

Western Uranium Corp. (WUC-V: \$2.20) Latest Kings Valley Results in – Resource Next

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Rating: BUY

Target: \$4.80

All figures in C\$ unless otherwise noted

Insight or Development

- ▶ Western Uranium has released a second batch of results from its 2007 drill program at the Kings Valley uranium project in Nevada.
- ▶ Results were released from both the KV North and South zones and are generally in line with our expectations, supporting the company's decision to proceed with a plan of operations to obtain clearances for a comprehensive 1,500 hole drill program.

Analysis

This latest batch of results has taken longer than anticipated, as Western Uranium's drilling program and turn-around time from the assay labs have both been hampered by delays. The 2007 drill program was designed to further confirm uranium mineralization at the three major zones (Moonlight, KV North and KV South), as well as test a new conceptual geologic model. We have seen results from 25 holes drilled this year including holes in each zone which have confirmed the uranium potential. Highlights from yesterday's release include 4.6 metres at 0.09% and 0.06% U₃O₈ in the KV South zone and 7.6 metres at 0.113% and 3.5 metres at 0.15% U₃O₈ in the KV North zone. Drilling continues with results pending for five holes.

Initial indications are that the new geological model is sound with further validation coming from the completion of a 43-101 compliant uranium resource expected by the end of the year. This resource will include the KV North, KV South and Moonlight zones and will be calculated using historical drilling by Chevron and Anaconda, as well as a portion of Western's own drilling. We expect this initial resource to approach the historical estimate of 17 MM lbs U₃O₈ and to be improved upon as the 2007 drilling is incorporated. The initial resource will likely be categorized as inferred and additional, closer spaced; infill drilling will be required to increase the resource confidence. As such, the company is undertaking a plan of operations to obtain clearance for an additional 1,500 holes in the main three zones. The approval process will likely take six to nine months. Drilling will continue during the approval process.

We continue to see significant exploration potential at Kings Valley at the several large geochemical and geophysical anomalies identified on the project (Bull Basin, Old Man Spring and Horse Canyon). The size potential of these targets is considerable and we are anxious for drill testing to commence. The company is in the process of completing additional surface and airborne work to better define drill targets, with the goal of commencing drilling in early 2008.

Conclusion

Kings Valley continues to develop as expected with an accelerated pace of activity expected in 2008. Western Uranium's stock appears undervalued and a series of catalysts pending over the next several months, including the initial uranium resource and the spin-out of the company's lithium assets, should help unlock this value. We maintain our BUY rating and \$4.80 target.

What's Changed

	Old	New
Rating	BUY	Unchanged
Target	\$4.80	Unchanged

Market & Financial Data

Market Cap (MM)	\$122.1
Float (MM)	\$113.3
Working Capital (MM)	\$50.0
Adjusted Market Cap. (MM)	\$72.1
52-week Range	\$4.15-\$1.63
30-day Average Volume (000)	81.5
Fiscal Year-End	Sep-30
Basic Shares O/S (MM)	55.5
F.D. Shares O/S (MM)	65.0
Target Price	\$4.80
Total Potential Return	118%
Forecasts & Valuation (US\$)	
Asset Value/Share	\$3.87
Corporate NAV/Share	\$0.90
Target NAV	\$4.77
P/NAV	0.39x

Western Uranium Corp. (WUC-CA)
29 Nov 2006 to 29 Nov 2007 (Daily)
Canadian Dollar

High: 4.150
Low: 1.650
Last: 2.200



Sources: Company Reports, FactSet, Westwind Partners

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The analyst has viewed the material operations of Western Uranium Corp during a recent site visit.

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- POSITIVE – Sector fundamentals and/or valuations are improving.
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