

Western Copper Corp. (TSX: WRN) – Initiating Coverage; Experienced Management advancing Carmacks copper-gold mine with long term growth potential

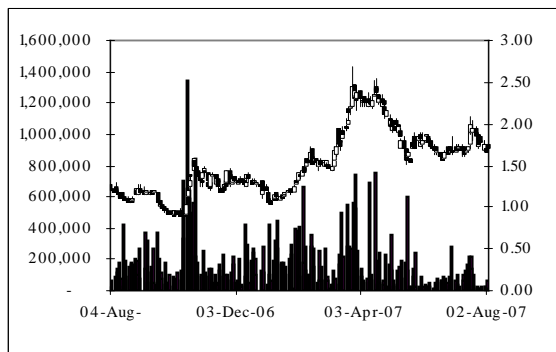
Sector/Industry: Junior Mining

www.westerncoppercorp.com

Market Data (as of August 13, 2007)

Current Price	C\$1.37
Fair Value	C\$3.40
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.89 – C\$2.68
Shares O/S	72,739,036
Market Cap	C\$99.65 mm
Current Yield	N/A
P/E	N/A
P/B	1.41
YoY Return	23.4%
YoY TSX	13.0%

*see back of report for rating and risk definitions



Investment Highlights

- The Carmacks Copper Project (or “Carmacks”) is the most advanced project of Western Copper and is currently in the engineering/procurement/project planning stage. Depending on construction schedule, the company hopes to be in production by Q4-2009.
- There is significant potential to expand the oxide and sulfide resources beyond the current resource/reserve estimate at Carmacks.
- The company is a spin-out from Western Silver Corp. which was acquired in May 2006, in a \$1.2 Billion transaction with Glamis gold.
- The company is very well financed. Western Copper began operating with \$38 million in cash, and has approximately \$30.4 million remaining. They expect to spend \$8 million at Carmacks this year.
- The company is focused on developing its three other copper properties in Western Canada with NI 43-101 compliant resources towards production, providing long-term development potential beyond the scope of the Carmacks project.
- We believe the Yukon is a good place to conduct exploration and mining in Canada.

Risks

- The specific project risks include industry wide labor and equipment delays, start-up risk, and copper prices. The feasibility study used a long-term copper price of US\$2.32/pound (C\$2.73/pound).

Key Financial Data (FYE - December 31)

(C \$)	2006	Q1-2007
Cash	37,082,010	34,564,486
Working Capital	36,662,671	34,864,053
Mineral Assets	46,507,499	47,265,078
Total Assets	84,005,656	82,777,429
Net Loss	(3,242,185)	(1,732,046)
Loss per Share	(0.06)	(0.02)

*an FRC geologist and analyst has visited the Carmacks Copper Project in June 2007.

Western Copper Corp. is pursuing production at their wholly owned Carmacks Copper Project in the Yukon Territory. This property has a large copper resource amenable to low cost acid leaching. Under the current schedule, this deposit could be in production by Q4-2009. The company also owns several advanced stage copper porphyry properties in Western Canada that they are actively exploring.

**Company
Overview**

Western Copper has an advanced stage copper-gold property, Carmacks, which is currently in the engineering and procurement phase. The company hopes to begin construction in the spring of 2008. Western Copper benefits from an experienced management team that was involved in the development of the Peñasquito Silver Mine in Mexico for Western Silver before Glamis Gold acquired Western Silver. Now, this team has moved back to the company's original project, Carmacks Copper, and is working to achieve production there. With a focus on developing all of their projects through to production, they also have additional long-term growth potential from their three advanced stage exploration projects in Western Canada with known NI 43-101 compliant resources, acquired through their takeover of Lumina Resources.



Source: Western Copper Corp.

**Corporate
History**

Western Copper Holdings had advanced the Carmacks Project through the Feasibility Stage in 1995, and Basic Engineering in 1997, but shelved the project due to declining copper prices. They acquired the Peñasquito silver property in Mexico, and subsequently changed their name to Western Silver. In 2006, Glamis Gold (since acquired by Goldcorp) acquired Western Silver in a C\$ 1.2 Billion transaction. As part of the transaction, Western Silver spun-off its cash and its Carmacks and Sierra Almoloaya properties into a new company - Western Copper Corporation. Key members of the management team of Western Silver were retained. Western Copper began trading in May 2006, and started with approximately \$38 million in cash to pursue their projects. In November 2006, Western Copper completed their takeover of Lumina Resources. Western issued one Western Copper share for every one share of Lumina, which represented a 63% premium over Lumina's 20 day trading average. Lumina became wholly-owned by Western Copper.

**Mining
Outlook:
Yukon
Territory**

According to a study recently conducted by the Fraser Institute, the Yukon is in the top 20 best regions for policy potential, a composite index of many factors that attract mining investment. The government has favorable land use policies, regulatory structure, and is very secure. We believe that Canada is a good place to conduct exploration and mining, due to its security, mining history, political stability, and mineral potential. Risks of operating in Canada include slow permitting times, and lack of accessibility and infrastructure in remote

areas of some of the Canadian North.

Yukon Territory	
Category	World Rank
Policy Potential	11
Security	1
Mineral Potential	14
Best Practice Mineral Potential	11
Composite Policy & Mineral Potential	6
Infrastructure	39
Political Stability	2
Regulatory Duplication & Inconsistencies	15
Taxation Regime	3

The Yukon's rank for favorable mining investments in the world for 2005/2006.

Data Source: The Fraser Institute, an Economic Think Tank based in Canada

The Yukon Environmental and Socio-economic Assessment Act (YESAA) Board reviews and makes recommendations to the Yukon Government regarding permitting for exploration and mining in the Yukon. The YESAA Board consists of independent, government elected, and First Nations consultants who review each application. Thus far, it appears the Yukon government has been accommodating in the undertaking of funding and permitting of a new hydro-electric grid power line near the Carmacks property. The grid powerline is targeted for construction in 2008. Historically, the Yukon has been a mining friendly region, as mining was a significant economic driver in the 1980's. Unfortunately, due to the cyclical nature of the mining industry, by the 1990's, few people were employed by mining. The Carmacks Mine would provide direct employment for between 124-175 people per year over the life of the mine.

Company Strengths

We believe Western Copper has a number of strengths, outlined below.

- Western Copper benefits from a strong management team, each with excellent experience in their field. This team has a proven track record of project development. They are also very well financed at this stage of the project.
- The company has a well-defined strategy of acquiring projects with existing NI 43-101 compliant resource estimates located in Western Canada and other geopolitically stable locales, which, in addition to development of its substantial current resource base, provides Western Copper with long-term growth potential.
- The company has been working to advance the project as quickly as possible, which can be difficult with the current labor shortage the mining industry is experiencing. The company has outsourced engineering and technical tasks to several different firms to advance the project as quickly as practicable.

**Properties
Overview**

Property	Location	Stage	Reserve or Resource
Carmacks	Carmacks, YT	Planning & procurement	P&P: 10.6 Mt grading 1.04% total Cu, 0.48 g/t Au, 4.62 g/t Ag.
Casino	YT	Prefeasibility study	M&I: Net 964 Bt grading 0.48% -0.66% Cu-Eq
Hushamu	Port Hardy, Vancouver Island, BC	Advanced exploration	M&I: 231 Mt and Inferred: 53 Mt grading 0.28% Cu, 0.3 g/t Au
Redstone	NWT	Advanced exploration	34 Mt inferred grading 3.92% Cu, 9 g/t Ag
Sierra Amoyala	Chihuahua State, Mexico	JV to Queenston Mining Inc., drilling	--

**Carmacks
Copper
Property**

Property Overview: The Carmacks property hosts oxide and sulfide copper resources. This property is the company's most advanced project, and they are currently developing the property for production. Significant exploration potential exists to expand the mine life, and the company is currently working to expand the resource estimate.

Ownership: The company holds a 100% interest in the property.

Historic Exploration/Production: Copper was first discovered in the area during a regional prospecting program in the 1890s. Before the company re-commenced exploration in 2006, at least 90 drill holes totaling 12,900 meters had been completed.

Sherwood Copper's Minto Mine: The Carmacks project is located 50 kilometers away from a recently opened copper mine owned by Sherwood Copper (TSXV: SWC). The Minto Mine is, however, primarily a sulfide deposit with similar geology and mineralization to Carmacks' sulfide resource. The Minto deposit is currently a larger deposit and is flat lying, unlike the faulted and turned mineralization at Carmacks. Sherwood's various zones have a combined resource estimate of 15.4 million tonnes grading between 1.2-1.9% copper and 0.48-0.6 g/t gold in the measured and indicated categories.

Accessibility and Infrastructure: The remote location of the Carmacks property is one project challenge we observed on our site visit to the property. The property is currently accessed by an exploration road running approximately 12 kilometers from kilometer 33 of the Freegold Road from Carmacks, YT. The company plans to develop a new road corridor with a better grade for construction and production.

Electricity will come in from a proposed power line along the Klondike Highway, 13 kilometers to the east of the property. The estimated timeline for power is Q3-2008. At this time, we observed that the company is using a generator for electricity. The company currently has one well, and is planning to drill several more to provide sufficient water for production.

Weather on the property is warm in the summer, but very cold in the winter. There is a possibility that ore production will be suspended during the coldest periods of winter weather, but processing of the acid leach solution and production of copper will continue.

Permitting: The company began the permitting process again in 2004 under the Yukon Environmental Assessment (YEA) Process. When YESAA was subsequently enacted, the process continued under both assessment regimes. The main permits in the table below are required for operation of the mine and will follow from the release of a screening report pursuant to YESAA. The company is proceeding with engineering before these permits are received. Construction will require a Quartz Mining License. It is expected that financing will proceed upon receipt of the YESAA screening report, which would not hinder full construction. The permit timeline below fits in well with the company's timeline.

Remaining Permits	
Quartz Mining License	Q2-2008
Type A Water License	Q4-2008

Geology and Mineralization: The oxidized copper mineralization in Zone #1 is hosted in the upper 225 meters of a 50 meter by 650 meter volcanogenic hornblende gneiss orebody. The mineralization consists mainly of secondary copper minerals formed by weathering. We observed malachite and azurite in Zone #1. Copper metal is recoverable from these minerals using inexpensive acid heap leaching technology. Sulphide mineralization occurs at depth. At least 14 other geologically analogous mineralized zones including Zone #1 have been identified on the property. Resources and reserves have been estimated for Zones #1 and #7.

The company is conducting exploration on their higher priority mineralized zones in their 2007 exploration program. They have been drilling oxide mineralization in Zone #4 adjacent to Zone #1, and oxide and sulfide mineralization on the #12 and #13 Zones. The depth of oxidation in #12 and #13 is more variable and shallower than in Zone #1. Sulfide mineralization is known to occur at depth.

Metallurgy: The company plans to mine the oxidized, near surface ore, which is amenable to acid heap leaching. The total recovery is estimated to be 80% after one year of leach operations, rising to 85% by end of heap life. The heap leach pad will be permanent, and will fill a 38.2 hectare valley over the life of the mine. A solvent extraction/electro-winning (SXEW) plant constructed on site will produce copper plate cathodes.

Mine Design: The feasibility study outlined an open pit deposit on the #1 and #7 Zones. The company is in the process of drilling the #4 Zone adjacent to #1, which has the potential to add resources/reserves to the open pit. There is further potential for resources at the southern end of the #1 Zone.

Feasibility Study: A feasibility study completed in May 2007 indicated strong economic potential for the Carmacks project. The inputs of the project are outlined in the table below.

Capital Cost	C\$ 144 million (+C\$ 7.3 million owner's costs)	An additional C\$20.8 million will be required over the life of the mine
Facilities	SX/EW plant, 131 tpd sulfuric acid plant	
Operating Cost	C\$ 19.22/tonne ore (C\$0.98/lb copper)	
Operating Rate	28,400 tpd (ore and waste)	
Mine Life	6 years	Potential to expand with current exploration
Annual Production	14,500 tonnes copper	
Recovery	85% copper	Recovery over life of the mine
Payback	3.9 years using US\$ 2.32 Cu & 0.85 C\$/US\$	

Current Developments: The company is conducting engineering and construction work while conducting resource expansion and grassroots exploration drilling programs. Resource definition and expansion drilling has been conducted on the adjacent #1, #7, and #4 Zones, which the company believes could be exploited by one open pit. They have been drilling the #12 and #13 zones on other parts of the property to delineate resources that could be exploited after the #1 Zone open pit is exhausted.

Resource/Reserve Estimates: In 2006, the company completed a confirmation drilling program to bring the 1995 resource estimate to NI 43-101 compliant standards. We expect an updated resource estimate by the end of 2007, incorporating this year's exploration program. Although sulfide resources have been calculated, the processing of sulfide ore would completely change the scope of the project. Sulfide processing would likely require flotation processing.

Resource Oxide	Tonnage	Grade (% Cu)	Grade (g/t Au, g/t Ag)
Measured	3,288,000	1.23	0.652, 6.135
Indicated	7,084,000	1.09	0.458, 4.382
Inferred	82,000	0.82	0.207, 1.502
Sulfide			
Measured	1,256,000	0.72	0.227, 2.398
Indicated	4,399,000	0.78	0.227, 2.200
Inferred	3,161,000	0.69	0.180, 1.644
Reserve	Tonnage	% Total Cu (% Oxide Cu)	Grade (g/t Au, g/t Ag)
Proven	3,190,000	1.227 (1.028)	0.659, 6.20
Probable	7,422,000	0.965 (0.822)	0.408, 3.93
Dilution	960,000	0.065 (0.043)	0.018, 0.20
Total Proven & Probable	10,611,000	1.044 (0.884)	0.483, 4.62

Project Schedule: We have outlined the company’s timeline towards production below. Because we prefer to use conservative estimates, and it is our experience that mining projects are experiencing significant delays right now, we will use a production date of Q2-2010 in our valuation.

Timeline		
2007	Exploration, project planning, procurement, new resource	Currently underway
2008	Road construction, mine prestripping, leach pad construction, building construction, final permits	The leach pad’s construction is the critical activity in 2008. As sizable equipment has already been mobilized using the exploration road, construction of the operating road is reduced somewhat in priority.
2009	Leach pad liner and overliner built, Final construction completed by Q3	
Q4-2009	Production of copper cathode	Dependent on pad loading and acid production by Q3

Site Visit Highlights: On June 28, 2007, Martha Buckwalter-Davis and Brian Tang, FRC’s president, visited the Carmacks project. We observed exploration drilling, project layout, trenching and historic drill core. We also observed the company’s quality assurance/quality control (QAQC) procedures in action. The Carmacks property has a good QAQC program in place to ensure sample integrity, which is important in the post Bre-X market. Photos from our visit can be seen below.



FRC Geologist Martha Davis observing drill core with Jim Marlow, P. Eng, Senior Mine Engineer



A trench in the #1 Zone, where we observed malachite and azurite copper mineralization



The future heap leach pad was first cleared in the 1990s

Source: Fundamental Research Corp.

Casino Copper-Gold Property

Property Overview: The company recently announced the initiation of a prefeasibility study by M3 Engineering of Tucson, AZ for the Casino project, which the company acquired through their takeover of Lumina Resources. The Casino deposit is considered one of the largest unexploited copper-gold-molybdenum bodies in the Yukon, and has been significantly advanced to the scoping study phase.

Ownership: As of August 10, 2007, the company has exercised its option to acquire the property from Great Basin Gold (TSX: GBG) for C\$1 million.

Historic Exploration/Production: Since the property's discovery in 1967, several companies have drilled and advanced the Casino property. The most recent company before Lumina, Pacific Sentinel Gold Corp, advanced the property to a scoping study. They proposed open pit extraction with a conventional flotation mill to produce a concentrate that could be sold to Pacific Rim smelters.

Accessibility and Infrastructure: The Casino project is remote, with no all season road access at this time. It has a basic airstrip capable of handling freight aircraft. There is a winter road that is used for the trucking of supplies.

Geology and Mineralization: The Casino copper porphyry deposit is heavily weathered, which has created several distinct mineralized zones of primary and secondary mineralization. The upper 70 meters is a leached, oxidized cap that is enriched in gold but depleted in copper. The Casino deposit is a large tonnage, low-grade deposit. Oxide and sulfide resources are contained in the deposit, which will likely require different metallurgical recovery methods.

Metallurgy: Preliminary test work has been done to assess the recovery of copper, gold, and molybdenum from this large resource. Further work will be conducted as part of the prefeasibility study currently in progress. The oxidized material in the leached cap and supergene oxide zone is amenable to cyanide/acid leaching, and the sulfide material is amenable to conventional flotation processing. Two-stage, acid/cyanide leaching of the leached cap resulted in recoveries of 91.5% for gold and 30.3% for copper. Acid/cyanide leaching of the supergene oxide resulted in recoveries of 75.2% for gold and 70.9% for copper. However, the presence of copper resulted in very high cyanide consumption. Flotation results from the supergene and hypogene sulfide were good. Flotation tests of the Supergene Sulfide provided average recoveries of 72.8% for gold, 84.6% for copper, and 86.3% for molybdenum. Flotation tests of the hypogene ore provided average recoveries of 75.4% for gold, 82.9% for copper, and 78.3% for molybdenum. The oxidized material may be amenable to flotation recovery, but further testing is required.

Current Developments: M3 Engineering & Technology Corporation has been contracted to prepare a pre-feasibility study for Casino. This study will examine issues such as accessibility, power, and project layout. If successful, the company plans to follow with a feasibility study. The study will also examine the economics associated with processing oxide and sulfide materials, as they use different metallurgical systems.

Resource Estimates: The resource in the table on the next page totals almost 1 billion tonnes of ore, contained in several different mineralized systems. This works out to approximately 4.7 billion pounds of copper, 425 million pounds of molybdenum, and 7.4 million ounces of gold, excluding the resource in the leached cap.

Resource Category	Material	Cut-off Grade	Tonnes (million)	Au (g/t)	Cu (%)	Mo (%)	Cu EQ*
Measured & Indicated	Leached Cap	>0.04 g/t Au	38	0.57	0.07	0.02	N/A
Measured & Indicated	Supergene Oxide	>0.3% Cu Eq	42	0.35	0.33	0.02	0.66
Measured & Indicated	Supergene Sulphide	>0.3% Cu Eq	124	0.32	0.32	0.02	0.66
Measured & Indicated	Hypogene Sulphide	>0.3% Cu Eq	798	0.22	0.20	0.02	0.48
	Total excluding Leached Cap		964	0.24	0.22	0.02	0.51

* Calculation of copper equivalent (CuEQ) was based on the following formula: $CuEQ = (Cu\%) + (Au\ g/t \times 11.25/17.64) + (Mo\% \times 99.21/17.64)$ using metal prices of \$0.80 per lb copper, \$350 per oz gold and \$4.50 per lb molybdenum. The copper equivalent calculations reflect gross metal content and do not account for differences in the relative metallurgical recoveries of gold, copper and molybdenum.

Source: Western Copper Corp.

Hushamu

Property Overview: The large 91,000 acre Hushamu property lies in the Island Copper Belt on the northern end of Vancouver Island, near Port Hardy.

Ownership: The company acquired a 100% interest in the property through their takeover of Lumina Resources.

Historic Exploration/Production: The district property is beside the former Island Copper Mine, operated at 50,000 tonnes/day by BHP Billiton (NYSE: BHP) from 1971-1995. Lumina Resources conducted an extensive exploration program in 2005, including airborne surveys, geochemical surveys, mapping, sampling, prospecting, and a diamond drilling program. The previously unexplored NW Expo Zone was discovered during this program. Hole EC-228 in the NW Expo Zone intersected 1.0 g/t Au and 0.17% Cu over 95 meters.

Accessibility and Infrastructure: This project covers a large land area, so accessibility and infrastructure differs over the range of targets but is generally good. Much of the infrastructure for the Island Copper Mine is still in place, including tidewater concentrate loading facilities used by BHP Billiton and grid power to the property. The company does not own or have rights to the infrastructure at this time. The Hushamu deposit is located 27 km. from the marine terminal. The company is focused on exploring the NW Expo area at this time, as its proximity to tidewater is an advantage for that target.



*The tidewater loading facilities for BHP Billiton's former Island Copper Mine.
Source: Western Copper Corp.*

Geology and Mineralization: There are a number of copper porphyry targets in this 60 km by 8 km property. Copper porphyry deposits are large tonnage, low-grade deposits with disseminated copper, gold, and molybdenum. These targets include the Hushamu deposit, NW Expo Zone, the new Cougar Zone, Pemberton Hills, as well as numerous other areas.

Current Developments: The company commenced drilling at Hushamu in February 2007. Two drill hole assays have been released from the NW Expo Zone. These drill results indicate the presence of a large copper porphyry style body, with typical grades and widths of copper, gold and molybdenum.

Resource Estimates: The resource currently includes the Hushamu deposit only. The company is focusing on exploration at NW Expo at this time, to add resources to this deposit. The resource at Hushamu at a 0.2% Cu cut-off grade is outlined in the table below.

Resource Category	Tonnage Above Cut-off Million Tonnes	Grade Cu (%)	Grade Au (g/t)
Measured + Indicated	230.9	0.28	0.309
Inferred	52.8	0.28	0.377

Source: Western Copper Corp.

Redstone

Property Overview: The Redstone copper property in the Nahanni Mining District of the Northwest Territories is the least advanced of the company's Canadian assets. The property has a large inferred resource in the South at Coates Lake and there are high grade copper occurrences of up to 12% in areas of the Redstone Belt. Western Copper holds 87,000 acres of mineral and mining leases throughout the belt.

Historic Exploration/Production: Lumina completed an exploration program in 2005. This program included geophysical surveys, prospecting, and sampling.

Geology and Mineralization: The Redstone project is part of a large, 150 kilometer long sedimentary style strata bound copper-silver belt that is up to 15 kilometers wide.

Resource Estimate: The resource in the table below is contained in the Coates Lake deposit. There is excellent potential for resource expansion at the Redstone project.

Resource Category	Tonnage Above Cut-off Million Tonnes	Grade Cu (%)	Grade Ag (g/t)
Inferred	33.6	3.92	9

Source: Western Copper Corp.

Sierra Almoloya

Property Overview: The 43,000 acre Sierra Almoloya property is early stage, but is of interest due to its historic production. Under the terms of the option agreement, Queenston Mining (TSX: QMI) can earn a 60% interest by spending US\$1.5 million over 4 years. Western Copper plans to maintain a 25% participating interest or 15% carried interest, should the property advance to production.

Historic Exploration/Production: Historically, the property has produced approximately 1.25 million tonnes grading 25 oz/ton silver, 1 oz/ton gold, 60% lead, and 25% zinc. These very high-grade deposits are found in mineralized chimney structures.

Management & Board

F. Dale Corman, B.Sc., P.Eng. - Chairman & Chief Executive Officer

Mr. Corman graduated with a Bachelor of Science degree in geology from Rensselaer Polytechnic Institute in Troy, New York, in 1961 and obtained Professional Engineer status in Ontario in 1972. He has 30 years experience as a senior corporate officer of publicly listed companies and has extensive expertise in mineral and geothermal exploration and development, property evaluation and acquisition, project financing and corporate management, most recently as Chairman and CEO of Western Silver Corporation.

Ross Beaty, B.Sc., M.Sc., LL.B. - Co - Chairman

Mr. Ross J. Beaty founded Pan American Silver Corp. in 1994 and currently serves as Chairman. He is a geologist and mining entrepreneur with more than 30 years of experience in the international minerals industry. He is a past President and current member of the Executive Committee of the Silver Institute in Washington, DC. Mr. Beaty is a Fellow of the Geological Association of Canada and the Canadian Institute of Mining, and is a recipient of the Institute's Past President's Memorial Medal. Mr. Beaty was born in Vancouver, Canada in 1951 and educated at the Royal School of Mines, University of London, England, M.Sc., Distinction (Mineral Exploration) 1975 and the University of British Columbia, LL.B. (Law) 1979 and B.Sc. (Honours Geology) 1974.

David Jensen, P.Eng., LL.B., MBA - Vice President, Corporate Development

Mr. Jensen graduated with a Bachelor of Applied Science (Mechanical Engineering) from the University of Waterloo in 1987 and received P.Eng. status in British Columbia in 1990. Working initially on military and civil aerospace programs in engineering and project management capacities and high technology manufacturing, Mr. Jensen obtained his LL.B.

(Corp/Comm Law focus) from the University of Calgary in 1997 and his MBA (Logistics & Supply Chain Management) from the University of British Columbia in 1999. Experience includes providing strategic and business advisory services to B.C. mining companies through his own consultancy.

Jonathan Clegg, P.Eng. - Vice President, Engineering

Since receiving his degree in civil engineering from Cambridge University in 1974, Mr. Clegg has nearly 30 years of experience in the design, management and construction of mining related projects. This experience has encompassed all phases of project development from initial studies to project start-up. Mr. Clegg has also worked on infrastructure and petrochemical projects. From 1974 to 1979, Mr. Clegg worked in South Africa on a number of projects, joining Kilborn Engineering there in 1977. In 1979 he moved to Canada with Kilborn remaining with the company until 2002. From 1999 to 2002 he was Vice President and General Manager of Kilborn Engineering Pacific Ltd. In 2003 he joined Western Silver Corporation as V.P. Engineering, focusing mostly on the Peñasquito Project, until the company was acquired by Glamis Gold Ltd.

Julien François, CA - Vice President, Finance and Chief Financial Officer

Mr. François received his Bachelor of Commerce from the University of British Columbia in 2000 and his Chartered Accountant designation in 2004 in British Columbia. He became Controller of Western Silver Corporation in 2005 after having worked at PricewaterhouseCoopers since 2000. Mr. François experience is concentrated in the mining and high tech sectors. He has also worked extensively on internal control design and assessment projects, both as a consultant and as an external auditor.

Cameron Brown, P.Eng. - Project Manager

Mr. Brown has 37 years experience in the mineral processing industry through assignments in Canada, USA, South America, Australia, and Romania. He has been responsible for project management and engineering of major base and precious metals projects in complex and remote regions such as the Canadian Arctic, the Atacama Desert in Chile, and New Caledonia. He served as the Deputy Project Manager during the design phase and subsequently as the Project Manager during the construction of the \$US1.4 billion Los Pelambres mine and copper concentrator complex in Chile. He has also served as Project Engineering Manager on several other major mine and concentrator projects. His most recent major project assignment was as Project Manager of the \$US 500 million, Peñasquito Project for Western Silver in Mexico during the feasibility study phase and until its acquisition by Glamis Gold Ltd.

Paul West-Sells, Ph.D. - Senior Metallurgist

Dr. West-Sells received a B.A.Sc. followed by a Ph.D. from the University of British Columbia in 1996. He has over 10 years experience working on a variety of mining projects, first with BHP in Reno and then with Placer Dome prior to its acquisition by Barrick Gold Corporation. Recently he was Senior Metallurgist at Barrick's Technology Centre focusing primarily on refractory gold and copper projects. He joined Western Copper Corporation in 2006 as Senior Metallurgist to assist in the development of its portfolio of mining projects.

Jim Marlow, B.Sc., B.A.Sc., P.Eng. - Senior Mining Engineer

Mr. Marlow received a B.Sc. in marine sciences from the University of Victoria in 1977 and in 1987 he received a B.A.Sc. in mining engineering from the University of British Columbia. With over 18 years of consulting and operating experience in the Americas and Central Asia, Mr. Marlow has held key technical and management positions. From 1996 to 2002 he was a Senior Engineer and Project Manager at Kilborn Engineering Ltd. and from 2002 to 2004 through his own consultancy, he provided mine engineering, project management and environmental permitting services. In 2004 Mr. Marlow joined Western Silver Corporation as Senior Mining Engineer, focusing on the advancement of the Peñasquito Project until its acquisition by Glamis Gold Ltd.

Corey Dean, B.Comm, LL.B. - Corporate Secretary

Mr. Dean has practiced corporate, securities and natural resource law with a focus on corporate finance and mergers and acquisitions since 1981. He was educated at the University of British Columbia where he received his B.Comm. in 1979 and his LL.B. in 1980. Since 1987, he has been a partner of the firm of DuMoulin Black LLP, a law firm focused on corporate finance for public companies, and is currently managing partner of the firm. Mr. Dean has an extensive corporate and securities practice with particular emphasis on mergers and acquisitions as well as public and private financings and corporate governance matters. He has advised numerous clients in listing matters on stock exchanges and in cross border financings. He acts as counsel for corporate clients engaged in various industry sectors but primarily in mineral exploration, development and operations.

Robert J. Gayton, B.Comm., Ph.D., FCA - Director

Dr. Gayton, F.C.A., graduated from the University of British Columbia in 1962 with a Bachelor of Commerce and in 1964 earned the chartered accountant (C.A.) designation while at Peat Marwick Mitchell. Dr. Gayton joined the Faculty of Business Administration at the University of British Columbia in 1965, beginning 10 years in the academic world, including time at the University of California, Berkeley, earning a Ph.D. in Business. Dr. Gayton rejoined Peat Marwick Mitchell in 1974 and became a partner in 1976 where he provided audit and consulting services to private and public company clients for 11 years. Dr. Gayton has directed the accounting and financial matters of public companies in the resource and non-resource fields since 1987. Dr. Gayton is a director of several public companies.

Klaus Zeitler, Ph.D. - Director

Dr. Zeitler was Senior Vice President of Teck Cominco Limited from 1997 until 2002, and previously was on the Board of Directors of Teck Corp. from 1981 to 1997 and Cominco Limited from 1986 to 1996. Dr. Zeitler remains active in mineral exploration and development through a number of ventures in addition to Western Copper Corporation.

David Williams, MBA - Director

Mr. Williams obtained a Master of Business Administration Degree from Queens University in 1964 and a Doctor of Civil Laws Degree from Bishops University in 1966, where the Business Faculty is named in his honour. Mr. Williams currently manages investments for his family holding company and is involved in a number of charitable organizations. He is

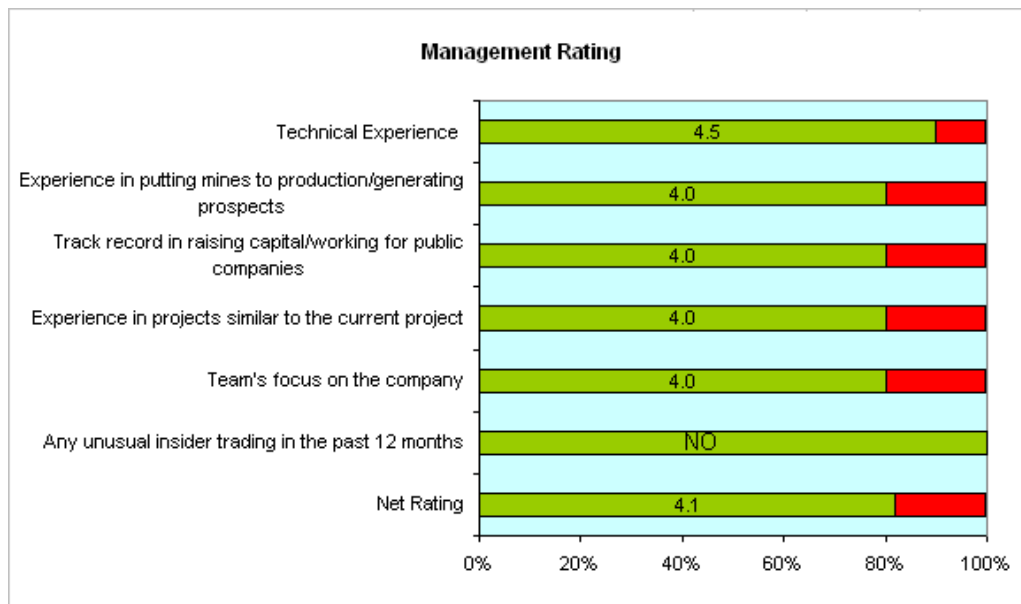
Chairman of Bennett Environmental and Roador Inc. and is a director of Calvalley Petroleum, Resin Systems, Atlantis Systems, and Newport Partners Income Fund.

Brent Kinney, B.Sc., LL.B. - Director

Mr. Kinney is an international petroleum lawyer based in Dubai, United Arab Emirates. He has more than 20 years experience representing both government and private sector clients throughout the world. Prior to leaving Canada in 1990 he was a partner in one of Alberta’s leading energy law firms. He has represented governments, state oil companies and international oil companies in petroleum ventures worldwide. Mr. Kinney is also a director of Husky Energy Inc. and Dragon Oil plc. He has both a Bachelor of Laws degree and a Bachelor of Science (Geology) degree from the University of Manitoba, Canada. He is a member of the Canadian Bar Association and the Law Societies of Alberta, England and Wales and Hong Kong and is also a member of the Chartered Institute of Arbitrators, London, England.

Management Rating

We believe that the most important aspect of a junior mining company is its management. Our management rating system is a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management’s time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Western Copper is 4.1, which we have rated above average.** We rated the company’s management and advisory board highly for many aspects of our rating. We have been impressed with the quality of Western Copper’s highly experienced management team.



Strength of Board

The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director’s ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. In this report, we introduce our strength of board rating for Western Copper, which uses information available from the

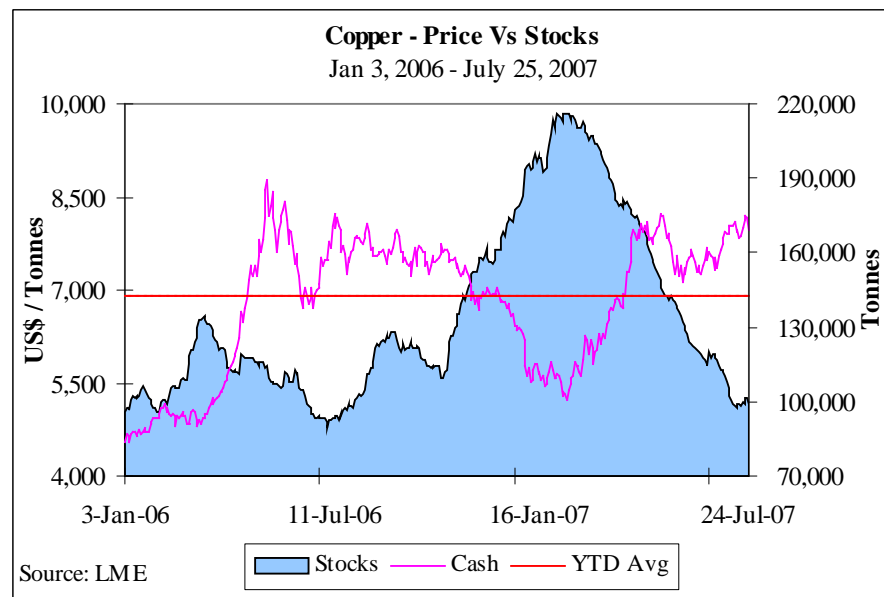
company’s annual “Management Information Circular” to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Board. This report also identifies any non-arms length transactions and management’s compensation.

Western Copper’s Board of Directors is made up of six individuals: Dale Corman, Ross Beaty, Klaus Zietler, Robert Gayton, Brent Kinney, and David Williams. Dale Corman is the only related/non-independent director, as he is a named executive officer of the company and receives compensation. Brent Kinney is the only board member that does not hold any shares in the company. David Williams was a director of Octagon Securities, a company that was delisted from the TSX Venture and NEX Exchanges in 2004, for failure to file financial statements. Octagon declared bankruptcy in 2001. The Audit Committee is made up of Robert Gayton – Chairman, Klaus Zeitler, and David Williams. The Compensation Committee is made up of David Williams, Robert Gayton, and Brent Kinney. The company has a Corporate Governance & Nominating Committee, whose members are Klaus Zeitler, David Williams, and Robert Gayton. The Environmental, Health & Safety Committee is made up of Klaus Zeitler, Dale Corman, and Brent Kinney. Thus, these boards should be considered independent. Western Copper does not have any non-arms length transactions.

Industry Conditions

Copper is one of the most widely used metals in the world. About 50% of the world’s copper production is used in electrical wires and cables. The construction and automobile sectors are other major markets for copper.

Price and Inventory Levels: Like most other commodities, copper prices have been highly volatile since the beginning of 2006. Copper prices ranged between US\$2.06/lb and US\$3.99/lb in 2006. As of July 25, 2007, copper was trading at US\$3.62/lb (cash). Current prices represent a YOY increase of 6.9%. As shown in the chart below, current prices are well above the average price of US\$3.14/lb since the beginning of 2006.



We believe the recent drop in inventory levels (as shown in the chart above) was one of the major catalysts for the price increase. Although copper stocks are slightly up YOY, they have declined considerably from their highs in early 2007. As of July 25, 2007, LME stocks were 99,025 tonnes, which reflects a 0.5% YOY increase and 45.8% YTD decrease.

Fundamentals: Supply and Demand

The table below shows the historical supply and demand of refined copper, along with the International Copper Study Group's (ICSG) forecasts for 2007.

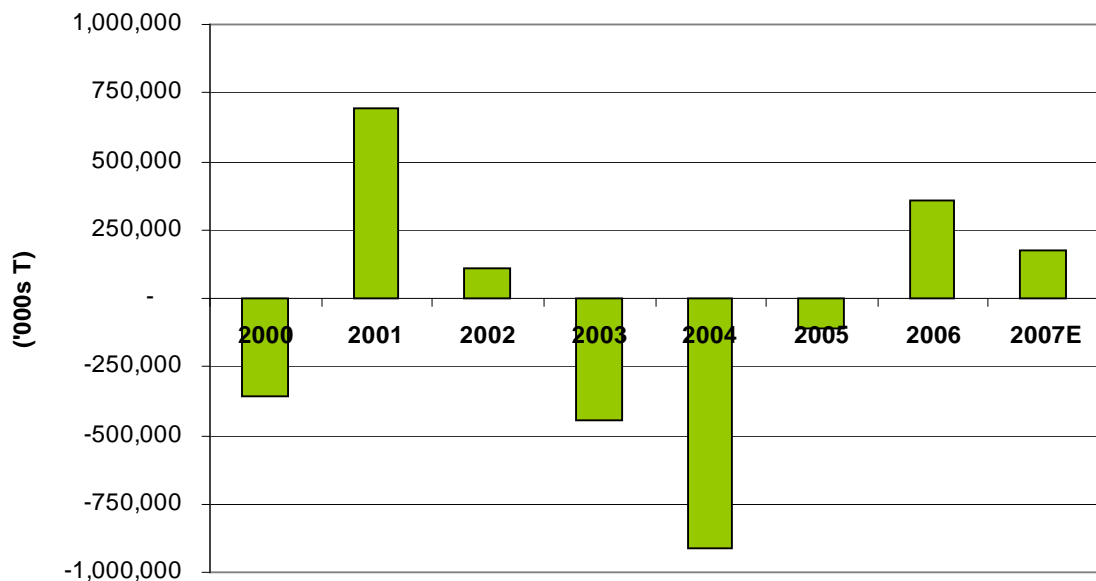
World Refined Copper Production and Consumption ('000T)

	2000	2001	2002	2003	2004	2005	2006	2007E
Refined Production (S&P)	14,772	15,594	15,269	15,224	15,869	16,541	17,384	18,059
Increase (YOY)		5.6%	-2.1%	-0.3%	4.2%	4.2%	5.1%	3.9%
Refined Usage	15,133	14,903	15,157	15,667	16,785	16,648	17,022	17,884
Increase (YOY)		-1.5%	1.7%	3.4%	7.1%	-0.8%	2.2%	5.1%

Source: ICSG

According to the ICSG, total production of refined copper (primary and secondary) was 17.38 Mt in 2006, compared to 16.54 Mt in 2005, an increase of 5.1% YOY. Consumption, however, only grew at 2.2% YOY, from 16.64 Mt in 2005, to 17.02 Mt in 2006. According to ICSG's forecasts (October 2006), production is expected to increase at 3.9% YOY, while consumption is expected to grow at 5.1% YOY in 2007. The chart below shows the global copper supply surplus/deficit since 2000.

Global Refined Copper (Surplus / Deficit)



Source: ICSG

There were supply deficits during 2003-05 (as shown in the chart above), as growth in consumption was higher than production during 2002-04. However, 2006 ended up in a

production surplus, as production growth was higher than consumption. The surplus, however, is expected to decline in 2007, due to higher consumption growth.

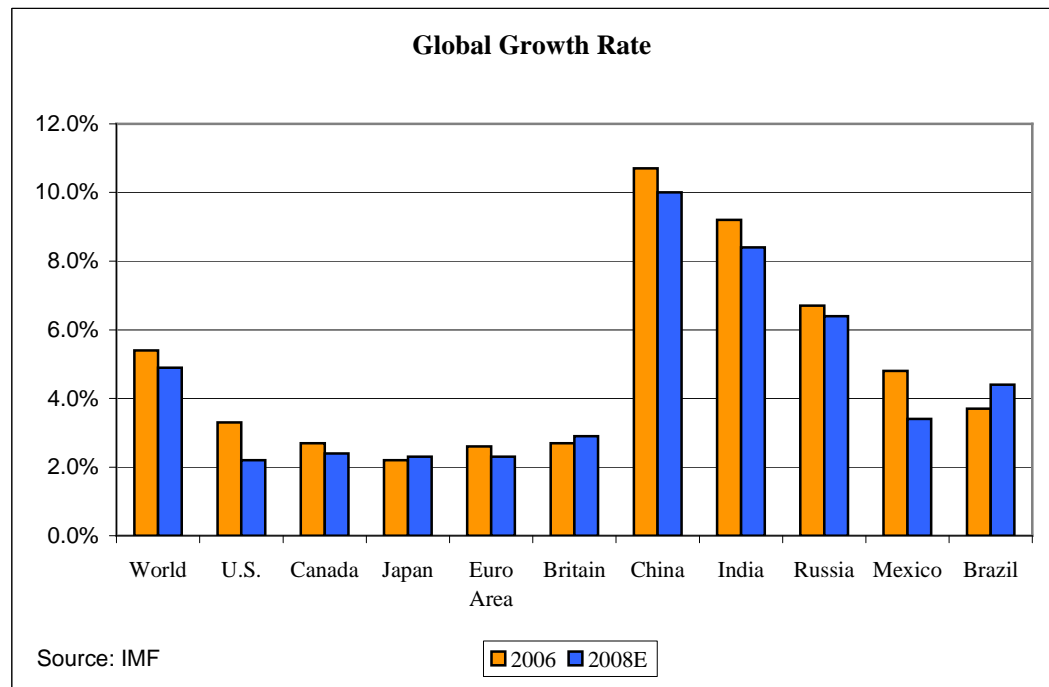
Positive short-term outlook: We believe that strong copper demand from China and India, slightly offset by lower demand from the U.S., will support growth in consumption and a decline in the production surplus in 2007.

Strong demand from China and India: The demand for copper in China, the world's biggest consumer of copper, has been the biggest driver of the metal's prices since the beginning of 2006. The Chinese economy grew at 10.7% (the fastest in more than a decade) in 2006. In 2006, China accounted for 22% of global copper consumption. Goldman Sachs forecasts demand for the metal in China to increase by 13% in 2007. Another major driver of demand has been the rapid growth in India. According to Credit Suisse, India's economy is expected to grow at 8% - 10% per year over the next 5 years. Although India accounts for only 3% of total global consumption, we believe, the demand growth in India will become more significant in the copper market, as their share of global consumption rises.

Slowdown in the U.S. Housing sector: According to the Copper Development Association, 40% of the metal's application is in the construction industry. The U.S. housing industry underwent a major slowdown in 2006. According to Standard Chartered Bank, the U.S. accounts for 13% of global copper demand. Although the housing sector is expected to improve by the end of 2007, we believe demand for copper will soften due to the expected slowdown in the U.S. economy. According to the International Monetary Fund (IMF), U.S. GDP growth is expected to decline to 2.8% and 2.2% in 2007 and 2008, respectively, compared to growth of 3.3% in 2006.

Overall, our outlook on short-term copper prices is positive, based on strong demand growth in China and India, slightly offset by a decline in demand in the U.S.

Long-term prices could soften based on a projected decline in global demand and increasing supply: We believe a slowdown in the global economy is looming as a result of rising global interest rates. To keep inflation under control, the Central Banks of the U.S., EU, Japan (1st hike in 6 years), U.K., India and South Korea (5 -yr high), have raised interest rates. There is also an indication that China's central bank will increase interest rates to slow down its economic growth to keep a check on inflation. We believe demand for most of the base metals will soften as global economic growth declines in the longer-term. The chart below shows the IMF's forecasts for global economic growth in 2008, compared to 2006.



According to the IMF, global GDP growth is expected to decline to 4.9% in 2008, compared to 5.4% in 2006. As shown in the chart above, the economic growth rates of all the major countries in the world, except Brazil, are expected to decline in 2008, compared to 2006. The economic growth rates of China and the U.S. are expected to decline to 10.0% and 2.2%, respectively, in 2008, compared to 10.7% and 3.3% in 2006.

Global copper production growth has stayed above 4% YOY since 2004. High copper prices in 2006, resulted in a significant increase in spending on exploration projects. According to the Metals Economics Group, spending on exploration increased by 47%, to \$7.13 billion in 2006 (forth consecutive yearly increase), the highest since the Metal Economic's study began in 1989. We believe that as long as exploration spending and copper prices stay high, growth in production capacity will remain higher than consumption in the long-term.

Forecasts: We believe that growth in the Chinese and Indian economies will keep copper prices high in the short-term. The strong demand from China will more than offset the decline in U.S. demand for copper. Over the longer-term, based on softening global economic growth, we expect copper prices to also soften due to reduced demand for the metal for use in cars, appliances and homes. However, we believe that global economic growth rate forecasts are high enough to support above average historic prices for copper. The average forecasts for copper prices are \$3.10/lb in 2007, and \$2.60/lb in 2008, which are significantly higher than historic averages.

Financials

As of March 31, 2007, the company had \$34.56 million in cash (including short-term investments), compared to \$37.08 million at the end of FY2006 (end of December 2006). In the first three months of FY2007, the company had an operating loss of \$1.73 million (eps: -\$0.02), compared to \$0.11 million (eps: -\$0.00) in the comparable period in the previous

year. Net loss increased primarily due to a significant increase in exploration expenses. We estimate the company had a burn rate of \$0.96 million per month in the first three months of FY2007, compared to \$0.35 million per month in FY2006 (12-month period). The table below shows the company's cash and liquidity position.

	2006	Q1-2007
Working Capital	\$36,662,671	\$34,864,053
Current Ratio	50.7	63.4
LT Debts/ Assets	-	-
Burn Rate (incl exploration costs)	(\$348,003)	(\$962,141)
Cash from financing activities	\$37,899,765	\$368,900

* Operations started in May 2006

Stock Options and Warrants: At the end of Q1-2007, the company had 2.90 million stock options outstanding with a weighted average exercise price of \$1.36, and weighted average time to expiry of 3.5 years. About 1.49 million of the outstanding options are currently 'in-the-money' with exercise prices ranging from \$0.23 and \$1.25, and expiry dates between 2.15 years and 4.82 years. The company recently issued an additional 0.67 million options (exercise price of \$1.88) maturing in June 2012.

The company also had 2.56 million warrants outstanding, with a weighted average exercise price of \$3.50, and time to maturity of 1.09 years.

We estimate the company will spend about \$8 million in FY2007 on exploration. **The company is in an excellent cash position (\$34.56 million in cash and short-term investments at the end of Q1-2007), and has sufficient cash on hand to fund its exploration activities.**

Valuation

We valued the company's projects using a real options valuation model, and comparables analysis. The real options valuation model is a good technique to value junior mining companies, as it takes into account the volatility of commodity prices, and management's ability to pursue/abandon projects.

Since the Sierra Almoloya property is a very early stage project, with no known resource estimates, we do not believe that the property contributes any value to the company at this time. Although the Hushamu Project is considered a large deposit, we believe the company will have to delineate more resources in order to offset the huge capital cost associated with the project. As a result, for conservatism, we have not assigned any value to the Hushamu Project at this time.

The tables on the next page show our valuation models based on the company's three major projects – The Carmacks Copper Property, the Casino Copper Gold Property, and the Redstone Property.

Our real options valuation on the Carmacks Copper projects (shown on the next page) is \$29.35 million or \$0.40 per share.

Real Options Valuation - Carmacks Copper Property					
	Resources (in tonnes)	Grade %	Contained Metal (in lbs)	Price of Cu (US\$/lb)	Value (C\$)
Copper	10,611,000	1.04%	244,191,938	2.50	596,744,049
Operating Costs (\$/tonne)	\$19.22		Total Value (C\$)		\$596,744,049
Recovery (Cu)	85%		Operating Costs (C\$)		\$203,943,420
C\$/US\$	1.15		Net Value (C\$)		\$392,800,629
Inputs relating to the underlying asset					
Estd. Mineral Resources (in tonnes)					10,611,000
Estd. Value of Minerals if extracted today					\$284,951,679
Annualized Standard Deviation of Mineral prices					26%
Capital Investment					\$168,058,000
Estd. Mine Life (years)					6.0
Riskfree Rate					4.20%
Output					
Stock Price	\$284,951,679		T. Bond rate	4.20%	
Strike Price	\$168,058,000		Variance	0.07	
Expiration (in years)	6.0		Annualized div yield	13.70%	
d1 =	0.253		Value of Option		\$29,345,789
N(d1) =	0.600		No of outstanding shares (diluted)		73,399,984
d2 =	-0.384		Value per share		\$0.40
N(d2) =	0.350				

Our real options valuation on the Casino Copper Gold property is \$90.37 million or \$1.23 per share.

Real Options Valuation Model - Casino Copper Gold Property					
	Resources (in tonnes)	Grade %	Contained Metal (in lbs)	Price of Cu (US\$/lb)	Value (C\$)
Copper	964,000,000	0.22%	4,675,563,652	2.50	10,753,796,401
Operating Costs (\$/tonne)	\$9.20		Total Value (C\$)		\$10,753,796,401
Recovery (Cu)	80%		Operating Costs (C\$)		\$8,868,800,000
C\$/US\$	1.15		Net Value (C\$)		\$1,884,996,401
Inputs relating to the underlying asset					
Estd. Mineral Resources (in tons)					964,000,000
Estd. Value of Minerals if extracted today					\$1,213,234,099
Annualized Standard Deviation of Mineral prices					26%
Capital Investment					\$1,200,000,000
Estd. Mine Life (years)					12.0
Riskfree Rate					4.20%
Output					
Stock Price	\$1,213,234,099		T. Bond rate	4.20%	
Strike Price	\$1,200,000,000		Variance	0.07	
Expiration (in years)	12.0		Annualized div yield	8.34%	
d1 =	-0.089		Value of Option		\$90,367,984
N(d1) =	0.464		No of outstanding shares (diluted)		73,399,984
d2 =	-0.989		Value per share		\$1.23
N(d2) =	0.161				

Our real options valuation on the Redstone Copper property is \$78.92 million or \$1.08 per share.

Real Options Valuation Model - Redstone Property					
	Resources	Grade	Contained Metal	Price of Cu	Value
	(in tonnes)	%	(in lbs)	(US\$/lb)	(C\$)
Copper	16,800,000	3.92%	1,451,876,259	2.50	3,548,022,609
Operating Costs (\$/lb)	\$1.15			Total Value (C\$)	\$3,548,022,609
Recovery (Cu)	85%			Operating Costs (C\$)	\$1,669,657,698
C\$/US\$	1.15			Net Value (C\$)	\$1,878,364,911
Inputs relating to the underlying asset					
Estd. Mineral Resources (in tons)					16,800,000
Estd. Value of Minerals if extracted today					\$886,693,275
Annualized Standard Deviation of Mineral prices					26%
Capital Investment					\$600,000,000
Estd. Mine Life (years)					9
Riskfree Rate					4.20%
Output					
Stock Price	\$886,693,275			T. Bond rate	4.20%
Strike Price	\$600,000,000			Variance	0.07
Expiration (in years)	9.5			Annualized div yield	10.53%
d1 =	0.138				
N(d1) =	0.555			Value of Option	\$78,919,571
d2 =	-0.663			No of outstanding shares (diluted)	73,399,984
N(d2) =	0.254			Value per share	\$1.08

Note:

- We have used all the measured and indicated, and half of inferred resource estimates in our valuation models of the Casino Copper Gold property and the Redstone Property.
- Since the Casino Copper Gold property, and the Redstone property are in early stages, compared to the Carmacks property, our capital and operating cost estimates of these projects are very preliminary estimates. Investors should note that actual costs could vary from our estimates.

Based on our valuation on the company's three main projects, we believe the fair value of the company at this time should be \$233.20 million, or \$3.18 per share.

Valuation Summary	Value	Value per share
Carmacks Copper Property	\$29,345,789	\$0.40
Casino Copper Gold Property	\$90,367,984	\$1.23
Hushamu Property	-	-
Redstone Property	\$78,919,571	\$1.08
Working Capital	\$34,564,486	\$0.47
Debt	-	-
Net Value	\$233,197,829	\$3.18

We also determined the fair value of the company based on comparables. Based on the average ratio of Enterprise Value to Resources of the comparable companies presented in the table below, the fair value of Western Copper is \$3.60 per share.

Comparables Valuation Model					
Company	SYM	Price	Enterprise Value (EV)	Resources (in lbs)	EV / Resources
1 Sherwood Copper Corp.	SWC	\$6.06	\$315,999,379	597,920,986	\$0.53
2 Chariot Resources	CHD	\$1.06	\$293,958,669	4,975,600,000	\$0.06
3 Antares Minerals Inc.	ANM	\$3.75	\$156,835,983	2,645,811,675	\$0.06
5 Norsemont Mining Inc.	NOM	\$1.48	\$38,418,722	2,540,166,160	\$0.02
4 Western Copper Corp.	WRN	\$1.41	\$68,929,491	6,371,631,850	\$0.01
Average EV / Resources ^x					\$0.04
Fair Value of WRN					\$3.60

x - The average EV/Resource ratio does not include (1), as it is an outlier

* Stock prices and Market Cap are as of August 14, 2007

* Enterprise Value = Market Capitalization + Debt - Cash

* Resource Estimates = Measured and Indicated, and half of Inferred Resources

Western Copper is undervalued compared to all four comparables that we have used in the analysis.

Note: The total resource estimate of the company that we have used in this analysis only accounts for the resource estimates at the Carmacks Copper Property, the Casino Copper Gold Property, and the Redstone Property.

Conclusions & Rating

Western Copper has great long-term growth potential with their four advanced stage copper, gold, and molybdenum projects in Western Canada. They have many important ingredients to advance their projects: an experienced management team, ability to raise financing, and good projects with exploration potential. On our site visit, we observed the significant exploration potential at Carmacks, as well as the work the company is doing to advance the project as quickly as possible. This project has a high-grade resource amenable to low cost mining and extraction. The company will have the ability to produce an end product on site.

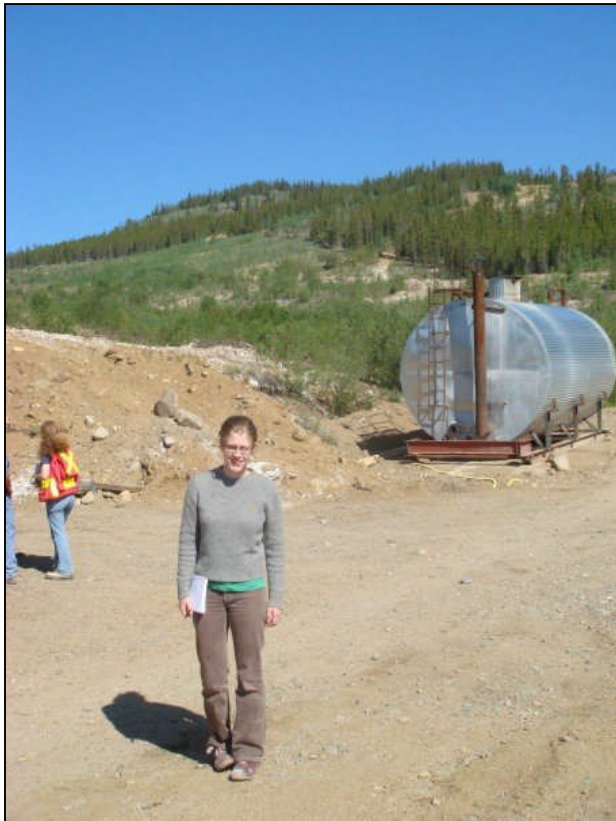
Based on our valuation models and analysis of the company's projects, we initiate coverage on Western Copper, with a BUY rating (Risk 5: Highly Speculative), and a fair value estimate of \$3.40 per share. Our fair value estimate reflects an upside potential of 148% from current price levels. Our fair value estimate is based on the value of the company's three most advanced projects at this time, and does not account for the value of the Hushamu property.

We believe the company's depressed share price is typical of projects in the feasibility stage, and we expect the share price to move closer to our fair value as the company achieves several milestones, including new resource estimates and final permitting.

Risks The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The company does not currently have any operating mines.
- The success of drilling, project studies, and project development are important long-term success factors for the company.
- The value of the company depends on commodity prices.
- The company is subject to delays that are affecting the entire mining industry.

Appendix



Martha Buckwalter-Davis on the future heap leach pad

Historic Drill Core.



Copper Mineralization (azurite) in a #1 Zone trench.

Source: Fundamental Research Corp.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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