Western Uranium & Vanadium Corp. Oil and Gas Lease Update

written by Raj Shah | January 6, 2021

January 6, 2021 (Source) – Western Uranium & Vanadium Corp. (CSE:WUC) (OTCQX:WSTRF) ("Western" or "Company") would like to provide the following market update regarding its Weld County Colorado oil and gas lease, to clarify its attributes as its status has been the subject of investor speculation.

In 2015, the Company acquired Black Range Minerals Limited ("Black Range") which owned, among other assets, a non-core Weld County Colorado property called the Bullen Property. Black Range's Keota Uranium Project ran from 2008 to 2013, and at its peak there were five strategic interests which comprised approximately 3,300 acres in the Keota Uranium District. After the project ceased, the Bullen Property's 160 acres were the only acreage retained by Black Range in Weld County.

The Bullen Property is located within the Denver-Julesburg Basin (D-J Basin) giving it an oil and gas mineral value. In 2017, the full 160 acres were leased under a three year oil and gas lease for a $120,000 bonus payment to the Company. In 2020, a three year extension of the lease was exercised for an additional bonus payment of $180,000. Notably, the lease agreement allows the Company to retain property rights to 139 surface acres and vanadium, uranium, and other mineral resources.

During 2020 Bison Oil & Gas traded this lease to Mallard Exploration ("Mallard"), Mallard filed an application with the Colorado Oil & Gas Conservation Commission ("COGCC") for a new order to establish a drilling and spacing unit and set the maximum number of horizontal wells that may be drilled. The field rules were approved on August 24, 2020 (COGCC Order No.

535-1325). This order pooled five adjoining parcels into a 3,200 acre pooled unit ("Unit") and set the maximum number of wells at 24. A total of 16 wells have been permitted in the Unit, and Mallard is currently in the process of drilling 8 wells in the southern portion of the Unit. These wells are expected to be completed and begin production by the 3rd quarter. If the southern wells are successful, then it is likely Mallard will proceed to drill the next set of 8 wells in the northern portion of the Unit.

The Company has a 5% (160 acres / 3,200 acres) participation on all oil and gas production within the Unit. For all oil and gas substances that are physically produced and sold, a royalty of three-sixteenth (3/16th) of the sales proceeds will be payable under the lease. However, as a result of a 2019 lawsuit regarding the Weld County Colorado deed language, the Company settled by awarding the plaintiff a non-participating royalty interest of one-eighth (1/8th) of all hydrocarbon and non-hydrocarbon substances that are produced and sold from this property. If operator targets are met, royalty payments could begin in the 4th quarter.

Although royalties from Western's interest could potentially be sizable over the long-term, the value of Western's oil and gas interest is not currently considered material to the Company's valuation relative to its core uranium and vanadium resources.

About Western Uranium & Vanadium Corp.

Western Uranium & Vanadium Corp. is a Colorado based uranium and vanadium conventional mining company focused on low cost near-term production of uranium and vanadium in the western United States, and development and application of kinetic separation.

Cautionary Note Regarding Forward-Looking Information: Certain

information contained in this news release constitutes “forward-looking information” or a “forward-looking statements” within the meaning of applicable securities laws (collectively, “forward-looking statements”). Statements of that nature include statements relating to, or that are dependent upon: the Company’s expectations, estimates and projections regarding exploration and production plans and results; the timing of planned activities; whether the Company can raise any additional funds required to implement its plans; whether regulatory or analogous requirements can be satisfied to permit planned activities; and more generally to the Company’s business, and the economic and political environment applicable to its operations, assets and plans. All such forward-looking statements are subject to important risk factors and uncertainties, many of which are beyond the Company’s ability to control or predict. Please refer to the Company’s most recent Management’s Discussion and Analysis, as well as its other filings at www.sec.gov and/or www.sedar.com, for a more detailed review of those risk factors. Readers are cautioned not to place undue reliance on the Company’s forward-looking statements, and that these statements are made as of the date hereof. While the Company may do so, it does not undertake any obligation to update these forward-looking statements at any particular time, except as and to the extent required under applicable laws and regulations.