WESTERN COPPER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2006

General

The following management discussion and analysis of Western Copper Corporation (Western Copper or the Company) is dated August 9, 2006, and provides an analysis of the Company's results of operations for the three and six months ended June 30, 2006.

The following discussion is intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward looking statements relating to its potential future performance. The information should be read in conjunction with the Western Copper Corporation June 30, 2006 unaudited interim consolidated financial statements, the Western Copper Business December 31, 2005 audited annual financial statements, and the related notes for the periods then ended which have been prepared in accordance with Canadian generally accepted accounting principles. Western Copper's accounting policies are described in note 3 of the Company's June 30, 2006 unaudited interim consolidated financial statements. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise indicated.

Statements contained in this management discussion and analysis that are not historical fact, such as statements regarding the economic prospects of the Company's projects, the Company's future plans or future revenues, timing of development or potential expansion or improvements, are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from estimated results. Such risks and uncertainties include, but are not limited to, the Company's ability to raise sufficient capital to fund development, changes in general economic conditions or financial markets, changes in prices for the Company's mineral products or increases in input costs, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in Mexico or Canada, technological and operational difficulties or inability to obtain permits encountered in connection with our exploration and development activities, labour relations matters, and changing foreign exchange rates, all of which are described more fully in the Company's filings with the Securities and Exchange Commission.

Cautionary note to U.S. investors: The terms "measured mineral resource", "indicated mineral resource", and "inferred mineral resource" used in this management discussion and analysis are Canadian geological and mining terms as defined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects (NI 43-101) under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM) Standards on Mineral Resources and Mineral Reserves. We advise U.S. investors that while such terms are recognized and required under Canadian regulations, the U.S. Securities and Exchange Commission (SEC) does not recognize them. "Inferred mineral resources" in particular have a great amount of uncertainty as to their existence, and great uncertainty as to their feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules estimates of inferred mineral resources may not generally form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that any part of an inferred mineral resource exists, or is economically or legally mineable. Disclosure of contained metal expressed is in compliance with NI 43-101, but does not meet the requirements of Industry Guide 7 of the SEC, which will only accept the disclosure of tonnage and grade estimates for non-reserve mineralization.

Western Copper is listed on the Toronto Stock Exchange under the symbol "WRN". At August 9, 2006, the Company had 49,467,413 common shares outstanding.

Additional information on the Company can be found filed with Canadian regulators on SEDAR at www.sedar.com.

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Core business

Western Copper Corporation is an independent company formed as a result of the acquisition of Western Silver Corporation by Glamis Gold Ltd. on May 3, 2006. The newly created Western Copper Corporation holds the Carmacks Copper Project in Canada's Yukon and Sierra Almoloya, an early-stage joint-venture exploration project in the Central Mexican Silver Belt.

The Company is a Canadian-based publicly-traded mineral exploration and development company with a primary focus of developing its Carmacks Copper deposit and the acquisition and development of attractive development-stage properties containing precious metals and other strategic minerals.

Carmacks (Yukon, Canada)

The 100% owned Carmacks oxide copper project is located 192 kilometers north of Whitehorse in the Yukon, Canada. The Company received an independent technical report dated March 31, 2006 entitled 'Carmacks Copper Project' (the Carmacks Report). In the Carmacks Report, the authors refer to an historic mineral reserve (proven and probable) consisting of 13.28 million tonnes grading 0.97% copper. This reserve figure was originally published in a Basic Engineering Report which was completed on this project in 1997, and which determined positive economics for the project above US$1.05/lb. copper at the prevailing economic conditions at the time of the study. **Note:** The mineral resource and reserve figures used in the Basic Engineering Report are not compliant with National Instrument 43-101 and that factors such as cost escalation over the past eight years and the current exchange rate will affect these conclusions. The Company is presently developing a resource compliant with NI 43-101.

Large scale testwork on the use of biological oxidation of elemental sulphur to produce sulphuric acid is progressing well. In association with this, testing to determine the applicability of direct electrowinning is in progress. These processes have the potential to simplify the plant circuit and reduce overall project costs. In addition, environmental review of the project under the Yukon Environmental Assessment (YEA) process is progressing. The Company continues to participate in Technical Committees and to provide additional information requested by Responsible Authorities as a result of the public review of the Project Description document.

The introduction of the Yukon Environmental and Socio-economic Assessment Act (YESAA) in the latter part of 2005 resulted in the Company being required to submit to environmental review under this process in addition to the extant YEA process. It is expected that much of the review work done under the YEA process will be used by the YESAA Board in their review. Western Copper is targeting early 2007 for YESAA and YEA approvals. Mining permits and water licenses will follow these approvals.

In addition:

- June 2006 - Aurora Geosciences of Whitehorse, YT was retained to review, verify, and update the resource estimate to comply with NI 43-101. The review is presently underway and will ultimately include the results of the additional drilling (see below);

- July 2006 - Western Copper engaged Kluhane Drilling to execute a 10,000 metre drill program at Carmacks. The purpose of this drilling program is to better define and expand the resource. This work commenced in early July 2006 and will be completed early in the fourth quarter of 2006.

- The Company is in the process of soliciting proposals from qualified companies to provide an updated feasibility study for the project. This feasibility study will examine all current test work and the updated resource estimate in addition to updating all costs. The targeted completion date for the release of this work is early 2007.

Sierra Almoloya (Chihuahua, Mexico)

The Sierra Almoloya property is an early-stage 17,500 ha. (43,000 acre) exploration property in the central Mexican silver belt. The Almoloya property has been optioned to Queenston Mining Inc. (Queenston) under an arrangement whereby it can earn a 60% interest in the property through expenditure of $US 1.5 million over 3 years. At production, Western Copper can elect to take a 25% participating interest or a 15% carried interest.

The Sierra Almolya property is being actively drilled by Queenston. Queenston issued a press release on July 27, 2006 stating that it expects to release results from current drilling in early September 2006.

Selected quarterly financial information
In Canadian dollars, for the quarters ended (unaudited):

	6/30/06 $	3/31/06 $	12/31/05 $	9/30/05 $	6/30/05 $	3/31/05 $	12/31/04 $	9/30/04 $
Net loss for the quarter	44,212	113,131	74,848	77,789	69,249	139,529	101,458	55,427
Loss per share – basic and diluted	-	-	-	-	-	-	-	-
Mineral property costs incurred	100,000	-	130,859	22,384	1,511	14,866	129,016	13,890
Cash and cash equivalents	31,361,349	1,000	-	-	-	-	-	-
Total assets	42,321,945	4,548,386	4,532,841	4,409,285	4,323,723	4,313,573	4,296,222	4,169,672

Results of operations

Western Copper began operations on May 3, 2006. Results of operations prior to that date represent the results of Western Silver Corporation's (Western Silver) copper business. Current period results are not comparable to the three and six months ended June 30, 2005 as all amounts prior to May 3, 2006 only represent direct exploration expenditures incurred by Western Silver on the Carmacks and Almoloya properties and an allocation of Western Silver's general and administrative expenses based on mineral property costs deferred on the Carmacks and Almoloya properties during each year compared to all mineral property costs deferred by Western Silver during each year. Management cautions readers of these financial statements that the allocation of expenses does not necessarily reflect Western Copper's future general and administrative expenses. The financial discussion focuses on Western Copper's operations during the three and six months ended June 30, 2006.

Western Copper Corporation (the Company) had a loss of $44,000 ($nil per share) during the three months ended June 30, 2006. For the six month period ended June 30, 2006 the Company had a loss of $157,000 ($nil per share).

The largest expenditures during the six months ended June 30, 2006 related to direct exploration on the Carmacks property ($289,000). Awaiting the update of the feasibility study on the Carmacks projects, the Company is currently expensing all costs relating to exploration and development on the property.

Other significant expenses during the three and six-months ended June 30, 2006 include: stock-based compensation ($219,000) and employee wages ($178,000). Western Copper also incurred legal and regulatory fees ($250,000) relating to start-up regulatory compliance and original listing on the Toronto Stock Exchange. The latter costs are not expected to be recurring.

The Company earned $117,000 in interest income and had a gain on marketable securitites of $877,000 during the three and six months ended June 30, 2006. The interest was earned on cash and cash equivalents received pursuant to the Plan of Arrangement. No interest was allocated to Western Copper in 2005.

Liquidity and capital resources

The Company expended $664,000 on operating activities during the quarter ended June 30, 2006 and $776,000 during the six month period ended June 30, 2006. The majority of the cash was spent on operating items described in 'Results of operations'.

Most of the Company's financing during the three and six months ended June 30, 2006 came as a result of the Plan of Arrangement effective May 3, 2006. During the three and six months period ended June 30, 2006, the Company received $30.8 million in cash pursuant to the Plan of Arrangement. The $6 million receivable pursuant to the Plan of Arrangement at June 30, 2006 was received in early July 2006.

The Company also received $195,000 from the exercise of stock options between the period of May 3, 2006 and June 30, 2006.

The Company received $883,000 from investing activities during the six months ended June 30, 2006. The Company received $998,000 from investing activities during the three months ended June 30, 2006. The cash flow provided by investing activities relates to the proceeds from the sale of marketable securities ($995,000) during the second quarter. The proceeds received from the sale of marketable securities were offset by an advanced royalty payment of $100,000 relating to the Carmacks property made on January 1, 2006. An advance royalty payment for the same amount was made during the six months ended June 30, 2005. There were no other significant investing items during the three and six months ended June 30, 2005.

At June 30, 2006, the Company had $31.4 million in cash and cash equivalents. The majority of the increase in balance compared to December 31, 2005 is the receipt of capital contributions pursuant to the Plan of Arrangement effective May 3, 2006.

Financial instruments

The Company's financial instruments consist of the following items:

Cash and cash equivalents, accounts receivable, and accounts payable - Due to the short-term nature of these instruments, their carrying value approximates their fair value.

Marketable securities - The market value of marketable securities as at August 9, 2006 is shown below:

	August 9, 2006	
	Market value ($)	Carrying value ($)
Quaterra Resources Inc. (798,460 common shares)	1,181,721	142,320
Glamis Gold Ltd. (17 common shares)	727	848
	1,182,448	143,168

Contractual obligations

The Company's only commitment is its head office lease. The future minimum lease payments by calendar year are approximately as follows:

Year	$
2006	130,889
2007	261,778
2008	261,778
2009	218,148
Thereafter	-
Total	**872,593**

The Company has no material off-balance sheet arrangements, no material capital lease agreements and no material long term obligations other than those described above.

Significant Accounting Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes. Significant areas where management's judgement is applied include the assessment of impairment to the carrying value of mineral properties, the determination of the likelihood that future income tax benefits can be realized, and the allocation methodologies used to determine results of operations. Actual results could differ from those reported by a material amount.

Mineral Properties

The most critical accounting policies, upon which the Company's carrying value of its mineral property assets depend, are those requiring estimates of mineral resources, proven and probable reserves, recoverable amounts of metals therefrom, assumptions of capital and operating costs, future metal prices, and estimated costs associated with mine reclamation and closure costs.

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 opinioins 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.

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered. Management's estimates of mineral prices, recoverable proven and probable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term, which could adversely affect the future net cash flows to be generated from the properties.

Stock-based compensation and share purchase warrant valuation

The fair value of stock based compensation awards and share purchase warrant issuances is calculated using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of stock options and share purchase warrants granted by the Company.

Risk and Uncertainties

Capital Resources

The Company is an exploration and development stage corporation with insufficient revenue to meet its annual capital needs. The Company has been able to raise funds necessary to acquire its assets, perform exploration and conduct its corporate affairs primarily through the private placement of its common shares. There is no guarantee the Company will be able to continue to raise funds to pursue future exploration and development programs in the future.

Mineral Property Development

Based both on exploration results to date and reports of independent consultants, the Company's management believes that the pursuit of additional exploration and development programs on its mineral properties is justified. The recoverability of amounts shown for mineral rights and the related deferred costs for any property is dependent on the development of economically recoverable ore reserves, the Company's ability to obtain necessary permits, financing, and expertise to successfully place the property into production, and upon future profitable production.

Although some of the expenditure required at its projects in the future may be met by third parties, the Company will need to raise substantial additional funds to finance the development of its properties.

The Company complies with National Instrument 43-101 when reporting mineral resources.

Title to Mineral Properties

The Company's mining claims and rights thereto have generally been acquired from other private parties and government agencies. Other parties may dispute the Company's title to these claims and rights. The determination of rightful title to mineral properties is a time-consuming process. Although the Company has taken reasonable precaution to ensure that legal title and/or interest in its properties is properly recorded in the name of the Company, there can be no assurance that such title will not be challenged.

Governmental Requirements

The Company is currently operating mainly in Canada and is thereby subject to that country's various laws and regulations in various areas, including property title, the use of local labour, the environment and safety around exploration and development activities. Although the Company believes it is operating within the provision of these governmental requirements, there is no guarantee that it is meeting all requirements or that the requirements may not be changed by the governmental agencies to the detriment of the Company.

Metal Prices

The value of the Company's properties and the prospects for their successful development are subject to favourable prices for the metals involved, such as copper, gold, silver, lead, and zinc. There is no guarantee that these prices will remain at levels required to make development of any given property feasible.