

Thursday, May 24, 2007

## THE MID-DAY MONEY

Click [▶](#) to view Early Money Comment

### Mining

---

▶ **Western Uranium Corp. (WUC-V: \$3.70)**  
**Cameco Puts Stamp of Approval on Western Uranium**  
*Philip Williams 416.815.1548 [pwilliams@westwindpartners.ca](mailto:pwilliams@westwindpartners.ca)*

Rating: BUY  
Target: \$6.00  (from: \$5.30)

*Please see important disclosures at the end of this document.*

# Western Uranium Corp. (WUC-V: \$3.70)

## Cameco Puts Stamp of Approval on Western Uranium

Philip Williams 416.815.1548 pwilliams@westwindpartners.ca

Rating: BUY

Target: \$6.00 ▲ (from: \$5.30)

All figures in C\$ unless otherwise noted

### Insight or Development

- ▶ Western Uranium (WUC) has entered into a strategic alliance with Cameco Corporation whereby Cameco will acquire a 10% interest, contribute technical support and ultimately joint-venture discoveries made by WUC.
- ▶ This investment is a clear endorsement of the WUC team and projects. We have reduced our discount rate to reflect Cameco's involvement, which generates our new target of \$6.00 (from \$5.30).

### Analysis

The terms of the investment call for Cameco to purchase 5.4 MM units of WUC at \$3.80 per unit (\$20.1 MM), representing about 10% of the company's share capital. Each unit includes a half warrant at \$4.25 expiring in one year. Cameco has the right to maintain this interest level going forward. With this investment, Western Uranium will have over \$50 MM in working capital plus an additional \$20 MM in dilution cash and will be well funded for its proposed programs over the next several years.

More important than the investment is the strategic alliance WUC and Cameco have formed. Under the alliance, Cameco will be entitled to elect a member to the WUC board of directors and will provide two members of a four person joint technical committee. Also, as part of the alliance, Cameco will have the right to earn a 70% joint-venture interest in any economically viable stand-alone deposit(s) developed within WUC's current exploration portfolio. This refers to deposits with greater than 15 MM pounds of a 43-101 compliant indicated or higher resource. To earn this 70% interest Cameco must pay WUC a minimum of US\$5.00 per pound, plus a premium tied to the spot price at the time, and fund 100% of the costs of advancing the project to feasibility.

As we discussed in our initiating report of Feb. 5, 2007, it is our contention that Cameco's primary interest is in WUC's Kings Valley Project in the McDermitt Caldera in Nevada. This project was the subject of exploration programs by Chevron Resources and The Anaconda Company during the late 1970s, which generated a drill-defined, non-43-101 compliant, historical inventory of approximately 17 MM pounds. WUC has accumulated a dominant land position in the Caldera and has identified several large geochemical and geophysical anomalies in areas peripheral to previously identified zones of drill-defined uranium mineralization. The company is undertaking a US\$5.5 MM exploration program this year to follow up last year's drill program, infill and expand the known areas of mineralization as well as test these new targets.

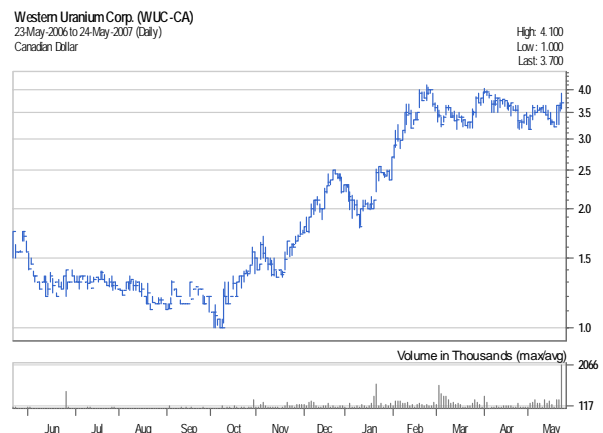
### Conclusion

Cameco's investment and strategic alliance with WUC confirms our contention that WUC represents one of the highest potential uranium explorers in North America and is undervalued based on the King Valley project alone. Our new target reflects increased confidence in this thesis. Investors should BUY WUC shares ahead of an active exploration program in 2007.

[Return to Table of Contents](#)

What's Changed		
	Old	New
Rating	BUY	Unchanged
Target	\$5.30	\$6.00

Market & Financial Data	
Market Cap (MM)	\$185.0
Float (MM)	\$167.4
Working Capital (MM)	\$50.0
Adjusted Market Cap. (MM)	\$135.0
52-week Range	\$4.10-\$1.00
30-day Average Volume (000)	144.8
Fiscal Year End	Sep-30
Basic Shares O/S (MM)	50.0
F.D. Shares O/S (MM)	56.0
Target Price	\$6.00
Total Potential Return	62%



Sources: Company Reports, FactSet, Westwind Partners

Thursday, May 24, 2007

Each analyst whose name appears on the front page of this report hereby certifies that the views expressed in this report accurately reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations expressed in this research report.

Westwind Partners Inc. has provided investment banking services for remuneration to Western Uranium Corp. in the past 12 months.

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

This report was prepared by Westwind Partners Inc. and is being distributed in Canada by Westwind Partners Inc., in the USA by Westwind Partners (USA) Inc. and in the European Economic Area by Westwind Partners (U.K.) Limited ("Westwind").

Westwind Partners Inc. is a member of the Investment Dealers Association of Canada and the Canadian Investor Protection Fund, a participating organization of the Toronto Stock Exchange and the TSX Venture Exchange, and an approved participant of the Montréal Exchange. Westwind Partners (USA) Inc. is registered as a broker-dealer with the Securities and Exchange Commission and a member of the National Association of Securities Dealers Inc. Westwind Partners (U.K.) Limited is authorised and regulated by the Financial Services Authority (the "FSA") and a member of the London Stock Exchange. Westwind Partners Inc., Westwind Partners (USA) Inc. and Westwind Partners (U.K.) Limited are affiliated companies, all being wholly owned subsidiaries of Westwind Capital Corporation.

Westwind and its affiliated companies (collectively, "Westwind Partners") may be engaged or seeking engagement as advisers or providers of services to the company that is the subject of this research (the "Company"). Westwind affiliated companies, and its officers and employees may hold positions in securities of the Company and may purchase and/or sell them from time to time. Accordingly, this report is not being held out as impartial research.

This research report was prepared by an affiliate of Westwind Partners (USA) Inc. or another person that may not be registered as a broker-dealer in the United States. The company that prepared this report may not be subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report does not constitute an offer to sell or the solicitation of an offer to buy any of the securities discussed herein. Subject to the limitations on liability described above, Westwind Partners (USA) Inc. takes responsibility for the content of this research report in accordance with Rule 15a-6 under the U.S. Securities Exchange Act of 1934, as amended. All transactions by U.S. persons in securities discussed in this report must be performed through Westwind Partners (USA) Inc.

As an investment dealer, Westwind Partners Inc. provides a variety of financial services, including investment banking services. It is possible that Westwind Partners Inc. might seek to become engaged to provide such services to companies referred to in this report in the next three months.

This report is provided for information purposes only and, as noted above, does not constitute an offer or solicitation to buy or sell any of the securities discussed in it. The report is for general circulation to clients and permitted recipients and as such is not, and should not be construed as, investment advice. No account is taken of the investment objectives, financial situation or particular needs of any person.

The opinions, estimates and projections contained in this report are those of Westwind as at the date of this report and are subject to change without notice. The information contained in this report has been compiled by Westwind from sources believed to be reliable but no representation or warranty, express or implied, is made by Westwind or its affiliated companies or any other person as to the report's accuracy, completeness or correctness. To the fullest extent permitted by law neither Westwind, its affiliated companies nor any other person accepts any liability whatsoever for any direct or consequential loss arising from any use of or reliance on the information contained in this report. Information may be available to Westwind and/or its affiliates which is not reflected in this report. Past performance information contained in this report is not an indication of future performance. It has not been audited or verified by an independent party and should not be seen as any indication of returns which might be received by investors. Similarly where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to the risk factors stated in this report, could cause actual results to differ materially from those in any Forward Looking Information.

This report has not been approved by Westwind Partners (U.K.) Limited for the purposes of chapter 3 of the FSA Conduct of Business rules because it is being distributed in the United Kingdom only to persons who have been classified by Westwind Partners (U.K.) Limited as intermediate customers or market counterparties. Any recipient who is not such a person should return the report to Westwind Partners (U.K.) Limited immediately and should not rely on it for any purposes whatsoever. Recipients are advised to read the further disclosures on the inside back cover of this report.

Westwind Partners Inc., its affiliates and/or its respective officers, directors or employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent. As an investment dealer, Westwind Partners Inc. provides a variety of financial services, including investment banking services. It is possible that Westwind Partners Inc. might seek to become engaged to provide such services to companies referred to in this report in the next three months. Westwind Partners Inc. is a wholly owned subsidiary of Westwind Capital Corporation. © Westwind Partners Inc. 2006.

In accordance with the Investment Dealers Association of Canada — Policy No. 11 Analyst Standards, Westwind Partners Inc. hereby confirms that as of the date of this report:

- (i) The research analyst(s) referenced herein and any member of the research analyst's household, or an individual directly involved in the preparation of this report, does not hold a financial interest in the securities of the subject company in this report;
- (ii) Westwind Partners and its affiliate does not hold positions, whether long or short, that exceed 1% of the outstanding issue of any class of securities of the company mentioned in this report;
- (iii) The research analyst who prepared this report receives compensation that is based, in part, upon the firm's overall investment banking revenues;
- (iv) Westwind Partners Inc. does not make a market in the securities referred to in this report;
- (v) No officer, director, or research analyst of Westwind Partners is an officer, director or employee of the subject company;
- (vi) Other than what is disclosed above, Westwind Partners Inc. is not aware of any actual, material conflicts of interest for the research analyst, of which the research analyst knows or has reason to know in the preparation of this report.

For purposes of our research report, our rating system is defined as follows:

### Stock Rating

- Speculative BUY – The stock faces unusually high business or financial risk.
- BUY – The stock is expected to outperform others in the same industry sector.
- HOLD – The stock is expected to perform in line with others in the same industry sector.
- SELL – The stock is expected to underperform others in the same industry sector.

### Sector View

- POSITIVE – Sector fundamentals and/or valuations are improving.
- NEUTRAL – Sector fundamentals and/or valuations are steady, neither improving nor deteriorating.
- NEGATIVE – Sector fundamentals and/or valuations are deteriorating.

### Dissemination of Research

Westwind Partners Inc. Equity Research is available via our website [www.westwindpartners.ca](http://www.westwindpartners.ca) and on Bloomberg at WWPI <GO>. Institutional clients may also receive our research via First Call Research Direct and Reuters. All of our research is made widely available at the same time to all Westwind Partners' clients entitled to our research. Please contact your institutional salesperson to be added to our electronic distribution lists.