

**IMPORTANT TAX NOTICE**

**Special U.S. Federal Income Tax Election is Available Regarding Your Investment  
in Western Uranium Corporation**

Shareholders who are U.S. taxpayers should be aware that Western Uranium Corporation (“Western”) was a passive foreign investment company (“PFIC”) for the fiscal year ended September 30, 2008. In addition, based on current business plans and financial projections, Western expects to be a PFIC in subsequent years.

The attached PFIC Annual Information Statement is being provided to you pursuant to Treasury Regulations Section 1.1295-1(g)(1). This PFIC Annual Information Statement contains information to enable you, should you choose, to elect to treat Western as qualified electing fund (“QEF”). A U.S. shareholder does not have to make this election for shares held in his or her retirement account.

A U.S. shareholder who makes or has previously made a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains of Western, whether or not Western distributes any amounts to its shareholders.

Under Internal Revenue Code Section 1293(b), each U.S. shareholder is required to include in his or her income his or her pro rata share of each day's ratable share of the ordinary earnings and net capital gain. As such, U.S. shareholders who owned shares during the year ending September 30, 2008 would include in his or her income the ratable share of the ordinary earnings and net capital gain computed below. The ratable share of the net capital gain is determined by the following:

Number of Shares Owned by U.S. Shareholder on each day: \_\_\_\_\_

divided by

Number of Shares Outstanding over the applicable period:

- 10/1/07 to 12/30/07: 56,130,552 shares
- 12/31/07 to 3/30/08: 59,203,084 shares
- 3/31/08 to 9/30/08: 59,371,834 shares

multiplied by

Ratable daily net capital gain income (Total net capital gain income divided by 366 days): \_\_\_\_\_ US\$ 22,193

The net long-term capital gain has arisen as a result of a deemed sale of stock of Western Lithium Corporation. As such, the net capital gain is subject to the tax rates of Internal Revenue Code Section 1(h)(1)(B) or Section 1(h)(1)(C), as applicable.

If you do not elect to treat Western as a QEF, then if Western is a PFIC for any year during your holding period, then you would be subject to the PFIC rules, which could result in adverse tax consequences to you. For example, if you were to receive a so-called “excess distribution” or if you sell your Western stock in the future at a gain, you could be required to allocate such distribution or gain, as the case may be, ratably over the time period during which you held your stock while Western was a PFIC, and pay tax at the highest rate (rather than, if otherwise applicable, the long-term capital gain rate) on ordinary income in effect for each year to which the gain is allocated plus interest on the tax.

The QEF election is made by completing and attaching Form 8621 to a U.S. federal income tax return filed by the due date of the return, as extended.

**We strongly urge you to consult your own tax advisor for advice concerning the application of the U.S. federal income tax rules governing PFICs and whether it is advisable for you to make a QEF election or other election under the PFIC rules.**

The instructions for Form 8621 can be found on the Internet at <http://www.irs.gov/pub/irs-pdf/f8621.pdf>.

#### PFIC Annual Information Statement

(1) This Information Statement applies to the taxable year of Western Uranium Corporation (the “Company”) ending on September 30, 2008.

(2) Each shareholder of the Company has a pro-rata per share of the total ordinary earnings and total net capital gain of the Company for the taxable year of the Company specified in paragraph (1):

Total Ordinary Earnings: \_\_\_\_\_ \$0.00

Total Net Capital Gain: \_\_\_\_\_ US\$ 8,122,614

(3) The amount of cash and fair market value of other property distributed or deemed distributed by the Company to the shareholders of the Company during the taxable year specified in paragraph (1) is as follows:

Cash: \_\_\_\_\_ \$0.00

Fair Market Value of Property: \_\_\_\_\_ US\$ 9,836,687

(4) The Company will permit its shareholders to inspect and copy the Company’s permanent books of account, records, and such other documents as may be maintained by the Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. income tax principles.

Western Uranium Corporation

By: Eduard Epshtein

Date: April 3, 2009

Title: Chief Financial Officer