



Western Copper Corporation

Western Copper Corporation
(an exploration stage company)

Consolidated Financial Statements
SEPTEMBER 30, 2009

(Unaudited – prepared by management)
(expressed in Canadian dollars)

NOTICE TO READER:

These interim consolidated financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management. This notice is being provided in accordance with National Instrument 51-102 - Continuous Disclosure Obligations.

CONSOLIDATED BALANCE SHEETS
(unaudited - prepared by management)

	September 30, 2009	December 31, 2008
Expressed in Canadian dollars	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,593,364	5,037,204
Short-term investments (note 4)	8,192,702	8,025,162
Other receivables	209,941	103,233
Prepaid expenses	51,228	50,760
CURRENT ASSETS	12,047,235	13,216,359
RECLAMATION BOND (note 6)	80,300	-
PROPERTY AND EQUIPMENT (note 5)	227,519	297,551
MINERAL PROPERTIES (note 6)	70,960,998	65,702,582
ASSETS	83,316,052	79,216,492
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,445,077	797,898
FUTURE INCOME TAX	9,965,115	9,965,115
LIABILITIES	12,410,192	10,763,013
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 7)	74,693,628	71,951,130
CONTRIBUTED SURPLUS (note 7)	24,035,353	22,698,985
DEFICIT	(27,823,121)	(26,196,636)
SHAREHOLDERS' EQUITY	70,905,860	68,453,479
LIABILITIES + SHAREHOLDERS' EQUITY	83,316,052	79,216,492

Commitments (notes 6 and 9)

Approved by the Board of Directors

'Robert J. Gayton' Director

'Klaus Zeitler' Director

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(unaudited - prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Expressed in Canadian dollars	\$	\$	\$	\$
ADMINISTRATIVE EXPENSES				
Accounting and legal	61,708	87,962	159,129	297,877
Filing and regulatory fees	16,634	16,580	66,073	71,605
Office and administration	376,804	442,044	1,317,804	1,418,287
Promotion and travel	113,382	106,826	270,775	261,738
LOSS BEFORE OTHER ITEMS	568,528	653,412	1,813,781	2,049,507
OTHER ITEMS				
Interest income	(62,340)	(129,718)	(197,839)	(510,952)
Foreign exchange	2,934	6,809	10,543	21,027
LOSS AND COMPREHENSIVE LOSS	509,122	530,503	1,626,485	1,559,582
Basic and diluted loss per share	0.01	0.01	0.02	0.02
Weighted average number of common shares outstanding	76,387,297	72,819,036	74,021,527	72,792,941

CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited – prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Expressed in Canadian dollars	\$	\$	\$	\$
Cash flows provided by (used in)				
OPERATING ACTIVITIES				
Loss for the period	(509,122)	(530,503)	(1,626,485)	(1,559,582)
ITEMS NOT AFFECTING CASH				
Amortization	4,336	9,925	29,000	27,323
Stock-based compensation (note 8)	70,551	110,344	245,035	330,414
ITEMS NOT AFFECTING CASH	74,887	120,269	274,035	357,737
Change in non-cash working capital items	(249,355)	52,515	(303,451)	45,635
OPERATING ACTIVITIES	(683,590)	(357,719)	(1,655,901)	(1,156,210)
FINANCING ACTIVITIES				
Issuance of common shares and warrants	4,000,000	-	4,000,000	-
Share issuance costs	(355,320)	-	(355,320)	-
Exercise of stock options	16,666	-	16,666	500
FINANCING ACTIVITIES	3,661,346	-	3,661,346	500
INVESTING ACTIVITIES				
Mineral property expenditures	(2,179,248)	(1,681,572)	(3,449,285)	(6,083,295)
Acquisition of Property and Equipment	-	(27,699)	-	(27,699)
INVESTING ACTIVITIES	(2,179,248)	(1,709,271)	(3,449,285)	(6,110,994)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	798,508	(2,066,990)	(1,443,840)	(7,266,704)
Cash and cash equivalents - Beginning of the period	2,794,856	18,527,233	5,037,204	23,726,947
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	3,593,364	16,460,243	3,593,364	16,460,243

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited – prepared by management)

	Number of Shares	Amount	Contributed surplus	Deficit	Shareholders' Equity
Expressed in Canadian dollars		\$	\$	\$	\$
DECEMBER 31, 2007	72,769,036	71,883,630	22,091,594	(24,037,387)	69,937,837
Exercise of stock options	50,000	500	-	-	500
Transfer of value on exercise of stock options	-	67,000	(67,000)	-	-
Stock-based compensation	-	-	674,391	-	674,391
Loss and comprehensive loss	-	-	-	(2,159,249)	(2,159,249)
DECEMBER 31, 2008	72,819,036	71,951,130	22,698,985	(26,196,636)	68,453,479
Private placement (note 7)	4,000,000	4,000,000	-	-	4,000,000
Less:					
Issuance costs	-	(355,320)	-	-	(355,320)
Agent warrants	-	(114,960)	114,960	-	-
Investor warrants	-	(813,200)	813,200	-	-
Exercise of stock options	13,333	16,666	-	-	16,666
Transfer of value on exercise of stock options	-	9,312	(9,312)	-	-
Stock-based compensation	-	-	417,520	-	417,520
Loss and comprehensive loss	-	-	-	(1,626,485)	(1,626,485)
SEPTEMBER 30, 2009	76,832,369	74,693,628	24,035,353	(27,823,121)	70,905,860

1. NATURE OF OPERATIONS

Western Copper Corporation (“Western Copper” or the “Company”) is an exploration stage company that is directly engaged in exploration and development of mineral properties in Canada.

To date, the Company has not earned any production revenue. The recoverability of the amounts shown for mineral property assets is dependent upon the existence of economically recoverable reserves and the Company’s ability to secure and maintain title and beneficial interest in the properties, to obtain the necessary financing to continue the exploration and future development of the properties, or to realize the carrying amount through a sale.

2. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the preparation of interim statements. Accordingly, these interim statements do not contain all the information required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of Western Copper Corporation as at, and for the year ended, December 31, 2008. These consolidated financial statements follow the same accounting policies and methods of application as the December 31, 2008 audited annual consolidated financial statements of Western Copper Corporation, except as described in note 3.

3. CHANGE IN ACCOUNTING POLICIES

Section 3064 of the Canadian Institute of Chartered Accountants Handbook, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The provisions relating to the definitions and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standard 38. The adoption of this standard did not impact the Company’s results or disclosures.

4. SHORT-TERM INVESTMENTS

	September 30, 2009	December 31, 2008
Expressed in Canadian dollars	\$	\$
Guaranteed Investment Certificates	8,000,000	8,000,000
Accrued interest	192,702	25,162
SHORT-TERM INVESTMENTS	8,192,702	8,025,162

Short-term investments consist of Guaranteed Investment Certificates held with Canadian chartered banks. All certificates are redeemable in full or in portion at the Company’s option without penalty. Interest is paid on amounts redeemed subsequent to 30 days from the date of acquisition of the investment. All certificates held at the end of the period have been held for more than 30 days.

5. PROPERTY AND EQUIPMENT

September 30, 2009			
	Cost	Accumulated amortization	Net book value
Expressed in Canadian dollars	\$	\$	
Computer equipment	69,634	66,424	3,210
Field equipment	273,534	68,384	205,150
Furniture and office equipment	24,486	21,485	3,001
Leasehold improvements	63,203	63,203	-
Vehicles	27,699	11,541	16,158
PROPERTY AND EQUIPMENT	458,556	231,037	227,519

December 31, 2008			
	Cost	Accumulated amortization	Net book value
Expressed in Canadian dollars	\$	\$	
Computer equipment	69,634	60,106	9,528
Field equipment	273,534	27,352	246,182
Furniture and office equipment	24,486	17,453	7,033
Leasehold improvements	63,203	51,477	11,726
Vehicles	27,699	4,617	23,082
PROPERTY AND EQUIPMENT	458,556	161,005	297,551

6. MINERAL PROPERTIES

	Canada				Mexico	TOTAL
	Yukon		British Columbia	Northwest Territories	Chihuahua	
	Carmacks	Casino	Hushamu	Redstone	Sierra Almoloya	
	\$	\$	\$	\$	\$	\$
DECEMBER 31, 2007	11,068,926	15,773,824	17,988,141	12,019,341	343,949	57,194,181
Advance royalty	100,000	-	-	-	-	100,000
Claims maintenance	16,922	4,484	1,560	116,462	61,052	200,480
Detailed engineering	2,486,315	-	-	-	-	2,486,315
Engineering studies	-	1,242,267	225	193	-	1,242,685
Exploration	72,350	1,715,391	5,280	-	-	1,793,021
Future income tax	52,505	52,453	486	825	-	106,269
Option payment	-	-	80,000	-	-	80,000
Permitting	506,398	1,613,993	-	-	-	2,120,391
Salary and wages	219,213	296,703	11,250	8,500	-	535,666
Stock-based compensation	122,514	122,390	1,383	2,288	-	248,575
Write-off of mineral properties	-	-	-	-	(405,001)	(405,001)
DECEMBER 31, 2008	14,645,143	20,821,505	18,088,325	12,147,609	-	65,702,582
Advance royalty	100,000	-	-	-	-	100,000
Claims maintenance	4,408	8,860	-	23,330	-	36,598
Detailed engineering	82,214	-	-	-	-	82,214
Engineering studies	1,470	68,316	-	-	-	69,786
Exploration	-	3,153,327	(331,310)	142,316	-	2,964,333
Permitting	513,245	913,293	-	2,162	-	1,428,700
Reclamation obligation	80,300	-	-	-	-	80,300
Salary and wages	147,675	153,825	-	22,500	-	324,000
Stock-based compensation	77,297	84,741	-	10,447	-	172,485
SEPTEMBER 30, 2009	15,651,752	25,203,867	17,757,015	12,348,364	-	70,960,998

The estimated cash flows used to assess recoverability of certain of the Company's mineral property carrying values are developed using management's projections for long-term average copper, gold and molybdenum prices, operating costs, capital expenditures, and applicable foreign currency exchange rates. Management makes estimates relating to current and future market conditions. There are inherent uncertainties related to these factors and management's judgment when using them to assess mineral property recoverability.

Although the Company believes that the estimates applied in the recoverability assessments are reasonable, such estimates are subject to significant uncertainties and judgments. Should underlying assumptions change significantly, impairment charges may be required in future periods. Such charges could be material.

a. Carmacks (100% - Yukon, Canada)

The Carmacks Copper Project is an oxide copper deposit that is located in the Yukon Territory, Canada.

In 2001, the Carmacks Copper Project was written down to its estimated fair value based on feasibility study information available and what management believed the property could be sold for at that time. In April 2007, Western Copper released the results of its updated feasibility study on the Carmacks Copper Project.

Western Copper expensed all ongoing costs related to exploration of the Carmacks Copper Project prior to the release of the results of the updated feasibility study. Since the release of the feasibility study, the Company has been capitalizing costs incurred on the project.

In April 2009, the Company obtained the Quartz Mining License relating to the Carmacks Copper Project. As a result, Western Copper was required to provide security in the amount of \$80,300 representing the estimated reclamation cost for work performed to date on the property. The Company holds a Guaranteed Investment Certificate in this amount in safekeeping for the Yukon Government. The security will be released once Western Copper performs its obligations pursuant to the Quartz Mining License. The estimated cost of reclamation has been accrued as a current liability and has been capitalized to the Carmacks Copper Project.

Any production from the Carmacks Copper Project is subject to either a 15% net profits interest or a 3% net smelter royalty, 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 in any year in which the average daily copper price reported by the London Metal Exchange is US\$1.10 per pound or greater. At September 30, 2009, Western Copper had made \$600,000 in advance royalty payments and had accrued the amount relating to 2009.

b. Casino (100% - Yukon, Canada)

The Casino porphyry copper-gold-molybdenum property is located in west-central Yukon. The results of the pre-feasibility study were announced in June 2008.

Should it make a production decision, Western Copper is required to make a cash payment of \$1 million. Production on the claims is also subject to a 5% net profits interest.

c. Hushamu (100% - British Columbia, Canada)

The Hushamu property consists of three blocks of mineral claims located on northern Vancouver Island. The mineral claim blocks are referred to as the Hushamu claims, the Apple Bay claims, and the Rupert Block.

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.

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.

On August 25, 2008, Western Copper signed an option and joint venture agreement with IMA Exploration Inc. ("IMA") that gives 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 is required to spend an additional \$13.1 million towards the completion of a pre-feasibility study on the Hushamu deposit located on the Hushamu claim block. These expenditures, a total of \$15 million, and the completion of a pre-feasibility study will earn IMA a 49% interest in the project. IMA can earn an additional 16% by funding a subsequent feasibility study by the end of the fourth year and an additional 5% by completing mine permitting. The option period began on the execution date of the option and joint venture agreement.

On September 30, 2009, following a merger with two other companies, IMA changed its name to Kobex Minerals Inc. ("Kobex").

Kobex has met the first year \$1.9 million spending requirement.

d. Redstone (100% - Northwest Territories, Canada)

The Redstone property comprises five mining leases and 16 mineral claims.

Should production be achieved, 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\$1.00 per pound.

e. Sierra Almoloya (100% - Chihuahua, Mexico)

In 2008, the Company reassessed the property and decided to abandon the claims. As a result, Western Copper has written-off all costs capitalized relating to Sierra Almoloya.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

a. Share capital

Authorized	Unlimited Class A voting shares with a par value of \$0.00001 Unlimited common shares without par value Unlimited number of preferred shares without par value
Issued and outstanding	76,832,369 common shares

On July 10, 2009, Western Copper issued 4,000,000 units, comprised of one flow-through common share of the Company at a price of \$1.00 and one-half of one warrant. Each whole warrant ("investor warrant") is exercisable for one non flow-through common share of the Company at a price of \$1.25 per common share and expires three years following closing. If, commencing on the date that is four months plus one day following the closing of the transaction, the weighted average trading price of the Company's common shares is at a price equal to or greater than \$2.00 for twenty consecutive

trading days, the Company has the right to accelerate the expiry date of the investor warrants by giving thirty days written notice to the holder.

The agent received a cash commission equal to 6.0% of the gross proceeds and that number of warrants (“agent warrants”) which is equal to 6.0% of the number of units sold. Each agent warrant is exercisable for one non flow-through common share of the Company at a price of \$1.25 per common share and expires two years following closing. If, commencing on the date that is four months plus one day following the closing of the transaction, the weighted average trading price of the Company’s common shares is at a price equal to or greater than \$1.75 for a period of fifteen consecutive trading days, the Company has the right to accelerate the expiry date of the agent’s warrants by giving thirty days written notice to the agent.

The fair value assigned to the agent warrants was \$114,960. The fair value was calculated using the Black-Scholes option pricing model on the closing date of the transaction based on the following assumptions:

Expected stock price volatility	110%
Expected term, in years	2.0
Average risk-free interest rate	1.33%
Expected dividend yield	-

Gross proceeds of the financing and the related share issuance costs were allocated to the common shares and the investor warrants issued based on each instrument’s proportional share of the fair value calculated on the date of closing.

The fair value of the common shares was calculated by multiplying the number of common shares issued by the closing price of a common share on the closing date of the transaction. On July 10, 2009, the closing price was \$0.85 per common share.

The fair value of the investor warrants was calculated on the closing date of the transaction by using the Black-Scholes option pricing model based on the following assumptions:

Expected stock price volatility	127%
Expected term, in years	3.0
Average risk-free interest rate	1.33%
Expected dividend yield	-

Expressed in Canadian dollars	Total	Common shares	Investor warrants
	\$	\$	\$
Calculated fair value	4,417,800	3,400,000	1,017,800
Proportional share of total calculated fair value		77%	23%
Gross proceeds	4,000,000	3,078,455	921,545
Share issuance costs (including agent warrants)	(470,280)	(361,935)	(108,345)
NET AMOUNT ALLOCATED	3,529,720	2,716,520	813,200

b. Warrants

A summary of the Company's warrants outstanding at September 30, 2009 and the changes for the period then ended, is presented below:

	Number of Warrants	Exercise price	Expiry Date
Expressed in Canadian dollars		\$	
Balance outstanding – December 31, 2008	-	-	-
Investor warrants	2,000,000	1.25	July 10, 2012
Agent warrants	240,000	1.25	July 10, 2011
BALANCE OUTSTANDING - SEPTEMBER 30, 2009	2,240,000	1.25	

The weighted average remaining contractual life of warrants outstanding at September 30, 2009 is 2.67 years.

c. Contributed surplus

The contributed surplus balance includes amounts paid by the Company's predecessor to finance its copper business from 1989, when the rights to the Carmacks Copper Project were acquired, to May 3, 2006, when those rights were transferred to Western Copper. At September 30, 2009 and December 31, 2008, contributed surplus includes \$21,570,251 relating to the activities of Western Copper's predecessor.

Other than the historical balance described above, the Company's contributed surplus represents the fair value of stock options and warrants recorded over their vesting period. The fair value of stock options and warrants is transferred to share capital when the stock options or warrants are exercised. In the event that stock options are forfeited prior to vesting, the associated fair value recorded to date is reversed from the statement of loss or balance sheet item to which the fair value was originally charged in the period in which the stock options are forfeited. The fair value of any vested stock option that expires remains in contributed surplus. The fair value of any warrant that expires also remains in contributed surplus.

d. Capital Disclosure

The Company is in the exploration stage. It is the Company's objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop its projects.

Its principal source of funds is the issuance of common shares. The Company monitors its cash position and its short-term investments on a regular basis to determine whether sufficient funds are available to meet its short-term and long-term corporate objectives. The Company also seeks to provide liquidity and limit credit risk by acquiring investments that are guaranteed by the Canadian government or by a Canadian chartered bank and that are redeemable in portion or in full at the Company's option without penalty.

The Company has no debt and is not subject to any externally imposed capital requirement.

8. STOCK OPTIONS AND STOCK-BASED COMPENSATION

a. Stock options

Based on the Company's Stock Option Plan, the Company may issue stock options for the purchase of up to 10% of issued capital. The exercise price of the stock options shall be greater than, or equal to, the market value of the Company's common shares on the last trading day immediately preceding the date of grant. Stock options vest over a two year period from the date of grant unless otherwise determined by the directors. The maximum stock option term is 10 years. At September 30, 2009, the Company could issue an additional 3,699,735 stock options. Of the total stock options outstanding at September 30, 2009, 145,000 are inherited in connection with a previous acquisition. These stock options are not considered when calculating the total number of stock options available for grant under the Company's Stock Option Plan.

A summary of the Company's stock options outstanding at September 30, 2009 and the changes for the period then ended, is presented below:

Expressed in Canadian dollars		\$
Balance outstanding – December 31, 2008	3,566,834	1.51
Granted	825,000	0.61
Exercised	(13,333)	1.25
Expired	(250,000)	0.88
BALANCE OUTSTANDING - SEPTEMBER 30, 2009	4,128,501	1.37

Stock options outstanding at September 30, 2009 are as follows:

Exercise price	Stock options outstanding	Weighted average exercise price	Average remaining contractual life
		\$	years
0.36-0.97	1,321,834	0.68	3.17
1.25	931,667	1.25	3.32
1.39	150,000	1.39	3.85
1.88	565,000	1.88	2.68
2.00	1,160,000	2.00	1.62
TOTAL	4,128,501	1.37	2.73

Of the total stock options outstanding, 2,754,734 were vested and exercisable at September 30, 2009. The weighted average exercise price of vested stock options is \$1.61.

b. Stock-based compensation

The fair value of all stock options granted by the Company to employees, and non-employees, is treated as compensation costs in accordance with CICA Handbook section 3870 Stock-based Compensation. These costs are charged to the statement of loss or, if appropriate, are capitalized to mineral properties over the stock option vesting period. The Company's allocation of stock-based compensation is consistent with its treatment of other types of compensation for each recipient.

Stock-based compensation has been allocated to the following line items:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Expressed in Canadian dollars	\$	\$	\$	\$
STATEMENT OF LOSS AND COMPREHENSIVE LOSS				
ADMINISTRATIVE EXPENSES				
Office and administration	55,789	99,049	204,600	304,725
Promotion and travel	14,762	11,295	40,435	25,689
	70,551	110,344	245,035	330,414
BALANCE SHEET				
MINERAL PROPERTIES				
Carmacks	21,669	29,192	77,297	90,148
Casino	25,540	43,899	84,741	93,324
Hushamu	-	-	-	1,383
Redstone	-	-	10,447	2,288
	47,209	73,091	172,485	187,143
STOCK-BASED COMPENSATION	117,760	183,435	417,520	517,557

The value of stock-based compensation awards is determined at the time of grant using the Black-Scholes option pricing model.

The Company last granted stock options on July 20, 2009. At that time, Western Copper granted 25,000 to one employee at \$0.97 per common share. The fair value assigned to the stock options was \$20,245.

On May 12, 2009, Western Copper granted 750,000 stock options to employees at \$0.60 per share. The fair value of these stock options totaled \$300,300. On the same date, the Company granted 50,000 stock options to a consultant at \$0.62 per common share. The fair value assigned to these stock options was \$19,920.

The fair value of stock options granted in 2009 was calculated using the Black-Scholes option pricing model and the following assumptions:

	July 20, 2009	May 12, 2009
Expected stock price volatility	121.0%	108.9%
Expected option term, in years	5.0	5.0
Average risk-free interest rate	2.52%	1.63%
Expected dividend yield	-	-

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 the Company's stock options and/or warrants granted and/or vested during the period.

9. COMMITMENTS

The Company has an agreement to lease office space in Vancouver until May 31, 2014. The total amount of payments remaining during the course of the agreement as at September 30, 2009 is \$897,290. Of this amount, \$187,393 is due within the next twelve months.

The Company has an agreement to lease office space in the Yukon until December 31, 2011. The total amount of payments remaining during the course of the agreement as at September 30, 2009 is \$64,429. Of this amount, \$28,635 is due within the next twelve months.

Mineral property commitments are described in note 6.

10. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2009, the Company charged overhead expenses to one of its directors in the amount of \$5,699 (2008 - \$5,511). The Company credited this amount against office and administration expenses on the statement of loss.

Related party transactions are measured at the exchange amount.

11. SEGMENTED INFORMATION

a. Industry information

The Company operates in one reportable operating segment: the acquisition, exploration, and future development of resource properties.

b. Geographic information

All interest is earned in Canada. All non-current assets are held in Canada. The geographical breakdown of mineral properties is shown in note 6.

12. FINANCIAL INSTRUMENTS

a. Designation

Western Copper has designated its financial instruments as follows:

- i. Cash and cash equivalents and short-term investments are classified as “Held-for-Trading” and are recorded at their fair value;
- ii. Other receivables are classified as “Loans and Receivables”. These financial assets are recorded at their amortized cost using the effective interest method; and
- iii. Accounts payable and accrued liabilities are classified as “Other Financial Liabilities”. These financial liabilities are recorded at their amortized cost using the effective interest method.

b. Fair value

Due to the short-term nature of other receivables and accounts payable and accrued liabilities, the Company estimates that their carrying value approximates their fair value.

c. Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and short-term investments. To limit its credit risk the Company deposits cash and cash equivalents in Canadian chartered banks and purchases short-term investments that are guaranteed by the Canadian government or by Canadian chartered banks.

d. Currency risk

The majority of the Company's expenditures are incurred in Canadian dollars. To limit its exposure to currency risk, the Company maintains the majority of its cash and cash equivalents in Canadian dollars. The Company did not have material amounts of financial instruments denominated in US dollars as at September 30, 2009 or December 31, 2008.

e. Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents and its short-term investments. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and short-term investments mature and the proceeds are invested at lower interest rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009

The following management discussion and analysis of Western Copper Corporation ("Western Copper" or the "Company") is dated November 10, 2009, and provides an analysis of the Company's results of operations for the three and nine months ended September 30, 2009.

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 September 30, 2009 unaudited interim consolidated financial statements, the Western Copper Corporation December 31, 2008 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 September 30, 2009 unaudited interim consolidated financial statements, are described in note 2 of the December 31, 2008 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 November 10, 2009, the Company had 76,832,369 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.

BUSINESS AND OVERVIEW

Western Copper Corporation is a Canadian-based publicly-traded mineral exploration company with a primary focus of advancing its mineral properties towards production. All of Western Copper's properties are located in Canada.

On July 10, 2009, Western Copper raised \$4 million through a private placement of 4 million flow-through units. Each unit consisted of 1 flow-through common share and one half of one non flow-through warrant. This transaction will enable Western Copper to continue advancing its Casino Project. Please refer to the Casino discussion below for more information regarding development activity at the property and to the Liquidity and Capital Resources section for more details of the financing.

Risks and volatility in market conditions may significantly alter management estimates and forward looking information that were previously reported or that are contained herein. Refer to the Risks and Uncertainties section of this document for more details or to the Company's AIF on SEDAR.

The following summarizes the exploration and development activities on Western Copper's mineral properties during the period.

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.

On August 9, 2007, Western Copper exercised its option on the Casino property. As a result, the Company acquired the mineral claims that comprise the Casino property in exchange for a \$1 million cash payment.

On June 24, 2008, Western Copper announced that an independent pre-feasibility study on the Casino property supports the development of the project. Based on the mill proven and probable reserve estimate of 914 million tonnes, the mine has an estimated thirty year ore production life. The pre-feasibility study indicates initial capital development costs of \$2.1 billion, which includes \$550 million for a power plant.

Commodity prices, foreign exchange rates, and capital and operating costs have changed significantly since the release of the pre-feasibility study. At recent spot commodity prices of: copper US\$2.95/lb, gold US\$1,030/oz, molybdenum US\$13.00/lb and an exchange rate of 0.95 US\$/\$, the project is viable with a pre-tax IRR of 19.2%.

Following the positive results of the pre-feasibility study, the Company has begun preparing for the submission of a Project Proposal to the Yukon Environmental and Socio-economic Assessment Board ("YESAB"). As part of this process, Western Copper has initiated a baseline environmental and socio-economic data collection program to update and complement environmental information collected in the early 1990's. The Company has also had a number of meetings with various government departments and First Nations Governments to introduce them to the project.

During 2009, the Company has continued its permitting efforts by continuing its dialogue with various government agencies and by continuing the 2009 data collection program that will form part of the Project Proposal. Discussions with local communities and First Nations have also continued.

The Company continues to work on further engineering studies relating to road access and power supply. The aim of these studies is to further improve the economics of the project.

A deep penetrating geophysical survey was conducted in July 2009. The survey aimed to better delineate the resource, to discover new potentially mineralized zones, and to identify drill targets.

The Company completed a major drilling program in October 2009. The program was aimed at converting inferred resources into measured and indicated and examining targets identified by the geophysical survey to potentially extend the known area of mineralization. Including the 11,000 metres drilled in 2009, approximately 102,000 metres have been drilled on property to date.

The assays from the drilling are still being received and analysis will follow once a complete set of data is available.

Should it make a production decision on the property, Western Copper is required to make a cash payment of \$1 million. Production on the claims is also subject to a 5% net profits interest.

Carmacks Copper Project (Yukon, Canada)

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

In 2007, Western Copper reported the key findings of its feasibility study on the project and announced that the study supports the development of the mine. Based on the proven and probable reserve estimate of 10.6 million tonnes, the mine has an estimated six year ore production life. The feasibility study indicates initial capital development costs of \$144 million, which includes a contingency of \$14.1 million. An additional sum of \$7.3 million is attributable to owner's costs, which include the Company's project team salaries, spare parts, and bond costs. The life-of-mine operating costs are estimated to be \$0.98/lb. of copper (US\$0.83/lb. of copper at 0.85 US\$/\$).

Commodity prices, foreign exchange rates, and capital and operating costs have changed significantly since the release of the feasibility study. At recent copper spot price of US\$2.95/lb and an exchange rate of 0.95 US\$/\$, the project remains economically attractive with a pre-tax IRR of 28.7%.

During the first half of 2009, the Company focused on permitting with engineering activities limited to those necessary to support the permitting. No further exploration has taken place this year and none is planned.

On April 15, 2009, Western Copper received the Quartz Mining License ("QML") for the Carmacks Copper Project. This license permits the Company to begin building the Carmacks Copper Mine and establishes many of the terms and conditions under which the mine will operate. As a condition of the QML, the Company was required to provide security in the amount of \$80,300 representing the estimated reclamation cost for work performed to date on the property. The Company holds a Guaranteed Investment Certificate in this amount in safekeeping for the Yukon Government.

The Water Use License ("WUL") is the next and final major milestone of the permitting process and will allow the mine to operate. Western Copper expects to hear shortly of the status of its updated application and anticipates a public hearing to take place early in the new year with the WUL issued in the first half of 2010.

Western Copper is also exploring several financing options and will be in a position to make a production decision upon securing financing and all major permits.

Any production from the Carmacks Copper Project is subject to either a 15% net profits interest or a 3% net smelter royalty, 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 November 10, 2009, Western Copper has made \$600,000 in advance royalty payments.

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.

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

On August 25, 2008, Western Copper signed an option and joint venture agreement with IMA Exploration Inc. ("IMA") that gives 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 is required to spend an additional \$13.1 million towards the completion of a pre-feasibility study on the Hushamu deposit located on the Hushamu claim block. These expenditures, a total of \$15 million, and the completion of a pre-feasibility study will earn IMA a 49% interest in the project. IMA can earn an additional 16% by funding a subsequent feasibility study by the end of the fourth year and an additional 5% by completing mine permitting. The option period began on the execution date of the option and joint venture agreement.

On February 23, 2009, IMA released the results of their 2008 exploration program. IMA reported that the four holes drilled in the NW Expo zone contained copper, gold, molybdenum and rhenium mineralization consistent with that found by Western Copper previously. The two holes drilled in the main Hushamu deposit contained copper grades consistent with previous results, but slightly higher gold grades. IMA also assayed for molybdenum and rhenium and found significant values of both metals. Molybdenum had not been assayed for on a consistent basis in the past and previous programs had not assayed for rhenium.

On September 30, 2009, Kobex Resources Ltd. and International Barytex Resources Ltd. merged with IMA as part of a plan of arrangement. Pursuant to the transaction, IMA changed its name to Kobex Minerals Inc. ("Kobex").

Kobex has met the minimum expenditure obligations required in the first year of the agreement and is currently performing an order of magnitude study to assist it in making future decisions regarding the project.

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.

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.

Redstone (Northwest Territories, Canada)

The Redstone property comprises five mining leases and 16 mineral claims in six distinct areas in the Nahanni Mining District southwest of Norman Wells in the Northwest Territories.

In September 2007, the Company signed an agreement with the Mineral Deposits Research Unit at the University of British Columbia ("MDRU") 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 and leases that offer the most exploration potential. No work was possible in 2008.

MDRU spent approximately two months this summer studying the geology in the area covered by the Redstone claims and leases. A progress report was made to Western Copper in September. The geological modeling will continue with a second site visit in 2010.

The only area that presently has a 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\$1.00 per pound.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

As at and for the quarter ended	30-Sep-09	30-Jun-09	31-Mar-09	31-Dec-08
Expressed in Canadian dollars	\$	\$	\$	\$
Loss and comprehensive loss	509,122	594,590	522,773	599,667
Loss and comprehensive loss per share – basic and diluted	0.01	0.01	0.01	0.01
Mineral properties	70,960,998	67,117,675	65,970,008	65,702,582
Cash, cash equivalents, and short-term investments	11,786,066	10,931,098	12,177,922	13,062,366
Total assets	83,316,052	78,478,161	78,503,650	79,216,492
As at and for the quarter ended	31-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
Expressed in Canadian dollars	\$	\$	\$	\$
Loss (income) and comprehensive loss (income)	530,503	544,160	484,919	(894,685)
Loss and comprehensive loss per share – basic and diluted	0.01	0.01	0.01	(0.01)
Mineral properties	64,047,426	61,664,820	58,853,128	57,194,181
Cash, cash equivalents, and short-term investments	16,460,243	18,527,233	21,963,631	23,726,947
Total assets	80,708,309	80,414,978	80,977,997	81,156,211

The following items created significant variations in quarterly results presented:

- In Q4 2007, the Company recognized a future income tax recovery of \$1.4 million relating to changes in the Canadian federal corporate income tax rates. If not for this transaction, the net loss for Q4 2007 would have been approximately \$500,000, a figure that is consistent with the quarterly losses reported in 2008 and 2009.
- Cash is being spent to fund ongoing operations and to increase the value of the Company's mineral properties. This has led to a decrease in cash, cash equivalents and short-term investments and an increase in mineral properties in each quarter presented above, except Q3 2009. Cash, cash equivalents and short-term investments increased from June 30, 2009 to September 30, 2009 because the Company raised \$4 million through a private placement in July 2009.

RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Expressed in Canadian dollars	\$	\$	\$	\$
ADMINISTRATIVE EXPENSES				
Accounting and legal	61,708	87,962	159,129	297,877
Filing and regulatory fees	16,634	16,580	66,073	71,605
Office and administration	376,804	442,044	1,317,804	1,418,287
Promotion and travel	113,382	106,826	270,775	261,738
LOSS BEFORE OTHER ITEMS	568,528	653,412	1,813,781	2,049,507
OTHER ITEMS				
Interest income	(62,340)	(129,718)	(197,839)	(510,952)
Foreign exchange	2,934	6,809	10,543	21,027
LOSS AND COMPREHENSIVE LOSS	509,122	530,503	1,626,485	1,559,582

Western Copper had a loss of \$509,000 (\$0.01 per common share) for the three months ended September 30, 2009. For the same period in 2008, the Company had a loss of \$531,000 (\$0.01 per common share). Accounting and legal expenses have decreased by \$26,000 in 2009 due to decreased activity in those areas. Stock-based compensation allocated to office and administrative expenses is \$43,000 lower in Q3 2009 than it was in Q2 2009. The decrease is due to the amount, timing, and valuation of the stock options granted by the Company.

Western Copper had a loss of \$1.63 million (\$0.02 per common share) for the nine months ended September 30, 2009 compared to a loss of \$1.56 million (\$0.02 per common share) over the same period in 2008. Year-to-date professional fees decreased by \$139,000 due to lower activity in 2009 compared to the previous year. Office and administrative expenses are lower over the first nine months of 2009 than over the same period in 2008 due to decreases in information technology costs and lower stock-based compensation costs. Although total wage costs have remained consistent with 2008, the amount of wages allocated to administrative expenses instead of mineral properties has increased due to changes in employee responsibilities. The increase in allocation partially off-set the reductions noted previously.

Western Copper continues to earn interest on its cash deposits held at banks and on its short-term investments, but as the Company uses its working capital to fund operations and mineral property development, its interest bearing balances are decreasing. As a result, the Company earned \$67,000 less interest income in Q3 2009 than it did in Q3 2008. During the nine months ended September 30, 2009, Western Copper earned \$313,000 less interest income than it did during the same period in 2008.

The scale and nature of the Company's operations has remained consistent with 2008 and this trend is expected to continue through 2009.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Expressed in Canadian dollars	\$	\$	\$	\$
CASH PROVIDED BY (USED IN)				
Operating activities	(683,590)	(357,719)	(1,655,901)	(1,156,210)
Financing activities	3,661,346	-	3,661,346	500
Investing activities	(2,179,248)	(1,709,271)	(3,449,285)	(6,110,994)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	798,508	(2,066,990)	(1,443,840)	(7,266,704)
Cash and cash equivalents – beginning	2,794,856	18,527,233	5,037,204	23,726,947
CASH AND CASH EQUIVALENTS – ENDING	3,593,364	16,460,243	3,593,364	16,460,243

In addition to its cash and cash equivalents, the Company had \$8.19 million in short-term investments as at September 30, 2009. Cash, cash equivalents, and short-term investments totaled \$11.8 million. Working capital decreased from \$12.4 million as at December 31, 2008 to \$9.60 million as at September 30, 2009.

Cash and cash equivalents comprise cash deposits held at banks. Short-term investments consist of Guaranteed Investment Certificates (“GIC”) from Canadian chartered banks that are cashable at the Company's discretion without interest penalty. Western Copper does not have any exposure to Asset-Backed Commercial Paper.

Western Copper is an exploration stage enterprise. As at September 30, 2009, the Company has not earned any production revenue. It depends heavily on its working capital balance and its ability to raise funds through capital markets to finance its operations.

Based on its current estimates, management expects that Western Copper will have sufficient working capital to fund its administrative expenses and its mineral property costs in 2009 and 2010. The Company will have to raise additional capital prior to building any of its projects in order to fund construction costs.

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company's ability to continue as a going concern is substantially dependent on its ability to raise funds necessary to acquire assets, perform exploration and development activities, and conduct its corporate affairs primarily through the issuance of its common shares. There is a risk that in the future the Company may not be able to raise the capital required to fund operations.

Operating activities

The significant components of operating activities are discussed in the Results of Operations section above.

Financing activities

On July 10, 2009, Western Copper issued 4,000,000 units, comprised of one flow-through common share of the Company at a price of \$1.00 and one-half of one warrant. Each whole warrant will be exercisable for one non flow-through common share of the Company at a price of \$1.25 per common share and will expire three years following closing. If, commencing on the date that is four months plus one day following the closing of the transaction, the weighted average trading price of the Company's common shares is at a price equal to or greater than \$2.00 for twenty consecutive trading days, the Company will have the right to accelerate the expiry date of warrants by giving thirty days written notice to the holder.

The agent received a cash commission equal to 6.0% of the gross proceeds and that number of warrants ("agent warrants") which is equal to 6.0% of the number of units sold. Each agent warrant will be exercisable for one non flow-through common share of the Company at a price of \$1.25 per common share and will expire two years following closing. If, commencing on the date that is four months plus one day following the closing of the transaction, the weighted average trading price of the Company's common shares is at a price equal to or greater than \$1.75 for fifteen consecutive trading days, the Company will have the right to accelerate the expiry date of the agent's warrants by giving thirty days written notice to the agent.

Other than the transaction noted above, there has been no significant financing activity in 2008 or 2009.

Investing activities

The Company expended a net amount of \$3.45 million on mineral property expenditures during the first nine months of 2009. This compares with \$6.08 million during the nine months ended September 30, 2008. The majority of these costs were spent on the Carmacks Copper Project and the Casino property.

The mineral property additions shown below represent costs incurred, not necessarily cash spent, on mineral property expenditures during the nine months ended September 30, 2009. Despite not taking into account changes in working capital balances, mineral property costs incurred are a good representation of Western Copper's mineral property expenditures during the period. At September 30, 2009, unpaid mineral property expenditures included in accounts payable and accrual totaled approximately \$2.3 million.

	Casino	Carmacks Copper Project
Expressed in Canadian dollars	\$	\$
DECEMBER 31, 2008	20,821,505	14,645,143
CASH ITEMS		
Advance royalty	-	100,000
Claims maintenance	8,860	4,408
Detailed engineering	-	82,214
Engineering studies	68,316	1,470
Exploration	3,112,295	-
Permitting	913,293	513,245
Reclamation obligation	-	80,300
Salary and wages	153,825	147,675
CASH ITEMS	4,256,589	929,312
NON-CASH ITEMS		
Exploration	41,032	-
Stock-based compensation	84,741	77,297
NON-CASH ITEMS	125,773	77,297
SEPTEMBER 30, 2009	25,203,867	15,651,752

Western Copper incurred \$2.63 million less mineral property expenditures during the nine months ended September 30, 2009 than it did over the same period last year because the Company made a conscious decision at the beginning of the year to reduce spending due to the uncertainty in the capital markets.

During the first nine months of 2008, Western Copper was progressing quickly on detailed engineering of the Carmacks Copper Project and was working towards completion of the Casino Project pre-feasibility study.

During the first half of 2009, Western Copper limited its efforts to performing only necessary permitting activities relating to the Carmacks Copper Project and the Casino Project. It was not until capital market conditions had somewhat improved near mid-year and the Company had raised some capital, that it initiated significant expenditures such as the exploration program at the Casino Project.

Another factor that led to lower spending year-to-date in 2009 compared to 2008 is that in Q1 2009 the Company received a mineral exploration tax credit in the amount of \$331,000 relating to previous exploration work on its Hushamu property. This amount was credited to mineral properties.

A summary of activities relating to each project is available under the Business and Overview section at the beginning of this document.

RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2009, the Company charged overhead expenses to one of its directors in the amount of \$5,699 (2008 - \$5,511). 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

In April 2009, the Company signed a new lease agreement for its head office in Vancouver. The new lease began on June 1, 2009 and expires on May 31, 2014. The new lease terms will provide savings of approximately \$75,000 per year as compared to the lease in effect at March 31, 2009.

The Company has entered into a commitment to lease office space in the Yukon. The lease expires in 2011.

The future minimum lease payments by calendar year are approximately as follows:

	Vancouver	Yukon
Expressed in Canadian dollars	\$	\$
2009	46,847	7,159
2010	187,393	28,635
2011	190,052	28,635
2012	194,610	-
2013	196,509	-
2014	81,879	-
Thereafter	-	-
TOTAL	897,290	64,429

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.

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 estimated cash flows used to assess recoverability of certain of the Company's mineral property carrying values are developed using management's projections for long-term average copper, gold and molybdenum prices, operating costs, capital expenditures, and applicable foreign currency exchange rates. Management makes estimates relating to current and future market conditions. There are inherent uncertainties related to these factors and management's judgment when using them to assess mineral property recoverability.

Although the Company believes that the estimates applied in the recoverability assessments are reasonable, such estimates are subject to significant uncertainties and judgments. Should underlying assumptions change significantly, impairment charges may be required in future periods. Such charges could be material.

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 3064 – Goodwill and intangible assets

Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The provisions relating to the definitions and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standard 38. The adoption of this standard did not impact the Company's results or disclosures.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Company expects to adopt IFRS effective January 1, 2011. As a result of the adoption, Western Copper will have to present restated prior year comparative figures using IFRS for each comparative period after the transition date. The change in accounting policies may have a material effect on Western Copper's financial results and disclosures.

The Company began to execute its IFRS implementation plan in 2009. During the first half of 2009, Western Copper compared its current accounting policies to IFRS and identified the significant differences between the two. By the end of 2009, Western Copper will select and approve accounting policies that comply with IFRS. Western Copper will track the impact of differences between the two sets of accounting policies as they relate to individual transactions throughout 2010. At the end of 2010, the Company will prepare two sets of financial statements. One set will comply with Canadian Generally Accepted Accounting Principles for reporting purposes. The other set will comply with IFRS for use as comparative figures once Western Copper adopts IFRS on January 1, 2011.

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.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

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, 2008.

Based on that assessment, management concluded that, as at December 31, 2008, 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.

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.

There has been no significant change in disclosure controls or in internal controls over financial reporting from July 1 to September 30, 2009 that has materially affected, or is reasonably likely to affect, the Company's disclosure controls or its internal controls over financial reporting.

RISKS AND UNCERTAINTIES

The following is a list of the most significant risks and uncertainties that affect the Company. This list is not exhaustive. More information on risks and uncertainties is available in Western Copper's Annual Information Form which is available on SEDAR at www.sedar.com.

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 to develop 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. There is a risk that this financing may not be available or available on reasonable terms.

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.

Site closure and reclamation costs

Minimum standards for site closure and reclamation have been established by various governmental agencies that affect certain operations of the Company. Western Copper accounts for reclamation liabilities by recognizing any statutory, contractual or other legal obligation related to reclamation when such obligation is incurred, if a reasonable estimate of fair value can be made. The determination of site closure and reclamation costs requires assumptions with respect to future expected costs and legislation in effect at that time. Changes in these assumptions can materially affect the recognized amount of the liability.

Cautionary note regarding forward-looking statements: 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.
