 2006 mainly due to fees incurred in connection with the reverse takeover and amalgamation with Navan Capital Corp., for accounting and audit services and general corporate counsel; (b) In 2006 the Company recorded non-cash stock-based compensation expense of $1,621,334 compared to $33,932 stock-based compensation expense recorded in 2005 for the stock options granted and vested during the periods; (c) Wages and benefits increased $244,110 during 2006 due to increases in staff in the Company's Reno office and include the salary paid to the Company's President; (d) Increase of $91,706 in 2006 office expense compared to 2005 is due to the increases in staff and activities during 2006; (e) Consulting fees increased by $56,511 in 2006 due to the 12 months of consulting services at $4,000/month for a total of $48,000 provided to the Company in 2006 compared to 4 months at $4,000/month for a total of $16,000 in 2005 period and $12,000 in administrative fees (no administrative services were provided during 2005 period) paid to the company controlled by a Director of the Company; (f) Rent increased in 2006 by $50,795 mainly due to the additional office space leased for the Company's Reno office during 2006.

In 2006 the Company recorded interest income of $186,748 compared to $6,323 during the 2005 period, primarily as a result of increase of funds on deposit. A foreign exchange loss of $140,139 was recorded in 2006 compared to the gain of $2,221 in the 2005 period. The foreign exchange adjustment in 2006 is a result of a continued strengthening of the Canadian dollar compared to the US dollar during fiscal 2006 and foreign exchanges losses on the Company's US dollar denominated funds on deposit.

Liquidity and Capital Resources

The Company's cash position at September 30, 2006 was $5,675,443, an increase of $4,577,964 from September 30, 2005. Total assets increased to $11,834,301 at September 30, 2006 from $2,816,261 at September 30, 2005. The increases are primarily due to the capital raised from private placements during the 2006 offset by operating expenditures. During fiscal 2006, the Company completed a private placement of 5,000,000 units at $1.25 per unit for proceeds of $6,250,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share for $1.50 for a period of two years. Agents were granted 600,000 agent warrants exercisable at $1.25 per share for a period of two years and issued 10,706 units where each unit consists of one common share and one whole common share purchase warrant entitling the holder to acquire one additional common share for $1.50 for a period of two years.

On July 7, 2006, the Company completed a private placement of 2,231,000 flow-through common shares at $1.25 per share for gross proceeds of $2,788,750. The agents were paid a commission of $223,100 equal to 8% of the gross proceeds of the financing and received warrants entitling them to acquire, for a period of 12 months, 178,480 common shares at a price of $1.25 per common share.

On November 2, 2006, the Company completed a brokered private placement offering of 6,060,000 units (the "Units") at a price of $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 whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire an additional common share for a period of 12 months 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. Haywood Securities Inc. acted as agent for the offering and received a cash commission equal to 6.0% of the gross proceeds of the offering and compensation warrants which will entitle Haywood to acquire, for a period of twelve months, that number of common shares as is equal to 6.0% of the number of Units sold under the offering at an exercise price of $1.29 per share.

Options and warrants were exercised which resulted in cash proceeds of $59,978 during fiscal 2006.

The Company has received $158,000 from the exercise of options from October 1 to January 23, 2007. As at January 23, 2007, the Company had working capital of approximately $11,500,000.

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 exploration 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 outflow from operating activities for the year ended September 30, 2006 was $1,092,854, compared to cash outflow for 2005 period of $153,501 as a result of increases in activities and changes in non-cash working capital.

Financing Activities

During the year ended September 30, 2006, the Company repaid $140,000 of advances from a related party, received $9,098,728 from the issue of common shares from private placements and on the exercise of warrants and options less costs of $749,384, compared to $3,040,000 received from the issuance of common shares during the 2005 period.

Investing Activities

Investing activities required cash of $2,538,526 during fiscal 2006, compared to $1,702,050 for 2005 period. 2006 investing activities were primarily for additions to the Thelon Basin, Kings Valley and Treeline properties.

Related Party Transactions

During the year ended September 30, 2006, the Company entered into transactions with related parties as follows:

a) paid or accrued $142,053 (September 30, 2005 - $61,190) as salary and bonus to the President of the Company.

b) paid or accrued $81,312 (September 30, 2005 - $7,000) in professional fees to a firm in which a former officer of the Company is a partner.

c) paid or accrued $48,000 (September 30, 2005 - $16,000) in consulting fees and $12,000 (September 30, 2005 - $Nil) in administration fees to a company controlled by a director of the Company.

Included in accounts payable at September 30, 2006 is $15,582 (September 30, 2005 - $Nil) due 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.

The fair value of the amounts due to related parties is not determinable as they have no fixed terms of repayment, do not bear interest, and are unsecured.

Commitments

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

2007	$58,506
2008	$21,125

Mineral properties commitments are disclosed in Note 4 of the September 30, 2006 consolidated financial statements.

The Company entered into flow-through share subscription agreements during the fiscal 2006 whereby it is committed to incur on or before December 31, 2006 and renounce to the subscribers, a total of $2,788,750 of qualifying Canadian Exploration Expenses (of which approximately $1,300,000 have been incurred to January 23, 2007) as described in the Income Tax Act of Canada. Commencing February 1, 2007, the Company will be liable to pay a tax of approximately 7% per annum, calculated monthly on the unspent portion of the commitment.

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 consolidated financial statements for September 30, 2006. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

Changes in Accounting Policies

Translation of Foreign Currencies

The Company reports using the Canadian dollar. Prior to October 1, 2005, the Company determined that its functional currency was the United States dollar and, the Company, its Canadian subsidiary and its integrated US subsidiary were translated using the current rate method. All assets and liabilities denominated in US dollars were translated into Canadian dollar equivalents at the exchange rate in effect at the balance sheet date. Revenues and expenses denominated in other then Canadian dollars were translated at the exchange rate in effect at the time of the transaction. Gains and losses arising on translation were included as a separate component of shareholders' equity.

Effective October 1, 2005, the Company determined that its functional currency is the Canadian Dollar due to the Company becoming a Canadian public company traded on TSX Venture Exchange and all capital raised in fiscal 2006 was in Canadian dollars. The Company's foreign operations are integrated and effective October 1, 2005, are translated using the temporal

method. According to Section 1650 of the Canadian Institute of Chartered Accountants Handbook ("Canadian GAAP") this change is accounted for prospectively. Exchange gains and losses previously deferred and accumulated in a cumulative translation adjustment component of shareholders' equity continue to be deferred in shareholders' equity. The translated amounts for non-monetary items at the end of the prior period become the historical basis for those items in the period of the change and subsequent periods. The table below summarizes the effect of the change in accounting policy on the financial results for the year ended September 30, 2006:

	Temporal method, $	Current Rate Method, $	Change, $
Balance Sheet			
Mineral properties and deferred costs	5,989,247	5,882,584	106,663
Equipment	46,400	44,460	1,940
Cumulative translation adjustment	(266,315)	(159,931)	(106,384)
Statement of Operations and Deficit			
Realized foreign exchange loss	140,139	142,358	(2,219)
Basic and diluted loss per share	(0.12)	(0.12)	-

Under the temporal method, the Company translates monetary assets and liabilities denominated in foreign currency at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for amortization which is translated at historical rates. The resulting gains and losses are reflected in operating results in the period of translation.

Restatement of Interim Unaudited Consolidated Financial Statements

The Company restated its previously reported financial statements for the interim periods ended on March 31, 2006 and June 30, 2006. During an internal review of the financial statements, the Company discovered an error in accounting for stock-based compensation expense for the stock options granted during the period. For the stock options granted, 25% vest on the date of the grant and 25% vest every six months for a period of eighteen months (the “vesting period”) from the grant date. The fair value of the stock options granted was previously expensed in the period of the grant. The Company corrected this error by recognizing the fair value of the stock options granted over the vesting period. Accordingly, this MD&A, where appropriate, includes the amended quarterly results.

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. In fiscal 2006 and in 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.

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 mine-able 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.

Internal Controls and Procedures over Financial Reporting

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended September 30, 2006. This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer with the assistance of other Company employees to the extent necessary or appropriate. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design of these internal controls and procedures over financial reporting was effective.

Share Data Information

As of January 23, 2007 there were 32,901,079 common shares, 15,239,864 warrants and 3,040,000 stock options outstanding. As at January 23, 2007, 2,390,625 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.

Investor Relations

The Company currently does not engage any outside investor relations consultants. Mr. John Proust as a Company Director and Pamela Klessig, President, CEO and Director, coordinate investor relations' activities.