

Growth Stocks Weekly www.gsweekly.com

Publisher: Agilis Capital Corporation. ~ **Since:** May, 1995 ~ **Editor:** Richard Reinhard ~ **E-Mail:** reinhard@shaw.ca

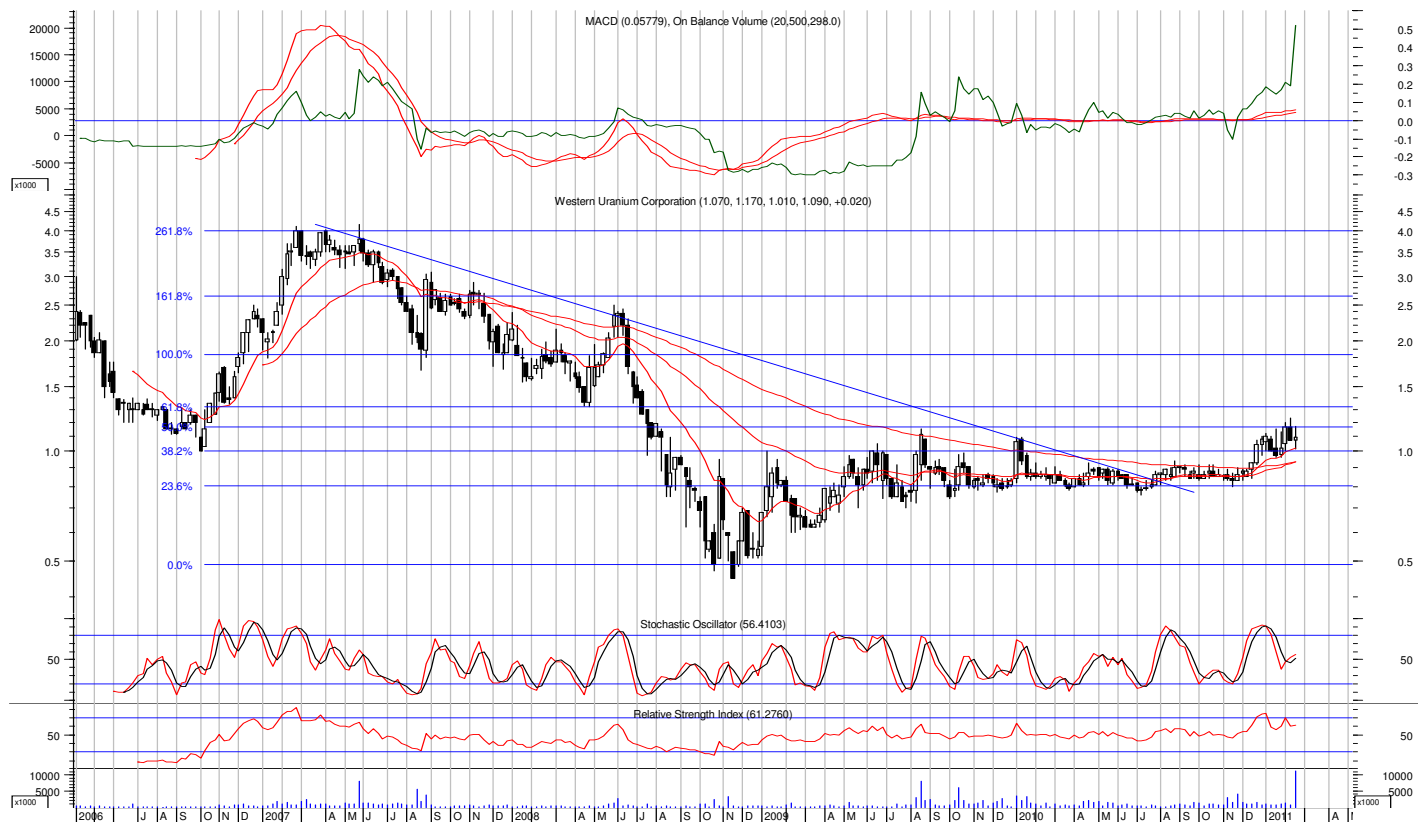
Performance: YTD April 30: '96 116.9%; '97 28.1%; '98 36.4%; '99 39.4%; '00 180.9%; '01 -50.5%; '02 18.7%; '03 28.8%; '04 166.7%; '05 28.2%; '06 153.3%; '07 8.8%; '08 -25.2%; '09 -50.3%; '10 162.3%

Junior Gold and Natural Resource Sector Report

February 17, 2011

Western Uranium (WUC-TSX Venture)

Initial Report



Weekly chart, Semi-log Scale, High \$4.15, Low \$0.45, Last Trade \$1.08

New management, lots of cash

Western Uranium (WUC-TSXv) is a cash-rich junior with a strong institutional shareholder base. It attracted our attention yesterday after trading its highest volume on record – including 5 smaller blocks and one large 3.54 million share position on a 10.6 million share day. The stock was trying to break \$1.20 last week, but backed off to trade these blocks at \$1.07. We wouldn't be surprised to see the share price start moving higher once the blocks are done.

The company holds ~19.8 million shares of Western Lithium (WLC-TSX), currently trading at about \$1.50 per share, in addition to ~\$40.0 million in cash. There's only ~59.9 million shares outstanding, so liquid assets total approximately \$1.00 per share. That means investors effectively

get the 3% NSR on Western Lithium and their five project inventory for free. The company has recently decided to sell part of their position in Western Lithium.

On December 31, 2010 Ed Flood, previously Chairman of the Company, was appointed as Chairman, President and Chief Executive Officer, replacing the prior CEO who seemed incapable of gaining corporate traction. Mr. Flood was a deputy chairman and founding president for mining giant Ivanhoe Mines. He has a very extensive background in corporate finance and investment banking. Management changes also occurred amongst other key positions, pointing to a house cleaning. We see this as a turning point for corporate direction and the market immediately rewarded shareholders with a breakout of the share price from its 2-year trading range.

Western Uranium may also be due for a name change. It changed its strategic focus from US-based uranium exploration to worldwide global exploration for precious and base metals, including uranium. Management still believes that the uranium market will play a strong role in providing future global energy needs, and continues selective exploration for uranium, but is also exploring for copper and gold mineralization in Southeast Spain (Baza Project) while expanding the uranium exploration program into the La Rioja Province of Argentina. More recently it established Meryllion Minerals to act as an exploration arm in South America.

With Flood now at the helm for 2011, we note his statement to company shareholders: "We intend to focus more fully on growth through acquisitions and mergers, investments, and exploration globally".

Recent History

On July 16, 2008 the Company closed its plan of arrangement with its wholly-owned subsidiary, Western Lithium. As part of the Arrangement, shareholders received one Western Lithium share for every three of Western Uranium shares held. Approximately 19.7 million shares in Western Lithium were distributed to shareholders by way of an in-kind dividend. The company subsequently made an additional investment in Western Lithium by purchasing 3 million units of Western Lithium at \$0.50 per unit for the total investment of \$1,500,000, and an additional 1,476,000 units of Western Lithium at a price of \$0.95 per unit. As at September 30, 2010, the Company owned 19,685,393 or 23.8% of the issued and outstanding shares of Western Lithium and 3,000,000 warrants of Western Lithium at an exercise price of \$0.60 per share expiring on May 6, 2011 and 738,000 warrants at an exercise price of \$1.25 per share expiring on April 14, 2011.

Western Uranium's cash position at September 30, 2010 was \$40,040,206, a decrease of \$6,318,189 from September 30, 2009 mainly due to exploration expenditures of \$2,833,685, purchase of Western Lithium shares in a private placement for \$1,402,200, operating expenditures of \$1,397,783 and foreign exchange loss on cash of \$684,521. Working capital was approximately \$38,000,000. Management runs a relatively lean operation, and in the past may have been guilty of not being aggressive enough in putting their cash to work.

Conclusion

We see Western Uranium as a relatively lower-risk bet on the prospects for uranium via its exposure to Western Lithium, and the capability of Ed Flood to put the war chest of cash to accretive use. Technically the chart paints a compelling picture, with the long-term downtrend broken last summer, and an extensive 2-year trading range now decisively broken to the upside in December. It's still early days in the move, with some resistance at the \$1.16 and \$1.32 areas. Once cleared, the shares are capable of a run to the \$1.80 area before running into major resistance. We intend on accumulating shares on weakness, targeting a 100,000 share position for the GSW Model Portfolio.

Your Source for High-Potential Early-Stage Growth Stocks Since 1995

www.growthstocksweekly.com



© 1995-2011 Growth Stocks Weekly. ALL RIGHTS RESERVED.

DISCLAIMER

Growth Stocks Weekly is an independent electronic publication committed to providing our subscribers with factual information on selected publicly traded companies, business, and economics. All companies are chosen on the basis of certain financial analysis, and other pertinent criteria with a view toward maximizing the upside potential for investors while minimizing the downside risk, whenever possible with the added aid of technical analysis. Growth Stocks Weekly and its editors do not accept compensation from public companies featured in this publication. All statements and expressions are the sole opinions of the editors and are subject to change without notice. A profile, description, or other mention of a company in the newsletter is neither an offer nor solicitation to buy or sell any securities mentioned. While we believe all sources of information to be factual and reliable, in no way do we represent or guarantee the accuracy thereof, nor the statements made herein. The publisher and the employees, staff and consultants of Growth Stocks Weekly are not registered investment advisors and do not purport to offer personalized investment related advice. The publisher, staff, or anyone associated with, or associated to, Growth Stocks Weekly may own securities mentioned in this newsletter and may buy or sell securities without notice. The profiles, critiques, and other editorial content of the Growth Stocks Weekly may contain forward-looking statements relating to the expected capabilities of the companies mentioned herein. The reader should verify all claims and do their own due diligence before investing in any securities mentioned. Investing in securities is speculative and carries a high degree of risk. The information found in this profile is protected by copyright laws and may not be copied, or reproduced in any way without the expressed, written consent of the editors of Growth Stocks Weekly. We encourage our readers to invest carefully and read the investor information available at the web sites of the Securities and Exchange Commission ("SEC") at <http://www.sec.gov> and/or the National Association of Securities Dealers ("NASD") at <http://www.nasd.com>. We also strongly recommend that you read the SEC advisory to investors concerning Internet Stock Fraud, which can be found at <http://www.sec.gov/consumer/cyberfr.htm>. Readers can review all public filings by companies at the SEC's EDGAR page in the U.S. and SEDAR's electronic filing of securities information as required by the securities regulatory agencies in Canada at www.sedar.com. The NASD has published information on how to invest carefully at its web site.