

WESTERN COPPER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008

General

The following management discussion and analysis of Western Copper Corporation ("Western Copper" or the "Company") is dated August 7, 2008, and provides an analysis of the Company's results of operations for the three and six months ended June 30, 2008.

This 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, 2008 unaudited interim consolidated financial statements, December 31, 2007 audited annual consolidated 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, other than as noted in note 3 of the June 30, 2008 unaudited interim consolidated financial statements, are described in note 2 of the December 31, 2007 audited annual consolidated financial statements. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise indicated.

Western Copper is listed on the Toronto Stock Exchange under the symbol 'WRN' and is registered under Form 20F with the United States Securities and Exchange Commission ("SEC"). At August 7, 2008, the Company had 72,819,036 common shares outstanding.

Additional information on the Company can be found in the Company's Annual Information Form ("AIF"), filed with Canadian regulators on SEDAR at www.sedar.com and with the United States Securities and Exchange Commission at www.sec.gov on Form 20F.

Core business

Western Copper Corporation is a Canadian-based publicly-traded mineral exploration company with a primary focus of advancing its late-stage exploration mineral properties to production.

All Canadian properties have National Instrument 43-101 compliant resource estimates. The Company's Sierra Almoloya property is in the early exploration stage and does not have a National Instrument 43-101 compliant resource estimate.

Carmacks (Yukon, Canada)

The Carmacks Copper Project is located 192 kilometres north of Whitehorse in the Yukon, Canada.

Any production from the Carmacks Copper Project is subject to either a 15% net profits interest or a 3% net smelter royalty on the project, at Western Copper's election. If Western Copper elects the net smelter royalty, it has the right to purchase the royalty for \$2.5 million, less any advance royalty payments made to that date. The Company is required to make an advance royalty payment of \$100,000 for any year in which the average daily copper price reported by the London Metal Exchange is US\$1.10 per pound or greater. As at August 7, 2008, Western Copper has made \$500,000 in advance royalty payments.

On July 18, 2008, the Yukon Environmental and Socio-economic Assessment Board ("YESAB") released its Final Screening Report. The Final Screening Report recommends the project move ahead without further review, subject to a number of mitigative conditions. The Yukon Government now has 60 days to prepare a decision document. The decision document will agree with, reject, or vary the YESAB recommendation. Once the Yukon Government issues a positive decision document, it is expected that the Quartz Mining License will follow within a few weeks. The Water Use License is expected to follow some months later.

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Once a Quartz Mining License is obtained, the Company plans to finalize discussions with Yukon Energy regarding the provision of a spur line to the property and the supply of grid power to the project. Western Copper continues to prepare documentation for the Quartz Mining License and the Water Use License.

During the second quarter, Western Copper's Engineering Procurement Construction Management contractor continued engineering activities relating to advancing the design of the facilities. Proposals for several key long delivery items were received and evaluated. The acid plant vendor has begun the engineering of the acid plant.

On the project site, geotechnical drilling took place to provide information for the detailed design of the pit and water supply wells. Samples were taken for analysis and the data was analyzed to enable detailed design to continue.

Based on the expected timeline for issue of certain permits and licenses, the Company does not expect to commence any major construction activities in the 2008 season.

Casino (Yukon, Canada)

The Casino porphyry copper-gold-molybdenum deposit is located 300 kilometres northwest of Whitehorse, in the Yukon Territory. It has been the subject of considerable exploration going back to 1967 including a 73,000 metre diamond drilling program in the 1990s.

On June 24, 2008 Western Copper announced that an independent pre-feasibility study on the Casino property supports the development of the project. The independent pre-feasibility study projects that development of the Casino deposit will produce a pre-tax Internal Rate of Return ("IRR") of 20.4% and an undiscounted Net Present Value ("NPV") of \$7.5 billion, based on 100% equity and metal prices of US\$2.95 per pound for copper, US\$30.97 per pound for molybdenum and US\$647.40 per ounce for gold. After-tax figures indicate an IRR of 14.9% and an undiscounted NPV of \$4.5 billion.

The plan is to develop the resource as an open pit mine using a conventional, large-scale, truck and shovel mining fleet. The sulphide ore reserve is estimated at 913.5 million tonnes grading 0.212% copper, 0.237 grams per tonne gold, and 0.0236% molybdenum. The oxide ore reserve represents an additional 77.9 million tonnes at 0.062% copper and 0.427 grams per tonne gold.

Initial production for the first 2.5 years would involve the heap leaching of the oxide ore, at an average rate of 25,000 tonnes per day to produce a gold doré.

The sulphide mill will employ standard crushing, milling and flotation technology and have a nominal production rate of 95,000 tonnes of ore per day over a projected mine life of 30 years. In total, the mill will produce 3.6 billion pounds of copper, 320 million pounds of molybdenum and 4.59 million ounces of gold contained in concentrates.

The total initial capital investment in the project is estimated to be \$2.1 billion, which represents the total direct and indirect cost for the complete development of the project. Operating costs are estimated to be \$9.72 per tonne of sulphide ore over the life of mine.

Gartner Lee Limited continues to review historical data and to plan for future field work for environmental base-line data collection.

Should it make a production decision on the Casino property, Western Copper is required to make an additional cash payment of \$1 million to Great Basin Gold Ltd. The claims are also subject to a 5% net profits interest.

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Hushamu (British Columbia, Canada)

The Hushamu property consists of three blocks of mineral claims in a prospective copper-gold porphyry belt located on northern Vancouver Island, approximately 25 kilometres west of Port Hardy and 360 kilometres northwest of Vancouver, British Columbia. The mineral claim blocks are referred to as the Hushamu claims, the Apple Bay claims, and the Rupert Block.

In May 2008, Western Copper entered into a binding letter of intent that gives IMA Exploration Inc. ("IMA") the option to earn a 70% interest in the Hushamu property. Pursuant to the terms of the agreement, IMA has agreed to expend a minimum of \$1.9 million in the first year of a three year option period. Over years two and three IMA are required to spend an additional \$13.1 million on drilling, metallurgical, and engineering studies in the completion of a pre-feasibility report on the Hushamu deposit located on the Hushamu claim block. This expenditure, a total of \$15 million, and the completion of a pre-feasibility report will earn IMA a 49% interest in the project. IMA can earn an additional 16% by funding a subsequent feasibility study by the fourth year and an additional 5% by completing mine permitting. The companies are currently negotiating the details of the option agreement. The option period will begin when both parties execute the option agreement.

On January 31, 2008, Western Copper made the final payment required under its option agreement with Electra Gold Ltd. ("Electra") in the amount of \$80,000. As a result, the Company acquired 100% interest in the Apple Bay mineral claims previously held by Electra. Should a production decision be made on the Apple Bay claims, Western Copper is required to pay \$800,000 in cash or in Western Copper stock to Electra. The payment method is at the election of Western Copper.

Electra maintains the right to explore the Apple Bay claims for non-metallic minerals.

Should a production decision be made on the Hushamu claims, Western Copper is required to make a cash payment of \$1 million to an unrelated third party within 60 days of the production decision. These mineral claims are also subject to a 10% net profits interest.

The Rupert block is free of encumbrances.

Redstone (Northwest Territories, Canada)

The property comprises five mining leases (14,100 acres) and 55 mineral claims (73,000 acres) in six distinct areas in the Nahanni Mining District southwest of Norman Wells in the Northwest Territories.

The only area that presently has an NI 43-101 compliant resource estimate is the Coates Lake area. This area consists of the five mining leases noted above. Should production be initiated at Coates Lake, the five mining leases are subject to a net smelter royalty of between 3-4% depending on the monthly average of the final daily spot price of copper reported on the New York Commodities Exchange relating to each production month, as follows:

- 3% if the price is less than, or equal to US\$0.75 per pound;
- 3.5% if the price is greater than US\$0.75 per pound, but less than, or equal to US\$1.00 per pound; and
- 4% if the price is greater than US\$1 per pound.

The remainder of the Redstone property is not subject to royalties.

In September 2007, the Company signed an agreement with the Mineral Deposits Research Unit at the University of British Columbia ("UBC") to fund a research project that will aim to provide a better understanding of the regional geology and to identify areas covered by the Company's existing claims that offer the most exploration potential. The UBC team is planning to visit the property during the third quarter of this year.

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Sierra Almoloya (Chihuahua, Mexico)

The Sierra Almoloya property is located northeast of the city of Parral in the state of Chihuahua, Mexico.

At the beginning of the second quarter, a small number of claims were still subject to a US\$200,000 option payment due to a third party on April 20, 2008. The Company did not exercise its option on those claims.

A portion of the claims is subject to a 1% net smelter royalty.

The following quarterly information has been extracted from the Company's unaudited interim consolidated financial statements.

Selected quarterly financial information

In Canadian dollars, as at and for the quarters ended:

	6/30/08	3/31/08	12/31/07	9/30/07
	\$	\$	\$	\$
Net loss (income)	544,160	484,919	(894,685)	385,067
Net loss (income) per share – basic and diluted	0.01	0.01	(0.01)	0.01
Exploration expenses	-	-	-	-
Mineral properties	61,664,820	58,853,128	57,194,181	55,395,547
Cash, cash equivalents, and short-term investments	18,527,233	21,963,631	23,726,947	26,324,280
Total assets	80,414,978	80,977,997	81,156,211	82,000,958

	6/30/07	3/31/07	12/31/06	9/30/06
	\$	\$	\$	\$
Net loss	2,003,538	1,732,046	2,176,471	908,371
Net loss per share – basic and diluted	0.03	0.02	0.04	0.02
Exploration expenses	1,265,320	1,247,119	1,749,733	1,496,027
Mineral properties	51,097,993	47,265,078	46,507,499	4,523,514
Cash, cash equivalents, and short-term investments	30,441,934	34,564,486	37,082,010	37,938,011
Total assets	81,968,869	82,777,429	84,005,656	42,696,710

Western Copper had a loss of \$544,000 (\$0.01 per common share) for the three months ended June 30, 2008. This compares with a loss of \$2.0 million (\$0.03 per common share) during the same quarter in the previous year. The major reason for the differences in quarterly results is exploration costs relating to the Carmacks Copper Project. Since the release of the feasibility study in April 2007, on-going costs relating to the Carmacks Copper Project have been capitalized. Up until that date, the Company had been expensing all exploration costs relating to the project. Other reasons for significant quarter over quarter differences in results include a gain on marketable securities of 1.1 million in Q3 2006 and a future income tax recovery of \$1.4 million in Q4 2007.

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Results of operations

<i>In Canadian dollars</i> (unaudited)	Three months ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Exploration expenses	-	1,265,320	-	2,512,439
ADMINISTRATIVE EXPENSES				
Accounting and legal	127,441	155,891	209,915	247,703
Office and administration	456,011	538,755	976,243	1,122,630
Promotion and travel	86,141	314,706	154,912	444,706
Regulatory and filing fees	27,440	51,657	55,025	74,606
Loss before other items	697,033	2,326,329	1,396,095	4,402,084
OTHER ITEMS				
Interest income	(159,910)	(334,453)	(381,234)	(675,805)
Foreign exchange	7,037	11,662	14,218	9,305
Loss and comprehensive loss for the period	544,160	2,003,538	1,029,079	3,735,584

The scale and nature of the Company's operations has remained consistent with 2007. As a result, most administrative expenses for the three and six months ended June 30, 2008 are comparable to the prior year.

Promotion and travel decreased significantly because the Company did not have the same level of travel expenses during the three and six months ended June 30, 2008 as it did during those same periods in the previous year.

The current level of activity is expected to continue throughout 2008.

The exploration expenses reported on the statement of loss for the three months ended June 30, 2007 represent costs incurred on the Carmacks Copper Project. There is no exploration expense reported on the statement of loss for the three or six months ended June 30, 2008 because the Company has been capitalizing on-going costs relating to the Carmacks Copper Project since the release of the positive feasibility study results in April 2007.

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A large portion of administrative expenses during the three and six months ended June 30, 2008 relates to employee wages and stock-based compensation. These costs have been allocated to the following line items:

Wages and salaries	Three months ended		Six Months Ended	
	June 30,		June 30,	
<i>In Canadian dollars</i> (unaudited)	2008	2007	2008	2007
	\$	\$	\$	\$
EXPLORATION	-	37,991	-	159,866
ADMINISTRATIVE				
Office and administration	147,501	158,025	285,584	327,303
Promotion and travel	16,250	17,083	32,500	49,349
	<u>163,751</u>	<u>213,099</u>	<u>318,084</u>	<u>536,518</u>
Stock-based compensation	Three months ended		Six Months Ended	
	June 30,		June 30,	
<i>In Canadian dollars</i> (unaudited)	2008	2007	2008	2007
	\$	\$	\$	\$
EXPLORATION	-	23,949	-	106,715
ADMINISTRATIVE				
Office and administration	78,700	171,688	205,676	385,334
Promotion and travel	5,867	20,790	14,394	26,624
	<u>84,567</u>	<u>216,427</u>	<u>220,070</u>	<u>518,673</u>

The major difference in wages incurred during the three and six months ended June 30, 2008 and the same periods in the previous year is due to the fact that Western Copper has been capitalizing costs relating to the Carmacks Copper Project since the release of its feasibility study in April 2007. Prior to this date, the Company had been expensing all costs relating to the project including wages and stock-based compensation.

Stock-based compensation variations are due to the size, the value, and the amortization schedule of the stock option grants.

The Company has been capitalizing all costs incurred on its mineral properties in 2008. Mineral property activity and related costs are discussed in the liquidity and capital resources section.

Western Copper continues to earn interest on its cash deposits held at banks. As the Company uses its funds for operating and investing activities, these cash balances have been decreasing. This trend is expected to continue. The lower cash balances have led to a decrease in quarter-to-quarter interest income.

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Liquidity and capital resources

	Three months ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities	(470,050)	(1,505,555)	(798,491)	(3,497,627)
Financing activities	500	66,000	500	434,900
Investing activities	(2,966,848)	30,395,931	(4,401,723)	31,214,639
Increase (decrease) in cash and cash equivalents for the period	(3,436,398)	28,956,376	(5,199,714)	28,151,912
Cash and cash equivalents – beginning of period	21,963,631	1,485,558	23,726,947	2,290,022
Cash and cash equivalents – end of period	18,527,233	30,441,934	18,527,233	30,441,934

At June 30, 2008, the Company had \$18.5 million in cash and cash equivalents. Cash and cash equivalents comprise cash deposits held at banks. Western Copper does not have any exposure to Asset-Backed Commercial Paper.

Operating activities

The majority of the cash used in operating activities relates to employee wages, as discussed in 'results of operations', rent, and information technology purchases.

Financing activities

The only financing activity during the three and six months ended June 30, 2008 was stock option exercises. As at August 7, 2008, most outstanding stock options are either "out of the money" or have not yet vested. Unless there is a significant increase in the Company's stock price, Western Copper does not expect a significant amount of exercises in 2008.

Western Copper is an exploration stage enterprise with insufficient revenue to meet its annual capital needs. The Company expects that its current cash balances will be sufficient to cover its administrative expenses and its mineral property costs in 2008. The Company will have to raise additional capital prior to construction of its Carmacks Copper Project to fund development costs.

Western Copper 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 a risk that the Company may not be able to continue to raise funds to pursue future exploration and development programs.

Investing activities

Investing activities provided \$33.1 million during the quarter ended June 30, 2007 when Western Copper cashed a portion of its outstanding Guaranteed Investment Certificate. During the second quarter of 2008, Western Copper's only use of cash for investing activities was \$3.0 million on mineral property expenditures.

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The mineral property additions shown below represent costs incurred, not necessarily cash spent, on mineral property expenditures during the three months ended June 30, 2008. Mineral property costs incurred are a good measure of Western Copper's investing activities relating to its mineral properties. The property section provides a description of work conducted by the Company during the quarter. There were no significant costs incurred on the Company's Hushamu or Redstone properties during the three months ended June 30, 2008.

	Carmacks	Casino
	\$	\$
March 31, 2008	11,774,510	16,524,160
Exploration	-	64,974
Design engineering	1,280,310	-
Engineering studies	-	477,698
Permitting	137,378	342,149
Metallurgical testing	33,656	118,017
Equipment	60,000	-
Advanced royalty	100,000	-
Claims maintenance	-	4,234
Salary and wages	48,075	91,525
Stock-based compensation	19,692	26,552
	1,679,111	1,125,149
June 30, 2008	13,453,621	17,649,309

Related party transactions

During the six months ended June 30, 2008, the Company charged overhead expenses to one of its directors in the amount of \$3,674 (2007 -\$3,643). The Company credited this amount against office and administration expenses on the statement of loss.

Related party transactions are measured at the exchange amount.

Contractual obligations

The Company's has a commitment relating to its head office lease. The Company has an agreement to lease office space which expires October 31, 2009. The future minimum lease payments by calendar year are approximately as follows:

Year	\$
2008	135,617
2009	226,030
Thereafter	-
Total	361,647

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 or in the description of mineral properties.

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Significant accounting estimates

The preparation of the consolidated financial statements in conformity with Canadian 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 depends, 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.

The Company reviews the carrying value of mineral properties and deferred exploration costs when there are events or changes in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value of properties are recorded to the extent the net book value of the property exceeds the discounted value of future cash flows. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered and makes provision if impairment is indicated.

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 warrant valuation

The fair value of stock-based compensation awards and 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 granted and warrants issued by the Company.

Change in accounting policies

Section 1535 – Capital Disclosures

This section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company is required to disclose the following, based on the information:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirements to which it is subject; and
- when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

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Disclosures required by this section are included in note 6(c) of the June 30, 2008 unaudited interim consolidated financial statements.

Section 3862 – Financial Instruments, Disclosures

This section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities are required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments. Disclosures required by this section are included in note 11 of the Company's June 30, 2008 unaudited interim consolidated financial statements.

Section 3863 – Financial Instruments – Presentation

This section establishes standards for presentation of financial instruments and non-financial derivatives.

Disclosure controls and internal controls over financial reporting

Management is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed, and reported in an accurate and timely manner in accordance with generally accepted accounting principles.

Management is also responsible for designing, establishing, and maintaining a system of disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that material items requiring disclosure by the Company are identified and reported in a timely manner.

The Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design and the operating effectiveness of the Company's internal control over financial reporting as of December 31, 2007.

Based on that assessment, management concluded that, as at December 31, 2007, the Company's internal control over financial reporting was not effective due to the existence of a material weakness. A material weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties in the financial close process. The Chief Financial Officer is responsible for preparing, authorizing, and reviewing information that is key to the preparation of financial reports. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatements in the Company's financial statements, and should also be considered a material weakness in its disclosure controls and procedures.

There were no material changes to internal controls over financial reporting during the three and six months ended June 30, 2008.

Management has concluded, and the audit committee has agreed, that taking into account the present stage of Western Copper's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

International Financial Reporting Standards ("IFRS")

The Company expects to adopt IFRS effective the year ending December 31, 2011. The change in accounting policies may have a material effect on Western Copper's financial results and disclosures. The Company is currently assessing the potential impact from differences between its current accounting policies under Canadian Generally Accepted Accounting Principles and those required by IFRS.

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Risks and uncertainties

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 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 expenditures 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. Such title may be challenged. At present, Western Copper is unaware of any dispute relating to its mineral properties.

Governmental requirements

The Company is currently mainly operating 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. It is possible that the Company may not be meeting all governmental requirements. Also, changes to governmental requirements by governmental agencies may be of detriment to 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, and molybdenum. These prices may not remain at levels required to make development of any given property feasible.