

WESTERN LITHIUM CANADA CORPORATION

**Annual General Meeting
to be held on April 14, 2009**

**Notice of Annual General Meeting
and
Information Circular**

March 10, 2009

WESTERN LITHIUM CANADA CORPORATION

Suite 1500 – 885 West Georgia Street
Vancouver, British Columbia
V6C 3E8

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting of the shareholders of Western Lithium Canada Corporation (the “Company”) will be held at Suite 1500 – 885 West Georgia Street, Vancouver, British Columbia, on Tuesday, April 14, 2009 at 10:00 a.m. At the meeting, the shareholders will receive the audited consolidated financial statements for the years ended September 30, 2008 and 2007, together with the auditor’s report thereon, and consider resolutions to:

1. elect directors for the ensuing year;
2. appoint MacKay LLP, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor; and
3. transact such other business as may properly be put before the meeting.

All shareholders are entitled to attend and vote at the meeting in person or by proxy. The board of directors requests all shareholders who will not be attending the meeting in person to read, date and sign the accompanying proxy and deliver it to Computershare Trust Company of Canada (“Computershare”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 by 10:00 am (Vancouver, British Columbia time) on Thursday, April 9, 2009 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) prior to the time of the meeting at which the proxy is to be used, then the shareholder will not be entitled to vote at the meeting by proxy. Only shareholders of record at the close of business on March 10, 2009 will be entitled to vote at the meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 10th day of March, 2009.

ON BEHALF OF THE BOARD

(signed) “Jay Chmelauskas”

Jay Chmelauskas,
President

WESTERN LITHIUM CANADA CORPORATION

Suite 1500 – 885 West Georgia Street
Vancouver, British Columbia
V6C 3E8

INFORMATION CIRCULAR

(as at March 10, 2009 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the “Circular”) is provided in connection with the solicitation of proxies by the management of Western Lithium Canada Corporation (the “Company”). The form of proxy which accompanies this Circular (the “Proxy”) is for use at the annual and special general meeting of the shareholders of the Company to be held on April 14, 2009 (the “Meeting”), at the time and place set out in the accompanying notice of meeting (the “Notice of Meeting”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The person named in the Proxy is a director and officer of the Company. **A shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed name and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Trust Company of Canada (“Computershare”) by 10:00 am on Thursday, April 9, 2009 (excluding Saturdays, Sundays and holidays) prior to the time of the meeting at which the proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by proxy in the enclosed form will be voted by the designated holder in accordance with the direction of the shareholder appointing him. If there is no direction by the shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Non-Registered Holders

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs”. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the Notice of Meeting, this Circular and the Proxy (collectively, the “Meeting Materials”) directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management proxyholder named in the form and insert the Non-Registered Holder’s name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.

Financial Statements

The audited consolidated financial statements of the Company for the years ended September 30, 2008 and 2007, together with the auditor’s report on those statements, will be presented to the shareholders at the Meeting. The Financial Statements are being mailed with this Circular to the shareholders of record.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company’s authorized capital of an unlimited number of common shares without par value of which 51,220,000 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at March 10, 2009 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding common shares of the Company:

Member	Number of Shares	Percentage of Issued Capital
CDS & Co. ⁽¹⁾	25,176,942	49.2%
Small Ventures USA, L.P.	5,122,198	10.0%
Western Uranium Corporation ⁽²⁾	15,209,393	29.7%

Notes:

- (1) The beneficial owners of common shares held by depositories are not known to the directors or executive officers of the Company.
- (2) Of this number, 11,407,045 are held in escrow.

As at March 10, 2009, the total number of common shares owned or controlled by management and the directors of the Company and their associates or affiliates was 1,397,399 common shares, representing 2.7% of the total issued and outstanding common shares.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The number of directors on the board of directors (the "Board") of the Company is currently set at five.

The following table sets out the names, province or state and country of residence of the nominees for election as directors, the offices they hold within the Company, their principal occupations, business or employment within the five preceding years, the period or periods during which each director has served as a director, and the number of shares of the Company and its subsidiaries which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of common shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
<p>R. Edward Flood⁽²⁾ Nevada, USA <i>Director and Chairman</i></p>	<p>Deputy Director Investment Banking of Haywood Securities (UK) Limited since March 2007; Chairman of Western Uranium Corporation since March 2007; Director since November 2007 and Chairman since July 2008 of Western Lithium Canada Corporation; Deputy Chairman and President of Ivanhoe Mines Ltd. from 2001 to 2007; and Director of Ivanhoe Mines Ltd. since 1994.</p>	<p>November 27, 2007</p>	<p>334,400⁽³⁾</p>
<p>Pamela Klessig⁽²⁾ Nevada, USA <i>Director</i></p>	<p>President and CEO of Western Uranium Corporation and Western Energy Development Corp. since February 25, 2005; Director of Western Lithium Canada Corporation since November 2007; President of Amanda Resource Corporation from February 2004 to February 2005; Associate Engineer for the Nevada Department of Transportation from September 2001 to March 2004; and Associate Engineer for the Nevada Development of Transportation from September 2001 to March 2004.</p>	<p>November 27, 2007</p>	<p>493,500⁽⁴⁾</p>
<p>John Macken⁽²⁾ British Columbia, Canada <i>Director</i></p>	<p>Director and President of Ivanhoe Mines Ltd. since December 2003; CEO of Ivanhoe Mines Ltd. since March 2006; Chairman of South Gobi Energy Resources Ltd. since June 2007; and Director of Ivanhoe Australia Limited since November 2007, both of these companies are subsidiaries of Ivanhoe Mines Ltd.</p>	<p>January 29, 2008</p>	<p>283,333⁽⁵⁾</p>
<p>William Sheriff Texas, USA <i>Director</i></p>	<p>President of Platoro West Holdings Inc. since 1985; Chairman of Energy Metals Corporation from December 2005 to August 2007; CEO and President of EMC Metals Corp. (formerly Golden Predator Mines Inc.) since July 2006.</p>	<p>January 29, 2008</p>	<p>40,500⁽⁶⁾</p>

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of common shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
William R. Haldane New York, USA <i>Director</i>	President of Haldane Diogenes, Inc. from 1995 to present; and Executive recruiting for Haldane Diogenes, Inc.	January 29, 2008	84,833 ⁽⁷⁾

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the directors themselves.
- (2) Member of the Company's audit committee.
- (3) Mr. Flood holds 2,000,000 options to purchase an aggregate of 2,000,000 common shares of the Company.
- (4) Of this number, 51,250 are held in escrow. Ms. Klessig also holds 1,000,000 options to purchase an aggregate of 1,000,000 common shares of the Company.
- (5) Mr. Macken holds 500,000 options to purchase an aggregate of 500,000 common shares of the Company.
- (6) Mr. Sheriff holds 500,000 options to purchase an aggregate of 500,000 common shares of the Company.
- (7) Mr. Haldane holds 500,000 options to purchase an aggregate of 500,000 common shares of the Company.

The Company does not have an executive committee of its Board.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company except the directors and executive officers of the Company acting solely in such capacity.

Corporate Cease Trade Orders or Bankruptcies

No director, or proposed director, of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Notes:

- (1) The Company became a reporting issuer on July 16, 2008. The Company changed its financial year end from June 30 to September 30 effective May 22, 2008.
- (2) As no SARs have been granted, all references are to incentive stock options.
- (3) Pamela Klessig was appointed President of the Company on November 27, 2007 and subsequently resigned as the President of the Company on October 16, 2008.
- (4) Eduard Epshtein was appointed Chief Financial Officer of the Company on May 12, 2008.
- (5) Jay Chmelauskas was appointed President of the Company on October 16, 2008.

Long-Term Incentive Plan Awards

Long term incentive plan awards (“LTIP”) means “a plan providing compensation intended to motivate performance over a period greater than one financial year”. LTIP awards do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale. No LTIP awards were made to the Named Executive Officers during the most recently completed financial year.

Options and Stock Appreciation Rights (SARs)

The Company has implemented a stock option plan (the “Plan”) dated May 21, 2008. Under the Plan, the Board is authorized to grant incentive stock options to certain directors, senior officers, employees and consultants of the Company entitling them to purchase common shares. The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, consultants and employees, to reward those persons from time to time for their contributions toward the long-term goals of the Company, and to enable and encourage such directors, officers, consultants and employees to acquire common shares as long-term investments. The Plan is administered by the Company’s Secretary at the direction of the Board. Under the plan up to 10,200,000 common shares are reserved for the issuance of stock options, being approximately 20% of the issued and outstanding share capital at the time of completion of the spin-out Arrangement with Western Uranium Corporation. The exercise price of each option is based on the market price of the Company’s common stock at the date of the grant. The options can be granted for a maximum term of 5 years.

The following table sets forth the stock options granted to Named Executive Officers during the most recently completed financial year:

**Option/SAR grants during the
most recently completed financial year**

Name	Securities Under Options/ SARs Granted (#)	% of Total Options/SARs Granted to Employees	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Pamela Klessig, former President	1,000,000	17.2%	\$0.50	N/A ⁽¹⁾	June 6, 2013
Eduard Epshtein, Chief Financial Officer	100,000	1.7%	\$0.50	N/A ⁽¹⁾	June 6, 2013

Note:

- (1) The Company's shares did not trade on June 6, 2008 (the date of granting the options). The Company's shares started trading on July 16, 2008.

The Company has not repriced downward any options or SARs during its most recently completed financial year.

The following table sets forth details of all exercises of stock options or SARs during the most recently completed fiscal year by each of the Named Executive Officers and the fiscal year end value of unexercised options or SARs on an aggregated basis:

Aggregate option/SAR exercises during the most recently completed financial year and financial year-end option/SAR values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ⁽¹⁾ (\$)	Unexercised Options/SARs at September 30, 2008		Value of Unexercised in-the-Money Options/SARs at September 30, 2008 ⁽²⁾	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Pamela Klessig, former President	None	Nil	250,000	750,000	\$2,500	\$7,500
Eduard Epshtein, Chief Financial Officer	None	Nil	25,000	75,000	\$250	\$750

Notes:

- (1) "Aggregate Value Realized" is calculated by determining the difference between the market value of the securities underlying the options or SARs at the date referred to and the exercise price of the options or SARs and is not necessarily indicative of the value (i.e. loss or gain) actually realized by the Named Executive Officers.
- (2) "in-the-Money Options" means the excess of the market value of the Company's shares on September 30, 2008 over the exercise price of the options. The Company's common shares traded on September 30, 2008 at a price of \$0.51.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as described below, at the date of this information circular, the Company or its subsidiaries have no compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than \$100,000 from the Company or its subsidiaries (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the Named Executive Officer's employment with the Company or its subsidiaries, a change of control of the Company or its subsidiaries, or a change in responsibilities of the Named Executive Officer following a change in control.

The Company and Jay Chmelauskas entered into a management agreement (the "Management Agreement") effective October 16, 2008. Under the Management Agreement, the Company engaged Mr. Chmelauskas as President of the Company for an indefinite term starting on October 16, 2008 until the Management Agreement is terminated in accordance with its terms. Under the Management Agreement, the Company agreed to pay Mr. Chmelauskas an annual salary of \$250,000 (the "Annual Fee") and 1,500,000 stock options subject to vesting provisions. In the event the Company gives notice to terminate this Agreement where just cause cannot be established, the Company will have to pay to Mr.

Chmelauskas, a lump sum equal to the Annual Fee. In the event of a change of control of the Company, the Company will have to pay a lump sum equal to 1.5 times the Annual Fee.

Compensation of Directors

Other than compensation paid to the Named Executive Officers, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

The Company granted the following incentive stock options to directors, officers, employees and consultants of the Company, other than the Named Executive Officers during the Company's most recently completed financial year:

Number Granted	Exercise Price per Share	Date of Grant
4,625,000	\$0.50	June 6, 2008
100,000	0.72	August 11, 2008

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans as of September 30, 2008:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	5,825,000	\$0.50	4,375,000
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
Total	5,825,000	\$0.50	4,375,000

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company or its subsidiaries, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company or its subsidiaries since the beginning of the last completed financial year of the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or its subsidiaries.

MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or its subsidiaries.

APPOINTMENT OF AUDITOR

Auditor

The management of the Company intends to nominate MacKay LLP, Chartered Accountants, for re-appointment as auditor of the Company. Forms of proxy given pursuant to the solicitation by the management of the Company will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of MacKay LLP, Chartered Accountants, as auditor of the Company to hold office until the close of the next annual general meeting of the Company, at a remuneration to be fixed by the directors. MacKay LLP, Chartered Accountants, was first appointed as auditor of the Company in 2008.

AUDIT COMMITTEE

The Company is a “venture issuer” as that term is defined under National Instrument 52-110 Audit Committee (“NI 52-110”). NI 52-110 requires the Company, as a venture issuer, to disclose annually in its circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

The Company is required under the rules of the TSX Venture Exchange (the “TSX-V”) to have an audit committee comprised of not less than three directors, a majority of whom are not officers or employees of the Company or of an affiliate of the Company. The Company is proposing that following the Meeting the following directors will be appointed to the Company’s audit committee: Pamela Klessig, R. Edward Flood and John Macken.

Audit Committee Charter

The text of the audit committee’s charter is attached as Schedule “A” to this Circular.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment.

The majority of all of the members of the audit committee of the Company are independent, as that term is defined.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

All of the members of the Company’s audit committee are financially literate as that term is defined.

Based on their business and educational experiences, each audit committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection of the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Pamela Klessig, member of the Audit Committee

Ms. Klessig has over 27 years of experience in global mineral exploration, development and production and has held a variety of geological or management positions throughout her career with Homestake Mining Co., Cyprus Minerals Company, Amselco Minerals Inc., BP Minerals Ltd., Kennecott Exploration Company and GENCOR. Ms. Klessig also worked for Indochina Goldfields Ltd., now Ivanhoe Mines Ltd. (“Ivanhoe”), during the initial public offering as the Vice President of Investor Relations. As a compliment to her technical expertise she obtained her U.S. Series 7 brokerage license and worked as a stockbroker for four years with A.G. Edwards and Sons, Inc. Ms. Klessig is financially literate and is experienced in corporate governance issues. She holds a bachelor's degree in geology.

R. Edward Flood, member of the Audit Committee

Mr. Flood is currently Deputy Director, Investment Banking at Haywood Securities (UK) Limited and was previously the Deputy Chairman of Ivanhoe and was Ivanhoe’s founding President. Mr. Flood has over 35 years of experience in the international mining field. Prior to joining Ivanhoe, Mr. Flood was a principal at Robertson Stephens & Co., an investment bank in San Francisco, USA. He holds a bachelor’s degree and a master’s degree in Geology.

John Macken, member of the Audit Committee

Mr. Macken is the President of Ivanhoe and joined Ivanhoe Mines after a 19 year career with mining giant Freeport McMoran Copper and Gold (“Freeport”), most recently as Freeport’s Senior Vice-President of Strategic Planning and Development, based in New Orleans. Since June 2007, he has also been the Chairman of South Gobi Energy Resources Ltd. and, since November 2007, a director of Ivanhoe Australia Limited, both of which are subsidiaries of Ivanhoe Mines. He spent a total of 12 years with Freeport’s operating unit, P.T. Freeport Indonesia, culminating in the position of Executive Vice-President and General Manager at Freeport’s Grasberg mining complex in Papua. Mr. Macken holds an engineering degree BA, BAI from Trinity College, Dublin, Ireland.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the audit committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

Audit Fees

The following table sets forth the fees paid by the Company to MacKay LLP, for services rendered in the last two fiscal years:

	<u>2008</u>
Audit fees ⁽¹⁾	\$32,500
Audit-related fees ⁽²⁾	N/A
Tax fees ⁽³⁾	N/A
All other fees	N/A
Total	\$32,500

Notes:

- (1) The aggregate audit fees billed by the Company's auditor (or accrued).
- (2) The aggregate fees billed (or accrued) for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees", including for quarterly reviews and services in connection with a spin-out of Western Lithium.
- (3) The aggregate fees billed (or accrued) for professional services rendered for tax compliance, tax advice and tax planning.

Exemption in Section 6.1

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "Guidelines") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating five individuals to the Company's board of directors (the "Board"), all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. Of the proposed nominees, two are "inside" or management directors and accordingly such persons are not considered to be "independent" within the meaning of NI 52-110. The three other directors are considered by the Board to be "independent" within the meaning of NI 52-110.

The Board has appointed R. Edward Flood as its Chairman.

Directorships

The following directors of the Company and nominees are directors of other reporting issuers:

- Pamela Klessig is a director of Western Uranium Corporation;
- R. Edward Flood is a director of Ivanhoe Mines Ltd., South Gobi Energy Resources Ltd. and Western Uranium Corporation;
- William Sheriff is a director of Artha Resources Corporation, Bluerock Resources Ltd., Energy Metals Corporation, Eurasian Minerals Inc., Evolving Gold Corp., EMC Metals Corp. (formerly Golden Predator Mines Inc.), Lebon Gold Mines Limited, Midway Gold Corp., Platoro West Holdings Inc., Quincy Energy Corp., and Uranium One Inc.; and
- John Macken is a director of Ivanhoe Mines Ltd. and Ivanhoe Australia Limited.

Orientation and Continuing Education

The Board does not have any formal policies with respect to the orientation of new directors nor does it take any measures to provide continuing education for the directors. At this stage of the Company's development the Board does not feel it necessary to have such policies or programs in place.

Ethical Business Conduct

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

Nomination and Assessment

The Board has not adopted a formal process with respect to nominating new directors to the Board. The Board expects that when the time comes to appoint new directors to the Board that the nominees would be recruited by the current Board members, and the recruitment process would involve both formal and informal discussions among Board members and the President. The Board monitors, but does not formally assess, the performance of individual Board members and their contributions.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time.

Compensation

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements, which currently consist solely of incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options to be granted is determined by the Board as a whole, which allows the independent directors to have input into compensation decisions. At this time, the Company does not believe its size and limited scope of operations requires a formal compensation committee.

Other Board Committees

At the present time, the only standing committee is the audit committee.

PARTICULARS OF MATTERS TO BE ACTED UPON

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. A copy of the Company's most recent audited consolidated statements for the years ended September 30, 2008 and 2007, along with Management's Discussion and Analysis thereon, accompanies this Circular. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at 604-669-6446.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 10th day of March, 2009.

ON BEHALF OF THE BOARD

(signed) "Jay Chmelauskas"

Jay Chmelauskas,
President

SCHEDULE “A”
WESTERN LITHIUM CANADA CORPORATION
(the “Company”)

AUDIT COMMITTEE CHARTER

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
 - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company,
 - (ii) the auditor’s report, if any, prepared in relation to those financial statements;
- (b) review the Company’s annual and interim earnings press releases before the Company publicly discloses this information;
- (c) satisfy itself that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements and periodically assess the adequacy of those procedures;
- (d) recommend to the board of directors:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and
 - (ii) the compensation of the external auditor;
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established;
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company;

- (h) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor;
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and Chief Financial Officer to comply with Multilateral Instrument 52-109.

Composition of the Committee

The committee will be composed of three directors from the Company's board of directors, a majority of whom are not officers or employees of the Company or an affiliate of the Company.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

Authority

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

Reporting

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.

WESTERN LITHIUM CANADA CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2008 and 2007**

(Expressed in Canadian Dollars)

Auditors' Report

**To the Shareholders of
Western Lithium Canada Corporation**

We have audited the consolidated balance sheets of Western Lithium Canada Corporation as at September 30, 2008 and 2007, and the consolidated statements of operations and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted accounting standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**Vancouver, Canada
January 19, 2009**

***"MacKay LLP"*
Chartered Accountants**

WESTERN LITHIUM CANADA CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

	2008	2007
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,111,520	\$ -
Receivables	4,671	-
Prepaid expenses and deposits	<u>18,052</u>	<u>-</u>
	5,134,243	-
MINERAL PROPERTIES AND DEFERRED COSTS (Note 4)	<u>2,457,692</u>	<u>218,882</u>
	<u>\$ 7,591,935</u>	<u>\$ 218,882</u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 116,365	\$ -
Mineral property advances payable to Western Uranium Corporation (Note 3)	<u>19,261</u>	<u>218,882</u>
	<u>135,626</u>	<u>218,882</u>
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 5)	7,753,393	-
CONTRIBUTION FROM WESTERN URANIUM CORPORATION (Note 3)	703,571	63,038
CONTRIBUTED SURPLUS (Note 5)	1,211,994	-
DEFICIT	<u>(2,212,649)</u>	<u>(63,038)</u>
	<u>7,456,309</u>	<u>-</u>
	<u>\$ 7,591,935</u>	<u>\$ 218,882</u>

Nature of operations and going concern (Note 1)
Arrangement with Western Uranium Corporation (Note 3)
Commitments (Notes 4 and 9)
Subsequent events (Notes 10)

On behalf of the Board:

"Pamela Klessig" Director _____
"Ed Flood" Director

The accompanying notes are an integral part of these consolidated financial statements.

WESTERN LITHIUM CANADA CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

	2008	2007
EXPENSES		
Advertising	\$ 20,522	\$ -
Audit and accounting	87,598	2,215
Consulting fees	41,192	2,644
Corporate development (Note 6)	145,167	-
Interest and bank charges	67,300	509
Investor relations	19,940	334
Legal fees	81,537	1,457
Office and miscellaneous	64,253	4,419
Regulatory and filing fees	69,758	708
Rent	32,853	2,436
Stock-based compensation (Note 5)	1,468,821	35,052
Telephone	9,443	332
Travel	50,599	1,436
Wages and benefits	<u>118,051</u>	<u>11,496</u>
LOSS BEFORE OTHER ITEMS	<u>(2,277,034)</u>	<u>(63,038)</u>
OTHER ITEMS		
Foreign exchange gain on cash	111,294	-
Interest income	<u>16,129</u>	<u>-</u>
	<u>127,423</u>	<u>-</u>
NET LOSS AND COMPREHENSIVE LOSS	<u>(2,149,611)</u>	<u>(63,038)</u>
DEFICIT – BEGINNING OF YEAR	<u>(63,038)</u>	<u>-</u>
DEFICIT – END OF YEAR	<u>\$ (2,212,649)</u>	<u>\$ (63,038)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.16)</u>	<u>N/A</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC AND DILUTED	<u>13,712,295</u>	<u>N/A</u>

The accompanying notes are an integral part of these consolidated financial statements.

WESTERN LITHIUM CANADA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (2,149,611)	\$ (63,038) ⁽¹⁾
Items not affecting cash:		
Stock-based compensation	1,468,821	35,052
Foreign exchange on cash	111,294	-
Changes in non-cash working capital items:		
Increase in receivables	(4,671)	-
Increase in prepaid expenses and deposits	(18,052)	-
Increase in accounts payable and accrued liabilities	54,523	-
Net cash used in operating activities	<u>(537,696)</u>	<u>(27,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties and deferred costs	<u>(2,376,589)</u>	<u>(218,882)⁽¹⁾</u>
Net cash used in investing activities	<u>(2,376,589)</u>	<u>(218,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Mineral property advances payable to Western Uranium Corporation	-	218,882 ⁽¹⁾
Funding provided by Western Uranium Corporation	383,706 ⁽¹⁾	27,986 ⁽¹⁾
Loans from Western Uranium Corporation	2,098,550	-
Repayment of loans to Western Uranium Corporation	(2,098,550)	-
Issuance of common shares	8,110,000	-
Share issue costs	<u>(356,607)</u>	<u>-</u>
Net cash provided by financing activities	<u>8,137,099</u>	<u>246,868</u>
FOREIGN EXCHANGE ON CASH	<u>(111,294)</u>	<u>-</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	5,111,520	-
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 5,111,520</u>	<u>\$ -</u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash	\$ 1,827,223	\$ -
Term deposits	<u>3,284,297</u>	<u>-</u>
	<u>\$ 5,111,520</u>	<u>\$ -</u>
Supplemental disclosure with respect to cash flows		
Non-cash activities		
Expenditures on mineral properties	\$ (65,197)	\$ -
Increase in accounts payable related to mineral properties	<u>65,197</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

⁽¹⁾ These are non-cash items representing the allocation of general and administrative expenses under the continuity of interests basis of accounting described in note 2 and have been provided by Western Uranium Corporation as funding sources and uses of cash of Western Lithium Canada Corporation.

The accompanying notes are an integral part of these consolidated financial statements.

WESTERN LITHIUM CANADA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Western Lithium Canada Corporation (“Western Lithium” or the “Company”) is a Canadian based resource company focused on the exploration and development of a lithium resource property located in northwestern Nevada. The Company was incorporated on November 27, 2007 under Business Corporations Act of the Province of British Columbia as a subsidiary of Western Uranium Corporation (“Western Uranium”). Following the completion of the Plan of Arrangement between the two companies, Western Lithium ceased to be wholly-owned by Western Uranium and became an independent publicly traded company on July 16, 2008. The Company trades on the Toronto Venture Exchange under the symbol WLC.

To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The amounts shown as mineral properties and deferred costs represent expenditures incurred to date and do not necessarily represent present or future values. The underlying value of mineral properties and deferred costs are entirely dependant on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and future profitable production. The Company considers that it has adequate resources to maintain its core operations for the next year.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

Western Lithium financial statements reflect the consolidated financial position, statements of operations and deficit and cash flows of the related lithium exploration business of Western Uranium and Western Lithium Canada Corporation. The results of operations and deficit up to July 16, 2008, include a cumulative \$703,571 allocation of Western Uranium general and administrative expenses. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the lithium claims located on Western Uranium’s Kings Valley Property as compared to the expenditures incurred on all of Western Uranium properties during the period. The financial statements have been prepared under the continuity of interests basis of accounting with balance sheet amounts based on the amounts recorded by Western Uranium. Management cautions readers of these financial statements, that the allocation of expenses may not be indicative of the actual expenses that would have been incurred had the Company been operating as a separate, stand-alone public company for the periods presented and do not reflect the Company’s consolidated results of operations, financial position and cash flows had the Company been the stand-alone public company during the periods presented. The results of operations are not necessarily indicative of the operating results of future years.

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 include the determination of environmental obligations, the recoverability of deferred mineral property costs, and the assumptions used in the determination of the fair value of stock based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and any changes in such estimates in future periods could materially impact the financial statements.

WESTERN LITHIUM CANADA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Properties and Deferred Costs

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company are deferred on an individual property basis until the viability of a property is determined. Administration costs and general exploration costs are expensed as incurred. When a property is placed in commercial production, deferred costs will be depleted using the units-of-production method. 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 then the costs are written-off, or if its carrying value has been impaired, then the mineral properties and deferred costs are written down to fair value.

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.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

Principles of Consolidation

The consolidated financial statements contained herein include the accounts of Western Lithium Canada Corporation and its wholly-owned USA subsidiary, Western Lithium Corporation. All inter-company transactions and balances have been eliminated.

Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its estimated future value, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at September 30, 2008 the Company does not have any asset retirement obligations.

Impairment of Long-Lived Assets

The Company has adopted the recommendations of CICA Handbook Section 3063 "Impairment of Long-lived Assets" and abstract EIC 126, "Accounting by Mining Enterprises for Exploration Costs" ("EIC 126") of the Emerging Issues Committee on a prospective basis. Section 3063 requires that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstance indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated.

WESTERN LITHIUM CANADA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets (continued)

EIC 126 provides that an enterprise that is in the development stage with initially capitalized exploration costs but has not established mineral reserves objectively and therefore does not have a basis for preparing a projection of the estimated future net cash flow from the property, is not obliged to conclude that the capitalized costs have been impaired. However, such an enterprise should consider whether a subsequent write-down of capitalized exploration costs related to mining properties is required.

Cash and Equivalents

For purposes of reporting cash flows, the company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash investments with institutions of high credit worthiness. As at September 30, 2008 the Company's cash equivalents are invested in term deposits with the annual interest rates in the range of 1.00% to 2.6%.

Financial Instruments

CICA Section 3855 requires that all financial assets initially measured at fair value, except those classified as held to maturity, and loans and receivables, must be subsequently measured at fair value. All financial liabilities must be subsequently measured at fair value when they are classified as held-for trading; otherwise, they are measured at amortized cost. Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. When a decline in the fair value of a financial asset is determined to be other-than-temporary, the cumulative loss is recognized in net income. Those instruments classified as held-for-trading, have gains or losses included in earnings in the period in which they arise.

The Company does not use derivative instruments or hedges to manage risks. Transaction costs related to all financial instruments will be expensed in the period incurred.

Cash and cash equivalents have been designated as held-for-trading, receivables have been designated as loans and receivables and accounts payable and mineral property advances payable to Western Uranium Corporation designated as other financial liabilities. The Company has elected to use settlement date accounting on any regular way contracts.

Income Taxes

The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases and loss carryforwards, using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Potential future income tax assets are not recognized to the extent that they are not considered more likely than not to be realized.

WESTERN LITHIUM CANADA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. The Company uses the treasury stock method to calculate fully diluted per share amounts whereby any proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore basic and diluted losses per share are the same. Information regarding securities that could potentially dilute basic earnings per share in the future is presented in Note 5.

Foreign currency translation

The Company's activities and those of its subsidiaries denominated in currencies other than Canadian dollars are translated as integrated operations using the temporal method. This method translates monetary balances at the rate of exchange at the balance sheet date, non-monetary balances at historic exchange rates and revenues and expense items at exchange rates in effect when incurred.

Stock Based Compensation

The Company accounts for stock options granted to directors, officers, employees and non-employees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon remeasurement. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

Currency risk

All current assets and liabilities of the Company, except cash and cash equivalents of \$1,326,681, receivables of \$4,672, prepaid expenses of \$18,052 and accounts payable and accrued liabilities of \$37,272, are denominated in US dollars and have been translated at a value of \$1.0642 Canadian dollars to \$1.00 US dollar. If the US dollar appreciated by 1% in relation to Canadian dollar, the Company's loss would have decreased by approximately \$27,636.

Comparative Figures

Certain of the prior year comparatives have been reclassified to conform with the current year's presentation.

Share Issue Costs

Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

WESTERN LITHIUM CANADA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies and standards

Accounting changes

Effective October 1, 2007, the Company implemented the new CICA Handbook Section 1506 “accounting changes”. Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impractical, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Company has not adopted because there are not yet in effect.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

Effective October 1, 2007, the Company adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1535, Capital Disclosures (“Section 1535”), Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”) and Handbook Section 3863, Financial Instruments – Presentation (“Section 3863”).

Section 1535 requires the disclosure of both quantitative and qualitative information that enables users of financial statements to evaluate (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

WESTERN LITHIUM CANADA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. If the interest rate on the Company's cash maintained in the financial institutions decreased by 1%, the Company's net income would have decreased by approximately \$51,115.

Liquidity Risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Fair Value

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term to maturity.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus, accumulated other comprehensive income and deficit.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

WESTERN LITHIUM CANADA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessing going concern

The Canadian Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. This section relates to disclosures and will not have an impact on the Company’s financial results.

3. COMPLETION OF ARRANGEMENT WITH WESTERN URANIUM CORPORATION

On July 16, 2008 the Company closed its statutory plan of arrangement (the “Arrangement”) with its parent company, Western Uranium Corporation. All transaction costs with respect to the Arrangement were expensed during the period.

As part of the Arrangement, the Company subdivided its share capital on a 35,000,000 for one basis. 19,734,361 of the Company’s shares were distributed to Western Uranium shareholders of record as of June 19, 2008 receiving one Western Lithium share for every three Western Uranium shares held.

As part of the arrangement, Western Lithium also completed a brokered private placement (the “Private Placement”) of 16,220,000 common shares of Western Lithium at a price of \$0.50 per share for gross proceeds of \$8,110,000. The Private Placement further diluted Western Uranium interest of 15,209,393 common shares in Western Lithium which represents approximately 29.8% of the issued and outstanding shares of Western Lithium as at September 30, 2008. On completion of the Arrangement, the Company is no longer controlled by Western Uranium.

As part of the Arrangement, Western Lithium entered into a loan agreement (the “Loan”) with Western Uranium to fund the exploration program on its property and received \$2,098,550 during the year ended September 30, 2008. The Loan bore interest of 5% per annum. The Company repaid the loan upon completion of the Private Placement and incurred interest expense of \$66,448 on the loan amount.

Mineral property advances payable to Western Uranium Corporation

The amounts due to Western Uranium Corporation are for the reimbursement of exploration expenditures incurred by Western Uranium on Western Lithium property and allocation of shared office and administrative expenses. The amounts are non-interest bearing and have no specific terms of repayment, accordingly, their fair value can not be readily determined.

Contribution from Western Uranium Corporation

The amounts of contribution from Western Uranium are non-cash items representing the allocation of general and administrative expenses under the continuity of interests basis of accounting described in note 2.

Balance as at September 30, 2007	\$	63,038
Funding provided by Western Uranium to July 16, 2008		<u>640,533</u>
Balance as at September 30, 2008	\$	703,571

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4. MINERAL PROPERTIES AND DEFERRED COSTS

Kings Valley Property, Nevada, USA

The Company and Western Uranium entered into a mining lease and option to purchase agreement (the "Lease Agreement"), through their subsidiaries, Western Lithium USA (100% owned by Western Lithium Canada Corporation) and Western Energy Development Corporation (100% owned by Western Uranium), pursuant to which Western Uranium granted to the Company the exclusive right to explore for lithium bearing minerals and clay on the Kings Valley Property (the "Exploration Right").

The Lease Agreement has a term of 30 years that is renewable subject to Western Lithium fulfilling terms required under the lease agreement.

In consideration for the Exploration Right, the Company must pay to Western Uranium US\$25,000 (paid), US\$50,000 on the first anniversary of the effective date of the Lease Agreement (note 10), US\$75,000 on each of the second through fourth anniversaries of the effective date of the Lease Agreement, US\$100,000 on each of the fifth through tenth anniversaries of the effective date of the Lease Agreement, US\$150,000 on each of the eleventh through twentieth anniversaries of the effective date of the Lease Agreement and US\$200,000 on each of the twenty-first through thirtieth anniversaries of the effective date of the Lease Agreement, for total payments of US\$4,400,000. These payments are applied against any royalty payments. The Company has agreed to pay to Western Uranium a Net Smelter Returns Royalty of 1.5% and a Net Profits Royalty equal to 3.5%.

For the year ended September 30, 2008	Kings Valley Property
Acquisition costs	
Balance, beginning of year	\$ 14,799
Additions	<u>73,770</u>
Balance, end of year	<u>88,569</u>
Deferred exploration costs incurred during the year:	
Drilling	1,463,834
Environmental	68,659
Geological and consulting	276,261
Mapping, supplies and other	84,019
Geochemistry, assays and sampling	131,113
Metallurgy and lab costs	<u>141,154</u>
Total deferred exploration costs	2,165,040
Balance, beginning of year	<u>204,083</u>
Balance, end of year	<u>2,369,123</u>
Total mineral property costs	\$ 2,457,692

WESTERN LITHIUM CANADA CORPORATION
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4. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

For the year ended September 30, 2007	Kings Valley Property
Acquisition costs	
Balance, beginning of year	\$ -
Additions	<u>14,799</u>
Balance, end of year	<u>14,799</u>
Deferred exploration costs incurred during the year:	
Drilling	89,369
Geological and consulting	74,520
Mapping, supplies and other	38,885
Transportation and travel	<u>1,309</u>
Total deferred exploration costs	204,083
Balance, beginning of year	<u>-</u>
Balance, end of year	<u>204,083</u>
Total mineral property costs	\$ 218,882

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number	Amount, \$	Contributed Surplus, \$
Authorized			
Unlimited common shares without par value			
Issued			
As at November 27, 2007 (Incorporation)	1	-	-
Spin-off arrangement (Note 3)	34,999,999	-	-
Private placement	16,220,000	8,110,000	-
Share issuance costs	-	(356,607)	-
Stock-based compensation	<u>-</u>	<u>-</u>	<u>1,211,994</u>
As at September 30, 2008	<u>51,220,000</u>	<u>7,753,393</u>	<u>1,211,994</u>

Upon incorporation on November 27, 2007, the Company issued 1 share at nominal value to Western Uranium.

As part of the spin-out Arrangement (note 3), the Company subdivided its share capital on a 35,000,000 for one basis.

WESTERN LITHIUM CANADA CORPORATION
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5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

During the year ended September 30, 2008, the Company completed a brokered private placement (the "Private Placement") of 16,220,000 common shares at a price of \$0.50 per share for gross proceeds of \$8,110,000. The agent for the offering received a cash commission of \$283,850 and a financial services fee of \$25,000 plus GST. The Company incurred additional \$47,757 in related share issue costs.

As at September 30, 2008, 318,750 shares are held in escrow pursuant to the Escrow Agreement dated June 19, 2008 between the Company, Computershare and certain officers and directors of the Company. 159,375 of these shares scheduled for release on October 4, 2008 and the remaining 159,375 share scheduled for release on April 4, 2009.

As at September 30, 2008, 13,688,454 shares are held in escrow pursuant to the Escrow Agreement dated June 19, 2008 between the Company, Computershare and Western Uranium Corporation. 2,281,409 of these shares are released every 6 months with the next scheduled release on January 16, 2009 and the last release on July 16, 2011.

Stock options

The Company has a stock option plan in accordance with the policies on the TSX Venture Exchange whereby, from time to time at the discretion of the board of directors, stock options are granted to directors, officers and certain consultants. Under the plan up to 10,200,000 common shares are reserved for the issuance of stock options, being approximately 20% of the issued and outstanding share capital at the time of completion of the spin-out Arrangement with Western Uranium Corporation. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant. The options can be granted for a maximum term of 5 years.

During the year ended September 30, 2008 the Company granted a total of 5,825,000 incentive stock options to directors, officers and consultants to acquire 5,825,000 common shares.

The fair value of stock options granted is estimated on the dates of grants using the Black-Scholes Option Pricing Model with the following assumptions used for the grants made during the year:

	2008
Risk-free interest rate	3.12 - 3.22%
Expected life	5 years
Annualized volatility	100%
Dividend rate	0.00%

The weighted average fair value of stock options granted during the period was \$0.38 per option. Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

Stock-based compensation expense of \$1,211,994 was charged to operations and credited to contributed surplus to reflect the fair value of stock options vested during the year. In addition, \$256,827 (2007 - \$35,052) of the stock option expense was allocated from Western Uranium during 2008. At September 30, 2008 \$952,910 of the fair value of stock options previously granted but not yet vested remains to be expensed in fiscal 2009 and \$63,596 in 2010.

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5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

A summary of the Company's outstanding options at September 30, 2008 and 2007, and the changes for the years ended on those dates is presented below:

	Year Ended September 30, 2008		Year Ended September 30, 2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	-	-	-	-
Granted	5,825,000	\$ 0.50	-	-
Exercised	-	-	-	-
Expired or cancelled	-	-	-	-
Balance, end of period	5,825,000	\$ 0.50	-	-

As at September 30, 2008 the following incentive stock options are outstanding and exercisable:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
	5,725,000	1,431,250	\$ 0.50	June 6, 2013
	100,000	13,250	\$ 0.72	August 18, 2013
Total	5,825,000	1,444,500		

Warrants

As part of the spin-out transaction from Western Uranium Corporation the Company issued 931,040 warrants at an exercise price \$3.18 which expired unexercised on August 29, 2008.

6. RELATED PARTY TRANSACTIONS

Included in corporate development for the year ended September 30, 2008 is US\$114,000 paid to a company controlled by a Director for the executive search fees.

The Company entered into a Mining Lease and Option Agreement with Western Uranium Corporation, with which it has two common directors (Note 4).

The related party transactions incurred during the year were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed by the related parties.

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7. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates with reported taxes is as follows:

	Year Ended September 30, 2008 \$	Year Ended September 30, 2007 \$
Loss for the year	(2,149,611)	(63,038)
Expected income tax recovery	(640,584)	(18,733)
Item not deductible for income tax purposes	438,845	-
Change in tax rates and other	(18,564)	(3,290)
Change in valuation allowance	220,303	22,063
Future income tax (expense)/recovery	-	-

The significant components of the Company's future income tax assets are as follows:

	September 30, 2008 \$	September 30, 2007 \$
Future income tax assets/(liabilities)		
Financing costs	71,321	-
Operating loss carryforward	260,197	22,063
	331,518	22,063
Valuation allowance for future income tax asset	(331,518)	(22,063)
	-	-

The Company has Canadian non-capital loss carryforwards of \$691,667 that may be available for tax purposes. These losses expire in 2028.

The Company has US non-capital loss carryforwards of US\$231,381 that may be available for tax purposes. These losses expire between 2027 and 2028.

8. SEGMENTED INFORMATION

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company is in the exploration stage and, accordingly, has no reportable segment revenues for each of fiscal 2008 and 2007.

The Company's total assets are segmented geographically as follows:

	September 30, 2008		
	Canada \$	United States \$	Total \$
Current assets	3,477,543	1,656,700	5,134,243
Mineral properties and deferred costs	-	2,457,692	2,457,692
	3,477,543	4,114,392	7,591,935

WESTERN LITHIUM CANADA CORPORATION
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8. SEGMENTED INFORMATION (continued)

	September 30, 2007		Total \$
	Canada \$	United States \$	
Current assets	-	-	-
Mineral properties and deferred costs	-	218,882	218,882
	-	218,882	218,882

9. COMMITMENTS

- a) The Company has engaged an outside laboratory to conduct the laboratory testing, flowsheet development and economic evaluation on the Company's Kings Valley property. If this engagement is terminated before May 8, 2010 (the "Termination Date") the Company will pay a penalty of US\$25,000 per month for each month before the Termination date;
- b) Mineral properties (Note 4).

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2008, the Company:

- a) fulfilled its \$50,000 option payment to Western Uranium Corporation for Kings Valley property (note 4);
- b) granted 1,500,000 incentive stock options on October 16, 2008 to the newly appointed President and 100,000 incentive stock options to a consultant of the Company to acquire a combined 1,600,000 common shares at \$0.45 per share. Of the 1,600,000 options, 1,100,000 will vest over a period of 18 months in accordance with the minimum vesting requirements of the Company's stock option plan. The remaining 500,000 options, which were granted to the President, will vest in two tranches, with the first tranche vesting 2 years from the date of grant and the second tranche vesting on the third year from the date of grant. The fair value of stock options granted is estimated at \$0.38 per option for a total expense of \$608,000 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 2.92%, expected life of 5 years, annual volatility of 100% and dividend rate of 0.00%.

WESTERN LITHIUM CANADA CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Background

The following discussion and analysis of financial position and results of operations, prepared as of January 19, 2008, should be read together with the Company's audited consolidated financial statements for the years ended September 30, 2008 and 2007 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 lithium 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 Information 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 lithium; 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

Western Lithium Canada Corporation ("Western Lithium" or "WLC") is a Canadian based resource company focused on the development of a large lithium resource located in northwestern Nevada. The Company was incorporated on November 27, 2007 as a subsidiary of Western Uranium Corporation (WUC). Following the completion of the Plan of Arrangement between the two companies on July 16, 2008, Western Lithium ceased to be wholly-owned by WUC and became an independent publicly traded company. The Company trades on the Toronto Venture Exchange under the symbol WLC. The company operates in the United States through its wholly owned subsidiary, Western Lithium Corporation ("Western Lithium USA"). Western Lithium USA has leased a portion of claims on the Kings Valley Project, Nevada from Western Energy Development Corp, a wholly owned US subsidiary of WUC. The lease grants Western Lithium the exclusive rights to explore for, develop, and mine or otherwise produce, any and all lithium mineralization known or discovered on the claims.

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.

The Company's property, Kings Valley Lithium Project, is located in northwestern Nevada approximately 100 km north-northwest of Winnemucca and 40 km west-northwest of Orovada, Nevada. A non-compliant NI-43-101 historical resource produced by Chevron Resources estimated 24 billion pounds of lithium carbonate equivalent (LCE) is contained on the property. Mineralization is located in five pods with the southern most lens of mineralization, the PCD lens, located in close proximity to infrastructure which includes a paved state highway and power lines. During the past year WLC has completed 45 in-fill and confirmation drill holes on the PCD Lens, plus an additional 6 holes primarily for additional samples for metallurgical testing, undertaken bench scale metallurgical testing and has initiated additional metallurgical and process testing on both the bench and pilot scale levels.

One of the primary uses of lithium today is in lithium-ion batteries for cell phones, laptop computers and other electronic devices that require maximum storage capacity with minimum weight. The overall lithium carbonate market is projected to grow significantly over the next several years due to continued growth from the electronics industry and new growth from the hybrid/electric automotive industry.

The industry is currently characterized by a high degree of concentration of production with over two-thirds of world production coming from Chile and Australia. SQM of Chile, produced 27,800 tonnes of lithium carbonate in 2005 which was approximately 35% of world production.

Kings Valley Lithium Project

Lease and option agreement

The Company and Western Uranium entered into a mining lease and option to purchase agreement (the "Lease Agreement") , through their subsidiaries, Western Lithium USA (100% owned by Western Lithium Canada Corporation) and Western Energy Development Corporation (100% owned by Western Uranium), pursuant to which Western Uranium granted to the Company the exclusive right to explore for lithium bearing minerals and clay on the Kings Valley Property (the "Exploration Right").

The Lease Agreement has a term of 30 years that is renewable subject to Western Lithium fulfilling terms required under the lease agreement. In consideration for the Exploration Right, the Company must pay to Western Uranium US\$25,000 (paid), US\$50,000 (paid) on the first anniversary of the effective date of the Lease Agreement, US\$75,000 on each of the second through fourth anniversaries of the effective date of the Lease Agreement, US\$100,000 on each of the fifth through tenth anniversaries of the effective date of the Lease Agreement, US\$150,000 on each of the eleventh through twentieth anniversaries of the effective date of the Lease Agreement and US\$200,000 on each of the twenty-first through thirtieth anniversaries of the effective date of the Lease Agreement, for total payments of US\$4,400,000. These payments are applied against any royalty payments. The Company has agreed to pay to Western Uranium a Net Smelter Returns Royalty of 1.5% and a Net Profits Royalty equal to 3.5%.

Location

The Company's lithium project is located in Humboldt County in northern Nevada, approximately 100 km north-northwest of Winnemucca and 40 km west-northwest of Orovada, Nevada. The area is sparsely populated ranching land and covers approximately 40,000 acres. Access to the project is via paved road (U.S. Highway 95) north from Winnemucca to Orovada and then west on paved state highway 293 to the project area. Local access is via numerous gravel and dirt roads.

Northern Nevada has a high desert climate with cold winters and hot summers. Elevations are 1,225 to 2,150 m (4,000 to 7,000 feet). Snow can fall from October to May, but typically melts quickly in the early fall or late spring. Nearby mining operations operate continuously through the winter. Vegetation consists of sagebrush and grasslands at all elevations.

Because of the large-scale mining in the Winnemucca area, local resources offer much of the infrastructure and support required by mining. The area is about 30 km north of the now depleted Sleeper gold mine and 100 km northwest of Twin Creeks, Turquoise Ridge, and Getchell gold mines. Several other gold and copper mines operate in the regional area providing an experienced work force and adequate support for mining operations. Electrical power is available as lines run approximately 0.5 kilometers to the south of one of the lens of mineralization. Roads are in generally good repair and are all season roads but may be closed for short periods due to extreme weather in the winter. Access to rail lines is provided in Winnemucca.

43-101 Report

A NI 43-101 compliant report on the project has been completed by AMEC E&C Services Limited (AMEC) in early 2009. The Stage I (PCD) lens contains Indicated Resources of 12.4 million tonnes grading 0.35% lithium, or the lithium carbonate equivalent (LCE) of 227,000 tonnes LCE and Inferred Resources of 10.3 million tonnes grading 0.36% lithium, for an equivalent of 198,000 tonnes LCE, both at a cut-off grade of 0.30% Lithium. This tonnage would potentially support Stage I production envisioned as 20,000 tonnes per year LCE at King's Valley.

In addition to this new resource estimate, the Kings Valley property hosts a non-compliance NI 43-101 resource of approximately 11 million tonnes of lithium carbonate based on exploration work by Chevron Resources during the 1970's and 1980's. The Chevron exploration identified five lithium bearing hectorite clay lenses. The Stage I (PCD) lens, was chosen by Western Lithium as the lens with the greatest first stage development potential due to its close proximity to road access and power. In 2007-2008, Western Lithium drilled 37 core and 8 RC holes at the Stage I (PCD) lens to confirm previous Chevron work and bring the resource to conformity with NI 43-101 standards, and to carry out further scoping studies. The new Stage I (PCD) resource estimate compares closely to the previous Chevron resource for the PCD lens. Further engineering work is now underway to determine scoping level economics, expected later this year, to process the lithium bearing clay and determine an optimal process flow sheet for development.

Resource Modeling

AMEC completed a review of lithium exploration work on the Kings Valley property in Humboldt County, Nevada and has developed a lithium mineral resource estimate for the Stage I (PCD) area that conforms to Canadian National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. Table 1 presents the mineral resource for the PCD area, Kings Valley property, at a base case cut-off grade of 0.20% Li. AMEC is of the opinion that exploration potential exists at the Kings Valley property to increase the resource with additional drilling. The resource estimate was made from a three-dimensional (3D) block model utilizing commercial mine planning software, (MineSight®). This is the first time an electronic mine planning software package has been used for Kings Valley lithium resource estimation.

Resources are summarized by Inferred Mineral Resource and Indicated Mineral Resource categories. Economic assumptions were used to generate an economic cone using Datamine® NPV Scheduler and all resources are within the cone.

The PCD lens is the southernmost mineralized lens on the property and appears to be the smallest of the known mineralized areas. The PCD lens comprises relatively unaltered volcanoclastic sandstone and claystones which are the dominant rock types. Lithium-rich beds are generally 1 to 10 m thick with some areas as much as 60 m thick. Colluvium as thick as 10 m covers much of the area. Recent drilling by Western Lithium shows that the average thickness of Li mineralization is much thicker than indicated by Chevron data because many of the Chevron holes stopped in mineralization.

Environmental and Permitting Studies

The Kings Valley property is located in Nevada which has a long history in the metals and industrial mineral mining industry. Approximately 50 major mines are currently in production in the state of Nevada, with several large scale gold mines in the surrounding region of King's Valley.

Western Lithium is working closely with the U.S. Bureau of Land Management and the Nevada Department of Environmental Protection towards the permitting of the Kings Valley property for mining and processing of the lithium bearing clays. The project supports the new energy independence policies coming from the new Washington administration and the development of new energy efficient electric/hybrid cars by domestic and international manufacturers.

Table 1: Kings Valley Stage I (PCD Lens) Mineral Resources

Kings Valley PCD Area Indicated Mineral Resources, 0.20% Li Cutoff*			
Cutoff Li %	Tons	Li %	Contained lbs Li
0.025	85,856,000	0.226	388,000,000
0.050	85,559,000	0.227	388,000,000
0.075	84,824,000	0.228	388,000,000
0.100	83,413,000	0.231	386,000,000
0.125	80,637,000	0.235	378,000,000
0.150	75,294,000	0.242	364,000,000
0.175	65,681,000	0.253	332,000,000
0.200	53,019,000	0.269	284,000,000
0.225	39,332,000	0.288	226,000,000
0.250	28,406,000	0.308	176,000,000
0.275	20,103,000	0.327	132,000,000
0.300	13,693,000	0.346	94,000,000
0.325	8,823,000	0.365	64,000,000
0.350	5,176,000	0.385	40,000,000
0.375	2,589,000	0.410	22,000,000
Kings Valley PCD Area Inferred Mineral Resources, 0.20% Li Cutoff*			
Cutoff Li %	Tons	Li %	Contained lbs Li
0.025	82,706,000	0.216	358,000,000
0.050	80,100,000	0.222	356,000,000
0.075	78,887,000	0.225	354,000,000
0.100	77,165,000	0.228	352,000,000
0.125	73,656,000	0.233	344,000,000
0.150	68,791,000	0.240	330,000,000
0.175	59,466,000	0.252	300,000,000
0.200	46,645,000	0.269	252,000,000
0.225	33,471,000	0.291	196,000,000
0.250	23,074,000	0.317	146,000,000
0.275	17,509,000	0.334	116,000,000
0.300	11,407,000	0.358	82,000,000
0.325	7,684,000	0.381	58,000,000
0.350	4,735,000	0.408	38,000,000
0.375	3,154,000	0.432	28,000,000

*Inferred tons within 700 ft. of nearest drill hole, Indicated tons 2 drill holes within 660 ft., 1 within 470 ft.;

Contained metal does not allow for mine and metallurgical recovery; 17.8 ft³/ton tonnage factor used;

Economic assumptions for cutoff grade, \$3.50 Lithium Carbonate USD/lb, 60% metallurgical recovery, \$45 USD/ton processing, \$2 USD/ton Mining;

Rounding errors may exist

Quality Assurance and Quality Control Program

Quality assurance-quality control (QA-QC) by Western Lithium consists of standard samples, blank analyses, duplicate analyses and check assays. Duplicate analyses were performed on pulp samples at American Assay Laboratories (“AAL”). Those samples were prepared and analyzed in the same batch as the original sample. Check assays were performed two ways. A portion of the samples were sent to Hazen Research in Golden, Colorado for analysis and all samples were analyzed by both AA and ICP at AAL.

Qualified Person

Mark Hertel, P. Geo. and Ted Eggleston Ph.D., P.Geo. both Independent Qualified persons as defined by National Instrument 43-101 prepared this Technical Report, titled Kings Valley Lithium Project, Humboldt County, Nevada, USA NI 43-101 Technical Report, dated 15 December 2008, for the Kings Valley Lithium Property as of 15 December 2008.

History

Chevron Resources began exploration for uranium in Nevada in the McDermitt Caldera area in 1975. In September 1977, the U.S. Geological Survey alerted Chevron to the presence of anomalous concentrations of lithium associated with volcanoclastic moat sediments within the caldera. Based on the information from the USGS, Chevron analyzed drill cuttings from rotary percussion drill holes drilled in 1977 in the moat sediments for lithium. Hole number MJB-7-4 averaged one hundred and forty feet of 0.278% Li; MJB-7-5 averaged eighty five feet of 0.236% Li. These results confirmed the presence of significant lithium hosted by a massive, green claystone within the moat sediment section.

In 1979 as Chevron continued evaluating the uranium resource, 34 rotary percussion holes were drilled to evaluate selected tailings disposal sites for anticipated uranium production. Those holes were drilled to test the thickness of the clays, to obtain samples of the clay for engineering analysis, and to further investigate the lithium resource potential. Results were encouraging with respect to the level and consistency of the lithium contained by the clays. In 1980 and 1981, four core holes were drilled to obtain uncontaminated and undisturbed samples to more effectively determine lithium grades. After logging and analysis of the first two core holes, a portion of the core was sent to Chevron Research Company (CRC). CRC was charged with finding an economic process for extracting lithium from the clays.

During the period of 1982 through 1987, Chevron drilled an additional 223 holes composed of both core and conventional rotary on lithium targets and conducted extensive metallurgical testing of the hectorite ores to determine amenability of the ores to extraction of lithium.

In 1985, Chevron produced polygonal resource estimates of the lithium at McDermitt (Table 5). A cutoff grade of 0.25% Li, minimum thickness of 5 feet (1.52 m), and a minimum 9.0 ft Grade Thickness (GT) were used for the estimate. The tonnage factor used was 17.8 ft³/short ton (1.8 g/cm³). The lithium resource is hosted in five pods of mineralization that Chevron designated the North, North Central, South Central, and PCD lenses that contain 2.276 million short tons of lithium or an equivalent of 12.1 million tons lithium carbonate. This estimate is not current and is not considered NI 43-101 compliant and is included here for historical purposes only.

Summary of 1985 Chevron Resources at McDermitt Caldera (M st = million short tons)

Lens	Number of Holes	Area (Acres)	Deposit Thickness (ft)	Deposit Thickness (m)	Waste Thickness (ft)	Waste Thickness (m)	Average Grade (%Li)	Deposit Tons (M st)	Li Tons (M st)
North	21	1,364	59	18.0	64	19.5	0.31	196	0.602
North Central	10	372	66	20.1	41	12.5	0.34	60	0.207
South Central	7	230	53	16.2	23	7.0	0.37	37	0.134
South	52	2,432	59	18.0	43	13.1	0.33	353	1.171
PCD	6	332	59	18.0	56	17.1	0.34	48	0.162
Total	96	4,730					0.33	694	2.276

In 1991, Chevron, U.S.A., sold their interest in the claims to Cyprus Gold Exploration Corporation. In 1992, it appears that Cyprus Gold Exploration Corporation allowed the claims to lapse and provided much of the exploration data to one of the claim owners from which they had leased claims.

Western Energy Development Corp., the US subsidiary of Western Uranium Corporation, leased 33 claims in 2005 and the owner provided Western Energy access to the available Chevron data that included material on both the uranium and the lithium resources. Recognizing the potential significance of the lithium resource and the prospectivity the ground provided for hosting additional uranium resources, in 2005, Western Energy staked 1634 federal lode claims covering the prospective areas. These claims cover much the same area as the original Chevron Claims.

During the early part of 2007 Western Uranium recognized the potential market for an increased demand in lithium with the development of lithium battery powered vehicles and made the decision to spin the asset out into an independently controlled company; Western Lithium Corporation. During the later half of 2007 into 2008 Western Lithium began a number of studies and activities that included the drilling of 45 core, additional 6 holes drilled primarily for additional samples for metallurgical testing, and reverse circulation holes on the PCD lens to verify and provide infill data on a pod of mineralization that is hosted in close proximity to a paved road and power. In addition to the drilling, preliminary marketing studies were initiated during 2007 along with bench scale metallurgical testing. To assist in evaluating the potential economic viability of the project, a scoping study is in progress to assess capital and processing costs. A metallurgical program is contracted and planned, permitting is in progress for additional drilling, and preliminary engineering studies are all major activities the Company is undertaking in 2009.

Geology

The Kings Valley lithium project is located in the McDermitt Caldera, a well preserved Miocene collapse structure in north-western Nevada and southern Oregon. Because of the good exposures and preservation of the caldera complex, the area has been the focus of significant research activity over several decades by the U.S. Geological Survey (USGS). The USGS has produced a number of maps and other reports on the area. (Glanzman, et al, 1978; Rytuba and Glanzman, 1979).

Volcanic activity began approximately 27 million years ago with eruption of interlayered basaltic, andesitic, and dacitic flows and tuffs. The volcanic units were deposited on basement of Cretaceous granitic rocks with significant topographical relief. Explosive rhyolitic volcanism began approximately 18.7 million years ago and resulted in formation of a number of extensive ignimbrites (ash flow tuffs) and resultant, nested calderas. The rhyolites of the McDermitt caldera are very anomalous in Li and Hg and slightly anomalous in U when compared to average rhyolite. Li reaches 300 ppm in both ignimbrites and glassy tuffs, approximately six times greater than average rhyolite. Volcanic activity concluded by resurgence of the central part of the caldera, intrusion of rhyolite into the ring fracture zones around the caldera, and formation of a "moat" between the topographic wall of the caldera and resurgent dome in the center of the caldera. This moat then filled with volcanoclastic sedimentary rocks in a lacustrine environment. Hydrothermal alteration of the volcanoclastic sedimentary rocks or other processes produced hectorite and possibly other lithium-bearing minerals within the moat sediments.

Local Geological Setting

Western Lithium's lithium project is divided into five general areas, the North Lens, North Central Lens, South Lens, South Central Lens, and PCD areas. The important rock type is a lithium-rich claystone that may be the product of intense hydrothermal alteration of volcanoclastic rocks or the product of clay formation in the bottom of an alkaline lake.

North Lens, North Central Lens

The North and North Central Lens cover an area approximately 10 km north-south and 5 km east-west. Lithologies within the moat sedimentary rocks consist of volcanic rocks (ash-flow tuffs or andesites) or volcanic breccia at the base of the sedimentary package and an alternating sequence of volcanoclastic sandstone and siltstone, clay and siltstone, clay and pumice, and olive gray lithium-rich claystones. Because these rocks were deposited in an active sedimentary basin, correlation of individual units over large distances may be somewhat difficult.

Lithium is enriched in all of the rock types, but is most significantly enriched in the olive-gray claystone which is dominated by hectorite. The mineralized sequence appears to be consistent from hole to hole and section to section and may crosscut the stratigraphic sequences. Significantly mineralized sections are as much as 67 m thick, but average on the order of 40-50 m thick.

All of the rocks in the moat sequence are intensely altered. Alteration is intimately associated with mineralization

South Lens, South Central Lens

The South and South Central Lens cover an area approximately 11 km north-south and 4 km east-west. Lithologies are similar to those found in the north lens. Interbedded clay and siltstone, clay and pumice, volcaniclastic sandstone and siltstone, and the olive-gray lithium-rich claystone form much of the host stratigraphy. The mineralized horizon correlates reasonably well from hole to hole and section to section in the more strongly mineralized areas. Lithium is enriched in all rock types, but where the original volcaniclastic rocks are completely altered to clay, lithium grades are the highest.

PCD Lens

The PCD lens is the southernmost mineralized lens in the area and appears to be the smallest of the known mineralized areas. The PCD lens comprises relatively unaltered volcaniclastic sandstone and siltstones which are the dominant rock types. Lithium-rich beds are generally 1 to 10 m thick but some areas mineralization exceeds more than 60 m. Colluvium as thick as about 10 m covers much of the area. Recent drilling by WLC shows that the average thickness of lithium mineralization is much thicker than indicated by Chevron data because many of the Chevron holes stopped in mineralization. A zone of mineralization greater than 50 m thick trends southwest-northeast across the area. Due to this zones proximity to infrastructure that includes a paved state highway and power lines that cross within a 0.4 kilometers of the southern edge of mineralization, most of the Company's work over the past year has been focused on this lens.

Mineralization

The primary mineral of interest is hectorite; a trioctahedral smectite clay, that contains variable amounts of lithium. The general formula is $\text{Na}_{0.3}(\text{Mg}, \text{Li})_3\text{Si}_4\text{O}_{10}(\text{F}, \text{OH})_2$ where Lithium substitutes for Magnesium in the lattice. Hectorite is associated with calcite (CaCO_3), dolomite ($\text{CaMg}(\text{CO}_3)_2$) and analcime (a zeolite group mineral ($\text{NaAlSi}_2\text{O}_6 \cdot (\text{H}_2\text{O})$)). The clay in which the hectorite occurs is generally light- to dark-green or brown depending on the oxidation state of the iron in the clay (Glanzman et al, 1978). The clay that occurs in the tuffaceous sediments is chiefly montmorillonite. No other clays have been identified by whole rock X-ray diffraction. Hectorite and montmorillonite are both considered to be "bentonite" which expands significantly when it is exposed to water. Hectorite is used in applications where high temperatures are encountered because it is more stable at high temperatures than montmorillonite.

In the McDermitt Caldera complex, Glanzman et al (1989) state that hectorite is associated with three distinct zeolite alteration assemblages: relatively unaltered volcanic glass, clinoptilolite-feldspar, and analcime-K-feldspar. These zones correspond, in a general way, to the amount of lithium enrichment in the clays. Clay in the glassy sediments generally contains the least amount of lithium, clinoptilolite-feldspar contains an intermediate amount, and analcime-K-feldspar contains the highest concentrations. Analysis of unaltered rocks indicates an original average lithium concentration of 230 ppm (Rytuba and Glanzman, 1979). During zeolitization of the rocks, lithium was depleted in the alteration zones of erionite, clinoptilolite, and mordenite and concentrated in the alteration zones of analcime and K-feldspar.

Petrography indicates that K-feldspar pseudomorphically replaces analcime and that the rock was initially altered to analcime and then to K-feldspar. Pyrite is a ubiquitous gangue mineral and secondary quartz is common.

The age of the lithium deposits is likely about 15.7 Ma which is the date obtained for the mercury mineralization at the McDermitt Mine by Noble et al (1988).

Summary

Five mineralized areas were identified by Chevron in the 1980's. Mineralization in those areas consists of hectorite replacing volcaniclastic sedimentary rocks. The South Lens is the highest grade and possibly the most continuously mineralized area with the North Lens being the largest, but lowest grade deposit. North Central and South Central are small, high-grade lenses within the overall North and South Lenses respectively. PCD is one of the smallest areas and is locally covered by colluvium. PCD contains significant shallow, high-grade (>3,500 ppm Li) mineralization in zones that appear to correlate well from hole-to-hole and section-to-section. Assuming that Li can be extracted economically, the PCD area would likely be the best area to begin production because of the grade, low strip ratio, and proximity to infrastructure.

Completion of Arrangement with Western Uranium Corporation

On July 16, 2008 the Company closed its statutory plan of arrangement (the “Arrangement”) with its parent company, Western Uranium Corporation.

As part of the Arrangement, the Company subdivided its share capital on a 35,000,000 for one basis. 19,734,361 of the Company’s shares were distributed to Western Uranium shareholders of record as of June 19, 2008 receiving one Western Lithium share for every three Western Uranium shares held.

As part of the arrangement, Western Lithium also completed a brokered private placement (the “Private Placement”) of 16,220,000 common shares of Western Lithium at a price of \$0.50 per share for gross proceeds of \$8,110,000. The Private Placement further diluted Western Uranium interest of 15,209,393 common shares in Western Lithium which represents approximately 29.8% of the issued and outstanding shares of Western Lithium as at September 30, 2008. On completion of the Arrangement, the Company is no longer controlled by Western Uranium.

As part of the Arrangement, Western Lithium entered into a loan agreement (the “Loan”) with Western Uranium to fund the exploration program on its property and received \$2,098,550 during the year ended September 30, 2008. The Loan bore interest of 5% per annum. The Company repaid the loan upon completion of the Private Placement and incurred interest expense of \$66,448 on the loan amount.

Basis of Presentation of Financial Information

Western Lithium financial information reflects the consolidated financial position, statements of operations and deficit and cash flows of the related lithium exploration business of Western Uranium and Western Lithium Canada Corporation. The results of operations and deficit up to July 16, 2008, include a cumulative \$703,571 allocation of Western Uranium general and administrative expenses. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the lithium claims located on Western Uranium’s Kings Valley Property as compared to the expenditures incurred on all of Western Uranium properties during the period. The financial statements have been prepared under the continuity of interests’ basis of accounting with balance sheet amounts based on the amounts recorded by Western Uranium. Management cautions readers of this financial information and the allocation of expenses may not be indicative of the actual expenses that would have been incurred had the Company been operating as a separate, stand-alone public company for the periods presented and do not reflect the Company’s consolidated results of operations, financial position and cash flows had the Company been the stand-alone public company during the periods presented. The results of operations are not necessarily indicative of the operating results of future years.

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, 2008 \$	Year Ended September 30, 2007 \$
Total assets	7,591,935	218,882
Mineral properties and deferred costs	2,457,692	218,882
Working capital	4,998,617	-
Long term financial liabilities	-	-
Total revenues	-	-
General and administrative expenses	(2,277,034)	(63,038)
Net loss	(2,149,611)	(63,038)
Loss per common share – basic and diluted	(0.16)	-

Total assets increased by \$7,373,053 during 2008 primarily due to the net proceeds of \$7,753,393 received from the private placement completed during 2008, offset by operating expenditures. Mineral properties and deferred costs increased by \$2,238,810 due to exploration expenditures and acquisition costs on the Company's Kings Valley Property. General and administrative expenses increased by \$2,213,996 mainly due to increase in non-cash stock-based compensation of \$1,433,769, increase of \$577,495 in general and administrative expenses allocated from Western Uranium under continuity of interest basis of accounting until July 16, 2008, the date of the spin-out of Western Lithium from Western Uranium and increase in other general and administrative costs. Increase in stock-based compensation expense is due to the stock options granted and vested during 2008. The Company recorded net loss of \$2,149,611 compared to loss of \$63,038 in 2007 mainly due to higher general and administrative expenses.

Selected Quarterly Financial Information and Fourth Quarter

	Year end September 30, 2008			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Total assets	7,591,935	2,293,360	2,239,152	2,822,672
Mineral properties and deferred costs	2,457,692	2,287,684	1,608,138	840,072
Working capital	4,998,617	(2,285,216)	(1,571,861)	(16,799)
Long term financial liabilities	-	-	-	-
Total revenues	-	-	-	-
General and administrative expenses	(1,491,987)	(314,075)	(293,406)	(177,566)
Net loss	(1,364,564)	(314,075)	(293,406)	(177,566)

Significant fluctuations for the quarterly periods are due to the following:

- Increase in Q4 total assets and working capital is due to the net proceeds of \$7,753,393 received from the private placement completed during 2008, offset by operating expenditures and repayment of loan from Western Uranium.
- Increase in Q1 total assets is due to the increase in mineral advances payable to Western Uranium Corporation for the exploration activities on the Company's Kings Valley property.
- Increases during the periods in mineral properties and deferred costs are due to the exploration program on the Company's Kings Valley property.
- Decrease in working capital during the periods is mainly due to the expenditures on the Company's Kings Valley Lithium Project.
- During Q1, Q2 and Q3, the Company's general and administrative expenses were calculated on the basis of the ratio of expenditures incurred on the lithium property located on Western Uranium's Kings Valley Property as compared to the expenditures incurred on all of Western Uranium's properties during the period. The increase in the general and administrative expenses is due to the increase in the expenditures on the Company's King Valley Lithium project compared to the total expenditures by Western Uranium Corporation. Q4 increase in general and administrative expenditures is mainly due to increase in non-cash stock-based compensation of \$1,433,769.
- Net loss during Q4 includes \$111,294 foreign exchange gain mainly on US\$ denominated cash and cash equivalents.

Results of Operations

The Company generated a net loss of \$2,149,611 (\$0.16 per share) during the year ended September 30, 2008, compared to a loss of \$63,038 during the year ended September 30, 2007. The significant components of the Company's general and administrative expenses and other income are discussed below.

The \$2,086,573 increase in the net loss for the year was due to a number of factors of which \$2,213,996 can be attributed to increase in general and administrative expenses, \$127,423 increase in other income. Some of the significant increases are as follows: (a) audit and accounting increased by \$85,383 during 2008 due to increases in audit fees mainly due to Western Lithium spin-out related work, increases in tax compliance and accounting fees, (b) consulting fees increased by \$38,548 during 2008 mainly due to the fees paid to consultants in relation to the Western Lithium spin-out, (c) legal fees were \$80,080 higher during 2008 due to the legal work incurred in connection with the spin-out from Western Uranium, (d) corporate development fees of \$145,167 during the 2008 were paid to a recruiting firm for the executive search; (e) interest and bank charges of \$67,300 consist primarily of the interest paid to Western Uranium on the loan used for exploration on Kings Valley property; (f) 2008 non-cash stock based compensation was \$1,468,821 (2007 - \$35,052) consisted of \$256,827 stock-based compensation allocated from Western Uranium and \$1,211,994 stock-based compensation for the stock options granted and vested during the year; (g) increase in other general and administrative expenses was mainly due to increase in the Company's operations and becoming an independent public company in Q4, 2008 .

Income from other items consists of the following:

- Interest income of \$16,129 was recorded in 2008, due to the Company's cash balance in banking institutions from the financings completed in July 2008.
- Foreign exchange gain of \$111,294 was recorded in 2008. The foreign exchange adjustment primarily is a result of Canadian/US dollar exchange fluctuations and its effect on the Company's US\$ denominated funds on deposit and conversion of US\$ denominated property expenditures of its US subsidiary upon consolidation.

Liquidity and Capital Resources

The Company's cash position at September 30, 2008 was \$5,111,520, an increase of \$5,111,520 from September 30, 2007. The increase is primarily due to the net proceeds of \$7,753,393 received from the private placement completed during 2008, offset by operating and exploration expenditures and repayment of loan from Western Uranium.

As at the date of this MD&A, the Company's working capital is approximately \$4,700,000. 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 and development. The Company will continue to rely on successfully completing additional equity financing to further development 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.

In July 2008, Western Lithium completed a brokered private placement (the "Private Placement") of 16,220,000 common shares at a price of \$0.50 per share for gross proceeds of \$8,110,000. The agent for the offering and received a cash commission of \$283,850 and a financial services fee of \$25,000 plus GST. The Company incurred additional \$47,757 in related share issue costs.

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 used in operating activities during 2008 was \$537,696, mainly as a result of operating activities and changes in non-cash working capital balances.

Financing Activities

During 2008, the Company received \$2,098,550 loan from Western Uranium Corporation, net proceeds of \$7,753,393 from private placement and \$383,706 funding provided by Western Uranium under continuity of interest basis of accounting. The Loan bore interest of 5% per annum. As security for the Loan, Western Lithium issued a promissory note to Western Uranium. The Company repaid the loan upon completion of the private placement and incurred an interest expense of \$66,448 on the loan amount.

Investing Activities

Investing activities required cash of \$2,376,589 during 2008 mainly for exploration on the Company's Kings Valley property.

Related Party Transactions

Included in corporate development for the year ended September 30, 2008 is US\$114,000 paid to a company controlled by a Director for the executive search fees.

The Company entered into a Mining Lease and Option Agreement with Western Uranium Corporation, with which it has two common directors.

The related party transactions incurred during the year were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed by the related parties.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than those disclosed under mineral properties.

Commitments

The Company has engaged an outside laboratory to conduct the laboratory testing, flowsheet development and economic evaluation on the Company's Kings Valley property. If this engagement is terminated before May 8, 2010 (the "Termination Date") the Company will pay a penalty of US\$25,000 per month for each month before the Termination date.

Critical Accounting Estimates

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited consolidated financial statements for September 30, 2007. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

New accounting policies and standards

Accounting changes

Effective October 1, 2007, the Company implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impractical, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Company has not adopted because there are not yet in effect.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

Effective October 1, 2007, the Company adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1535, Capital Disclosures (“Section 1535”), Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”) and Handbook Section 3863, Financial Instruments – Presentation (“Section 3863”).

Section 1535 requires the disclosure of both quantitative and qualitative information that enables users of financial statements to evaluate (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. If the interest rate on the Company’s cash maintained in the financial institutions decreased by 1%, the Company’s net income would have decreased by approximately \$51,115.

Liquidity Risk

All of the Company’s financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Fair Value

The recorded value of the Company’s financial assets and liabilities approximate their fair values due to their demand nature and their short term to maturity.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company’s size and status.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus and deficit.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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. To date no impairment of long-lived assets was identified.

Financial Instruments

The Company's financial instruments consisting of cash and cash equivalents, mineral property advances payable to Western Uranium Corporation, 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 property has exposure to lithium. The price of lithium 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 mineable deposits. The focus of the Company is on areas in which the geological setting is well understood by management.

Share Data Information

As at the date of this MD&A, there were 51,220,000 common shares and 7,425,000 stock options outstanding.

159,375 of the Company's shares are held in escrow pursuant to the Escrow Agreement dated June 19, 2008 between the Company, Computershare and certain officers and directors of the Company. These shares scheduled for release on April 4, 2009.

11,407,045 of the Company's shares are held in escrow pursuant to the Escrow Agreement dated June 19, 2008 between the Company, Computershare and Western Uranium Corporation. 2,281,409 of these shares are released every 6 months with the next scheduled release on July 16, 2009 and the last release on July 16, 2011.

Change in Management and Directors

On October 20, 2008, the Company announced the appointment of Jay Chmelauskas as its new President and Dennis Bryan as Senior Vice President of Development. Concurrently, Pamela Klessig resigned as President and continues to serve as a Director and Member of the Audit Committee of Western Lithium. Ms. Klessig continues to serve as President, CEO and Director of Western Uranium Corporation, an affiliate and 29.8% shareholder of the Western Lithium.

Investor Relations

Jay Chmelauskas, President, coordinates investor relations' activities.

Company Outlook

The Company will continue with current development plan on its Kings Valley Lithium project and is positioning itself to become a reliable and scalable, United States based strategic supplier of battery grade lithium carbonate to support the electric/hybrid cars and mobile electronics of the future.