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23 July 2015

The Company Announcements Office  
Australian Securities Exchange

*via electronic lodgement*

#### **BLACK RANGE RELEASES SCHEME BOOKLET**

Black Range Minerals Limited ("**Black Range**") is pleased to attach the scheme booklet ("**Scheme Booklet**") in relation to the proposed acquisition of all of the issued ordinary shares of Black Range by Western Uranium Corporation ("**Western**"), via a Scheme of Arrangement ("**Scheme**") under the Corporations Act 2001 (Cth). The Scheme Booklet was registered with the Australian Securities & Investments Commission on 17 July 2015.

The Scheme Booklet, which contains the notice of Scheme Meeting and instructions on how to vote, has been despatched to Black Range shareholders today. This is an important document and Black Range shareholders should read it carefully.

#### **Shareholder Queries**

If shareholders have any questions about the Scheme or the Scheme Booklet, they should contact the Company on +61 8 9481 4920 or consult your legal, investment, taxation or other professional adviser.

#### **BLACK RANGE MINERALS LIMITED**

**Ian Cunningham**  
Company Secretary

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## **SCHEME BOOKLET AND NOTICE OF SCHEME MEETING**

for proposed scheme of arrangement that will result in the acquisition of all of your shares in Black Range Minerals Limited (ACN 009 079 047) by Western Uranium Corporation.

Your Black Range Directors unanimously recommend that you.

### **VOTE IN FAVOUR**

of the Scheme in the absence of a Superior Proposal from another party, and intend to vote in favour of the Scheme in respect of the Black Range Shares that they personally control.

The Independent Expert has concluded that the Scheme is in the best interests of Black Range Shareholders.

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Black Range	Western
<p><b>Directors and Officers</b> Chairman: Alan Scott Managing Director: Michael Haynes Executive Director: Benjamin Vallerine Non-Executive Director: Joseph Havlin Company Secretary: Ian Cunningham</p> <p><b>Web</b> – <a href="http://www.blackrangeminerals.com">www.blackrangeminerals.com</a> <b>E-mail</b> – <a href="mailto:info@blackrangeminerals.com">info@blackrangeminerals.com</a></p> <p><b>Head Office Address</b> Suite 9, 5 Centro Avenue Subiaco WA 6008 AUSTRALIA</p> <p>Tel: +61 8 9481 4920 Fax: +61 8 9226 2027</p> <p><b>Registry Enquiries</b> Computershare Investor Services Pty Limited Level 11 172 St Georges Terrace Perth WA 6000 AUSTRALIA</p> <p>Tel: 1300 787 272 (within Australia) +61 3 9415 4000 (outside Australia)</p> <p><b>Capital Structure</b> 3,106,917,431 Black Range Shares 204,000,000 Black Range Options</p>	<p><b>Directors and Officers</b> Independent Chairman: Michael Skutezky President &amp; CEO and Director: George E. Glasier Director: Russell Fryer Director &amp; CFO: Andrew Wilder Corporate Secretary: Catherine Beckett</p> <p><b>E-mail</b> - <a href="mailto:mskutezky@western-uranium.com">mskutezky@western-uranium.com</a></p> <p><b>Head Office Address</b> Suite 500, 365 Bay Street Toronto, ON, M5H 2V1 CANADA</p> <p>Tel: +1 416-564-2870 Fax: +1 647-722-9652</p> <p><b>Transfer Agent</b> Capital Transfer Agency 121 Richmond Street, West Suite 401 Toronto, ON, M5H 2K1 CANADA</p> <p>Tel: +1 800 631-0940</p> <p><b>Capital Structure</b> 12,036,924 Western Shares</p>

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## WHAT IS THE PURPOSE OF THIS DOCUMENT?

The purpose of this Scheme Booklet is to provide Black Range Shareholders with information on the proposed Merger. For the Merger to proceed, the Scheme must be approved by Black Range Shareholders at the Scheme Meeting.

The Scheme Meeting to vote on the Scheme is scheduled for 10:00am on 25 August 2015.

## WHAT YOU SHOULD DO

### First – Read this Scheme Booklet

Read and carefully consider this Scheme Booklet in full to help you make an informed decision as to how to vote in relation to the Scheme. If you have any doubt as to what action you should take, please contact your financial, legal, taxation or other professional adviser.

### Second – Vote on the Scheme

If you are a Black Range Shareholder you have a right to vote at the Scheme Meeting on whether the Scheme should be approved.

You can vote in person or by proxy. Details of how to vote are set out after the “Important Notices” section on page 13 of this Scheme Booklet.

## FOR FURTHER INFORMATION

If you have any questions after reading this Scheme Booklet, please contact Black Range’s company secretary by email at [info@blackrangeminerals.com](mailto:info@blackrangeminerals.com) or by telephone on +61 8 9481 4920.

## KEY DATES

Unless otherwise indicated, all references to time are to WST.

Latest time and date for lodgement of proxy forms for the Scheme Meeting	10:00am, 23 August 2015
Time and date for determining eligibility to vote at the Scheme Meeting	5:00pm, 23 August 2015
Scheme Meeting at Perth, Western Australia	25 August 2015
Court hearing to approve the Scheme	4 September 2015
Lodge Court orders approving the Scheme with ASIC ( <b>Effective Date</b> )	7 September 2015
Black Range Shares suspended from trading on ASX (Last day for trading Black Range Shares on ASX)	End of trade on 7 September 2015
Record Date – date for determining entitlement to Scheme Consideration	14 September 2015
Implementation Date – transfer of Scheme Consideration to Black Range Shareholders	17 September 2015
Trading of new Western Shares on CSE (at local times)	17 September 2015

\* Or immediately after the previous Scheme Meeting (whichever is later).

All dates and times are indicative only and subject to change due to, among other things, the review and approval procedures of the Court, ASX, CSE and other regulatory authorities, and the satisfaction or waiver of the Conditions. Any changes to the above timetable will be notified on Black Range’s website and announced to ASX.

## LETTER FROM BLACK RANGE'S CHAIRMAN

**Date: 17 July 2015**

Dear Shareholder,

Enclosed with this letter is the formal documentation seeking your approval for Black Range to complete a scheme of arrangement with Western.

The Scheme Meeting to approve the Merger is set to take place on 25 August 2015.

The Black Range Directors are unanimously supporting the Merger in the absence of a Superior Proposal, and intend to vote in favour of the Scheme for the reasons set out in this Scheme Booklet including:

1. the offer represents a premium to both the current market price of Black Range and the market price prior to the public announcement of the Merger;
2. the Merger provides for increased North American market exposure for Black Range's USA based assets, including the Hansen Project, via Western's listing on the CSE;
3. the Merger is expected to enhance access to further financial backing and provide a higher level of funding certainty in the current difficult market environment, due to the resulting increase in scale of operations and more diverse asset package;
4. the Merger provides Black Range Shareholders with exposure to Western's projects, including the Sunday Mine Complex in Colorado, which was in production from 2007 until 2009 and remains fully permitted for mining, and capable of being restarted in the near term. By becoming a shareholder of Western, Black Range Shareholders will acquire an interest in Western's projects;
5. that cash-flow generated from near-term production from Western's assets could potentially be used to fund the longer term development of the Hansen Project. In the absence of the Merger, Black Range will need to raise a combination of equity and debt finance to fund development of the Hansen Project. In the event that the Western assets are brought into production prior to development of the Hansen Project, the Merged Group may be able to utilise some of the resulting cash flow to fund development costs associated with the Hansen Project. This may reduce the amount of additional equity and/or debt required to develop the Hansen Project; and
6. the Merger provides the potential to accelerate commercialisation of Black Range's interest in the Ablation technology, via the implementation of a field trial at the Sunday Mine Complex or Western's other advanced assets. Black Range considers the Sunday Mine Complex to be the best available option to undertake a field trial for the Ablation process for a number of reasons including: the permits that are in place at the Sunday Mine Complex, proximity of the project to the Ablation unit, Western's ability to finance the trial and the time required to secure requisite approvals.

This Scheme Booklet contains information including copies of the Independent Expert's Report prepared by Stantons that concludes that the Scheme is in the best interest of Black Range Shareholders and is not fair but reasonable.

Please consider all of the material in this Scheme Booklet, particularly the section setting out why the Black Range Directors unanimously believe you should approve the Merger with Western.

Sincerely

Alan Scott  
Chairman

## LETTER FROM WESTERN'S CHAIRMAN

**Date: 17 July 2015**

Dear Shareholder

On behalf of the Western Board and management of Western, I am pleased to provide you with the opportunity to become a Western Shareholder through the proposed merger with Black Range. Along with the Black Range Directors, we strongly believe that this Merger is in the best interests of the shareholders of both companies.

The Scheme Consideration represents a 105.33% premium to the closing price of Black Range Shares on the day before the announcement of the transaction and a 93.5% premium to the three month VWAP prior to the announcement of the transaction. The Black Range Board has unanimously recommended the Scheme in the absence of a Superior Proposal.

You can learn more about Western by perusing the Scheme Booklet and visiting our profile on the CSE at [www.thecse.com](http://www.thecse.com).

We believe that the Merger will unlock value for Black Range Shareholders. We hope that you too will share in our vision and vote in favour of the proposed Merger at the upcoming Black Range Shareholders' meetings.

Sincerely

Michael Skutezky  
Chairman

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## KEY REASONS WHY THE SCHEME IS IN THE BEST INTERESTS OF BLACK RANGE SHAREHOLDERS\*

- Opportunity to realise the potential value of Black Range's assets.
- Opportunity to gain support from Western's institutional and corporate investors.
- Potential for increased North American market exposure which may provide access to growth opportunities that are unavailable to Black Range as a standalone entity.
- Exposure to both Black Range's and Western's assets.
- Opportunity to more closely align the location of Black Range's business activities in North America with its stock market listing.
- Exposure to advanced exploration, potential development projects including Western's near production and fully permitted Sunday Mine Complex and, in the future, on Western's other near production and permitted properties.
- Opportunity to accelerate the commercialisation of Black Range's Ablation Technology via implementation of field trials at the Sunday Mine Complex.
- Diversification of business risk.
- Greater financing capabilities to advance Black Range's existing projects including the Hansen Project.
- Additional opportunity for coverage by research analysts.
- Access to operating synergies between, in particular, the Hansen Project, Western's Sunday Mine Complex and the Ablation technology.
- Opportunity to benefit from Western's experienced management team.
- Western has a strong investor relations program.
- The Independent Expert has concluded that the Scheme is in the best interests of Black Range Shareholders and reasonable, although not fair when considered using a net asset backing at fair values methodology.
- No bona fide alternative offers.

\* Please refer to Sections 1 and 2 of this Scheme Booklet for details regarding:

- (a) advantages and disadvantages of the Scheme; and
- (b) alternatives, including the position of Black Range Shareholders if the Scheme does not proceed.



## IMPORTANT NOTICES

### DATE

This Scheme Booklet is dated 17 July 2015.

### PURPOSE OF THIS SCHEME BOOKLET

This Scheme Booklet sets out information for Black Range Shareholders relating to the Proposal. The information contained in this document will assist Black Range Shareholders in deciding how to vote on the resolutions to be considered at the Scheme Meeting.

This document is required as per section 412(1) of the Corporations Act in relation to the Scheme. It explains the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved). It also provides information that is prescribed or otherwise material to the decisions of Black Range Shareholders as to whether and how to vote on the Scheme Resolution to be proposed at the Scheme Meeting.

### RESPONSIBILITY FOR CONTENTS

The Black Range Scheme Information has been prepared by Black Range and its directors and is the responsibility of Black Range. Neither Western, nor any of its representatives, officers, employees or advisers assumes any responsibility for the accuracy or completeness of any Black Range Scheme Information.

The Western Scheme Information has been provided by Western and is the responsibility of Western. Neither Black Range nor any of its representatives, officers, employees or advisers assumes any responsibility for the accuracy or completeness of any Western Scheme Information.

Stantons has prepared the Independent Expert's Report contained in Appendix 1 of the Scheme Booklet and takes responsibility for that report.

Western States Mining Consultants P.C. has prepared the Independent Technical Expert's Report in respect of Western's assets which is contained in the Independent Expert's Report and takes responsibility for that report.

John Kyle Engineering, LLC has prepared the Independent Technical Expert's Report in respect of Black Range's assets which is contained in the Independent Expert's Report and takes responsibility for that report.

References to any specific Black Range Shareholder or Western Shareholder are for informational purposes only. No Black Range Shareholder or Western Shareholder mentioned in this Scheme Booklet nor any of its representatives, officers, employees or advisers assumes any responsibility for the accuracy or completeness of any information in this Scheme Booklet.

### DEFINED TERMS

Unless the context otherwise requires, capitalised words and phrases in this document are defined terms. Certain terms and abbreviations used in this document also have defined meanings. The definitions are set out in the Glossary in Section 14.

### ASIC

A copy of this document was registered with ASIC in accordance with section 412(6) of the Corporations Act on 17 July 2015.

ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the Corporations Act that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

### ASX

A copy of this document has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this document.

### ROLE OF THE COURT

A copy of this Scheme Booklet has been lodged with the Court in order to gain approval for convening the Scheme Meeting. Orders made by the Court in accordance with section 411(1) of the Corporations Act to convene a meeting are not an endorsement of, or any expression of opinion on, the Scheme by the Court.

### IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the Scheme Booklet does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how Black Range Shareholders should vote (on this matter Black Range Shareholders must reach their own decision); or
- (b) has prepared, or is responsible for the content of, the Scheme Booklet.

If the Scheme Resolution in favour of the Scheme is approved at the Scheme Meeting and all the Conditions are satisfied or waived, Black Range will apply to the Court for approval of the Scheme. Once approved by the Court, the Scheme will be binding on all Black Range Shareholders.

## **TAX IMPLICATIONS OF THE SCHEME**

Section 12 of this Scheme Booklet provides a guide to the general tax position in Australia of certain Black Range Shareholders in relation to the Scheme based on income tax legislation enacted as at the date of this Scheme Booklet. It does not purport to be a complete analysis, nor to identify all of the potential tax consequences, nor is it intended to replace the need for specialist tax advice in respect of particular circumstances of individual Black Range Shareholders. Therefore, Black Range Shareholders should seek their own advice in relation to the tax implications of the Scheme.

## **FORWARD-LOOKING STATEMENTS**

This document may contain statements of historical fact and forward-looking statements in relation to Black Range and Western. Any forward-looking statements included in this document are made only as of the date of this document. Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Black Range, Western and their respective directors. Such statements reflect the current expectations of Black Range and Western concerning future results and events, and are not guarantees of future performance. The actual results of Black Range and Western may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. Subject to any obligations under the Corporations Act or the ASX Listing Rules, neither Black Range nor Western has any obligation to disseminate after the date of this document any update or revisions to any forward-looking statements to reflect any change in expectations in relation to those statements or any change in circumstances, events or conditions on which any of those statements are based.

The risk factors in Section 11 could affect future results, causing these results to differ materially from those expressed, implied or projected in any forward-looking statements. These factors are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

None of Black Range, Western, their respective legal or professional advisers, their shareholders or any other person (including any director) gives any representation, assurance or guarantee that the results, performance or achievements expressed in or implied by the forward-looking statements in this document will actually occur. Black Range Shareholders are cautioned not to place undue reliance on any forward-looking statement.

## **SHARE PRICES**

All share prices quoted in this Scheme Booklet in relation to Black Range are references to Australian dollar share prices quoted on ASX.

All share prices quoted in this Scheme Booklet in relation to Western are references to Canadian dollar share prices quoted on the CSE.

## **SMALL SHAREHOLDERS AND INELIGIBLE FOREIGN SHAREHOLDERS**

Small Shareholders who do not elect to receive their Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders will receive the proceeds from the sale of their Western Shares held by the Sale Agent in Australian dollars.

Small Shareholders who do not elect to receive their Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders should refer to Section 9.4 for further details regarding how their entitlement to Scheme Consideration will be dealt with.

## **INVESTMENT DECISIONS**

This document does not constitute financial product advice and does not take into account the objectives, financial situation or needs of any Black Range Shareholder or any other person.

This document should not be relied on as the sole basis for any decision in relation to Black Range Shares. Independent financial and taxation advice should be sought before making any investment decision in relation to the Scheme.

## **SHAREHOLDER INFORMATION LINE**

If you have any questions in relation to the Proposal or the Scheme Meeting please contact Black Range's company secretary by email at [info@blackrangeminerals.com](mailto:info@blackrangeminerals.com) or by telephone on +61 8 9481 4920 or consult with your investment or other professional adviser.

## **SCHEME WEBSITE**

A digital copy of the Scheme Booklet may be downloaded at [www.blackrangeminerals.com](http://www.blackrangeminerals.com). The site also contains other useful information relating to the Scheme.

For further information regarding the Proposal, the Scheme Meeting and Black Range, go to [www.blackrangeminerals.com](http://www.blackrangeminerals.com) or contact Black Range's company secretary by email at [info@blackrangeminerals.com](mailto:info@blackrangeminerals.com) or by telephone on +61 8 9481 4920.

## **PRIVACY AND PERSONAL INFORMATION**

Black Range may collect personal information in the process of implementing the Scheme. Such information may include the name and contact details and security holding of Black Range Shareholders and the name of persons appointed by Black Range Shareholders to act as a proxy, corporate representative or attorney at the Scheme Meeting. The primary purpose of collection of the personal information is to assist Black Range in the conduct of the Scheme Meeting and to enable the Scheme to be implemented by Black Range in the manner described in this Scheme Booklet. Without this information, Black Range may be hindered in its ability to carry out these purposes to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to the Registry, Computershare Investor Services Pty Limited, print and mail service providers, authorised securities brokers, Western and Related Bodies Corporate of Black Range and Western.

Black Range Shareholders have certain rights to access personal information that has been collected. Black Range Shareholders should contact the Registry in the first instance, if they wish to request access to their personal information.

Black Range Shareholders who appoint a named person to act as their proxy, corporate representative or attorney at the Scheme Meeting should ensure that they inform that person of the matters outlined above.

#### **NOTICE OF SCHEME MEETING**

A notice convening the Scheme Meeting of Black Range Shareholders (**Notice of Scheme Meeting**), as ordered by the Court, to which this Scheme Booklet relates, is included with this Scheme Booklet.

#### **NOTICE TO PERSONS OUTSIDE AUSTRALIA**

The Scheme is subject to the disclosure requirements under Australian law. This document has been prepared in accordance with Australian requirements and style, which may differ from the requirements and style in jurisdictions outside Australia. Except to the extent otherwise stated, financial information included in this document has been prepared in accordance with Australian accounting standards, which include AIFRS and may not be comparable to the financial statements prepared in accordance with accounting standards in jurisdictions outside Australia.

#### **INELIGIBLE FOREIGN HOLDERS**

Each Black Range Shareholder whose address is shown in the Register on the Record Date as being in a jurisdiction other than Australia, the United States of America ("the United States"), Canada, New Zealand or the British Virgin Islands should refer to Section 4.8 in relation to how his or her entitlement to Scheme Consideration will be dealt with. This Scheme Booklet has not been lodged with or approved by any government or regulatory body or authority outside of Australia. Neither the Scheme nor this Scheme Booklet constitutes in any way, an offer of securities in any place in which, or to any person whom, it would be unlawful to make such an offer.

#### **NEW ZEALAND SHAREHOLDERS**

Western Shares that are being offered under the Scheme to Black Range Shareholders who are resident in New Zealand are being offered under the New Zealand Securities Act (Overseas Companies) Exemption Notice 2013. This Scheme Booklet is not a prospectus or an investment statement under New Zealand law and may not contain all of the information that a prospectus or investment statement under New Zealand law is required to contain. This Scheme Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (NZ) (or any other relevant New Zealand law). Black Range Shareholders in New Zealand should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Scheme. Western is not listed on any New Zealand Stock Exchange and has no current intention to list the Western Shares in New Zealand.

#### **US SHAREHOLDERS**

##### *Basis of Presentation*

The solicitation of proxies made pursuant to this Scheme Booklet is not subject to the requirements of section 14(a) of the US Exchange Act. Accordingly, this Scheme Booklet has been prepared in accordance with disclosure requirements applicable in Australia. Black Range Shareholders in the United States should be aware that such requirements are different from those applicable in the United States to registration statements under the US Securities Act and to proxy statements under the US Exchange Act.

The financial information incorporated by reference into this Scheme Booklet has been prepared or derived from financial statements prepared in accordance with IFRS and Australian laws and regulations, in the case of financial information relating to Black Range, and Canadian laws and regulations, in the case of financial information relating to Western. Therefore, that financial information may not be prepared on a basis comparable to financial statements of United States public companies.

##### *Tax Advice*

Black Range Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Scheme in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

##### *Exemption from United States registration requirements*

The Western shares to be issued as part of the Scheme Consideration have not been registered under the US Securities Act or applicable state securities laws.

Black Range and Western intend to rely on an exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof in connection with the implementation of the Scheme and the issue of Western Shares, and also intend to rely on exemptions from registration under applicable state securities laws. Approval of the Scheme by the Court will be relied upon by Black Range and Western and will constitute the basis for the Western Shares forming the Scheme Consideration being issued without registration under the US Securities Act (in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a) (10)).

**The Scheme Booklet has not been prepared in accordance with United States securities laws and regulations, and none of the United Securities and Exchange Commission, any US State Securities Commission or any other US regulatory authority has approved or disapproved the securities issuable in connection with the Scheme, nor**

have any of them passed upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of this Scheme Booklet. Any representation to the contrary is a criminal offence.

*Enforcement by U.S. Shareholders*

THE ENFORCEMENT BY INVESTORS OF CIVIL LIABILITIES UNDER FEDERAL SECURITIES LAWS AND REGULATIONS OF THE UNITED STATES OF AMERICA MAY BE AFFECTED ADVERSELY BY THE FACT THAT BLACK RANGE AND WESTERN ARE INCORPORATED OR ORGANIZED OUTSIDE OF THE UNITED STATES, THAT SOME OR ALL OF THEIR RESPECTIVE OFFICERS AND DIRECTORS AND THE EXPERTS NAMED IN THIS SCHEME BOOKLET ARE NOT RESIDENT OF THE UNITED STATES, AND THAT SOME OF THE ASSETS OF BLACK RANGE AND WESTERN AND SAID PERSONS ARE LOCATED OUTSIDE THE UNITED STATES. AS A RESULT, IT MAY BE DIFFICULT FOR UNITED STATES SHAREHOLDERS OF BLACK RANGE TO EFFECT SERVICE OF PROCESS WITHIN THE UNITED STATES UPON AND CERTAIN OF THE OFFICERS OR DIRECTORS OF BLACK RANGE OR WESTERN, OR THE EXPERTS NAMED IN THIS SCHEME BOOKLET, OR TO REALISE AGAINST THEM AFTER HAVING OBTAINED A JUDGEMENT OF A COURTS OF THE UNITED STATES PREDICATED UPON CIVIL LIABILITIES UNDER THE U.S. FEDERAL SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE WITHIN THE UNITED STATES. IN ADDITION, UNITED STATES SHAREHOLDERS SHOULD NOT ASSUME THAT THE COURTS OF CANADA OR AUSTRALIA WILL ENFORCE UNITED STATES SECURITIES LAWS AND REGULATIONS, PARTICULARLY IN THE AREA OF CIVIL LIABILITIES FOR SECURITIES MATTERS, OR ENFORCE JUDGEMENTS OF UNITED STATES PREDICATED ON SUCH LAWS OR REGULATIONS OR IMPOSING CIVIL LIABILITIES FOR SECURITIES MATTERS.

#### **CANADIAN SHAREHOLDERS**

The Western Shares to be issued as part of the Scheme Consideration have not been qualified by a prospectus prepared and filed in accordance with Canadian securities laws. Those Western Shares will be issued pursuant to an exemption from the prospectus requirements of applicable securities laws of the provinces and territories of Canada under section 2.11 of NI 45-106 and will generally not be subject to any resale restrictions under Canadian securities laws provided that (i) Western is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the proposed resale or other trade; (ii) the trade is not a *control distribution* (as defined under NI 45-102); (iii) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade; (iv) no extraordinary commission or consideration is paid to a person or company in respect of the trade; (v) if the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation, and (vi) such holder is not a person or company engaged in or holding itself out as engaging in the business of trading securities or such trade is made in accordance with applicable dealer registration requirements or in reliance upon an exemption from such requirements. Black Range Shareholders should consult with their own financial and legal advisors with respect to any restrictions on the resale of Western Shares issued as part of the Scheme Consideration. As a reporting issuer in Canada (in the Provinces of British Columbia, Alberta, Ontario and Québec), Western is required to comply with Canadian statutory financial and other continuous and timely reporting requirements, including the requirement for insiders of Western to file reports with respect to trades of Western securities.

#### **BRITISH VIRGIN ISLAND SHAREHOLDERS**

The Western Shares may not be offered in the British Virgin Islands unless the Company or the person offering the Western Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The Western Shares may be offered to British Virgin Islands business companies (from outside the British Virgin Islands) without restriction. A British Virgin Islands business company is a company formed under or otherwise governed by the BVI Business Companies Act, 2004 (British Virgin Islands).

#### **SMALL SHAREHOLDERS**

Black Range Shareholders holding a parcel of less than 7,500 Black Range Shares on the Record Date (**Small Shareholder**) should refer to Section 9.4 in relation to how their entitlement to Scheme Consideration may be dealt with if they do not elect to receive their Scheme Consideration in the form of Western Shares.

#### **MINERAL RESERVES AND MINERAL RESOURCES DEFINITIONS**

Except as otherwise noted, Black Range's disclosure of mineral reserves and mineral resources is based on the reporting requirements of the JORC Code and Western's disclosure of mineral reserves and mineral resources is governed by NI 43-101 and the CIM standards. CIM definitions of the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are substantially similar to the JORC Code corresponding definitions of the terms "ore reserve", "proven ore reserve", "probable ore reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", respectively.

#### **Cautionary note to United States Shareholders concerning estimates of Mineral Reserves and Mineral Resources**

This Scheme Booklet uses the terms "Probable Mineral Reserve", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource". United States Shareholders are advised that while such terms are recognised and required by Canadian and Australian standards or regulations, the SEC does not recognise them. In particular, and without limiting the generality of this cautionary note, the term "Mineral Resource" does not equate to the term "Mineral Reserve". This Scheme Booklet also uses the terms "Probable Mineral Reserves" and "Proven Mineral Reserves" as such terms are used under NI 43-101, CIM Standards and the JORC Code, which standards differ from the standards that apply under SEC Industry Guide 7. Under United States standards, mineralisation may not be classified as a "Mineral Reserve" unless the determination has been made that the mineralisation could be economically and

legally produced or extracted at the time the reserve determination is made. As such, certain information contained in this Scheme Booklet concerning descriptions of mineralisation, resources and reserves under NI 43-101, CIM Standards and the JORC Code are not comparable to disclosures made by United States reporting companies. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a Probable Mineral Reserve, Measured Mineral Resource, Indicated Mineral Resource or an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian and Australian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States Shareholders are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Mineral Reserves or that Mineral Reserves disclosed herein would comprise Mineral Reserves under United States standards. United States Shareholders are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

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## THE PROPOSAL AND HOW TO VOTE

### THE PROPOSAL

The Proposal involves the transfer of all Black Range Shares to Western in consideration for 1 Western Share for every 750 Black Range Shares held as at the Record Date.

If the Proposal proceeds, Black Range will become a wholly owned subsidiary of Western.

### SCHEME MEETING

For the Proposal to take effect, it must be approved by the requisite majorities of Black Range Shareholders at the Scheme Meeting. Details of the majorities required to approve the Scheme is set out in Section 4.3.

The Scheme Meeting will take place at BDO Building (Hay Room), 38 Station Street, Subiaco, Western Australia at 10:00am on 25 August 2015.

### ENTITLEMENT TO VOTE

If you are registered as the holder of Black Range Shares on the Register as at 10:00am on 23 August 2015 you will be entitled to vote in person, by proxy, attorney or, in the case of a corporation, by corporate representative at the Scheme Meeting.

In the case of joint holders, only the vote of the Black Range Shareholder whose name appears first on the Register will be counted.

### VOTING IN PERSON

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

### VOTING BY PROXY

If you do not wish to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A body corporate may also appoint a proxy. A proxy need not be a shareholder. If a representative of a corporate proxy is to attend the meeting, you must ensure that the appointment of the representative is in accordance with section 250D of the Corporations Act. The corporate representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. A form of the certificate may be obtained from the Company's share registry.

You are entitled to appoint up to 2 proxies to attend the meeting and vote on your behalf and may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes that each proxy is entitled to exercise, each proxy may exercise half of the votes. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.

Sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the chairman of the meeting, who must vote the proxies as directed.

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10:00am (WST) on 23 August 2015. Any proxy form received after that time will not be valid for the scheduled meeting.

### Lodgment for Proxy Form

By mail:           Computershare Investor Services Pty Limited  
                      GPO Box 1282  
                      Melbourne VIC 8060  
                      Australia

By fax:            1800 783 447 (within Australia)  
                      +61 3 9473 2555 (outside Australia)

Custodian        For Intermediary Online subscribers only (custodians) please  
Voting:           visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting  
                      intentions

### VOTING BY ATTORNEY

If a person acting under a power of attorney is to attend and vote at a Scheme Meeting on behalf of a Black Range Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been produced to Black Range, must be either lodged with the Registry before, or brought to, the

relevant Scheme Meeting. Unless the contrary is evident from its express terms, a power of attorney granted by a Black Range Shareholder will continue in force and may be acted on by Black Range unless express notice in writing of its revocation or the death of the relevant Black Range Shareholder is lodged with Black Range.

#### **VOTING BY CORPORATE REPRESENTATIVE**

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act 2001 (Cth) (**Corporations Act**). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

If a Certificate of Corporate Representative is executed by an attorney of a Black Range Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by Black Range, must accompany the certificate.

Further details about how to vote at the Scheme Meeting are contained in the Notice of Scheme Meeting.

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## SECTION 1 - WHY YOU SHOULD VOTE IN FAVOUR OF THE SCHEME

### POTENTIAL BENEFITS RESULTING FROM THE MERGER

#### 1. ENHANCED BALANCE SHEET AND FINANCIAL STRENGTH

Western's existing cash resources and access to further financial backing are expected to provide a higher level of funding certainty in the current difficult market environments. Western has raised more funds than Black Range since August 2014 and has more cash on hand than Black Range. In addition, Black Range is indebted to Western for the Credit Facility balance and would need to repay this loan in the event the Merger does not proceed.

The Merger will also enhance the scale of Black Range, providing a platform for greater access to global capital markets, which in turn may provide access to growth opportunities that are unavailable to Black Range as a standalone entity.

#### 2. EXPOSURE TO A LARGER MORE DIVERSE RESOURCE BASE

The Merged Group will have exposure to a larger, more diversified asset base, including a combined uranium resource base of more than 100 million pounds of U<sub>3</sub>O<sub>8</sub> across nine projects.

In addition, Black Range Shareholders will have the opportunity to become part of a larger uranium company, which will offer both short term production opportunities, together with longer term production potential.

#### 3. POTENTIAL FOR NEAR-TERM PRODUCTION

Western's current projects include the Sunday Mine Complex which was in production from 2007 until 2009 and remains fully permitted for mining. Accordingly, there is a potential for the Sunday Mine Complex to be restarted in the near term, which would create an opportunity to fund the longer term development requirements of the Hansen Project.

#### 4. OPPORTUNITY FOR UPLIFT BY UNLOCKING POTENTIAL OF BLACK RANGE'S HANSEN DEPOSIT AND ABLATION LICENCE

If the Scheme is implemented, the Merged Group will have the opportunity to accelerate the commercialisation of Black Range's interest in the Ablation technology, via the implementation of field trials at the Sunday Mine Complex and Western's other advanced uranium assets.

#### 5. SCHEME CONSIDERATION PROVIDES A PREMIUM

Based on the twenty day VWAP of Western Shares on 20 March 2015, being the last day the Western Shares traded before the public announcement of the Merger, the offer under the Scheme of A\$0.006 per Black Range Share, represented:

- a 71.4% premium to the twenty day VWAP of Black Range Shares;
- a 93.5% premium to the three month VWAP of Black Range Shares; and
- a 105.33% premium to the closing share price of Black Range (A\$0.003) based on the closing price of Western (C\$4.50) on 19 March 2015, being the last day the Western Shares and Black Range Shares traded before the public announcement of the Merger.

An exchange rate of C\$0.9740 to A\$1.00 was adopted for the purpose of calculating the above premiums, being the exchange rate of C\$ to A\$ on 20 March 2015. It is noted that these premiums were calculated at a time of low volume trades in Western and the share prices and in turn the premium at the time of completion of the Merger may differ.

#### 6. BLACK RANGE DIRECTORS UNANIMOUSLY RECOMMEND THAT BLACK RANGE SHAREHOLDERS VOTE IN FAVOUR OF THE SCHEME IN THE ABSENCE OF A SUPERIOR PROPOSAL

Your Black Range Directors unanimously recommend that Black Range Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The Black Range Directors' support for the Scheme comes after a thorough assessment of Black Range's stand alone position as compared to the benefits that could be realised through a scheme of arrangement with Western.

Black Range Directors have personal interests in respect of 69,835,250 (2.25%) Black Range Shares and they intend to cast all of their votes in favour of the Scheme in the absence of a Superior Proposal.

The Black Range Directors believe the Merger presents a valuable opportunity to continue to create a larger scale company.

Upon implementation of the Merger, Black Range Shareholders will own approximately 25.7% of the Western Shares. Therefore, existing Black Range Shareholders will have the opportunity to participate in the significant ongoing benefits expected from the Merger, including facilitation of a field trial for Ablation, potential to utilise cash flow generated from recommencing production at the Sunday Mine Complex to fund the development of the Hansen Project and near-term production potential of other Western assets.

#### 7. THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEME IN THE BEST INTERESTS OF BLACK RANGE SHAREHOLDERS AND ALTHOUGH 'REASONABLE', IS NOT 'FAIR'

The Black Range Directors engaged Stantons as an independent expert to provide an opinion as to whether the Scheme is in the best interests of Black Range Shareholders.

The Independent Expert has concluded that the Scheme is in the best interest of Black Range Shareholders.

The Independent Expert's has also concluded that the Scheme is not fair but reasonable. This is because when the Scheme Consideration is assessed based on the asset net values of each of Black Range and Western's



respective assets (which is consistent with existing ASIC policy) the preferred value of the Scheme Consideration is less than the preferred value of Black Range Shares and is therefore not 'fair'. Please refer to paragraph 9.7 of the Independent Expert's Report for further information on the Independent Expert's assessment of 'fairness'.

The Independent Expert noted that the Scheme is nevertheless 'reasonable' despite not being 'fair' after considering other significant factors. Amongst other things, those factors are set out on page 6 of the Scheme Booklet and in this Section.

The Independent Expert's Report dated 16 June 2015 is set out in Appendix 1 of this Scheme Booklet. In the preparation of these reports, Stantons sought the assistance of the Independent Technical Experts, Western States Mining Consultants P.C. and John Kyle Engineering, LLC. The Independent Technical Experts' Reports are attached to the Independent Expert's Report.

Black Range Shareholders should read the relevant Independent Expert's Report in full (a complete copy of which is set out in Appendix 1) prior to making their own determination on the merits of the Scheme.

8. CAPITAL GAINS TAX ROLLOVER RELIEF IS EXPECTED TO BE AVAILABLE TO INDIVIDUAL AUSTRALIAN RESIDENT BLACK RANGE SHAREHOLDERS

If the Scheme is implemented, an individual Australian resident Black Range Shareholder who would make an Australian capital gain from the disposal of their Black Range Shares may benefit from rollover relief under which the capital gain derived from the Scheme Consideration will be disregarded and effectively deferred until they dispose of any Western Shares which they acquire under the Scheme.

See Section 12 for more information regarding tax implications of the Scheme.

9. ANALYST COVERAGE

If the Scheme is implemented it is anticipated that the Merged Group will receive a higher level of coverage by research analysts. This is expected to generate more investor interest in the Merged Group.

10. SYNERGY FROM TWO COMPANIES' URANIUM PROJECTS

Synergy from the combination of the two companies' uranium projects, including in particular the Hansen Project and the Sunday Mine Complex, coupled with the Ablation technology are possible during the development stages of those projects. Potential advantages include:

- a larger group of specialist employees;
- additional leverage with suppliers;
- consolidation of offsite operations; and
- enhanced marketing opportunities.

11. EXPERIENCED MANAGEMENT TEAM

The Western Board and Western's senior management is comprised of an experienced evaluation and development team which is capable of rapidly progressing the combined assets of the Merged Group.

Please refer to Sections 6.4 and 6.5 for further details in relation to the Western Board and Western's senior management.

12. STRONG INVESTOR RELATIONS PROGRAM

If the Scheme is implemented, existing Black Range Shareholders will hold securities in a Canadian company that will actively and regularly present to new and existing Canadian, Asian, European and USA, financial institutions and investors via focused methods including corporate "road-shows", conferences, media releases and media interviews.

### IMPLICATIONS OF THE SCHEME NOT BEING APPROVED

If the Scheme is not implemented, Black Range will remain a standalone entity listed on the ASX and it will bear transaction costs in relation to the proposed Scheme.

Under the terms of the Credit Facility Agreement, Western has agreed to provide Black Range up to A\$450,000 in order to fund its ongoing operations in the lead up to the Effective Date. As at 30 June 2015, Black Range had drawn down A\$442,204 under the Credit Facility. Please refer to Section 13.5(b) for further information regarding the Credit Facility Agreement.

If the Scheme is not implemented, Black Range will be required under the terms of the Credit Facility Agreement to repay the outstanding balance of the Credit Facility, including applicable interest, within 60 days. The Credit Facility is secured against Black Range's assets. Accordingly, non-repayment of the due amount in accordance with the Credit Facility Agreement would entitle Western to enforce that security.

As at the date of this Scheme Booklet, Western has no view as to what its actions will be if the Scheme is not implemented and if, at the end of this 60 day period there has been a failure by Black Range to repay the amount owing under the Credit Facility.

As at 26 June 2015, Black Range had working capital deficiency of A\$222,003 (excluding the Credit Facility balance referred to above). Black Range would therefore need to secure funding to repay the amounts owing under the Credit Facility. Black Range would also need to secure interim funding to continue to finance its ongoing operations and obligations. The Black Range Board considers that it would be able to secure financing, as it has done so in the past, however, it is noted that given the challenging prevailing financial market conditions, particularly for junior resources companies, and more particularly those focused on the uranium sector, this could prove difficult. Indeed even if such funds could be secured, the commercial terms of such financing may not be particularly favourable, and Black Range Shareholders may risk significant dilution.

In the short term Black Range would continue to evaluate its exploration assets with the view of advancing the Hansen Project to production as quickly as possible.

Black Range would also continue to seek to commercialise Ablation as soon as practicable. It is uncertain whether the failure to implement the Scheme would affect Western's intentions of running field trials at Western's projects with Black Range's Ablation equipment in the near term. Should such tests be delayed, the timeline to commercialising Ablation may be affected.

Please refer to Section 4.12 for further information in relation to the Scheme not proceeding.

## SECTION 2 - DISADVANTAGES OF THE SCHEME

Although the Scheme is recommended by your Black Range Directors and the Independent Expert believes the Proposal to be in the best interests of Black Range Shareholders, Black Range Shareholders should also be aware of reasons as to why they may consider voting against the Scheme.

Some factors which may lead you to vote against the Scheme are set out below. Your Black Range Directors believe that these disadvantages are more than outweighed by the benefits the Merger would deliver.

### 1. BLACK RANGE WILL NOT CONTINUE AS AN INDEPENDENT ENTITY

You may consider that Black Range will deliver greater returns to Black Range Shareholders over the long term by remaining as an independent company.

### 2. INTEGRATION RISK

Issues may arise when integrating the management systems of two companies.

### 3. THERE WILL BE NO DIRECT INVESTMENT EXPOSURE TO BLACK RANGE IN ITS CURRENT FORM

You may wish to maintain the same portfolio risk profile for your investment and if so will need to seek an alternative investment. In doing so, you may find it difficult to find another investment with a similar risk profile to that of Black Range and may incur transaction costs in undertaking any new investment.

### 4. A SUPERIOR PROPOSAL MAY ARISE

You may consider that a higher offer for Black Range may be made such that you would receive more than the Scheme Consideration for your Black Range Shares. However, the Black Range Directors are not currently aware of any forthcoming Superior Proposals.

### 5. YOU MAY DISAGREE WITH THE BLACK RANGE DIRECTORS AND THE INDEPENDENT EXPERT

You may believe that the Proposal and the Scheme Consideration offered by Western pursuant to the Scheme is not in the best interests of Black Range Shareholders.

### 6. THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEME IS NOT FAIR BUT REASONABLE

The Independent Expert's assessed value of the Scheme Consideration (on a minority interest basis) is in the range of A\$0.00351 to A\$0.00437 with a preferred value of A\$0.00396 per Black Range Share, which is less than the assessed technical undiscounted value (not market value) range for Black Range Shares of A\$0.00498 to A\$0.01046 with a preferred value of A\$0.00717 per Black Range Share. Therefore the Independent Expert's conclusion is that the Scheme is not 'fair'. However, due a number of factors, the Independent Expert nevertheless considers the Scheme 'reasonable' to, and overall 'in the best interests' of, Black Range Shareholders in the absence of a Superior Proposal (please refer to Section 1 and to the Independent Expert's Report in Appendix 1).

### 7. THERE MAY BE TAXATION IMPLICATIONS

The Proposal could give rise to adverse tax consequences for you personally that would not arise if the Proposal did not proceed. Each Black Range Shareholder is advised to consult their own taxation or other professional adviser.

A general guide to the taxation implications of the Scheme is set out in Section 12.

### 8. RISKS OF MERGED GROUP

If the Proposal is approved and implemented, Black Range Shareholders will become exposed to risks in the Merged Group that they may not otherwise be exposed to if they continued to hold Black Range Shares. Details of the material risks associated with the Proposal and Western Shares are contained in Section 11.

### 9. VALUE OF SCHEME CONSIDERATION

Given that the Scheme Consideration consists of quoted securities, the exact value of the Scheme Consideration that will be realised by Black Range Shareholders will be dependent on the Australian dollar-Canadian dollar exchange ratio and the price at which the new Western Shares trade on the CSE after the Implementation Date.

The final value of the Scheme Consideration is likely to be different from the implied values set out in this Scheme Booklet.

In addition, the Sale Agent nominated by Western will be issued, as nominee in trust, new Western Shares attributable to certain Small Shareholders who do not elect to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders and will sell those securities on market as soon as reasonably practicable after the Implementation Date (see Sections 14.8 and 14.9). It is possible that such sales may negatively impact the price of Western Shares during the relevant period. There may also be insufficient liquidity for the Sale Agent to sell the Western Shares during the relevant period.

There is no guarantee regarding the prices that will be realised by the Sale Agent or the future market price or liquidity of Western Shares. Future market prices may be either above or below current or historical market prices.

10. **TRADEABILITY OF WESTERN SHARES**

Western Shares are listed on the CSE but are not listed on the ASX. In order for Black Range Shareholders to sell their Western Shares, they will be required to establish an overseas trading account with a broking firm and pay brokerage on the sale of Western Shares.

Please see Section 9.3(a) for further information on trading Western Shares.

11. **DILUTION**

Black Range Shareholders' proportional shareholding in the Merged Group will be approximately 25.7%. While the Merger is likely to create operational synergies and benefits from being a larger, more diverse entity, the majority of these benefits will flow to existing Western Shareholders.

## **SECTION 3 - QUESTIONS AND ANSWERS**

This Section answers some commonly asked and important questions about the Scheme and will assist you to locate further information in this Scheme Booklet. It is not intended to address all relevant issues for Black Range Shareholders and should be read together with the whole Scheme Booklet before deciding how to vote.

### **GENERAL QUESTIONS**

**Q1 WHAT IS THE PROPOSAL?**

The Proposal involves the transfer of all Black Range Shares to Western in exchange for the Scheme Consideration, being 1 Western Share for every 750 Black Range Shares held as at the Record Date. After that transfer, shareholders of Black Range will be shareholders of Western, and Black Range will be wholly owned by Western.

Small Shareholders who do not elect to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders will receive the proceeds received from the sale of their Western Shares held by the Sale Agent in Australian dollars.

In order to become entitled to the Scheme Consideration a Black Range Shareholder must be recorded on the Register as a Black Range Shareholder as at 5pm (WST) on the Record Date. The Record Date is expected to be 14 September 2015.

If the Proposal proceeds, Black Range will become a wholly owned subsidiary of Western.

**Q2 WHAT IS THE INDEPENDENT EXPERT'S CONCLUSION?**

The Independent Expert has concluded that overall the Scheme is 'in the best interests' of Black Range's Shareholders in the absence of a Superior Proposal and is not fair but reasonable.

A complete copy of the Independent Expert's Report is contained in Appendix 1 of this Scheme Booklet and should be read in full.

**Q3 WHAT SHOULD I DO?**

Read this Scheme Booklet and the accompanying Notice of Scheme Meeting carefully and then vote by attending the Scheme Meeting or by appointing a proxy or attorney or, if applicable, a corporate representative to vote on your behalf.

Your Black Range Directors recommend that Black Range Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. Your Black Range Directors intend to vote in favour of the Scheme in respect of all Black Range Shares they personally control.

If, after reading this Scheme Booklet and the Black Range Directors' recommendation, you are in doubt as to what you should do, you should consult your investment or other professional adviser.

**Q4 DO I HAVE TO SIGN ANYTHING?**

If you are an individual Black Range Shareholder and attend the Scheme Meeting in person to vote you do not need to sign anything. However, if you are not going to attend the Scheme Meeting in person but still wish to vote, or if you are a body corporate, you will need to complete and sign a white shareholder proxy form and/or a corporate representative form. Please refer to the Notice of Scheme Meeting for instructions.

**Q5 WHAT CHOICES DO I HAVE AS A BLACK RANGE SHAREHOLDER?**

As a Black Range Shareholder, you have the following choices:

- (a) you can vote in person, by proxy, attorney or corporate representative at the Scheme Meeting;
- (b) you can elect not to vote at the Scheme Meeting; or
- (c) you can sell your Black Range Shares on ASX prior to the Black Range Shares being suspended from close of trading on the Effective Date.

You are encouraged to consider your personal financial circumstances and seek professional advice before making any decision about your Black Range Shares.

**Q6 WILL I HAVE TO PAY BROKERAGE ON THE TRANSFER OF MY BLACK RANGE SHARES TO WESTERN?**

No. If the Scheme is approved and implemented you will not need to pay brokerage on the transfer of your Black Range Shares to Western under the Scheme.

In addition, if you are a Small Shareholder who has not elected to receive the Scheme Consideration in the form of Western Shares or an Ineligible Foreign Shareholder, the Western Shares you would otherwise be entitled to receive as Scheme Consideration will be sold under the Sale Facility and Western will pay all brokerage and other fees associated with the sale of your Western Shares under the Sale Facility except for applicable taxes and currency conversion costs, and you will receive a cheque for the sale of your Western Shares in Australian dollars. See Section 9.4 for details regarding the Sale Facility.

**Q7 WHAT ARE THE PROSPECTS OF RECEIVING A SUPERIOR PROPOSAL?**

Since the announcement of the Proposal, the Black Range Board has not received any other offers that would constitute a Superior Proposal from interested parties as at the date of this Scheme Booklet. Prior to the execution of the Merger Implementation Agreement on 20 March 2015 the Black Range Board had not received any interest in a corporate transaction from other parties.

If a Superior Proposal for Black Range emerges this will be announced to the ASX and the Black Range Directors will carefully consider the proposal and advise Black Range Shareholders of their recommendation. The Black Range Break Fee of A\$500,000 may be payable by Black Range in the event that a Black Range Director withdraws their recommendation or adversely modifies his support for either of the Scheme.

The Black Range Break Fee was agreed to after a period of negotiations and took into account Western's expected offer costs and the fact that the implied offer premium was significantly higher than industry norms, based on respective share prices and exchange rates at the relevant time. Therefore, whilst any successful third party offer would incur payment of the Black Range Break Fee, this was deemed acceptable given Black Range Shareholders would then benefit from an even higher premium.

Black Range has agreed to certain exclusivity provisions (see Section 13.6 for details), that restrict it from soliciting or participating in discussions in relation to a Competing Proposal. However, these restrictions will not prevent the Black Range Board from entering into negotiations for a Competing Proposal where the Black Range Board considers, in good faith and acting reasonably after obtaining legal advice, that the Competing Proposal is a Superior Proposal.

**Q8 CAN I SELL MY BLACK RANGE SHARES ON ASX?**

Yes, you can sell your Black Range Shares on ASX. If the Scheme is approved, you will only be able to do so before the close of trading on the Effective Date (which is expected to be on or about 7 September 2015). If you sell in this way, you may need to pay brokerage on the sale.

**Q9 WILL WESTERN BE PAYING ANY DIVIDENDS?**

Western has not paid any dividends in respect of Western Shares since its incorporation and does not anticipate doing so in the foreseeable future.

If the Scheme does not become Effective, Black Range does not intend, at this time, to declare or pay any dividend in respect of Black Range Shares to Black Range Shareholders.

**Q10 DOES BLACK RANGE PROPOSE A BLACK RANGE OPTIONHOLDERS' SCHEME OF ARRANGEMENT?**

No. In accordance with the Merger Implementation Agreement, subject to the Scheme becoming Effective and as permitted by a waiver from ASX Listing Rule 6.23, Western has made an offer to each Black Range Optionholder to cancel their Black Range Options. In return for the cancellation of these Black Range Options, Black Range Optionholders will receive the consideration set out under Section 13.1. For further detail in relation to the arrangements in relation to the Black Range Optionholders please refer to Section 13.1.

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**QUESTIONS ABOUT BLACK RANGE DIRECTORS' RECOMMENDATION**

**Q11 WHAT DO THE BLACK RANGE DIRECTORS RECOMMEND?**

Your Black Range Directors unanimously recommend that Black Range Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

Detailed reasons for the Black Range Directors' recommendation are contained in Section 1.

Each Black Range Director who holds Black Range Shares intends, in the absence of a Superior Proposal, to vote in favour of the Scheme at the Scheme Meeting.

**Q12 WHAT IS THE OPINION OF THE INDEPENDENT EXPERT?**

The Independent Expert has provided an opinion in respect of the Scheme. The Independent Expert has concluded that overall the Scheme is in the best interests of Black Range Shareholders and is not fair but reasonable. Appendix 1 sets out the Independent Expert's Report.

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**QUESTIONS ABOUT THE CONSIDERATION BLACK RANGE SHAREHOLDERS WILL RECEIVE**

**Q13 WHAT WILL I RECEIVE IF THE PROPOSAL IS IMPLEMENTED?**

Black Range Shareholders will receive 1 Western Share for every 750 Black Range Shares held as at the Record Date.

Small Shareholders who do not elect to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders will not receive Western Shares, but will receive the net sale proceeds upon the sale of those Western Shares.

Small Shareholders who do not elect to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders should refer to Section 9.4.

**Q14 WHAT CAN I DO IF I AM A SMALL SHAREHOLDER OF BLACK RANGE SHARES?**

If you are a Small Shareholder (i.e. a Black Range Shareholder holding a parcel of less than 7,500 Black Range Shares on the Record Date) and you want to receive the Scheme Consideration as Western Shares, you must elect to receive the Scheme Consideration in the form of Western Shares. If you have not elected to receive the Scheme Consideration in the form of Western Shares, the Western Shares you would otherwise be entitled to receive as Scheme Consideration will be issued in trust to a nominee who will sell them on the CSE and the net sale proceeds will be converted into Australian dollars and remitted to you by cheque. Please refer to Section 9.4 for further details in relation to the Sale Facility.

**Q15 WHAT ARE WESTERN SHARES AND WHERE ARE THEY LISTED?**

Western Shares are fully paid common shares in the capital of Western ranking equally in all respects with all other common shares in Western. Western Shares are listed and traded on the CSE in Canadian dollars. Western Shares are not and will not be quoted and traded on ASX.

**Q16 WHEN WILL I RECEIVE THE SCHEME CONSIDERATION?**

If you are a Black Range Shareholder you will receive the Scheme Consideration as soon as possible after the Implementation Date, which is expected to be 17 September 2015.

If you are a Small Shareholder that has not elected to receive the Scheme Consideration in the form of Western Shares or if you are an Ineligible Foreign Shareholder, please refer to Section 9.4 in relation to how your entitlement will be dealt with.

**Q17 WHERE CAN I TRADE MY WESTERN SHARES?**

Trading in the new Western Shares to be issued under the Scheme on the CSE is expected to commence on 17 September 2015 (CEDT). The actual date will be announced by Western and published on Black Range's website ([www.blackrangeminerals.com](http://www.blackrangeminerals.com)).

The exact number of Western Shares to be issued to you will not be known until after the Record Date and will not be confirmed to you until you receive your DRS Statement (see Section 9.3(a) for more information) or your share certificate for Western Shares following the Implementation Date. It is your responsibility to confirm your holding in Western Shares before you trade them to avoid committing to sell more than will be issued to you.

Western Shares are listed on the CSE. Accordingly, investors that wish to trade Western Shares may do so through a securities exchange, a quotation system or privately. The public trades must be undertaken through a broker entitled to trade on the CSE. Not all Australian brokers are able to trade securities on the CSE.

Please see Section 9.3(a) for further information on trading Western Shares.

**Q18 WILL THE PROCEEDS BE TAXED?**

If the Scheme is implemented, an individual Australian resident Black Range Shareholder who would otherwise make an Australian capital gain from the disposal of their Black Range Shares may benefit from partial CGT rollover relief under which any capital gain derived from the scrip component of the Scheme Consideration will be effectively deferred until they dispose of any Western Shares acquired under the Proposal.

The potential taxation implications for individual Black Range Shareholders resident in Australia are set out in Section 12. The guide in Section 12 is expressed in general terms only and is not intended to provide taxation advice in relation to the particular circumstances of any one Black Range Shareholder. Black Range Shareholders should seek their own advice in respect of the taxation implications of the Scheme.

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**QUESTIONS ABOUT THE FUTURE OF BLACK RANGE**

**Q19 WHO IS WESTERN?**

Western Uranium Corporation is a Canadian-incorporated uranium and vanadium exploration company focused on resources in the western slope Colorado Plateau in the United States of America. Western is incorporated under the Business Corporations Act (Ontario) and its headquarters are in Toronto, Ontario.

Western's common shares are listed on the CSE ([www.thecse.com](http://www.thecse.com)).

**Q20 WHAT BUSINESS WILL BLACK RANGE (AS ACQUIRED BY WESTERN) COMPRISE?**

Western intends that the business of Black Range will be continued substantially in the same manner as it is presently being conducted. However, Western intends to utilise existing infrastructure and resources and relationships to expand Black Range's business in the United States.

See Section 7 for details of the Merged Group and its business.

**Q21 WILL THE DIRECTORS OF WESTERN CHANGE AFTER THE MERGER?**

The Western Board currently consists of 4 directors and it is not anticipated that this will change if the Proposal proceeds.

Profiles of the Western Directors are set out in Section 6.4.

**Q22 DOES BLACK RANGE ANTICIPATE ANY REDUNDANCIES AS A RESULT OF THE MERGER?**

Certain corporate functions and specialist technical or professional services (such as finance and accounting, administration, human resources, technology and communications) presently carried out by Black Range will be eliminated or reduced where it is economically efficient to do so.

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**QUESTIONS ABOUT VOTING AND CONDITIONS TO THE PROPOSAL**

**Q23 AM I ENTITLED TO VOTE AT THE SCHEME MEETING?**

If you are registered as the holder of Black Range Shares on the Register as at 5pm (WST) on 23 August 2015 you will be entitled to vote at the Scheme Meeting.

If you are unsure whether you are entitled to vote, you can contact the Registry on 1300 787 272 (within Australia) or +61 3 9415 4000 (outside Australia) between 9:00am to 5:00pm (WST), Monday to Friday.

**Q24 HOW DO I VOTE?**

Please refer to the Section entitled "The Proposal and How to Vote" located before Section 1 at the beginning of this Scheme Booklet and the Notice of Scheme Meeting for details about how to vote.

**Q25 IS VOTING COMPULSORY FOR THE SCHEME?**

No. You do not have to vote. However, your Black Range Directors believe that the Proposal is important to all Black Range Shareholders and recommend that you read this Scheme Booklet carefully and, in the absence of a Superior Proposal, unanimously recommend that you vote in favour of the Scheme. Your Black Range Directors who personally control Black Range Shares intend to vote all of their Black Range Shares in favour of the Scheme.

**Q26 WHAT VOTING MAJORITY IS REQUIRED TO APPROVE THE SCHEME?**

The Scheme must be approved by:

- a majority in number of Black Range Shareholders present and voting at the Scheme Meeting (in person, by proxy, attorney or corporate representative); and
- Black Range Shareholders who together hold at least 75% of the total number of votes cast on the resolution at the Scheme Meeting.

After the Scheme Meeting, the Scheme must also be approved by the Court.

**Q27 WHAT HAPPENS IF I DO NOT VOTE ON, OR I VOTE AGAINST, THE SCHEME?**

If a Scheme is implemented (as a result of receiving the requisite approval from Black Range Shareholders and the Court), you will be bound by the Scheme regardless of whether you voted for, or did not vote for, or voted against the Scheme.

In other words, if you are a Black Range Shareholder as at the Record Date and the Scheme is implemented, your Black Range Shares will be transferred under the Scheme and you will receive the Scheme Consideration notwithstanding that you did not vote or voted against the Scheme.

**Q28 WHEN WILL THE RESULTS OF THE SCHEME MEETING BE KNOWN?**

The result of the votes cast at the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX. The results will also be published on Black Range's website ([www.blackrangeminerals.com](http://www.blackrangeminerals.com)) following the Scheme Meeting.

You should be aware that the Scheme is subject to the approval of the Court, and the satisfaction of the Conditions. The Court hearing for approving the Scheme is expected to be held on 4 September 2015.

**Q29 WHAT HAPPENS IF THE SCHEME IS NOT APPROVED?**

If the Scheme is not approved:

- Black Range will remain an ASX listed company;
- Black Range Shareholders will retain their Black Range Shares and will not receive any Scheme Consideration;
- Black Range will be required to expense the costs of arranging the Scheme of approximately \$110,000 in the financial accounts for the financial year in which they were incurred; and
- Black Range will be required to repay the secured Credit Facility, together with all accrued interest, to Western in accordance with the Credit Facility Agreement or risk Western enforcing its security against the assets of Black Range.

As at the date of this Scheme Booklet, Western has no view as to what its actions will be if the Scheme is not implemented and if, at the end of this 60 day period there has been a failure by Black Range to repay the amount owing under the Credit Facility.

The Scheme not being implemented has the following disadvantages to Black Range:

- there are currently no alternate bona fide offers;
- there is no guarantee that Black Range's Share price will change should the Proposal be withdrawn, however it is possible that the price and liquidity of Black Range Shares may reduce in the absence of the Scheme;
- Black Range will remain a separate trading entity on the ASX with substantially the same shareholder base, that does not include major institutional shareholders;

- Black Range will retain its exploration portfolio and, therefore, Black Range Shareholders will not gain exposure to Western's near-term production projects;
- the synergy that may be derived from the combination of the two companies' assets will not likely be realised, in the absence of the Scheme proceeding;
- there will be no exposure to Western's assets or its proposed 2015 exploration and development programs and budgets in the absence of the Scheme;
- Black Range will have to secure alternative funding in order to repay the Credit Facility and to fund its ongoing operations, failing which Western will have the right to enforce its security against the assets of Black Range. Securing alternative funding may be challenging in the current market environment and may also result in dilution of Black Range Shareholder's current interests;
- there will be no exposure to the Western Board and senior management in the absence of the Scheme; and
- Black Range Shareholders may face considerable dilution in the event all payments are made to exercise Black Range's right to acquire the remaining 75.5% interest in the Hansen Project (see Section 5.2(a) for further details).

In certain cases where the Scheme does not become Effective, the Black Range Break Fee may become payable by Black Range to Western. Further details concerning the Black Range Break Fee are set out in Section 13.7.

The implications for Black Range Shareholders if the Proposal does not proceed are detailed in Section 4.12.

### **Q30 WHAT CONDITIONS NEED TO BE SATISFIED FOR THE PROPOSAL TO BE IMPLEMENTED?**

In addition to approval of the Scheme by the requisite majorities of Black Range Shareholders, the Scheme is conditional on a number of other matters that are set out in Section 8.3 and include:

- approval of the Scheme by the Court; and
- no Black Range Regulated Event or Black Range Material Adverse Change having occurred prior to the Second Court Date.

Black Range Shareholders should refer to clause 4 of the summary of the Merger Implementation Agreement contained in Appendix 2. Certain Conditions can be waived.

### **Q31 WHY WOULD TRADING IN BLACK RANGE SHARES BE SUSPENDED?**

If the Scheme becomes Effective, trading in Black Range Shares on ASX will be suspended on and from close of trading on the Effective Date. This is so that trades in Black Range Shares on ASX can be registered on or before the Record Date, after which time no further transfers may be registered. If the Scheme is implemented, Black Range will become a wholly owned subsidiary of Western and Black Range Shares will no longer be quoted on ASX.

Therefore, if Black Range Shareholders wish to sell their Black Range Shares, they must do so by close of trading on the Effective Date.

### **Q32 HOW CAN BLACK RANGE OR WESTERN TERMINATE THIS MERGER TRANSACTION?**

The Merger Implementation Agreement contains certain provisions allowing for termination of the Merger. These include, among others, termination rights in certain circumstances, including if there is a material breach under the Merger Implementation Agreement, if any of the Conditions Precedent are not satisfied or validly waived, including if the Scheme is not approved by Black Range Shareholders or if Black Range receives a Superior Proposal and the Black Range Board publicly recommends the Superior Proposal or the Black Range Board withdraws or adversely modifies its recommendation of the Merger.

See Section 13.8 for more details regarding cases where the Merger may be terminated.

In certain cases where the Merger Implementation Agreement has been terminated, the Black Range Break Fee of A\$500,000 may become payable by Black Range to Western. Further details concerning the Black Range Break Fee are set out in Section 13.7.

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## **OTHER QUESTIONS**

### **Q33 WHAT IF I HAVE FURTHER QUESTIONS?**

If you have any further questions relating to voting procedures consult your financial, legal, tax or other professional adviser or contact Black Range's company secretary by email at [info@blackrangeminerals.com](mailto:info@blackrangeminerals.com) or by telephone on +61 8 9481 4920 .

## SECTION 4 - DETAILS OF THE SCHEME

### 4.1 BACKGROUND

On 30 January 2015, Black Range announced the Proposal for Western to acquire all Black Range Shares by way of Court ordered scheme of arrangement pursuant to Part 5.1 of the Corporations Act.

On 23 March 2015, Black Range announced that it had executed the Merger Implementation Agreement with Western under which:

- Black Range and Western agreed to propose the Scheme to the Black Range Shareholders and implement the Scheme upon and subject to the terms of the Merger Implementation Agreement; and
- Western agreed to provide the Scheme Consideration as consideration for the transfer to Western of all of the Black Range Shares.

### 4.2 OWNERSHIP STRUCTURE

Based on the current capital structure of Black Range and Western, immediately after implementation of the Scheme, Black Range Shareholders will hold approximately 25.7% of the total number of issued Western Shares and existing Western Shareholders will hold approximately 74.3% of the total number of issued Western Shares (on a non-diluted basis).

### 4.3 THE SCHEME

If the Scheme is approved (and the other Conditions are satisfied or waived), it will result in:

- the transfer of all the Black Range Shares to Western;
- Scheme Shareholders receiving the Scheme Consideration; and
- Black Range becoming a wholly owned subsidiary of Western and being delisted from ASX.

However, before the Scheme can take effect:

- the Scheme must be approved by the requisite majorities of the Black Range Shareholders attending and voting (either in person, by proxy, attorney or corporate representative) at the Scheme Meeting;
- the Scheme must be approved by the Court; and
- the Conditions must be satisfied.

The Scheme must be approved by:

- a majority in number of Black Range Shareholders present and voting at the Scheme Meeting (in person, by proxy, attorney or corporate representative); and
- Black Range Shareholders who together hold at least 75% of the total number of votes cast on the resolution at the Scheme Meeting.

### 4.4 SCHEME CONSIDERATION

#### (a) Scheme Consideration

If the Scheme becomes Effective, Black Range Shareholders will receive 1 Western Share for every 750 Black Range Shares held as at the Record Date.

#### (b) Small Shareholders and Ineligible Foreign Shareholders

If the Scheme becomes Effective, Small Shareholders who do not elect to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders will receive a pro-rata share of the net proceeds converted into Australian Dollars from the sale of all Western Shares sold through the Sale Facility. Please see Section 9.4 for details regarding the Sale Facility.

#### (c) Tradability of Western Shares

The Western Shares will be listed and traded on the CSE in Canadian dollars and they will not be quoted and traded on ASX.

Please see Section 9.3(a) for further information on trading Western Shares.

### 4.5 BLACK RANGE DIRECTORS' RECOMMENDATION

In the absence of a Superior Proposal, the Black Range Directors unanimously recommend that Black Range Shareholders vote in favour of the Scheme. In the absence of a Superior Proposal the Black Range Directors intend to cast all of their votes attaching to any Black Range Shares they personally control in favour of the Scheme.

Black Range has not received any approaches that have led to any bona fide alternate offer subsequent to the announcement of the Proposal.

### 4.6 INDEPENDENT EXPERT'S RECOMMENDATION

The Independent Expert was retained by Black Range in order to determine whether, in the Independent Expert's opinion, the Scheme is in the best interests of Black Range Shareholders and is fair and reasonable. The Independent Expert has concluded that overall the Scheme is in the best interests of Black Range Shareholders and is not fair but is reasonable.



Appendix 1 sets out the Independent Expert's Report. Please refer to paragraph 9.7 of the Independent Expert's Report for further information on the basis on which the Independent Expert concluded that the Scheme is not fair.

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#### **4.7 CONDITIONS TO IMPLEMENTATION OF THE SCHEME**

The implementation of the Scheme is subject to the satisfaction or waiver of the Conditions which are described in Section 8.3 and set out in full in clause 4 of the Merger Implementation Agreement, a summary of which is contained in Appendix 2.

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#### **4.8 INELIGIBLE FOREIGN HOLDERS**

A Black Range Shareholder whose address is shown in the Register on the Record Date as being in a jurisdiction other than Australia, the United States, Canada, New Zealand or the British Virgin Islands will be an Ineligible Foreign Shareholder, unless Western is reasonably satisfied that the issue of Western Shares is not prohibited, not unduly onerous and not unduly impracticable in that jurisdiction.

If Western does not issue Western Shares to a Black Range Shareholder because they will be treated as an Ineligible Foreign Shareholder, the Western Shares that would have been issued to that Black Range Shareholder will be issued to the Sale Agent, an Ontario investment dealer registered with the Canadian Securities Administrators, as nominee in trust for sale through the Sale Facility. Ineligible Foreign Shareholders should refer to Section 9.4 for further information.

There is no guarantee regarding the prices that will be realised on the sale by the Sale Agent of Western Shares on the CSE. The price realised by the Sale Agent may be significantly lower than the price of Western Shares that may have otherwise been realised by an Ineligible Foreign Shareholder if those Western Shares were issued to that Ineligible Foreign Shareholder instead of to the Sale Agent. Ineligible Foreign Shareholders will be paid their proportion of the proceeds of the sale as soon as practicable and, in any event, within 8 weeks after the date on which Western receives the Ineligible Foreign Shareholder's election to participate in the Sale Facility.

Western will pay all brokerage and other fees associated with the sale of Western Shares under the Sale Facility except for applicable taxes and currency conversion costs.

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#### **4.9 SMALL SHAREHOLDER**

Small Shareholders (i.e. a Black Range Shareholder holding a parcel of less than 7,500 Black Range Shares), will have the Western Shares that would have been issued to them, issued to the Sale Agent as nominee in trust for sale through the Sale Facility, unless they elect to receive their Scheme Consideration in the form of Western Shares. The green Share Election Form is provided with the Notice of Scheme Meeting.

Small Shareholders who do not elect to receive the Scheme Consideration in the form of Western Shares should refer to Section 9.4 for further information in relation to the Sale Facility.

There is no guarantee regarding the prices that will be realised on the sale by the Sale Agent of Western Shares on the CSE. The price realised by the Sale Agent may be significantly lower than the price of the Western Shares that may have otherwise been realised by a Small Shareholder if those Western Shares were issued to that Small Shareholder instead of to the Sale Agent. Small Shareholders will be paid their proportion of the proceeds of the sale as soon as practicable and, in any event, within 8 weeks after the date on which Western receives the Small Shareholder's election to participate in the Sale Facility.

Small Shareholders who wish to sell their Black Range Shares on the ASX prior to implementation of the Scheme must do so before close of trading on the Effective Date.

Western will pay all brokerage and other fees associated with the sale of Western Shares under the Sale Facility except for applicable taxes and currency conversion costs.

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#### **4.10 TIMING AND IMPLEMENTATION**

The key dates for implementation of the Scheme and for trading in Black Range Shares are set out at the beginning of this Scheme Booklet.

It is proposed that the Scheme will become Effective when the Court order approving the Scheme is lodged with ASIC. Black Range anticipates that this will take place on or around 7 September 2015.

If the Scheme becomes Effective, Black Range Shares will be suspended from trading on ASX at close of trading on the Effective Date. The Record Date for determining entitlement to the Scheme Consideration will be 5pm (WST) on the fifth Business Day after the Effective Date, which is expected to be 14 September 2015.

Payment of the Scheme Consideration to the Scheme Shareholders is expected to be made as soon as possible after the Implementation Date, which is expected to be 17 September 2015, and trading of the Western Shares issued under the Scheme is expected to occur on the same date.

The Scheme Consideration will be paid as described in Section 9.

Small Shareholders that have not elected to be issued the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders, should refer to Section 9.4 in relation to how their entitlement will be dealt with.

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#### **4.11 TAXATION CONSIDERATIONS**

Australian taxation considerations for individual Australian resident Black Range Shareholders that are relevant to Black Range Shareholders' decision on how to vote on the Scheme is discussed in Section 12. This guide is

expressed in general terms only and is not intended to provide taxation advice as to the particular circumstances of any Black Range Shareholder. Each Black Range Shareholder is advised to consult their own tax adviser.

#### 4.12 CONSEQUENCES OF SCHEME NOT PROCEEDING

If the Scheme is not approved by the requisite majorities of Black Range Shareholders at the Scheme Meeting:

- (a) Black Range will continue to be listed on the ASX;
- (b) Black Range Shareholders will retain their direct interest in, and collective control of, Black Range;
- (c) Black Range will continue to pursue its operational and growth objectives focused on the creation of Black Range Shareholder value;
- (d) the Black Range Share price may, in the absence of any alternative Superior Proposal, trade below or above its current price;
- (e) Black Range will be required to expense the costs of arranging the Scheme of approximately \$110,000 in the financial accounts for the financial year in which they were incurred; and
- (f) Black Range will be required to repay the Credit Facility, together with all accrued interest, to Western in accordance with the Credit Facility Agreement.

Even if you vote against the Scheme or do not vote at all, that does not necessarily mean that the Proposal will not be implemented. If the Scheme is approved by the requisite majorities of Black Range Shareholders at the Scheme Meeting and by the Court (and the Conditions are satisfied or waived), your Black Range Shares will be transferred to Western and you will receive the Scheme Consideration for every Black Range Share you hold, even though you voted against the Scheme or did not vote at all.

In certain cases where the Scheme does not become Effective, the Black Range Break Fee of A\$500,000 may become payable by Black Range to Western. Further details concerning the Black Range Break Fee are set out in Section 13.7.

#### 4.13 ANCILLARY DOCUMENTS

The following documents are attached to this Scheme Booklet:

- (a) **Appendix 1:** The Independent Expert's Report – the reports compiled by the Independent Expert as to whether the proposed Scheme is in the best interests of Black Range Shareholders. The Independent Technical Experts have reported to the Independent Expert and their respective reports are included as a part of the Independent Expert's Report;
- (b) **Appendix 2:** Merger Implementation Agreement – a summary of the agreement entered into between Black Range and Western under which each undertakes to do all things necessary to implement the Scheme;
- (c) **Appendix 3:** Scheme – setting out the legal rights and obligations of Black Range and Scheme Shareholders under the Scheme; and
- (d) **Appendix 4:** Deed Poll – executed by Western in favour of Black Range Shareholders under which Western undertakes, among other things, to provide to Black Range the Scheme Consideration.

### SECTION 5 - PROFILE OF BLACK RANGE

Black Range is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to continuous reporting and disclosure obligations. Information in this Section which has previously been released to ASX by Black Range is dealt with in summary form only.

#### 5.1 INTRODUCTION

- (a) Overview

Black Range is a mineral exploration and development company. Black Range is focused on the development of the Hansen Project in Colorado, USA and the commercialisation of the Ablation mineral concentration technology (**Ablation**).

- (b) History

Black Range was incorporated on 2 November 1983 and listed on the ASX on 18 December 1986.

Over the period 2006 to 2012, Black Range secured the rights to acquire up to a 100% interest in the Hansen Project. Further information on the Hansen Project is detailed in Section 5.2(a) below.

In July 2012, the Company acquired a 50% interest in Mineral Ablation LLC (**Ablation JV**), a joint venture with Ablation Technologies LLC (**ABT**), pursuant to which the two companies were to jointly develop the application of the patented Ablation concentration technology to mineral deposits, in particular uranium deposits. In March 2015, ABT and the Company agreed to dissolve the Ablation JV and pursuant to the ensuing settlement agreement, the Company has been assigned:

- (i) a 100% interest in a 25 year, non-exclusive licence to develop, market and utilise Ablation worldwide, for use at both its own projects as well as for projects owned by other parties; and
- (ii) ownership of the Ablation equipment that has been manufactured to date.

## 5.2 PROJECTS AND EXPLORATION

### (a) Hansen Project - Colorado, USA

Black Range's strategy is underpinned by its interest in the Hansen Project, located approximately 30 kilometres northwest of Cañon City in Colorado, USA. The Hansen Project hosts a Mineral Resource estimate (2012 JORC Code) comprising Indicated and Inferred Mineral Resources of 90.4 Mlbs of U<sub>3</sub>O<sub>8</sub>, at an average grade of 0.06% U<sub>3</sub>O<sub>8</sub> (when applying a cut-off grade of 0.025%), or 43.6 Mlbs of U<sub>3</sub>O<sub>8</sub>, at an average grade of 0.12% U<sub>3</sub>O<sub>8</sub> (when applying a cut-off grade of 0.075%) as summarised below:

**Table 1. Hansen Project Mineral Resource Estimate (2012 JORC Code)**

	Tonnes (millions)	Grade U <sub>3</sub> O <sub>8</sub> (%)	Mlbs U <sub>3</sub> O <sub>8</sub>
<b>At 0.025% (250ppm) U<sub>3</sub>O<sub>8</sub> cut-off grade</b>			
<b>Indicated</b>	28.6	0.062	39.4
<b>Inferred</b>	40.0	0.058	51.0
<b>Total</b>	<b>68.6</b>	<b>0.06</b>	<b>90.4</b>
<b>At 0.075% (750ppm) U<sub>3</sub>O<sub>8</sub> cut-off grade</b>			
<b>Indicated</b>	7.7	0.121	20.4
<b>Inferred</b>	8.8	0.119	23.2
<b>Total</b>	<b>16.5</b>	<b>0.12</b>	<b>43.6</b>

Notes:

- For further details in relation to the mineral resource estimate, including governance arrangements and internal controls, please refer to the ASX announcement of 23 April 2014 (**Resource Announcement**).
- The Company confirms that:
  - it is not aware of any new information or data that materially affects the information included in the Resource Announcement; and
  - all material assumptions and technical parameters underpinning the mineral resource estimate in the Resource Announcement continue to apply and have not materially changed.
- Please refer to the Competent Persons Statements in Section 13.10.

#### **Hansen Deposit**

The Hansen Deposit is the largest of a number of deposits within the Project and has been targeted for initial production because:

- of its size;
- it is the highest grade of all of the deposits; and
- it is the most technically advanced of the deposits in terms of historical permitting and drilling.

The Hansen Deposit was discovered in 1977 and was fully permitted for mining by Cyprus Minerals Corporation (**Cyprus**) in 1981. Cyprus drilled more than 1,000 holes and completed feasibility studies to evaluate the Hansen Deposit.

The Company currently owns 24.5% of the Hansen Deposit and holds the right to acquire the remaining 75.5% interest, via option agreements with the current underlying holders, STB Minerals LLC (**STB**) and NZ Minerals LLC (**NZ Minerals**).

During 2009 Black Range entered into an Option Agreement with NZ Minerals under which NZ Minerals granted the Company the sole and exclusive option to acquire its 49% interest in the Hansen Deposit (the **NZ Option**). Shortly thereafter Black Range acquired 50% of NZ Minerals' interest (for a net 24.5% interest in the Hansen Deposit) by paying certain consideration to NZ Minerals. To complete the acquisition of NZ Minerals' remaining 24.5% interest, within 30 days of commencement of commercial scale production at the Hansen Deposit, the Company is required to issue a further \$US2 million worth of Black Range Shares to NZ Minerals and pay it US\$2 million in cash. If the Merger proceeds, NZ Minerals has agreed to receive US\$2 million worth of Western Shares in lieu of Black Range Shares (with the deemed issue price of each Western Share equal to the volume weighted average price of Western Shares in the ninety (90) days immediately prior to the date of issue) in satisfaction of the equity component of the final acquisition consideration. NZ Minerals shall retain a 1.176% royalty interest in production from the Hansen Deposit.

During February 2011, the Company executed a definitive agreement with STB that provides the Company an exclusive option to acquire STB's 51% interest in the Hansen Deposit (**STB Option**). To exercise the STB Option, Black Range is required to pay STB, on or before 28 July 2017 a further US\$2 million and issue to STB US\$7.5 million worth of Black Range Shares. These Black Range Shares would be issued in two tranches, 180 days apart. If the Merger proceeds, STB has agreed to receive US\$7.5 million worth of Western Shares (with the deemed issue price of each Western Share equal to the volume weighted average price of Western Shares in the five (5) days immediately prior to the date of issue) in lieu of US\$7.5 million worth of Black Range Shares in satisfaction of the equity component of the consideration. If Black Range exercises its option to acquire STB's mineral interest, STB will be entitled to a 1.059% royalty on production from the Hansen Deposit.

In April 2012, Black Range undertook a scoping study on the Hansen Deposit. Based on the results of that study, which were announced to ASX on 24 April 2012, Black Range elected to pursue a development approach using underground borehole mining, application of Ablation and off-site processing.

In October/November 2013 the Company installed five additional water monitoring wells at the Hansen Deposit. It is essential that samples are collected from these wells so that baseline conditions can be established over at least five consecutive calendar quarters, prior to submitting mine permit applications. Samples for the fifth requisite period were acquired during December 2014.

During the December 2014 quarter, the Company determined that it would be advantageous to undertake trial borehole mining at the Hansen Deposit in advance of submitting mine permit applications. Following discussions with mine permitting regulators, the Company became aware that a trial would not only help streamline the mine permitting process (because the trial would provide answers to many potential questions that could be expected to be raised during the mine permitting process) but also help the Company refine the economics of developing the Hansen Deposit with borehole mining. Accordingly an appropriate application was submitted, with a view to conducting a borehole mining trial in 2015 as set out in Black Range's Quarterly Activities Report announced to ASX on 30 January 2015.

Additional baseline environmental data monitoring activities are continuing, in conjunction with preparatory mine permit application work. The cost of acquiring additional baseline data is ongoing and not considered material. It is also subject to ongoing funding, which Black Range considers will be available whether or not the Merger completes.

(b) Ablation technology licence

In July 2012, Black Range acquired a 50% interest in the Ablation JV, a joint venture with ABT, pursuant to which the two companies would jointly develop the patented (patent application 61/535,253 entitled, devices, systems and methods for processing heterogeneous materials filed 15 September 2011, patent application 61/593,741 entitled methods for processing heterogeneous materials filed 1 February 2012 and United States Patent No. 8,646,705 B2 issued 11 February 2014) Ablation methodology for application to mineral deposits, particularly uranium deposits.

Ablation is a low cost, purely physical, method of concentrating mineralisation by applying a grain-size separation process to ore slurries. No chemicals are added in the process, yet very high mineral recoveries can be achieved with considerable mass reduction; facilitating the separation of a high-value, high-grade ore product from a coarse-grained barren "clean sand" product.

Application of Ablation is expected to have a very positive effect on the development of not only the Company's Hansen Deposit but also many other uranium deposits, globally, because it is expected to significantly reduce both capital and operating costs; while timelines to obtain mine permits may also be reduced.

Extensive testwork has shown, as announced to ASX on 22 January 2013 and 26 November 2013, that, from amenable sandstone-hosted uranium ore types, typically more than 90% of the uranium mineralisation can be separated into 10-20% of the initial sample mass.

**Commercialisation of Ablation**

In order to commercialise the technology, the Ablation JV constructed a semi-commercial scale unit, with nominal capacity of 5tph (**5tph Unit**). It is anticipated that this 5tph Unit will be used to undertake large-scale tests on samples of ore from deposits that are potentially amenable to Ablation, to demonstrate the economic viability of the technology.

During 2013 and 2014, multiple tests were undertaken with the 5tph Unit. Very encouraging results were returned, with up to 94.5% of uranium in the ore samples being separated into the finest size fractions. Refinements to the system continue to be made as further tests are conducted.

On 20 March 2015 Black Range announced it had executed agreements whereby the Ablation JV is being dissolved. In consideration for the dissolution, including that all outstanding debts owed by the Ablation JV to Black Range shall be fully satisfied, Black Range has been assigned a 100% interest in a 25-year licence under which Black Range will have the right to develop, market, utilise, improve and commercialise Ablation worldwide, for use at both its own projects as well as for projects owned by other parties.

**Ablation Licence**

Black Range now holds a 100% interest in a 25-year licence under which Black Range can continue to develop, market and utilise Ablation worldwide. This includes for use at both projects Black Range owns and/or has an interest in, as well as for use, on commercial terms, at projects owned by other parties.

Furthermore, Black Range has been granted sole possession of all of the Ablation equipment that has been manufactured to date, including the pilot-scale Ablation plant that has been utilised for the vast majority of testwork undertaken previously, as well as the 5tph Unit. This provides Black Range with a significant competitive advantage as it seeks to run further tests for third parties, there is the potential to reduce mass by up to 90% based on test results as announced to ASX on 6 July 2012 and 26 November 2013, and enter into commercial agreements to deploy Ablation units to third parties' projects around the world. This has significant commercial advantages including permitting, reduced tailings, reduced consumables, reduced operating costs, reduced capital costs and streamlining permitting.

Under the terms of the licence Black Range has been granted rights to all intellectual property and patented technology, together with copies of all engineering design work and drawings.

Black Range has the right to continue to improve and commercialise Ablation.

Black Range will now be able to control the timing, nature and location of its development and commercialisation activities in relation to Ablation. This offers significant advantages over the previous

Ablation JV arrangement, in particular, operational autonomy and significant cost savings as a result of the commercial advantages discussed above.

Going forward Black Range will receive 100% of any revenue it generates from either undertaking testwork for third parties or indeed deploying Ablation units to third parties' projects. This offers Black Range the potential to expedite a return on its investment in the technology.

Furthermore, by owning a licence outright, Black Range expects to be able to significantly reduce the capital and operating cost of utilising Ablation at its own projects, as it will be able to provide and operate Ablation at these projects, including the Hansen Project, at cost rather than having to operate with a commercial margin, 50% of which would have gone to the joint venture partner.

(c) Other Projects

The Company's other projects are the Jonesville Coal Project in Alaska, USA and the Bullen uranium property in Colorado USA. Both are considered non-core to the Company's operations.

## 5.3 FINANCIAL INFORMATION

(a) Introduction

Black Range is a resident of Australia for tax purposes and prepared its annual report in accordance with the Australian equivalents to International Financial Reporting Standards and presents its financial information in Australian dollars (**A\$**). For the purposes of inclusion in this Scheme Booklet, set out below is a pro forma consolidated historical balance sheet of Black Range as at 31 December 2014 (being the most recent reviewed statements) which makes the adjustments stated in Section 5.3(b) below (**Black Range Pro Forma Balance Sheet**).

(b) Basis of Preparation

The Black Range Pro Forma Balance Sheet has been derived from Black Range's audit reviewed interim financial report for the six months ended 31 December 2014, which were prepared in accordance with Australian Auditing Standards applicable to review engagements. The review statements issued with respect to this interim period were unqualified.

The Black Range Pro Forma Balance Sheet is set out in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with AIFRS and the Corporations Act. Accordingly, it cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of Black Range as the full consolidated financial statements. Copies of Black Range's 31 December 2014 half-yearly report, including the consolidated financial statements are available on Black Range's website [www.blackrangeminerals.com](http://www.blackrangeminerals.com).

The Black Range Pro Forma Balance Sheet has been prepared by Black Range. The Black Range Directors did not consider it necessary in these circumstances to seek an independent accountant's report on the statement below due to the nature and quantum of the adjustments and the 31 December 2014 balance sheet having already been audit reviewed.

### Black Range Pro Forma Adjustments

	31 December 2014 A\$000	31 December 2014 (Adjusted) A\$000
<b>Current Assets</b>		
Cash and cash equivalents	189	189
Trade and other receivables	28	28
<b>Total Current Assets</b>	<u>217</u>	<u>217</u>
<b>Non Current Assets</b>		
Receivables	469	469
Exploration and evaluation <sup>(i)</sup>	15,360	15,467
Property, plant and equipment	11	11
Investment in Joint Venture entity <sup>(viii)</sup>	4,466	4,466
<b>Total Non Current Assets</b>	<u>20,307</u>	<u>20,413</u>
<b>Total Assets</b>	<u>20,525</u>	<u>20,630</u>
<b>Current Liabilities</b>		
Trade and other payables <sup>(i),(ii),(iii),(vi)</sup>	348	352
Option extension liability <sup>(v)</sup>	613	-
Interest bearing liability- Notes <sup>(iv)</sup>	563	-
Credit Facility <sup>(iii)</sup>	-	292
Other liabilities- Deferred consideration	500	500
<b>Total current liabilities</b>	<u>2,024</u>	<u>1,144</u>
<b>Total Liabilities</b>	<u>2,024</u>	<u>1,144</u>
<b>Net Assets</b>	<u>18,500</u>	<u>19,486</u>
<b>Equity</b>		
Issued capital <sup>(iv),(v),(vi),(vii)</sup>	74,105	75,465
Other reserves	5,406	5,406

	31 December 2014 A\$000	31 December 2014 (Adjusted) A\$000
Accumulated losses <sup>(i),(ii),(iv),(vii)</sup>	(61,010)	(61,385)
<b>Total Equity</b>	<b>18,500</b>	<b>19,486</b>

The following pro forma adjustments have been made to the balance sheet of Black Range as at 31 December 2014:

- (i) estimated corporate and administration costs to 30 April 2015 of \$300,000 including \$110,000 of consulting fees to be eliminated by the issue of Black Range shares as noted below and capitalised exploration and development costs of \$106,000;
- (ii) estimated Scheme costs of \$110,000;
- (iii) draw downs under the Credit Facility to 30 April 2015 of \$292,000. We note that there have been further draw downs of \$150,204 under the Credit Facility, between 1 May 2015 and 30 June 2015. The proceeds from these draw downs have been used to pay outstanding creditors;
- (iv) the issue of 73,284,314 Black Range Shares to eliminate a convertible note debt owing of \$598,000 (31 December 2014 balance of A\$563,292) as announced to ASX on 3 March 2015;
- (v) the issue of 202,314,466 Black Range Shares to eliminate an option extension debt owing as at 31 December 2014 of A\$613,046 as announced to ASX on 19 January 2015;
- (vi) the issue of 38,373,561 Black Range Shares as payment in lieu of cash for services provided to the Company of A\$114,400 (A\$38,500 owing as at 31 December 2014) as announced to ASX on 23 March 2015, 21 April 2015 and 21 May 2015;
- (vii) the issue of a further 11,366,666 Black Range Shares as payment in lieu of cash for services provided to the Company of A\$34,100; and
- (viii) the investment in the Ablation joint venture entity is accounted for using the equity method. Upon completion of the dissolution of the Ablation JV entity, it has been determined that no adjustment will be required to the current carrying value of Black Range's investment in Ablation (\$4.47 million), on the basis of past trial results and the pending Sunday Mine field trial.

#### 5.4 BLACK RANGE BOARD

The Board of Black Range comprises:

Independent Chairman	Alan Scott
Managing Director	Michael Haynes
Non-Executive Director	Benjamin Vallerine
Non-Executive Director	Joseph Havlin
Company Secretary	Ian Cunningham

#### 5.5 BLACK RANGE CAPITAL STRUCTURE

##### (a) Capital Structure

As at the date of this Scheme Booklet, Black Range has only one class of shares on issue, being fully paid ordinary shares (i.e. Black Range Shares).

As at the date of this Scheme Booklet, Black Range has on issue:

3,106,917,431 Black Range Shares; and

204,000,000 Black Range Options.

Please refer to section 13.1 for details on the proposed treatment of Black Range Options.

The Company expects to issue approximately 11,366,666 additional Black Range Shares in lieu of cash consideration for services provided to the Company before the Effective Date, which would have the effect of increasing the number of Black Range Shares from 3,106,917,431 to 3,118,284,097 shares.

##### (b) Substantial Shareholders

As at the date of this Scheme Booklet, based on substantial shareholder notices filed with Black Range, the following persons hold at least 5% of the total number of issued Black Range Shares.

Shareholder	Number of Black Range Shares	Percentage Held (%)
Azarga Resources Limited	591,657,157	19.04%
The Siebels Hard Asset Fund Ltd	512,158,285	16.48%

Note: Each of Blumont Group Ltd, Powertech Uranium Corp, Curt Church and Alex Molyneux have a relevant interest in Azarga Resources Limited by virtue of section 603(3) of the Corporations Act.

##### (c) Market Information about Black Range Shares

The latest recorded sale price of Black Range Shares on ASX before the public announcement of the proposed Merger at close of trading on 30 January 2015 was A\$0.003.

The latest recorded sale price of Black Range Shares on ASX before the date on which this Scheme Booklet was lodged with ASIC was A\$0.002 on 14 July 2015.

During the three month period immediately preceding the date on which this Scheme Booklet was lodged with ASIC, the highest and lowest recorded sale prices of Black Range Shares on ASX were, respectively,

A\$0.004 on 29 May and 30 April 2015 and A\$0.002 on 3, 6-7, 9-10 and 13-14 July 2015, 2-5, 9, 11-12, 15, 17-19, 22-26 and 29-30 June 2015, 1, 5, 7, 15, 18-20, 27-28 May 2015 and 16-17, 20, 22, 24 and 27-29 April 2015.

(d) Rights Attaching to Black Range Shares

The rights attaching to Black Range Shares are set out in the constitution, a copy of which may be obtained by contacting Black Range and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the common law of Australia.

(e) Interests of Black Range Directors in Black Range Securities and Western Securities

As at 17 July 2015, being the date of this Scheme Booklet, the Black Range Directors held a relevant interest in the following Black Range Shares:

Director	Black Range Shares	Black Range Options
Alan Scott	15,200,479	16,500,000 options exercisable at \$0.0064 per option on or before 27 November 2019
Michael Haynes	48,997,811	30,000,000 options exercisable at \$0.012 per option on or before 10 January 2018 75,000,000 options exercisable at \$0.0064 per option on or before 27 November 2019
Benjamin Vallerine	5,636,960	10,000,000 options exercisable at \$0.0064 per option on or before 27 November 2019
Joseph Havlin	-	10,000,000 options exercisable at \$0.0064 per option on or before 27 November 2019
Total	<b>69,835,250</b>	<b>141,500,000</b>

Note: Black Range Shares and Black Range Options may be held either directly or indirectly by a Black Range Director. The Black Range Directors who hold Black Range Shares will be entitled to participate in the Scheme.

As at the date of this Scheme Booklet, no Black Range Director held a relevant interest in any securities of Western.

(f) Disclosing Entity

Black Range is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to continuous reporting and disclosure obligations. Specifically, as a listed company, Black Range is subject to the ASX Listing Rules which require (subject to certain exceptions) the Company to notify ASX immediately of any information of which it becomes aware concerning Black Range that a reasonable person would expect to have a material effect on the price or value of the Black Range Shares.

ASX maintains files containing publicly disclosed information about all listed companies. Black Range's file is available for inspection at ASX during normal business hours or from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

In addition, Black Range is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Black Range may be obtained from, or inspected at, an ASIC office.

Black Range will provide free of charge, to any holder of Black Range Shares who requests it before the Scheme Meeting, a copy of:

- the annual financial report of Black Range for the year ended 30 June 2014 (being the annual financial report most recently lodged with ASIC before this Scheme Booklet was lodged with ASIC); and
- any continuous disclosure notice given to ASX by Black Range after the lodgement with ASIC of the annual report of Black Range for the year ended 30 June 2014 referred to above and before lodgement of this Scheme Booklet with ASIC. A list of the continuous disclosure notices given to ASX in the above period is set out below.

Document	Lodgement Date
Western Uranium Announces Resource Estimate for Sunday Mine	14 July 2015
Lodgement Draft Scheme Booklet	24 June 2015
Change of Share Registry Address	12 June 2015
Appendix 3B	21 May 2015
Change in substantial holding	5 May 2015
Quarterly Cashflow Report	30 April 2015
Quarterly Activities Report	30 April 2015
Appendix 3B	22 April 2015
Appendix 3B	23 March 2015
Reinstatement to Official Quotation	23 March 2015

Document	Lodgement Date
Merger Implementation Agreement	23 March 2015
Definitive Agreements - Western Uranium Takeover Offer	23 March 2015
Independent License To Utilise Ablation Worldwide	23 March 2015
Voluntary Suspension from Official Quotation	19 March 2015
Trading Halt	17 March 2015
Half Yearly Report and Accounts	16 March 2015
Extension of Exclusivity Period	9 March 2015
Replacement Appendix 3B	5 March 2015
Appendix 3B	3 March 2015
Cleansing Prospectus	3 March 2015
Appendix 3B	3 March 2015
Extension of Exclusivity Period	3 March 2015
Trading Halt	2 March 2015
Quarterly Cashflow Report	30 January 2015
Quarterly Activities Report	30 January 2015
Proposed Takeover Offer	30 January 2015
Request for Trading Halt	30 January 2015
Trading Halt	30 January 2015
Replacement Appendix 3B	30 January 2015
Appendix 3B	23 January 2015
Cleansing Prospectus	23 January 2015
Appendix 3B	19 January 2015
Change of Director's Interest Notices	2 December 2014
Appendix 3B	1 December 2014
Results of Meeting	28 November 2014
Exercise Price of Director Options	28 November 2014
AGM Investor Presentation	28 November 2014
Becoming a substantial holder	3 November 2014
Quarterly Cashflow Report	31 October 2014
Quarterly Activities Report	31 October 2014
Change in substantial holding	30 October 2014
Notice of Annual General Meeting/Proxy Form	28 October 2014
Further Positive Results From Ablation Testwork	24 October 2014

The 2014 annual report and notices provided to ASX by Black Range over the past year can be viewed on-line or downloaded from the Black Range website at [www.blackrangeminerals.com.au](http://www.blackrangeminerals.com.au) while copies of any of the documents referred to above can be obtained by writing to:

Company Secretary  
 Black Range Limited  
 Suite 9, 5 Centro Avenue  
 Subiaco WA 6008

Further announcements concerning developments relating to Black Range will continue to be made on the ASX website after the date of this Scheme Booklet.

(g) Litigation

Black Range is not party to any legal proceedings as at the date of this Scheme Booklet.

(h) Other Material Information

Except as set out in this Scheme Booklet, there is no information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Black Range Director at the time of the lodging of this Scheme Booklet with ASIC, which has not been previously disclosed to Black Range Shareholders.

## SECTION 6 - PROFILE OF WESTERN

Western is a "reporting issuer" for the purposes of the applicable provincial securities laws of Canada and as such is subject to regular reporting and disclosure obligations. Further information on Western is available under Western's profile on SEDAR at [www.sedar.com](http://www.sedar.com).



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## 6.1 INTRODUCTION

### (a) Overview

Western's full corporate name is Western Uranium Corporation, and its registered and principal place of business is located at Suite 500, 365 Bay Street, Toronto ON M5H 2V1. Western is incorporated under the *Business Corporations Act* (Ontario), and its shares are listed on the CSE. Western is engaged in the business of exploration, and developing mining production from its uranium and vanadium resource properties. The focus of its operations is the Colorado plateau of south western Colorado and adjacent areas in south eastern Utah in the United States, where its assets are located.

### (b) History

On 29 December 2006, Western was incorporated pursuant to the *Business Corporations Act* (Ontario) as 2123493 Ontario Inc. On 19 January 2007, its articles were amended to change its name to Homeland Uranium Inc. On 26 June 2007, Western amended its articles to remove restrictions on the transfer of its shares, increasing the minimum number of directors to 3 and allowing the directors to increase the size of the board in between meetings of shareholders. On 18 August 2014, Pinon Ridge Mining LLC (**PRM**), a company incorporated in Delaware, US, completed the acquisition of property interests covering 9 former operating uranium mines from Energy Fuels Inc. On 6 November 2014 Western entered into a share exchange agreement whereby it acquired all the issued and outstanding shares of PRM. On 24 November 2014 Western was listed on the CSE. On 15 December 2014 Western amended its articles and changed its name to Western Uranium Corporation, and the share exchange under the share exchange agreement entered into with PRM was completed.

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## 6.2 PROJECTS AND EXPLORATION

### (a) Introduction

Western is engaged in the business of exploring, developing, mining and production from its uranium and vanadium resource properties. The focus of operations is on the western Colorado and Utah plateau of south western Colorado and adjacent areas of the western United States where its assets are located. Western's US operations are conducted through the Western's wholly-owned Delaware subsidiary, PRM.

Western targets properties that have the potential to host economically significant quantities and concentrations of one or more mineral resource commodities, principally uranium and vanadium. Financial success is dependent upon the efficient and economic mining and production of a mineral deposit that can be developed and mined at a profit. The probability of such success is difficult to quantify and the amount of resulting income, if any, cannot be determined with any certainty. Although a majority of the mineral properties held by Western are fully permitted none are currently in production and, as such, Western does not have operating income or positive cash flow from operations. However, as all the mines at the Sunday Mine Complex are fully permitted, restarts and reactivation can be undertaken in the near term. The Company anticipates that it will enter into production by the second quarter of 2016.

Western plans to undertake and complete steps to field test the Ablation technology which has the potential to significantly reduce the cost of production and haulage.

### (b) Sunday Mine Complex – San Miguel County, Colorado USA

Western's initial primary focus is bringing the fully permitted Sunday Mine Complex into production using the Ablation technology. The Sunday Mine Complex is located in western San Miguel County, Colorado, USA. The complex consists of the following five individual mines: the Sunday mine, the Carnation mine, the Saint Jude mine, the West Sunday mine and the Topaz mine. The operation of each of these mines requires a separate permit and all such permits have been obtained by Western and are currently valid. In addition, each of the mines has good access to a paved highway, electric power to existing declines, office/storage/shop and change buildings, and extensive underground haulage development with several vent shafts complete with exhaust fans.

The Sunday Mine Complex property consists of 221 unpatented claims on public lands covering approximately 3,800 acres. 20 of these claims are subject to a 12.5% royalty on all ore produced.

The mines were actively mined from 2007 to 2009. Drill programs were undertaken during 2009 by Denison Mines Limited. Western engaged Anthony R. Adkins, of Anthony R. Adkins, P. Geol., LLC to review the Sunday Mine Complex property data and provide a technical report, prepared in compliance with NI 43-101, describing the current status of the project, including a resource estimate to the extent possible. The final report will be filed under Western's profile at [www.sedar.com](http://www.sedar.com) in the near future, where it will be accessible for public review.

Each of the mines is considered to be on active status and can be reactivated on short notice. It is expected that the Ablation equipment will be delivered to the Sunday Mine Complex in 2015, following which Western has advised it intends to recommence operations by the second quarter of 2016.

With respect to Western's production plans, it is important to note that Western has entered into a tolling agreement with Energy Fuels Inc. for processing at the White Mesa Mill in Blanding, Utah, which is in reasonably close proximity to Western's projects.

### (c) San Rafael Uranium Project – Emery County, Utah USA

The San Rafael Uranium Project is located in Emery County, Utah, and forms a single contiguous claim block covered by 146 unpatented federal lode mining claims and the contiguous State Section 36 Mineral Lease. The two core uranium deposits of the San Rafael Uranium Project are the Down Yonder deposit and the Deep Gold deposit.

No economic evaluation of the Mineral Resources (CIM Definition) on the San Rafael Uranium Project has been performed for Western. Thus, the estimate that follows is solely a Mineral Resource (CIM Definition). The combined Indicated Mineral Resource (CIM Definition) for the entire San Rafael Uranium Project comprises 758,000 tonnes @ 0.225% U<sub>3</sub>O<sub>8</sub> containing 3,404,600 lbs U<sub>3</sub>O<sub>8</sub> and an Inferred Mineral Resource (CIM Definition) of 453,800 tonnes @ 0.205% U<sub>3</sub>O<sub>8</sub> containing 1,859,500 lbs U<sub>3</sub>O<sub>8</sub>. Using the historic District average recovered U<sub>3</sub>O<sub>8</sub>:V<sub>2</sub>O<sub>5</sub> ratio of 1:1.35, this same tonnage could yield Indicated Mineral Resources (CIM Definition) of approximately 4,596,000 pounds V<sub>2</sub>O<sub>5</sub> at an average grade of 0.30% V<sub>2</sub>O<sub>5</sub>. The same Inferred Mineral Resource (CIM Definition) tonnage could yield approximately 2,510,000 pounds V<sub>2</sub>O<sub>5</sub> at an average grade of 0.28% V<sub>2</sub>O<sub>5</sub>. Further details in respect of the Mineral Resource (CIM Definition) for the various deposits within the project area is set out below.

**Table 2. San Rafael Uranium Project Mineral Resource Estimate (NI 43-101)**

Subarea of San Rafael Property	Indicated Mineral Resources (CIM Definition)		Inferred Mineral Resources (CIM Definition)	
	(grade and tonnes)	(lbs)	(grade and tonnes)	(lbs)
Deep Gold including 4484 and North Areas	0.246% U <sub>3</sub> O <sub>8</sub> 0.33% V <sub>2</sub> O <sub>5</sub> 450,250 tonnes	2,219,400 U <sub>3</sub> O <sub>8</sub> 2,996,000 V <sub>2</sub> O <sub>5</sub>	0.329% U <sub>3</sub> O <sub>8</sub> 0.45% V <sub>2</sub> O <sub>5</sub> 84,400 tonnes	554,500 U <sub>3</sub> O <sub>8</sub> 748,600 V <sub>2</sub> O <sub>5</sub>
Down Yonder Area	0.177% U <sub>3</sub> O <sub>8</sub> 0.24% V <sub>2</sub> O <sub>5</sub> 279,000 tonnes	989,300 U <sub>3</sub> O <sub>8</sub> 1,335,500 V <sub>2</sub> O <sub>5</sub>	0.176% U <sub>3</sub> O <sub>8</sub> 0.24% V <sub>2</sub> O <sub>5</sub> 361,500 tonnes	1,271,800 U <sub>3</sub> O <sub>8</sub> 1,717,000 V <sub>2</sub> O <sub>5</sub>
Jackrabbit Area	0.340% U <sub>3</sub> O <sub>8</sub> 0.46% V <sub>2</sub> O <sub>5</sub> 28,800 tonnes	196,000 U <sub>3</sub> O <sub>8</sub> 264,500 V <sub>2</sub> O <sub>5</sub>	0.209% U <sub>3</sub> O <sub>8</sub> 0.28% V <sub>2</sub> O <sub>5</sub> 7,950 tonnes	33,300 U <sub>3</sub> O <sub>8</sub> 45,000 V <sub>2</sub> O <sub>5</sub>
<b>TOTALS</b>	<b>0.225% U<sub>3</sub>O<sub>8</sub></b> <b>0.30% V<sub>2</sub>O<sub>5</sub></b> <b>758,050 tonnes</b>	<b>3,404,600 U<sub>3</sub>O<sub>8</sub></b> <b>4,595,600 V<sub>2</sub>O<sub>5</sub></b>	<b>0.205% U<sub>3</sub>O<sub>8</sub></b> <b>0.28% V<sub>2</sub>O<sub>5</sub></b> <b>453,850 tonnes</b>	<b>1,859,600 U<sub>3</sub>O<sub>8</sub></b> <b>2,510,600 V<sub>2</sub>O<sub>5</sub></b>

The above estimates have been extracted from a technical report prepared under NI 43-101, which is entitled "NI 43-101 Technical Report on the San Rafael Uranium Project" and is dated November 19, 2014. The report was prepared by O.J. Gatten of North American Exploration Inc. and is filed under Western's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

(d) Other Mineral Projects

Concurrently with the acquisition of the Sunday Mine Complex and the San Rafael Uranium Project, Western also acquired a number of other properties. The following is a short description of the location and size of the properties, Western's interest in the properties, any existing royalties affecting the properties and any permits relating to or required for the exploration or exploitation of those properties.

*Van 4 Mine*

The Van 4 Mine is located in western Montrose County, Colorado, USA. The Van 4 Mine is a small underground mine that was last operated between 1987 and 1990. The property consists of 115 unpatented claims located on public lands covering in excess of 1,900 acres. There are no royalties encumbering these claims. A mine permit for the Van 4 Mine has been granted and is currently in good standing, and the necessary bonds have been obtained.

*Yellow Cat Project*

The Yellow Cat Project is located in eastern Grand County, Utah, USA. This project consists of a total of 90 claims covering approximately 4,660 acres as follows: 85 unpatented claims on public lands and 5 Utah State Leases. There are no royalties encumbering the 85 unpatented claims. The 5 Utah State Leases carry a royalty payable to the State of Utah of 8% on uranium produced, and 4% on vanadium produced.

*Dunn Mine Complex*

The Dunn Mine Complex is located in San Juan County, Utah, USA. It is comprised of 11 unpatented claims and one private lease. The Dunn Mine was closed in the mid-1980s, with only limited development completed and very little production realized. The 11 unpatented claims are located on public lands covering approximately 220 acres. The private lease is subject to a production royalty of 12.5% of the fair market value of ore produced. The private lease requires annual payments to be made, half of which is rent and the other half being an advance payment of royalty that is deductive from any royalty payments due on future production.

*Farmer Girl Mine*

The Farmer Girl Mine project is located in Montrose County, Colorado, USA. It is comprised of a lease that was entered into on September 2006 for a 10 year term. The lease renews automatically once production at the Farmer Girl Mine commences. The project consists of the historic Farmer Girl Mine, as well as 22 unpatented claims and 7 patented claims. Production at the Farmer Girl Mine ceased in 1989.

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The project covers an area of approximately 450 acres. All claims carry royalties ranging between 4% and 8% for uranium and vanadium production. Western holds no permit for the Farmer Girl Mine.

#### *Sage Mine Project*

The Sage Mine project is located in San Juan County, Utah, and San Miguel County, Colorado USA. It consists of 94 unpatented claims and one Utah State Lease covering approximately 1,942 acres. The historic Sage Mine ceased operating in 1982. The 94 unpatented claims are subject to an overriding royalty of 2.5% payable to a previous owner of the claims. The Utah State Lease is subject to a royalty, payable to the State of Utah, of 8% on uranium and 4% on vanadium, plus a 1% override to the previous owner. The mine is partially permitted and bonded. However, further permits must be obtained prior to the commencement of production.

### 6.3 FINANCIAL INFORMATION

#### (a) Introduction

Western is a resident of Canada for tax purposes and prepares its annual report in accordance with IFRS, and presents its financial information in US\$. The Canadian dollar is the functional currency of all entities within Western and its subsidiaries, however, for Canadian statutory reporting the financial information is presented in US\$. For the purposes of inclusion in this Scheme Booklet, set out below is the consolidated pro forma historical balance sheet of Western as at 31 December 2014, which has been prepared in accordance with Section 6.3(b) below (**Western Pro Forma Balance Sheet**).

#### (b) Basis of preparation

The Western Pro Forma Balance Sheet has been derived from the financial statements contained in the audited annual report of Western for 31 December 2014. Western's annual reports for 31 December 2014, were audited in accordance with Canadian generally accepted auditing standards.

The Western Pro Forma Balance Sheet is set out in abbreviated form and does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of Western as the full consolidated financial statements. Copies of Western's 31 December 2014 annual report, including the consolidated financial statements and independent auditor's reports, are available under Western's profile at [www.sedar.com](http://www.sedar.com). Information on Western's website does not constitute a part of this Scheme Booklet and should not be considered in deciding how to vote on a Scheme.

The Western Pro Forma Balance Sheet has been prepared by Western. The Western Directors did not consider it necessary in these circumstances to seek an independent accountant's report on the statement below due to the nature and quantum of the adjustments and the 31 December 2014 balance sheet having already been audited.

#### **Western Uranium Corporation Pro Forma Adjustments**

	Audited 31 December 2014 USD\$000	31 December 2014 (Adjusted) USD\$000
<b>Current Assets</b>		
Cash and cash equivalents <sup>(i)</sup>	173	1,071
Trade and other receivables	123	123
Loan Receivable – Black Range Credit Facility	-	231
Marketable securities	3	3
<b>Total Current Assets</b>	<u>299</u>	<u>1,428</u>
<b>Non Current Assets</b>		
Exploration and evaluation <sup>(iii)</sup>	1,543	1,569
Restricted cash (deposits secured over the mineral assets)	654	654
<b>Total Non Current assets</b>	<u>2,197</u>	<u>2,223</u>
<b>Total Assets</b>	<u>2,496</u>	<u>3,651</u>
<b>Current Liabilities</b>		
Trade and other payables <sup>(iv)</sup>	187	512
Current portion of promissory notes <sup>(v)</sup>	504	250
<b>Total Current Liabilities</b>	<u>691</u>	<u>762</u>
<b>Non Current Liabilities</b>		
Provisions for rehabilitation	114	114
Non current portion of promissory notes <sup>(vi)</sup>	423	500
<b>Total Non Current liabilities</b>	<u>537</u>	<u>614</u>
<b>Total Liabilities</b>	<u>1,227</u>	<u>1,376</u>
<b>Net Assets</b>	<u>1,269</u>	<u>2,275</u>
<b>Equity</b>		
Issued capital <sup>(vii)</sup>	2,315	3,698
Accumulated losses <sup>(viii)</sup>	(1,046)	(1,423)
<b>Total Equity</b>	<u>1,269</u>	<u>2,275</u>

The following pro forma adjustments have been made to the balance sheet of Western Uranium Corporation as at 31 December 2014:

- (i) net adjustment was made to cash and cash equivalents for approximate US\$898,000 to reflect the net cash impact of the following adjustments (ii) to (viii);
- (ii) draw downs by Black Range under the Credit Facility to 30 April 2015 of US\$231,000;
- (iii) capitalised additions to exploration and evaluation for additions of mineral properties of US\$26,000 from January 1, 2015 to April 30, 2015;
- (iv) increased trade and other payables from January 1, 2015 to April 30, 2015 for US\$325,000 for January 1, 2015 to April 30, 2015 for cash budgeted costs which was done under the assumption that no existing creditors were paid;
- (v) repayment of current portion of promissory notes of US\$250,180 plus interest of US\$3,166;
- (vi) adjustment upward to face value of non current portion of promissory notes in the approximate amount of US\$77,000, IFRS accounting standards requires the note which bears no stated interest rate to be recorded net of a discount for interest. The discount is being amortized using the effective interest method over the life of the loan;
- (vii) the issue of 640,000 Western shares in January 2015 to raise C\$1,672,000 (representing US\$1,382,908 based on an exchange rate of approximately US\$1=C\$0.82 (as at 21 May 2015)); and
- (viii) the adjustment to accumulated losses represents the estimated losses from January 1, 2015 to April 30, 2015 in the estimated amount of US\$377,000.

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#### 6.4 WESTERN BOARD

The Board of Western comprises:

Independent Chairman:

Michael Skutezky

After a career at Royal Bank as Assistant General Counsel, Mr Skutezky experienced the management side of the business as Senior Vice-President of National Trust Company and as Senior Vice-President and General Counsel of the Romanian subsidiary of Telesysteme International Wireless Corporation. More recently, Mr Skutezky was General Counsel & Corporate Secretary of Century Iron Mines Corporation, a company listed on the TSX. He is currently a lawyer practicing in Toronto, Ontario. Mr Skutezky is Chairman of Rhodes Capital Corporation, a private merchant bank providing services to the resource and technology industry. Mr Skutezky graduated from Bishop's University, Lennoxville (Quebec) in 1969 with a Bachelor's degree in History and Business and from Dalhousie University Law School, Halifax (Nova Scotia) in 1972 with a Bachelor's degree in law (LLB). He is member of the Law Society of Upper Canada and the Nova Scotia Barristers' Society, the International Bar Association and the Canadian Bar Association.

Executive Directors:

George Glasier

Mr Glasier has over 40 years experience in the uranium industry in the USA, with extensive experience in sales and marketing, project development and permitting uranium processing facilities and is a USA lawyer by training. He was owner and Vice President of Sales and Marketing at Energy Fuels Nuclear Corporation. He was the founder of Energy Fuels Inc (Volcanic Metals Exploration Inc) and served as its Chief Executive Officer and President from 24 January 2006 to 31 March 2010. He was responsible for assembling a first-class management team, acquiring a portfolio of uranium projects, and leading the successful permitting process that culminated in the licensing of the Piñon Ridge uranium mill planned for construction in western Montrose County, Colorado. He served as the Chief Executive Officer and President of American Strategic Minerals Corporation from 26 January 2012 to 11 June 2012. He served as the Chairman of American Strategic Minerals Corporation from 26 January 2012 to 11 June 2012 and its Executive Director until 11 June 2012.

Andrew Wilder

Mr. Wilder is the Founder and CEO of Cross River Advisors. Cross River specializes in providing franchise development expertise and resources to a small group of highly specialized hedge fund and private equity funds. Prior to founding Cross River, Mr. Wilder co-founded and was the COO for Kiski Group, an advisory firm organized in 2009 to help institutions develop their alternative manager platforms by helping vet managers and offer infrastructure solutions in areas of investment and business risk management. In 2001, Andrew co-founded North Sound Capital LLC, a long/short equity hedge fund manager in Greenwich, Connecticut, USA, as COO and CFO. Launching with US\$15 million in July of 2001 and reaching US\$3 billion in asset under management (AUM) and 65 employees within 5 years, Mr. Wilder was responsible for building and overseeing all aspects of the business research. In 2003, Mr. Wilder also co-founded Columbus Avenue Consulting, an independent fund administration business with 90 clients and US\$7 billion in AUM when it was subsequently sold in 2012. Mr. Wilder's prior career

included heading operations for C. Blair Asset Management, a US\$500 million long/short equity hedge fund based in Greenwich, Connecticut, USA and serving as a Manager in audit of Deloitte & Touche (in their Cayman Islands and Toronto practices). Mr. Wilder received the Chartered Accountant (Canada) designation, holds the CFA designation, and received an MBA from the University of Toronto and a BA from the University of Western Ontario

Non-Executive Director:

Russell Fryer

Mr Fryer has 25 years experience investing in developed and developing markets with a focus on mining and natural resources. With a background in engineering, Mr Fryer has advised mining companies in pre-production and production stage of mineral output. Mr Fryer is a director of Ecometals Limited. Previously, Mr Fryer was a Managing Director at Macquarie Bank. Before Macquarie, Mr Fryer managed investor capital in the natural resources sector at Baobab Asset Management and North Sound Capital. During his career, Mr Fryer has also worked with investment banking firms such as Robert Fleming, HSBC and Deutsche Bank. Mr Fryer holds a Bachelor of Business Administration degree from Newport University in Johannesburg South Africa along with an Advance Degree in International Taxation from Rand Afrikaans University, also in Johannesburg South Africa.

## 6.5 WESTERN OFFICERS

The officers of Western is comprised of the following:

Chief Executive Officer: George Glasier

See Section 6.4 above for Mr Glasier's profile.

Chief Financial Officer: Andrew Wilder

See Section 6.4 above for Mr Wilder's profile.

Corporate Secretary Catherine Beckett

Ms. Beckett has a degree in geology from the University of Toronto (1984). She has worked for over 30 years in the mineral exploration industry. For the past 15 years she has performed the role of Corporate Secretary having worked for publicly listed companies on the TSX, CSE and ASX.

## 6.6 WESTERN CAPITAL STRUCTURE

### (a) Capital Structure

As at the date of this Scheme Booklet, Western has only one class of shares on issue, being common shares without par value (i.e. Western Shares). Western is authorised to issue an unlimited number of Western Shares.

As at the date of this Scheme Booklet, Western has 12,036,924 Western Shares on issue.

### (b) Substantial Shareholders

To the best of Western's knowledge as at the date of this Scheme Booklet, based on filings on the System for Electronic Disclosure by Insiders (**SEDI**) and other information available to management of Western, the following persons hold at least 5% of the total number of issued Western Shares.

Shareholder	Number of Western Shares	Percentage Held (%)
George Glasier	4,840,000	40.21
Baobab Asset Management LLC	4,576,800	38.02
The Siebels Hard Asset Fund	1,061,300	8.82

Note: Baobab Asset Management LLC is an entity controlled and owned by Russell Fryer, a Western Director

### (c) Market Information about Western Shares

The latest recorded sale price of Western Shares on the CSE before the public announcement of the proposed Merger at close of trading on 30 January 2015 was C\$4.50.

The latest recorded sale price of Western Shares on the CSE before the date on which this Scheme Booklet was lodged with ASIC was C\$4.00 on 7 July 2015.

During the three month period immediately preceding the date on which this Scheme Booklet was lodged with ASIC, the highest and lowest recorded sale prices of Western Shares on CSE were, respectively, C\$4.75 on 30 March 2015 and C\$2.50 on 9 June 2015.

### (d) Rights Attaching to Western Shares

Each Western Share is entitled to one vote. All Western Shares rank equally as to dividends, voting power and participation in assets. No Western Shares have been issued subject to call or assessment. The Western Shares are not subject to pre-emptive or conversion rights, no provisions for exchange, exercise, redemption or retraction, no purchase for cancellation rights, and no rights relating to surrender or sinking or purchase funds. Provisions as to modification, amendments or variations of such rights or such

provisions are contained in the *Business Corporations Act* (Ontario) Western's Articles of Incorporation, as amended, and its By-laws.

For further information on the rights attaching to the Western Shares, including a comparison of those rights to the Black Range Shares, please refer to sections 10.1 and 10.2.

A copy of the *Business Corporations Act* (Ontario) is available at [www.e-laws.gov.on.ca](http://www.e-laws.gov.on.ca). Western's Articles of Incorporation, Amendments to the Articles of Incorporation and By-laws are available under Western's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

(e) Additional Information

Interests of Western Directors in Western Shares

As at 16 June 2015, the Western Directors held a relevant interest in the following Western Shares:

Director	Western Shares
George Glasier	4,840,000
Russell Fryer	4,576,800
Michael Skutezky	-
Andrew Wilder	328,737

Note: Western Shares may be held either directly or indirectly by a Western Director.

As at the date of this Scheme Booklet, no Western Director held a relevant interest in any securities of Black Range.

(f) Reporting Issuer

Western is a "reporting issuer" for the purposes of the applicable provincial securities laws of the following Canadian provinces: Alberta, British Columbia, Ontario and Québec. As such, Western is subject to regular reporting and disclosure obligations. Specifically, Western is subject to National Instrument 51-102 – *Continuous Disclosure Obligations*, which requires certain disclosure to be made, and disclosure documents to be publicly disclosed on a continuous basis (e.g. financial statements, management's discussion and analysis and annual information forms) and timely disclosure regarding material changes, where such change is one that would reasonably be expected to have a significant effect on the price or value of its securities.

On request to Western and free of charge, Western will provide to any Black Range Shareholder who requests it before the Scheme Meeting, a copy of:

- the most recent audited annual financial statements of Western for the year ended 31 December 2014 filed on SEDAR by Western; and
- any continuous disclosure document filed on SEDAR by Western after the filing on SEDAR of the annual information of Western referred to above and before the Scheme Meeting.

A substantial amount of information on Western (including the above mentioned documents) is available in electronic form under Western's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the CSE website at [www.thecse.com](http://www.thecse.com). Information on SEDAR and the CSE website does not constitute a part of this Scheme Booklet.

Copies of any of the documents referred to above can be obtained by writing to:

Corporate Secretary  
Western Uranium Corporation  
Suite 500, 365 Bay Street  
Toronto, Ontario, M5H 2V1  
Canada

(g) Litigation

Western is not party to any material legal proceedings as at the date of this Scheme Booklet.

(h) Dividends

Western has not declared any dividends on its common stock since its inception on 26 December 2006. There is no restriction in Western's Articles that limits its ability to pay dividends on its common stock. However, Western does not anticipate declaring and paying dividends to the Western Shareholders in the near future.

(i) Other Material Information

Except as set out in this Scheme Booklet, there is no information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Western Director at the time of the lodging of this Scheme Booklet with ASIC, which has not been previously disclosed.

## SECTION 7 - PROFILE OF THE MERGED GROUP

### 7.1 OVERVIEW OF POST-MERGER WESTERN

(a) Overview of the Merged Group

The Merged Group will be based in Toronto, Ontario, and will focus on the exploration, development and production planning of uranium and vanadium prospects and deposits in the USA. If the Scheme becomes Effective, the Merged Group will hold interests or rights to acquire interests in the following:

Sunday Mine Complex;  
Hansen Project;  
San Rafael Uranium Project;  
Van 4 Mine, Yellow Cat Project, Dunn Mine Complex, Farmer Girl Mine, and Sage Mine Project; and  
Jonesville Coal Project.

Please refer to Sections 5 and 6 of this Scheme Booklet for details regarding the above projects.

(b) Ownership of the Merged Group

Following implementation of the Scheme, based on the current capital structure of Western and Black Range, former Black Range Shareholders will hold approximately 25.7% of the total number of issued Western Shares and existing Western Shareholders will hold approximately 74.3% of the total number of issued Western Shares on a non-diluted basis.

(c) Board and Management of the Merged Group

The Western Board currently consists of 4 (four) directors and it is not anticipated that this will change if the Scheme is implemented. Each of the existing Western Directors will continue as directors of Western following implementation of the Scheme. Profiles of the current Western Directors are set out in Section 6.4

Western Directors are subject to nomination and re-election each year at Western's annual general meeting.

(d) Top 10 shareholders in the Merged Group

Based on the share registers of Black Range and Western as at 20 May 2015, following implementation of the Merger, the top 10 Western Shareholders are expected to be as follows:

Western Shareholder Name	Number of Western Shares	Percentage Held (%)
George Glasier	4,840,000	29.9%
Baobab Asset Management LLC	4,576,800	28.3%
CDS & Co (NCI Amount)	1,392,315	8.6%
HSBC Custody Nominees (Australia) Limited – GSCO ECA	699,793	4.3%
Azarga Resources Limited	504,335	3.1%
Bedford Bridge Fund LLC	328,737	2.0%
Azarga Resources Limited	284,542	1.8%
Blue Hill Funf 11, LLC	218,182	1.3%
MC Filth LLC	218,182	1.3%
Empire Capital Partners Limited	162,667	1.0%
<b>Total</b>	<b>13,225,553</b>	<b>81.7%</b>

(e) Corporate Governance of the Merged Group

The Merged Group will not be listed on the ASX and will therefore not be subject to the ASX rules and policies on corporate governance. However, as a reporting issuer in certain of the provinces of Canada, Western is subject to the corporate governance regime that exists under applicable Canadian securities laws and the rules of the CSE.

The corporate governance regime which exists in Canada is a combination of certain mandatory rules on disclosure and compliance as well as guidelines and recommendations as to best practices. Western is required to disclose its corporate governance practices in a prescribed manner and is expected to comply with corporate governance guidelines to the fullest extent possible. These guidelines include recommendations or requirements with regard to the following:

- the Board of Directors;
- the composition and responsibilities of an Audit Committee when one is established;
- Insider Trading and Reporting obligations;
- Continuous Disclosure obligations; and
- other requirements under business and securities statutes and regulations.

Western's corporate governance disclosure and filings are available on SEDAR at [www.sedar.com](http://www.sedar.com). Western's insider trading reports are available at [www.sedi.ca](http://www.sedi.ca). In particular, Western provides annual disclosure with respect to its corporate governance practices in its management information circular, a document prepared in connection with each regular or special meeting of Shareholders. Descriptions of the responsibilities of Western's Board, are included in the management proxy circular filed on SEDAR under Western's profile on 20 May 2014.

Following the implementation of the Scheme, Western intends that the Merged Group will continue to comply with all mandatory corporate governance rules and endeavour to follow best practices in Canada and the United States.

Also see Section 10.2 for a comparison of some of the material provisions of Australian company law and the laws governing Western.

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## 7.2 INTENTIONS

### (a) Introduction

The current intentions of Western in relation to Black Range are set out in this Section. These intentions have been formed on the basis of facts and information concerning Black Range, and the general business environment, which are known to Western at the time of preparing this Scheme Booklet. Final decisions will only be reached by Western and the Western Directors in light of material information and circumstances known at the relevant time. Accordingly, the statements set out in this Section are statements of current intention only and may vary as new information becomes available or circumstances change.

The articulation and formulation of Western's intentions with respect to Black Range are necessarily limited by virtue of the fact that Western has only had access to publicly available information and certain non-public information about Black Range and its affairs which was reviewed during the due diligence process for the Scheme.

As at the date of this Scheme Booklet, Western has no view as to what its actions will be if the Scheme is not implemented and, within 60 days after either Black Range or Western gives notice that the Scheme is terminated, there has been a failure by Black Range to repay the amount owing under the Credit Facility.

On the assumption that the Merger proceeds, Western will propose (subject to a detailed strategic review) the following in respect of the Black Range projects:

- (i) Hansen Project – Western intends lodging mine permit applications for the Hansen Deposit as soon as practicable. On completion of the Merger Western will assess whether it considers it most prudent to undertake trial borehole mining at the Hansen Deposit in advance of lodging mine permit applications. A decision on this will determine the likely timing for submittal of mine permit applications;
- (ii) Ablation – Western intends undertaking field trials with the semi-commercial scale ablation processing plant that has been built and tested over the past two years, with nominal capacity of five tons per hour, at the Sunday Mine Complex shortly after completion of the Merger. Following successful completion of these trials Western anticipates pursuing commercialisation of ablation, for use at both its own projects and at third party projects; and
- (iii) Jonesville Coal Project – This Project is not part of Western's long term strategy and accordingly Western will seek to divest this Project as soon as practicable.

### (b) Intentions for Black Range as part of the Merged Group

Western currently intends that the business of Black Range will be continued substantially in the same manner as it is presently being conducted. However, it is anticipated that, following the implementation of the Scheme the operational and administrative functions currently carried out by Black Range's Directors and Officers, will be carried out by Western. The head office of the Merged Group will be located at Western's head office in Toronto, Ontario. Western intends to conduct a detailed strategic and operational review of the businesses of Western and Black Range in order to evaluate the combined business of the Merged Group. Subject to this detailed review, Western currently expects that it will substantially continue to proceed with Black Range's existing planned exploration and development programs.

#### **Corporate Matters**

Once the Scheme becomes Effective, Western intends:

to arrange for Black Range to be removed from the official list of ASX; and

to carry out all administrative and operational functions for the Merged Group.

#### **Employees**

Subject to the general strategic review to be undertaken following implementation of the Scheme, Western does not have any present intention to make any changes to the employment of Black Range's present employees (other than its Directors and Officers). If, following that review, there are to be any redundancies, the relevant employees will be treated in accordance with the terms of their respective employment contracts and applicable laws.

#### **Dividends**

As noted in Section 6, Western has not paid any dividends in respect of Western Shares since its incorporation and does not anticipate doing so in the foreseeable future.

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## 7.3 FINANCIAL INFORMATION

### (a) Introduction

This Section 7.3 contains the unaudited Merged Group pro forma consolidated balance sheet as at 31 December 2014, illustrating the effect of the acquisition of Black Range under the Scheme on Western's consolidated balance sheet at 31 December 2014 as if the transaction had completed on that date (**Merged Group Pro Forma Balance Sheet**).



The Merged Group Pro Forma Balance Sheet has been presented in USD\$, in accordance with Western's presentation currency.

Subject to the basis of preparation outlined in this Section 7.3, and Sections 5.3 and 6.3, it is Western's opinion that the Merged Group Pro Forma Balance Sheet presents, in all material respects, the impact of the Scheme, in accordance with IFRS. The significant accounting policies that were used in the consolidation of the Merged Group Pro Forma Balance Sheet were dictated by IFRS standards while Western's and Black Range's respective accounting policies dictated the compilation of their individual pre-consolidation balance sheets at 31 December 2014.

The Merged Group Pro Forma Balance Sheet should be read in conjunction with the rest of this Scheme Booklet including the consolidated financial statements and related notes of Western and Black Range identified above and other information that Western has publicly reported under the securities laws of Alberta, British Columbia, Ontario and Québec, and filed on SEDAR and on the CSE's website, and that Black Range has filed with ASIC and ASX, respectively.

The historical financial information has been adjusted to give effect to the expected events that are related and/or directly attributable to the transactions, are factually supportable and are expected to have a continuing impact on the combined results. The adjustments presented in the unaudited pro forma condensed combined balance sheet have been identified and presented to provide relevant information necessary for an accurate understanding of the combined company upon consummation of the transactions.

The unaudited pro forma condensed combined financial information is for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on the unaudited pro forma condensed combined financial information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience.

The scheme of arrangement has not been consummated as of the date of the preparation of these pro forma financial statements and there can be no assurances that the scheme of arrangement will be consummated.

(b) **Basis of Preparation**

The Merged Group Pro Forma Balance Sheet has been prepared by making adjustments to the Western Pro Forma Historical Balance Sheet set out in Section 6.3 of this Scheme Booklet to show the impact of acquiring Black Range (based on the Black Range Pro Forma Historical Balance Sheet set out in Section 5.3 of this Scheme Booklet) on Western's pro forma consolidated balance sheet at 31 December 2014 as if the transaction had occurred at that date.

The Merged Group Pro Forma Balance Sheet has been prepared by Western in accordance with IFRS and derived from historical consolidated balance sheet of Western and the historical consolidated balance sheet of Black Range and presented in USD\$. It is presented in an abbreviated form insofar as it does not include all the disclosures required by IFRS applicable to annual financial reports prepared in accordance with the *Business Corporations Act* (Ontario) (**OBCA**).

The Merged Group Pro Forma Balance Sheet is not intended to reflect the financial performance or the financial position that would have actually resulted had the Scheme been completed on the dates indicated, or the results that may be obtained in the future. If the transaction had occurred in the past, the Merged Group's financial position and financial performance would likely have been different from that presented in the Merged Group Pro Forma Balance Sheet. Due to the nature of pro forma information, it may not give a true picture of the Merged Group's financial position and financial performance. The Merged Group Pro Forma Balance Sheet is not represented as being indicative of Western's views on its future financial position or future financial performance.

**Merged Group Pro Forma Adjustments**

The scheme of arrangement will be accounted for as a business combination in accordance with International Financial Reporting Standards (**IFRS**). In accordance with guidance applicable to these circumstances, the scheme of arrangement will be considered to be a capital transaction in substance. The net assets of Black Range will be stated at fair value. The acquisition cost of US\$16,000,000 was allocated to the assets and liabilities acquired based on their relative fair values.

To record the acquisition at fair value of Black Range that fair value of Black Range was determined to be equal to the fair value of the consideration issued in the transaction. Western will issue 4,000,000 Western Shares in exchange for 3,000,000,000 Black Range Shares. Western Shares were valued at US\$3.73 per share as of 30 April 2015, for a total fair value of US\$14,920,000. The excess of fair value over the tangible net assets of Black Range was capitalized as exploration and evaluation at the date of the acquisition.

The pro forma statement below has been prepared by Western and Black Range. The acquisition adjustments have been reviewed by Western on the basis that Western is the acquirer of Black Range and will be the reporting entity. The Black Range Directors and the Western Directors did not consider it necessary in these circumstances to seek an independent accountant's report on the statement below due to the nature and quantum of the adjustments and the 31 December 2014 balance sheets having already been audit reviewed for Black Range and audited for Western.

## Merged Group Pro Forma Adjustments

	Western 31 December 2014  (as adjusted)  US\$000	Black Range 31 December 2014  (as adjusted)  US\$000	Merged Group 31 December 2014  (as adjusted)  US\$000
<b>Current Assets</b>			
Cash and cash equivalents <sup>(iii)</sup>	1,071	149	1,120
Trade and other receivables	123	22	145
Loan receivable - Black Range Credit Facility <sup>(v)</sup>	231	-	-
Marketable securities	3	-	3
<b>Total Current Assets</b>	<b>1,428</b>	<b>171</b>	<b>1,268</b>
<b>Non- Current Assets</b>			
Exploration and evaluation	1,569		1,569
Restricted Cash(deposits secured over the mineral assets)	654		654
Property and equipment, net	-	9	9
Exploration and evaluation <sup>(iv)</sup>	-	12,219	11,745
Investment in Joint Venture entity	-	3,528	3,528
Other Receivables	-	371	371
<b>Total Non-Current Assets</b>	<b>2,223</b>	<b>16,127</b>	<b>17,876</b>
<b>Total Assets</b>	<b>3,651</b>	<b>16,298</b>	<b>19,144</b>
<b>Current Liabilities</b>			
Trade and other payables	512	278	790
Current portion of promissory notes	250	-	250
Credit Facility – Black Range <sup>(v)</sup>	-	231	-
Other liabilities, current	-	395	395
<b>Total Current Liabilities</b>	<b>762</b>	<b>904</b>	<b>1,435</b>
<b>Non-Current Liabilities</b>			
Provisions for rehabilitation	114	-	114
Non-current portion of promissory notes	500	-	500
<b>Total Non-Current Liabilities</b>	<b>614</b>	<b>-</b>	<b>614</b>
<b>Total Liabilities</b>	<b>1,376</b>	<b>904</b>	<b>2,049</b>
<b>Net Assets</b>	<b>2,275</b>	<b>15,394</b>	<b>17,095</b>
<b>Shareholders' Equity</b>			
Issued capital <sup>(i),(ii),(iii)</sup>	3,698	59,617	18,518
Reserves <sup>(ii)</sup>	-	4,271	-
Accumulated losses <sup>(ii)</sup>	(1,423)	(48,494)	(1,423)
<b>Net Equity</b>	<b>2,275</b>	<b>15,394</b>	<b>17,095</b>

The following pro forma acquisition adjustments have been made:

- (i) Issue of additional share capital by Western – an increase in Western's share capital of US\$14,920,000 to reflect shares issued as consideration for the acquisition of the outstanding Black Range Shares under the Scheme;

- (ii) Elimination of Black Range's Shareholders' equity - The Black Range Shareholders' equity, comprised of share capital, retained earnings and reserves have been eliminated to reflect the effect of the Scheme. The following acquisition adjustments have been made:
- (A) Share capital – Black Range's share capital of US\$59,617,000 as at 31 December 2014 has been eliminated;
  - (B) Accumulated Losses – Black Range's accumulated losses of US\$48,494,000 as at 31 December 2014 has been eliminated; and
  - (C) Reserves – Black Range's reserves of US\$4,271,000 as at 31 December 2014 has been eliminated;
- (iii) Cash consideration and transaction costs - A decrease in cash of US\$100,000 was recorded to reflect the payment of the estimated transaction costs;
- (iv) Allocation of the acquisition cost to the assets acquired – Exploration and evaluation expenditure has been decreased by US\$474,000 to reflect the fair values of the assets acquired by Western under the Scheme;
- (v) Elimination of the intercompany Credit Facility balance of US\$231,000; and
- (vi) An exchange rate of US\$0.79 to A\$1.00 was adopted for the purpose of calculating The Merged Group Pro Forma Balance Sheet and other related activities. Such rate was chosen at 20 May 2015.

## **SECTION 8 - IMPLEMENTATION OF THE SCHEME**

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### **8.1 THE SCHEME**

The Scheme is a members' scheme of arrangement under Part 5.1 of the Corporations Act between Black Range and Black Range Shareholders pursuant to which Western will acquire all of the Black Range Shares.

This Scheme Booklet has been prepared to comply with, inter alia, section 412(1) of the Corporations Act in order to explain the effects of the Scheme to be voted on at the Scheme Meeting.

A copy of the Scheme is contained in Appendix 3.

Under the Scheme, each Scheme Shareholder will be deemed to have warranted to Western that all of their Scheme Shares transferred to Western under the Scheme will be fully paid and, to the extent permitted by law, free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind.

The Scheme must also be approved by the Court before it can be implemented. It is expected that the Scheme will become Effective upon lodging the Court orders approving the Scheme with ASIC, which is expected to be 7 September 2015.

If the Scheme does not become Effective before 1 October 2015 (i.e. the End Date), Black Range and Western will consult together in good faith to determine whether the End Date (or other relevant date relating to satisfaction of Conditions or a Court application) can be extended. If not, then either party may terminate the Merger Implementation Agreement. Please refer to Section 13.9 for further information regarding termination of the Merger Implementation Agreement.

### **8.2 ELIGIBILITY TO RECEIVE WESTERN SHARES**

Each person, other than a Small Shareholder who has not elected to receive the Scheme Consideration in the form of Western Shares, or an Ineligible Foreign Shareholder who is recorded in the Register as the holder of Black Range Shares as at the Record Date, is entitled to receive the Western Shares under the Scheme.

Small Shareholders who have not elected to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders will not (subject to Western's discretion in the case of Ineligible Foreign Shareholders) be entitled to receive Western Shares under the Scheme. Section 9.4 details how Small Shareholders who have not elected to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders will be treated under the Scheme.

In addition, any Black Range Shares that are already held by any person on behalf of, or for the benefit of, Western or any of its related entities will not form part of the Scheme.

Small Shareholders may elect to have the Western Shares that they are entitled to under the Scheme issued to them, rather than to the Sale Agent as their nominee in trust for sale through the Sale Facility.

Further information on the Sale Facility is set out in Section 9.4 of this Scheme Booklet.

### **8.3 CONDITIONS TO THE SCHEME**

The Scheme is subject to a number of Conditions Precedent which are contained in clause 4 of the Merger Implementation Agreement. The Conditions Precedent to the Scheme are summarised below. Certain Conditions may be waived by Black Range only or Western only and other Conditions may only be waived jointly by Black Range and Western. Conditions that are required by law, such as approval of the Scheme by Black Range Shareholders and by the Court, cannot be waived.

As at the date of this Scheme Booklet, the obligations of Black Range and Western to implement the Scheme are subject to each of the following outstanding conditions:

- (a) before 8am on the Second Court Date:

- (i) ASIC, ASX and CSE issuing or providing all necessary consents or approvals (including CSE conditionally approving the listing of the new Western Shares);
- (ii) all necessary regulatory approvals having been obtained by Black Range or Western (as the case may be) and having not been withdrawn or revoked in a manner that is materially adverse to the parties;
- (b) the Scheme being approved at the Black Range Shareholders' Meeting in accordance with section 411(4)(a)(ii) of the Corporations Act;
- (c) the Court approving the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (d) no order or legislative restraint, whether permanent or temporary being issued by a Governmental Agency that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme;
- (e) Black Range and Western's representations and warranties under the Merger Implementation Agreement being true and correct in all material respects at the date of the Merger Implementation Agreement except where any statement is expressed to be made only at a particular date it is given only at that date;
- (f) no Black Range Regulated Event nor Black Range Material Adverse Change occurring between the date of the Merger Implementation Agreement and until 8am on the Second Court Date;
- (g) the Black Range Board unanimously recommending that Black Range Shareholders vote in favour of the Scheme, in the absence of a Superior and in the absence of the Independent Expert finding that the Scheme is not in the best interests of Black Range Shareholders and including that recommendation in the Scheme Booklet and not withdrawing or varying that recommendation;
- (h) Black Range procures that its wholly owned subsidiary Black Range Mineral Ablation Holdings Inc. enters into a lease agreement in respect of the use by Western, and transportation, of certain ablation equipment owned by Black Range; and
- (i) all Black Range Directors entering into a deed of variation to their respective employment contracts under which each of the Black Range Directors agree that all outstanding amounts payable to them pursuant to such employment contracts as at the Implementation Date are to be satisfied in full by the issue of New Western Shares with such New Western Shares to be subject to voluntary escrow until 31 December 2015 and such other restrictions, reasonably acceptable to Western.

Black Range and Western must use its best endeavours to, and cooperate with each other to, satisfy the Conditions Precedent as soon as practicable and in any event before the End Date.

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#### **8.4 STATUS OF CONDITIONS PRECEDENT**

As at the date of this Scheme Booklet, Black Range does not have any reason to believe that the outstanding Conditions Precedent will not be satisfied or waived. Black Range will advise the Court at the Second Court Date of any Conditions Precedent that have not been satisfied or waived that may have material implications as to whether the Scheme should be approved by the Court.

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#### **8.5 STEPS TO IMPLEMENT THE SCHEME AND TIMETABLE**

The key dates for the Scheme are listed at the beginning of this Scheme Booklet.

Prior to despatch of this Scheme Booklet, Western executed the Deed Poll, a copy of which is contained in Appendix 4, under which Western has covenanted in favour of Scheme Shareholders to perform its obligations under the Scheme and do all things necessary on its part to implement the Scheme.

In summary, if the Scheme is approved by the requisite majorities at the Scheme Meeting, the following will occur:

- (a) Black Range will seek orders from the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act. The date of this Court hearing is expected to be 4 September 2015;
- (b) if the Court approves the Scheme an office copy of the Court's orders will be lodged with ASIC. It is expected that when the order approving the Scheme is lodged with ASIC, the Scheme will become Effective;
- (c) Black Range will notify ASX that the Court has approved the Scheme and that the Scheme have become Effective;
- (d) Black Range Shares will be suspended from trading on ASX (with effect from close of trading) on the day that the Scheme becomes Effective, which is expected to be 7 September 2015;
- (e) Black Range will determine the entitlements to the Scheme Consideration by reference to the Register at the Record Date, which is expected to be 5pm (WST) on 14 September 2015;
- (f) on the Implementation Date, expected to be 17 September 2015, all Scheme Shares will be transferred to Western and Scheme Shareholders will be issued 1 Western Share for every 750 Black Range Share held as at the Record Date, except in the case of Small Shareholders who have not elected to receive the Scheme Consideration in the form of Western Shares or Ineligible Foreign Shareholders (see Section 9.4 for further information);
- (g) Western will apply to ASX for delisting of Black Range after completion of implementation of the Scheme;
- (h) as soon as reasonably practicable, the Sale Agent will sell all Western Shares that would otherwise have been issued to Small Shareholders who have not elected to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders. The Sale Agent will convert the net sale proceeds to A\$ and will remit the proceeds to the Registry which will then pay the proceeds to the relevant Ineligible Foreign Shareholders and Small Shareholders in Australian dollars;

- (i) the new Western Shares issued as Scheme Consideration are expected to begin trading on the CSE on 17 September 2015 (CEDT); and
- (j) as soon as practicable after the Second Court Date Black Range will take all actions necessary to ensure that on the Implementation Date, Western will mail DRS Statements or share certificates to new Western Shareholders (see Section 9.3(a) for further information in this regard).

## **SECTION 9 - SCHEME CONSIDERATION**

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### **9.1 INTRODUCTION**

This Section provides additional information regarding the Scheme Consideration, including:

- (a) for Black Range Shareholders, information about the calculation of the Scheme Consideration (see Section 9.2);
- (b) information with respect to the rights attaching to an Western Share (see Section 9.3); and
- (c) for Small Shareholders who have not elected to receive the Scheme Consideration in the form of Western Shares and Ineligible Foreign Shareholders, information about how the Sale Facility operates (see Section 9.4).

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### **9.2 SCHEME CONSIDERATION**

#### (a) Calculation

The Scheme Consideration comprises 1 Western Share for every 750 Black Range Share held on the Record Date.

Where the calculation of the Western Shares to be issued to a Black Range Shareholder would result in the issue of a fraction of a Western Share, the fractional entitlement of a Western Share will be rounded down to the nearest whole number of Western Shares.

#### (b) Payment

If the Scheme becomes Effective and your name appears in the Register on the Record Date for the Scheme:

- (i) subject to (ii) and (iii) below, you will be issued the Scheme Consideration for the Black Range Shares you are recorded as holding on the Record Date on the Implementation Date;
- (ii) if you are a Small Shareholder that has not elected to receive the Scheme Consideration in the form of Western Shares or an Ineligible Foreign Shareholder, the Western Shares that you would otherwise have been issued as part of the Scheme Consideration will be issued to the Sale Agent as your nominee in trust, for sale through the Sale Facility and you will be paid a pro-rata share of the net proceeds converted into Australian dollars from the sale of all Western Shares sold through the Sale Facility (see Section 9.4 for information on when you can expect to receive this payment);
- (iii) the proceeds received from the sale of the Western Shares under the Sale Facility must, within 5 CSE Trading Days of the last sale of the Sale Facility Shares, be converted by the Sale Agent (less applicable taxes and currency conversion costs) into A\$ and pay the converted A\$ amount to the Registry in a further 1 CSE Trading Day. Following this, the Registry will despatch payment of each Sale Facility Participants' pro-rata share of the converted A\$ amount (rounded down to the nearest cent) within 7 Business Days in full satisfaction of the Sale Facility Participant's rights under the Scheme.

#### (c) Trading Western Shares

Please see Section 9.3(a) for information on trading Western Shares.

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### **9.3 WESTERN SHARES**

#### (a) Western Shares

The Scheme Consideration comprises Western Shares.

Western Shares are common shares without par value in the capital of Western (common shares are the equivalent of "ordinary shares" in Australian companies). Share certificates are evidence of the legal title to Western Shares and should be kept in safe custody. Loss, defacement or destruction will necessitate a process of issuance of a replacement certificate which may entail costs, time and appropriate identification and/or insurance.

Western Shares are listed on the CSE. Accordingly, investors that wish to trade Western Shares on the open market can do so on the CSE (Western Shares cannot be traded on ASX).

Black Range Shareholders should seek their own professional advice about their own circumstances and the trading (or otherwise) of Western Shares.

Black Range has set out below summary information on the trading of Western Shares on the CSE. This information is general only in nature and intended to provide a guide to Australian Black Range Shareholders who are entitled to receive Western Shares in consideration for their Black Range Shares (i.e. those Black Range Shareholders other than those in the United States of America, Canada, New Zealand or the British Virgin Islands or Small Shareholders who do not elect to receive the Scheme Consideration in the form of Western Shares or Ineligible Foreign Shareholders).

Those Black Range Shareholders who are Small Shareholders and who do not elect to receive the Scheme Consideration in the form of Western Shares or Ineligible Foreign Shareholders should refer to Section 9.4 below. United States of America, Canadian, New Zealand and British Virgin Island Black Range Shareholders should seek their own professional advice regarding trading Western Shares.

If the Scheme is implemented, Capital Transfer Agency Inc (Western's share registry) will issue a Direct Registration Transaction Advice (known as a "DRS Statement" or "DRS Advice") to Black Range Shareholders as of the Record Date which states the number of Western Shares they hold in book entry form.

DRS Statements are evidence of security ownership without paper certificates, similar to the manner that Australia operates the CHES system that has replaced paper certificates to a large extent.

In order for Australian Black Range Shareholders to trade their Western Shares, it will be necessary for them to contact an Australian broker that has a relationship with a broker that is able to trade on the CSE (**Correspondent Broker**) and instruct that Australian broker to transfer their Western Shares into a brokerage account with the Correspondent Broker. Once the Western Shares have been transferred into the Correspondent Broker's brokerage account, then the Australian Black Range Shareholder may instruct the Australian broker to sell those Western Shares who will in turn instruct the Correspondent Broker to effect the sale on CSE.

Australian Black Range Shareholders should discuss the process with respect to transfer of sale proceeds with their broker.

Not all Australian brokers have a relationship with a Correspondent Broker. Australian Black Range Shareholders should contact their broker and ascertain if they have a relationship with a Canadian CSE broker who can and is prepared to act as a Correspondent Broker. Black Range Shareholders should also seek their own professional advice and form their own views on the use (or otherwise) of an Australian broker.

Trading of shares on the CSE usually occurs on a T + 3 basis (1 trading day plus 3 settlement days). The need to utilise a Correspondent Broker may lengthen the period of time required to trade the Western Shares and Black Range Shareholders should take this into account when considering trading their Western Shares.

A Black Range Shareholder may request delivery of a physical share certificate for his or her Western Shares. Doing so will potentially complicate and delay trading in Western Shares. Black Range Shareholders who wish to receive a share certificate should seek their own professional advice.

Black Range Shareholders should note that trading on CSE occurs in C\$ and that Black Range Shareholders will receive the proceeds of the sale of their Western Shares in C\$ and therefore will be subject to fluctuations in foreign exchange rates when converting sale proceeds to A\$. Black Range Shareholders should also note costs associated with the sale of Western Shares will be to their account.

(b) Rights attaching to Western Shares

Please refer to Section 10.1 for a summary of the principal rights attaching to Western Shares.

(c) Differences between holding shares in an Australian and Canadian company

Please refer to Section 10.2 for a summary of the key differences between holding shares in an Australian and Canadian company.

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#### 9.4 SALE FACILITY

If you are an Ineligible Foreign Shareholder, the Western Shares that would otherwise have been issued to you as the Scheme Consideration will be issued to the Sale Agent as your nominee in trust, for sale through the Sale Facility and you will be paid a pro-rata share of the net proceeds converted into Australian Dollars from the sale of all Western Shares sold through the Sale Facility.

If you are a Small Shareholder (i.e. a Black Range Shareholder holding a parcel of less than 7,500 Black Range Shares on the Record Date), the Western Shares that would have been issued to you, will be issued to the Sale Agent as nominee in trust for sale through the Sale Facility, unless you elect to receive your Scheme Consideration in the form of Western Shares.

You may elect to receive Western Shares by completing and returning the green Share Election Form that accompanies this Scheme Booklet in accordance with the instructions on that form.

The deadline for receipt of Share Election Forms by the Registry is 5pm (WST) on the Record Date (expected to be 14 September 2015).

Western is establishing the Sale Facility with Haywood Securities Inc. acting as Sale Agent to sell the Western Shares on behalf of Small Shareholders who have not elected to receive their Scheme Consideration in the form of Western Shares or Ineligible Foreign Shareholders (**Sale Facility Shares**) under the Sale Facility.

If the Scheme becomes Effective, the Sale Facility Shares will be issued by Western to the Sale Agent as nominee, in trust for the Sale Facility Participants on the Implementation Date and the Sale Agent must sell the Sale Facility Shares under the Sale Facility within 20 CSE Trading Days after the Implementation Date.

The Sale Agent will be entitled to sell the Sale Facility Shares under the Sale Facility in such manner, at such price or prices and on such other terms that the Sale Agent determines in good faith. Sales will occur on the CSE with proceeds received by the Sale Agent in C\$.

Following the last sale of the Sale Facility Shares under the Sale Facility, the Sale Agent must convert the proceeds received from such sales (less applicable taxes and currency conversion costs) into A\$ within 5 CSE

Trading Days and pay the converted A\$ amount to the Registry in a further 1 CSE Trading Day. Following this, the Registry will despatch payment of each Sale Facility Participants' pro-rata share of the converted A\$ amount (rounded down to the nearest cent) within 7 Business Days in full satisfaction of the Sale Facility Participant's rights under the Scheme.

Western will pay all brokerage and other fees associated with the sale of Western Shares under the Sale Facility except for applicable taxes and currency conversion costs.

The cash amount received by Sale Facility Participants from the sale of the Sale Facility Shares will depend on the price at which the Sale Facility Shares can be sold under the Sale Facility by the Sale Agent at the relevant time, applicable exchange rates and the amount of any applicable taxes and currency conversion costs incurred by the Sale Agent in connection with the sales under the Sale Facility.

A Sale Facility Participant's pro-rata share of the Sale Facility proceeds may be more or less than the value of the Scheme Consideration which that Sale Facility Participant would have received had they not been a Sale Facility Participant. None of Black Range, Western or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the Sale Facility Shares by the Sale Agent under the Sale Facility.

## SECTION 10 - RIGHTS ATTACHING TO SCHEME CONSIDERATION

### 10.1 TERMS OF WESTERN SHARES

The following is a summary of the principal rights attaching to Western Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Western, which can involve complex questions of law arising from the interaction of Western's Articles, as amended, and Canadian statutes and securities regulations and the CSE policies.

Each Western Share is entitled to one vote. All Western Shares rank equally as to dividends, voting power and participation in assets. No Western Shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for exchange, exercise, redemption and retraction, purchase for cancellation, surrender or sinking or purchase funds. Provisions as to modification, amendments or variations of such rights or such provisions are contained in the *Business Corporations Act* (Ontario) (**OBCA**) and Western's Articles.

The full terms of the Western Shares are contained in Western's constituent documents, consisting of its Articles, Amendments and By-laws available under Western's profile at [www.sedar.com](http://www.sedar.com).

### 10.2 COMPARISON OF THE RULES GOVERNING BLACK RANGE AND WESTERN

Black Range is a public company registered in Western Australia under the Corporations Act. Western exists under and is governed by the OBCA. If the Scheme becomes Effective, the rights of Black Range Shareholders who receive Western Shares will be governed principally by the OBCA, Western's Articles as amended, and Western's by-laws and the CSE's Policies and Regulations.

A comparison of some of the material provisions governing Black Range and Western respectively is set out below.

References to 'Australian law' where they appear in this section are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and Australian common law, as applicable. References to 'Canadian law' are references to the OBCA, the CSE Policies and Regulations, applicable Canadian corporate and securities laws and Canadian common law, as applicable.

The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. Black Range Shareholders should consult with their own legal advisers if they require further information.

Requirement	Black Range	Western
<b>Meetings of shareholders</b>	Black Range's annual general meeting ( <b>AGM</b> ) must be held at least once in each calendar year and within five months after the end of its financial year. A general meeting of Black Range Shareholders may be called from time to time by the Black Range Board, individual Black Range Directors or Black Range Shareholders with at least 5% of the votes that may be cast at a general meeting may call a meeting or request Black Range's Directors to call a meeting.	Western should hold an annual meeting of Western Shareholders at least once in each calendar year and not more than fifteen months after holding its last annual meeting. The Western Board may call a special meeting of Western Shareholders at any time. Western Shareholders with at least 5% of the issued shares of Western that carry the right to vote at a meeting of Western Shareholders may requisition the Western Directors to call a meeting.
<b>Notice of meetings</b>	Notice of a general meeting must be given at least 28 days before the date of the meeting to Black Range Shareholders entitled to vote at the meeting, as well as to the Black Range	Western must provide at least 21 days and not more than 50 days notice of the date, time and location of all Western Shareholder meetings to registered Western

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Requirement	Black Range	Western
	Directors and auditors.	Shareholders entitled to vote at the meeting and to each Western Director. As a “reporting issuer” under Canadian securities law, Western must also give notice to all depositories, the securities regulatory authority and the CSE. Management information circulars, in a required form must be provided to Western Shareholders in connection with any solicitation of proxies by management.
<b>Quorum</b>	<p>Quorum under the Black Range Constitution is two Black Range Shareholders.</p> <p>If a quorum is not present within 30 minutes, the meeting shall be dissolved (if the meeting was convened by members) or be adjourned to a date and the time and place as the Black Range Directors may appoint.</p> <p>If a quorum is not present at the adjourned meeting within 30 minutes after the time appointed for the adjourned meeting, the meeting is dissolved.</p>	<p>Quorum for a meeting of Western Shareholders is two or more persons present in person, who are entitled to vote at that meeting either as Western Shareholders or as proxy holders.</p> <p>If a quorum is not present within a reasonable time after the time appointed for the meeting as the persons present and entitled to vote thereat may determine, the meeting may be adjourned to a time and place determined with the affirmative vote of a majority of the votes cast in respect of shares present or represented by proxy at the meeting.</p>
<b>Ordinary and special resolutions</b>	<p>Unless the Corporations Act or the Black Range Constitution requires a special resolution, resolutions are passed by a simple majority of votes cast on the resolution. A special resolution may be passed if not less than 28 days notice of a general meeting is given, the notice specifies the intention to propose the special resolution and states the resolution to be proposed. A special resolution must be passed by at least 75% of the votes cast by shareholders entitled to vote. The Corporations Act requires certain matters to be resolved by a company by special resolution, including the change of name of the company, a selective reduction of capital or selective share buy-back, the conversion of the company from one type or form to another and a decision to wind up the company voluntarily. Under the Corporations Act, a special resolution is also required to modify or repeal the Black Range Constitution.</p>	<p>For resolutions proposed to Western Shareholders, unless the OBCA requires a special resolution, ordinary resolutions are required and are passed by a simple majority of votes cast on the resolution. A special resolution must be passed by not less than two-thirds of the votes cast by Western Shareholders entitled to vote after proper notice is given. Under the OBCA, certain matters must be approved by special resolution, including amalgamations, arrangements, continuance into another jurisdiction, a sale, lease or disposition of all or substantially all of a company’s property and voluntary liquidation.</p> <p>If a special resolution is to be considered at a meeting of Western Shareholders, the notice for that meeting must specify the intention to propose a special resolution and the general nature of any special business to be considered and include the text of any special resolution or by-law to be submitted to the meeting.</p>
<b>Voting</b>	<p>Each Black Range Share confers a right to vote at all general meetings. On a show of hands, each Black Range Shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, Black Range Shareholders present in person or by their proxy,</p>	<p>Unless a ballot is called for by the chairman or a Western Shareholder entitled to vote at the meeting, votes are held on a show of hands and each Western Share entitles the holder thereof to one vote. If a ballot is called for, each Western Shareholder entitled to vote will</p>



Requirement	Black Range	Western
	<p>attorney or body corporate representative will have one vote for every Black Range Share held. A signed proxy must be received at least 48 hours before a meeting.</p> <p>A poll may be demanded by the chairman of the general meeting, at least five Black Range Shareholders present in person or by proxy, attorney or body corporate representative entitled to vote on the resolution, any one or more Black Range Shareholders present at the meeting holding at least 5% of the votes that may be cast on the resolution on a poll.</p> <p>The percentage of votes that Black Range Shareholders have is to be worked out as at the midnight before the poll is demanded.</p>	<p>have one vote for each Western Share held.</p>
<b>Shareholder's rights to call meetings</b>	<p>Black Range Shareholders holding at least 5% of the votes that may be cast at a general meeting may, in writing, request the Black Range Directors to call a general meeting. The meeting is to be held not later than two months after the date of the notice.</p> <p>Black Range Shareholders holding at least 5% of the votes that may be cast at a general meeting may also call a general meeting at their own expense.</p>	<p>A Western Shareholder or Western Shareholders of at least 5% of Western Shares eligible to be voted at an annual meeting may requisition the directors to call a meeting of Western Shareholders for the purposes stated in the requisition. Subject to certain exceptions, if Western Directors fail to call a meeting within 21 days after receiving the requisition, any Western Shareholder who signed the requisition may call the meeting.</p>
<b>Power of directors</b>	<p>Under the Black Range Constitution, subject to the Corporations Act and to any other provisions in Black Range's Constitution, the management and control of the business of Black Range is vested in the Directors who may exercise all powers of the Company that are not required by the Corporations Act, the ASX Listing Rules or the Black Range Constitution to be exercised in general meeting.</p>	<p>Under the OBCA, the Western Directors must manage or supervise the business and affairs of Western and may appoint and remove officers and specify their duties, subject to the OBCA and Western's Articles and by-laws.</p>
<b>Appointment of directors</b>	<p>Black Range must have three to nine directors. At each AGM, one third of the Black Range Board (or the number nearest to rounded upwards in case of doubt) (except the managing director) must retire from office but no director may retain office for more than three years or until the third annual general meeting following their appointment (whichever is the longer).</p> <p>The director or directors to retire are those who have been longest in office since their last election. A retiring director is eligible for re-election. The Black Range Directors may, at any time, appoint any person as a Director either as a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not exceed the number specified in Black Range's Constitution.</p>	<p>Western must have a minimum of three directors. At least 25 per cent of Western Directors must be resident Canadians, and at least one-third of Western Directors must not be officers or employees of Western. Election of directors takes place at each annual meeting of Western Shareholders. Western Directors generally serve until they voluntarily resign or are replaced by the Western Shareholders. The number of directors to be elected is the number then in office, unless the Western Shareholders determine otherwise. Casual vacancies on the Western Board may be filled by the Western Directors, who can also appoint additional directors numbering up to one third of the directors elected at the previous Western Shareholder meeting.</p>

Requirement	Black Range	Western
<b>Removal of directors</b>	Black Range may remove a Black Range Director before their period of office ends by passing a resolution at a general meeting.	Under the OBCA, Western Shareholders may remove a director from office by ordinary resolution. A Western Director will cease to hold office if she or he becomes bankrupt or is found to be incapable by a court in Canada or elsewhere.
<b>Amendments to constituent documents</b>	Any amendment to the Black Range Constitution must be approved by special resolution.	Unless otherwise specified in the OBCA, amendments to Western's Articles must be approved by a special resolution. Western's Board may amend Western's by-laws with immediate effect but such amendment has to be submitted for approval at the next Western Shareholder meeting.
<b>Issue of new shares</b>	<p>Subject to specified exceptions (for pro rata issues etc), the ASX Listing Rules apply to restrict Black Range from issuing, or agreeing to issue, more ordinary shares than 15% of the total of the number calculated according to a prescribed equation in any 12 month period unless Black Range has Shareholder approval.</p> <p>Subject to certain exceptions, ASX Listing Rule 10.11 requires the approval of Black Range Shareholders by ordinary resolution in order for the company to issue equity securities to Black Range Directors or other related parties.</p> <p>Under the Black Range Constitution, the Black Range Directors may issue Black Range Shares on the terms and when they think fit. This power is subject to the Corporations Act, ASX Listing Rules, and any special rights previously conferred on the holders of any existing Black Range Shares or class of Black Range Shares.</p>	<p>Western is authorised to issue an unlimited number of common shares for such consideration as is determined by Western's Directors. Western Shares are non-assessable and may only be issued if consideration for such shares is fully paid.</p> <p>As a CSE-listed company, issuances of securities by Western must comply with the requirements of the CSE Policies in addition to complying with applicable requirements of securities and corporate law for any distribution of securities. Western may not make a private placement or issue securities as partial consideration in an acquisition at a price per security lower than the greater of (a) C\$0.05 and (b) the closing market price on the trading day prior to the press release disclosing the private placement less a certain discount. The CSE may impose conditions or grant exemptions from its own requirements, and will generally require securityholder approval of any transaction that materially affects control of the issuer or of any transaction that is a reverse take-over.</p>
<b>Variation of class rights</b>	Under the Black Range Constitution, rights attaching to a class of shares may only be varied or cancelled by special resolution or with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorized by a special resolution passed at a separate meeting of the holders of the shares of the class.	The OBCA provides that rights attaching to a class of shares may only be varied by an amendment to the Western Articles approved by special resolution. If there is more than one class of shares outstanding, the approval must also be obtained, by a special separate resolution of the shareholders of each class that is affected by the proposed change to the rights of a class of shares. At this time, Western has only one class of shares.
<b>Protection of minority shareholders / oppression</b>	Under the Corporations Act, any Black Range Shareholder can bring an action in cases of conduct which is contrary to	Under the OBCA, on the application of a complainant (shareholder, director, officer or other person

Requirement	Black Range	Western
<p><b>remedy</b></p>	<p>the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any Black Range Shareholder(s), whether in their capacity as a shareholder or in any other capacity. Former shareholders can also bring an action if it relates to the circumstances in which they ceased to be a shareholder.</p> <p>A statutory derivative action may also be instituted by a Black Range Shareholder, former Black Range Shareholder or person entitled to be registered as a Black Range Shareholder. In all cases, leave of the court is required.</p> <p>Such leave will be granted if the court is satisfied that it is probable that Black Range will not itself bring the proceedings or properly take responsibility for them or for the steps in them, the applicant is acting in good faith, it is in the best interests of Black Range that the applicant be granted leave, if the applicant is applying for leave to bring proceedings, there is a serious question to be tried and the applicant gives proper written notice to Black Range specifying its intention to and reasons for applying or it is otherwise appropriate to give leave.</p>	<p>entitled to make such an application), the court may grant leave to prosecute, defend or discontinue a legal proceeding in the name and on behalf of Western to enforce a right, duty or obligation owed to the company or to obtain damages for a breach of such a right, duty or obligation. In certain circumstances, the OBCA allows for a shareholder and the Ontario Securities Commission to apply to court for an order to investigate the affairs of a company and any of its affiliates.</p> <p>In addition, a shareholder, other person whom the court considers appropriate and the Ontario Securities Commission may apply to the court for an order on the grounds that the affairs of the company are being or have been conducted or the powers of the directors are being or have been exercised in a manner that is oppressive to one or more shareholders or that some act or proposed act of the company or resolution of the shareholders is unfairly prejudicial to one or more shareholders. The court has the power to make any order it thinks fit to remedy the oppressive behaviour, including restraining the conduct complained of, appointing directors or directing that the company be liquidated and dissolved.</p> <p>The OBCA provides shareholders with dissent rights in connection with certain corporate matters, including amalgamations, arrangements, the sale, lease or disposition of all or substantially all of the company's property and continuance into another jurisdiction. These, dissent rights entitle dissenting shareholders to receive payment of fair value for their shares from the company, provided they comply with the strict requirements set out under the OBCA.</p>
<p><b>Source and payment of dividends</b></p>	<p>Under Australian law, the Black Range Directors may determine that a dividend is payable. Dividends may only be paid out of the company's distributable profits and not out of share capital. Before declaring a dividend, the Black Range Directors must be satisfied that the proposed dividend can be paid without causing the company to be unable to pay its debts as they fall due.</p>	<p>Under the OBCA, Western may declare and pay a dividend, whether out of profits, capital or otherwise, by issuing fully paid shares or property, including money, unless there are reasonable grounds for believing that Western is, or would after the payment be, unable to pay its liabilities as they become due.</p>
<p><b>Remuneration of directors and officers</b></p>	<p>Under the ASX Listing Rules, the maximum amount to be paid to Black Range Directors for their services as directors (other than the salary of an</p>	<p>Western's Board sets the remuneration of the Western Directors, and senior officers. Under applicable Canadian</p>

Requirement	Black Range	Western
	<p>executive director) is not to exceed the amount approved by shareholders in general meeting.</p> <p>Australian law gives shareholders of listed companies (such as Black Range Shareholders) the right to participate in a non-binding vote, to be held at the AGM, on the adoption of the remuneration report of the company. The remuneration report is included in the directors' report and is required to contain a discussion of the board's policy in relation to remuneration of key management personnel of the company.</p>	<p>securities laws, disclosure regarding compensation paid to the Western Board and senior management must be included in the management information circular provided to Western Shareholders in connection with each meeting of Western Shareholders at which the election of directors is proposed.</p>
<p><b>Fiduciary duties of directors and officers</b></p>	<p>Under Australian law, the directors and officers of Black Range are subject to duties to act in good faith in the interests of the company, act for a proper purpose, not fetter their discretion (in the case of directors only), exercise care, skill and diligence, avoid conflicts of interest, not use their position to their advantage, and not misappropriate company property.</p>	<p>Under Canadian law, every director and officer of Western, in exercising their powers and performing their functions must generally act honestly and in good faith with a view to the best interests of Western, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>
<p><b>Release from liability and indemnification of directors and officers</b></p>	<p>Under Australian law, Black Range cannot exempt an officer from liability to the company incurred in his capacity as an officer, indemnify an officer against a liability owed to the company or a related body corporate, or indemnify an officer against the cost of legal proceedings including where such proceedings result in them being found to have a liability to the company or a related body corporate.</p> <p>However, under Australian law, a company may indemnify an officer against a liability owed to someone other than the company or a related body corporate (and also the cost of any related legal proceedings), provided the liability does not arise out of conduct involving a lack of good faith or the liability is not a penalty or compensation order made under the Corporations Act. For the purposes of these provisions, an 'officer' includes a director, secretary or senior manager of Black Range.</p> <p>The Black Range Constitution contains provisions indemnifying every director, executive officer or secretary of Black Range, to the maximum extent permitted by law, provided that the Corporations Act is complied with in relation to giving the indemnity and the liability does not arise in respect of conduct involving a lack of good faith.</p>	<p>Under the OBCA, Western may indemnify a director, officer, former director or officer of Western or another individual who, at the request of Western, acts or acted as a director, an officer an individual acting in a similar capacity, of another entity, against all costs, charges, and expenses including an amount paid to settle a legal proceeding or satisfy a judgement in which such eligible party was involved by reason of their having been a director, officer or having held an equivalent position.</p> <p>Under the OBCA, Western shall not indemnify an individual unless such person acted honestly and in good faith with a view to the best interests of Western or the associated corporation.</p>
<p><b>Related party transactions</b></p>	<p>The Corporations Act prohibits a public company such as Black Range from giving a related party a financial benefit unless it obtains the approval of shareholders and gives the benefit within 15 months after approval or the financial benefit is exempt. A related</p>	<p>Western is subject to <i>Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions</i>, which imposes independent valuation, minority approval and disclosure requirements on entities involved in</p>

Requirement	Black Range	Western
	<p>party is defined to include any entity which controls the public company, directors of the public company, directors of any entity which controls the public company and, in each case, spouses and certain relatives of such persons. Exempt financial benefits include indemnities, insurance premiums and payments for legal costs which are reasonable in the circumstances.</p> <p>The ASX Listing Rules prohibit a listed entity such as Black Range from acquiring a substantial asset (an asset the value or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial asset to certain parties including related parties, unless it obtains the approval of shareholders. The related parties include (but are not limited to) directors of the entity and an entity that controls the entity; a subsidiary of the entity; a person who has or has had in the prior six month period a relevant interest in 10% or more of the shares in the entity and, in each case, any of their associates. The provisions apply even where the transaction may be on arm's-length terms.</p> <p>The ASX Listing Rules also prohibit Black Range from issuing or agreeing to issue shares to related parties unless it obtains the approval of shareholders or the share issue is exempt. Exempt share issues include issues made pro rata to all shareholders, under an underwriting agreement, under a dividend or distribution plan or under an approved employee incentive plan.</p>	<p>certain related party transactions. A related party of an entity includes, without being limited to, any person that is known by the entity to be: a director or senior officer of the entity; a control person of the entity; and a person that has, directly or indirectly, control over more than 10% of the shares of the entity.</p> <p>A related party transaction includes transactions between a company and its related parties (e.g. individuals as well as companies and other entities), whether or not there are also other parties to the transaction, as a consequence of which, either in a single transaction or multiple transactions, the company directly or indirectly:</p> <ul style="list-style-type: none"> <li>transfers an asset from or to a related party for valuable consideration;</li> <li>leases property to or from a related party;</li> <li>issues a security to or subscribes for a security of a related party;</li> <li>becomes subject to a liability of a related party or provides or materially amends the terms of a guarantee or collateral security for a debt or liability of a related party; or</li> <li>borrow money from, lends money to, releases, cancels, forgives or materially amends the terms of an outstanding debt or liability owed by a related party.</li> </ul>
<b>Director's declarations of interest</b>	<p>The Corporations Act generally requires a Black Range director who has a material personal interest in a matter that relates to the affairs of Black Range to give the other directors notice of that interest. That director must not be present at a meeting where the matter is being considered or vote on the matter unless the other directors or ASIC approve, or the matter is not one which requires disclosure under the Corporations Act. Under the Corporations Act, failure of a director to disclose a material personal interest, or voting despite a material personal interest, does not affect the validity of a contract in which the director has an interest. Black Range directors, when entering into transactions with Black Range, are subject to the common law and statutory duties to avoid conflicts of interest.</p>	<p>Under the OBCA, a director or officer who has an interest in a material contract or transaction that Western has entered into or proposes to enter into must disclose to Western the nature and extent of his or her interest. A director with such interest cannot participate in any discussion of the relevant contract or transaction and cannot vote on any resolution to approve the contract or transaction.</p>
<b>Takeover bids</b>	<p>Australian law places restrictions on a person acquiring interests in the voting shares of Black Range where, as a result of the acquisition, that person's or</p>	<p>Generally, in Canada, takeover bids are regulated primarily by securities legislation. An offerer making an offer to acquire securities that,</p>

Requirement	Black Range	Western
	<p>someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. This prohibition is subject to a number of exceptions including the acquisition of not more than 3% of the voting shares in the company in the six month period before the acquisition, the acquisition is made with shareholder approval or the acquisition is made under a takeover bid made in accordance with Australian law. Various restrictions about conditional offers exist and there are also substantial restrictions concerning the withdrawal and suspension of offers.</p> <p>Takeover bids must treat all securityholders alike, must not involve any collateral benefits and must remain open for certain period, after which time all securities deposited under the offer may be taken up.</p>	<p>together with the offeror's securities, constitute in the aggregate 20% or more of the outstanding securities of the company at the time of the offer is required to extend the offer to all securityholders whose registered address is in Canada. The takeover bid rules require, among other things, the mailing of a takeover bid circular to shareholders of the target company, extensive disclosure requirements and a waiting period during which the offeror cannot purchase and pay for shares tendered in response to the bid.</p> <p>The OBCA contains compulsory acquisition provisions, which allow holders of at least 90% of a company's shares to acquire the remaining shares.</p>
<b>Takeover bid defences</b>	<p>Under Australian takeovers legislation and policy, boards of target companies are limited in the defensive mechanisms that they can put in place to discourage or defeat a takeover bid. For example, it is likely that the adoption of a shareholders' rights plan (or so-called 'poison pill') may give rise to a declaration of unacceptable circumstances by the Australian Takeovers Panel if it had that effect.</p>	<p>In Canada, when faced with a takeover bid, defensive tactics may be taken by a board of directors in a genuine attempt to obtain a better bid. However, the Canadian securities regulatory authorities have recognised the possibility that the interests of the board of the target company may differ from those of its shareholders. The securities regulators may take action in certain cases where a target company's defensive tactics are abusive of shareholder rights, deny shareholders the ability to make a fully informed decision on whether to tender securities to a bid or frustrate an open takeover bid process.</p>
<b>Winding up</b>	<p>Under Australian law, an insolvent company may be wound up by a liquidator appointed either by creditors or the court. Directors cannot use their powers after a liquidator has been appointed. If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay any surplus assets to unsecured creditors. The shareholders rank behind the creditors and are, therefore, unlikely to receive any distribution in an insolvent liquidation.</p> <p>Under Australian law, shareholders of a solvent company may decide to wind up the company if the directors are able to form the view that the company will be able to pay its debts in full within 12 months after the commencement of the winding-up. A meeting at which a decision is made to wind up a solvent company requires at least 75% of votes</p>	<p>Under the OBCA, the shareholders of a company may, by special resolution, require the company to be wound up voluntarily. On application by the company, a shareholder, director or any other person whom the court considers to be appropriate, including a creditor of a corporation, the court may order that the company be dissolved.</p> <p>Liquidation of a company may also take place outside of the framework of the OBCA, such as under the <i>Bankruptcy and Insolvency Act</i> (Canada) or the <i>Companies' Creditors Arrangement Act</i> (Canada). Finally, a company may be liquidated informally under contractual arrangement, usually by way of the private appointment of a receiver and manager.</p>

Requirement	Black Range	Western
	<p>cast by the shareholders present and voting.</p> <p>The Black Range Constitution provides that on winding-up, the liquidator may, with sanction of a special resolution, divide among Black Range Shareholders in kind the whole or any part of Black Range's property and may for that purpose set the value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.</p>	

## SECTION 11 - RISK FACTORS

### 11.1 INTRODUCTION

If the Scheme is implemented, Black Range Shareholders will, subject to the terms of the Scheme, be entitled to receive the Scheme Consideration in the form of Western Shares. The value of the Western Shares will be influenced by a number of factors, many of which will be beyond the control of the Merged Group. This Section includes a description of risk factors that have been identified by management of Black Range in relation to Black Range, Western, the Merged Group or the Scheme Consideration. The risk factors presented in this Section are divided into risks associated with:

- (a) mining;
- (b) Western's business and operations;
- (c) the Western Shares;
- (d) the Merged Group;
- (e) the Scheme; and
- (f) the general market.

Some of these risks are either related to exploration and mining companies generally or already relate to Black Range's business which will form part of the Merged Group and are therefore the risks to which the Black Range Shareholders already have some exposure. However, a number of these risks will be new or have potentially greater impact than is currently the case in relation to Black Range alone.

The risk factors contained in this Section does not provide an exhaustive list of all risks and risk factors related to Black Range, Western, the Merged Group or the Scheme Consideration. In particular, these risk factors do not take into account the investment objectives, financial situation, position or particular needs of Black Range Shareholders. Black Range Shareholders in doubt about how to act, should seek independent professional advice before deciding on how to vote on the Scheme.

### 11.2 RISK RELATED TO MINING

**All of Western's and Black Range's properties are in the exploration stage. There is no assurance that the Merged Group can establish the existence of any Mineral Reserve (CIM Definition) on any of its properties in commercially exploitable quantities**

Despite exploration work on Western's and Black Range's mineral properties, neither Western or Black Range has established that any of them contain any Mineral Reserve (CIM Definition), nor can there be any assurance that the Merged Group will be able to do so. Until the Merged Group can do so, it cannot earn any revenues from operations and if it does not do so it may lose all of the funds that it has expended on exploration. If it does not discover any Mineral Reserve (CIM Definition) in a commercially exploitable quantity, the Merged Group's business may fail.

Even if the Merged Group does discover a Mineral Reserve (CIM Definition) on one or more of its properties, there can be no assurance that the Merged Group will be able to develop its properties into producing mines and extract those Mineral Reserves (CIM Definition). Both mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The commercial viability of an established mineral deposit will depend on a number of factors including, for example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a processing facility, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond the Merged Group's control, and any of them could increase costs and make extraction of any identified Mineral Resource (CIM Definition) unprofitable.

**Mineral operations are subject to applicable law and government regulation. Even if the Merged Group discovers a Mineral Resource (CIM Definition) in a commercially exploitable quantity, these laws and regulations could restrict or prohibit the exploitation of that Mineral Resource (CIM Definition). If the Merged Group cannot exploit any Mineral Resource (CIM Definition) that it might discover on its properties, the Merged Group's business may fail**

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labour standards, water rights, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that the Merged Group will be able to obtain or maintain any of the permits required for the continued exploration of its mineral properties or for the construction and operation of a mine on its properties at economically viable costs. If the Merged Group cannot accomplish these objectives, its business could fail.

Western believes that it is in compliance with all material laws and regulations that currently apply to its activities but there can be no assurance that the Merged Group can continue to do so. Current laws and regulations could be amended and the Merged Group might not be able to comply with them, as amended. Further, there can be no assurance that the Merged Group will be able to obtain or maintain all permits necessary for its future operations, or that it will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, Western may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

**The business of mineral exploration, extraction and processing is exposed to environmental risks and hazards**

All phases of the Merged Group's operations are and will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, as well as the access, use, treatment and disposal of water. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Merged Group's operations. Environmental hazards may exist on the properties in which the Merged Group holds interests which are unknown to the Merged Group at present and which have been caused by previous or existing owners or operators of the properties of the Merged Group.

**If the Merged Group establishes the existence of a Mineral Reserve (CIM Definition) on any of its properties in a commercially exploitable quantity, it will require additional capital and may need to acquire additional lands in order to develop the property into a producing mine. If the Merged Group cannot raise this additional capital or acquire additional lands, the Merged Group will not be able to exploit the resource, and its business could fail**

If the Merged Group does discover Mineral Reserves (CIM Definition) in commercially exploitable quantities on any of its properties, the Merged Group will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although the Merged Group may derive substantial benefits from the discovery of a major deposit, there can be no assurance that such a resource will be large enough to justify commercial operations, nor can there be any assurance that the Merged Group will be able to raise the funds required for development on a timely basis. If the Merged Group cannot raise the necessary capital or complete the necessary facilities and infrastructure, its business may fail.

The Merged Group may be required to acquire rights to additional lands in order to develop a mine if a mine cannot be properly located on the Merged Group's properties. There can be no assurance that the Merged Group will be able to acquire such additional lands on commercially reasonable terms, if at all.

**Mineral exploration and development is subject to extraordinary operating risks. Western does not currently insure against these risks. In the event of a cave-in or similar occurrence, its liability may exceed its resources, which would have an adverse impact on the Merged Group**

Mineral exploration, development and production involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Merged Group's operations will be subject to all the hazards and risks inherent in capital-raising and in the exploration, development and production of resources, including litigation risks and liability for environmental conditions, pollution, cave-ins, workplace accidents, unexpected geological conditions, or other hazards against which the Merged Group cannot insure or against which the Merged Group may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. Western does not currently maintain any insurance coverage against these types of hazards, and even if insurance coverage was obtained, the nature and extent of coverage may not be sufficient. The payment of any liabilities that arise from any such occurrence would have a material adverse impact on the Merged Group.

**Results of prior exploration work**

Generally, all exploration conducted upon, and technical reports prepared with respect to, mineral resource properties is based in part on data previously generated by other parties. There is no guarantee that data generated by prior exploration work is entirely reliable, and discrepancies in such data may not be discovered.



Such errors and/or discrepancies, if they exist, could impact on the accuracy of exploration results and future prospects.

#### **Mineral prices are subject to dramatic and unpredictable fluctuations**

Western's activities are significantly affected by the market price of uranium and vanadium, which is cyclical and subject to substantial fluctuations. The Merged Group's prospects are and will be particularly sensitive to the change in the long and short term market price of uranium and vanadium. Among other factors, these prices also affect the value of the Merged Group's mineral resource interests, as well as the market price of Western's Shares.

Market prices are affected by numerous factors beyond the Merged Group's control. With respect to uranium, such factors include, among others:

- demand for nuclear power; political and economic conditions in uranium producing and consuming countries;
- public and political response to a nuclear incident; reprocessing of used reactor fuel, the re-enrichment of depleted uranium tails and the enricher practice of underfeeding;
- sales of excess civilian and military inventories (including from the dismantling of nuclear weapons);
- the premature decommissioning of nuclear power plants;
- in particular in recent years, the build-up of uranium inventories in Japan as a result of the Fukushima incident by governments and industry participants;
- uranium supply, including the supply from other secondary sources; and
- production levels and costs of production.

With respect to vanadium, such factors include, among others:

- demand for steel;
- the potential for vanadium to be used in energy storage technologies;
- political and economic conditions in vanadium producing and consuming countries; world production levels; and
- costs of production.

Other factors relating to both the price of uranium and vanadium include:

- levels of supply and demand for a broad range of industrial products;
- substitution of new or different products in critical applications for the Merged Group's existing products;
- expectations with respect to the rate of inflation; the relative strength of the US dollar and of certain other currencies; interest rates; global or regional political or economic crises;
- regional and global economic conditions; and
- sales of uranium by holders in response to such factors.

There can be no assurance that the price of any minerals that could be extracted from the Merged Group's properties will be such that any deposits can be mined at a profit.

**The mining industry is highly competitive and there is no assurance that the Merged Group will continue to be successful in acquiring mineral claims. If the Merged Group cannot continue to acquire properties to explore for Mineral Resources (CIM Definition), the Merged Group may be required to reduce or cease operations**

The mineral exploration, development, and production industry is largely unintegrated. Western competes with other exploration companies looking for mineral resource properties and the resources that can be produced from them. While Western competes with other exploration companies in the effort to locate and license mineral resource properties, Western does not compete with them for the removal or sale of mineral products from its properties if Western should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of uranium, vanadium and other mineral products. Therefore, Western will likely be able to sell any uranium, vanadium or mineral products that Western identifies and produces.

Western competes with many companies possessing greater financial resources and technical facilities. This competition could adversely affect Western's ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance that the Merged Group will acquire any interest in additional mineral resource properties that might yield reserves or result in commercial mining operations.

**The Merged Group's title to its resource properties may be challenged by third parties or the licences that permit the Merged Group to explore its properties may expire if it fails to timely renew them and pay the required fees**

Western cannot guarantee that the rights to explore its properties will not be revoked or altered to its detriment. The ownership and validity of mining claims and concessions are often uncertain and may be contested. Western is not aware of challenges to the location or area of any of the mining concessions and mining claims. There is, however, no guarantee that title to the claims and concessions will not be challenged or impugned in the future. If the Merged Group fails to pay the appropriate annual fees or if the Merged Group fails to timely apply for renewal, then these licences may expire or be forfeited.

### **The Merged Group may experience difficulties with its joint venture partners**

The Merged Group may in the future enter into joint ventures with third parties. Western is subject to the risks normally associated with the conduct of joint ventures, which include disagreements as to how to develop, operate and finance a project and possible litigation between the participants regarding joint venture matters. These matters may have an adverse effect on the Merged Group's ability to realize the full economic benefits of its interest in the property that is the subject of a joint venture, which could affect its results of operations and financial condition.

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## **11.3 RISK RELATED TO WESTERN'S BUSINESS AND OPERATIONS**

### **Current global financial conditions may adversely impact operations and the value and price of the Western Shares**

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of Western to obtain equity or debt financing in the future and, if obtained, on terms favourable to Western. If these increased levels of volatility and market turmoil continue, Western's operations could be adversely impacted and the value and the price of the Western Shares could be adversely affected.

### **Western's constating documents and the laws under which Western is incorporated provide an indemnity to its officers and directors against many liabilities they might face in the performance of their duties**

Western's constating documents and the laws under which Western is incorporated provide limitations on the liability of its officers and directors for certain acts, receipts, neglects or defaults, and also indemnify them for certain costs, charges and expenses incurred in connection with the conduct of Western's business. In addition, from time to time Western may enter into indemnity agreements with officers or directors providing similar limitations of liability. Such limitations on liability and indemnification for damages may reduce the likelihood of derivative litigation against Western's officers and directors and may discourage or deter Western Shareholders from suing its officers and directors based upon breaches of their duties to Western, though such an action, if successful, might otherwise benefit Western and its shareholders.

### **Investors' interests in Western will be diluted and investors may suffer dilution in their net book value per Western Share if Western issues employee/director/consultant options or if Western issues additional Western Shares to finance its operations.**

Western is currently without a source of revenue and will most likely be required to issue additional Western Shares or other securities, or incur debt, to finance its operations as it anticipates that will enter into production by the fourth quarter of 2016. Western may also in the future grant to some or all of its directors, officers, consultants, and employees options to purchase Western Shares as non-cash incentives to those persons. Such options may be granted at exercise prices equal to market prices, or at prices as allowable under the policies of the CSE and its stock option plan, when the public market is depressed. The issuance of any equity securities could, and the issuance of any additional Western Shares will, cause its existing shareholders to experience dilution of their ownership interests.

If Western issues additional Western Shares or decides to enter into joint ventures with other parties in order to raise financing through the sale of equity securities, investors' interests in Western will be diluted and investors may suffer dilution in their net book value per Western Share depending on the price at which such securities are sold. Western has no warrants or options outstanding. Under Western's current option plan, the number of Western Shares that can be reserved for issuance, and then issued, upon the exercise of stock options granted to officers, directors and consultants is 10% of the number of Western Shares outstanding at any time. Currently, this amounts to 1,203,692 Western Shares being available for issuance upon the exercise of options that could be granted under that option plan.

### **Earnings and Dividend Record**

Western has no earnings or dividend record. Western has not paid dividends since incorporation and does not anticipate doing so in the foreseeable future. Western currently does not generate any cash flow from operations but anticipates that it will commence production at its Sunday Mine Complex by the fourth quarter of 2016.

### **Conflicts of Interest**

Certain of Western's officers and directors may be or become associated with other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. Western's directors are required by law to act honestly and in good faith with a view to the best interests of the companies on whose Boards they serve, and to disclose any interest which they may have in any of its projects or opportunities. In general, if a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter or, if he does vote, his vote does not count. In determining whether or not Western will participate in any project or opportunity, the directors will primarily consider the degree of risk to which Western may be exposed and its financial position at that time.

### **Dependence on Management, Consultants and Outside Parties**

The nature of its business, its ability to continue its exploration, development and production planning activities and to develop a competitive edge in the marketplace depends, in large part, on its ability to attract and maintain qualified key management personnel and the services of outside parties. Competition for personnel is intense, and there can be no assurance that the Merged Group will be able to attract and retain such personnel. Its development now and in the future will depend on the efforts of key management figures. The loss of any of these key people could have a material adverse effect on the Merged Group's business. Western does not

currently maintain key-man life insurance on any of its key employees. In addition, to the extent that the work of personnel or consultants or other outside parties is deficient, negligent, or not completed on time or on budget, the business of Western (and following completion of the Scheme of the Merged Group) will suffer.

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#### 11.4 RISK RELATED TO WESTERN'S SHARES

##### **Price volatility in publicly traded securities on Canadian markets**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The price of Western Shares is subject to market trends and conditions generally, notwithstanding any potential success of Western in creating revenues, cash flows and earnings

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could materially and adversely harm Western and its financial position.

##### **Because Western does not intend to pay any dividends on the Western Shares, investors seeking dividend income or liquidity should not purchase Western Shares**

Western does not currently anticipate declaring and paying dividends to its shareholders in the near future. Western's current intention is to apply net earnings, if any, in the foreseeable future to increase its working capital. Prospective investors seeking or needing dividend income or liquidity should, therefore, not purchase Western Shares. Western currently has no revenue and a history of losses, so there can be no assurance that Western will ever have sufficient earnings to declare and pay dividends to the holders of Western Shares, and in any event, a decision to declare and pay dividends is at the sole discretion of the Western Board, which currently does not intend to pay any dividends on Western Shares for the foreseeable future.

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#### 11.5 RISK RELATED TO THE MERGED GROUP

##### **Integration risk**

There are risks that the integration of Black Range's business with Western's business may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated.

In particular, as discussed in this Scheme Booklet, the Merged Group hopes to accelerate the commercialisation of Ablation technology by using it in field trials at the Sunday Mine Complex and Western's other advanced uranium assets. There can be no assurance that these field trials will be successful.

##### **The Merged Group may not realise benefits of growth projects**

As part of its strategy, the Merged Group will continue existing efforts and initiate new efforts to develop new mineral projects and will have a larger number of such projects as a result of the Merger. There are a number of risks and uncertainties that are associated with the development of these types of projects as described above. The failure to develop one or more of these initiatives successfully could have an adverse effect on the Merged Group's financial position and results of operations.

##### **The Merged Group will be subject to a broad range of laws and regulations in jurisdictions in which it operates**

As noted above, Western is currently subject to a broad range of laws and regulations in each jurisdiction in which it operates, which laws and regulations will apply to the Merged Group after the Implementation Date. The costs of complying with these laws and regulations may be significant. In addition, these standards can create the risk of substantial liabilities, including liabilities associated with divested assets and past activities, and cannot be predicted with certainty.

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#### 11.6 RISKS RELATED TO THE SCHEME

##### **The new Western Shares issued in connection with the Scheme may have a market value different than expected**

The Scheme Consideration that is proposed to be issued to Black Range Shareholders consists of a specified number of Western Shares rather than a number of Western Shares with a specified market value. As a result, the value of the Scheme Consideration will fluctuate depending upon the market value of the Western Shares. The market value of the Western Shares at the Implementation Date may vary significantly from the market value of the Western Shares immediately prior to the announcement of the Scheme and at the date of this Scheme Booklet. If the market value of Western Shares declines, the value of the Scheme Consideration received by Black Range Shareholders will decline as well. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of Western, Black Range and the Merged Group, regulatory considerations, general market and economic conditions, changes in uranium, vanadium and other mineral prices, and other factors over which neither Western nor Black Range has control.

##### **Completion of the Scheme is subject to several conditions that must be satisfied or waived**

The Scheme is subject to a number of Conditions Precedent which are contained in clause 4 of the Merger Implementation Agreement. Please refer to Section 8.3 for further information regarding the Conditions Precedent to the Scheme. There can be no certainty, nor can Black Range or Western provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, there are a number of other conditions precedent to the Scheme which are outside the control

of Black Range or Western, including, but not limited to, approval of the Scheme by the requisite majority of Black Range Shareholders, and required regulatory and third party approvals and consents.

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of Black Range shares may be adversely affected.

**The Merger Implementation Agreement may be terminated by Black Range or Western in certain circumstances**

Each of Black Range and Western has the right to terminate the Merger Implementation Agreement in certain circumstances. Please refer to Section 13.8 for further information regarding the Termination of the Merger Implementation Agreement. Accordingly, there is no certainty that the Merger Implementation Agreement will not be terminated by either Black Range or Western before the implementation of the Scheme.

If the Merger Implementation Agreement is terminated, there is no assurance that Black Range will be able to find a party willing to pay an equivalent or greater price for Black Range Shares than the price to be paid pursuant to the terms of the Merger Implementation Agreement and the Scheme.

**The issuance of a significant number of Western Shares could adversely affect the market price of Western Shares**

If the Scheme is implemented, a significant number of additional Western Shares will be available for trading in the public market. The increase in the number of Western Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market price of Western Shares.

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## 11.7 GENERAL MARKET RISKS

In addition to the specific business risks above, holding securities, including options in Black Range or the Merged Group, carry general risks including, but not limited to, risks associated with:

- (a) legislation and government regulations and policy;
- (b) taxation laws and policies;
- (c) accounting laws, policies, standards and practices;
- (d) aggregate investment and economic output;
- (e) investor sentiment and local and international stock market conditions;
- (f) Australian and overseas economies and growth;
- (g) fiscal, monetary and regulatory policies; and
- (h) inflation and interest rates.

## SECTION 12 – AUSTRALIAN TAX IMPLICATIONS

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### 12.1 GENERAL

This Section 12 summarises the Australian income tax implications of the Scheme for certain Black Range Shareholders. The summary only applies to Black Range Shareholders in whose hands the Black Range Shares are capital assets and thus subject to the capital gains tax (CGT) provisions of income tax law. It excludes persons and entities in whose hands the Black Range Shares are trading stock or are being treated on revenue account for income tax purposes.

The summary applies to persons or entities that are both resident and non-resident of Australia for tax purposes, but not those who are classed as temporary residents under Australian income tax law.

Non-Australian tax resident and temporary Australian tax resident Black Range Shareholders should seek their own independent advice in relation to the tax consequences of the Scheme and the holding of Western Shares in their country of residence. The comments included in this section are limited to the Australian income tax consequences for non-Australian tax resident Black Range Shareholders who hold their Black Range Shares on capital account.

The summary is based on the *Income Tax Assessment Act 1997*, the *Income Tax Assessment Act 1936* and relevant Australian Taxation Office ('ATO') pronouncements income tax law at the date of the Scheme Booklet. The relevant law may be amended in future including with retrospective effect. The summary is general in nature and only intended to provide a guide to Black Range Shareholders. Persons and entities who participate in the Scheme should seek professional advice about their own circumstances.

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### 12.2 CAPITAL GAINS TAX ON DISPOSAL OF BLACK RANGE SHARES TO WESTERN

#### *Australian tax residents*

CGT applies to the disposal of any Black Range Shares, where the taxpayer acquired those Black Range Shares on capital account.

The disposal of Black Range Shares to Western will give rise to a CGT event for Black Range Shareholders at the time of the disposal to Western. The time of the disposal is the time at which the contract for the disposal is entered into, or if there is no contract, when the change of ownership occurs.

Black Range Shareholders will prima facie derive a capital gain on the disposal of their Black Range Shares to the extent that the market value of the capital proceeds (the Western share consideration value) received exceeds the cost base of their Black Range Shares.

Conversely, Black Range Shareholders will incur a capital loss on the disposal of those Black Range Shares to the extent that the capital proceeds received is less than the cost base or reduced cost base (as the case may be) of the Black Range Shares held.

In this respect, as all Australian tax resident Black Range Shareholders will receive Western Shares as consideration for their Black Range Shares under the Scheme, the capital proceeds will be equal to the market value of the Western Shares received under the Scheme determined on the day of the share exchange.

The cost base of the Black Range Shares held by each Black Range Shareholder will generally include any consideration paid to acquire those Black Range Shares plus certain related costs of acquisition, including incidental costs of acquisition such as brokerage costs and stamp duty. The reduced cost base of shares is determined similarly, though there are some limitations on including certain related costs.

Each Black Range Shareholder should seek separate tax advice to confirm the cost base or reduced cost base of their Black Range Shares and hence to determine the extent of any capital gain or loss arising on the disposal of the Black Range Shares to Western.

The taxing point will be the date of the disposal and thus the year of tax will be the year wherein the date of disposal occurs.

#### *Non-Australian tax residents*

Where Black Range Shares are not considered to be Taxable Australian Property ('TAP') at the Implementation Date, non-Australian tax resident Black Range Shareholders should not be subject to Australian CGT in relation to any gains (or losses) from the disposal of Black Range Shares under the Scheme.

Black Range Shares may be TAP of a non-Australian tax resident Black Range Shareholder if the shareholder, together with associates, holds 10% or more of the shares in Black Range at the time of disposal or throughout a 12 month period during the two years before the disposal, and the majority of Black Range's assets consists of real property situated in Australia.

If the Black Range shares are considered to be TAP at the Implementation Date, non-Australian tax resident Black Range Shareholders would be subject to CGT in relation to any gains (or losses) from the disposal of Black Range Shares under the Scheme.

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### **12.3 CGT ROLLOVER RELIEF ON DISPOSAL OF BLACK RANGE SHARES**

Black Range Shareholders who make a capital gain on the disposal of their Black Range Shares to Western may be eligible to elect for CGT rollover relief in respect of that gain.

A Black Range Shareholder who makes a capital loss on the disposal of their Black Range Shares to Western cannot choose CGT rollover relief (that is, the Black Range Shareholder cannot elect to defer the capital loss they incur as a result of the Scheme).

If a Black Range Shareholder is eligible and makes an election to apply CGT rollover relief, any capital gain on the disposal of the Black Range Shares to Western would be disregarded (that is, taxation of the capital gain is effectively deferred until the Western Shares are sold or otherwise disposed).

Where the CGT rollover relief is elected, the CGT cost base of the Black Range Shareholder's interests in the Black Range Shares would effectively transfer to the Western Shares acquired. That is, the cost base of the Black Range Shares will become the cost base of the Western Shares acquired. This will be relevant for any future disposal of the Western Shares by those Black Range Shareholders.

To choose CGT rollover relief, a Black Range Shareholder must make a choice before lodging their income tax return for the income year in which the disposal date occurs. The way in which a Black Range Shareholder prepares their income tax return is evidence of making the choice (that is by not including the disregarded capital gain in their assessable income). There is no expectation or need for the Black Range Shareholder to lodge a notice with the ATO evidencing the election to choose CGT rollover relief unless so requested by the ATO and then only on such request.

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### **12.4 TAX IMPLICATIONS WHERE CGT ROLLOVER RELIEF IS EITHER NOT AVAILABLE, OR NOT ELECTED**

If a Black Range Shareholder is either ineligible for CGT rollover relief, or does not elect to apply the CGT rollover relief, any capital gain arising on disposal of the Black Range Shares to Western will not be disregarded.

In these circumstances, the amount of any taxable capital gain will be based on the cost base of the Black Range Shares and the market value of the Western Shares acquired, as determined on the Implementation Date.

Black Range Australian tax resident Shareholders who are individuals, superannuation funds or trusts (including deceased estates in the process of finalisation) may be entitled to a CGT discount where those Black Range Shares had been held by the Black Range Shareholder for more than 12 months. The CGT discount for individuals and trusts (where the beneficiaries are individuals) is 50%, and for superannuation funds is 33<sup>1</sup>/<sub>3</sub>%. Shareholders who are companies are not entitled to a CGT discount.

From 8 May 2012, non-Australian tax resident individuals must meet certain eligibility criteria to apply the 50% CGT discount.

Broadly, where these requirements are met, for assets held prior to 8 May 2012 the CGT discount will be apportioned to take into account the capital gain that would have accrued prior to this date.

No CGT discount is applicable for non-Australian tax residents on the disposal of Black Range Shares acquired after 8 May 2012.

Non-Australian tax resident Black Range shareholders realising a capital gain on the exchange should seek their own independent tax advice in relation to the CGT discount.

The amount of any taxable gain to any Black Range Shareholder would also be subject to the recoupment of any other taxable losses during the relevant and prior income years.

Where CGT rollover relief is not applied, for any future disposal of the Western Shares acquired, the cost base of the New Western Shares acquired will be equal to the market value of those Western Shares on the Implementation Date.

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## 12.5 ASSESSABILITY OF FUTURE DIVIDEND INCOME RECEIVED FROM WESTERN SHARES

### *Australian tax residents*

In the event that Western pays a dividend in future, Australian tax resident shareholders will be subject to tax on the dividend. There is an exemption from tax on certain foreign dividends for an Australian tax resident company that holds a greater than 10% interest in the foreign company. Any Black Range Shareholder that considers this may apply to it in future should consult its professional adviser for details of the exemption.

If any withholding tax is imposed on the dividend in Canada or elsewhere, the amount to be included in assessable income is grossed up by the amount of the withholding tax. Under the Australia – Canada Double Tax Agreement ('DTA') the rate of Canadian withholding tax on dividends paid to Australian tax residents is limited to 15%. This may be reduced as low as 5% where the Australian tax resident directly or indirectly controls at least 10% of the voting power in Western.

An Australian tax resident shareholder would be entitled to a tax offset for foreign tax, subject to certain limitations. The amount of tax offset available for foreign withholding tax is limited to the amount of Australian tax that would be payable on the shareholder's foreign income (after specified deductions).

### *Non-Australian tax residents*

Non-Australian tax residents should not be subject to Australian income tax on dividends received from Western Shares.

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## 12.6 FUTURE DISPOSAL OF NEW WESTERN SHARES

### *Australian tax residents*

Any future disposal of Western Shares would trigger an Australian CGT event. The determination of any capital gain or loss should prima facie be calculated as discussed above depending on whether or not the Black Range Shareholder elected to apply a CGT rollover relief.

That is, if CGT rollover relief has been elected for the Black Range Shares disposal, the calculation of any capital gain or loss on any future disposal of Western Shares will be based on the historical cost base to the Black Range Shareholder of their original Black Range Shares which were disposed of on the Implementation Date.

Alternatively, if CGT rollover relief was not elected or available, then any future capital gain or loss would be determined based on a cost base for the Western Shares equal to the market value of those shares on the Implementation Date.

A Black Range Shareholder who is an individual, complying superannuation fund or trust may be entitled to apply the CGT discount in respect of any capital gain referable to the sale of the Western Shares regardless of whether they elected to rollover their gains on disposal of the Black Range Shares.

For Black Range Shareholders who are individuals, superannuation funds or trusts, and who elected to apply the CGT rollover relief on the disposal of their Black Range Shares, the 12 month holding period in respect of the New Western Shares would be deemed to commence at the date of acquisition of the original Black Range Shares which were disposed of on the Implementation Date.

Conversely, for those Black Range Shareholders who do not elect or are not eligible for CGT rollover relief to apply on the disposal of the Black Range Shares, the 12 month holding period would commence at the Implementation Date.

If the CGT discount is available, any net capital gain on disposal of Western Shares is reduced by 50% for individuals and trusts (including deceased estates) where the beneficiaries are individuals, and by 33<sup>1/3</sup>% for complying superannuation entities.

### *Non-Australian tax residents*

Non-Australian tax resident Black Range Shareholders should not be subject to CGT in relation to any gains (or losses) from the future disposal of Western Shares unless the Western Shares are effectively connected with a Permanent Establishment or fixed base which the non-Australian tax resident has in Australia.

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## 12.7 CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following comments on Canadian federal income tax considerations are based on the current provisions of the Income Tax Act (Canada) (the Canadian Tax Act) and the current provisions of the Australia-Canada DTA.

These comments are of a general nature and are not intended to be, and should not be construed to be, legal, business or tax advice to any particular Black Range Shareholder.

### *Non-Canadian tax resident Black Range Shareholders*

The following comments apply only to Black Range Shareholders who, for the purposes of the Canadian Tax Act and at all relevant times, are not resident in Canada or deemed to be resident in Canada, will hold their Western Shares as capital property, and do not use or hold their Black Range Shares or Western Shares or be deemed to hold their shares in connection with a business carried on in Canada and are not foreign affiliates of taxpayers resident in Canada (non-Canadian holders).

### Receipt of Western Shares in exchange for Black Range Shares

There will be no Canadian income tax consequences when a non-Canadian holder receives Western Shares pursuant to the Scheme. The Western Shares received should have a cost base for Canadian income tax purposes equal to the fair market value of the Black Range Shares exchanged, immediately before the relevant Scheme becomes Effective.

### Dividends on Western Shares

Dividends paid on Western Shares to a non-Canadian holder generally will be subject to Canadian withholding taxes at the rate of 25%. This rate, however, may be reduced under the provisions of an applicable DTA. For example, as stated above, under the Australia-Canada DTA, the rate is generally reduced to 15% in relation to dividends paid to a person who is a resident of Australia for the purposes of the Australia-Canada DTA.

### Capital gain or loss on a subsequent disposal of Western Shares

A non-Canadian holder will not be subject to tax on any capital gain realised on a disposition or deemed disposition of Western Shares provided such shares are not 'taxable Canadian property' of the holder at the time of disposition.

Generally, Western Shares will not be taxable Canadian property of a non-Canadian holder provided that: – the shares are listed on a designated stock exchange, which includes both the CSE and ASX; and – the holder, persons with whom such holder does not deal at arm's-length, or the holder and such persons, has not owned 25% or more of the issued shares of Western at any time during the 60-month period that ends at the date in question.

Where Western Shares did constitute taxable Canadian property to a particular non-Canadian holder, any capital gain arising on their disposition may be exempt from Canadian tax under the provisions of certain DTAs. However, the Australia-Canada DTA generally would not provide such an exemption.

Generally, a non-Canadian holder whose Western Shares are taxable Canadian property will be required to file a tax return for the purposes of the Canadian Tax Act for any taxation year in which a disposition or deemed disposition of those shares results in a capital gain which is not exempt from Canadian tax under the provisions of any applicable DTA.

Non-Canadian holders whose Western Shares may be taxable Canadian property should consult with their tax advisor as to the taxation consequences of their particular circumstances.

## SECTION 13 - ADDITIONAL INFORMATION

### 13.1 BLACK RANGE OPTIONHOLDERS

As at the date of this Scheme Booklet the Black Range Options on issue are:

- 30,000,000 options exercisable at A\$0.012 per option on or before 10 January 2018 entitling the holder to the issue of one share for each option exercised;
- 17,500,000 options exercisable at A\$0.02 per option on or before 12 March 2018 entitling the holder to the issue of one share for each option exercised;
- 45,000,000 options exercisable at A\$0.007 per option on or before 20 July 2019 entitling the holder to the issue of one share for each option exercised; and
- 111,500,000 options exercisable at A\$0.0064 per option on or before 27 November 2019 entitling the holder to the issue of one share for each option exercised.

To facilitate the Merger, the Company has entered into private contractual arrangements with each of the Black Range Optionholders, pursuant to which (subject to the Merger being implemented) the Black Range Options will, on the Implementation Date be cancelled and the Black Range Optionholders will receive one New Western Option for every 750 Black Range Options held (**Cancellation Consideration**).

The final date for Black Range Optionholders to exercise their Black Range Options is five Business Days prior to the Record Date. If the Scheme becomes Effective, the Black Range Optionholders will be bound by the terms of the Scheme in respect of each such Black Range Share issued in respect of each Black Range Option exercised by the Black Range Optionholder and, accordingly, each such Black Range Share will be transferred to Western in accordance with the Scheme.

The New Western Options will be issued on the following terms to ensure the economic equivalence of the New Western Options and the Black Range Options, subject to any adjustment that may be required for Western to replace Black Range as the issuer and to comply with any applicable regulatory requirements.

- (a) Number of Black Range Options to be issued:

The number of New Western Options to be issued on the Implementation Date as consideration for cancellation of the Black Range Options is equal to the number of Black Range Options held by the Black Range Optionholder divided by 750.

If the number of Black Range Options held by the Black Range Optionholder is such that the aggregate entitlement of the Black Range Optionholder to the Cancellation Consideration results in a fractional entitlement to a New Western Option, then the entitlement of that Black Range Optionholder must be rounded down to the nearest whole number of New Western Options.

- (b) Exercise price of the New Western Options:

The New Western Options are to have an exercise price equal to the exercise price of the Black Range Options for which the New Western Options are issued multiplied by 750.

If the number of Black Range Options held by the Black Range Optionholder and the corresponding exercise price of those Black Range Options is such that the Black Range Optionholder's entitlement to the Cancellation Consideration results in an exercise price that includes a fraction of a cent, then the exercise price of the New Western Options must be rounded to the nearest cent.

(c) Expiry Date:

The New Western Options granted will expire on the same date as the Black Range Options cancelled would have done as set out above.

(d) Other terms and conditions:

New Western Options will otherwise be on the same terms and conditions as the Black Range Options cancelled save for any changes necessary to replace Western as the issuer and to comply with any applicable regulatory requirements.

Black Range has obtained a waiver from ASX Listing Rules 6.23.2 in respect of the Black Range Options, on the following conditions:

- (i) Black Range Shareholders approve by the requisite majority and a court of competent jurisdiction approves the Scheme as a result of which all of the Black Range Shares will be acquired by Western; and
- (ii) full details of the cancellation of the Black Range Options are set out to ASX's satisfaction in this Scheme Booklet.

Listing Rule 6.23.2 provides that a change that has the effect of cancelling an option for consideration (such as the proposed payment of the Cancellation Consideration to the Black Range Optionholders) can only be made with the approval of Black Range Shareholders. The waiver of Listing Rule 6.23.2 will permit Black Range to cancel the Black Range Options as described above, without approval by Black Range Shareholders, but subject to approval of the Scheme by Black Range Shareholders and the Court.

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### 13.2 RIGHT TO INSPECT AND OBTAIN COPIES OF THE BLACK RANGE SHARE REGISTER

Under the Corporations Act, Black Range Shareholders have the right to inspect the Black Range Share register, which contain the name and address of each Black Range Shareholder and certain other prescribed details relating to Black Range Shares, without charge.

A Black Range Shareholder also has the right to request a copy upon payment of a fee (if any) up to a prescribed amount.

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### 13.3 INTERESTS OF BLACK RANGE DIRECTORS

The interests of Black Range Directors in Black Range Shares and Black Range Options are set out in Section 5.5(e).

Other than as disclosed in Section 5.5(e), no marketable securities of Black Range are held by or on behalf of any Black Range Director, and no Black Range Director has a relevant interest in Black Range as a member or creditor of Black Range.

As at the date of this Scheme Booklet, none of the Black Range Directors or any of their Associates hold any Western Shares or Western Options.

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### 13.4 INTERESTS OF WESTERN IN BLACK RANGE

There has been no dealing by Western or any Associate of Western in any Black Range Shares in the four month period immediately preceding the date of this Scheme Booklet.

During the four month period before the date of this Scheme Booklet, neither Western nor any Associate of Western:

- (a) has provided, or agreed to provide, consideration for a Black Range Share; or
- (b) has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:
  - vote in favour of the Scheme; or
  - dispose of Black Range Shares to Western or an Associate of Western, other than in relation to the Black Range Optionholders under the Black Range Option Cancellation Deeds (see Section 13.1 for details regarding the Black Range Optionholders), or as otherwise disclosed in this Scheme Booklet.

As at the date of this Scheme Booklet, neither Western nor any Associate of Western holds any Black Range Shares or Black Range Options.

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### 13.5 MATERIAL CONTRACTS

(a) Interests of Western officers

No officer of Western is entitled to any material payment or entitlement that is conditional upon approval and implementation of the Merger.

(b) Credit Facility Agreement

Black Range and Western have entered into a Credit Facility Agreement (**Credit Facility**) pursuant to which Western has agreed to provide up to a maximum of A\$450,000 to Black Range, on the following terms:



interest will accrue at 8.00% per annum on the amount of the Credit Facility drawn down;  
the Credit Facility is secured over the Company's assets to the extent permitted by law and subject only to permitted liens; and  
the principal amount, together with accrued interest, will be repayable to Western on the earlier of:

- (A) 60 days after either party giving notice to terminate in accordance with the Merger Implementation Agreement;
- (B) 60 days after the date of the Black Range Shareholders' Meeting; and
- (C) 1 October 2015.

If Black Range defaults under the Credit Facility Agreement, Western may:

- (i) exercise its default rights, including to appoint a controller in relation to Black Range's assets;
- (ii) grant an extension of the repayment date under the Credit Facility Agreement; or
- (iii) re-negotiate the terms under the Credit Facility Agreement.

(c) Variation of Black Range Directors' employment contracts

In accordance with clause 4.3(g) of the Merger Implementation Agreement, Black Range and Western intend to enter into deeds of acknowledgement with each of the Black Range Directors, pursuant to which all outstanding amounts payable to each of the Black Range Directors as at the Implementation Date will be satisfied in full by the issue of Western Shares at a deemed issue price equal to the volume weighted average closing price of Western Shares during the 30 days ending on the Implementation Date.

The Western Shares will be subject to voluntary escrow until 31 December 2015 and such other restrictions, reasonably acceptable to Western, on the disposal of such Western Shares.

As at 17 July 2015, being the date of this Scheme Booklet, the following outstanding directors' fees are owed to the Black Range Directors:

Director	Outstanding fees
Alan Scott	A\$10,000
Michael Haynes	A\$69,298
Benjamin Vallerine	A\$11,000
Joseph Havlin	A\$10,000
Total	<b>A\$100,397</b>

Note: The outstanding fees are for services provided to the Company up to 31 December 2014 and include reimbursement of expenses incurred on behalf of the Company. No fees were payable to the directors for services provided subsequent to 31 December 2014.

(d) Agreement with Haywood Securities Inc.

Western and Black Range have entered into an agreement, pursuant to which Haywood Securities Inc. will act as the sale agent in respect of the Sale Facility, details of which are described in Section 9.4.

The fees payable to Haywood Securities Inc. by Western in connection with the services performed under this agreement include a sale agent fee of C\$2,500 (plus taxes), in addition to Western paying standard brokerage and related transactional fees for the sale of the Sale Facility Shares if the Scheme is implemented. These fees will not be deducted from the proceeds of the sale of the Sale Facility Shares.

### 13.6 NON-SOLICITATION ARRANGEMENTS

The Merger Implementation Agreement contains certain non-solicitation arrangements which require each party to not solicit, or enter into any negotiations with other parties, in relation to a Competing Proposal.

These non-solicitation arrangements do not restrict Black Range or the Black Range Directors from taking any action with respect to a Competing Proposal (which was not solicited, invited or initiated (whether directly or indirectly) where the Black Range Board has determined in good faith that:

- (a) such Competing Proposal is, or is likely to result in, a Superior Proposal; and
- (b) after having taken advice from their legal advisers, the failure to take such action would be reasonably likely to constitute a breach of the fiduciary or statutory duties.

However, Western has the right, to propose a variation to the terms of the Scheme so that such Competing Proposal would no longer be a Superior Proposal.

For more information in relation to the non-solicitation provisions in the Merger Implementation Agreement refer to section 3 of the summary of the Merger Implementation Agreement set out in Appendix 2 of this Scheme Booklet.

### 13.7 BREAK FEES

Black Range or Western may be required to pay the other a "break fee" if certain events occur.

The Black Range Break Fee is payable by Black Range to Western in certain specified circumstances. The Black Range Break Fee is A\$500,000.

Provided that Western is not in material breach of the Merger Implementation Agreement and the Scheme has not become Effective, if:

- (a) the Black Range Board or any Black Range Director fails to recommend the Scheme or, changes, qualifies or withdraws any statement or recommendation of the Scheme or makes any public statement that is fundamentally inconsistent with any statement or recommendation in respect of the Scheme (other than where the Independent Expert's Report opines that the Scheme is not in the best interests of Black Range Shareholders (provided that the reasons for the Independent Expert's conclusions do not include the existence of a Competing Proposal for Black Range));
- (b) a Superior Proposal is made or announced and recommended or supported by the Black Range Board;
- (c) a Competing Proposal for Black Range is announced before the End Date and, as contemplated by that Competing Proposal for Black Range, a third party acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of Black Range and the Competing Proposal for Black Range is (or has become) free from any defeating conditions, before the first anniversary of the date of the Merger Implementation Agreement; or
- (d) Western validly terminates the Merger Implementation Agreement due to a material breach by Black Range of the Merger Implementation Agreement, or a Black Range Regulated Event or Black Range Material Adverse Change occurs,

then Black Range must pay to Western A\$500,000.

The Black Range Break Fee is not payable in any other circumstances, including if the Scheme is not approved by Black Range Shareholders or if Black Range terminates the Merger Implementation Agreement as a result of Western's breach of the Merger Implementation Agreement.

Capitalised terms used in the summary above, and not otherwise defined, have the same meaning as set out in section 7 of Appendix 2.

The Western Break Fee is payable by Western to Black Range in certain specified circumstances. The Western Break Fee is an amount equal to the actual adviser costs and out of pocket expenses incurred by Black Range directly arising from the Proposal up to a maximum amount of A\$100,000. For more information in relation to the break fees refer to section 4 of the summary of the Merger Implementation Agreement set out in Appendix 2 to this Scheme Booklet.

### **13.8 TERMINATION OF THE MERGER IMPLEMENTATION AGREEMENT**

The Merger Implementation Agreement may be terminated before the Second Court Date in certain circumstances, including where:

- (a) a Condition Precedent has not been satisfied, not waived or cannot be waived;
- (b) a Black Range Material Adverse Change or Black Range Regulated Event occurs;
- (c) a change, withdrawal or qualification of the recommendation of a Black Range Director occurs;
- (d) there is a breach of the Merger Implementation Agreement by Black Range or Western which is material in the context of the Scheme as a whole; or
- (e) a Superior Proposal for Black Range is announced and recommended by the Black Range Board.

As at the date of this Scheme Booklet, neither Black Range nor Western is aware of any actual circumstances which gives either of them a right of termination.

For more information in relation to the termination provisions in the Merger Implementation Agreement refer to section 6 of the summary of the Merger Implementation Agreement set out in Appendix 2 to this Scheme Booklet.

### **13.9 COSTS, INTEREST OF ADVISERS, INDEPENDENT EXPERT AND CONSENTS**

The costs of the Scheme which includes legal, accounting, taxation and financial advisers, Independent Expert costs and other upfront costs total approximately A\$245,000. Black Range's portion of these costs is estimated to be A\$110,000.

Included in the costs of the Scheme is a fee of C\$2,500 (plus taxes) payable by Western to Haywood Securities Inc. if the Scheme is implemented (as set out in Section 13.5(d)).

No Western Australian stamp duty should be payable on the implementation of the Scheme, on the basis that the Black Range interests in Western Australian land (including mining tenements and fixtures) are valued at less than A\$2 million at the time of implementation.

The Independent Expert prepared the Independent Expert's Report which includes the Independent Technical Experts' Reports and is set out in Appendix 1. In respect of this work, the Independent Expert will be paid a fee not exceeding A\$25,000.

The following persons have given and have not, before the date of issue of this Scheme Booklet, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- (a) Stantons has given, and has not, before the date of issue of this Scheme Booklet, withdrawn, its consent to the inclusion of the Independent Expert's Report and the references to that report in the form and context in which they are included in this Scheme Booklet;
- (b) Western States Mining Consultants P.C. has given, and has not, before the date of issue of this Scheme Booklet, withdrawn, its consent to the inclusion of the Independent Technical Expert's Report in respect of Western's assets and the references to that report in the form and context in which they are included in this Scheme Booklet;
- (c) John Kyle Engineering, LLC has given, and has not, before the date of issue of this Scheme Booklet, withdrawn, its consent to the inclusion of the Independent Technical Expert's Report in respect of Black

Range's assets and the references to that report in the form and context in which they are included in this Scheme Booklet;

- (d) Steinepreis Paganin has given, and has not, before the date of issue of this Scheme Booklet, withdrawn, its consent to being named as legal adviser to Black Range;
- (e) Allion Legal has given, and has not, before the date of issue of this Scheme Booklet, withdrawn, its consent to being named as legal adviser to Western;
- (f) Computershare Investor Services Pty Limited has given, and has not, before the date of issue of this Scheme Booklet, withdrawn, its consent to being named as Black Range's share registry; and
- (g) Capital Transfer Agency Inc has given, and has not, before the date of issue of this Scheme Booklet, withdrawn, its consent to being named as Western's share registry.

Each person referred to in this Section 13.9:

- (a) has not authorised or caused the issue of this Scheme Booklet;
- (b) does not make, or purport to make, any statement in this Scheme Booklet other than those statements made in the capacity and to the extent the person has provided its consent, as referred to in this Section 13.9; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet other than a reference to its name, or any statement or report which has been included in this Scheme Booklet with the consent of that person.

Each of the persons named in this Section 13.9 as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis for charging.

Western has given and has not, before the date of issue of this Scheme Booklet, withdrawn its consent to be named in this Scheme Booklet in the form and context in which it is named and consents to the inclusion of the Western Scheme Information.

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### 13.10 JORC COMPETENT PERSONS STATEMENTS FOR BLACK RANGE

The information in this Scheme Booklet that relates to Mineral Resources (as defined by the JORC Code) with respect to Black Range's Hansen/Taylor Ranch Uranium Project in Section 5.2 is based on information compiled by Dr Rex C. Bryan who is a member of the American Institute of Professional Geologists. Dr Rex C. Bryan compiled this information in his capacity as a Principal Geologist of Tetra Tech. Dr Rex C. Bryan has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Rex C. Bryan consents to the inclusion in this Scheme Booklet of the matters based on his information in the form and context in which they appear. Such consent has not been withdrawn before the date of this Scheme Booklet.

The information in this Scheme Booklet that relates to exploration results (as defined by the JORC Code) with respect to Black Range's Hansen/Taylor Ranch Uranium Project in Section 5.2 is based on information compiled by Mr Ben Vallerine. Mr Vallerine is a former full time employee and current director of Black Range who provides ongoing technical support on an as needs basis. Mr Vallerine is a Member of the Australian Institute of Geoscientists. Mr Vallerine has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results (JORC Code). Mr Vallerine has consented to the inclusion in this Scheme Booklet of the matters based on his information in the form and context in which they appear. Such consent has not been withdrawn before the date of this Scheme Booklet.

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### 13.11 QUALIFIED PERSONS STATEMENTS FOR WESTERN

The information in this Scheme Booklet that relates to exploration results and Mineral Resources (CIM Definition) for Western's San Rafael Uranium Project in Section 6.2(c) is based on information compiled by O. Jay Gatten, a Utah Professional Geologist, employed by North American Exploration Inc. who is a qualified person under NI 43-101.

Mr Gatten has consented to the written disclosure of the summary of Western's San Rafael Uranium Project in Section 6.2(c) in the form and context in which it appears in this Scheme Booklet and to being named in this Scheme Booklet. Such consent has not been withdrawn before the time of registration of this Scheme Booklet with ASIC.

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### 13.12 NO OTHER INTERESTS OR FEES OF ADVISERS

Except as set out in this Scheme Booklet, no person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet has or has had in the two years before the date of lodgment of this Scheme Booklet by ASIC, an interest in:

- (a) the formation of Western;
- (b) any property acquired or proposed to be acquired by Western in connection with its formation or promotion or the offer of Scheme Consideration; or
- (c) the issue of Scheme Consideration, and no amounts (whether in cash or securities or otherwise) have been paid or agreed to be paid, and no one has given or agreed to give a benefit, to any such person for services rendered in connection with the promotion or formation of Western or the offer of Scheme Consideration.

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### 13.13 NO MATERIAL CHANGE IN FINANCIAL POSITION

Within the knowledge of the Black Range Directors, and other than as disclosed in this Scheme Booklet, the financial position of Black Range has not changed materially since 31 December 2014 other than as set out in the pro forma balance sheet.

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### 13.14 SUPPLEMENTARY INFORMATION

Black Range will issue a supplementary document to this Scheme Booklet if it or Western becomes aware of any of the following between the date of the lodgment of this Scheme Booklet with ASIC and the date of the Scheme Meeting:

- (a) that a material statement in this Scheme Booklet is false or misleading;
- (b) that there is a material omission from this Scheme Booklet;
- (c) that there is a significant change affecting a matter in this Scheme Booklet; or
- (d) that a significant new matter arises and it would have been required to be included in this Scheme Booklet if known about at the date of lodgment of the Scheme Booklet with ASIC.

Subject to obtaining any relevant approvals, Black Range will circulate and publish any supplementary document by one or more of the following means:

- (a) placing an advertisement in a newspaper which is circulated generally throughout Australia;
- (b) posting the supplementary document on Black Range's website ([www.blackrangeminerals.com](http://www.blackrangeminerals.com)); and
- (c) making an announcement to ASX.

In certain circumstances, material changes to this document may be mailed to Black Range Shareholders.

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## SECTION 14 - GLOSSARY

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### 14.1 DEFINED TERMS

Definitions in this Scheme Booklet have the following meaning unless the context otherwise requires:

**Ablation** means the Ablation mineral concentration technology, further details of which is set out in Section 5.2(b).

**AIFRS** means the Australian equivalents of International Financial Reporting Standards.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to the term by the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) or the securities market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the official Listing Rules of ASX as amended from time to time.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS (Clearing House Electronic Sub-Register System).

**Black Range** or **Company** means Black Range Minerals Limited (ACN 009 079 047).

**Black Range Board** means the board of directors of Black Range as constituted from time to time.

**Black Range Break Fee** means A\$500,000.

**Black Range Directors** means the directors of Black Range.

**Black Range Group** means Black Range and its subsidiaries.

**Black Range Material Adverse Change** has the meaning given to that term in clause 18.1 of the Merger Implementation Agreement and as set out in section 7 of the summary of the Merger Implementation Agreement set out in Appendix 2 of this Scheme Booklet.

**Black Range Option** means an option to subscribe for a Black Range Share.

**Black Range Option Cancellation Deed** means the deed entered into between Western, Black Range and each Black Range Optionholder on the terms and to the effect set out in Section 13.1.

**Black Range Optionholder** means, at any particular time, a person who is registered in the Register as a holder of a Black Range Option, at that time.

**Black Range Regulated Event** has the meaning given to that term in clause 18.1 of the Merger Implementation Agreement and as set out in section 7 of the summary of the Merger Implementation Agreement as set out in Appendix 2 of this Scheme Booklet.

**Black Range Scheme Information** means the information concerning Black Range contained in this document (excluding the Independent Expert's Report, the information in Section 12 "Tax Implications" and the Western Scheme Information).

**Black Range Share** means a fully paid ordinary share in the issued capital of Black Range.

**Black Range Shareholder** means, at any particular time, a person who is registered in the Register as the holder of one or more Black Range Shares, at that time.

**Black Range Shareholders' Meeting** means the meeting of Black Range Shareholders to be ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, and includes any adjournment of that meeting.

**Business Day** means a day other than a Saturday, Sunday or Public holiday on which trading banks are open for business in Perth, Australia and Toronto, Canada and ASX and CSE are open for trading.

**Cancellation Consideration** has the meaning given to that term in Section 13.1.

**CEDT** means Canadian Eastern Daylight Time.

**CIM** means the Canadian Institute of Mining, Metallurgy and Petroleum.

**Competing Proposal** is defined in the Merger Implementation Agreement to mean any expression of interest, proposal, offer, transaction or arrangement which, if either entered into or completed, would result:

- (a) in a third party (other than as nominee, custodian or bare trustee) acquiring an interest of 20% or more of the Black Range Shares, acquiring a direct or indirect economic interest in all or a substantial part of the assets or business of any Black Range Group member, acquiring control (within the meaning of section 50AA of the Corporations Act) of any Black Range Group member, or acquiring or assuming or otherwise holding a significant beneficial, economic or other interest in any Black Range Group member or a substantial part of their respective business or assets, by whatever means; or
- (b) in Black Range being required to abandon or otherwise not proceed with the Scheme, by whatever means.

**Condition** or **Condition Precedent** means a condition precedent set out in clause 4 of the Merger Implementation Agreement and as summarised in section 1 of the summary of the Merger Implementation Agreement set out in Appendix 2 of this Scheme Booklet.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Court** means the Federal Court of Australia.

**Credit Facility** means the credit facility provided by Western to Black Range in accordance with the Credit Facility Agreement.

**Credit Facility Agreement** means the Credit Facility Agreement dated 20 March 2015 between Black Range and Western, a summary of which is set out in Section 13.5(b).

**CSE** means the Canadian Securities Exchange.

**CSE Trading Day** means a day in which the CSE is open for trading.

**Deed Poll** means the deed poll entered into by Western in favour of Scheme Shareholders which is included in Appendix 4.

**DRS Statement** means a Direct Registration Transaction Advice, which states how many Western Shares are held in book entry form.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the Scheme Order in respect of the Scheme.

**Effective Date** means the date on which a Scheme becomes Effective.

**End Date** has the meaning given to it in clause 18.1 of the Merger Implementation Agreement, being 1 October 2015.

**Exclusivity Period** means the period commencing on 20 March 2015 and ending on the first to occur of the End Date, the Effective Date or the termination of the Merger Implementation Agreement.

**Hansen Project** means the Hansen/Taylor Ranch Uranium Project located in Colorado, USA, a description of which is set out in Section 5.2(a).

**Implementation Date** means the fifth Business Day immediately following the Record Date.

**Independent Expert** means Stantons International Securities Pty Ltd (trading as Stantons International Securities).

**Independent Expert's Report** means the report in relation to the Scheme prepared by the Independent Expert which is set out in Appendix 1, and any update to such report that the Independent Expert issues.

**Independent Technical Experts** means Western States Mining Consultants P.C. and John Kyle Engineering, LLC.

**Independent Technical Experts' Reports** means the reports prepared by the Independent Technical Experts which are attached to the Independent Expert's Report.

**Indicated** has the meaning given in the JORC Code.

**Indicated Mineral Resource (CIM Definition)** is a Canadian term that means that part of a Mineral Resource (CIM Definition) for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource (CIM Definition) has a lower level of confidence than that applying to a Measured Mineral Resource (CIM Definition) and may only be converted to a Probable Mineral Reserve (CIM Definition).

**Ineligible Foreign Shareholder** means a Scheme Shareholder whose address as shown in the Register at the Record Date is in a jurisdiction other than Australia, the USA, Canada, New Zealand or the British Virgin Islands, except where in the case of the issue of Western Shares, Western is reasonably satisfied that such issue to that Scheme Shareholder is not prohibited, not unduly onerous and not unduly impracticable in that jurisdiction.

**Inferred** has the meaning given in the JORC Code.

**Inferred Mineral Resource (CIM Definition)** is a Canadian term that means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource (CIM Definition) has a lower level of confidence than that applying to an Indicated Mineral Resource (CIM Definition) and must not be converted to a Mineral Reserve (CIM Definition). It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources (CIM Definition) with continued exploration.

**IRFS** means the International Financial Reporting Standards.

**JORC Code** means The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition).

**Measured Mineral Resource (CIM Definition)** is a Canadian term that means that part of a Mineral Resource (CIM Definition) for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource (CIM Definition) has a higher level of confidence than that applying to either an Indicated Mineral Resource (CIM Definition) or an Inferred Mineral Resource (CIM Definition). It may be converted to a Proven Mineral Reserve (CIM Definition) or to a Probable Mineral Reserve (CIM Definition).

**Merged Group** means the corporate group comprising Western and its subsidiaries (including Black Range and its subsidiaries), upon implementation of the Scheme.

**Merger** means the merger of Black Range and Western resulting from the approval and implementation of the Scheme, as a result of which Black Range Shareholders will become Western Shareholders and Black Range will be wholly owned by Western.

**Merger Implementation Agreement** means the Merger Implementation Agreement dated 20 March 2015 between Black Range and Western, a summary of which is contained in Appendix 2.

**Mineral Reserve (CIM Definition)** is a Canadian term that means the economically mineable part of a Measured and/or Indicated Mineral Resource (CIM Definition). It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves (CIM Definition) are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve (CIM Definition) must be demonstrated by a pre-feasibility study or feasibility study.

**Resource** has the meaning given in the JORC Code.

**Mineral Resource (CIM Definition)** is a Canadian term that means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral resources fall under the categories of Measured Mineral Resource (CIM Definition), Indicated Mineral Resource (CIM Definition) and Inferred Mineral Resource (CIM Definition).

**New Western Options** means options to subscribe for Western Shares issued to Black Range Optionholders on equivalent terms as the outstanding Black Range Options.

**NI 43-101** means Canada's National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

**NI 45-102** means Canada's National Instrument 45-102 - *Resale of Securities*.

**NI 45-106** means Canada's National Instrument 45-105 - *Prospectus Exemptions*.

**Notice of Scheme Meeting** has the meaning given in the "Important Notices" Section at the beginning of this Scheme Booklet.

**PRM** means Piñon Ridge Mining, LLC.

**Proposal** means the proposal, referred to in this Scheme Booklet, to transfer, by way of the Scheme, all of the Black Range Shares held by Black Range Shareholders to Western in exchange for the Scheme Consideration.

**Probable Mineral Reserve (CIM Definition)** is Canadian term that means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource (CIM Definition). The confidence in the modifying factors applying to a Probable Mineral Reserve (CIM Definition) is lower than that applying to a Proven Mineral Reserve (CIM Definition).

**Proven Mineral Reserve (CIM Definition)** is Canadian term that means the economically mineable part of a Measured Mineral Resource (CIM Definition). A Proven Mineral Reserve (CIM Definition) implies a high degree of confidence in the modifying factors.

**Record Date** means 5pm (WST) on the fifth Business Day after the Effective Date.

**Register** means, as the context requires, the register of Black Range Shareholders maintained in accordance with the Corporations Act.

**Registry** means Computershare Investor Services Pty Limited (ACN 078 279 277).

**Related Body Corporate** has the same meaning as under the Corporations Act.

**Related Entity** means, in relation to a person, any entity which is related to that person within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is controlled by that person.

**Small Shareholder** means a Black Range Shareholder holding a parcel of less than 7,500 Black Range Shares.

**Sale Agent** means Haywood Securities Inc., appointed by Western pursuant to the Merger Implementation Agreement.

**Sale Facility** means the facility described in Section 9.4.

**Sale Facility Shares** means the Western Shares described in Section 9.4.

**Sale Facility Participants** means Scheme Shareholder in respect of whom Western Shares are issued to the Sale Agent as nominee in trust in the circumstances referred to in Section 9.4.

**Scheme** means the scheme of arrangement between Black Range and Scheme Shareholders pursuant to Part 5.1 of the Corporations Act in the form of Appendix 3 subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act.

**Scheme Booklet** means this Scheme Booklet and includes the appendices to this Scheme Booklet.

**Scheme Consideration** comprises 1 Western Share for every 750 Black Range Share held as at the Record Date.

**Scheme Document** means the scheme document contained in Appendix 3.

**Scheme Meeting** means the Black Range Shareholders' meeting ordered by the Court to be convened under section 411(1) of the Corporations Act.

**Scheme Order** means orders of the Court made for the purposes of section 411(4)(b) of the Corporations Act approving a Scheme.

**Scheme Resolution** means an unconditional resolution of the Black Range Shareholders under Part 5.1 of the Corporations Act for the unconditional approval of the Scheme at the Scheme Meeting.

**Scheme Shareholder** means a holder of a Scheme Share as at the Record Date.

**Scheme Shares** means all Black Range Shares on issue as at the Record Date.

**Second Court Date** means, as the context requires the first day of hearing of an application made to the Court for the Scheme Order in respect of the Scheme or, where the hearing of such application is adjourned, the first day of hearing of such adjourned application.

**SEDAR** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

**Stantons** means Stantons International Securities Pty Ltd (trading as Stantons International Securities).

**Subsidiary** has the meaning given to that term in section 46 of the Corporations Act.

**Superior Proposal** is defined in clause 18.1 of the Merger Implementation Agreement to mean a bona fide Competing Proposal for Black Range that the Black Range Board, acting reasonably and in good faith in order to satisfy what the Black Range Board considers to be their fiduciary or statutory duties (after having taken advice from their financial and legal advisers), determines:

- (a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal for Black Range and the party making it, including without limitation having regard to legal, regulatory and financial matters and any conditions precedent; and
- (b) would or would be reasonably likely to, if completed in accordance with its terms, be more favourable to Black Range Shareholders from a financial perspective (as a whole) than the Scheme, after taking into account all of the terms and conditions of, and the identity, reputation and standing of the party making, the Competing Proposal for Black Range.

**US Exchange Act** means the United States Securities Exchange Act of 1934, as amended.

**US Securities Act** means the United States Securities Act of 1933, as amended.

**USA** means the United States of America.

**VWAP** means in relation to securities, the volume weighted average trading price of those securities.

**Western** means Western Uranium Corporation, a company continued under the laws of Ontario, Canada.

**Western Board** means the board of directors of Western as constituted from time to time.

**Western Break Fee** means an amount equal to the actual adviser costs and out of pocket expenses incurred by Black Range directly arising from the Proposal up to a maximum amount of A\$100,000.

**Western Directors** means the directors of Western.

**Western Option** means an option to acquire a Western Share.

**Western Scheme Information** means Questions 20, 21 and 22 of Section 3, Section 6, Section 7, Section 9, Section 10 and Section 11 to the extent that these sections relate to the business of Western and information and intentions regarding the Merged Group other than to the extent that any information therein relates to Black Range or to the extent such information is based on the Black Range Scheme Information, the Independent Expert's Report or other information supplied by Black Range, stated to be made by Black Range or disclosed by Black Range on ASX.

**Western Share** means a common share without par value in the capital of Western.

**Western Shareholder** means, at any particular time, a registered holder of one or more Western Shares, at that time.

**WST** means Australian Western Standard Time.

**your Directors** means the Black Range Directors.

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#### 14.2 INTERPRETATION

In this Scheme Booklet, unless the context otherwise requires:

- (a) a reference to a section or a page is to a section or a page of this Scheme Booklet;
- (b) a reference to “this document” or “Scheme Booklet” is a reference to this Scheme Booklet including any schedules, appendices and exhibits attached to this Scheme Booklet;
- (c) unless otherwise defined in this Scheme Booklet, a word or phrase to which a meaning is given by the Corporations Act has that meaning (including the terms 'associate', 'control', 'substantial interest' and 'voting power');
- (d) a reference to “A\$,” “dollar” or “cent” is a reference to the lawful currency of Australia;
- (e) a reference to “C\$” or “Canadian dollar” is a reference to the lawful currency of Canada;
- (f) a reference to “US\$” or “United States dollar” is a reference to the lawful currency of the United States of America; and
- (g) a reference to time is to Perth, Australia time, unless otherwise specified.

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**APPENDIX 1 – THE INDEPENDENT EXPERT’S REPORT**

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8 July 2015

The Directors  
Black Range Minerals Limited  
Suite 9, 5 Centro Avenue  
SUBIACO WA 6008

### **Summary of Conclusions**

**Overall we are of the opinion that the proposal under the Share Scheme to offer 1 Western share for every 750 Black Range shares is in the best interests of shareholders.**

Based on an net asset backing at fair values (not ASX pricing based) methodology, the proposal is not considered fair. However, it is noted that ultimately the advantages referred to in this report should exceed the disadvantages, although the financial effects cannot be determined with any degree of certainty. Accordingly we are of the opinion that the proposal pursuant to Resolution 1 (the only resolution and described as the Scheme Resolution) is considered reasonable

Dear Sirs,

**RE: BLACK RANGE MINERALS LIMITED (ABN 86 009 079 047) (“BLACK RANGE” OR “THE COMPANY”) MEETING OF SHAREHOLDERS PURSUANT TO THE PROPOSED MERGER OF BLACK RANGE AND WESTERN URANIUM CORPORATION (“WESTERN” or “WUC”) TO BE IMPLEMENTED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 411 OF THE CORPORATIONS ACT 2001 (“TCA”)**

#### **1. Introduction**

- 1.1 The directors of Black Range have requested Stantons International Securities Pty Ltd, trading as Stantons International Securities (“SIS” or Stantons International Securities) to prepare an Independent Expert’s Report providing an opinion on whether the proposal pursuant to the resolution (the “Scheme Resolution”) in the Notice of Meeting to Black Range Shareholders (the “Notice to Shareholders”) is fair and reasonable to the shareholders of Black Range (“Black Range Shareholders”) and in the best interests of Black Range Shareholders. To arrive at our opinions, we have had to effectively report on the merits or otherwise of the proposed Scheme as a whole and our report is provided on this basis. SIS is a subsidiary of Stantons International Audit and Consulting Pty Ltd, the auditors of Black Range.
- 1.2 The proposed merger of Black Range and Western (the “Merger”) is to be implemented by way of a Scheme of Arrangement under Section 411 of the Corporations Act 2001 (the “Share Scheme”). Post Merger, the holding company will be Western. The Share Scheme is subject to a number of conditions precedent and these are outlined in Section 4 and Appendix 2 of the Scheme Booklet.

Under the Share Scheme, eligible Black Range Shareholders will be entitled to one Western Share for every 750 Black Range shares not held by Western. All ineligible foreign Black Range Shareholders (“Ineligible Foreign Shareholders”) and those holding less than 7,500 Black Range Shares who do not elect to have the new Western Shares to which they are entitled under the Share Scheme issued to them (“Small Shareholders”), will have their Black Range shares sold by a sale agent and the net proceeds distributed in proportion to their respective shareholdings. For further information on the definition and treatment of Ineligible Foreign Shareholders and Small Shareholders, refer to the Merger Implementation Agreement (“MIA”) and the Scheme Booklet.

Pursuant to separate agreements, all existing options on issue in Black Range (the “Black Range Options”) will be cancelled and one new Western Option will be issued for every 750 Black Range Options cancelled.

- 1.3 Black Range is a public company listed on the ASX (Code: BLR). Black Range was incorporated on 2 November 1983 as Gratton Gold Limited and listed on the ASX on 18 December 1986. The Company has subsequently changed its name a number of times but has been known as Black Range since 2000. Black Range is a resource company primarily focused on the exploration and development of uranium projects in the USA. Its key projects are the Hansen/Taylor Ranch Uranium Project in

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Colorado, USA (the "Hansen Project") and its license to develop, commercial and utilise the emerging Ablation technology (the "Ablation License") . The Company's projects are described in more detail below:

- The Hansen Project (the main uranium project of the Black Range Group)

The Hansen Project is located approximately 150 kilometres SSW of Denver in Colorado, USA. Black Range has agreements in place that provide it the right to acquire 100% of the mineral rights covering approximately 13,000 acres at the Hansen Project. This Project area hosts 2012 JORC Code compliant indicated and inferred resources that total 68.6Mt of ore at a grade of 0.06% U<sub>3</sub>O<sub>8</sub> for a total of 90.4 million pounds of U<sub>3</sub>O<sub>8</sub> (at a 0.025% cut-off grade).

Mineralisation comprises a series of deposits over approximately 10km of strike, the largest and most advanced of which is the Hansen Uranium Deposit (the "Hansen Deposit") that hosts 39.4 million pounds of U<sub>3</sub>O<sub>8</sub>. Three feasibility studies were completed immediately after the Hansen Deposit was discovered in the late 1970's, and in 1981 all permits had been awarded for the development of a mining operation. The concurrent collapse of the global uranium price resulted in the Hansen Deposit never being developed.

Black Range's mineral rights comprise a number of leases and option agreements with individuals, corporate entities, the State of Colorado as well as 197 US Federal Mineral Claims. The Company has leases that provide it the right to 100% of the minerals on the Taylor Ranch, the Boyer Ranch and 2 State Sections. The Company owns outright 24.5% of the mineral rights that cover the majority of the Hansen and Picnic Tree Deposits. It has the right to acquire the remaining 75.5% of these particular mineral rights by way of two agreements. The first, with NZ Minerals LLC ("NZ"), provides Black Range the right to acquire NZ's 24.5% interest by commencing commercial scale operation and paying NZ US\$2,000,000 in cash and issuing NZ US\$2,000,000 of Black Range shares. The second agreement, with STB Minerals LLC ("STB"), provides Black Range the right to acquire STB's 51% mineral interest by paying STB US\$2,000,000 in cash and issuing STB US\$7,500,000 of Black Range shares by 28 July 2017. If these options are exercised, STB and NZ would be entitled to royalties of 1.059% and 1.176%, respectively, on production from the Hansen Deposit.

- Ablation License

Until March 2015, Black Range held a 50% interest in a joint venture with Ablation Technology LLC (the "Ablation JV" or "AJV"), a Wyoming corporation that owns patents covering the emerging Ablation technology (the "Ablation Technology"). The Ablation JV had designed, built and successfully trialed a semi-commercial ablation plant that is capable of processing nominally 5 tons of ore per hour (the "5tph Ablation Unit"). In March 2015 agreement was reached to dissolve the Ablation JV. All outstanding debts owed by the Ablation JV to Black Range were fully satisfied and Black Range received:

1. A 100% interest in a 25 year licence under which Black Range can develop, market and utilize the Ablation Technology worldwide, for use at both of its projects as well as for projects owned by other parties;
2. 100% ownership of all of the existing Ablation equipment, including the pilot-scale plant and the 5tph Ablation Unit;
3. A 25 year licence to all Ablation intellectual property and patented technology , together with copies of all engineering designs and drawings;
4. The right to continue to improve and commercialise Ablation and retain ownership of any improvements to the Ablation Technology is develops; and
5. The right to 100% of revenues from all projects to which Black Range deploys Ablation units.

Black Range also holds a 100% interest in two non-core projects, the Jonesville Coal Project in Alaska, USA (the "Jonesville Project") and the Bullen Uranium Property in Colorado, USA (the "Bullen Property").

For further information on Black Range's projects, Shareholders should refer to the Company's ASX announcements. Further details on the Hansen Project are also detailed in the valuation report on the Hansen Project, prepared by John Kyle Engineering, LLC ("Kyle"), which is included as Appendix C to this report.

The Jonesville Project and Bullen Property are considered non-core assets, each with a carrying value of \$nil. Both of these assets are available for sale, with no formal offers being received from third parties over the past two years. An internal assessment of the value of these assets has been undertaken.

The Company has entered into a loan facility agreement with Western (the "Western Loan Facility") to borrow up to \$0.45 million so Black Range can fund its operations until completion of the Merger. It is expected that immediately prior to the implementation of the Scheme, the whole of the \$0.45 million would have been drawn down (\$295,263 drawn to 21 May 2015).

Further details on Black Range and its interests in mineral and other assets are noted in section 5 of this report and Section 5 of the Scheme Booklet. Shareholders should read the Scheme Booklet in its entirety before deciding whether to vote for or against the Scheme Resolution in the Notice to Shareholders (for Black Range Shareholders to vote on).

- 1.4 Western is a public company listed on the Canadian Securities Exchange ("CSE") (Code: WUC). Western is a Canadian incorporated company that is focusing on the exploration and development of uranium properties in the USA. Western was formed in 2006 as Homeland Uranium Inc ("Homeland") and now holds mining exploration rights to uranium projects in the Colorado Plateau in the USA.

Homeland in November 2014 entered into a share exchange agreement with, among others, Pinon Ridge Mining LLC ("PRM") pursuant to which Homeland's wholly owned Utah subsidiary acquired all of the issued and outstanding securities of PRM for a total consideration of CAN\$33,000,000 paid in common shares of Homeland (11,000,000 post consolidated shares at CAN\$3 each). In conjunction with the acquisition of PRM, Homeland completed a private placement of CAN \$275,662 (118,820 post consolidated shares).

Western (then called Homeland) applied to list its common shares on the CSE, and a listing was achieved on 24 November 2014. In December 2014, following shareholder approval, Homeland formally changed its name to Western Uranium Corporation and completed a 1 for 800 consolidation of capital.

Following a special meeting of shareholders in December 2014, Western was reorganized and the shareholders approved the distribution of all of its shares of its wholly owned subsidiary, Pan African Uranium Corp (which owned some uranium interests in Niger, Africa) to its shareholders.

Western's mineral assets now comprise:

- Sunday Mine Complex Project

The Sunday Mine Complex is located in western San Miguel County, Colorado, USA. The Complex consists of five individual mines: the Sunday mine, the Carnation mine, the Saint Jude mine, the West Sunday mine and the Topaz mine. Each of the mines has good access to a paved highway, electric power to existing declines, office/storage/shop and change buildings, and extensive underground haulage development with several vent shafts complete with exhaust fans. The mines are all contained within the Sunday Claim block and are connected underground.

The mines were most recently actively mined from 2007 to 2009. At that time they were placed into care and maintenance as a result of declining uranium prices. Notwithstanding this, the mines remain fully permitted, so operations could resume at very short notice.

The Sunday Mine Complex comprises 221 unpatented claims on public lands covering approximately 3,800 acres. 20 of these claims are subject to a 12.5% royalty on all ore produced.

- San Rafael Uranium Project

This Project is located in east-central Emery County, Utah, USA and includes the Deep Gold Uranium Deposit and the Down Yonder Uranium Deposit. The Project comprises 136 BM unpatented federal lode mining claims and 10 Hollie unpatented federal lode mining claims, together with the State Section 36 Mineral Lease area.

The Indicated Mineral Resource for the entire San Rafael Uranium Project comprises 78,000 tons @ 0.225% U<sub>3</sub>O<sub>8</sub> containing 3,404,600 lbs U<sub>3</sub>O<sub>8</sub> together with an Inferred Mineral Resource of 453,800 tons @ 0.205% U<sub>3</sub>O<sub>8</sub> containing 1,859,500 lbs U<sub>3</sub>O<sub>8</sub> (Source: Homeland announcement dated November 20, 2014 that included reference to a technical report on the San Rafael Uranium Project prepared in November 2014 by a qualified person as defined in National Instrument 43-101- Standards of Disclosure for Mineral Projects). No economic evaluation of the project has been undertaken.

- Western's other projects, which are not considered material given their current level of development, are the:

- Van 4 Mile Project;
- Yellow Cat Project;
- San Rafael Project;
- Farmer Girl Mine Project; and
- Sage Mine Project.

Further details on the mineral assets of the Western Group are also noted in the valuation report of Western States Mining Consultants P.C. ("WSM") which is included as Appendix D to this report, Section 4 of this report and Section 6 of the Scheme Booklet. Shareholders should read the Scheme Booklet in its entirety to fully understand the asset position of each of Western and Black Range.

Following the reorganization of Western, the previous directors resigned and the current Board was appointed, comprising of George Glasier (owns 4,840,000 post consolidated shares in Western), Russell Fryer (through Baobab Asset Management LLC holds 4,576,800 post consolidated shares in Western and a further 1,000,000 shares in Western not owned by Russell Fryer but it is considered he exercises control) and Michael Skutezky (holds nil post consolidated shares in Western).

In February 2015, Western completed a private placement of 640,000 post consolidated common shares at CAN\$2.75 per share to raise CAN\$1,760,000 (the "Western Private Placement"), with estimated raising costs of CAN\$88,000 (net proceeds of US\$1,382,908).

Further details are noted in Section 4 of our report and Section 6 (relating to Western's mineral interests) of the Scheme Booklet.

## 2. Summary Opinion

2.1 In determining the fairness and reasonableness of the proposed Scheme and ultimately whether the Scheme is in the best interests of the Black Range Shareholders, we have had regard to the guidelines set out by ASIC in its Regulatory Guide 111.

2.2 Regulatory Guideline 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

An offer is "fair" if the value of the consideration offered is equal to or greater than the value of the securities that are subject to the offer and an offer is "reasonable" if it is "fair", or where it is not fair, it may still be "reasonable" after considering other significant factors which support the acceptance of the offer in the absence of a higher bid.

The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" irrespective of whether the consideration is scrip or cash.

An offer may also be reasonable, if despite not being "fair", where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

2.3 Our report relating to the proposal pursuant to the resolution in the Notice to Shareholders is concerned with the fairness and reasonableness of the proposals and in particular whether it is in the best interests of the Black Range Shareholders. The advantages, disadvantages and other factors determined to arrive at our opinions are outlined in detail under Section 10 of this report.

2.4 After taking into account, the above factors and all of the factors noted in Sections 7 to 10 of this report and other matters noted in this report, we are of the opinion that the proposal under the Scheme to offer 1 Western share for every 750 Black Range shares **is not fair**.

It is noted that ultimately the advantages referred to in this report should exceed the disadvantages although the financial effects cannot be determined with any degree of certainty. Hence we are of the opinion that the proposal pursuant to the Scheme Resolution is considered **reasonable**.

2.5 **Overall, in our opinion the Scheme is in the best interests of the Black Range shareholders.**

2.6 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the valuation report dated April 10, 2015 of the Hansen Project ("Kyle Valuation Report") prepared by Kyle and included as Appendix C to this report and the valuation report dated April 26, 2015 of the Mineral Assets of Western ("WSM Valuation Report") prepared by WSM and attached as Appendix D to this report.

**3. Implications of the proposal of the proposed Scheme**

**Share and share option Structure**

**Western**

3.1 As at 30 June 2015, there are 12,036,924 fully paid common shares on issue in Western and there are approximately 130 shareholders (as at 20 May 2015).

3.2 As at 20 May 2015, the composition of Western's shareholders is summarised as follows:

Shareholdings	No. of fully Paid Shares held	% rounded
George Glasier	4,840,000	40.210
Baobab Asset Management LLC	4,576,800	38.023
CDS & Co (NCI Account)	1,392,315	11.567
Bedford Bridge Fund LLC	328,737	2.731
Blue Hill Fund 11, LLC	218,182	1.813
MC Filth LLC	218,182	1.813
All other shareholders combined	462,708	3.843
<b>Total</b>	<b>12,036,924</b>	<b>100.00</b>

3.3 Western has nil share options and warrants outstanding as at 26 May 2015.

3.4 The total number of shares in Western post the implementation of the Scheme with Black Range but before the exercise of any Black Range Options (refer paragraphs 1.1 and 5.4 of this report) and the issue of shares to the 4 directors of Black Range (refer paragraph 3.7 below) may be as follows:

**Ordinary (Common) shares**

On issue 30 June 2015	12,036,924	
Issue of shares to Black Range Shareholders	<u>4,157,712</u>	(refer paragraph 5.5 below)

**Western shares on Issue post the Scheme** **16,194,636**

3.5 The percentage interests post the implementation of the Scheme may be as follows:

	Percentage held by Western Shareholders	Percentage held by Black Range Shareholders
Ordinary (Common) Shares	74.327	25.673

If the 204,000,000 Black Range Options were exercised before implementation of the Scheme, the shareholding percentage of the existing Black Range Shareholders and the existing Western shareholders may approximate 26.901% and 73.099% respectively. However, as the Black Range Options are significantly "out of the money", it is highly unlikely that these options will be exercised.

3.6 It is proposed that Black Range Options will be cancelled and in exchange, the Black Range Option Holders will be issued New Western Options. The new Western share options on issue would be:

- 40,000 exercisable at CAN\$9 each on or before 10 January 2018;
- 23,332 exercisable at CAN \$15 each on or before 12 March 2018;
- 60,000 exercisable at CAN\$5.25 each on or before 20 July 2019; and;
- 148,664 exercisable at CAN\$4.80 each on or before 27 November 2019.

3.7 In addition to the estimated number of Western Shares on issue, it has been agreed with the directors of Black Range that total amounts owing to them as at 31 December 2014 of approximately \$99,447.46 will be converted to Western shares using the 30 day volume weighted average share price ("VWAP") of a Western share trading on the CSE to the Implementation Date.

Based on an assumed VWAP of \$4.50 and an AUS/CAN\$ exchange rate of approximately AUS\$1=CAN\$0.969 as at 19 May 2015, the number of shares to be issued to the 4 directors of Black Range may approximate 21,414 (but may fall in the range of between 20,994 and 22,100).

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All future calculations as referred to in this report assumes the issue of 21,414 Western shares to the 4 directors of Black Range and thus there may be approximately 16,216,050 Western shares on issue post implementation of the Scheme (and before Western undertakes any further financings). Under this scenario, the existing Western shareholders would own approximately 74.228% of the expanded issued capital of Western and the existing Black Range shareholders (post conversion of the outstanding director fees) would own approximately 25.772%.

**4. Profile of Western**

**4.1 Principal Activities**

The principal activity of the Western group is noted in paragraph 1.4 above, the WSM Valuation Report and Section 6 of the Scheme Booklet.

**4.2 Review and Results of Operations for the period from incorporation (March 10, 2014) to 31 December 2014 (using reverse acquisition accounting)**

According to the audited 31 December 2014 financial statements prepared under Canadian Equivalents to International Financial Reporting Standards ("IFRS"), the consolidated entity incurred a loss after tax for the year of CAN\$1,046,368. The accounts were prepared using reverse acquisition principles and thus the legal subsidiary, PRM, became the reporting entity.

As noted above, Western undertook a significant reorganisation in 2014 and an analysis of results prior to March 2014 is therefore considered irrelevant for the purposes of this report and no guide to future results.

**4.3 State of Affairs**

Significant changes in the state of affairs of the consolidated entity during the financial year ended 31 December 2014 have been described above.

**Corporate Structure**

**4.4 Western has the following investments in controlled entities:**

Controlled Entity	Activities/function	Percentage Holding
<b>Incorporated in USA</b>		
Western Uranium Corporation Utah	Owns 100% of Pinon Ridge Mining LLC	100%
Pinon Ridge Mining LLC	Exploration	100%

**Share Prices**

**4.5 Between 24 November 2014 and 30 January 2015 (the date of the announcement of the proposed merger with Black Range) and from 1 February 2015 to 20 March 2015 (announcement of the signing of the MIA) and share prices subsequent to the 20 March 2015 MIA announcement, the price of a fully paid Western share traded on CSE (in Canadian dollars) has been as follows:**

	High CAN\$	Low CAN\$	Last Sale CAN\$	Volume 000's
November 2014	3.1	3.1	3.1	1
December 2014	4.5	3.1	3.5	8
January 2015	4.57	3.5	4.0	99
February 2015	4.5	4.5	4.5	69
March 2015 (to 23 <sup>rd</sup> )	4.5	4.5	4.5	96
March 2105 (24 <sup>th</sup> to 30th)	4.75	4.5	4.75	24
April 2015	4.5	3.1	4.5	49
May 2015 (to 26th)	4.5	4.0	4.0	22

**4.6 Western's announcements over the above period mainly related to the recapitalisation and reconstruction of Western and the Merger. Volumes of trades were low and there were many days with no trades.**

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**Financial position**

4.7 Western's reporting currency is US dollars. Western's audited consolidated net assets as at 31 December 2014 are summarised below, along with an adjusted pro-forma statement of financial position after adjusting for:

- Increasing creditors for the forecasted losses to June 2015 totalling US\$325,000 of which approximately US\$26,000 relates to exploration costs and capitalise and the balance of US\$299,000 adjusted to accumulated losses;
- increasing cash funds by accounting for the net proceeds from the Western Placement of CAN\$1,672,000 (US\$1,382,908 - refer paragraph 1.4 above); and
- accounting for the repayment of a promissory note liability of US\$250,180 plus interest of US\$3,166 (cash funds reduced by US\$253,346, current portion of promissory notes reduced by US\$250,000 and accumulated losses increased by US\$3,166). The promissory note liabilities that originally totalled US\$1,000,360 in the audited accounts has been split between debt (US\$902,665) and the balance to share equity but we have reversed this to disclose the gross amounts of the promissory note debts outstanding (the financial affect was to increase the non-current portion of promissory notes liability by US\$77,000 and reduce accumulated losses by US\$77,000 .

	Audited 31 December 2014 US\$000	Adjusted 31 December 2014 US\$000
<b>Current Assets</b>		
Cash and cash equivalents	173	1,302
Trade and other receivables	123	123
Marketable securities	3	3
<b>Total Current Assets</b>	<u>299</u>	<u>1,428</u>
<b>Non Current Assets</b>		
Exploration and evaluation	1,543	1,569
Restricted cash (deposits secured over the mineral assets)	654	654
<b>Total non-current assets</b>	<u>2,197</u>	<u>2,223</u>
<b>Total assets</b>	<u>2,496</u>	<u>3,651</u>
<b>Current Liabilities</b>		
Trade and other payables	187	512
Current portion of promissory notes	504	250
<b>Total current liabilities</b>	<u>691</u>	<u>762</u>
<b>Non Current Liabilities</b>		
Provisions for rehabilitation	114	114
Non-current portion of promissory notes	423	500
<b>Total Non Current Liabilities</b>	<u>537</u>	<u>614</u>
Total Liabilities	<u>1,228</u>	<u>1,376</u>
<b>Net Assets</b>	<u>1,268</u>	<u>2,275</u>
<b>Equity</b>		
Issued capital	2,315	3,698
Accumulated losses	(1,047)	(1,423)
<b>Net Equity</b>	<u>1,268</u>	<u>2,275</u>

We have been advised by Western management that Western has not been involved in any significant (material) transactions subsequent to 31 December 2014 not already taken into account above.

In Australian dollars, using an exchange rate of approximately AUS\$1=US\$0.7485 (as at 7 July 2015), the adjusted net assets approximate AUS\$3,039,000. In Canadian dollars, using an exchange rate of approximately US\$1=CAN\$0.7866 (as at 7 July 2015), the adjusted net assets approximate \$2,885,000.

The net asset (adjusted book values) backing per share approximates US\$0.189 per share (AUS\$0.252 and CAN\$0.239) based on 12,036,924 fully paid common shares on issue and using the 7 July 2015 exchange rates.



**Financial performance**

4.8 Western's audited consolidated financial results for the period ended 31 December 2014 using reverse acquisition accounting are summarised below.

	Period ended 31 December 2014 US\$000's
<b>Revenue</b>	
Interest	-
Professional fees	(56)
Mining expenditures	(95)
Interest	(25)
Office and general	(33)
Consulting fees	(15)
FX losses	(2)
Non cash loss on RTO transaction	(681)
Transaction listing costs	(139)
	<hr/>
<b>(Loss) before tax</b>	(1,046)
Income tax benefit	-
<b>Net Profit/(Loss) after tax</b>	<hr/> <b>(1,046)</b> <hr/>
Other Comprehensive Income	
Changes in financial assets at fair value through other comprehensive income	-
Other comprehensive income (loss) after tax	-
<b>Total comprehensive (loss) for the year</b>	<hr/> <b>(1,046)</b> <hr/>

**Taxation**

4.9 The estimated carried forward non capital losses are approximately US\$13 million. We are unable to determine whether all tax losses are available and whether the Western Group will be able to utilise these tax losses in the future. The carried forward tax losses expire between 2026 and 2034.

**5. Profile of Black Range**

**Background**

Black Range is an ASX listed company focused on the development of its US uranium assets and the commercialisation of the Ablation technology. Further details on the Company's operations are detailed in paragraph 1.3 of this report, the Kyle Valuation Report (refer Appendix C) and Section 5 of the Scheme Booklet.

**Corporate Structure**

5.1 Black Range has the following subsidiaries as at the date of this report:

Controlled Entity	Activities/function	Percentage Holding
<b>Incorporated in USA</b>		
Black Range Copper Inc.	Dormant	100%
Ranger Resources Inc.	Holding company for Alaskan exploration activities	100%
Black Range Minerals Inc.	US holding company	100%
Black Range Minerals Colorado LLC	Uranium exploration and development	100%
Black Range Minerals Wyoming LLC	Dormant	100%
Haggerty Resources LLC	Dormant	100%
Ranger Alaska LLC	Mineral exploration – Jonesville Project	100%
Black Range Minerals Utah LLC	Dormant	100%
Black Range Development Utah LLC	Dormant	100%
Black Range Minerals Ablation Holdings Inc.	Ablation License holder (formerly held 50% interest in the Ablation JV)	100%

**Share Capital and Ownership**

5.2 As at 30 June 2015, Black Range had 3,106,917,431 fully paid ordinary shares on issue (may increase to approximately 3,118,284,097 as noted in paragraph 5.5 below). The top 5 shareholders as at 20 May 2015 are as follows:

Shareholder	No. of fully Paid Shares held	%
HSBC Custody Nominees (Australia) Limited – GSCO ECA	524,844,843	16.89
Azarga Resources Limited	378,250,981	12.17
Azarga Resources Limited	213,406,176	6.86
Empire Capital Partners Limited	122,000,000	3.93
STB Minerals LLC	84,187,776	2.71

5.3 As at 20 May 2015 the top 20 shareholders owned approximately 57.91% of Black Range's issued capital.

5.4 Black Range also has the following unlisted share options on issue as at 30 June 2015:

- 30,000,000 exercisable at 1.2 cents each, on or before 10 January 2018;
- 17,500,000 exercisable at 2.0 cents each, on or before 12 March 2018;
- 45,000,000 exercisable at 0.7 cents each, on or before 20 July 2019; and
- 111,500,000 exercisable at 0.64 cents each, on or before 27 November 2019.

5.5 Prior to implementation of the Scheme, it is proposed to issue shares in lieu of cash payments for specified consulting services provided to the Company up to 30 June 2015. The total fee amount proposed to be converted to shares is \$148,500, of which \$38,500 related to services provided to 31 December 2014. Outstanding fees will be converted at the 20 day volume weighted average share price ("Conversion Price") up to the date of applicable conversion notices. Pursuant to this proposal:

- 24,199,999 shares were issued in March 2015, at a Conversion Price of 0.3 cents, to eliminate fees of \$72,600;
- a further 7,206,896 shares were issued in April 2015, at a Conversion Price of 0.029 cents, to eliminate \$20,900 of fees; and
- a further 6,966,666 shares were issued on 21 May 2015, at a Conversion Price of 0.3 cents, to eliminate fees of \$20,900.

The actual number of shares to be issued to eliminate the remaining consulting fees to 30 June 2015 of \$34,100 cannot be accurately estimated but for the purposes of this report we have assumed the number of additional conversion shares to be issued to be 11,366,667, based on an assumed Conversion Price of 0.3 cents. The actual number may be more or less and we note that shares in Black Range have traded on ASX between 0.2 cents to 0.4 cents over the past three months.

Thus, the estimated number of Black Range shares on issue at the Implementation Date of the Scheme (assuming no Black Range Options are exercised and a Conversion Price of 0.3 cents for the remaining consulting fees to 30 June 2015) is 3,118,284,097 that in turn would result in 4,157,712 Western shares being issued.

**Share Price History**

5.6 The trading history of Black Range Shares:

- between 1 July 2014 and 29 January 2015 (being the last trading day prior to announcement of the proposed Merger);
- from 30 January 2015 to 16 March 2015 (being the last trading day prior to announcement of the Merger Implementation Agreement on 23 March 2015); and
- subsequent to the 23 March 2015;

is summarised below:

	High cents	Low cents	Last Sale Cents	Volume 000's
July 2014	0.6	0.4	0.5	83,173
August 2014	0.7	0.4	0.6	145,896
September 2014	0.6	0.4	0.6	45,475

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	High cents	Low cents	Last Sale Cents	Volume 000's
October 2014	0.6	0.4	0.6	31,102
November 2014	0.5	0.4	0.4	27,727
December 2014	0.5	0.3	0.5	32,407
January 2015 (to 29 <sup>th</sup> )	0.5	0.3	0.3	46,996
January 2015 (30/31)	0.3	0.3	0.3	6,716
February 2015	0.4	0.2	0.3	115,426
March 2015 (to 16 <sup>th</sup> )	0.4	0.2	0.3	83,105
March 2015 (23 <sup>th</sup> to 30th)	0.4	0.2	0.3	64,601
April 2015	0.4	0.2	0.4	59,417
May (to 21th)	0.3	0.2	0.3	50,113

Key events during this period were as follows:

- on 19 June 2014 the Company announced completion of a \$1.5 million placement and a proposed \$0.6 million share purchase plan ("SPP"). On 16 July 2014, the Company announced that the \$0.6 million SPP had closed oversubscribed and on 23 July 2014 it announced completion of a further \$0.8 million top up placement. All of the financings were undertaken at an issue price of 0.45 cents per share;
- on 21 July 2014, the Company announced the issue of the first tranche of the STB option extension share payment, being 106,769,165 shares, and the payment of US\$1,000,000;
- further announcements were made from time to time in relation to development of the Ablation technology and the Hansen Project (including quarterly reports on 31 July 2014, 31 October 2014, 30 January 2015 and 30 April 2015);
- on 19 January 2015, the Company announced the issue of the second tranche of the STB option extension share payment, being 202,314,477 shares; and
- on 30 January 2015, the Company announced the proposed Merger.

#### Financial Position

5.7 Black Range's reviewed consolidated net assets as at 31 December 2014 are presented below and a pro-forma consolidated statement of financial position is set out below, after adjusting for:

- corporate, exploration and administration costs estimated to June 2015 of \$300,000 (including \$110,000 of consulting fees to be eliminated by the issue of Black Range shares as noted below) and disclosed as creditors (\$194,000 to income statement and \$106,000 to capitalised exploration costs);
- Scheme costs of \$110,000 also added to creditors and accumulated losses;
- the issue of 73,284,314 shares to eliminate a convertible note debt owing at 31 December 2014 of \$563,292 and additional interest to 3 March 2015 of \$34,708 (total of \$598,000 was converted into 73,284,314 shares) and thus interest bearing liability notes were reduced from \$563,000 to \$nil, accumulated losses increased by \$34,708 and issued capital increased by \$598,000;
- the issue of 202,314,477 shares to eliminate the STB option extension payable debt owing as at 31 December 2014 of \$613,046 and thus the Option extension liability was reduced from \$613,000 to \$nil and issued capital increased by \$613,000;
- the issue of 24,199,999 shares as payment in lieu for services provided to the Company of \$72,600 (\$38,500 owing as at 31 December 2014), the issue of 7,206,896 shares as payment in lieu for services provided to the Company of \$20,900 and the issue of 6,966,666 shares as payment in lieu for services provided to the Company of \$20,900 (thus Trade and other creditors were reduced by \$38,500, accumulated losses increased by \$75,900 and issued capital increased by \$114,400); and
- the issue of a further 11,366,666 shares as payment in lieu for services provided to the Company of \$34,100 (refer paragraph 5.5 above) (and thus issued capital and accumulated losses increased by \$34,100).

	Reviewed 31 December 2014 AUS\$000	Pro-forma 31 December 2014 (Adjusted) AUS\$000
<b>Current Assets</b>		
Cash and cash equivalents	189	189
Trade and other receivables	28	28
<b>Total Assets</b>	<b>217</b>	<b>217</b>

	Reviewed 31 December 2014 AUS\$000	Pro-forma 31 December 2014 (Adjusted) AUS\$000
<b>Non Current Assets</b>		
Receivables	469	469
Exploration and evaluation	15,361	15,467
Property, plant and equipment	11	11
Investment in Joint Venture entity	4,466	4,466
<b>Total Non Current Assets</b>	<u>20,307</u>	<u>20,413</u>
<b>Total Assets</b>	<u>20,524</u>	<u>20,630</u>
<b>Current Liabilities</b>		
Trade and other payables	348	644
Option extension liability	613	-
Interest bearing liability- Notes	563	-
Other liabilities- Deferred consideration	500	500
<b>Total current liabilities</b>	<u>2,024</u>	<u>1,144</u>
<b>Total Liabilities</b>	<u>2,024</u>	<u>1,144</u>
<b>Net Assets</b>	<u>18,500</u>	<u>19,486</u>
<b>Equity</b>		
Issued capital	74,105	75,465
Other reserves	5,406	5,406
Accumulated losses	(61,011)	(61,385)
<b>Total Equity</b>	<u>18,500</u>	<u>19,486</u>

We have been advised that Black Range has not been involved in any other significant transactions subsequent to 31 December 2014 not already referred to in this report.

*Comments on the financial position:*

The most significant asset of the Black Range consolidated group is capitalised deferred mineral exploration, evaluation and development expenditure in relation to the Hansen Project with a book value of \$15,360,819. The Hansen Project has been independently valued by Kyle and references to the values of the mineral interests are included in the Kyle Valuation Report.

An internal assessment of the Jonesville Project and the Bullen Property indicated that the preferred value was within the range of \$nil to \$30,000. These projects have been offered for sale over the past two years with no formal offers being received. We have ascribed \$nil to these projects.

The net book value asset backing per fully paid share as at 31 December 2014 based on 3,118,284,097 shares on issue is approximately AUS0.62 cents per share.

**Financial Performance**

- 5.8 Black Range's audited consolidated financial results for the year ended 30 June 2014 and the reviewed results for the six months ended 31 December 2014 are summarised as follows:

	Year ended 30 June 2014 AUS\$000's	Six months ended 31 December 2014 AUS \$000's
<b>Revenue</b>		
Interest	3	154
Impairment and write off of exploration assets	(54)	(10,432)
Provision for loan	(2,306)	(468)
Management and consulting	(605)	(209)
Share of loss from joint venture	(973)	(414)
Share based payment expenses	(92)	(294)
Serviced office and outgoings	(156)	(79)
Office expenses, travel, marketing and other	(1,928)	(262)
<b>(Loss) before tax</b>	<u>(6,111)</u>	<u>(12,004)</u>
Income tax benefit	-	-
<b>Net (Loss) after tax</b>	<u>(6,111)</u>	<u>(12,004)</u>

Other Comprehensive Income		
Foreign exchange gains (losses) (net)	(818)	3,970
Income tax on other comprehensive income	-	-
Other comprehensive income after tax	(818)	3,970
Total comprehensive (loss) for the period (year)	(6,929)	(8,034)

**Taxation**

5.9 Black Range and its wholly owned Australian subsidiary have not formed a tax consolidation group. The Black Range group as at 30 June 2014 had carried forward revenue tax losses of approximately \$11.841 million net of deferred tax liabilities and deferred tax assets. We have no information available to us for completion of this report as to whether all tax losses are available and whether Black Range would satisfy the Continuity of Ownership Test and/or the Continuity of Same Business Activity Test.

**6. Valuation Methodology**

**Criteria for assessment of fairness and reasonableness**

6.1 In forming our opinion as to whether the merger is in the best interest of the shareholders of Black Range, we have considered the following definitions of “fair” and “reasonable” outlined in Regulatory Guide 111 issued by the Australian Securities and Investments Commission.

- an offer is “fair” if the value of the consideration being offered is equal to or greater than the value of the securities that are the subject of the offer; and
- an offer is “reasonable” if it is fair, or where it is “not fair”, it may still be “reasonable” after considering other significant factors which support the acceptance of the offer in the absence of a higher bid.

6.2 Under these definitions, the Scheme proposal would be considered fair and reasonable to the shareholders of Black Range and in the best interests of all such shareholders if the terms of the Scheme values the Western shares being offered as consideration at an amount that is equal to or more than, the assessed value of the shares in Black Range being acquired via the Scheme.

**Valuation Methodology – Black Range and Western**

6.3 In assessing the value of Black Range we have considered a range of valuation methods, including a comparison of share prices, multiple of earnings or discounted cash flows, alternative offers and asset backing at fair values. As discussed below, we conclude that the most appropriate methodology to use, for the purposes of this report and in accordance with ASIC guidelines, is net asset backing using fair values. However, we note that a secondary methodology, being a comparison of share prices, should also be considered despite the volumes of trading in both companies being relatively low. We re-iterate that our conclusion on fairness has been formed based on the net asset backing at fair values. ASIC Regulatory Guide 111 states that it is appropriate for an independent expert to consider, amongst other methods of valuation, the application of earnings multiples or discounted cash flow (“DCF”) analysis. In order to apply earnings multiples it is necessary to have a sound basis for estimating an on-going level of earnings which is maintainable, in the absence of unforeseen events, in perpetuity.

6.4 The principal assets of Black Range and Western comprise interests in mineral exploration and developments projects. Such assets have limited lives and future profitability depends on the outcome of exploration and development programs that are not predictable. Further, the mineral assets of Black Range and Western are still at the exploration and/or feasibility stages and are yet to record any earnings. As such, for the purposes of our analysis we have not considered it appropriate to apply earnings based valuation methodologies.

6.5 Based on ASIC guidelines, we consider that valuations of the underlying net assets are the most appropriate basis upon which to value Black Range and Western for the purposes of this report. Shareholders should also refer to comments on share prices below and elsewhere in this report.

The alternative was to compare market values of each company’s shares trading on ASX (Black Range) and CSE (Western) but in view of Black Range’s current financial position it was considered that using book values as adjusted for fair values for Black Range was more appropriate. In particular, Black Range requires further funding to continue its planned operations and the ability to raise the required funds is enhanced by way of a merger. It is anticipated that any future raising by Black Range on a standalone basis would be undertaken at a discount to the current share price trading range of 0.2 cents to 0.3 cents. The Company has secured the Western Loan Facility, pursuant to which it may borrow up to \$450,000 for working capital purposes. As at 31 December

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2014, trade creditors and accruals (before adjustments as noted above) totalled approximately \$348,000 (excluding the convertible note debt) and cash at bank was approximately \$189,000.

It is also noted that there are currently low trading volumes of shares in Black Range and Western on the ASX and CSE respectively. The fair value of net assets approach is a well established methodology and is more often used in valuing shares in takeover situations and in effect Western is taking over Black Range via the Scheme.

Accordingly, we have used the unaudited adjusted net assets of Black Range and Western as at 31 December 2014, as set out in paragraphs 5.7 and 4.7 of this report respectively, as the basis for our valuations. The book values have been adjusted for the fair values (as at April 10, 2015 for Black Range and April 26, 2015 for Western) of the underlying mineral assets of Black Range and Western.

- 6.6 ASIC Regulatory Guide 112 recommends the use by an independent expert of specialists in valuing specific assets. Accordingly, Kyle has been engaged to prepare an independent report providing a valuation of the Hansen Project and WSM has been engaged to prepare an independent report providing a valuation of the mineral assets of Western. A copy of Kyle Valuation Report and WSM Valuation Report are attached to this report as Appendices C and D respectively.
- 6.7 We have placed reliance on the Kyle Valuation Report and the WSM Valuation Report that has been prepared in accordance with the Australasian Institute of Mining and Metallurgy's ("AusIMM") Code of Guidelines ("Valmin Code") for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Experts Reports. The valuation methodologies adopted by Kyle and WSM are outlined in their reports.
- 6.8 We have satisfied ourselves as to the independence and qualifications of both valuers. The valuations ascribed by Kyle (John Kyle is the principal author of the Kyle Valuation Report) in relation to Black Range's mineral assets and WSM (David Scriven is the principal author of the WSM Valuation Report) in relation to Western's mineral assets have been adopted in our report.
- 6.9 Due to the various uncertainties inherent in the valuation process, Kyle has determined a range of values within which it considers the value of Black Range's Hansen/Taylor Project to lie. This also applies to the valuation of the mineral assets valued by WSM in relation to Western's mineral assets.
- 6.10 As the realisation of the tax losses is not probable in the near future, we have not assessed a value to the tax losses of Black Range and Western.
- 6.11 Whilst we consider the net assets at fair values valuation basis to be the most appropriate we have, in assessing reasonableness (but not fairness) despite low trading volumes also considered market prices of Black Range and Western immediately pre and post the announcement of the proposed merger.

## 7. Valuation of Black Range

- 7.1 In assessing the value of Black Range (as at 31 December 2014 and using Kyle's valuation range of mineral asset as at April 10, 2015), we have calculated the intrinsic value of the Company with reference to the fair value (range) of its underlying net assets. The pro-forma net assets as at the date of this report are summarised below, together with the range of values at which their fair values have been assessed.

		Adjusted 31 December 2014 \$000	Low \$000	Assets at fair values Preferred \$000	High \$000
<b>Current assets</b>					
Cash and cash equivalents	7.6	189	189	189	189
Trade and other receivables	7.6	28	28	28	28
<b>Non-current assets</b>					
Trade and other receivables	7.6	469	469	469	469
Mineral exploration and evaluation	7.6	15,467	12,157	19,372	30,193
Plant and equipment	7.6	11	11	11	11
Investment in joint venture	7.7	4,466	4,466	4,466	4,466
<b>Total assets</b>		<b>20,630</b>	<b>17,320</b>	<b>24,535</b>	<b>35,356</b>

	Para Ref	Adjusted 31 December 2014 \$000	Assets at fair values		
			Low \$000	Preferred \$000	High \$000
<b>Current liabilities</b>					
Trade and other payables	7.6	644	644	644	644
Deferred consideration	7.6	500	500	500	500
<b>Total Liabilities</b>		<u>1,144</u>	<u>1,144</u>	<u>1,144</u>	<u>1,144</u>
<b>Net Assets</b>		<u>19,486</u>	<u>16,176</u>	<u>23,391</u>	<u>34,212</u>
Add available tax losses	7.8	-	-	-	-
<b>Assessed fair value</b>			<u>16,176</u>	<u>23,391</u>	<u>34,212</u>
<u>Canadian dollar equivalent</u>			<u>15,352</u>	<u>22,200</u>	<u>32,470</u>
Number of fully paid shares (refer paragraph 5.5)			3,118,284,097	3,118,284,097	3,118,284,097
Assessed fair value per fully paid share (AUS cents) (rounded)			0.518	0.750	1.097
Assessed value of 750 Black Range fully paid shares (AUS dollars) (rounded)			3.88	5.62	8.22
Assessed fair value per fully paid share (CAN cents)			0.491	0.712	1.041
Assessed value of 750 Black Range fully paid shares (CAN dollars) (rounded)			3.68	5.34	7.81

- 7.2 The exercise price of the outstanding options varies between 0.7 cents per option to 2.0 cents per option. Based on share prices over the past four months to 6 July 2015 the share price did not exceed 0.5 cents. It is unlikely that any of the outstanding share options in Black Range will be exercised before the Record Date as envisaged under the Scheme and thus no calculation has been undertaken by us in the fair value of the Black Range group that assumes exercise of some or all of the share options.

Accordingly, the current value (estimated as at 30 June 2015) based on fair market values of the assets and liabilities of Black Range (not ASX price values as using ASX prices is not our preferred methodology to value Black Range) of a fully paid Black Range share can be assessed as lying in the range of 0.518 cents to 1.046 cents with a preferred value of 0.750 cents (and noting higher prices using exchange rates as at 7 July 2015). The US/AUS/CAN rates vary on a daily basis. As an example, if we had used exchange rates as at 21 May 2015, the preferred value of a Black Range share would be disclosed at 0.717 cents (low, 0.498 cents and high, 1.046 cents).

#### **Valuation of Mineral Assets of the Black Range Group**

- 7.3 In assessing the mineral assets of Black Range, we have relied upon the valuation provided by Kyle.
- 7.4 Black Range's interests in its mineral assets, along with the range of values ascribed to them by Kyle are set out below:

Summary of Valuations (AUS\$000's)				
	Low	Preferred	High	Valuation Method
Black Range's interest in the Hansen/Taylor Project per the Kyle Valuation Report	12,157	19,372	30,193	Combination of Comparable Sales and Cost

- 7.5 The principal assumptions with respect to the valuations are set out in the Kyle Valuation Report. Thus the total fair value of the mineral assets of Black Range lies in the range of \$12,157,000 and \$30,193,000 with a preferred fair value totalling \$19,732,000.

The US dollar amounts were in the range of US\$9,100,000 to US\$22,600,000 with a preferred value of US\$14,500,000. The valuation assumes that the Black Range Group is a going concern. The value in Australian dollars may vary depending on the AUS/US exchange rate used. If we used the 21 May 2015 US/AUS exchange rates as noted above, the Australian dollar equivalent value of the Hansen Taylor Project would lie in the range of AUS\$11,711,000 to AUS\$28,607,000 with a preferred value of AUS\$18,534,000.

An internal assessment of the Jonesville Project and Bullen Property indicated that the preferred value was \$nil. These projects have been offered for sale over the past two years with no formal offers being received.

**Other assets and liabilities**

- 7.6 Net assets and liabilities not separately valued by Kyle comprise Black Range's cash, receivables, plant and equipment and liabilities. These assets and liabilities have been incorporated in our valuation at their book values.

- 7.7 In addition, Kyle did not value the interest in the Ablation Joint Venture. In March 2015 agreement was reached with the other AJV party to dissolve the AJV. The Black Range Group on dissolution of the AJV secured:

- A 100% interest in a 25 year licence under which Black Range can develop, market and utilize the Ablation Technology worldwide, for use at both of its projects as well as for projects owned by other parties;
- 100% ownership of all of the existing Ablation equipment, including the pilot-scale plant and the 5tph Ablation Unit;
- A 25 year licence to all Ablation intellectual property and patented technology, together with copies of all engineering designs and drawings;
- The right to continue to improve and commercialise Ablation and retain ownership of any improvements to the Ablation Technology is develops; and
- The right to 100% of revenues from all projects to which Black Range deploys Ablation units.

The 31 December 2014 carrying value of the 50% interest in the AJV was \$4,466,166. The unaudited assets and liabilities of the AJV (via Mineral Ablation LLC) at that date are disclosed as follows:

	<b>US\$</b>
	<b>(100%)</b>
<b>Assets</b>	
Cash	4,271
Property – 7 Mile Road Wyoming	1,304,039
Land – 10 acres	176,000
15 ton and 10 ton overhead cranes and air compressor, net of depreciation	30,436
Net carrying value of manufacturing building	1,510,475 refer below (i)
5 ton Hydraulic Ablator, net of depreciation	2,020,403
Micron plant, net of depreciation	1,149,039
Sundry plant and equipment, net of depreciation	47,076
Other assets	5,507
<b>Total assets</b>	<b>4,736,771</b>
<b>Liabilities</b>	
Trade creditors and accruals	(472)
Mortgage loan, interest bearing (on 7 Mile Road)	(1,093,635)
Loan – Owing to Black Range Minerals LLC (including interest)	(6,258,670)
<b>Total Liabilities</b>	<b>(7,352,777)</b>
<b>Net Liabilities</b>	<b>(2,616,006)</b>

- (i) An indicative valuation in March 2015 estimated the value as up to approximately US\$1.9 million, but no formal independent valuation by a qualified land/property valuer has been obtained.

50% of the above results in a net liability of US\$1,308,003 and using 31 December 2014 AUS/US exchange rates results in a 50% share of net liabilities at approximately AUS\$1,710,000.

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The Black Range Group accounted for its investment in Mineral Ablation LLC using equity accounting. The initial US\$1,000,000 investment in Mineral Ablation was reduced to nil. \$500,000 of the initial investment is still owing and disclosed as a deferred contingent consideration liability in the consolidated accounts of Black Range.

The \$500,000 can be settled with either cash or through an issue of equity and is due within 60 days of commercial application of the Ablation Technology. The loan owing to Black Range Minerals LLC in Australian dollars as at 31 December 2014 totals \$7,587,046 (but certain costs incurred on behalf of Mineral Ablation LLC were not taken up by such company so that in the books of Black Range the 31 December 2014 debt owing by Mineral Ablation LLC before impairment is US\$6,525,774 (AUS\$8,001,194) (around \$8,260,000 using 12 May 2015 AUS/US exchange rates) and after taking into account the Black Range

Group's share of losses incurred by Mineral Ablation LLC been written down to AUS\$4,466,166.

Mineral Ablation LLC also owns the Ablation Technology that is in the books of Mineral Ablation LLC at \$nil. All research and evaluation costs (except the Hydraulic Plant and Micron Plant), has been expensed as incurred. It is not possible to ascribe a fair value to the Ablation Technology as not withstanding some preliminary testing, there are no forecasts of cash flows prepared by Mineral Ablation LLC or Black Range.

Although the Ablation Technology is not currently at a commercial scale, the Company had previously advised that Ablation is expected to have a positive effect on the economics of developing the Hansen Project. The development of the Hansen Project has yet to receive requisite approvals and development financing needs to be secured. The risk exists that the amounts Black Range has invested in the Ablation Technology may not be recoverable if the Ablation Process does not reach a commercial stage.

We have accepted the 31 December 2014 carrying value of \$4,466,166 in the absence of any reliable information on the value of the Ablation Technology. On dissolution of the Ablation JV, the Black Range Group now owns the plant and equipment totalling approximately US\$3.2 million (AUS\$4.050 million using AUS\$1=US\$0.79 and approximately AUS\$4.275 million as at 7 July 2015). The Black Range Group after paying out the mortgage liability (plus interest) estimated at US\$1,128,240 will also own the land and buildings with a written down cost of US\$1,510,475 (and an estimated value of up to US\$1,925,000).

- 7.8 As referred to in paragraph 5.9, as at 30 June 2014, Black Range has approximately \$11.842 million in trading tax losses. There is some material uncertainty as to whether all the tax losses will be available to Black Range and there is no reasonable probability that the tax losses will be used in the near future and thus the value of the tax losses have not been ascertained by us.

#### **Valuation (of Black Range) Summary**

- 7.9 The preferred assessed fair value (not market value) of one ordinary Black Range share based on the estimated number of shares that will be on issue as at the Implementation Date is approximately 0.750 cents.

The ASX market price of one Black Range share has, for most of the period from July 2014 to 16 January 2015 (the last trading day before announcement of the Scheme), been trading at a discount to the net technical value. At the 8 July 2015 trading price of 0.2 cents per ordinary share the discount based on the current number of shares on issue is around 572%. (58% based on a Black Range ASX share price of 0.3 cents on 26 May 2015). To a great extent this is reflective of the market factoring in the financial position of Black Range, its stage of development and the difficult market for junior uranium companies.

#### **8. Valuation of Western**

- 8.1 In assessing the value of Western as at 31 December 2014 and based on the WSM Valuation Report's valuation range for the mineral assets), we have calculated the intrinsic value of the Western Group with reference to the fair value (range) of its underlying net assets. The pro-forma net assets as at the date of this report are summarised below, together with the range of values at which their fair values have been assessed.

	Para Ref	Adjusted 31 December 2014  US\$000	Assessed fair values		
			Low US\$000	Preferred US\$000	High US\$000
<b>Current assets</b>					
Cash and cash equivalents	8.3	1,302	1,302	1,302	1,302
Trade and other receivables	8.3	123	123	123	123
Marketable securities	8.3	3	3	3	3
<b>Non-current assets</b>					
Restricted cash secured over mineral assets	8.3	654	654	654	654
Mineral exploration and evaluation	8.2	1,569	31,700	34,800	38,400
<b>Total assets</b>		<b>3,651</b>	<b>32,782</b>	<b>36,882</b>	<b>40,482</b>
<b>Current liabilities</b>					
Trade and other payables	8.3	512	512	512	512
Current portion of promissory notes	8.3	250	250	250	250
<b>Total current liabilities</b>		<b>762</b>	<b>762</b>	<b>762</b>	<b>762</b>
<b>Non-current Liabilities</b>					
Provision for rehabilitation					
Non-current portion of promissory notes	8.3	114 500	114 500	114 500	114 500
<b>Total non-current liabilities</b>		<b>614</b>	<b>614</b>	<b>614</b>	<b>614</b>
<b>Total liabilities</b>		<b>1,376</b>	<b>1,376</b>	<b>1,376</b>	<b>1,376</b>
<b>Net Assets</b>		<b>2,275</b>	<b>31,406</b>	<b>35,506</b>	<b>39,106</b>
Add available tax losses	8.4		-	-	-
<b>Assessed fair value</b>			<b>31,406</b>	<b>35,506</b>	<b>39,106</b>
Number of fully paid shares (refer paragraph 3.1)					
			12,036,924	12,036,924	12,036,924
Assessed fair value per fully paid share (US\$) (rounded)					
			2.60	2.94	3.24
Divide by 750					
Assessed value of 0.001333					
Western fully paid shares (US cents) (rounded)					
			0.347	0.392	0.432
<u>The Canadian currency equivalent (using 7 July 2015 exchange rate) is as follows:</u>					
Assessed fair value in Canadian dollars ('000's)					
			<b>39,825</b>	<b>45,024</b>	<b>49,589</b>
Assessed fair value in Canadian dollars					
Assessed fair value per fully paid share (CAN\$) (rounded)					
			3.31	3.74	4.11
Divide by 750					
Assessed value of 0.001333					
Western fully paid shares (CAN cents) (rounded)					
			0.441	0.499	0.549
<u>The Australian currency equivalent is as follows:</u>					
Assessed fair value per fully paid share (AUS\$) (rounded)					
			3.47	3.92	4.32

Divide by 750			
Assessed value of 0.001333			
Western fully paid shares (AUS cents) (rounded)	0.463	0.523	0.577

In the event that 21 May 2015 US/CAN exchange rates were used, the net assets at fair values would increase to between approximately CAN\$38,300,000 and AUS\$47,690,000 with a preferred value of CAN\$43,300,000. The fair value of one Western share would thus lie in the range of CAN\$3.18 to CAN\$3.96 cents with a preferred value of CAN\$3.59.

Using the 21 May 2015 exchange rates between Australia and Canada would result in a preferred fair value in Australian currency of a Western share of approximately AUS\$3.72 (low AUS\$3.29 and high of AUS\$4.10). The assessed fair value of a 0.001333 Western shares would approximate between AUS 0.438 cents and AUS 0.546 cents with a preferred value of AUS 0.496 cents.

## 8.2 Valuation of Mineral Assets of the Western Group

8.2.1 In assessing the mineral assets of Western, we have relied upon the valuation provided by WSM.

8.2.2 Western's interests in its mineral assets, along with the range of values ascribed to them by WSM are set out below:

Summary of Valuations (US\$000's)				
	Low	Preferred	High	Valuation Method
Western's interest in the total value of mineral assets per the WSM Valuation Report	31,700	34,800	38,400	Combination of comparable transactions, related transactions and rule of thumb
	<b>CAN\$000's</b>	<b>CAN\$000's</b>	<b>CAN\$000's</b>	
<b>Total value in Canadian dollars</b>	40,192	44,123	48,687	

8.2.3 The principal assumptions with respect to the valuations are set out in the WSM Valuation Report. Thus the total fair value of the mineral assets of Western lies in the range of CAN\$38,357,000 and CAN\$46,464,000 with a preferred fair value totalling CAN\$42,108,000.

The US dollar amounts were in the range of US\$31,700,000 to US\$38,400,000 with a preferred value of US\$34,800,000. The valuation assumes that the Western Group is a going concern. The values in Australian and Canadian dollars may alter, depending on exchange rates used.

If we used the 26 May 2015 US/CAN exchange rates, the Canadian dollar equivalent value of the Western mineral interests would lie in the range of CAN\$38,537,000 to CAN\$46,464,000 with a preferred value of CAN\$42,108,000.

### Other assets and liabilities

8.3 Net assets and liabilities not separately valued by WSM comprise Western's cash, receivables, minor marketable securities and liabilities. These assets and liabilities have been incorporated in our valuation at their book values for the purposes of this report. In January 2015, Western announced the Western Placement, which raised gross proceeds of

CAN\$1,760,000, at an issue price of CAN\$2.75 per share. In late 2014 various acquisition transactions were conducted at an agreed share price of CAN\$3.00.

These transactions have been included in the adjusted 31 December 2014 statement of financial position (before adjusting for the fair values of the mineral assets of the Western Group).

The provision for rehabilitation (reclamation liability) of US\$113,772 is the discounted value (at 6% per annum) of the estimated gross liability to be incurred after 2054 of around US\$653,734.

The provision will be unwound over the period to 2054. The gross reclamation liability of US\$653,734 is secured by certificates of deposit of the same amount (the Restricted Cash noted above).

The promissory note liabilities that originally totalled US\$1,000,360 have been split between debt (US\$902,665) and the balance to share equity but we have not reversed this to disclose the gross amounts of the promissory note debts. After taking into account the repayment of part of a promissory note on 5 January 2015, the gross promissory notes outstanding excluding any interest is US\$750,180 of which US\$500,000 is due after 12 months (due 18 August 2018) and the balance is due on 13 October 2015.

- 8.4 As referred to in paragraph 4.9 as at 31 December 2014, estimated carried forward tax losses are US\$13,000,000. There is some material uncertainty as to whether all the tax losses will be available to Western and there is no reasonable probability that the tax losses will be used in the near future and thus the value of the tax losses have not been ascertained by us. The carried forward tax losses expire between 2026 and 2034.

#### **Valuation of Western (summary)**

- 8.5 The adjusted book net asset backing per share approximates US\$2.94 (rounded) as noted in paragraph 8.1 above. As at 31 December 2014 (as adjusted), the carrying value of capitalised exploration costs totalled approximately US\$1.569 million. We have been informed that the directors of Western have decided no impairment of capitalised exploration costs is currently required and that no other assets have been impaired as at 31 December 2014.

After taking into account the range of fair values attributable to the mineral assets of the Western Group, the value of a Western share may approximate between US\$2.60 (CAN\$3.30) and US\$3.24 (CAN\$4.11) with a preferred fair value of US\$2.94 (CAN\$3.74). Using 21 May 2015 exchange rates as an example, this reduces to between CAN\$3.18 and CAN\$3.96 with a preferred fair value of CAN\$3.59. The exchange rates fluctuate on a daily basis.

- 8.6 As noted, our methodology to value shares in Black Range and Western are based on net assets at fair values. However, notwithstanding low trading volumes, shareholders also look at share prices (however we have formed our fairness view on net assets at fair values). It is noted that on 26 May 2015, the last sale was undertaken at CAN\$4.00. The share price high over the past 4 months to 26 May 2015 has been CAN\$4.75 and the share price low has been CAN\$3.10 (as traded on CSE). All trades from 1 May 2015 to 20 May 2015 were at CAN\$4.50 after 21 May 2015 (to 26 May 2015), the shares in Western traded between CAN\$4.00 and CAN\$4.05.

Using an AUS/CAN exchange rate of AUS\$1=CAN\$0.969 (as at 21 May 2015) the share prices in Australian dollars have been between approximately AUS \$3.24 and AUS\$4.96 with a last sale price of 19 May 2015 of AUS\$4.64 (CAN\$4.50) and a last sale on 26 May 2015 of CAN\$4.00 (AUS\$4.12). Using a more conservative CAN/AUS exchange rate of say AUS\$1=CAN\$0.98, the low share price would equate to approximately \$3.16 and the high would equate to approximately \$4.84.

The market price of one Western share has, for most of the period from January 2015 to the current date, been trading at a significant premium to the net book asset value.

At the 20 May 2015 trading price of CAN \$4.50 per ordinary share the premium to the asset backing value of approximately CAN\$0.230 per share is approximately CAN\$4.27. The share price premium to the preferred fair value per share of CAN\$3.58 approximates CAN\$0.92.

**In June 2015 (last sale was to 30 June 2015), the share price of a Western Share has traded between CAN\$2.50 and CAN\$4.45 with a last sale on 30 June 2015 of CAN\$4.45. Using 7 July 2015 exchange rates, the equivalent Australian dollar prices would be between AUS\$2.63 to AUS\$4.68. It is noted that share prices, due, inter-alia to low volumes of trades is not the preferred methodology to value shares in Black Range and Western and arrive at a fairness or otherwise opinion.**

#### **9. Value of Consideration Compared To Value of Assets Acquired**

- 9.1 The value of the consideration to be offered by Western for all of the fully paid shares in Black Range based on the estimated Black Range shares at the date of implementation of the Scheme and on the basis of one (1) Western share for every seven hundred and fifty (750) Black Range shares is set out below.

As noted, in assessing the Consideration payable by Western we have used an adjusted book (fair) value as noted above. We have used 7 July 2015 exchange rates to finalise fair values.

We have also for information purposes only disclosed the value of the Consideration using ASX market price values notwithstanding that the market based approach is not our preferred approach and in arriving at our conclusion of fairness, we have used the fair value of assets methodology. It is noted that despite low volumes, some shareholders will consider ASX/CSE share prices. We reiterate that our opinion on fairness is based on net assets at fair values.

	Para Ref	Low CAN\$000	Preferred CAN\$000	High CAN\$000
<b>Fair Valuation (pro-forma)</b>				
12,036,924 Western fully paid shares	8.1	40,192	44,123	48,687

**Market Based Valuation**

	Not our preference CAN\$
12,036,924 fully paid Western shares at CAN\$4.00 each (1)	48,147,696
12,036,9124 fully paid Western shares at CAN\$3.10 each (2)	37,314,464
12,036,924 fully paid Western shares at CAN\$4.75 each (3)	57,175,389
12,036,924 fully paid Western shares at CAN \$2.75 (4)	33,101,502

(1) Being the 30 January 2015 pre announcement price immediately before the announcement of the Scheme

(2) Being the lowest price since 1 December 2014

(3) Being the highest price since 1 December 2014

(4) Being the Second Placement share price of CAN\$2.75

9.2 On 20 May 2015, the last sale of a Western share as traded on CSE was CAN\$4.50 for a market capitalisation of approximately CAN\$54,166,158 (approximately AUS\$55,899,000). Based on the last sale price of CAN\$4.00 on 26 May 2015, the market capitalisation is approximately CAN\$48,749,542 (approximately AUS\$48,147,000). Based on the last sale price of a Western share traded on the CSE on 30 June 2015, the market capitalisation of Western approximates CAN\$53,565,000 (AUS\$56,436,000).

9.3 On an adjusted book basis (considered a fair value) (not an ASX market price based approach) each Western share is worth:

	Para Ref	Low Fair Value CAN\$	Preferred Fair Value CAN\$	High Fair Value CAN\$
Western shares (dollars)	8.1	3.30	3.74	4.11
Discounted value (refer below)		2.64	2.99	3.29
Divide by 750 (cents) (refer below) (cents)*		0.440	0.498	0.548
Discounted value (refer below)(cents)**		0.352	0.398	0.438

The Australian currency equivalent is as follows:

	Para Ref	Low Fair Value AUS\$	Preferred Fair Value AUS\$	High Fair Value AUS\$
Western shares (dollars)	8.1	3.47	3.92	4.32
Discounted value (dollars) (refer below)		2.78	3.14	3.45
Divide by 750 (cents) (refer below)*		0.462	0.522	0.576
Discounted value (refer below)*		0.370	0.418	0.460

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\*The undiscounted and discounted book values were divided by 750 to compare with a Black Range share as the Share Scheme ratio is 1 Western share for every 750 Black Range Shares.

- 9.4 This compares with the fair undiscounted value (not ASX market price value) of a Black Range share (refer paragraph 7.1 above) of between 0.518 cents (CAN 0.491 cents) and 1.097 cents (CAN 1.04cents) with a preferred value of 0.750 cents (CAN 0.712 cents). The net book asset backing of a Black Range share approximates 0.62 cents (CAN 0.588 cents).

However, in accordance with ASIC guidelines, a discount for minority interests needs to be applied. Discounts can vary but we consider a 20% discount is reasonable. Both Western and Black Range are relatively junior companies yet the Black Range Shareholders post implementation of the Share Scheme will have a shareholding interest of around 25.772% of the expanded issued capital of Western. The discount factor to use can be subjective but we consider a 20% discount is reasonable. Black Range has limited cash resources and substantial debt therefore an acquirer may not wish to pay a substantial premium and thus a 20% premium is considered by us to be fair. In looking at takeovers, it is common for premiums for control to be applied of 10% to 50% although some commentators query whether premiums for control are entirely relevant. Applying a 20% discount to the preferred fair value (refer above) results in a discounted book value (adjusted for fair values) of approximately 0.600 cents, which is lower than both the preferred technical value of 0.750 cents and the net book asset backing of 0.62 cents (but a company that has a deficiency in working capital).

- 9.5 For information purposes only (as we have not relied on share prices to value the shares in Black Range and Western and in arriving at our opinion on fairness), we disclose share price information. On an estimated ASX/CSE market price basis since 1 December 2014 to 8 July 2015 (on low volumes), each Western share is deemed to be worth (using the low, last sale and high share price for Western as traded on CSE) as follows:

	Low	Last Sale	High
Western shares (CAN cents)	310	445	475
Divide by 750 (CAN cents)	0.413	0.593	0.633
In Australian cents	0.435	0.625	0.666

- 9.6 The value of Black Range to be acquired by Western based on the number of Black Range shares on issue estimated at the date of the Implementation of the Scheme is as follows:

	Para Ref	Low AUS\$000	Preferred AUS\$000	High AUS\$000
Assessed fair value	7.1	16,176	23,391	34,212
Net fair value per fully paid share to be acquired by Western (AUS cents)	7.1	0.518	0.750	1.097
The market value per fully paid Black Range share at 30 January 2015 (AUS cents)		0.40	0.40	0.40
The market value per fully paid Black Range share 1 May 2015 to 6 July 2015 (AUS cents)		0.20	0.20	0.30

The Canadian values equivalent are as follows:

	Para Ref	Low	Preferred	High
Net fair value per fully paid share to be acquired by Western (CAN cents)	7.1	0.491	0.712	1.04

- 9.7 Value of a Black Range Share (AUS cents)
- |  | Low    | Preferred | High   |
|--|--------|-----------|--------|
|  | 0.518  | 0.750     | 1.097  |
| Value of 750 Black Range shares (the ratio under the Scheme is 1 Western shares for every 750 Black Range share) | \$3.88 | \$5.62    | \$8.22 |

Undiscounted Fair Value of one Western Share before applying a 20% discount for minority interests relating to Black Range shareholders' (AUS cents)	0.463	0.523	0.577
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Discounted Fair Value of one Western Share after applying a 20% discount for minority interests relating to Black Range shareholders (AUS cents)	0.370	0.418	0.461
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Thus compared with a preferred fair valuation of a Black Range share of 0.750 (or 750 Black Range Shares at approximately \$5.62) the Scheme proposal would not be fair. Even if we used 26 May 2015 exchange rates to value shares in Black Range and Western, the assessed fair values of 750 Black Range share are higher than the assessed fair value of one Western share on a minority basis and thus our conclusion on fairness would not alter (i.e. remain not fair).

The Canadian currency equivalent as noted above is as follows:

Value of a Black Range Share (CAN cents)	0.491	0.712	1.040
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Value of 750 Black Range shares (the ratio under the Scheme is 1 Western shares for every 750 Black Range share (Can dollars)	\$3.68	\$5.34	\$7.81
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Undiscounted Fair Value of one Western Share before applying a 20% discount for minority interests relating to Black Range shareholders' (CAN dollars)	\$3.30	\$3.74	\$4.11
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Discounted Fair Value of one Western Share after applying a 20% discount for minority interests relating to Black Range shareholders (CAN cents)	0.441	0.499	0.549
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Using a range of share prices of a Black Range share post 30 January 2015 and noting that these values would be for minority shareholders, after applying a 20% premium for control, would result in a value to a controlling shareholder equivalent to between 0.24 cents (0.2 cents multiplied by 120%) and 0.48 cents (0.4 cents multiplied by 120%) and with a control value, based on a 0.30 cent trading price on 26 May 2015, of 0.36 cents (0.3 cents multiplied by 120%). Multiplied by 750, would result in "control" value of between 180 cents (\$1.80) and 360 cents (\$3.60) with a 26 May 2015 control value of 180 cents (\$1.80).

This compares with a minority value share price of a Western share (as traded on CSE in the same period of 30 January 2015 to 30 June 2015) of between CAN\$3.50 (AUS\$3.67) and CAN\$4.75 cents (AUS\$5/00) with a 30 June 2015 closing share price of CAN \$4.56 (AUS\$4.68). Using a more conservative AUS/CAN exchange rate of AUS\$1=CAN0.98 the range of prices would be between approximately \$3.57 and \$4.84 with a last sale price of \$4.54

As noted above, Western shares have traded in early June 2015 (to 9 June 2015) at between CAN\$2.50 (AUS\$2.63) and CAN\$3.10 (AUS\$3.26). After taking into account the 750 to 1 ratio, this is equivalent to between AUS0.351 cents and AUS0.434 cents. The share price of a Black Range share in early June 2015 has been between AUS0.02 cents and AUS0.03 cents.

Thus if the Scheme proposal was assessed based on the respective share prices since 30 January 2015 (not our preferred methodology), the Share Scheme would be considered fair. However, as noted elsewhere in this report (refer paragraphs 4.5 and 5.6 above), there are insufficient trades (no deep markets) for trading of shares both in Black Range and Western and thus we cannot rely on share price methodology in arriving at an opinion on fairness.

- 9.8 On a consolidated basis assuming the Merger was implemented and prior to the exercise of any Black Range Options post 30 April 2015, the net fair value of the new consolidated Western (before applying a minority discount) may be as follows:

	Para Ref	Low CAN\$000	Preferred CAN\$000	High CAN\$000
Western at fair values (pro-forma)	8.1	40,192	44,123	48,687
Black Range at fair values	7.1	15,352	22,200	32,470
Post consolidated Western at book and fair values		53,544	66,323	81,157
Discount for minority interests		(11,108)	(13,264)	(16,231)
		42,437	53,059	64,926

Estimated Number of Western shares on issue post Scheme and after the issue of 21,414 Western shares to the 4 directors of Black Range

16,216,050      16,216,050      16,216,050

Undiscounted fair value per share (CAN\$) (rounded)

23.30      4.08      35.00

Discounted fair value per share (CAN\$) (rounded)

2.61      3.27      4.00

Fair value of one Western share Pre Scheme

3.30      3.74      4.11

Fair value of 750 Black Range shares pre the Share Scheme (CAN dollars)

3.68      5.34      7.81

9.9 Using the discounted figures, the proposal under the Scheme Resolution would not be fair if the Black Range valuation pre the Share Scheme was used.

9.10 The total number of shares in Western post the implementation of the Scheme with Black Range may be as follows:

#### Ordinary (Common) shares

On issue 30 June 2015      12,036,924

Issue of shares to Black Range shareholders (estimated)      4,157,712

Issue of shares to Black Range Directors      21,414      (refer paragraph 3.7)

**Western shares on Issue post the Scheme**      **16,216,050**

#### Post Merger Percentages and Interests in Net Assets

	Percentage	Share of Merged Assets at fair values
Net assets at fair values (merged)	n/a	CAN\$66,324,000
Western shareholders	74.2284	CAN\$49,231,244
Black Range Shareholders	25.772	CAN\$17,092,756

This compares with the 31 December 2014 shareholders interest (100%) in the current assessed fair value of Black Range, of between approximately CAN\$15,352,000 and CAN\$32,470,000 with a preferred fair value of CAN\$22,200,000 (but a company with a deficiency in working capital). If we used 21 May 2015 exchange rates the assessed fair value of Black Range would lie between CAN\$15,053,000 and CAN\$31,614,000 with a preferred value of CAN\$21,679,000.

9.11 No calculations have been made on a partially or fully diluted share basis in relation to the Black Range Options.



9.12 On a consolidated basis without taking into account any exercise of Black Range Options or possible market factors that may affect the price post merger, it could be argued that assuming the Merger was implemented, and based on 16,216,050 Western fully paid shares on issue, the net market value of the new consolidated Western would be estimated as noted below. We point out that this is for information only as share trading in both companies are low and a future share price of an expanded (merged) Western share trading on CSE will be dependent on a number of factors, including:

- the future prospects of the mineral assets and the Ablation Technology
- the state of the base metal markets (and prices) in Australia and overseas
- the state of Canadian, Australian and other overseas stock markets;
- the strength and performance of the Board and management and/or who makes up the Board and management;
- Foreign exchange rates;
- general economic conditions;
- the liquidity of shares; and
- possible ventures and transactions entered into by the merged entity.

	Para Ref	CAN\$000
Western at closing market value at 7 July 2015 - assumed equivalent to 12,036,924 fully paid shares at CAN\$4.00	9.5	48,147
Black Range at market values at 7 July 2015 - 3,118,284,097 shares at AUS 0.2 cents		5,919
Post Consolidated Western shares at estimated market values		<u>54,066</u>

Number of equivalent fully paid Western shares on issue post merger (number)	16,216,050
Estimated market value per new Western share	AUS\$3.51 (CAN\$3.33)
Divide by 750 (AUS cents)	AUS0.468 (CAN 0.444 cents)
Market value of 750 Black Range shares as at 7 July 2015 (cents)	AUS\$1.50 (CAN\$1.42)

The above figures would alter using different share prices and different exchange rates.

9.13 It should be noted that the actual share price post Merger is not possible to determine. The share price of a Black Range share of below 0.4 cent (as at 26 May 2015 the share price was 0.3 cents but the last sale price on 6 July 2015 was 0.2 cents) arguably has been affected by the financial position of Black Range and the wider downturn in the capital markets for junior uranium companies. In our view based on other examples of mergers, the merger with Western may enhance the ability of an expanded Western to raise capital and if successful some of any capital raise would be used to finance the exploration activities of Black Range. In the absence of the Merger, Black Range would likely need to undertake a dilutive capital raising and/or asset sales of some significance to meet its financing requirements. This would place further downward pressure on its share price. The ultimate ability of the merged entity to raise new capital will inter-alia, depend on the state of the markets and the success of future exploration.

9.14 It is common under acquisition scenarios such as a takeover, to apply a premium over fair values of up to 50% premium (in special cases, the premium can be significantly higher). The normal premium for control may fall in the 10% to 40% range.

9.15 Using the fair values (paragraphs 7.1 and 8.2.1) and based on the estimated number of Black Range shares on issue at Implementation Date (as distinct from the market value of a Western and Black Range share), Western is acquiring the Black Range shares at a discount of 10.32% based on the low valuation, a discount of approximately 29.96% based on the preferred valuation and a discount of approximately 47.37% based on the high Black Range valuation.

9.16 However, on a market based approach using the most common share price of a Western share trading on CSE since February 2015 of CAN\$4.50 (AUS\$4.74) (that is equivalent to approximately CAN0.60 cents (approximately AUS0.63 cents) on a 1 for 750 basis), Western would be ascribing a discount, based on the 31 December 2014 fair valuation of one Black Range share with a preferred valuation of AUS0.750 cents, of approximately 16% (low would be a premium of 11% and the high a discount of 47%).

9.17 Based on the trading range for Western and Black Range shares in the month to 7 July 2015 on CSE and ASX respectively, Western is acquiring the Black Range shares at an approximate premium of between 106.66% to 210%. Based on the trading range of the respective share prices in early June 2015 (to 9 June 2015), the premium payable by Western would fall in the range of 71.5% and 113% based on a last sale of a Black Range share of 0.2 cents and a Western share of CAN\$4.00 the premium approximates 153%. It is noted that the volumes of shares traded in Black Range and Western are quite low and that our methodology adopted to value the shares in Black Range and Western and arrive at an opinion on fairness is based on net asset values at fair values. We have however provided share price information (notwithstanding low volumes) as some shareholders will consider share prices.

## 10. Reasonableness of the Scheme

10.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Scheme and the shareholders of Black Range.

### Advantages

10.2 In the absence of the Scheme, Black Range will need to raise further working capital. Given the difficulties currently encountered by junior resource companies in raising capital, such a financing would likely be undertaken at discount to the current market price and hence may be highly dilutive to Black Range shareholders. This is a significant matter that we took into account in considering the reasonableness of the proposal under the Scheme Resolution. The Merger will enable Black Range to access some of the available cash funds of Western to meet on-going obligations and avoid repayment of the Western Loan Facility. Furthermore, in our opinion, there may be a greater chance of success in raising new capital under a merged arrangement, however, we cannot guarantee that a future capital raising on commercial terms will succeed.

10.3 The ability to raise funds as a larger group may, in our opinion be enhanced following the Merger. In particular, it may assist the Company in obtaining the necessary financing for development of the Hansen Project and the Ablation Technology. Whilst Western itself has limited cash funds of approximately \$0.7 million (after collection of receivables and payment of the adjusted 31 December 2014 current liabilities) and part of these funds are already committed to the Western Loan Facility, we understand that the expanded Western will seek to raise further capital later in 2015. However, we cannot guarantee that a future capital raising on commercial terms will succeed.

10.4 The Merger would create a larger sized uranium exploration and development company (with plans to enter production) with a complementary asset base. It is noted that Western is seeking to undertake a field trial of the Ablation technology at its Sunday Creek Mine in the second half of 2015.

10.5 Western as a larger company if the Merger proceeds, may be in a stronger position to make further strategic acquisitions in the US uranium industry that if carefully managed, may add value to the expanded Western.

10.6 The Merged Group will have a combination of the mineral/exploration assets of Black Range and Western. The Directors also believe the proposed merged entity's larger and more diversified range of mineral assets may attract a greater number of potential investors than currently invest in Western or Black Range individually.

Combined with a larger and diversified shareholder base, the Directors believe this should increase the liquidity in the trading of the proposed merged entity's securities on the CSE compared with the trading of the individual companies' securities on the ASX (Black Range) and CSE (Western).

10.7 The Merger should result in cost savings, in particular reduced stock exchange fees, audit and other corporate and compliance expenses, together with simplification of the administrative structure.

10.8 The price offered by Western represents a premium of around 106% on the ASX closing price on 29 January 2015 the day before the proposed merger was announced (and approximately 89% based on the 20 day volume weighted average share price to 29 January 2015). However, it is noted that trading volumes of shares in Black Range and Western are low and may not necessarily represent fair values.

Based on a last sale price of a Black Range and Western share as at 21 May 2015, the ratio between the two companies is in effect approximately 1 Western shares to 1,500 Black Range shares (even higher using 7 July 2014 share prices). However, the merger terms have been set on the basis that Western will issue 1 share for every 750 Black Range shares.

Based on the closing prices of a Western share and Black Range share on 20 May 2015, the premium approximates 106.66% and based on the closing prices on 26 May 2015, the premium approximates 80%. Based on the last sale prices on 30 June 2015 and 7 July 2015 for Western of CAN\$4.45 and CAN\$4.00 respectively and Black Range share of AUS0.2 cents (both on low volumes) the premium approximates 182% and 153%.

#### Disadvantages

- 10.9 Based on the fair values of Black Range (and the pro-forma fair values for Western), the Black Range shareholders would be technically worse off if the proposed merger is completed.
- 10.10 The Black Range shareholders will no longer hold shares in an Australian company listed on ASX but will hold shares in Western that is listed on CSE. This makes it less easy for existing Black Range Shareholders to sell/buy shares.
- 10.11 By holding shares in Western that is listed on CSE and with operations in the US, the Black Range Shareholders are exposed to foreign currency movements between the Australian dollar, US dollar and the Canadian dollar. Although we note that Black Range Shareholders already have US dollar exposure via its asset holdings in the USA.

#### Other Factors

- 10.12 As a consequence of the proposed Merger, Western and/or Black Range may lose all or some eligibility to claim tax losses under Australian/Canadian tax legislation however the final outcome cannot yet be determined.
- 10.13 The Australian tax consequences for Black Range shareholders who enter into the Scheme will depend on a number of factors, including:
- whether the Black Range Shareholder holds their Black Range Shares on capital account or revenue account;
  - the nature of the Black Range Shareholder (i.e. individual, company, trust, complying superannuation fund); and
  - the tax residency status of the Black Range Shareholder (i.e. Australian resident or not).

Further details of the tax consequences are disclosed in the Scheme booklet. Each Shareholder should seek their own independent tax advice on the consequences of accepting the Scheme proposal and receiving Western Shares in exchange for Black Range Shares.

- 10.14 Black Range has an obligation to fund exploration, development and project acquisitions in the USA and in the absence of sufficient cash funds may not be able to do so. Black Range currently holds a 24.5% interest in the Hansen Deposit, with the option to acquire the remaining 75.5% subject to payment of the applicable exercise prices (refer comments below). In the absence of sufficient cash resources Black Range may not be able to complete the acquisition of 100% of the Hansen Deposit or may have to sell its existing interest at an amount less than the preferred fair value attributed to such interest by Kyle.

The Company owns outright 24.5% of the mineral rights that cover the majority of the Hansen and Picnic Tree Deposits. It has the right to acquire the remaining 75.5% of these particular mineral rights by way of two agreements. The first, with NZ Minerals LLC ("NZ"), provides Black Range the right to acquire NZ's 24.5% interest by commencing commercial scale operation and paying NZ US\$2,000,000 in cash and issuing NZ US\$2,000,000 of Black Range shares. The second agreement, with STB Minerals LLC ("STB"), provides Black Range the right to acquire STB's 51% mineral interest by paying STB US\$2,000,000 in cash and issuing STB US\$7,500,000 of Black Range shares by 28 July 2017. If these options are exercised, STB and NZ would be entitled to royalties of 1.059% and 1.176%, respectively, on production from the Hansen Deposit.

By merging with Western, there should be a better opportunity for Black Range (via Western) to raise further capital to meet future obligations as noted above.

- 10.15 Section 1 of the Scheme Booklet also elaborates more fully on the justification and purpose for the Scheme and we are in agreement with the matters noted (Section 2 of the Scheme Booklet notes some disadvantages).
- 10.16 Western shareholders will be effectively diluting their interest in the existing mineral assets of Western. If the proposed merger is successful, the Western shareholders interest in the Western assets will decrease from 100% to approximately 74.2%.
- 10.17 Investment in the uranium industry can be highly volatile and risky and there is no assurance or guarantee that any of the uranium interests of Western and Black Range will be commercially successful. Failure to successfully develop and/or commercialise some or all of the core assets could lead to a fall in the share price of an expanded Western (post Merger).
- 10.18 There is a break fee of \$500,000 payable by Black Range to Western under certain circumstances and a break fee of \$100,000 payable by Western to Black Range under certain circumstances. Details are noted in the Scheme Booklet.
- 10.19 Certain ineligible foreign shareholders and "small" shareholders (less than 7,500 shares) of Black Range cannot participate in the Scheme but Western will issue Western Shares (on a 1 for 750 basis) but arrange to sell such new shares in Western on the CSE and after deducting selling costs, forward the net proceeds (on a pro-rata basis) to such ineligible and small shareholders of Black Range.

**11. Conclusion as to Fairness and Reasonableness in respect of the Scheme as it relates to the Scheme Resolution**

- 11.1 Based on the preferred assessed fair value of Western shares and Black Range shares and taking into account the 1 for 750 ratio, we are of the opinion that the proposal under the Scheme to offer 1 Western share for every 750 Black Range shares **is not fair**.
- 11.2 It is noted that ultimately the advantages referred to in this report should exceed the disadvantages although the financial effects cannot be determined with any degree of certainty. **We are of the opinion that the proposal pursuant to the Scheme Resolution in the Notice to Shareholders is considered reasonable.** In particular, the ability to raise new equity capital may be enhanced on a post merged basis and furthermore any Black Range capital raising on a stand-alone basis in the current market may likely to be highly dilutive. However the ability for an expanded Western Group post merger to raise new capital at commercial prices cannot be assured.
- 11.3 **Taking into account all factors, in the absence of a superior offer, we consider the Scheme is in the best interests of the Black Range Shareholders.**

**12. Shareholder Decision**

- 12.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the Scheme Resolution in the Notice to Shareholders, but we have been requested to determine whether the proposal pursuant to the Scheme Resolution is fair and/or reasonable and in the best interests of Shareholders. The responsibility for such a voting recommendation lies with the directors of Black Range.
- 12.2 In any event, the decision whether to accept or reject the Scheme Resolution is a matter for individual Shareholders based on each Shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the Scheme Resolution, Shareholders should consult their own professional adviser.
- 12.3 Similarly, it is a matter for individual Shareholders as to whether to buy, hold or sell shares in Black Range. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposal under the resolution. Shareholders should consult their own professional adviser in this regard.

**13. Sources of Information**

- 13.1 In making our assessment as to whether the proposal pursuant to the Scheme Resolution in the Notice to Shareholders is fair and reasonable and in the best interests to the Black Range Shareholders, we have reviewed relevant published available information and other unpublished information of the Company and Western which is relevant to the current circumstances.

In addition, we have held discussions with the management of Black Range and Western about the present and future operations of both companies. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Black Range and Western and on the Kyle Valuation Report for Black Range and WSM Valuation Report for Western.

13.2 Information we have received includes, but is not limited to:

- Discussions with management and directors of Black Range and Western;
- Details of historical market trading of Black Range and Western ordinary shares as recorded by ASX (Black Range) or CSE (Western) to 7 July 2015;
- Shareholding details of Black Range and Western as supplied by the companies share registers;
- Audited annual report of Black Range for the years ended 30 June 2013 and 30 June 2014 and unaudited financial statements for the six months ended to 31 December 2014;
- Audited annual report of Western for the period ended 31 December 2014;
- Quarterly Reports of Black Range for the past two years to 30 April 2015;
- Announcements made by Black Range to the ASX from 1 January 2013 to 7 July 2015;
- Announcements made by Western to the CSE from 20 November 2014 to 7 July 2015;
- Discussions/correspondence with Kyle management on the assumptions in the Kyle Valuation Report;
- Discussions/correspondence with WSM management on the assumptions in the WSM Valuation Report;
- The Kyle Valuation Report of April 10, 2015;
- The WSM Valuation Report of April 26, 2015
- Details of estimated tax losses as at 30 June 2014 for Black Range;
- Black Range's and Western's budgets for 2015;
- Draft Scheme Booklet prepared to 30 June 2015;
- Merger Implementation Agreement and supporting schedules and notices; and
- Schedule of FX rates between the Australian dollar, US dollar and the Canadian dollar over the past six months to 7 July 2015.

13.3 Our report includes Appendices A to D attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES PTY LTD**  
**(Trading as Stantons International Securities)**



**J P Van Dieren - FCA**  
**Director**

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### AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 8 July 2015, relating to the proposals pursuant to the Scheme Resolution outlined in the Notice of Meeting of Shareholders of Black Range.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with Black Range other than acting as an independent expert for the purposes of this report. Stantons International Audit and Consulting Pty Ltd, the parent entity of Stantons International Securities Pty Ltd have been the auditors of Black Range since the year ended 30 June 2014. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses (excluding the costs relating to the Kyle Valuation Report and the WSM Valuation Report) and is estimated not to exceed \$30,000 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John P Van Dieren have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Audit and Consulting Pty Ltd do not hold any securities in Black Range (or Western). There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

### QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Investment Advisers Licence (No 448697) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA the person responsible for the preparation of this report has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

### DECLARATION

This report has been prepared at the request of the Directors of Black Range in order to assist the shareholders of Black Range to assess the merits of the proposal to which this report relates. This report has been prepared for the benefit of the Black Range shareholders and option holders and those persons only who are entitled to receive a copy for the purposes of Section 411 of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of Black Range and Western (and the merged Western). Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Black Range and Western or any of their subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

### DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in the Scheme Resolution outlined in the Notice of Shareholders and each individual shareholder may make up their own opinion as to whether to vote for or against the Scheme Resolution.

#### DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Black Range, its officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), Black Range has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Black Range may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Black Range and the other parties; and
- (b) to indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Black Range or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Black Range and its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to the existing Directors of Black Range for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

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## APPENDIX B

### FINANCIAL SERVICES GUIDE FOR STANTONS INTERNATIONAL SECURITIES PTY LTD (Trading as Stantons International Securities) Dated 8 July 2015

1. Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) and/or their related entities may provide professional services, including audit, accounting, secretarial and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons International Securities  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

Telephone: 08 9481 3188  
Facsimile: 09 9321 1204

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 **Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399

APPENDIX C

**KYLE VALUATION REPORT - INDEPENDENT VALUATION REPORT ON THE HANSEN/TAYLOR  
URANIUM PROJECT OF THE BLACK RANGE GROUP**

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**Black Range Minerals, Limited**  
**110 N. Rubey Drive, Suite 201**  
**Golden, Colorado, 80403 USA**

**Hansen-Taylor Project**  
**Valuation Report**

**By**  
**John Kyle Engineering, LLC**  
**5950 S. Moline Way**  
**Englewood, Colorado 80111 USA**

**April 10, 2015**

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**John Kyle Engineering, LLC**

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April 10, 2015

Mr. John Van Dieren –FCA  
Director  
Stantons International Securities PTY  
Level 2, 1 Walker Avenue  
West Perth, WA 6005  
Australia

RE: Independent Valuation of the Black Range Minerals, Ltd. Hansen-Taylor Mineral Asset

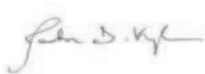
Dear Mr. Van Dieren;

Please find attached John Kyle Engineering, LLC's (JKE) updated independent report on the valuation of the Hansen-Taylor Project as of April 10, 2015. John Kyle, PE is the expert responsible for the preparation of this report and is the competent person with responsibility for this report. Mr. Kyle is a professional engineer registered in the U.S., is a member of the Society of Mining Engineers, is a member of the Canadian Institute of Mining and Metallurgy, is a Qualified Person by Canadian 43-101 Standards, and has experience working on over 50 uranium projects on a global basis. He brings over 40 years of experience evaluating mineral resource projects and has a Bachelor's degree in Mining Engineering from the Colorado School of Mines and a Master's in Business Administration from Denver University.

JKE has had no material association during the previous two years with the Black Range Minerals (BRM), owners of the assets to be acquired, other than providing Hansen-Taylor property appraisal services or the acquiring company Western Uranium Company (WUC). We have no other business relationship, interest in any securities, any relevant pecuniary interest, association, employment relationship, or are a substantial creditor of an interested party, or have a financial interest in the outcome of the WUC acquisition proposal with BRM or WUC.

As required by the VALMIN Code in items 39 and 41, we have obtained indemnification and confirmations relative to disclosure, access to records, and independence from the commissioning entity, which is described in the report. We therefore submit the following report.

Sincerely,



John I. Kyle, PE  
President/CEO

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## 1.0 Introduction

### 1.1 Background

Black Range Minerals, Limited (BLR or Black Range) requested John Kyle Engineering, LLC (JKE) to prepare a fair-market valuation of the Hansen-Taylor Project controlled by BLR. BLR is an Australian public company listed on the Australian Securities Exchange, with headquarters in Subiaco, Western Australia, a US office in Golden, Colorado, USA, and a field office located in Cañon City, Colorado, USA. JKE is independent of BLR. The report has been updated since it was originally filed in January 2014 as is now valid as of April 10, 2015. The purpose of this report is to provide an estimate of the fair market value of the Hansen-Taylor Project controlled by BLR as of April 10, 2015.

### 1.2 Terms of Reference

#### 1.2.1 Client-Consultant Relationship

This work is being conducted by JKE as an independent expert, following a set of standard fundamental principles regarding the generation of an independent appraisal. The adherence to these fundamental principles has the purpose of providing an independent expert report that is reliable, thorough, understandable, and includes all material information required by investors and their advisors when making investment decisions. This work has been performed under contract with BLR at a cost of approximately US\$36,000 based on a proposal to BLR outlining the terms required in order to comply with VALMIN requirements. The fees are not dependent upon the outcome of the valuation, or the success or failure of any transactions related to this valuation.

JKE, its employees, and related parties do not have any interest whatsoever in the Project, adjacent properties, or BLR.

JKE's expertise and qualification is provided in Appendix A.

#### 1.2.2 Information Reviewed and Relied Upon

JKE relied upon information provided by BLR, opinions of others involved in the uranium mining business within the region, independent reports by attorneys evaluating mineral and surface ownership, historical reports provided by BLR prepared by previous owners, BLR reports by other experts, as well as our experience working with uranium properties. We have included all items that we believe are material in assessing the value of the property. The listing of information we relied upon is provided in Appendix B.

### 1.3 Requirements and Compliance

At the request of BLR, this report is prepared in order to meet the requirements of the VALMIN Code – 2005 Edition prepared by the VALMIN Committee.

### 1.4 Limitations

In preparing this report, JKE has relied on information provided by BLR. JKE has no reason to believe that this information is materially misleading, incomplete or contains material errors. BLR has been provided with a draft of this report to enable the correction of any factual errors and notation of any material omissions. The content of this report as expressed by JKE is based on the assumption that all the data provided by BLR is complete and correct to the best of the Company's knowledge.

Further, JKE has not audited data relating to the assets, but has rather attempted to verify that the information has been prepared in accordance with industry norms and as such, is of acceptable quality and reliability. Where this is not the case, JKE has provided comment and has made an appropriate adjustment to the valuation to reflect this occurrence.

JKE has also not conducted any legal due diligence on the property ownership, lease, claim or surface ownership and the valuation here assumes the ownership and control as conveyed by BLR. We have reviewed a Mineral Title Opinion dated June 26, 2012 from Dufford & Brown, attorneys at law, Denver, Colorado, addressed to BLR, covering the certain lands described in that opinion (the "Dufford Opinion"), as that opinion has been supplemented by a Supplemental Title Report dated August 15, 2012, from Frank Erisman, special legal counsel to BLR, which pertains to uranium mineral interests

described in the Dufford Opinion and other lands covering the Hansen deposit. We have also made enquiries to BLR as to tenement changes since these reports were filed, and am satisfied and believe the legal counsel reports can be relied upon. John Kyle, PE is the professional expert fully responsible for the preparation and content of this valuation. Mr. Kyle has not provided BLR with prior technical services for the Hansen-Taylor Project, but has provided mineral processing consulting services in the past year.

#### 1.4.1 Disclaimer

JKE has conducted an independent valuation of BLR's Hansen-Taylor Project. A site visit was made on November 22, 2013 and we have reviewed technical data, reports, and studies provided by BLR as well as other information. Our review has been conducted on a reasonableness basis and JKE has noted herein where such provided information has been questioned. Except for the items that were questioned, JKE has relied upon the information provided as being accurate and suitable for use in this valuation. JKE assumes no liability for the accuracy of the information provided. We retain the right to change or modify our valuation if new or undisclosed information is provided, which might change our opinion of the value.

#### 1.5 Glossary of Terms

The following terms and abbreviations are used in this report.

**Advanced Exploration Areas and Pre-development Projects:** Mineral Properties where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a positive development decision has not been made. Mineral Properties at the early assessment stage, those for which a development decision has been negative, those on care and maintenance and those held on retention titles are all included in this category if Mineral Resources have been identified. This is even if no further valuation or technical assessment work, delineation or advanced exploration is being undertaken.

**Comparable Sales Method:** This valuation approach involves the comparison of sales of properties with a similar use, design, or utility as the subject property. Adjustments, when required, are made to the comparables for any differences, in order to indicate a value for the property being appraised.

**Competence:** Means having relevant expertise, qualifications and experience (technical or commercial), as well as, by implication, the professional reputation so as to give authority to statements made in relation to particular matters.

**Cost Method:** This valuation approach involves adding together the indicated site or land value to the estimated cost of reproducing or replacing the improvements, less any loss of value (depreciation) that may have occurred.

**Development Projects:** Mineral properties which have been committed to production, but which are not yet commissioned or not operating at design levels.

**Expert:** Means a Competent (and Independent, where relevant) natural person who prepares and has overall responsibility for the Valuation Report. He/she must have at least 10 years of relevant Minerals Industry experience, using a relevant Specialist for specific tasks in which he/she is not competent. An Expert must be a corporate member of an appropriate, recognized professional association having an enforceable Code of Ethics.

**Fair Market Value:** Fair Market Value (Market Value or Value) is the object and result of the Valuation. It is the estimated amount of money (or the cash equivalent of some other consideration) for which the 'Mineral Asset' should change hands on the 'Valuation Date'. It must be between a willing buyer and a willing seller in an 'arm's length' transaction in which each party has acted knowledgeably, prudently and without compulsion.

**Income Method:** This valuation approach measures the present value of the future benefits of property ownership. It is a process of converting the future monetary benefits estimated to be derived from a property into an indication of value, generally through application of an appropriate discount rate. In modern terminology it would more properly be termed a cash flow approach in view of the acceptance over the past 40 years of cash flow analysis as a determinant of value.

**Independent/Independence:** Means that the person(s) making the Valuation have no Material pecuniary or beneficial (present or contingent) interest in any of the 'Mineral Assets' being assessed or valued, other than professional fees and



reimbursement of disbursements paid in connection with the assessment or Valuation concerned; or any association with the commissioning entity, or with the owners or promoters (or parties associated with them) likely to create an apprehension of bias. Hence, they must have no beneficial interest in the outcome of the transaction or purpose of the technical assessment/Valuation of the Mineral Asset.

**Indicated Resources:** An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

**Inferred Resources:** An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

**Material/Materiality:** With respect to the contents and conclusions of a relevant Report, it means data and information of such importance that the inclusion or omission of the data or information concerned might result in a reader of the Report reaching a different conclusion than might otherwise be the case. Material data (or information) is that which would reasonably be required in order to make an informed assessment of the subject of the Report.

**Measured Resources:** A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

**Mineral Asset(s) (Resource Assets or Mineral Properties):** Means all property including, but not limited to Real Property, intellectual property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements; together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with those tenements. Most can be classified as Exploration Areas, Advanced Exploration Areas, Pre-Development Projects, Development Projects or Operating Mines.

**Operating Mines:** Mineral Properties, particularly mines and processing plants, which have been fully commissioned and are in production.

**Price:** The amount paid for a good or service and it is a historical fact. It has no real relationship with Value, because of the financial motives, capabilities or special interests of the purchaser; and the state of the market at the time.

**Specialist:** Means a Competent (and Independent, where relevant) natural person who is retained by the Expert to provide subsidiary reports (or sections of the Valuation Report) on matters on which the Expert is not personally expert. He/she must have at least 5 years of suitable and preferably recent Minerals Industry experience relevant to the subject matter on which he/she contributes. A Specialist must be corporate member of appropriate, recognized professional association having an enforceable Code of Ethics.

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**Transparent/Transparency:** As applied to a valuation it means, as in the Concise Oxford Dictionary, “easily seen through, of motive, quality, etc”. It applies to the factual information used, the assumptions made and the methodologies applied, all of which must be made plain in the Report.

#### Abbreviations Employed

e	equivalent
Ft <sup>3</sup>	cubic feet
M	Million
lbs.	Pounds
t	Short Tons (2,000 lbs.)
\$	U.S. Dollars (unless specified)
tpd	Tons per day
tph	Tons per hour
°F	Degrees Fahrenheit
S	Section
st	Short tons (2,000 lbs.)
T	Township
R	Range
P.M.	Principal Meridian
N.M.P.M.	New Mexico Principal Meridian
No.	Number
ft.	feet
gpd	gallons per day
gpm	gallons per minute
sh.	Share
M&I	Measured and Indicated (Resources)
LLC	Limited Liability Company
BLR	Black Range Minerals Ltd
JKE	John Kyle Engineering, LLC

## 2.0 Valuation Summary

Typically, three valuation methods, the Comparable Sales Method, the Cost Method, and the Income Method would be employed to estimate a value for the Hansen-Taylor Project. Because reserves are yet to be delineated at the Project, regulatory guidance stipulates that the Income Method is, in this case, inappropriate. Hence two of these methods, the Comparable Sales and Cost methods, are used in this analysis as discussed in Section 4 of the report. The estimated values derived from these two methods are summarized below:

<u>Method</u>	<u>Estimated Value</u>	<u>Range of Values</u>
Comparable Sales Method	US\$10.9M	US\$9.1M - US\$13.1M
Cost Method	US\$18.1M	US\$13.6M - US\$22.6M

These results represent the technical methods of estimation of value that are classically employed by appraisers evaluating mineral resource properties.

In order to estimate the Fair Market Value of the Hansen-Taylor Project, because of the characteristics and limitations of each method, JKE averaged the technical estimates derived utilizing the two methods, as it cannot be determined which method better estimates the current value. As such, we have concluded that the Fair Market Value for the Hansen-Taylor Project is US\$14.5M, with a sensitivity range of US\$9.1M to US\$22.6M as of April 10, 2015.

### 3.0 Overview of Assets

#### 3.1 Summary of Assets

The Hansen-Taylor Project encompasses a series of uranium deposits in south central Colorado, USA. The Project is located in an area wherein mining has been a central feature of the regional economy since the late 1890s. Currently, Cotter Corp. is in the process of reclaiming the Cañon City Uranium Mill, a 1200 ton per day (tpd) facility that first operated in 1958. Cotter Corp.'s shutdown of the mill has had an impact on the regional economy as most of the jobs in the region are now tied to the many prisons located in the area, which typically provide low-paying jobs. The mill is located 1.3 miles south of Cañon City, while the Hansen-Taylor Project is located 16.5 miles northwest of Cañon City in the Tallahassee Creek Mining District of Fremont County. See the location map in Figure 3-1.

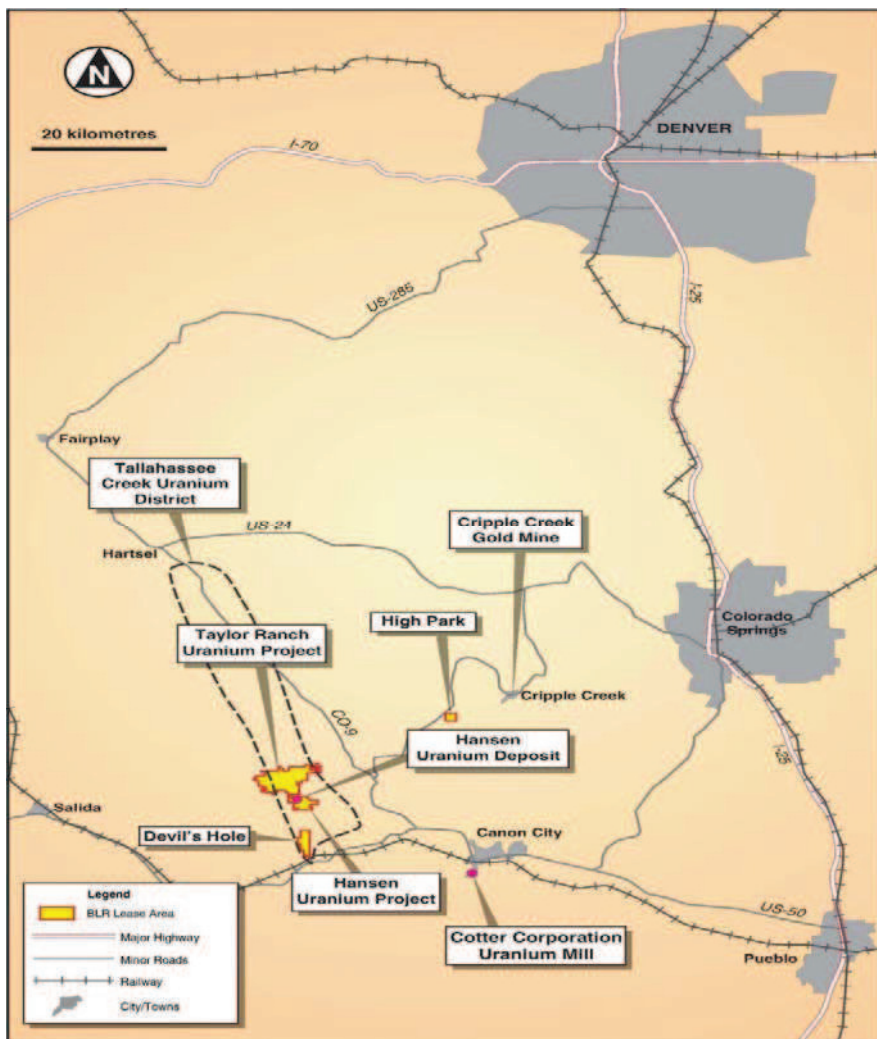


Figure 3-1 Location Map

The Hansen Deposit was discovered in 1977 and has been intensely evaluated by others. It was considered to be economic in the early 1980s. However, JKE considers the Project to be a pre-development project at this point in time as it is being re-evaluated to determine how to best mine and process the uranium given new techniques, technologies, and environmental management capabilities.

The terrain can be characterized as high mountain valleys and ridges wherein the uranium typically lies within the sediments beneath the valley floors. The elevation is about 8,300 feet and snow is a common occurrence during the

winter months. Average low temperatures range from -2°F to 46°F with high temperatures averaging 31°F to 75°F. The extreme temperatures range from a low of -50°F to 88°F. Rainfall ranges from 0.31 inches in January to 2.5 inches in August, with an overall average rainfall of 12.60 inches per annum. This is a reasonable climate within which to conduct mining operations although cautionary measures will have to be taken during the winter months and especially during extreme cold weather conditions. Mining operations can normally be conducted year round. Working during the winter is typically not a problem in this portion of Colorado. The Cripple Creek and Victor Gold Mining Company, a subsidiary of AngloGold Ashanti, Ltd., for example, operates the Cripple Creek and Victor gold mine 25 miles to the northeast of the Hansen-Taylor Project at an elevation of 9,300 feet throughout the year.

The Hansen-Taylor Project is located about 45 miles southwest of Colorado's second largest city, Colorado Springs and about 120 miles south-southwest of Denver, a major international mining hub. Hence, there is plenty of mining related talent in the region and within the locale. Moreover, the state regulatory agencies have in-depth experience with the permitting and regulation of mining operations, especially uranium, given Colorado's extensive historical experience producing uranium.

### **3.2 Project History**

Uranium occurrences in the area had been identified and worked in limited fashion since the 1950s. The Project area was explored more intensively as early as 1976 by Rampart Exploration Company, who was acting as Cyprus Minerals Corporation's ("Cyprus") exploration division. This work resulted in the definition of a uranium resource and the assemblage of a land position around known uranium showings in the Oligocene Tallahassee Creek Conglomerate. Deeper drilling led to the discovery of the Hansen deposit in the Echo Park Formation at depths less than 850 feet. In April of 1978, Westinghouse Electric's uranium mining entity Wyoming Minerals Corporation agreed to pay Cyprus US\$68.1 million for a 49% interest in a joint venture to develop the Hansen deposit. They planned to begin production by 1983 from a mine-mill complex to develop uranium from the 13,600 acres controlled by Cyprus at the time. Estimated reserves totaled about 30 million lbs. of uranium. A 3,000 tpd processing facility was planned.

Accordingly, much work was undertaken on the Project to develop it to production status. By late 1979, the Project was in the intermediate design stage for mine development, mill construction, and tailing pond construction, when Cyprus was acquired by Standard Oil Company of Indiana. By 1980, however, the price of uranium, which had been US\$43/lb. in mid-1979 dropped to US\$30/lb. and was still falling due to excessive over-supply in the market. Standard Oil decided to delay development of the Project, which had a US\$225M projected capital cost, until more favorable market conditions existed. Improved uranium prices failed to materialize and New Mexico and Arizona Land Company purchased the Hansen orebody in the fall of 1996. In December of 2006, BLR obtained control of the Taylor Ranch property, just north of the Hansen deposit and thereafter continued to gain control of the Boyer Ranch Property and the Hansen, Picnic Tree, and High Park deposits.

### **3.3 Control of Assets**

The assets under BLR's control are primarily the rights to mine and extract uranium. They also have leased offices in Golden and Cañon City, Colorado, and minor equipment at the Project. Within the Hansen-Taylor Project area, BLR has mining agreements, owns fee minerals, options to purchase fee mineral rights, federal unpatented mining claims, mineral leases with the State of Colorado, and surface access agreements. BLR's surface and mineral property rights for the Hansen-Taylor Project are illustrated below in Figures 3.2 and 3.3.

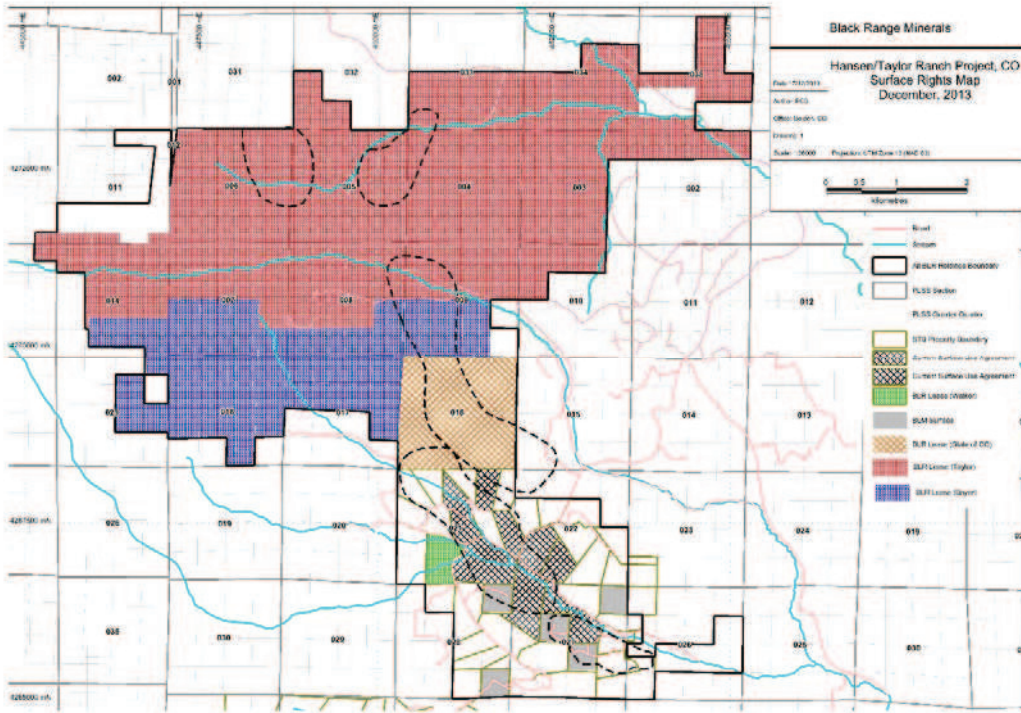


Figure 3.2 Hansen-Taylor Project surface ownership map.

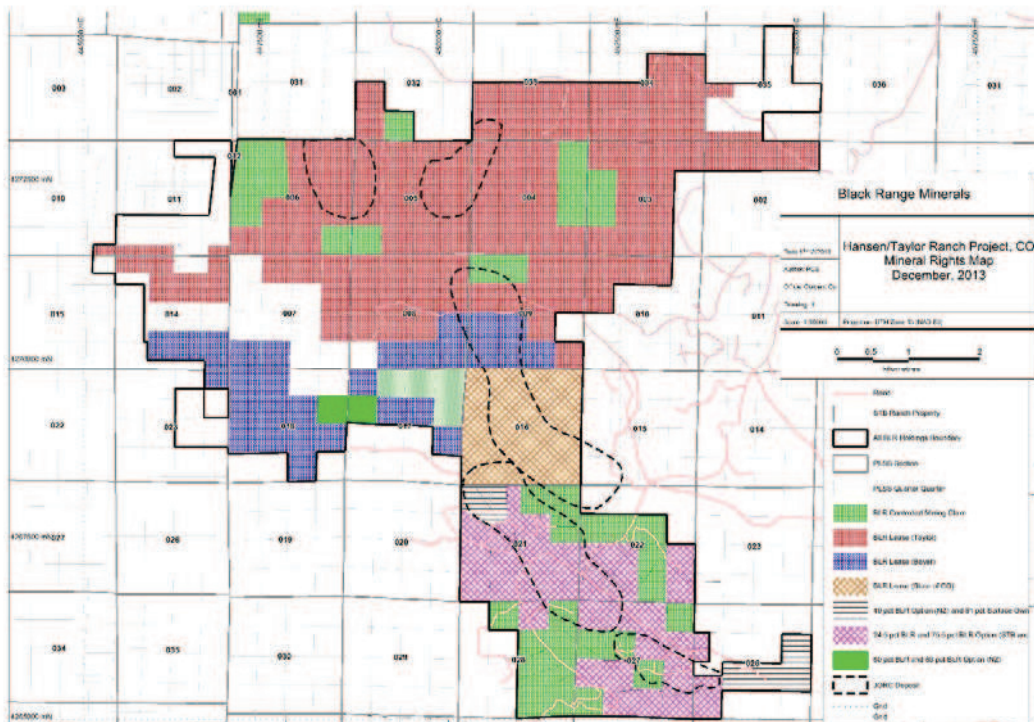


Figure 3.3 Hansen-Taylor Project mineral property ownership map.

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### 3.3.1 Surface and Mineral Rights

The mineral rights within BLR's holdings are owned by a combination of the US Federal Government (Bureau of Land Management, or "BLM"), the Taylor Family, the Boyer Family, the State of Colorado, NZ Minerals, LLC, and STB Minerals, LLC. BLR has separate agreements with all of these entities that provide BLR control of the mineral rights. A summary of these agreements is provided below. The convention employed for the property descriptions makes reference to the township-range-section classification system, wherein reference to the "¼" designations has been dropped by JKE for clarity purposes, but reference is still made to the ¼ division of sections and the ¼ subdivisions of these ¼ sections; for example, the NE1/4 of the SW1/4 is designated herein as the NESW.

#### 3.3.1.1 Fee Mineral Interests

With respect to the Hansen deposit, on June 29, 2009, BLR purchased from NZ Minerals, LLC, an undivided 24.5% interest in all uranium, metal bearing minerals, rare earth minerals, sand, gravel, clay, aggregate and other industrial minerals, but specifically excluding hydrocarbons, coal and gases situated in, upon or under the following described land in Fremont County, Colorado, as evidenced by Quitclaim Deed dated August 10, 2011, filed for recording on August 18, 2011 and recorded under Reception No. 888396 of the real property records of Fremont County (the "NZ Parcel"):

Township 17 South, Range 73 West of the 6TH P.M.

Section 21: S½, NW, SWNE;  
Section 22: SW, E½SE;  
Section 26: SENE, N½SE, NESW, SWSW, S½NWSW, W½SWNW;  
Section 27: N½SW, SESW, S½SE, NESE, N½NW, S½NE, NWNE; and  
Section 28: NWNE.

This agreement also includes an undivided 50% interest, under the same conditions stated above, for the following area:

Township 17 South, Range 73 West of the 6TH P.M.

Section 17: SWNW; and  
Section 18: SENE.

JKE is of the opinion that this ownership is in full effect.

#### 3.3.1.2 Option to Purchase Mineral Agreements

BLR has two "options to purchase" agreements covering fee mineral lands that affect the Hansen deposit. These agreements are with NZ Minerals, LLC and STB Minerals, LLC:

##### 3.3.1.2.1 NZ Minerals, LLC – Option to Purchase Agreement

BLR has the option to purchase NZ Minerals, LLC additional undivided 24.5% mineral interest that includes the Hansen deposit pursuant to the Amended and Restated Option Agreement dated July 17, 2009, but effective as of June 29, 2009, between NZ Minerals, LLC, an Arizona limited liability company and BLR's wholly-owned subsidiary Black Range Minerals Colorado, LLC, a Colorado limited liability company, a memorandum of which was recorded in the real property records of Fremont County, Colorado under Reception Number 866591 on August 19, 2009, as amended by Supplement to Amended and Restated Option Agreement dated July 7, 2011 and as further amended by Second Supplement to Amended and Restated Option Agreement dated as of October 3, 2011 between the parties covering the "NZ Parcel", as described above.

At any time before the earlier of twenty years from the date of the Option Agreement or the commencement of commercial scale operations, BLR can fully exercise the Option by paying NZ Minerals, LLC US\$2M and issuing to NZ Minerals US\$2M worth of ordinary shares in BLR, and by granting NZ Minerals, LLC a royalty in the amount of 80% of 3% of 49% (or 1.176%) on actual proceeds of sales of uranium and metal by-products less costs of weighing, sampling, assaying, analysis, sales brokerage costs, transportation and certain taxes (excluding state and federal income taxes).

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This royalty was originally to be 3% of 49% but has subsequently been adjusted (see discussion under the section on royalties and encumbrances (Section 3.3.2.1.1)).

JKE is of the opinion that this agreement is in full effect and that the next payments due will be upon commencing commercial scale operations.

**3.3.1.2.2 STB Minerals, LLC Minerals – Option to Purchase Agreement**

BLR has an option to purchase STB Minerals, LLC’s undivided 51% mineral interest, that includes the Hansen deposit, pursuant to the Option and Exploration Agreement dated effective February 18, 2011, between STB Minerals, LLC, a Colorado limited liability company, and Black Range Minerals Colorado, LLC, a Colorado limited liability company, (the “STB Agreement”) a memorandum of which was recorded in the real property records of the Fremont County, Colorado under Reception Number 883455 on March 7, 2011. The STB Agreement covers all minerals, including uranium and associated mineral bearing ore, situated in, upon, under or otherwise associated with the following described land in Fremont County, Colorado (the “STB Parcel”):

Township 17 South, Range 73 West of the 6TH P.M.

- Section 21: S½, NW, SWNE, excluding and excepting Lots 77 and 78 of South T-Bar Ranch Filing No. 4 according to recorded plat thereof;
- Section 22: SW, E½SE;
- Section 26: SWSW, S½NWSW, W½SWNW;
- Section 27: N½SW, SESW, S½SE, NESE, N½NW, S½NE, NWNE; and
- Section 28: NWNE.

STB Minerals, LLC (“STB”) was created by the South T-Bar Ranch Property Owners Association to pool and hold the 51% mineral interests held by individual parcel owners in the association (with the exception of two parcel owners (lots 77 & 78) who hold their 51% rights outside of STB). See the property owner lot map in Figure 3-4.

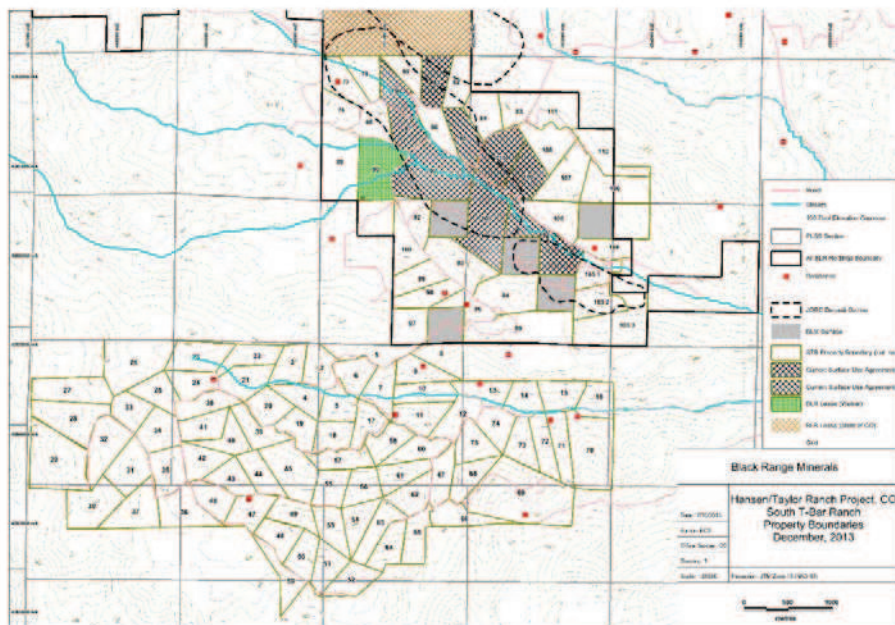


Figure 3-4 STB Ownership Lot Map

In addition to an initial deposit of US\$500,000, the Option Price under the STB Agreement requires that BLR pay STB the sum of US\$1,000,000, and issue to STB ordinary shares of BLR to the value of US\$1,250,000. BLR made these payments on July 28, 2011. To complete payment of the Option Price, BLR was to issue to STB additional ordinary shares of BLR to the value of US\$1,250,000. These shares were issued on January 31, 2012, thus completing the payment of the Option Price.

BLR now has the right to fully exercise its option until July 28, 2017 by paying STB the sum of US\$2,500,000 in cash (minus the US\$500,000 deposit already paid), and issuing STB ordinary shares of BLR equal in value to US\$3,750,000, and, 180 days following the cash payment, issuing STB additional ordinary shares of BLR equal in value to US\$3,750,000. In addition, BLR shall be required to grant STB a royalty in the amount of 51% of 1.5% on actual proceeds of sales of uranium and metal by-products less costs of weighing, sampling, assaying, analysis, sales brokerage costs, transportation and certain taxes (excluding state and federal income taxes). The total royalty originally due to STB has been adjusted; see discussion under the section on royalties and encumbrances in Section 3.3.2.1.2

If BLR has not exercised its Option on or before July 28, 2014, it has the right to extend the Option Period for an additional three years to July 28, 2017 by paying STB the sum of US\$1,000,000 and issuing to STB ordinary shares of BLR equal in value to US\$500,000, and, 180 days following the cash payment, issuing STB additional ordinary shares of BLR equal in value to US\$500,000.

It is noted that there were orders and decrees, dated April 28, 2011 and July 5, 2011, regarding a case of STB Minerals, LLC vs. Lipid Sciences, Inc., et al., (forebearer of NZ Minerals, LLC) which settled a dispute regarding ownership of the minerals wherein the resolution can be seen in the most recent royalty agreements among the parties involved. This work resulted in the opinion that STB Minerals, LLC had a 51% interest, NZ Minerals, LLC had a 24.5% interest, and that BLR had a 24.5% interest in the minerals. Two additional tracts were identified which relate to Lots 77 and 78 (see Figure 3-4) of the South T-Bar Filing 4. The work also defined the royalty interests.

These ownership rights are confirmed in a Mineral Title Opinion prepared by Dufford and Brown Attorneys at Law. That document includes many legal recommendations which are beyond the scope of the work herein, as our work does not include a chain of title analysis and only purports to determine if agreements are in place that confirm BLR's control of the mineral rights.

JKE is of the opinion that the STB agreement is in full effect.

**3.3.1.3 Federal Unpatented Mining Claims**

BLR holds a 100% interest in the following 108 Federal unpatented lode mining claims in the Hansen-Taylor Project area located in Fremont County, Colorado. Claims are maintained by making annual renewal payments (currently US\$140 per claim) to the U.S. Government, Bureau of Land Management ("BLM") on or before August 31 of each year. These claims correspond to the BLM claim areas shown on the mineral and surface property maps.

**Hansen Deposit Claims**

<u>Claim Name</u>	<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>BLM Serial Number</u>
HP 1	17 South	73 West	21	CMC # 271577
HP 2	17 South	73 West	21	CMC # 271578
HP 3	17 South	73 West	21	CMC # 271579
HP 4	17 South	73 West	21	CMC # 271580
HP 5	17 South	73 West	21	CMC # 271581
HP 6	17 South	73 West	21	CMC # 271582
HP 7	17 South	73 West	21	CMC # 271583
HP 8	17 South	73 West	21, 22	CMC # 271584
HP 9	17 South	73 West	22	CMC # 271585
HP 10	17 South	73 West	22	CMC # 271586
HP 11	17 South	73 West	22	CMC # 271587
HP 12	17 South	73 West	22	CMC # 271588
HP 13	17 South	73 West	28	CMC # 271589
HP 14	17 South	73 West	22	CMC # 271590



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HP 15	17 South	73 West	22	CMC # 271591
HP 16	17 South	73 West	22	CMC # 271592
HP 17	17 South	73 West	22	CMC # 271593
HP 18	17 South	73 West	22	CMC # 271594
HP 19	17 South	73 West	22	CMC # 271595
HP 20	17 South	73 West	22	CMC # 271596
HP 21	17 South	73 West	28	CMC # 271597
HP 22	17 South	73 West	28	CMC # 271598
HP 23	17 South	73 West	28	CMC # 271599
HP 24	17 South	73 West	28	CMC # 271600
HP 25	17 South	73 West	27, 28	CMC # 271601
HP 26	17 South	73 West	27	CMC # 271602
HP 27	17 South	73 West	27	CMC # 271603
HP 28	17 South	73 West	28	CMC # 271604
HP 29	17 South	73 West	28	CMC # 271605
HP 30	17 South	73 West	28	CMC # 271606
HP 31	17 South	73 West	28	CMC # 271607
HP 32	17 South	73 West	28	CMC # 271608
HP 33	17 South	73 West	28	CMC # 271609
HP 34	17 South	73 West	28	CMC # 271610
HP 35	17 South	73 West	28	CMC # 271611
HP 36	17 South	73 West	28	CMC # 271612
HP 37	17 South	73 West	27, 28	CMC # 271613
HP 38	17 South	73 West	27	CMC # 271614
HP 39	17 South	73 West	27	CMC # 271615
HP 40	17 South	73 West	28	CMC # 271616
HP 41	17 South	73 West	28	CMC # 271617
SAM 1	17 South	73 West	21, 28	CMC # 265221
SAM 2	17 South	73 West	21, 28	CMC # 265222
SAM 3	17 South	73 West	21, 22, 27, 28	CMC # 265223
SAM 4	17 South	73 West	22, 27	CMC # 265224
SAM 5	17 South	73 West	22, 27	CMC # 265225
SAM 6	17 South	73 West	22, 23, 26, 27	CMC # 265226
SAM 7	17 South	73 West	27	CMC # 265227
SAM 8	17 South	73 West	27	CMC # 265228
SAM 9	17 South	73 West	27	CMC # 265229
SAM 10	17 South	73 West	27	CMC # 265230
SAM 11	17 South	73 West	27	CMC # 265231
SAM 12	17 South	73 West	27	CMC # 265232

**Taylor/Boyer Ranch Claims**

<u>Claim Name</u>	<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>BLM Serial Number</u>
OLIVIA 1	17 South	73 West	6	CMC # 269217
OLIVIA 1	50 North	12 East	12	CMC # 269217
OLIVIA 2	17 South	73 West	6	CMC # 269218
OLIVIA 3	17 South	73 West	6	CMC # 269219
OLIVIA 3	50 North	12 East	12	CMC # 269219
OLIVIA 4	17 South	73 West	6	CMC # 269220
OLIVIA 5	17 South	73 West	6	CMC # 269221
OLIVIA 5	50 North	12 East	12	CMC # 269221
OLIVIA 6	17 South	73 West	6	CMC # 269222
OLIVIA 7	17 South	73 West	6	CMC # 269223
OLIVIA 7	50 North	12 East	12	CMC # 269223
OLIVIA 8	17 South	73 West	6	CMC # 269224
OLIVIA 9	17 South	73 West	6	CMC # 269225

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OLIVIA 10	17 South	73 West	6	CMC # 269226
OLIVIA 11	17 South	73 West	6	CMC # 269227
OLIVIA 12	17 South	73 West	6	CMC # 269228
OLIVIA 13	17 South	73 West	6	CMC # 269229
OLIVIA 14	17 South	73 West	6	CMC # 269230
OLIVIA 15	17 South	73 West	5, 6	CMC # 269231
OLIVIA 16	17 South	73 West	5	CMC # 269232
OLIVIA 17	17 South	73 West	5	CMC # 269233
OLIVIA 18	16 South	73 West	32	CMC # 269234
OLIVIA 19	16 South	73 West	32	CMC # 269235
OLIVIA 20	17 South	73 West	17	CMC # 269236
OLIVIA 23	17 South	73 West	17	CMC # 269237
OLIVIA 24	17 South	73 West	17	CMC # 269238
OLIVIA 25	17 South	73 West	17	CMC # 269239
OLIVIA 26	17 South	73 West	17	CMC # 269240
OLIVIA 27	17 South	73 West	17	CMC # 269241
OLIVIA 28	17 South	73 West	17	CMC # 269242
OLIVIA 29	17 South	73 West	17	CMC # 269243
OLIVIA 30	17 South	73 West	17	CMC # 269244
OLIVIA 31	17 South	73 West	17	CMC # 269245
OLIVIA 32	17 South	73 West	17	CMC # 269246
OLIVIA 33	17 South	73 West	17	CMC # 269247
OLIVIA 34	17 South	73 West	17	CMC # 269248
OLIVIA 35	17 South	73 West	17	CMC # 269249
OLIVIA 36	17 South	73 West	17	CMC # 269250
OLIVIA 37	17 South	73 West	17	CMC # 269251
OLIVIA 38	17 South	73 West	17	CMC # 269252
OLIVIA 39	17 South	73 West	17	CMC # 269253
TR 1	17 South	73 West	4	CMC # 270579
TR 2	17 South	73 West	4	CMC # 270580
TR 3	17 South	73 West	3,4	CMC # 270581
TR 4	17 South	73 West	3	CMC # 270582
TR 5	17 South	73 West	3,4	CMC # 270583
TR 6	17 South	73 West	3	CMC # 270584
TR 7	17 South	73 West	3,4	CMC # 270585
TR 8	17 South	73 West	3	CMC # 270586
TR 9	17 South	73 West	3,4	CMC # 270587
TR 10	17 South	73 West	3	CMC # 270588
TR 11	17 South	73 West	3,4	CMC # 270589
TR 12	17 South	73 West	3	CMC # 270590
TR 13	17 South	73 West	9	CMC # 270591
TR 14	17 South	73 West	9	CMC # 270592
TR 15	17 South	73 West	9	CMC # 270593
TR 16	17 South	73 West	9	CMC # 270594
TR 17	17 South	73 West	9	CMC # 270595

**North Waugh Mountain Claims**

<u>Claim Name</u>	<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>BLM Serial Number</u>
PIA 1	16 South	73 West	30	CMC # 270596
PIA 2	16 South	73 West	30	CMC # 270597
PIA 3	16 South	73 West	30	CMC # 270598
PIA 4	16 South	73 West	30	CMC # 270599

JKE is of the opinion that these claims are valid, based on the fact that BLR has paid the annual maintenance fees for all of these claims continuously for at least the past 3 years.

In addition to these claims, BLR has 89 claims in the Devils Hole region, which begins at the top of T18S R73W, just south of the Picnic Tree deposit. The Devils Hole claims are also valid, based upon BLR having paid the assessment fee for the past 3 years. However, little is known about the mineral potential within these claims and therefore they have not been included as a portion of the Hansen-Taylor Project for valuation purposes.

#### **3.3.1.4 State of Colorado Uranium Leases**

##### **North Hansen**

BLR has leased 100% of the uranium mineral rights in State of Colorado Section 16, Township 17 South, Range 73 West of the 6th P.M. The entire interest created by Uranium Mining Lease No. UR 3324, dated effective July 23, 2007, for a term of ten years, is from the State of Colorado acting through its State Board of Land. Initial cost of the lease was US\$33,940 including a filing fee of US\$20, first year's rent of US\$1,920 and a bonus of US\$32,000. Annual rent, payable in advance, is US\$3.00 per acre for a total of US\$1,920 for the 640 acres in the section. The lease grants the Lessee rights to mine and to use the surface in support of its efforts. Annual advance minimum royalties, recoupable against future production, are nil until 2013; thereafter, they will be US\$20.00 per acre, for an annual total of US\$12,800. A minimum annual development expenditure of US\$20,000 per year is required after 2008. The State may change the advance minimum royalty at the end of each five-year period of the lease. Reduction in leased acreage may reduce the advance minimum royalty. A gross production royalty, based on the price of uranium as described in Section 3.3.2.1.3, is payable. The location of this property can be seen on the mineral property map, shown in Figure 3-3.

##### **High Park**

BLR has leased 100% of the uranium mineral rights in State of Colorado Section 36, Township 15 South, Range 71 West of the 6th P.M. The entire interest created by Uranium Mining Lease No. UR 3322, dated effective July 23, 2007, for a term of ten years, is from the State of Colorado acting through its State Board of Land. Initial cost of the lease was US\$213,160 including a filing fee of US\$20, first year's rent of US\$1,920 and a payment of US\$211,160. Annual rent, payable in advance, is US\$3.00 per acre for a total of US\$1,920 for the 640 acres in the section. The lease grants the Lessee rights to mine and to use the surface in support of its efforts. Annual advance minimum royalties, recoupable against future production, are nil until 2013; thereafter, they will be US\$20.00 per acre, for an annual total of US\$12,800. A minimum annual development expenditure of US\$20,000 per year is required after 2008. The State may change the advance minimum royalty at the end of each five-year period of the lease. Reduction in leased acreage may reduce the advance minimum royalty. A gross production royalty, based on the price of uranium as described in Section 3.3.2.1.3, is payable. The location of this property can be seen on the High Park location map shown in Figure 3-1.

JKE is of the opinion that these state leases appear to be in effect, based on the recent payments BLR has made to the State of Colorado.

#### **3.3.1.5 Taylor Mining Agreement**

BLR holds the entire interest in a certain Mining Agreement dated November 11, 2006, a memorandum of which was filed for recording in the real property records of Fremont County, Colorado on January 8, 2007 under Reception No. 831442 between Noah H. (Buddy) Taylor, Jr., Diane R. Taylor and Dorothy J. Taylor and Black Range Minerals Colorado, LLC covering the following described land in Fremont County:

##### **SURFACE AND MINERALS**

###### *Township 16 South, Range 73 West 6th P.M.*

Section 32: W2SW;  
Section 33: S2;  
Section 34: S2NE, S2; and  
Section 35: N2NWSW, S2S2SW.

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Township 17 South, Range 73 West 6th P.M.

Section 2: Lots 1(40.34), 2(40.47), 3(40.60), 4(40.73);  
Section 3: Lots 1(40.60), 2(40.20), 3(39.80), 4(39.40), SWNE, SENW, NESW, S2SW, W2SE;  
Section 4: Lots 2(39.62), 3(39.91), 4(40.20), SWNE, S2NW, SW, W2SE, SESE;  
Section 5: Lots 1(40.17), 2(39.84), 3(39.49), 4(39.60), S2N2, N2S2, SESW, S2SE;  
Section 6: Lots 1(39.12), 2(39.37), 7(43.15), S2NE, E2SW, N2SE, SWSE;  
Section 7: N2NE, SENE, NENW, NESE;  
Section 8: N2, N2SW, NWSE;  
Section 9: N2NE, S2N2; and  
Section 10: NWNE, N2NW, SWNW.

Township 50 North, Range 12 East, N.M.P.M.

Section 14: Government Tract 40(40-A=30.18, 40-B=39.62, 40C=39.62, 40D=39.62, 40E=40.18, 40-F=40.18, 40-G=31.34).

**SURFACE ONLY**

Township 16 South, Range 73 West 6th P.M.

Section 32: SESW; and  
Section 35: W2NE, N2NESW, N2SE.

Township 17 South, Range 73 West 6th P.M.

Section 3: SWNW, NWSW;  
Section 4: E2NW, NESE;  
Section 5: SWSW;  
Section 6: Lots 3(39.62), 4(44.79), 5(44.80), 6(43.72), SESE, SENW;  
Section 9: N2NW; and  
Section 7: Lots 1(42.76), 2(42.56), SWNE, SENW.

Township 50 North, Range 12 East, N.M.P.M.

Section 11: Lots 1(32.71), 2(22.36), 5(26.06), 6(32.69), 7(16.89), 8(16.91), 9(16.93), 10(24.54), 11(24.50), 12(36.49), 13(27.13).

Township 50 North, Range 12 East, N.M.P.M.

Section 14: Lots 1(24.20), 2(18.84), 3(19.93), 4(15.72), 5(15.06), 6(23.23), 7(24.09), 8(26.50).

**MINERALS ONLY**

Township 17 South, Range 73 West 6th P.M.

Section 9: SESE, NWSE.

Covering a total of 5,505.26 acres more or less:

Surface & Minerals 4,202.91  
Surface Only 1,182.35  
Minerals Only 80.00

JKE has reviewed the agreement and the areas identified to determine that the agreement appears to be in force and covers the area identified on the Black Range surface and minerals maps. The agreement has a term of 10 years, so it is valid through November 11, 2016 and so long afterward as long as commercial operations are in effect.

### 3.3.1.6 Boyer Mining Agreement

BLR holds the entire interest in a certain Mining Agreement dated February 16, 2007, a memorandum of which was filed for recording in the real property records of Fremont County, Colorado on March 29, 2007 under Reception Nos. 834830, 834831, 834832, and 834833, between Richard Dale Boyer et al. and Black Range Minerals Colorado, LLC covering the following described land in Fremont County:

#### **SURFACE AND MINERALS**

##### Township 17 South, Range 73 West, 6th P.M.

Section 7: Lot 4(42.16), SESW;  
Section 8: SESW, SWSE, E2SE;  
Section 9: SW, SWSE;  
Section 17: N2N2; and  
Section 18: Lots 1(42.27), 2(42.65), 3(43.03), SWNE, E2NW, NESW, N2SE, SWSE.

##### Township 50 North, Range 12 East, 6th N.M.P.M.

Section 14 & 23: Resurvey Tract 41 (146.61).

Containing 1,156.72 Acres, more or less

#### **SURFACE ONLY**

##### Township 17 South, Range 73 West, 6th P.M.

Section 7; Lot 3(42.36), NESW, W2SE, SESE;  
Section 8: SWSW;  
Section 9: NWSE;  
Section 17: S2N2, NESE; and  
Section 18: N2NE, SENE.

##### Township 50 North, Range 12 East, 6th N.M.P.M.

Section 21: Government Resurvey Tracts 86A (40.92), 86B(35.18), 86C(40.92).

Containing 719.38 Acres, more or less.

JKE has reviewed the Boyer agreement and is of the opinion that it is in valid force and effective through February 16, 2017.

BLR has had a Mineral Title Certificate prepared by Noonan Land Services, Inc. wherein they conducted a careful search of the records of the Fremont County. The information they documented agreed with the mining agreements, the lands included in the agreement as well as surface and mineral ownership. They did indicate that the overriding royalties had not been properly documented in the memoranda of agreements between BLR and both G.H. Bryant and Freeport-McMoran in that the percentages were not recorded. It is recommended that these documents be corrected.

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### 3.3.1.7 Surface Use Agreements

BLR has the following surface access agreements covering the specified Lots in Filing 4 of the South T-Bar Ranch Subdivision:

<u>Grantor</u>	<u>Lot</u>	<u>Agreement Date</u>	<u>Expiration Date</u>
Stephen J. Perez	91	4/13/11	12/31/17
Elizabeth Ann Beck & Rene F Suarez	81 & 101	5/16/11	12/31/17
Sunchaser Equestrian Center Academy, Inc. (McGill)	85	4/26/11	12/31/17
Diane M. Mudd	87	4/19/11	12/31/17
Danny G. Snow	101	4/25/11	12/31/17
	103-1 * 10		
Robert E. & LeAnn S. Sapp	2	6/15/11	12/31/11*
Bobby G. Wilson	109	7/7/11	12/31/17
Frank E. and Virginia A. Groome	110	3/27/10	12/31/17

\*The Sapp agreement allows pickup access and on-foot access to conduct non-drilling studies beyond 12/31/11; it requires notice and payment of access fee.

These surface use agreements only allow access for exploration purposes and by themselves do not allow access for mining. Through the STB Agreement, BLR previously acquired options, which have since expired, to purchase the surface rights from many of the land owners who own land over the Hansen mineral resource. JKE is of the opinion that these surface rights should be able to be procured when required, because the owners have expended a lot of effort and dealt with BLR in the past regarding sale of the mineral rights which included providing a commitment to allow mining at the Hansen deposit. Acquiring the surface rights is in our opinion, primarily an economic matter and dependent on future negotiation. BLR has indicated that should the acquisition of the surface rights be required in order to undertake mining, it will, at the appropriate time, seek to negotiate the acquisition of the rights at market value. JKE agrees this strategy appears to be sensible. Overall, the lack of surface ownership represents a risk in developing the Project, but doesn't appear to be insurmountable.

### 3.3.2 Royalty and Encumbrances

The royalty summary for the Hansen-Taylor Project is complex as there are many royalties that apply to different portions of the uranium resources and the terms of these royalties vary. JKE has not identified any reference to any other encumbrances other than Federal and State land holding fees described in the previous sections and state property taxes.

#### 3.3.2.1 Royalties and Encumbrances on Fee Mineral Lands

##### 3.3.2.1.1 NZ Minerals Royalties and Encumbrances

Under the NZ Minerals, LLC Amended and Restated Option Agreement dated July 17, 2009, but effective as of June 29, 2009, provided BLR exercises its option to acquire NZ Minerals, LLC's remaining 24.5% mineral interest, NZ Minerals, LLC was to receive a royalty in the amount of 3% of 49% (or 1.47%) on actual proceeds of sales of uranium and metal by-products less costs of weighing, sampling, assaying, analysis, sales brokerage costs, transportation and certain taxes (excluding state and federal income taxes). The royalty portion of the Option Agreement was modified under the Supplement to the Amended and Restated Option Agreement, dated July 7, 2011, and further modified by Second Supplement to Amended and Restated Option Agreement made as of October 3, 2011 between the parties and whereby, NZ Minerals, LLC's entitlement to a royalty interest as specified above, was reduced to 80%. The 20% difference was conveyed by agreement of the parties to STB Minerals, LLC by Perpetual Nonparticipating Royalty Deed dated September 1, 2011, filed for recording on September 26, 2011 under Reception No. 889615 in the real property records of Fremont

County, Colorado. Once BLR completes payments to NZ Minerals, LLC under the Amended and Restated Option Agreement, NZ Minerals, LLC will be entitled to a royalty amounting to 80% of the 3% royalty on 49% of the minerals (or 1.176%) of the actual proceeds on sales less deductions as specified above. The transfer of 20% of this royalty only applies to the areas of the STB Minerals properties listed above.

**3.3.2.1.2 STB Minerals Royalties and Encumbrances**

If BLR exercises its option to acquire STB Minerals, LLC’s 51% mineral interest, BLR shall allocate STB a royalty in the amount of 51% of 1.5% (i.e. 0.765%) on actual proceeds of sales of uranium and metal by-products produced from the STB Parcel less costs of weighing, sampling, assaying, analysis, sales brokerage costs, transportation and certain taxes (excluding state and federal income taxes). In addition, by agreement between NZ Minerals, LLC and STB, STB is entitled to an additional royalty equal to 20% of NZ Minerals, LLC’s 3% royalty on 49% of the minerals (or 0.294%) on actual proceeds of sales of uranium and metal by-products extracted from the Hansen deposit less costs of weighing, sampling, assaying, analysis, sales brokerage costs, transportation and certain taxes (excluding state and federal income taxes). Thus, STB’s total royalty on the Hansen deposit upon exercise by BLR of the STB option will be [(20% x 49% x 3%) + (51% x 1.5%)] which is equivalent to 1.059%, less costs of weighing, sampling, assaying, analysis, sales brokerage costs, transportation and certain taxes (excluding state and federal income taxes). The area that this royalty applies to is the area STB optioned to BLR as listed in the properties section above.

**3.3.2.1.3 Royalties and Encumbrances on Minerals in State Section 16 T17S R73W 6<sup>TH</sup> PM and Section 36 T15S R71W 6<sup>TH</sup> PM.**

A payment of US\$3.00 per acre must be made to maintain the State Section leases for a total of US\$1,920 per year. In addition, a royalty is payable to the State of Colorado for uranium produced, based upon a sliding scale rate as follows:

Royalty Rate	Published Price per Pound of U <sub>3</sub> O <sub>8</sub>
5%	Less than US\$30.00
6%	US\$30.00 or more, but less than US\$40.00
7%	US\$40.00 or more, but less than US\$50.00
8%	US\$50.00 or more, but less than US\$60.00
9%	US\$60.00 or more, but less than US\$70.00
10%	US\$70.00 or more, but less than US\$80.00
11%	US\$80.00 or more, but less than US\$100.00
12%	US\$100.00 or more, but less than US\$120.00
An increase of 0.5% above 12% for each US\$20.00 increase in the published price per pound of U <sub>3</sub> O <sub>8</sub> .	

Two additional over-riding royalties appear to apply to all minerals produced from State Section 16, T17S, R73W, 6<sup>th</sup> PM. One is a 4% cost-free production royalty on the fair market value of uranium contained in uranium concentrates (yellowcake) and of the mineral concentrates of any minerals other than uranium. The second is a 0.75% royalty on the gross value of all minerals produced. The State limits the aggregate amount of over-riding royalties to 2% of gross mineral value. Therefore, some adjustments will have to be made with the non-State royalty holders in the State sections.

**3.3.2.1.4 Other Royalties and Encumbrances on Mineral Lands That Affect the**

**Hansen-Taylor Project**

Six other parties hold royalties that burden portions of the Hansen-Taylor Project as follows:

The first royalty is a 4%, cost-free production royalty on the fair market value of uranium contained in uranium concentrates (yellowcake) and of the mineral concentrates of any minerals other than uranium, which is payable to G.H. Bryant. The royalty is calculated on a net returns basis, which deducts post production costs and taxes from the sales price. The area to which this royalty applies within the Hansen-Taylor Project is:

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Township 16 South, Range 73 West of the 6<sup>TH</sup> P.M.

Township 17 South, Range 73 West of the 6<sup>TH</sup> P.M.

Township 50 North, Range 12 East of the N.M.P.M.

A second royalty is a 0.75% royalty on the gross proceeds of all minerals produced and is payable to Freeport-McMoran. The area to which this royalty applies within the townships wherein BLR has property control as defined by their project boundary is:

Township 16 South, Range 73 West 6<sup>TH</sup> P.M.

Sections 6, 15, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35.

Township 17 South, Range 73 West 6<sup>TH</sup> P.M.

All Sections.

Township 50 North, Range 12 East 23<sup>rd</sup> N.M.P.M.

Sections 14, 23, 26, 27, 34, 35.

The third royalty, the "Taylor Royalty" applies to almost all of the Hansen deposit as a 3% "gross proceeds" royalty payable to Buddy and Diane Taylor. It allows deductions for transportation, sampling, quality variation, sales, severance and use taxes, and amounts due under other royalty agreements outstanding as of the date of the agreement (November 15, 1996). The area to which this royalty applies is:

Township 17 South, Range 73 West of the 6<sup>TH</sup> P.M.

Section 17:	S1/2S1/2, NWSE, N1/2SW, SWNW, SENE;
Section 18:	Lot 4, SESE, SESW;
Section 19:	Lot 1, NENW, NE, N1/2SE, SWSE;
Section 20:	N1/2, n1/2s12, SESW, S1/2SE;
Section 21:	E1/2SW, SE, NW, SWNE, W1/2SW, N1/2NE, SENE;
Section 22:	SWSW, E1/2SW, E1/2SE, NWSW, S1/2NW, SWNE, W1/2SE;
Section 23:	S1/2SW, SWSE;
Section 26:	SENE, N1/2SE, NESW, S1/2NWSW, SWSW, N1/2NW, SENW, W1/2NE, W1/2SWNW;
Section 27:	W1/2NE, SENE, NESE, S1/2SE, E12SW, NWSW, N1/2NW, SWNW, SWSW;
Section 28:	W1/2NW, SENW, NWNE, NENW, SW, S1/2NE, N1/2SE, SWSE;
Section 29:	NENE, S1/2NE, NWSE, NESE, S1/2SE, S1/2SW, N1/2NW, NWNE, S12NW, N1/2SW;
Section 30:	N1/2NE, Lots 1, 2, 3, & 4, SESW, E1/2NW, NESW, S1/2NE, SE;
Section 31:	Lots 1, 3, & 4, NENW, E1/2SW, SE, Lot 2, SENW, NE;
Section 32:	E1/2W1/2, E1/2, W1/2W1/2;
Section 33:	All; and
Section 34:	E1/2SW, S1/2N1/2, W1/2SW, SE.

A fourth royalty is the Tallahassee Royalty, which is a 1% cost-free production royalty on uranium and other minerals, with an effective date of June 22, 1976. As such, it would apply as a deduction to the Taylor royalty above. This 1% royalty affects about one half of the Hansen deposit. The area to which this royalty applies is:

Township 17 South, Range 73 West of the 6<sup>TH</sup> P.M.

Russell Block Tracts 1 & 2

Section 17:	S1/2S1/2, NWSE, N1/2SW, SWNW;
Section 18:	Lot 4, SENE, SESE, SESW;
Section 19:	Lot 1, NENW, NE, N1/2SE, SWSE;
Section 20:	N1/2, N1/2S1/2, SESW;



- Section 21: NW, SWNE, W1/2SW, N1/2NE, SENE;
- Section 22: E1/2SE, NWSW, S1/2NW, SWNE, W1/2SE;
- Section 23: S1/2SW, SWSE;
- Section 26: N1/2NW, SENW, W1/2NE;
- Section 29: N1/2NW;
- Section 30: N1/2NE, Lots 1, 2, 3, & 4, SESW;
- Section 31: Lots 1, 3, & 4, NENW, E1/2SW, SE; and
- Section 32: W1/2W1/2.

Holst Block Tracts 1 & 2

- Section 21: E1/2SW, SE;
- Section 22: SWSW, E1/2SW;
- Section 26: SENE, N1/2S1/2, SWNW, SWSW;
- Section 27: W1/2NE, SENE, NESE, S1/2SE, E1/2SW, NWSW, N1/2NW, SWNW, SWSW;
- Section 28: W1/2NW, SENW, NWNE, NENW, SW, S1/2NE, N1/2SE, SWSE;
- Section 29: W1/2NW, SENW, NWNE, NESE, S1/2SE, S1/2SW;
- Section 32: E1/2W1/2, E1/2;
- Section 33: All; and
- Section 34: E1/2SW, S1/2N1/2, W1/2SW, SE.

The fifth royalty is the "Russell Royalty" with an effective date of December 13, 1979. This is a sliding scale royalty based on the price of uranium and grade of the uranium ore mined. This royalty appears to affect about half of the Hansen deposit, and would apparently apply as a deduction to the Taylor Royalty. The Russell Royalty is calculated according to the formula  $R = Q \times V \times (N/US\$42.20)$ , where "R" is the amount payable per calendar month, expressed in US dollars; "Q" is the quantity of  $U_3O_8$  produced from the subject area that is processed by the mill in such calendar month, expressed in pounds of  $U_3O_8$ ; "V" is the agreed value for the  $U_3O_8$  contained in the processed uranium ores for the calendar month based on the average grade of such uranium ores as determined from Table 1 below, expressed in dollars per pound of contained  $U_3O_8$ ; and "N" is the Exchange Value (spot price), as determined in the royalty deed, expressed in dollars per pound of  $U_3O_8$ . The agreed value of  $U_3O_8$  contained in uranium ores produced from the premises and which are processed shall be determined by reference to the following table:

Average Monthly Grade of Ore Uranium ( $U_3O_8$ ) Content	Agreed Value per Pound of contained
0.0 - 0.139%	US\$.6069
0.14 - 0.179%	US\$.8082
0.18 - 0.189%	US\$.8176
0.19 - 0.199%	US\$.8703
0.20 and up	US\$.9231

An example of the royalty calculation assuming a "Q" of 10,000 lbs. uranium produced, a grade of 0.08%  $U_3O_8$  (which from the table indicates a value of \$0.6069 for "V"), and a spot price of \$60/lb.  $U_3O_8$  for "N", results in a "R" value according to the formula of US\$8,628. Deductions for certain costs incurred for toll milling, selling ores in raw form, in-situ leaching, etc., are allowed and there are royalty stipulations for minerals other than uranium. The area to which this royalty applies within the Hansen deposit (we have ignored the royalty in T50N, R12E NMPM due to the lack of minerals) is:

Township 17 South, Range 73 West 6<sup>TH</sup> P.M.

- Section 17: S1/2S1/2, NWSE, N1/2SW, SWNW;
- Section 18: Lot 4, SENE, SESE, SESW;
- Section 19: Lot 1, NENW, NE, N1/2SE, SWSE;
- Section 20: N1/2, N1/2S1/2, SESW;

Section 21: NW, SWNE, W1/2SW;  
Section 22: E1/2SE, NWSW;  
Section 29: N1/2NW; and  
Section 30: N1/2NE.

The sixth royalty, the 'Holst Royalty', appears to affect about one third of the Hansen deposit. It is calculated on the same basis as the Russell Royalty (described above) except it relates to a different owner and different area. The area to which this royalty applies within the Hansen deposit (ignoring lands in T18S, R73W, 6<sup>th</sup> PM) is:

Township 17 South, Range 73 West of the 6<sup>th</sup> P.M.

Section 21: E1/2SW, SE;  
Section 22: SWSW, E1/2SW;  
Section 26: SENE, N1/2S1/2, SWNW, SWSW;  
Section 27: W1/2NE, SENE, NESE, S1/2SE, E1/2SW, NWSW, N1/2NW;  
Section 28: W1/2NW, SENW, NWNE;  
Section 29: NENE, S1/2NE, NWSE; and  
Section 34: E1/2SW.

Both the Russell and the Holst royalties noted here describe the lands upon which their royalty applies. It is assumed all of these areas were upheld in the court's ruling in 2011 due to the reduction of NZ Minerals, LLC's royalty and subsequent agreement by all parties.

**3.3.2.1.5 Total Royalty on Hansen Deposit**

The total royalty burden for the Hansen deposit varies from area to area, and varies with the prevailing uranium price, hence is quite complex.

**3.3.2.2 Royalty on the Uranium Properties North of the Hansen Deposit**

The uranium deposits north of the Hansen deposit (Boyer, Noah, NW Taylor, and Other Taylor) lie primarily upon the Taylor Mining Lease areas, the State of Colorado, and the Boyer Mining Lease area. The State of Colorado royalties are discussed above while the Taylor and Boyer royalties are discussed below.

**3.3.2.2.1 Taylor Mining Lease Royalty**

The Taylor Mining Lease Royalty was assigned by Black Range to the Taylor family on November 11, 2006. It is a 5% production royalty where the Taylor's own surface and mineral rights and 2.5% where the Taylor's own only the surface rights. This royalty is calculated on a net returns basis with defined allowable deductions that primarily relate to post-production costs inclusive of royalties and taxes. The properties to which this apply are those listed in the property section above.

**3.3.2.2.2 Boyer Mining Lease Royalty**

The Boyer Mining Lease Royalty was assigned by Black Range to the Boyer family on February 16, 2007. It is a 3% production royalty where they own the surface and mineral rights and 1.5% where they only own the surface rights. The royalty is calculated on a net returns basis, with defined allowable deductions that primarily relate to post-production costs inclusive of royalties and taxes. The properties to which this apply are those listed in the property section above.

**3.4 Geology and Resource Characterization**

The Tallahassee Creek uranium district lies within the South Park Basin of central Colorado. The basin is bounded on the west by the Sawatch Range, to the east by the Front Range, and to the south by the Wet Mountains. During the Laramie orogeny, Paleozoic and Mesozoic sedimentary rocks were eroded away over a considerable area of central Colorado including the Tallahassee Creek area. This erosion exposed Precambrian basement rocks of granite, gneiss and schist.

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The Precambrian was also extensively faulted during or shortly after this period. Subsequently, major stream drainages appear to have formed along these fault lines. Funglomerates and fluvial sediments were deposited within these drainage systems.

Within the immediate Project area, the Precambrian is extensively faulted into north-south trending horst and graben blocks which subsequently controlled the positions of the streams. At the start of Echo Park formation period, a relatively narrow, steep-walled valley was formed wherein colluvium and alluvium was deposited upon the Precambrian surface, filling the valley to a depth of up to 700 feet. At the end of this period, volcanic activity occurred and the Wall Mountain tuff flowed into the area, filling the valleys further. This deposition is overlain by an ash-fall bentonite and the Thirty-Nine Mile Andesite. Figure 3-5 provides a generalized stratigraphic section.

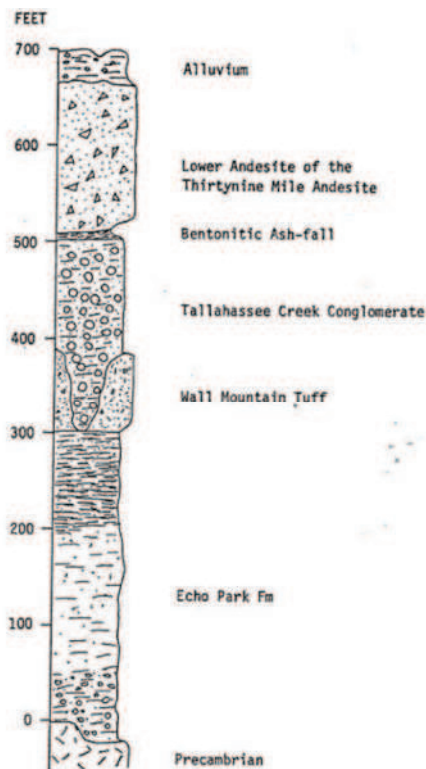


Figure 3-5 Generalized Stratigraphic Section

Uranium mineralization in the Hansen deposit is generally confined to beds of the Echo Park Formation, primarily in the lower section in arkosic sandstones and siltstones. The mineralization occurs in several sections varying in thickness from a few feet up to a few hundred feet. The continuity of the deposit is good along a northwest trend. The Hansen deposit is about 6,000 feet in length and varies from 1,000-2,000 feet in width. The mineralization is understood to have emanated from leaching of volcanic materials above the Echo Park Formation. The uranium precipitated out where carbonaceous material is found in the base of the old drainage system within the Echo Park Formation.

Several prior resource estimates have been generated based on drilling, sampling, and analytical data collected by professionals working for a multi-national mining company and its consultants. BLR has subsequently undertaken considerable work to update the technical database to modern standards. BLR engaged Tetrattech, a global consulting firm with recognized mining industry expertise, to estimate the Project's resource base in accordance with Australian Joint Ore Reserves Committee (JORC) standards. JKE has relied upon the work completed by Tetrattech to define the resources.

Tetrattech's resource estimate is based upon gamma probe data from more than 1,600 drill holes that were composited into 3-foot increments. The gamma probe data has not, however, been adjusted to address disequilibrium, which represents the difference between chemical and gamma probe measurements. Disequilibrium is particularly important in assessing the quantity of uranium in a deposit as other gamma emitters, primarily Radium 226, in the host rock can significantly mask the true uranium content.

Previous work by Cyprus in 1977 employed chemical analysis by fluorimetric methods, which are the most accurate chemical methods, on 47 samples from core hole 21-CH-1. These were compared to the gamma readings for the same samples. This quick study indicated that the average gamma grade was 0.097% while the average chemical grade was 0.106%, for about a 9% increase, suggesting a 1.09% disequilibrium factor. In September 1979, external consultant David S. Robertson and Associates reviewed the disequilibrium data that indicated widespread variance in disequilibrium. However, this analysis was based on limited data as well as diamond drilling data where core recovery was poor, which confounded the results. Based on the information presented, they concluded that at grades less than 0.05% the gamma assays would be higher than the chemical assays while at grades higher than 0.06% the gamma assays would be lower than the chemical assays. In reviewing the data presented by Robertson, it is not clear how this conclusion could have been made.

In 1980, Cyprus indicated in a resource study that disequilibrium studies had been performed and no major areas of disequilibrium had been found for the Hansen deposit, but disequilibrium studies at the Picnic Tree and High Park deposits had not yet been completed. Pincock, Allen and Holt, in an independent mining study, indicated that following their review, no disequilibrium correction was necessary for the probe (gamma) assay values for Hansen, but that for Picnic Tree, some disequilibrium correction may be appropriate. In the opinion of JKE, disequilibrium has not yet been adequately addressed. As such, it is our opinion the resource estimates at this time should be qualified and that further investigation of disequilibrium is recommended.

Tetrattech's resource models use varied block dimensions for different areas of the Project, dependent upon the density of drilling within primary resource blocks. As the Tetrattech model estimate evolved over time, two models were primarily employed for the Hansen-Taylor area plus an additional model for the High Park area. In the High Park area, the model uses data from 299 drill holes whereas the 25 x 25 foot Hansen-Taylor models employ 1,379 drill holes comprising over 550,000 feet of drilling, at an average of 419 feet per hole. In general, the spacing between drill holes is about 500 to 1000 feet for the Boyer deposit, 100 to 200 feet for the Hansen deposit, and 50 to 100 feet for the Picnic Tree deposit. The modeling characteristics of each individual resource area are summarized in the table below. The extents of the individual deposits for the Hansen-Taylor Project are shown in Figure 3-6.

Kriging Modeling Parameters of the Mineralize Resources

Ore Resource Estimation Basis			
Deposit	Block Size - ft	Sample	
		Interval Thick - ft	Density ft <sup>3</sup> /ton
Hansen	25 x 25	3	16.86
Boyer	100 x 100	3	16.86
Picnic Tree	25 x 25	3	15.46
NW Taylor	100 x 100	3	16.86
Noah	100 x 100	3	16.86
High Park	100 x 100	2	12.50
Other (Taylor)	100 x 100	3	16.86
Other (Hansen Area)	100 x 100	3	16.86

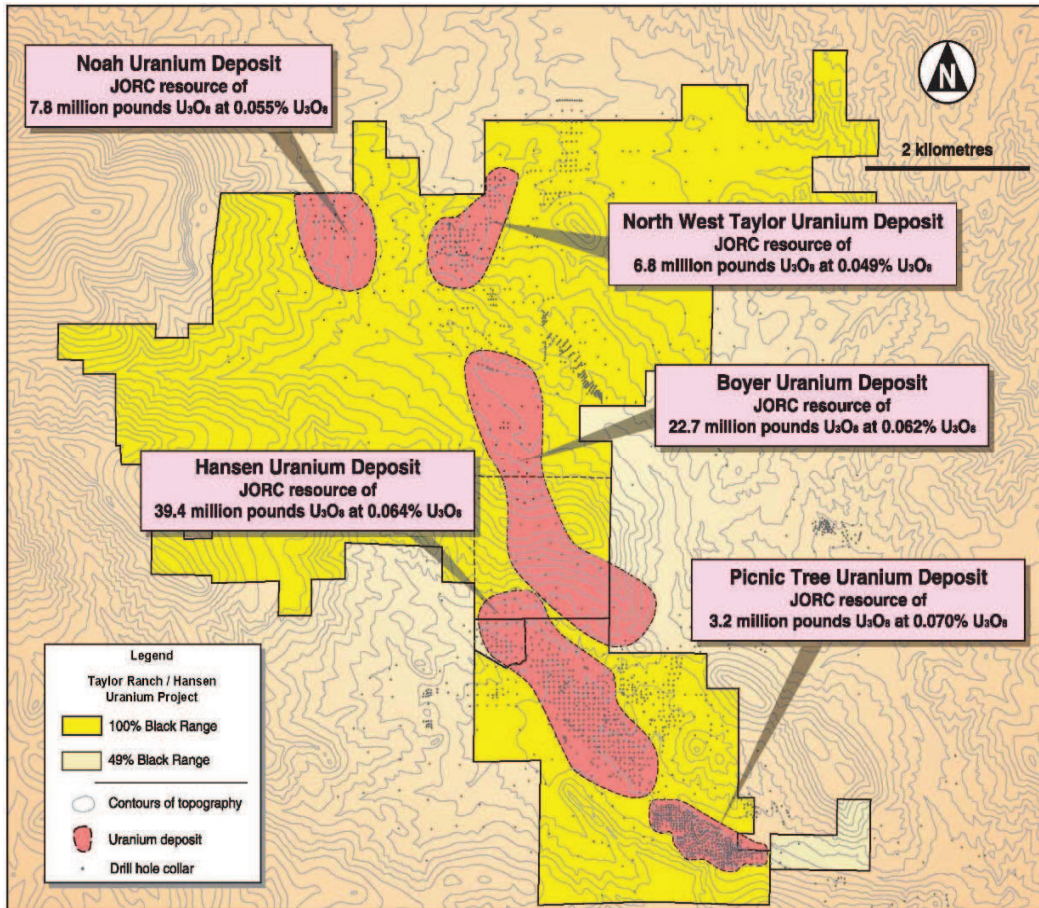


Figure 3-6 Hansen-Taylor Resource Areas

The densities used in Tetrattech’s models are more conservative than those previously used by Cyprus wherein they employed a density of 15 ft<sup>3</sup>/ton after analyses by Hazen of three core samples indicated a bulk dry density average of 14.6 ft<sup>3</sup>/ton. Earlier work by other independent consultants (Robertson and Associates) recommended using 15.5 ft<sup>3</sup>/ton as an appropriate density estimate for the Hansen deposit. The basis for the Tetrattech assumption of 16.86 ft<sup>3</sup>/ton was not provided in its reports, but appears reasonable given typical sandstone densities, but conservative based upon prior assumptions and work for the project.

Tetrattech has evaluated the geologic resource and made calculations to represent the quantity of “Measured”, “Indicated”, and “Inferred” resources that are estimated for the Project. These estimates have been generated in order to adhere to JORC standards. The estimates cover a broad range of potential cut-off grades. Within their reports, Tetrattech has added together the “Measured” and “Indicated” resources classifications and have not provided detail. So, for the primary purpose of this report, it is assumed that the “Measured” and “Indicated” resource classifications fall into the “Indicated” classification. From their work, JKE has selected several cut-off grades to show the impact that changing the cut-off grade has on the overall resource. These are shown in the table below.

Indicated Resources				Inferred Resources			Total Resources		
Cutoff Grade %	Millions of Ore Tons	Grade U3O8 (%)	Millions of Pounds U3O8	Millions of Ore Tons	Grade U3O8 (%)	Millions of Pounds U3O8	Millions of Ore Tons	Grade U3O8 (%)	Millions of Pounds U3O8
0.025	31.5	0.062	39.4	44.1	0.058	51.0	75.6	0.060	90.4
0.040	18.3	0.085	31.0	25.4	0.077	39.3	43.7	0.080	70.4
0.075	8.4	0.121	20.4	9.7	0.119	23.2	18.2	0.120	43.6
0.090	5.8	0.135	15.8	6.6	0.135	17.7	12.4	0.135	33.5
0.100	4.1	0.156	12.8	4.5	0.157	14.0	8.6	0.156	26.8
0.150	1.7	0.206	6.80	1.8	0.212	7.5	3.4	0.209	14.3

JKE has reviewed the resource estimates calculated by Tetrattech. Tetrattech's work is acceptable to JKE and has been relied upon as presenting a valid resource estimate that can be relied upon for valuation of the Project. The resource estimates, by deposit, generated by Tetrattech at a 0.10% U<sub>3</sub>O<sub>8</sub> cutoff grade is provided below.

Indicated (0.10% Cut-Off)				Inferred (0.10% Cut-Off)			Total (0.10% Cut-Off)		
Deposit	Tons	Grade U3O8 (%)	Pounds of U3O8	Tons	Grade U3O8 (%)	Pounds of U3O8	Tons	Grade U3O8 (%)	Pounds of U3O8
Hansen	2,189,000	0.154	6,741,000	2,520,000	0.153	7,725,000	4,709,000	0.154	14,466,000
Boyer	809,000	0.144	2,336,000	586,000	0.151	1,769,000	1,395,000	0.147	4,105,000
Picnic Tree	398,000	0.167	1,327,000	37,000	0.146	108,000	435,000	0.165	1,435,000
NW Taylor	296,000	0.181	1,073,000	77,000	0.152	234,000	373,000	0.175	1,307,000
Noah	160,000	0.136	434,000	620,000	0.142	1,758,000	780,000	0.141	2,192,000
High Park	172,000	0.138	476,000	82,000	0.201	329,000	254,000	0.158	805,000
Other (Taylor)	-	0.000	-	182,000	0.115	420,000	182,000	0.115	420,000
Other (Hansen Area)	73,000	0.249	363,000	381,000	0.223	1,696,000	454,000	0.227	2,059,000
<b>Total</b>	<b>4,097,000</b>	<b>0.156</b>	<b>12,750,000</b>	<b>4,485,000</b>	<b>0.157</b>	<b>14,039,000</b>	<b>8,582,000</b>	<b>0.156</b>	<b>26,789,000</b>

JKE estimated the portion of these resources that can be attributed to BLR, based upon the proportion of payments made to the surface and mineral right owners divided by the total payments required. This calculation is shown below.

BLR Southern Area Resource Ownership Percentage Estimate			
NZ Lease			
	Paid to date		\$3,000,000
	Required Future Payments		\$4,000,000
	Total Payments		\$7,000,000
	Percentage Owned		<b>42.9%</b>
STB Lease			
	Paid to date		\$4,125,000
	Required Future Payments		\$12,000,000
	Total Payments		\$16,125,000
	Percentage Owned		<b>25.6%</b>
Federal Lease Ownership (Based on 1/4 section count)			
	Area Covered by Federal Claims		2
	Total Area of the Deposit		11
			<b>18.2%</b>

These ownership percentages can be used to calculate BLR's overall ownership of the resources. The calculations are shown below.

	Primary	Ownership	BLR Ownership	Portion of the	Resulting
Control	Instrument	Due to	of Reserve	Resource Area	BLR
Instrument	Ownership	Payments	Portion	to Apply Ownership (*)	Ownership
<b>Hansen and Southern Properties</b>					
Direct Ownership	24.50%	100.0%	24.5%	81.8%	20.0%
NZ Lease	24.50%	42.9%	10.5%	81.8%	8.6%
STB Lease	51.00%	25.6%	13.0%	81.8%	10.7%
Federal Claims	100.00%	100.0%	100.00%	<u>18.2%</u>	<u>18.2%</u>
<b>Total</b>					<b>57.5%</b>
<b>Boyer and North Hansen Area (Portion to Which the Ownership Applies is Approximate)</b>					
Boyer Lease	100.00%	100.0%	100.00%	20.0%	20.0%
Taylor Lease	100.00%	100.0%	100.00%	20.0%	20.0%
Federal Claims	100.00%	100.0%	100.00%	20.0%	20.0%
State of Colorado	100.00%	100.0%	100.00%	40.0%	40.0%
<b>Total</b>					<b>100.0%</b>

(\*) Note: A resource estimate by ownership is not available so attribution to resource is approximate.

For BLR's ownership for the properties north of the Hansen deposit, the amounts due to both Boyer and Taylor are minimal in contrast to other payment requirements and are therefore ignored. It is assumed that BLR has 100% control. These percentages were then employed by JKE to calculate the overall resource deemed to be under BLR's control.

In reviewing cut-off grades typically used in regional underground uranium mines in the US, JKE sees a range from 0.07% U<sub>3</sub>O<sub>8</sub> to 0.13% U<sub>3</sub>O<sub>8</sub>. JKE has assumed that the resource that will be applicable to underground mining operations, as conceived by BLR, will be constrained by a cut-off grade of about 0.10% U<sub>3</sub>O<sub>8</sub>. The calculation showing the resource of economic interest to BLR is shown below.

<b>BLR Control of Total Resource (0.10% Cut-Off)</b>			
Deposit	Pounds of U3O8	OWNERSHIP PORTION BY BLR	Lbs. U3O8 Owned By BLR
Hansen	14,466,000	57.5%	8,316,880
Boyer	4,105,000	100.0%	4,105,000
Picnic Tree	1,435,000	57.5%	825,019
NW Taylor	1,307,000	100.0%	1,307,000
Noah	2,192,000	100.0%	2,192,000
High Park	805,000	100.0%	805,000
Other (Taylor)	420,000	100.0%	420,000
Other (Hansen Area)	<u>2,059,000</u>	<u>57.5%</u>	<u>1,183,773</u>
<b>Total</b>	<b>26,789,000</b>	<b>71.5%</b>	<b>19,154,671</b>

(a) Hansen resources are allocated into BLR ownership by 24.5% direct ownership, 25.6% ownership of STB 51% share, and 43% ownership of the NZ Share plus 18.2% in claim control.

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### 3.5 Risk Profile

#### 3.5.1 Permitting/Regulatory Approval

Permitting in Colorado for a uranium mine and processing facility is a straightforward matter. In addition to state requirements, federal requirements must also be met. Primarily, all typical mining-related permits related to air, water, and land must be obtained as well as nuclear material permits and licenses. Herein, we will ignore the exhaustive list of permits required and focus upon the primary issues. It is noted that the Cripple Creek and Victor Gold Company has been mining about 25 miles northeast of the Hansen-Taylor Project for more than two decades and has had very few permitting or public relations issues throughout this period. For BLR, radioactivity related permits will have to be obtained from the Colorado Department of Public Health and Environment (CDPHE) as well as other permits from the Department of Reclamation, Mining, and Safety (DRMS). Colorado is an agreement state so rather than gaining the permit from the Nuclear Regulatory Commission (NRC), a federal regulatory oversight body, BLR will apply for the permit from the State regulatory bodies. Obtaining the licenses and permits to mine from the state is an arduous, yet achievable task, in the opinion of JKE.

As the permitting process is executed, there may be opposition, just as there was during Energy Fuels Resources Inc.'s permitting process for the Piñon Ridge Mill, which they plan to locate in western Colorado. JKE notes that Energy Fuels Resources, Inc. was able to gain the permits within a 3 year period despite having to counter legal actions that held up the process. BLR can expect some opposition, however, in our opinion they can also expect to obtain all the permits they require. JKE is of the opinion that relevant government authorities and regulators will support BLR's development plans, particularly given the potential benefits that would result for the local economy.

The Project area does not appear to JKE to have pre-emptory issues that would exclude mining. Typically in the western U.S., water and land rights are the primary competing-use issues. The depth of the deposits and the lack beneficial water usage from the host sandstone units appear to be favorable for BLR. The ground water used in the region is typically sourced from the conglomerate or the andesite sequences which are typically several hundred feet stratigraphically higher than the Hansen-Taylor ore bodies. Furthermore, there is a bentonitic layer between the andesite and the orebodies that will act to prevent migration of groundwater between the aquifer being used by local ranchers and the water contained within the sandstone that hosts the orebodies. Additionally, the low permeability of the sandstone will be favorable in preventing transmission of water between the orebody zone and the water use zones several hundred feet higher stratigraphically.

It is noted that some of the ranches that used to make up all of the Project area, as well as some adjacent areas, have been subdivided and sold as smaller semi-rural home sites, most of which remain undeveloped. A few vocal residents who oppose mining reside within some of these subdivided areas. However, the landowners that would be most affected by mining operations, those that own lands over the Hansen, Picnic Tree, Boyer, Northwest Taylor, and Noah deposits have almost all signed agreements that give BLR the mining rights. Furthermore, uranium mining in this immediate area, having first occurred in the 1950s, pre-dates all of the land subdivisions. There have been a few homes constructed in the immediate region, but these don't appear to be an impediment to future mining. Given this situation, it appears to JKE that surface owners will be amenable to negotiating with BLR to give it surface ownership rights.

#### 3.5.2 Asset Control

BLR's control of the assets is primarily by way of its right to explore and mine the uranium deposits and to purchase mineral rights. They do not own the land, but do currently own 24.5% of the Hansen deposit's mineral rights, with the right to increase ownership to 100%. For the remainder of the deposits; Taylor, Boyer, Noah, Northwest Taylor, and High Park, BLR has secured the mining rights for the land and surface, but does not own the properties. However, ownership isn't necessary, as long as they have appropriate rights granted by the surface owners. It is noted that BLR has significant payments due to extend some of the leases in the near term and again when mining commences. Some of their agreements have definitive time frames that expire within the next three to four years, so mining will have to either commence prior to then or extensions to the existing agreements will have to be negotiated. This will likely require additional cash outlay.



### 3.5.3 Resource Definition

The resource definition for this project is typical for a mining property undergoing development. A significant percentage of the resources are classified as “Indicated” and it can be reasonably expected that a quantity of “Inferred” resources can, with further development drilling, be converted to the “Measured” and “Indicated” resource classifications. It also appears that additional exploration could add more resources to the Hansen-Taylor Project as cash is made available for additional work.

### 3.5.4 Geotechnical

Historically, work was completed by Cyprus to evaluate both surface and underground mining feasibilities. More recently, Tetrattech was commissioned to assess the geotechnical conditions that would be faced by mining operations. Based on new samples and new laboratory testing, Tetrattech concluded that an underground mine was geotechnically feasible from a ground support perspective. They conclude that backfilling or pillar support techniques should be assessed to optimize economics and address ground conditions. They recommend a single-drive cut and fill mining concept be considered.

With respect to open pit mining concepts, Tetrattech found that previously proposed pit slope angles were viable and that surface mining was geotechnically feasible, but that dewatering ahead of mining would be necessary.

### 3.5.5 Water

Water is needed for mining and any processing operations and will be encountered during exploitation of the uranium resources in the sandstone. Tests have been conducted on the deposit to understand groundwater conditions.

During the 1970s and early 1980s slug tests were conducted by Solution Engineering<sup>1</sup> to determine if the Hansen deposit was amenable to in-situ mining. It was determined that the transmissivity ranged from 0.60 to 35.6 gpd/ft in each of the three aquifers evaluated and that the permeability of the formation was too tight for adequate solution flow.

During the same period Geo-Hydro Consulting<sup>2</sup> evaluated the aquifers in order to determine requirements to de-water a potential open pit mine. They determined that there were four aquifers located in the Thirty-Nine Mile Andesite, the Tallahassee Creek Conglomerate, the Wall Mountain Tuff, and the Echo Park Formation, which lies just above the Precambrian basement. The Wall Mountain Tuff aquifer is a discontinuous aquifer with relatively high transmissivity and exhibits artesian conditions. The aquifers are terminated by a set of faults located at the southern end of the Hansen deposit. Geo-Hydro was of the opinion that this fault doesn’t entirely block and retain water within the aquifers. It was felt that there is significant leakage through the fault. The recharge for the aquifer system is about 4 miles northwest of the Hansen deposit. Mathematical modeling of all the aquifers indicated pumping rates of 890 gpm to 1380 gpm would be required to dewater a potential mining pit. It appears to JKE that this aquifer then might provide a source of water for the mining operation, if needed, such that there isn’t a fatal flaw relative to generating the necessary water for the Project. Additionally, BLR is working to secure water rights for the Project. It does not appear that there is a concern over the availability of water for a mining and processing operation.

### 3.5.6 Mining

Previous work during the late 1970s determined that the preferred approach would be to mine the deposit by open pit mining methods and then to employ limited underground mining techniques from the open pit mine walls to access other uranium resources. These studies were extensive such that bankable feasibility studies were generated defining the development approach.

More recently, BLR has been assessing feasibility of alternative mining concepts. In this assessment, BLR placed high importance on its desire to mine the properties in a way that minimizes impact upon the environment. As such, the

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<sup>1</sup> Preliminary Hydrological Testing – Holes Nos. 64 & 148 – Tallahassee Project – Fremont County, Colorado – May 7, 1980 by Stephen Forbes of Solution Engineering, Inc., page 1.

<sup>2</sup> Dewatering Modelling Study Hansen project Open Pit uranium Mine Fremont County, Colorado for Cyprus Mines Corporation by Geo-Hydro Consulting, Inc. September 1980.

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current focus is not to employ surface mining methods as a large pit and waste piles would remain at the conclusion of operations.

BLR is continuing to evaluate underground mining alternatives. Agapito Associates, Inc. has studied underground mining methods; reviewing the geotechnical characteristics of the Hansen deposit. It concluded that, in order to maximize extraction, in light of the low strength characteristics of the ore, the groundwater conditions, and the vertical and lateral extent of the orebody that using an undercut and fill mining method with cemented backfill would work to extract the resources.

BLR is currently evaluating a new hydraulic borehole mining (HBM) technology that is being used in Canada to mine uranium ore. For the Hansen deposit, the proposed approach is to utilize a surface drilling rig to drill conventional holes through a target ore zone. A specially designed jet cutting device is then lowered down the drill hole where the ore is cut in a cylindrical pattern around the drill hole and recovered to the surface as a slurry, using air-lift technology. Further processing could then take place. In BLR's case, they propose using ablation, a physical methodology to concentrate the vast majority of the uranium.

After the uranium has been extracted from the sandstone, the waste material would be mixed with cement and placed back into the void around the drill hole where it would set and create ground support for the mining of additional adjacent bore holes. A diagram of the hydraulic borehole mining technique is provided in Figure 3-7.

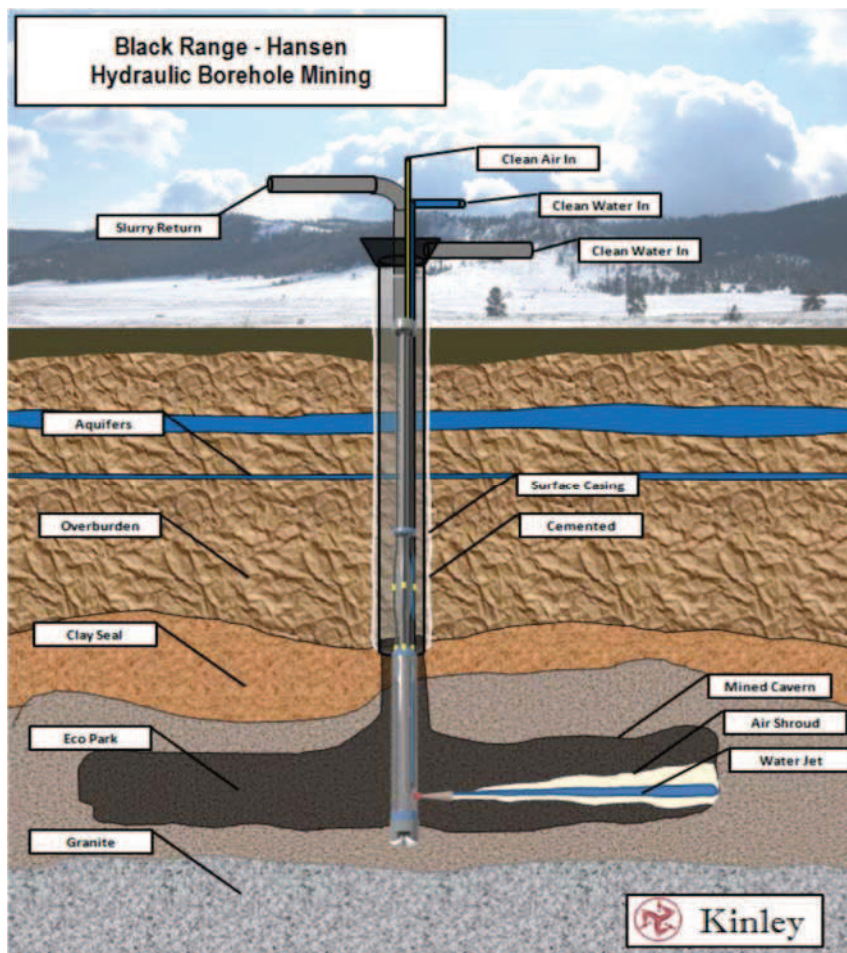


Figure 3-7 Hydraulic Borehole Mining Representation

BLR commissioned Kinley Exploration, LLC, an entity with experience in this mining method, to conduct a desktop study of the application of hydraulic borehole mining to the Hansen deposit. Based on laboratory tests, Kinley proposed using

vertical holes and mining cylinders with a diameter of 36 feet. An ore recovery of 75% was anticipated with an operating cost of about US\$50/ton. It is likely that these HBM costs will be cheaper than conventional underground mining operations. So more work is being undertaken by BLR to test the methodology in the field as well as to refine design and cost estimates.

The economic viability of the borehole mining process was considered in a conceptual study by Trec, Inc., in 2012 wherein it considered the optimal approach to develop the Hansen deposit would be to use borehole mining and ablation (discussed later).

### 3.5.7 Processing/Metallurgical

Historically, significant work has been conducted to evaluate processing alternatives for the ore from the Hansen deposit. More recently, BLR engaged Hazen Research to conduct both alkaline and acid leaching tests upon ore samples recently obtained by BLR.

Previous alkaline tests indicated poor recovery, but when BLR requested Hazen to conduct pressure oxidation leaching tests, in which higher temperatures and pressures are used during processing operations, high recovery rates of 97.1%, 97.6%, and 98.9% were achieved from three tests.

Historical work indicated that when using acid, elevated temperatures were required to increase uranium recovery from the ore. So Hazen conducted acid leach tests on several composite samples at 40°C. These acid leach experiments resulted in high uranium extraction in all cases, ranging from 91.9% to 96.7%. The acid consumption ranged from 42 to 170 lbs. of acid per short ton.

Hazen concluded<sup>3</sup> that the scoping experiments showed the bulk composite could be leached by both pressure oxidation (POX) and acid leaching as uranium extractions were all high and reagent consumptions were within reasonable ranges. Further work was recommended to optimize reagent consumption as the tests were designed to only demonstrate leaching feasibility.

Prior to Hazen undertaking its test work, BLR engaged Independent Metallurgical Operations Pty. Ltd. (IMO) to review the historical metallurgical test work. They concluded<sup>4</sup> that the Hansen ore had moderate metallurgical amenability due to refractory uranium minerals, clay, and nuisance values which would increase capital and operating expenses. They were of the opinion that the ore was not suited to heap leaching, and recommended a small laboratory program to confirm this assumption. They suggested looking into pre-concentration methods and felt the Hansen grade was significantly higher than many other developing uranium projects, which was a distinct advantage. In evaluating the variability in ore grades, IMO suggested definitional metallurgical programs and the consideration of using recent mineral processing techniques.

IMO indicated that prior mineralogical studies conducted by Hazen<sup>5</sup> indicated the uranium was primarily in the form of uranophane, a silicate, and brannerite. This is important as brannerite, a uranium titaniferrous mineral, typically requires a more vigorous leaching regimen. However, it is not known how extensive this mineralogy is within the deposit. Moreover, some of the historical bottle roll leaching tests by Hazen, according to IMO, were not run to completion, so that appropriate conclusions could not be made for the atmospheric acid leaching, given the bottle roll tests.

Earlier metallurgical agitated leach tests indicated varied results on two different samples under typical lixiviant concentrations, such as when Hazen Research, Inc. indicated<sup>6</sup> uranium extraction of 76.4% and 92.1% on differing

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<sup>3</sup> Hazen Research, Inc. – Results of Uranium ore Amenability Studies – Hazen Project 11420 Report and Appendices A and B. – January 20, 2012 – Jessica A. Rath, Process Engineer and Brian L. Cooper, Senior Project Manager, page 5.

<sup>4</sup> Review of Historical metallurgical test work for Hansen Uranium Project Technical Review Report December 2009 - Independent Metallurgical Operations Pty. Ltd. 88 Thomas Street, West Perth 6005, Australia page 16.

<sup>5</sup> Hazen Research, Inc. Extraction and Recovery of Uranium From Tallahassee Creek Ores for Cyprus Exploration Company April 3, 1978, page 8.

<sup>6</sup> Hazen Research, Inc. Uranium In-situ Leaching Report on Hazen Project 4834 on April 8, 1980 via letter to G.K. Ealy, Cyprus Exploration Company, page 2.

samples. This may be indicative of differing mineralogy with brannerite with a higher percentage in the first sample noted by Hazen. The leaching was conducted at ambient temperature. This letter also documents the poor ambient alkaline leaching results with only 22.2% and 10.2% recoveries, which would be expected, given the minerals involved. Other studies by Hazen indicated fairly consistent results for acid consumption on the order of 80 - 90 lbs./st.

Thus, more work is required to fully understand the ore deposit as well as the ore mineralogy and the leaching characteristics. It is necessary to conduct additional metallurgical studies to establish the appropriate flowsheet, since most previous work was conducted during the early 1980s. It may be appropriate to employ some of the new technological advances made in mineral processing. It can be concluded, given the historical and Hazen's confirmatory work, that ore from the Hansen deposit can be leached in a fashion similar to the laboratory tests to result in high uranium recoveries. The metallurgical work is at a stage wherein it needs further work and refinement to establish a plausible processing concept.

One method that is currently being considered by BLR to optimize production from the Hansen-Taylor Project is the ablation process. This process is a new technology that involves the application of physical forces upon uranium ore in order to separate the uranium matrix from the sand grains within the ore. The ablation process involves the conversion of ore into a slurry. The slurry is then split into two streams that are fired against each other from opposing nozzles. As a result, the outer coating (or patina) on the sand grains that contains all of the uranium mineralization, is separated from the sand grains. Multiple patinas are then recovered from a physical grain-size sorting process to recover a high-grade, low-volume uranium-rich concentrate. Mass reduction greater than 90% has been observed while recovering greater than 90% of the uranium. Conventional milling would still be required after this stage to produce uranium yellowcake.

The economic viability of the ablation process was considered in a conceptual study by Trec, Inc., in 2012, wherein they considered the use of borehole mining and ablation to produce uranium. They concluded that ablation appeared technically feasible; it could reduce the amount of mineralized material needed to be delivered as mill feedstock; and that it would significantly reduce mill operating expenses. BLR has formed a 50:50 partnership to develop the ablation process, and the joint venture is currently undertaking tests in a semi-commercial scale 5 tph unit. The results from the tests will be used to refine the design and operation of the 5 tph unit.

**3.5.8 Market**

Global uranium demand has dropped since a tsunami in March, 2011 caused significant damage to the Fukushima Daiichi nuclear power plant in Japan. Uranium prices have since been steadily decreasing. Immediately after the accident, all nuclear reactors in Japan that produce electricity were shut down until they could be certified as safe for the public at large. This certification process is ongoing and in large part the reactors have not yet been restarted. As such, global uranium demand has decreased by about 20 million pounds U<sub>3</sub>O<sub>8</sub> per year. A graph of the spot uranium price is provided in Figure 3-8. The work herein references uranium spot prices as a benchmark, but it is noted that the long-term contract prices typically ranges from US\$12 to US\$20/lb. above the spot price.

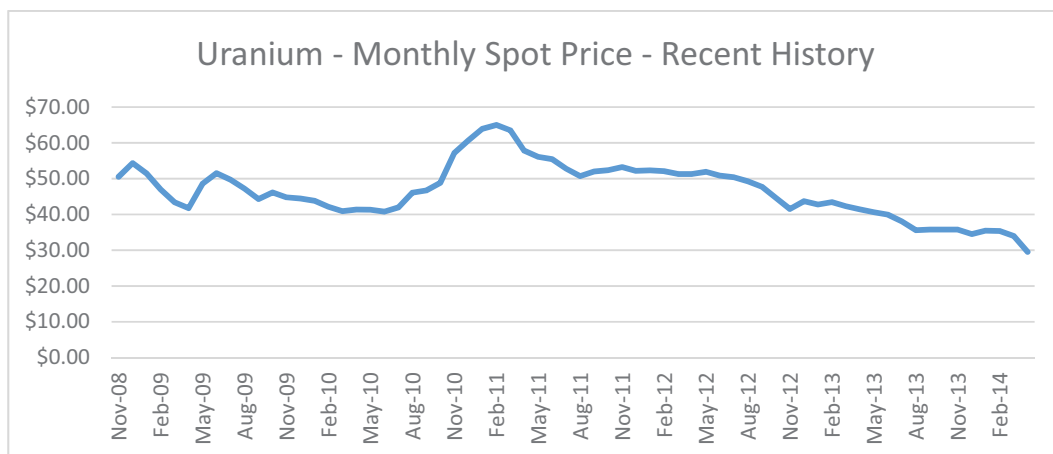


Figure 3-8 Recent Spot Uranium Price History

### 3.5.9 Country Risk

Country risk is considered minimal in the USA. Risks working in the US are typically represented in the time period required to get appropriate permits to move the project forward and whether the Project can be permitted. In this case, given BLR's strategies, we consider this risk as low to medium, such that country risk is negligible.

## 4.0 Valuation Methodology and Results

This valuation is based upon data derived both from BLR's recent work to evaluate the Project as well as the extensive development history from prior owners that included international mining companies and consultants. The Project is in an early development stage, wherein sufficient exploration has been conducted to estimate a mineral resource, as well as to allow evaluation of the conceptual economics of the Project. The existing mineral resource was prepared in accordance with Australian Joint Ore Reserves Committee (JORC) guidelines. The valuation therefore is based on reliable and current information.

### 4.1 Comparable Sales Method

The Comparable Sales Method involves the comparison of sales of projects with a similar use, design, or utility as the subject project. Adjustments, when required, are made to the comparables for any differences, in order to indicate a value for the project being appraised. In this case, several uranium projects have been sold within the region that are comparable to the Hansen-Taylor resources. These comparable projects also host uranium resources and do not yet have mining or processing operations, but are in a stage of pre-development containing identified uranium resources that would preferably be developed by underground mining methods. These transactions have taken place within the past few years and hence reflect the recent market conditions.

There are, however, only a limited number of projects that fit this criteria. One of the problems in identifying directly comparable sales is that, primarily, these assets have been purchased by other uranium companies in a depressed uranium market. Therefore, while there may be a premium attributed to the corporate value, the purchase prices are also likely to incorporate a discounted value due to market conditions. This will be considered in the valuation.

The following projects have been identified as suitable comparisons and for which public information is available:

#### A. August 13, 2012 - Purchase of Nuetron Energy Resources, Inc. by Uranium Resources, Inc.

During March 2012, Uranium Resources, Inc. ("URI") announced it had agreed to purchase 100% of the shares in Neutron Energy, Inc. ("Neutron Energy") in a stock-for-stock transaction that required URI to issue 37 million of its shares to Neutron Energy.

Neutron Energy had no producing assets, no mines, and no mineral processing plants. The purchased properties included the Cebolleta & Juan Tafoya projects which comprised 10,814 acres containing 34.8M lbs. U<sub>3</sub>O<sub>8</sub> in-place, non-reserve, mineralized uranium material. The Cebolleta project comprises two deposits that contain resources of 6.68M tons at 0.176% U<sub>3</sub>O<sub>8</sub> and 4.5M tons at 0.09% U<sub>3</sub>O<sub>8</sub>. The Juan Tafoya project also comprises two deposits that contain 3.81M tons at 0.149% U<sub>3</sub>O<sub>8</sub> and 0.39M tons at 0.112% U<sub>3</sub>O<sub>8</sub>. In addition Neutron Energy's Ambrosia Lake deposit contained 8.6M lbs. of in-place, mineralized, non-reserve, material at 0.148% U<sub>3</sub>O<sub>8</sub>. The total mineralized material within Neutron Energy's portfolio is estimated to comprise 43.4M lbs. of U<sub>3</sub>O<sub>8</sub>. All of these deposits are located on private lands and it is likely they will be mined by conventional mining methods.

The URI share price at the time was US\$0.811/share, as indicated in URI financial statements. The purchase price summary is: US\$20M to repay a Neutron Energy bank loan with RMB in cash, US\$6.78M to repay RMB in stock (8,361,327 sh. @ US\$0.811/sh.), US\$0.13M to pay Roth Capital Partners (162,939 sh. @ US\$0.811/sh.), and US\$3.11M to pay Neutron shareholders (3,840,000 sh. @US\$0.811). This equates to a total of US\$30.02M, being US\$0.70/lb. for all mineralized material. The spot price of uranium when Neutron Energy was sold was US\$49.50/lb., which JKE has used as a base uranium price for comparison purposes in assessing the other comparable purchases in this study.

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**B. July 2, 2013 - Energy Fuels acquisition of Strathmore Minerals**

During May 2013, Energy Fuels, Inc. ("Energy Fuels") announced its intention to acquire 100% of Strathmore Minerals Corp. ("Strathmore") in an all-scrip transaction. Strathmore shareholders received 1.47 common shares of Energy Fuels for each share of Strathmore they held. The Energy Fuels average stock price for the month of May was US\$0.1561/share. Energy Fuels distributed 186,420,938 new shares, implying a transaction value of US\$29,100,000.

Strathmore had no producing assets, no mines, and no mineral processing plants. Strathmore controlled two significant properties; Gas Hills, which was joint ventured with Korea Electric Power Company (KEPCO) and Roca Honda in New Mexico which was joint ventured with Sumitomo Americas Corp. Only Strathmore's proportionate share of resources attributable to it have been considered in our valuation below. Both mineral assets would require mining by conventional methods.

Based on Strathmore's statement of resources for all their properties, JKE estimates that the share of resources that could be attributed to it was 34.3M lbs. U<sub>3</sub>O<sub>8</sub> in the Measured and Indicated category and 17.4M lbs. U<sub>3</sub>O<sub>8</sub> in the Inferred category for a total of 51.6M lbs. U<sub>3</sub>O<sub>8</sub> at a grade of about 0.16% U<sub>3</sub>O<sub>8</sub>. In addition, some of the properties involved were believed to have historical resources, but these have been excluded for purposes of this valuation. The overall price paid was US\$0.56 per lb. of U<sub>3</sub>O<sub>8</sub>.

At the time of Energy Fuels' acquisition of Strathmore, uranium prices had dropped to US\$39.65/lb. U<sub>3</sub>O<sub>8</sub>, which represents a 20% decrease in value in contrast to the uranium price of US\$49.50/lb. U<sub>3</sub>O<sub>8</sub> when URI purchased Neutron, as noted above. Significantly, the US\$0.56 price paid per lb. U<sub>3</sub>O<sub>8</sub> is also 20% less than the US\$0.70 per lb. U<sub>3</sub>O<sub>8</sub> price paid in the Neutron Energy transaction. JKE is of the opinion that this difference in the price paid per lb. of U<sub>3</sub>O<sub>8</sub> can be attributed to the corresponding decrease in the uranium spot price.

**C. December 28, 2012 – Energy Fuels Investment in Virginia Energy Resources, Inc.**

On December 28, 2012, Energy Fuels purchased a 16.5% stake in Virginia Energy Resources, Inc. ("VERI") by acquiring 9,439,857 shares at a price of C\$0.42/sh. for an aggregate price of C\$3.97M (US\$3.94M). VERI's primary asset, the Coles Hill uranium deposit, has an Indicated resource, at a cutoff of 0.10%, of 27.83M lbs. U<sub>3</sub>O<sub>8</sub> at a grade of 0.145% U<sub>3</sub>O<sub>8</sub> and an Inferred resource of 2.47 M lbs. U<sub>3</sub>O<sub>8</sub> at a grade of 0.138% U<sub>3</sub>O<sub>8</sub> for a total resource of 30.30 M lbs. U<sub>3</sub>O<sub>8</sub> at a grade of 0.144% U<sub>3</sub>O<sub>8</sub>. JKE believes that these resources are stated at a cutoff grade that would support underground mining. JKE estimates the resources attributable to Energy Fuels would be 4.59M lbs. U<sub>3</sub>O<sub>8</sub> in the measured and indicated classification and 0.41M lbs. U<sub>3</sub>O<sub>8</sub> in the inferred classification for a total of 5.0M lbs. U<sub>3</sub>O<sub>8</sub>. This equates to an acquisition cost of US\$0.79/lb. U<sub>3</sub>O<sub>8</sub>.

The price of uranium at the time of the purchase was US\$43.50/lb. U<sub>3</sub>O<sub>8</sub>, which is 88% of the prevailing spot price when URI acquired Neutron Energy. Adjusting for this differential, the comparable price for the VERI transaction would be US\$0.69/lb. Apparently, significant additional value was paid for VERI's assets. The reason for this additional value cannot be defined and must be attributed to a market value for the company considered by Energy Fuels to be reasonable at the time. This case is considered to be not comparable to the other cases considered in this comparison.

**D. September 21, 2012 – Energy Fuels acquisition of Aldershot Resources Ltd's interest in the Sage Plain Project**

On August 22, 2012 Energy Fuels announced it had entered into an agreement to purchase Aldershot Resources Ltd.'s ("Aldershot") 50% interest in the Sage Plain Project. The cost of acquisition was US\$2,042,000. The properties included the Calliham Lease, the Crain Lease, four Utah State Leases, and 94 unpatented mining claims, all of which are located in Utah. As a result of the acquisition, Energy Fuels now owns 100% of the Sage Plain Project.

The Sage Plain Project contains 642,971 tons of Measured and Indicated resource at grades of 0.22% eU<sub>3</sub>O<sub>8</sub> and 1.39% V<sub>2</sub>O<sub>5</sub>, or 2,833,795 lbs. eU<sub>3</sub>O<sub>8</sub> and 17,829,289 lbs. V<sub>2</sub>O<sub>5</sub>. At prices of US\$60/lb. uranium and US\$6.50/lb. V<sub>2</sub>O<sub>5</sub>, the equivalent U<sub>3</sub>O<sub>8</sub> pounds are 4.765M lbs. eU<sub>3</sub>O<sub>8</sub>, converting the vanadium into an equivalence of uranium. The Inferred

resources are estimated at 49,136 tons @ 0.184% eU<sub>3</sub>O<sub>8</sub> and 1.89% V<sub>2</sub>O<sub>5</sub> for 181,275 lbs. eU<sub>3</sub>O<sub>8</sub> and 1,854,034 lbs. V<sub>2</sub>O<sub>5</sub> or 382,189 equivalent lbs. of eU<sub>3</sub>O<sub>8</sub>. Total resources attributable to Aldershot comprise 5.15M equivalent eU<sub>3</sub>O<sub>8</sub> lbs., of which 50% was purchased by Energy Fuels. The acquisition cost is estimated to be \$2,042,000 for 2,573,745 lbs. U<sub>3</sub>O<sub>8</sub> or US\$0.79/lb. U<sub>3</sub>O<sub>8</sub>.

The price of uranium at the time of Energy Fuels' acquisition of the Sage Plain Project was US\$48.50, which is 98% of the base price established for the Neutron Energy case. The spot price adjusted acquisition price paid to Aldershot would be US\$0.77/lb. U<sub>3</sub>O<sub>8</sub>, in contrast to the Neutron Energy base transaction price of US\$0.69/lb. It is JKE's opinion that the reasons the "premium" was paid was (i) the proximity of Aldershot's project to Energy Fuels mining and processing operations; (ii) the fact that 96% of the resources purchased were classified as "Measured" and "Indicated"; and (iii) that this transaction provided Energy Fuels a controlling interest.

#### **E. December 26, 2013 – Ur-Energy acquisition of AREVA's interest in Shirley Basin and Lucky Mc assets**

On December 22, 2013, UR-Energy announced they had acquired the Pathfinder assets of AREVA, which included the Shirley Basin and Lucky Mc properties that had been previously mined. The acquisition included the purchase of 14.7 million historical pounds of uranium for a price of \$6.6M plus either \$6.6M in royalties if the spot price of uranium is over \$55/lb., \$3.7M if the price of uranium was between \$45 and \$55/lb. and \$0 if the price was less than \$35/lb. as of June 30, 2016. Given price forecasts, JK Engineering projects a price between \$45 and \$55/lb., which also represents the average of the royalty options, such that the total price paid for the property can be reasonably expected to be \$10.2M. The cost of the acquisition per pound of historical uranium purchased then is \$0.69/lb. when the price of uranium was about \$35/lb. Estimating this price paid to the price as of April 10, assuming a price of \$39/lb., equates to a price of \$0.77/lb.

#### **F. Summary of Prices Paid for Resources**

The prices paid in the comparative transactions above are for purchases of large uranium resources within geopolitical jurisdictions that are comparable to that in which the Hansen-Taylor Project is located. JKE believes these transactions represent an appropriate cross section of recent purchases of comparable uranium resources.

As is the custom during resource purchase transactions, the consideration paid for resources in the individual "Measured", "Indicated" or "Inferred" resource categories are not distinguished. Therefore, JKE has considered the overall price paid per total pound of resource purchased, rather than trying to make a distinction based on the resource category, as it is impossible to do so. Furthermore, Neutron Energy's resources are "unclassified in-situ resources", while VERI's resources are based upon an underground cut-off grade; Aldershot's resources are mostly "Measured" and "Indicated"; Strathmore's resources included a myriad of cut-off grades, and Pathfinder's resources are historical. Hence, JKE has little alternative but to ignore the resource classification and use the total resources as the basis of the valuation for comparable sales.

There is a strong correlation between the prices paid for the Neutron Energy, Strathmore and Pathfinder transactions. Importantly, these transactions involved purchases of substantial (rather than small) uranium resources. The transactions were implemented when the spot uranium price was similar to the current spot uranium price and similar prevailing capital market conditions. As such these three transactions probably better reflect the potential value of the Hansen-Taylor Project than the prices paid in the remaining transactions. Using this basis, we can calculate an average price of US\$0.62/lb. U<sub>3</sub>O<sub>8</sub> at a spot price of US\$42.72/lb. U<sub>3</sub>O<sub>8</sub>. Given the uranium spot price on April 10, 2014 of US\$39.00 per lb. U<sub>3</sub>O<sub>8</sub>, which is slightly lower than the calculated average benchmark price of \$42.72, we believe it is reasonable to reduce the average fair market price of US\$0.62/lb. U<sub>3</sub>O<sub>8</sub> by 8.7% to determine a reasonable metric for valuing the resources at the Hansen-Taylor Project. As such, JKE believes it is reasonable to calculate a comparable sales valuation for the Hansen-Taylor Project on the basis of US\$0.57/lb. of U<sub>3</sub>O<sub>8</sub> when considering total resources, being "Measured" and "Indicated" plus "Inferred", without distinction.

If we look at the Hansen-Taylor resources, Tetrattech estimated a resource of 26.8M lbs. of U<sub>3</sub>O<sub>8</sub> at a cutoff grade of 0.10% U<sub>3</sub>O<sub>8</sub>. If we adjust this for the total uranium currently owned by BLR, as discussed above, we determine ownership

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of 19.2M lbs. of resources relative to economic mining operations. At an adjusted acquisition value of US\$0.57/lb. U<sub>3</sub>O<sub>8</sub>, JKE estimates the value of the Hansen-Taylor resource to be US\$10.9M.

It is reasonable to expect that the price paid per pound of U<sub>3</sub>O<sub>8</sub> in the ground could range by as much as 20%. If we consider this variability, then a range for the comparable sales valuation for the Hansen-Taylor Project would be US\$9.1 - US\$13.1M.

#### 4.2 Income Method

The Income Method approach measures the present value of the future benefits of property ownership. It is a method of converting the future monetary benefits estimated to be derived from a property into an indication of value, generally through application of an appropriate discount rate. In modern terminology it would more properly be termed a cash flow approach in view of the acceptance over the past 40 years of cash flow analysis as a determinant of value.

A valuation for the Hansen-Taylor Project using the Income Method is difficult to estimate in a definitive fashion, given the lack of a mining plan along with the associated economics for the conceived mining and processing operations. The applicable regulatory guidance states that there must be a reasonable basis for the use of an income approach, such as the discounted cash flow methodology, before a project generates cash flows as long as, at the date of reporting, the expert has reasonable grounds for the forward-looking information. Where the expert does not have reasonable grounds, other valuation methodologies should be used.

Only mineral resources, not reserves, are currently delineated at the Hansen-Taylor Project. A mineral resource, by definition, has not had economic parameters applied to it in the same regimented way done for an ore reserve. Therefore there is a lack of reasonable grounds to satisfy the regulatory requirements to determine an estimate of the value of the Hansen-Taylor Project using the Income Method. Accordingly, JKE considers that as a result of no ore reserve estimate having been determined for the Hansen-Taylor property, it does not have reasonable grounds for the inclusion of any forward-looking information and therefore the use of the Income Method to value the Hansen-Taylor property is not considered appropriate.

#### 4.3 Cost Method

The Cost Method involves the valuation of a project by adding together the indicated site or land value to the estimated cost of reproducing or replacing the improvements, less any loss of value (depreciation) that may have occurred.

BLR has provided JKE costs for the Hansen-Taylor Project to April 30, 2014 and indicates little change for the period through April 10, 2015. These costs include the costs expended to purchase the rights to the Project and the expenses subsequently incurred to advance the Project to its current status as of April 10, 2015. These costs total US\$18.1M. The valuation for the Hansen-Taylor Project, utilizing the cost approach is therefore US\$18.1M. If we consider a reasonable range for the cost of purchasing a resource in the fashion exercised by BLR, we might consider a 25% range as reasonable. Therefore, a cost approach valuation in the range of US\$13.6M to US\$22.6M would be considered reasonable.

#### 4.4 Summary of the Valuation

The two valuation methods used here to estimate a value for the Hansen-Taylor Project are the Comparable Sales and Cost methods. The estimated values derived from these two methods are summarized below:

<u>Method</u>	<u>Estimated Value</u>	<u>Range of Values</u>
Comparable Sales	US\$10.9M	US\$9.1M - US\$13.1M
Cost	US\$18.1M	US\$13.6M – US\$22.6M

These results represent the technical methods of estimation of value that are classically employed by appraisers evaluating mineral resource properties.



In order to estimate the Fair Market Value of the Hansen-Taylor property, because of the characteristics and limitations of each method, JKE has averaged the two methods as it cannot be determined which method better estimates the current value. As such we estimate an average valuation for the Hansen-Taylor Project of US\$14.5M with a range of acceptable valuations, based on the sensitivity of the two methodologies, from US\$9.1M to US\$22.6M.

## APPENDIX A

### JKE Qualifications

#### Expert Responsible for the Valuation – John Kyle, PE

The work will be directed and primarily conducted by John Kyle, PE. Mr. Kyle has almost 40 years of mining experience which is complemented by analysis of over 50 uranium properties. His experience includes resource investigations, mining engineering, mining operations, and a multitude of feasibility studies across many different commodities. Mr. Kyle is a registered Professional Engineer, a member of the Society of Mining Engineers, a member of the Canadian Institute of Mining, and an Associate Member of the American Institute of Mineral Appraisers. He graduated from the Colorado School of Mines with a Bachelor's degree in Engineering and from Denver University with a Master's Degree in Business Administration. His background includes employment for world class mining and consulting companies throughout the world. His resume is provided below.

#### John I. Kyle, P.E.

#### **SUMMARY**

Seasoned mining executive with over 35 years of operations and corporate mining experience as well as government and development bank experience. Responsibilities included execution, direction, and management of all engineering activities at mine sites, development of feasibility and economic analyses, marketing management, corporate budget planning and analysis, engineering consulting, project management, valuations, and business management. International experience includes work on 6 continents in coal, uranium, precious metals, base minerals and industrial minerals. Mining Engineer with a Master's in Business Administration, Professional Engineer recognized as a Qualified Person with extensive feasibility study and mine development experience.

#### **EXPERIENCE**

##### **2013 – Present – John Kyle Engineering, LLC – USA – CEO/President**

Business Founder and Principal Engineer providing mining sector business services on a global basis.

##### **2005 – 2013 – Lyntek, Inc. – USA - Vice President**

Was a primary driver to develop this company from a minimal balance sheet with 30 employees to a highly profitable company with 95 employees. Captured the uranium market for processing design and developed the reputation for top quality work in feasibility studies, 43-101 reports, valuations, and processing plant design. Managed the company, conducted the corporate business development program, and significantly expanded project work in base metals, precious metals, industrial minerals, potash, rare earth minerals and uranium. During this time, I also established a Mexican corporation.

##### **2000 – 2005 – Pincock Allen & Holt – International Operations - Senior Mining Engineer**

Conducted extensive engineering and feasibility studies. Evaluated many international mining operations and properties. For example, I directed the exploration, mine planning, and definitive feasibility study of the Sattankulam and Kutam mineral sands project in Tamil Nadu, India.

##### **1987 – 2000 – EnergiaWW Corp – International Operations - President**

Developed and managed a consulting company providing services to the general mining community, USAID, and World Bank. Executed assignments in Thailand, Indonesia, Pakistan, Ukraine, Armenia, Georgia, Australia, and the US. Provided acquisition due diligence, mine design, coal quality analysis, mine plans, production operations audits, feasibility studies, and resource evaluations.

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**1986 – 1987 – Echo Bay Mines, Ltd. – North America - Director of Corporate Budgeting and Planning**

Generated and managed the corporate plans and budgets for 8 producing mines and properties to drive corporate capital allocations and operating cost plans for senior management and the board of directors for this gold production company by generating cash flow statements, P&L, and balance sheets to predict financials.

**1981 – 1985 - Mobil Coal Producing – Western US and International Operations –Senior Mining Engineer, Manager of Contract Administration and Market Analysis – Uranium and Coal Operations**

Design, development, and startup of the Caballo Rojo mine in the U.S. along with evaluation and development of international mining properties in Australia and Indonesia. Managed the coal supply contracts and conducted in-depth evaluations of international coal markets. Oversaw the sales of uranium supply contracts to Energy Fuels.

**1980 – 1981 Nichols Associates – USA - Mining Program Manager**

Business development targeting oil shale operations in western Colorado.

**1974-1980 Peabody Coal Company – USA Western Operations – Engineering Positions Engineer through Division Engineering Manager**

Engineering design and management on site for 4 surface mines and 1 underground mine. Producing operations included the Deer Creek underground, and the Big Sky, Nucla, Seneca, Black Mesa, and Kayenta surface mines, the latter two which were a combined operation with 6 draglines with truck – shovel fleets.

**URANIUM EXPERIENCE**

Denison Mines – Harrat and Hairhan Conceptual Study - Mongolia  
Sparton Resources - Potential Uranium Opportunity Due Diligence - China  
Powertech Urnaum – ISR Plant Conceptual Costing – Colorado, USA  
Energy Fuels – Pinon Ridge Conceptual Plant Study – Colorado, USA  
Scott Wilson – Budenovskoye ISR Due Diligence - Kazakhstan  
Uranium One – Shootaring Mill Rebuild Feasibility Study – Utah, USA  
Global Uranium – Property Evaluations - Niger  
Rio Tinto – Sweetwater Conventional Mill Evaluation – Wyoming, USA  
Cue Capital – Yutu Project Conceptual ISR Study - Paraguay  
UR Energy Lost Creek – Plant Siting – Wyoming, USA  
Idemitsu – Uranium ISR Resource Investigation and Inventory – USA  
UR Energy Lost Creek – 43-101 PEA - Wyoming, USA  
Trigon Energy – Uranium Properties ISR Evaluation – South Dakota, USA  
US Uranium – Sweetwater Mill Due Diligence Review – Wyoming USA  
Scott Wilson – EDF Pathfinder Property Assessment and Valuation - USA  
Toro Energy – Honeymoon Due Diligence - Australia  
Red Rock – Red Rock Mill Conceptual Plant Design – Utah, USA  
Virginia Uranium – Coles Hill Conceptual Feasibility Study – Virginia, USA  
Peninsula Minerals – Ross Project Prefeasibility Study – Wyoming, USA  
Scott Wilson/Guangdong Nuclear – Areva Properties Due Diligence - Africa  
Itochu - Black Shale Uranium Project Processing Evaluation - Uzbekistan  
NCA Nuclear - Conceptual Mining and Production Costs – Wyoming, USA  
Idemitsu – Acquisition Support Due Diligence – Wyoming, USA  
Scott Wilson/1st Reserve – All Project Economic Review - Kazakhstan  
Scott Wilson – Akbastau ISR Project Due Diligence - Kazakhstan  
Powertech - Centennial Prefeasibility Study – Colorado, USA  
Powertech – Dewey Burdock Prefeasibility Study – South Dakota, USA  
Peninsula Minerals - Ross Project Definitive Feasibility Study  
Scott Wilson – Karatau ISR Project Due Diligence - Kazakhstan  
Toshiba – Dornod Project Economic Analysis - Mongolia  
Virginia Uranium – Coles Hill 43-101 Prefeasibility Study – Virginia, USA  
Pacific Road Capital – Bayswater Reno Creek Due Diligence – Wyoming, USA  
Strata Energy – Pathfinder Properties Evaluation – Wyoming, USA

Toro Energy – Neutron Energy Due Diligence – New Mexico, USA  
Titan Uranium – Sheep Mountain Permit Support – Wyoming, USA  
URI – Crownpoint Churchrock Feasibility Study Support – New Mexico, USA  
Energy Fuels – Titan Uranium Heap Leach Due Diligence – Wyoming, USA  
Strathmore Minerals – Gas Hills Heap Leach Project Feasibility Study – Wyoming, USA  
AUC - Reno Creek Conceptual Design Analysis – Wyoming, USA  
Uranium One - Mkuju River ISR Evaluation – Tanzania, Africa  
Uranium One - Willow Creek Dryer Investigation and Repair – Wyoming, USA  
Crosshair Uranium – Bootheel Conceptual Study – Wyoming, USA  
URI – Church Rock ISR Project Detailed Design – New Mexico, USA  
Titan Uranium - Sheep Mountain Heap Leach Prefeasibility Study – Wyoming, USA  
Powertech Uranium - Dewey Burdock 43-101 Pre-Feasibility Study, South Dakota, USA  
AUC – Reno Creek Metallurgical Evaluation Support – Wyoming, USA  
Strathmore Minerals – Gas Hills Heap Leach Detailed Design – Wyoming, USA

***EDUCATION, PROFESSIONAL REGISTRATIONS/AFFILIATIONS***

BS Mining Engineering – Colorado School of Mines  
MBA Business Administration – Denver University  
Professional Engineer - Colorado  
AIME/SME and CIM  
Associate Member – American Institute of Mineral Appraisers

## APPENDIX B

### Information Reliance References

- Technical Memorandum from Tetrattech to Black Range Minerals – High Park Kriging Resources – Taylor Ranch Uranium Project dated April 25, 2008.
- Technical Memorandum from Tetrattech to Black Range Minerals – North Hansen, Boyer Kriging Resources – Taylor Ranch Uranium Project dated April 29, 2009.
- Technical Memorandum from Tetrattech to Black Range Minerals – Boyer, Hansen and Picnic Tree Area Kriging Resources – Taylor Ranch Uranium Project dated August 24, 2009.
- Technical Memorandum from Tetrattech to Black Range Minerals – Boyer, Hansen and Picnic Tree Area Kriging Resources – Taylor Ranch Uranium Project (Updated 2010) dated August 12, 2010.
- Cyprus Mines Corporation Interoffice Correspondence from K.E. Dyas to N.B. Prenn – Mine Engineering Report September 3, 1980.
- Tetrattech – BLR-Hansen6ftLevelPlans.pdf
- Tetrattech – BLR-Hansen 100ftSections.pdf
- Tetrattech – BLR-HansenPlanMapSectionKey.pdf
- Tetrattech – Overall Hansen Boyer Picnic Tree with Hole Labels.pdf
- Tetrattech – Overall Hansen Boyer Picnic Tree.pdf
- Estimates of Uranium Reserves – Hansen Deposit Fremont County, Colorado for Cyprus Mines Corporation by David S. Robertson & Associates, Inc. Consulting Geologists & Mining Engineers – September 19, 1979.
- Mine Feasibility Study of the Hansen Project Prepared for Cyprus Mines Corporation and Wyoming Minerals Corporation by Pincock, Allen & Holt – June 1980.
- Hazen Research, Inc. – Cyprus Mines Corporation - Hansen Project Laboratory Studies – February 1, 1980.
- Mining Agreement between Noah H. Taylor, Jr., Diane R. Taylor, and Dorthy J. Taylor and Black Range Minerals Colorado, LLC dated November 11, 2006.
- Mining Agreement between Richard Dale Boyer and Ann B. Boyer, Carol B. Curran Trust, Christopher Robert Boyer and Amy Boyer, and Elizabeth B. Greer and Black Range Minerals Colorado, LLC dated February 16, 2007.
- Memorandums of Mining Agreement (individually) between Richard Dale Boyer and Ann B. Boyer, Carol B. Curran Trust, Christopher Robert Boyer and Amy Boyer, and Elizabeth B. Greer and Black Range Minerals Colorado, LLC dated February 20-28, 2007.
- Noonan Land Services, Inc. Mineral Title Certificate Dated May 9, 2012.
- Perpetual Nonparticipating Royalty Deed Black Range Minerals and STB Minerals, LLC dated September 1, 2011.
- Perpetual Nonparticipating Royalty Deed - Black Range Minerals and NZ Minerals, LLC dated September 14, 2011.
- Special Warranty Deed - New Mexico and Arizona Land Company and Noah H. (Buddy) Taylor, Jr. and Diane R. Taylor dated November 15, 1996.
- Royalty Deed – Cyprus Mines Corporation and Tallahassee Royalty Company dated December 13, 1979.
- Fremont County District Court Order and Decree: STB Minerals, LLC vs Lipid Sciences, Inc. et al., dated March 3 and July 21, 2011.
- Fremont County District Court Order and Decree: STB Minerals, LLC vs Lipid Sciences, Inc. et al., dated August 29, 2011.
- State of Colorado State Board of Land Commissioners Department of Natural Resources – Uranium Lease No. UR 3322 dated July 23, 2007.
- State of Colorado State Board of Land Commissioners Department of Natural Resources – Uranium Lease No. UR 3324 dated July 23, 2007.
- Dufford and Brown Attorneys at Law Mineral Title Opinion dated June 26, 2012.
- Amended and Restated Option Agreement between NZ Minerals, LLC and Black Range Minerals Colorado, LLC dated June 29, 2009.
- Evidence of Assignment and Assumption of Liabilities – Boyer Family Ranch, LLC dated January 31, 2012.
- Gross Royalty Agreement – Freeport-McMoran Exploration Corporation and Black Range Minerals, Ltd. Dated October 8, 2007.

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- Agreement between Black Range Minerals, Ltd and G.H. Bryant dated about May 31, 2006.
- Perpetual Nonparticipating Production Royalty Deed – Cyprus Mines and Russell Family dated December 18, 1979.
- Perpetual Nonparticipating Production Royalty Deed – Cyprus Mines and Holst Family dated December 13, 1979.
- Special Warranty Deed – Noah H. (Buddy) Taylor and Diane R. Taylor to New Mexico and Arizona land Company dated November 15, 1996.
- Hansen Picnic Tree Geotechnical Feasibility Scoping Study – Prepared by Andrew P. Schissler, PE, PhD January 2012 – Tetrattech 350 Indiana St., STE 500 Golden, CO 80120
- Hazen Research, Inc. – Results of Uranium ore Amenability Studies – Hazen Project 11420 Report and Appendices A and B. – January 20, 2012 – Jessica A. Raths, Process Engineer and Brian L. Cooper, Senior Project Manager;
- Review of Historical metallurgical Test work for Hansen Uranium Project Technical Review Report December 2009 - Independent Metallurgical Operations Pty. Ltd. 88 Thomas Street, West Perth 6005, Australia;
- Hazen Research, Inc. Uranium In-situ Leaching Report on Hazen Project 4834 on April 8, 1980 via letter to G.K. Ealy, Cyprus Exploration Company;
- Cyprus Exploration Company Interoffice Correspondence from Fred C. Grigsby to Gene K. Ealy on July 21, 1980 with the conclusions of the assessment of the in-situ leach study for Taylor Ranch;
- Hazen Research, Inc. Leaching Studies – Hansen project Uranium Ore for Cyprus Mines Corporation June 8, 1979;
- Hazen Research, Inc. Extraction and Recovery of Uranium From Tallahassee Creek Ores for Cyprus Exploration Company April 3, 1978;
- Preliminary Hydrological Testing – Holes Nos. 64 & 148 – Tallahassee Project – Fremont County, Colorado – May 7, 1980 by Stephen Forbes of Solution Engineering, Inc.
- Dewatering Modelling Study Hansen project Open Pit uranium Mine Fremont County, Colorado for Cyprus Mines Corporation by Geo-Hydro Consulting, Inc. September 1980.
- Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports – The VALMIN Code – 2005 Edition.
- Supplemental Title Report Covering Hansen Uranium Project; Fremont County, CO by Frank Erisman, 460 S. Marion Parkway Unit 901C dated August 15, 2012.

**WSM VALUATION REPORT - INDEPENDENT VALUATION REPORT ON THE MINERAL INTERESTS OF THE WESTERN GROUP**

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## Western States Mining Consultants, P.C.

David H. Scriven, PE, President

April 26, 2015

Mr. John Van Dieren  
Stantons International Securities Pty Ltd  
1 Walker Avenue  
West Perth 6005  
Western Australia

Via Email: John Van Dieren <jvandieren@stantons.com.au>

Re: Western States Mining Consultants, P.C. Project 1501 – Evaluation of Pinon Ridge Mining Properties, SW Colorado and Eastern Utah

Dear Mr. Van Dieren,

Western States Mining Consultants, P.C. (“WSMC”) is pleased to submit this letter report to Stantons International Securities Pty Ltd (“Stanton”) regarding the evaluation of six Pinon Ridge mining properties (“Properties”). This letter report (“Report”) was undertaken according to WSMC Proposal dated March 30, 2015 presented to Western Uranium Corporation (WUC). Pinon Ridge Mining, LLC is a wholly owned subsidiary of Western Uranium Corporation.

Please note this Report is intended solely for the internal use of Stanton or WUC with respect to the evaluation of the merits of a potential transaction involving the Properties. This Report is not intended for public distribution or any other third-party use. If Stanton or WUC should seek to show this Report to a third party, Stanton or WUC shall seek prior written approval from WSMC. Such approval will not to be unreasonably withheld.

### 1.0 INTRODUCTION

We understand that WUC is considering a business transaction in which certain uranium-bearing properties in Colorado and Utah would be involved. Stanton engaged WSMC to conduct an evaluation to derive a fair-market value as of April 10, 2015 for the Properties based upon an estimate of a willing buyer-willing seller transaction. The Properties are defined as the mineral interests in: (1) Farmer Girl (23 claims); (2) Sage (93 claims); (3) San Rafael (146 claims plus one state lease); (4) The Sunday Complex (221 claims); (5) Van 4 (82 claims) and (6) Yellow Cat (208 claims plus five state leases); collectively referred to as the Pinon Ridge Mines. We also understand that ore from these mines will be shipped to a yet to be constructed mill, The Pinon Ridge Mill. Pinon Ridge Mining also has a toll milling contract with the Energy Fuels Corporation’s White Mesa Mill located south of Blanding, Utah. Location of the mine sites and the proposed mill site are shown in Figure 1.0, Location Map. The properties are scattered around southwest Colorado and eastern Utah. The Sunday complex, Sage, and Van 4 have previously been mined using underground mining methods by Dennison Mines and others and are currently in Standby Mine Status.

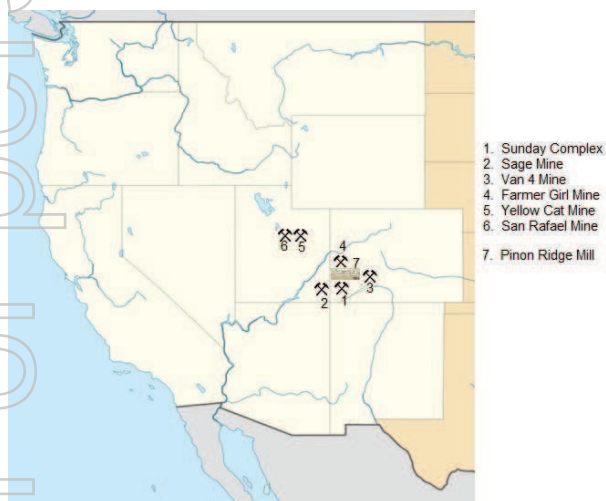


Figure 1.0, Location Map

### 1.1 SUMMARY OF FINDINGS

For the Pinon Ridge Mining’s resources, WSMC used three valuation methodologies to determine a fair-market value: (1) Comparable Publicly-Traded Companies (2) Related Transactions, and (3) Rules of Thumb. The first two methods are market-based and the third method is a derivative of the Related Transaction method. WSMC allocated weight factors, based on its confidence level to the values derived using each of the three methods. The Comparable Publicly-Traded Companies method was weighted by a factor of 20%, the Related Transaction method was weighted 20% and the Rules of Thumb method was weighted by factor of 60%.

### 1.2 CLIENT-CONSULTANT RELATIONSHIP

WSMC is acting in an independent capacity as a consultant to Stanton. WSMC is receiving a pre-negotiated fee for its services. WSMC and each of the professionals working on this assignment do not have a security ownership position in, a financial interest in, or any other pecuniary interest in the Properties.



WSMC assembled a team of professionals to conduct the property visits and valuation. The team members who worked on this assignment are senior-level, highly-experienced, mining professionals with extensive expertise in uranium mining and mineral property evaluation and valuation.

## 1.1 DISCLAIMER

As part of our evaluation, WSMC professionals Messrs. Scriven and Maxwell made a site visit to the Properties on March 31 and April 1, 2015. WSMC reviewed technical data, reports, studies, and other information produced by former operators of the Properties and WUC consultants. Our review was conducted on a reasonableness basis. WSMC has relied upon the information provided as being accurate and suitable for use in this evaluation.

This assessment has been based on information made available to WSMC by WUC. WSMC has been advised that the information is complete as to material details and is not misleading, with the exception that current offers for the properties have been excluded.

WSMC has reviewed the information provided and has used consultants with appropriate experience and expertise relevant to the Properties. The opinions stated herein are given in good faith. WSMC is of the opinion that the basic assumptions are factual and correct and the interpretations reasonable; however, we retain the right to change or modify our evaluation if new or undisclosed information is provided that might change our opinion.

WSMC does not accept any liability other than its statutory liability to any individual, organization, or company and takes no responsibility for any loss or damage arising from the use of this report, or information, data, or assumptions contained therein. In the event WSMC is subpoenaed or otherwise required to appear to testify regarding this Report, WUC will reimburse WSMC for time and expense. Time spent in actual deposition or testimony will be invoiced at twice the rate billed for the professional involved during the preparation of the Report.

## 1.2 INFORMATION RELIED UPON

WSMC relied on Mr. George Glasier of WUC for guidance on the Pinon Ridge Mines' condition and history as well as for a general update on a probable sequence of operations for the Pinon Ridge Mines. Mr. Glasier has provided a signed statement to WSMC that all available materials have been made available to WSMC. For resource estimates and some deposit descriptions WSMC relied on reports provided by WUC and SEDAR public securities filings and information listed below.

### Farmer Girl

- "Amended Technical Report on Energy Fuels Resource Corporation's Farmer Girl Property" for Energy Fuels Incorporated in compliance with NI 43-101 by M. Hassan Alief, Certified Professional Geologists, December 2008
- Maps (property, underground workings, drillhole location, site, etc.)
- Drill Hole Data

### Sage Mine

- "Technical Report on Colorado Plateau Partners Sage Plain Project," for Colorado Plateau Partners, LLC in compliance with Canadian NI 43-101 by Douglas C Peters, Certified Professional Geologist, December 2011
- Drill Hole Data
- Maps (claim, boundary, cross sections, geologic, ownership, etc.)
- Resource Tables

### San Rafael

- "NI 43-101 Technical Report on San Rafael Uranium Project," for Energy Fuels, Inc, by O. Jay Gatten, NI 43101 Qualified Person, Utah Certified Professional Geologist, March 2011
- Drill Hole Data

### Sunday Complex

- Drill Hole Data
- Resource Estimates
- Maps (property, underground workings, drillhole location, site, etc.)
- Claim forms
- Mine Plan Report

#### Van 4

- Drill Hole Data
- Resource Estimates
- Maps (claim maps, surface facilities, boundary, etc.)

#### Yellow Cat

- Drill Hole Data
- Maps (property, underground workings, drillhole location, site, etc.)
- Correspondence

#### All Properties

- “A Decade of Deals: Copper and Gold Ore Reserve Acquisition Costs 1990-1999”, Frank L. Ludeman, April 2000

## 2.0 ASSET DESCRIPTION

All the uranium deposits occur in fluvial semi-consolidated sandstones of the Salt Wash Member of the Jurassic age Morrison Formation. Deposits are lenticular, thin, and narrow.

Resources are estimated based on based on results from vertical surface drill holes. WUC mineralization is classified as resources as economic viability has not been established.

#### Farmer Girl

- Location –Montrose County Colorado in the Uravan Mineral Belt.
- Infrastructure - There is no visible infrastructure at the Farmer Girl other than a vent shaft. It is unclear whether any of the old working will be of any use when the mine resumes production.
- The Farmer Girl is not permitted.
- Resource estimates for Farmer Girl are 74,000 lbs of  $U_3O_8$  and 371,000 lbs of  $V_2O_5$ .

#### Sage Mine

- Location –San Juan County, Utah and San Miguel County, Colorado in the Uravan Mineral Belt.
- Infrastructure – The Sage Mine has good access to a paved road, electrical power to mine site, portal and developed haulage drifts.
- The Sage Mine has a current mine permit.
- Resource estimates for the Sage Mine are 581,000 74,000 lbs of  $U_3O_8$  and 3,300,000 lbs of  $V_2O_5$ .

#### San Rafael

- Location – The Tidwell Mining District of Emery County Utah
- Infrastructure – This property has not been mined and there is no infrastructure at the site.
- The San Rafael is not permitted.
- Resource estimates for San Rafael are 5,264,000 lbs of  $U_3O_8$  and 11,830,000 lbs of  $V_2O_5$ .

#### Sunday Complex

- Location – San Miguel County, Colorado and is comprised of the Sunday, Carnation, St. Jude, Topaz and West Sunday Mines.
- Infrastructure – The Sunday Complex has five developed mine sites; the Sunday Mine, the St. Jude Mine, the Carnation Mine, the Topaz Mine and the West Sunday Mine. Each of the mines has good access to a paved highway, electric power to existing declines, office/storage/shop and change buildings, and extensive underground haulage development with several vent shafts complete with exhaust fans. The mines are all contained within the Sunday Claim block and are connected underground.
- The Sunday Complex is fully permitted.

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- Resource estimates for the Sunday Complex are 934,000 lbs of U<sub>3</sub>O<sub>8</sub> and 5,836,000 lbs of V<sub>2</sub>O<sub>5</sub>.

#### Van 4

- Location – Western Montrose County Colorado in the Uravan Mineral Belt.
- Infrastructure – The Van 4 Mine has a hoist house, a shaft and a head frame. The change house and offices have been removed from the site. The hoist is in place in the hoist house but will require all new electrical components. There is considerable development underground including an existing decline from the surface and at least on ventilation shaft.
- The Van 4 is fully permitted.
- Resource estimates for Farmer Girl are 400,000 lbs of U<sub>3</sub>O<sub>8</sub> and 1,310,000 lbs of V<sub>2</sub>O<sub>5</sub>.

#### Yellow Cat

- Location – Grand County, Utah.
- Infrastructure – There are no visible signs of mining on the property but there are known underground workings. No value is assigned to the old workings.
- The Yellow Cat is not permitted.
- Resource estimates for the Yellow Cat are 392,000 lbs of U<sub>3</sub>O<sub>8</sub> and 2,000,000 lbs of V<sub>2</sub>O<sub>5</sub>.

### 3.0 VALUATION

#### 3.1 VALUATION DATE

The time and date of the valuation is as of market close on April 10, 2015 (“Valuation Date”).

#### 3.2 FAIR-MARKET VALUATION CRITERION

The criterion that WSMC has used in establishing the fair-market value of the Properties is the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently, and without compulsion.

#### 3.3 STANDARDS AND PROCEDURES

WSMC’s methodology for the valuation follows international and minerals industry standards. WSMC has maintained a complete record of the working papers utilized in this valuation. The documentation includes:

- the rationale and assumptions for utilizing specific valuation methods;
- information utilized in the valuation and the reasons for using it.

The Report constitutes an independent evaluation of the Properties to estimate a fair market value for use by Stanton and WUC.

#### 3.4 METHODOLOGIES USED TO EVALUATE THE PINON RIDGE MINES

Typically, no single method of valuation is appropriate for all situations. Rather, there are varieties of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances. Three valuation methodologies were used to value the Properties based on the property status and resources. The following briefly describes the methodologies used in evaluating the Pinon Ridge Mines.

##### 3.4.1 Comparable Publicly-traded Companies

Enterprise Value captures the market’s assessment of a publicly traded company’s value, while accounting for its capital structure; and hence, provides a proxy for the takeover value of that company. The Enterprise Value Multiple shows such value as a multiple of resources and/or reserves. This is calculated as follows: market capitalization, plus debt, plus preferred stock, minus available cash and cash equivalents, all divided by the pounds of U<sub>3</sub>O<sub>8</sub> in the different resource or reserve categories. A representative value per pound of resource, determined by Enterprise Value Multiples derived from a set of comparable publicly-traded companies, can then be multiplied by the amount of resource contained in the subject property to estimate the value of the property. A difficulty encountered with this method is the determination of the extent to which the company is indeed comparable.

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### 3.4.2 Related Transactions

Transactions involving the sale and acquisition of comparable companies or properties can be used to derive the price paid per pound of  $U_3O_8$  acquired. This multiple can then be used as a basis for valuing similar properties. A difficulty encountered with this method is the determination of the extent to which the property or transaction is indeed comparable. Low-production-cost pounds, for instance, are clearly worth more than high-production-cost pounds. Further, where a project has potential not reflected in the quoted resources or reserves, a value toward the high end of the range may be justified.

### 3.4.3 Rules of Thumb

The Rules of Thumb method is a derivative of the Related Transactions method. It is based on the empirical results from decades of past transactions, indicating that values may be derived from the amount of in-situ resources and/or reserves contained by the property in question, according to the level of confidence assigned to its resources estimates and the spot price of the mineral. The value assigned to each category of resource and/or reserve is determined by multiplying the amount of estimated contained mineral by the current spot price, all of which is then multiplied by a confidence factor (in the form of a percentage). The confidence factors range from single digits for lower levels of confidence (e.g., Indicated or Inferred Resources) to the upper teens for Proven Reserves. Premiums are added to the percentages for certain items such as a permitted mine.

## 3.5 VALUATION RESULTS BY METHODOLOGY FOR THE PINON RIDGE MINES

### 3.5.1 Comparable Publicly-traded Companies

WSMC reviewed publicly listed companies and found four companies whose assets are considered reasonably comparable to the Properties: Energy Fuels, Inc., Uranium Resource, Inc., Uranium Energy Corporation and Western Uranium Corporation.

**Energy Fuels, Inc. (EFR: TSE)** – Energy Fuels Inc. (Energy Fuels) has numerous sandstone hosted uranium deposits in the western United States (including a minority interest in the Coles Hill deposit in Virginia, USA). With the exception of the currently limited operations of the Pinenut<sup>1</sup> underground mine, Energy Fuels' resources are not being mined. Energy Fuels holds a portion of the Roca Honda deposit adjacent to the Mt. Taylor Mine site, expected to be mined underground. Energy Fuels' Enterprise Valuation of US\$102.0 million (as of April 10, 2015) divided by 118.0 million compliant pounds reported by Energy Fuels provides an Enterprise Value of US\$0.86 per pound of  $U_3O_8$ .

**Uranium Resources, Inc. (URRE: NASDAQ)** – The bulk of Uranium Resources, Inc.'s (URI) resources are in the Grants Mineral Belt as are Sections 13 and 15. The resources are not being mined but may be mined by underground and in-situ recovery methods. URI holds a portion of the Roca Honda deposit adjacent to the Mt. Taylor Mine site, expected to be mined underground. URI's Enterprise Value of US\$33.2 million (April 10, 2015) divided by 123.0 million pounds reported by URI provides an Enterprise Value of US\$0.27 per pound of  $U_3O_8$ .

**Uranium Energy Corporation (UEC NYSE MKT)** – In Texas, Uranium Energy Corporation (UEC) has minor production from an ISR project and controls three projects with resources. It also has the Slick Rock Project in proximity to some of the WUC holdings in southwestern Colorado. UEC's Enterprise Value of US\$131.0 million (April 10, 2015) divided by 12.0 million pounds reported by UEC, discounted by 10% for status as a mine operator and assigned a 20% premium for assets undervalued by the market, provides an Enterprise Value of US\$11.79 ( $10.92 \times 0.9 \times 1.2$ ) per pound of  $U_3O_8$ .

**Western Uranium Corporation (WUC: CN)** – The holdings of WUC are essentially the Properties described in this letter report. WUC's Enterprise Value of US\$40.8 million (April 10, 2015) divided by 7.72 million pounds accounted for in WSMC's investigation provides an Enterprise Value of US\$5.28 per pound of  $U_3O_8$ .

**Weighted Average Multiple** – The weighted average of the four companies' Enterprise Values per pound of  $U_3O_8$  is US\$1.22

### 3.5.2 Related Transactions

The use of transactions of comparable mineral properties can be complicated because every mineral deposit, even of the same commodity, is different to some extent from other deposits. Usually, the most significant differences between  $U_3O_8$  deposits are:

- type (unconformity versus sedimentary)

<sup>1</sup>In November 2013, Energy Fuels announced that Pinenut Mine would continue operations to mid-2014, after which it would be placed on care and maintenance. On April 23, 2014, the Energy Fuels revised its guidance and announced Pinenut Mine would continue to operate into first quarter 2015 before being placed on care and maintenance.

- depth
- quality (grade)
- non-technical constraints

A review of the list of transactions that WSMC has compiled over the past several years provided three transactions thought to be a reasonable comparison. These were either individual asset sales or company sales where the company's value is primarily derived from its uranium asset. The term "Implied Value" is used to indicate upward adjustments to the implied 100% asset (or company) value in the event that less than 100% of the asset (or company) was purchased in the transaction. In-situ Value is based upon Implied Value, divided by compliant in-situ resources. Adjusted In-situ Value captures changes in uranium market conditions for long-term U<sub>3</sub>O<sub>8</sub> prices (as opposed to spot prices) since the date of the underlying transaction to the Valuation Date (April 10, 2015) for this Report.

The transactions considered Neutron Energy sale to URI. Pathfinder Mines 'Shirley Basin' properties to UrEnergy, Inc., and Titan Uranium to Energy Fuels (Table 3.1). Sources of information were Company Releases. Factors that are common amongst the properties include:

- **Host Rock** – Weakly consolidated sandstone
- **Deposit Type** – Biochemical process occurring in near surface groundwater
- **Depth** – Reasonable for extraction by conventional mining methods
- **Resources** – Inferred or better classification – all the properties are drilled at about the same density
- **Grade** – Moderate grade
- **Country Risk** – Located in Western USA
- **Operation Status** – Not in production

Results of comparable transaction values are shown in Table 3.1. These values were subsequently discounted to incorporate risk and estimated time to production as described in Section 3.8.

Property	Transaction Date	Implied Value (US\$)	Resources (Pounds U <sub>3</sub> O <sub>8</sub> )	Per Pound U <sub>3</sub> O <sub>8</sub> <sup>1</sup>	
				In-situ Value	Adjusted In-situ Value <sup>2</sup>
Neutron	02-Mar-12	38,100,000	51,000,000	\$0.75	\$0.55
Pathfinder <sup>3</sup>	16-Dec-13	13,250,000	14,700,000	\$0.90	\$0.88
Titan	24-Oct-12	25,200,000	31,000,000	\$0.81	\$0.79
<b>Weighted Average Adjusted In-situ Value per Pound U<sub>3</sub>O<sub>8</sub></b>				<b>\$0.68</b>	
<sup>1</sup> US\$					
<sup>2</sup> Adjustment based on uranium price changes					
<sup>3</sup> Pathfinder announced in 2012 but terms revised on 16-Dec-13. Assumes maximum royalty payout of US\$6.625 million based on U <sub>3</sub> O <sub>8</sub> above US\$55/lb. Possible liabilities from former mining operations were estimated to be offset by income from repository operations.					

### 3.5.3 Rules of Thumb

Mineralization in the Pinon Ridge Mines are considered Measured, Indicated and Inferred Resource based on surface drill hole results. Further activity in the form of long-hole fans drilled from haulage drifts when mine development operations commence may upgrade the resources. Stope development may further upgrade the resources further to a Measured Resource or Proven Reserve classification. WSMC has assigned a confidence factor for each of the resource categories as shown in Table 3.2, Resource Confidence Factors by Category:

Property	Uranium and Vanadium			Premiums and Discounts
	Measured	Indicated	Inferred	
Farmer Girl Uranium		5%		<b>The following Premiums and Discounts were applied to the Factors:</b>

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Vanadium		7.5%		* For Properties currently on Standby Mine Status (Permitted) – Factor will be multiplied by 1.25.
Sage				
Uranium	10%*	5%*	2.5%*	
Vanadium	10%*	5%*	2.5%*	
San Rafael				
Uranium	10%	5%	2.5%	
Vanadium		7.5%	2.5%**	
Sunday Complex				
Uranium	10%*	5%*	2.5%*	
Vanadium		5%*	2.5%*	
Van 4				
Uranium	10%*	5%*		
Vanadium			2.5%**	
Yellow Cat				
Uranium		5%	2.5%	
Vanadium			2.5%**	

\* For Properties currently on Standby Mine Status (Permitted) – Factor will be multiplied by 1.25.

\*\* For Vanadium values based on District-wide Uranium:Vanadium Ratios – Factor will be multiplied by 0.5.

Property	U <sub>3</sub> O <sub>8</sub> (000 pounds)	U <sub>3</sub> O <sub>8</sub> (000 US\$)	V <sub>2</sub> O <sub>5</sub> (000 pounds)	V <sub>2</sub> O <sub>5</sub> (000 US\$)
<b>Farmer Girl</b>				
Measured			371	109
Indicated	74	145		
<b>Sage</b>				
Measured	451	2210	3300	1610
Indicated	8	20		
Inferred	122	150		
<b>San Rafael</b>				
Measured	1700	6670	4600	1350
Indicated	1701	3340		
Inferred	1860	1820	2500	122
<b>Sunday Complex</b>				
Measured	824	4040	5148	2510
Indicated	9	22	57	14
Inferred	101	124	631	77
<b>Van 4</b>				
Measured	99	486		
Indicated	301	738		
Unclassified			1310	80
<b>Yellow Cat</b>				
Indicated	149	292		
Inferred	243	238		
Unclassified			2000	98
<b>Total</b>	<b>7640</b>	<b>20,300</b>		<b>5960</b>

\* Based on April 10, 2015 spot market prices of \$39.25 per pound U<sub>3</sub>O<sub>8</sub> and \$3.90 per pound V<sub>2</sub>O<sub>5</sub>  
Note: Resources are reported at equilibrium based on gamma values.

### 3.6 VALUATION RESULTS PINON RIDGE MINES

WSMC assigned weight factors to the three methodologies in order to calculate a weighted average value for the Pinon Ridge Mines. WSMC assigned a weight of 60% for the Related Transactions and 20% for the Comparable Publicly-Traded Companies. The Rules of Thumb method was assigned a weight of 60%. The weight of the Comparable Publicly-Traded Companies and Recent Transactions methods are less because of the limited number of companies considered. A summary is shown in 3.4, Weighted Values of Methodologies.

Methodology	Value (000 US\$)			Weight	000 US\$
Rules of Thumb	20,300			0.6	12,180
	Pounds (000)	\$/pound	Value (000 US\$)		
Market Capitalization	7,640	1.22	5,200	0.2	1,040
Recent Transactions	7,640	0.68	9,300	0.2	1,860
<b>Weighted value</b>				<b>1</b>	<b>15,080</b>

### 3.7 VALUATION SUMMARY

#### 3.7.1 Value of Infrastructure

Three of the mine site, the Sage, the Sunday Complex and the Van 4, all of which are on standby mine status have infrastructure associated with the properties. The Farmer Girl and Yellow Cat have some underground workings but no surface facilities and no value is given to the infrastructure on these properties. Table 3.5, Value of Property Infrastructure is an estimate of the value of development.

Mine	Value in US\$ Millions	
	Access Road, Site Power, Surface Facility, Underground Development, Power to the Site, Surface Infrastructure, and Underground Infrastructure	
Farmer Girl	No value of Infrastructure	
Sage	0.51	Portal, site power, buildings on site, access road, underground development
San Rafael	No Value of Infrastructure	
Sunday Complex	7.8	5 portals with steel set inclines, site power, shops, offices, change houses, site power, access roads, several miles of underground development and a dozen or more ventilations shafts complete with exhaust fans.
Van 4	1.4	Headframe, hoist house, underground development including a decline from the surface and a thousand feet or more of developed haulage ways.
Yellow Cat	No Value of Infrastructure	
Total Value	9.71	

#### 3.7.2 Summary

Following is the summary of the valuation. A low, best and high value is presented. The best value is the results of all the methods stated above with an additional premium added for the projected use of the ablation technology to be used at the mine sites. Ablation is a new mining technology using only high speed water jets and screens to separate the uranium ore from the sandstone particles. Tests run on Uravan basin sandstone ores indicates the material to be sent to the mill will be reduced by 75 to 90% when the grade of the ore is increased up to 10 times the run of mine. This reduces the milling costs by eliminating the need for crushing and grinding circuits and reduces the size of the tailings and evaporation ponds. It is estimated that using this cost reducing technology will add up to 33 percent to the value of the resource. For this report, a premium of 15% was added to the value of uranium and vanadium. This would increase the vanadium and uranium resources values to US\$6.9 and US\$17.3 million respectively.

The high value assumes that during stope development and mining, additional pounds will be identified and that the resources will be upgraded. Typically this is in the range of 10 to 20 percent increase in resource estimates. For this report, an estimate of

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15 percent increase is used in the value of both the uranium and the vanadium. The low value excludes the projected increase in resource from stope development and the premium for using the ablation technology at the mine sites.

These results are shown in Table 3.6, Summary of Values.

<b>Item</b>	<b>Low Value US\$ Millions</b>	<b>Best Value US\$ Millions</b>	<b>High Value US\$ Millions</b>
Uranium Resources	15.1	17.3	19.9
Vanadium Resources	6.0	6.9	7.9
Infrastructure	9.7	9.7	9.7
<b>Weighted value</b>	<b>30.8</b>	<b>33.9</b>	<b>37.5</b>

Please note that this Report is intended solely for the internal use of Stanton and WUC with respect to the evaluation of the merits of a potential transaction involving the Properties. This Report is not intended for public distribution or any other third-party use. If Stanton or WUC should seek to show this Report to a third party, Stanton or WU shall seek prior written approval from WSMC. Such approval will not to be unreasonably withheld.

WSMC thanks Stanton for the opportunity to perform this important work, and we welcome discussion of this Report. If you have other comments or questions, please call me at (307) 266-9117 or Bob Maxwell at (307) 472-6629 or e-mail comments and questions to [davescriven@westernstatesmining.com](mailto:davescriven@westernstatesmining.com) or [mpe@vcn.com](mailto:mpe@vcn.com).

Sincerely,

**Western States Mining Consultants, P.C.**



David H. Scriven, PE  
President

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## APPENDIX 2 – SUMMARY OF THE MERGER IMPLEMENTATION AGREEMENT

The Merger Implementation Agreement sets out the obligations of Black Range and Western in connection with the implementation of the Merger. A summary of the key terms of the Merger Implementation Agreement is set out below. Capitalised terms used in this summary and not otherwise defined in the Scheme Booklet have the meaning set out in section 7 of this summary below.

### 1 CONDITIONS PRECEDENT

Implementation of the Merger is subject to the following conditions precedent:

- (a) before 8am on the Second Court Date:
  - (i) ASIC, ASX and CSE issuing or providing all necessary consents or approvals (including CSE conditionally approving the listing of the new Western Shares);
  - (ii) all technical reports as may be required by applicable securities law in the form prescribed by JORC Guidelines (as applicable) being provided in respect of the material properties of Western and Black Range;
  - (iii) all necessary regulatory approvals having been obtained by Black Range or Western (as the case may be) and having not been withdrawn or revoked in a manner that is materially adverse to the parties;
- (b) the Independent Expert providing an Independent Expert's Report to Black Range that, in the opinion of the Independent Expert, the Scheme is in the best interests of Black Range Shareholders;
- (c) the Scheme being approved at the Black Range Shareholders' Meeting in accordance with section 411(4)(a)(ii) of the Corporations Act;
- (d) the Court approving the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (e) no order or legislative restraint, whether permanent or temporary being issued by a Governmental Agency that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme;
- (f) all Black Range Optionholders entering into an option deed with Black Range and Western for the cancellation of their Black Range Options in consideration for New Western Options in accordance with clause 4.1(f) of the Merger Implementation Agreement (please refer to Section 13.1 of this Scheme Booklet for further details);
- (g) to the extent that implementation of the Scheme would require consent or trigger any right of termination or other material right in favour of a person (other than a Black Range Group member), or any material liability owed by a Black Range Group member under a material contract, each required consent, waiver of each such right, and release of each such liability, being obtained (including in favour of the post Scheme entity on terms no more onerous than those applying to Black Range) and not being withdrawn, cancelled, revoked or varied in a manner that is materially adverse to the parties (and, where given conditionally, subject to conditions acceptable to the parties, acting reasonably);
- (h) Black Range and Western's representations and warranties under the Merger Implementation Agreement being true and correct in all material respects at as of the date of the Merger Implementation Agreement except where any statement is expressed to be made only at a particular date it is given only at that date;
  - (i) on or before 19 March 2015 or such later date as agreed in writing between the parties, Western completing to its satisfaction its financial, tax and legal due diligence on Black Range;
  - (j) no Black Range Regulated Event nor Black Range Material Adverse Change occurring between the date of the Merger Implementation Agreement and until 8am on the Second Court Date;
  - (k) the Black Range Board unanimously recommending that Black Range Shareholders vote in favour of the Scheme, in the absence of a Superior and in the absence of the Independent Expert finding that the Scheme is not in the best interests of Black Range Shareholders and including that recommendation in the Scheme Booklet and not withdrawing or varying that recommendation;
  - (l) Black Range procures that to the extent any key management personnel is entitled to any redundancy, severance or termination payments that may otherwise be triggered by the Scheme, such entitlements are expressly waived in writing;
  - (m) Black Range procures that its wholly owned subsidiary Black Range Mineral Ablation Holdings Inc. enters into a lease agreement in respect of the transportation by Black Range Mineral Ablation Holdings Inc and use by Western, of certain ablation equipment owned by Black Range Mineral Ablation Holdings Inc; and
  - (n) all Black Range Directors entering into a deed of variation to their respective employment contracts under which each of the Black Range Directors agree that all outstanding amounts payable to them pursuant to such employment contracts as at the Implementation Date are to be satisfied in full by the issue of New Western Shares with such New Western Shares to be subject to voluntary escrow until 31 December 2015 and such other restrictions, reasonably acceptable to Western.

### 2 CONDUCT OF BUSINESS

Black Range must also ensure that it will:

- (a) not authorise, issue, sell or otherwise distribute any additional Black Range Shares or issue any additional options or other securities allowing for the acquisition of additional Black Range Shares (unless they are Permitted Issues as defined in clause 18.1 of the Merger Implementation Agreement, being an issue of

73,284,314 Black Range Shares to Azarga Resources in repayment of outstanding loan amounts, and the issue of Black Range Shares to certain officers of Black Range on conversion of outstanding fees);

- (b) not sell, transfer, pledge, mortgage, license, lease or otherwise dispose of or encumber any of its properties or assets (unless they are Permitted Encumbrances as defined in clause 18.1 of the Merger Implementation Agreement, being a pledge, mortgage, license, lease or other encumbrance on certain specified non-core assets);
- (c) not incur or undertake, any liability, obligation, cost or expense other than obligations incurred in the ordinary course of business;
- (d) subject to Western complying with its obligations under the Credit Facility, fully and timely perform, pay and fully discharge any and all obligations imposed on it in connection with its assets or liabilities;
- (e) otherwise conduct its business and operations in the ordinary course and in compliance with all applicable laws and regulations; and
- (f) preserve its current business organisation, the services of its current officers and its current relationship with third parties,

unless prior written consent from Western is obtained (not to be unreasonably withheld or delayed).

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### 3 NON-SOLICITATION ARRANGEMENTS

#### Existing discussions

Black Range agreed to cease any existing discussions or negotiations being conducted as at the date of the Merger Implementation Agreement with respect to any Competing Proposal or other material asset disposals or spin-offs or other restructuring (without prior written consent from Western).

#### Non-solicitation

Under the Merger Implementation Agreement, during the Exclusivity Period, Black Range must not:

- (a) solicit, invite or initiate any enquiries, discussions, negotiations or proposals with a third party in relation to, or which may lead to, any Competing Proposal, or communicate any intention to do such things;
- (b) participate in or continue any existing discussions or negotiations, enter into any agreement, arrangement or understanding or communicate any intention to do such things, in relation to or which might reasonably be expected to lead to a Competing Proposal or other material asset disposals or spin-off or other restructuring; or
- (c) permit any third party to receive any non-public information in respect of any Black Range Group member which may lead to that third party formulating, developing or finalising a Competing Proposal for Black Range or other material asset disposals or spin-off or other restructuring,

except with the prior written consent of Western.

#### Notice of and consideration of Superior Proposals

However, if Black Range receives a Competing Proposal that was not solicited invited or initiated (whether directly or indirectly) by a Black Range Group member and did not otherwise result from a breach of the exclusivity obligations outlined above, and the Black Range Directors (in good faith and acting reasonably, after obtaining external legal advice) form the view that a Competing Proposal, is or is likely to be a Superior Proposal, then the exclusivity obligations outlined above do not apply with respect to that Competing Proposal. In these circumstances, if Black Range proposes to provide any non-public information in respect of any Black Range Group member to a third party, it must:

- (a) provide such information to Western at the same time; and
- (b) promptly notify Western in writing and include all material terms of the relevant event including the price or implied value under any Competing Proposal for Black Range and notify Western of all such future events related to this event.

If Black Range:

- (a) receives a Competing Proposal for Black Range that the Black Range Board determines, acting in good faith and acting reasonably, is, or is likely to result in, a Superior Proposal; and
- (b) wishes to change, qualify or withdraw its recommendation that Black Range Shareholders approve the Scheme,

Black Range must give Western five Business Days' notice of its intention to do so. Such notice must include all material terms of the Competing Proposal including the price or implied value under the Competing Proposal and the identity of the relevant third party to allow Western to propose a variation to the terms of the Scheme. If the Black Range Board is of the view, that Western's counter proposal would result in such Competing Proposal no longer being a Superior Proposal, it must use its best endeavours to agree any amendments to the terms of the Scheme and the Merger Implementation Agreement.

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### 4 BREAK FEE

Black Range or Western may be required to pay the other a "break fee" if certain events occur.

#### Black Range Break Fee

Provided that Western is not in material breach of the Merger Implementation Agreement and the Scheme has not become Effective, if:

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- (a) if the Black Range Board or any Black Range Director fails to recommend the Scheme or, changes, qualifies or withdraws any statement or recommendation of the Scheme or makes any public statement that is fundamentally inconsistent with any statement or recommendation in respect of the Scheme (other than where the Independent Expert's Report opines that the Scheme is not in the best interests of Black Range Shareholders (provided that the reasons for the Independent Expert's conclusions do not include the existence of a Competing Proposal for Black Range));
  - (b) a Superior Proposal is made or announced and recommended or supported by the Black Range Board;
  - (c) a Competing Proposal for Black Range is announced before the End Date and, as contemplated by that Competing Proposal for Black Range, a third party acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of Black Range and the Competing Proposal for Black Range is (or has become) free from any defeating conditions, before the first anniversary of the date of the Merger Implementation Agreement; or
  - (d) Western validly terminates the Merger Implementation Agreement due to a material breach by Black Range of the Merger Implementation Agreement, or a Black Range Regulated Event or Black Range Material Adverse Change occurs,

then Black Range must pay to Western A\$500,000.

#### **Western Break Fee**

If Western terminates the Merger Implementation Agreement for any reason in Western's sole discretion pursuant to clause 13.3(e) of the Merger Implementation Agreement, then Western must pay Black Range an amount equal to the actual adviser costs and out of pocket expenses incurred by Black Range directly arising from the Proposal up to a maximum amount of A\$100,000.

Please refer to section 6 below for a summary of the all the other circumstances in which Western may terminate the Merger Implementation Agreement without the requirement for Western to pay the Western Break Fee.

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## **5 REPRESENTATIONS AND WARRANTIES**

Black Range and Western have given representations and warranties as to information contained in the Scheme Booklet and compliance with disclosure and other obligations, as well as certain other commercial representations and warranties.

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## **6 TERMINATION**

In certain cases, Black Range or Western may become entitled to terminate the Merger Implementation Agreement in which case the Scheme will not proceed. The termination rights of the parties are set out in clause 13 of the Merger Implementation Agreement and are summarised below.

#### **Termination by Black Range**

Black Range may terminate the Merger Implementation Agreement by notice to Western if:

- (a) a Condition Precedent for the benefit of Black Range is not satisfied (or waived, where permitted) by the relevant due date and in any event by the End Date; or
- (b) Western breaches any term of the Merger Implementation Agreement at any time before 8am on the Second Court Date and the breach can reasonably be regarded as material in the context of the Scheme as a whole (provided that, if such breach is reasonably capable of remedy, notice of the material breach is given by the party not in breach and the material breach has not been remedied within 5 Business Days from the time such notice is given (or any shorter period ending at 5pm (WST) on the last Business Day before the Second Court Date)).

In addition, Black Range may terminate the Merger Implementation Agreement at any time before 8am on the Second Court Date by notice to Western if the Black Range Break Fee is payable by Black Range and has been paid in full to Western.

#### **Termination by Western**

Western may terminate the Merger Implementation Agreement by notice to Black Range if:

- (a) a Condition Precedent for the benefit of Western is not satisfied (or waived, where permitted) by the relevant due date and in any event by the End Date; or
- (b) Black Range breaches any term of the Merger Implementation Agreement at any time before 8am on the Second Court Date and the breach can reasonably be regarded as material in the context of the Scheme as a whole (provided that, if such breach is reasonably capable of remedy, notice of the material breach is given by the party not in breach and the material breach has not been remedied within 5 Business Days from the time such notice is given (or any shorter period ending at 5pm (WST) on the last Business Day before the Second Court Date)).

In addition, Western may terminate the Merger Implementation Agreement at any time before 8:00am on the Second Court Date if:

- (a) there is a Black Range Regulated Event or Black Range Material Adverse Change, provided that notice is provided to Black Range of the relevant circumstances upon which Western proposes to rely in terminating the Merger Implementation Agreement and such circumstances have continued to exist for a period of 5 Business Days from the time such notice is given (or any shorter period ending at 5pm on the last Business Day before the Second Court Date);

- (b) a Black Range Director publicly changes, qualifies or withdraws their statement that the Scheme is in the best interests of Black Range Shareholders or their recommendation that Black Range Shareholders approve the Scheme, or publicly recommends, promotes or endorses a Superior Proposal for Black Range;
- (c) if, at any time before 8am on the Second Court Date, the Black Range Board recommends a Superior Proposal for Black Range;
- (d) if a Competing Proposal for Black Range is announced, made, or becomes open for acceptance and, pursuant to that Competing Proposal for Black Range, the bidder for Black Range acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of Black Range and that Competing Proposal for Black Range is (or has become) free from any defeating conditions); or
- (e) for any other reason and in Western's sole discretion.

**Consequences of Non-satisfaction of Conditions Precedent**

The Scheme will not become Effective and Western will not be required to procure the provision of the Scheme Consideration unless each of the Conditions Precedent, as described in Section 8.3, is satisfied or waived.

If, a Condition Precedent is not satisfied or waived, or is unable to be satisfied or waived as at 8am two Business Days before the Second Court Date (other than the Scheme being approved by Black Range Shareholders in accordance with section 411(4)(a)(ii) of the Corporations Act), the parties must consult in good faith to determine whether the Scheme, or any part of it, can be implemented on varied terms or by an alternative means.

**7 DEFINITIONS USED IN SUMMARY**

Capitalised terms used in the summary above, and not otherwise defined, have the same meaning as in clause 18.1 of the Merger Implementation Agreement, as set out below.

**Black Range Material Adverse Change** means an event or occurrence after the date of this agreement, that individually or when aggregated with all other such events or occurrences:

- (a) is reasonably likely to have a material adverse effect on the mining and exploration business, operations, properties, assets or liabilities, obligations (whether absolute, accrued, conditional or otherwise), condition, financial position or prospects of the Black Range Group; or
- (b) results or is reasonably likely to result in the Black Range Group being unable to carry on its business in substantially the same manner as at the date of this agreement, and, without limiting the generality of paragraphs (a) and (b), diminishes or is reasonably likely to diminish the value of the net assets of the Black Range Group as at 1 March 2015 by an amount of \$1 million or more, other than any event or occurrence:
  - (i) which arises from adverse changes in exchange rates;
  - (ii) which arises from general changes in economic, political or business conditions;
  - (iii) which arises from changes in law, regulation or policy of Governmental Agencies in jurisdictions in which the Black Range Group operates except where such change specifically refers to the business of Black Range and not companies or businesses or types of companies and businesses generally;
  - (iv) which is required to be done or undertaken pursuant to the Scheme;
  - (v) which took place with the prior approval of Western; or
  - (vi) to the extent that event or occurrence was known to Western prior to the date of this agreement (which does not include knowledge of the risk of an event or occurrence happening).

**Black Range Regulated Event** means, in relation to any Black Range Group member, the occurrence of any of the following (other than in connection with the Scheme or as fairly disclosed prior to the date of this agreement in the Black Range Disclosed Information):

- (a) any change to a constituent document;
- (b) the passing of any special resolution;
- (c) the acquisition or disposal (whether directly or indirectly and by whatever means, including by way of spin-off or other restructuring) of any entity, business or assets (other than trade inventories, consumables or any Non-Core Assets);
- (d) the incurring of any capital expenditure;
- (e) except to the extent provided under the terms of the Black Range Options, the purchase, buy-back, cancellation, redemption or repayment of any shares or other reduction of any share capital in any way, or consolidation or subdivision of all or any part of any share capital or other conversion of any shares into a larger or smaller number or other changes to, or reconstruction of, any part of any share capital;
- (f) creation of any new security interest or encumbrance, individually or in aggregate, over the whole or a substantial part of the business or assets;
- (g) the incurring of any new financial indebtedness (other than any indebtedness incurred in the ordinary course of Black Range's business, in connection with the dissolution of the joint venture arrangement with Ablation Technologies LLC or any draw down of funds under existing credit facilities where such funds are used for purposes announced to ASX before the date of this agreement or refinancing of those existing credit facilities) or entry into any hedging or forward sales (other than under existing hedging or forward sale arrangements) or any amendment of existing hedging or forward sale arrangements;

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- (h) issuance of any equity, debt or hybrid security (including any security convertible into shares of any class) or rights, warrants or options to subscribe for or acquire any such securities other than a Permitted Issue, as publicly disclosed before the date of this agreement or to satisfy any share rights that have vested or may vest prior to the Implementation Date under the terms of the Black Range Options;
  - (i) the provision of any financial accommodation or capital contributions to a person other than another Black Range Group member;
  - (j) the entry into or variation of any Black Range Material Contract (other than pursuant to an approved capital project announced to ASX before the date of this agreement or the renewal of any existing Black Range Material Contract on substantially the same terms);
  - (k) the entry into, or resolution to enter into, or the variation of, a transaction with a related party (other than a related party which is a member of the Black Range Group) as defined in section 228 of the Corporations Act;
  - (l) the recommendation, declaration, payment or resolving to recommend, declare or pay to Black Range Shareholders any bonus, dividend or other distribution in cash, in specie or otherwise;
  - (m) the passing of a resolution in respect of any Black Range Member that it be wound up;
  - (n) an application or order is made by a court with relevant jurisdiction for the winding up or dissolution of any Black Range Group member other than where the application or order (as the case may be) is set aside within 14 days or any shorter period ending at 5pm on the last Business Day before the Second Court Date;
  - (o) a liquidator or provisional liquidator is appointed to any Black Range Group member;
  - (p) an administrator of any Black Range Group member is appointed under section 436A, 436B or 436C of the Corporations Act;
  - (q) any Black Range Group member executes a deed of company arrangement;
  - (r) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any Black Range Group member;
  - (s) any Black Range Group member is deregistered as a company or otherwise dissolved; or
  - (t) any Black Range Group member is or becomes unable to pay its debts when they fall due, other than to the extent it is provided for in the Approved Black Range Budget or consented to in writing by Western.

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## SCHEME OF ARRANGEMENT

**Black Range Minerals Limited**  
**Scheme Shareholders**

File Ref: PAL:AXC:150530  
Doc Ref: 2286093v7

**Sydney**  
123 Pitt Street  
Sydney NSW 2000  
T / +61 (2) 8075 1700

**Perth**  
50 Kings Park Road  
West Perth WA 6005  
T / +61 (8) 9216 7100

## SCHEME OF ARRANGEMENT

*Pursuant to section 411 of the Corporations Act 2001*

### DETAILS

<b>Name</b>	Black Range Minerals Limited	<b>Black Range</b>
<b>ACN</b>	009 079 047	
<b>Address</b>	Suite 9, 5 Centro Ave Subiaco, Western Australia, 6008	
<b>Fax</b>	+61 8 9226 2027	
<b>Attention</b>	Michael Haynes	

<b>Name</b>	Black Range Shareholders as at the Record Date, other than the Excluded Shareholders	<b>Scheme Shareholders</b>
-------------	---	----------------------------

### 1. DEFINITIONS, INTERPRETATION AND SCHEME COMPONENTS

#### 1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691.

**ASX Operating Rules** means the operating rules of the ASX published by ASX.

**Black Range Share** means a fully paid ordinary share in the capital of Black Range.

**Black Range Share Register** means the register of members of Black Range maintained by or on behalf of Black Range in accordance with section 168(1) of the Corporations Act.

**Black Range Share Registry** means Computershare Investor Services Pty Limited (ACN 078 279 277).

**Black Range Shareholder** means each person who is registered in the Black Range Share Register as the holder of Black Range Shares.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia.

**CHESS** means the Clearing House Electronic Sub-register System of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd (ACN 088 504 532).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of Western Australia.

**CSE** means the Canadian Securities Exchange.

**Deed Poll** means the deed poll dated on or about 29 June 2015 executed by Western in the form agreed between the parties under which Western covenants in favour of the Scheme Shareholders to perform the steps attributed to Western under, and otherwise comply with, the Scheme as if Western were a party to this Scheme.

**Effective** when used in relation to the Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Scheme.

**Effective Date** with respect to the Scheme, means the date on which this Scheme becomes Effective.

**Eligible Scheme Shareholder** means a Scheme Shareholder other than an Ineligible Foreign Shareholder or a Small Shareholder.

**Excluded Shareholder** means any Black Range Shareholder who is Western or a Related Body Corporate of Western.

**Governmental Agency** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or similar entity or organisation, or applicable securities exchange.

**Implementation Date** means the date that is the third Business Day after the Record Date and no later than 17 September 2015 unless otherwise agreed in writing by the parties or required by a Governmental Agency.

**Ineligible Foreign Shareholder** means a Scheme Shareholder whose Registered Address is in a place outside Australia and its external territories, New Zealand, the United States of America, the British Virgin Islands and Canada, unless Western is satisfied (acting reasonably) that the laws of that place permit the allotment and issue of New Western Shares to that Scheme Shareholder pursuant to the Scheme, either unconditionally or after compliance with conditions that Western in its sole discretion reasonably regards as acceptable and practical.



**Merger Implementation Agreement** means the agreement between Black Range and Western dated on or about 20 March 2015 under which each party undertakes specific obligations to give effect to the Scheme.

**New Western Shares** means the new Western Shares to be issued under the terms of the Scheme as Scheme Consideration.

**Nominee** the nominee to be appointed by Western to sell the New Western Shares of Ineligible Foreign Shareholders and Small Shareholders in accordance with **clause 5.4**.

**Participating Shareholders** means all Black Range Shareholders as at the date of the Scheme Meeting other than the Excluded Shareholders.

**Record Date** means 5.00pm on the date that is the fifth Business Day after the Effective Date, or such other date (after the Effective Date) as is agreed by the parties.

**Registered Address** in relation to a Black Range Shareholder, the address of the Black Range Shareholder as shown in the Black Range Share Register.

**Related Body Corporate** has the meaning given in the Corporations Act.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between Black Range and Scheme Shareholders subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Black Range and Western.

**Scheme Booklet** means the information described in clause 5.1 of the Merger Implementation Agreement to be despatched to Participating Shareholders.

**Scheme Consideration** means the consideration to be provided to Scheme Shareholders under the terms of this Scheme being (subject to **clauses 5.2 and 5.4**) one Western Share for every 750 Scheme Shares held by that Scheme Shareholder.

**Scheme Meeting** the meeting of Participating Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of the meeting.

**Scheme Shareholders** all Black Range Shareholders as at the Record Date, other than the Excluded Shareholders.

**Scheme Shares** all Black Range Shares held by the Scheme Shareholders as at the Record Date.

**Scheme Share Transfer** for each Scheme Shareholder, means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

**Second Court Date** the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard, or if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Small Shareholder** means a Scheme Shareholder who holds (at the Record Date) less than 7500 Black Range Shares and does not validly elect to have the New Western Shares to which they are entitled under the Scheme issued to them.

**Sunset Date** means 1 October 2015, or such other date as is agreed by the parties.

**Western** means Western Uranium Corporation of Suite 500, 365 Bay Street, Toronto, Ontario, Canada M5H 2V1.

**Western Share** means a fully paid ordinary share in the capital of Western.

**Western Share Register** means the register of holders of Western Shares maintained by or on behalf of Western.

**Western Share Registry** means Capital Transfer Agency Inc.

## 1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;

- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) the word "includes" in any form is not a word of limitation;
- (j) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (k) a reference to any time is a reference to that time in Perth, Western Australia;
- (l) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (m) a reference to a party to a document includes that party's successors and permitted assignees;
- (n) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
- (i) which ceases to exist; or
  - (ii) whose powers or functions are transferred to another body, is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

### 1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

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## 2. PRELIMINARY MATTERS

- (a) Black Range is a public company limited by shares, incorporated in Australia and has been admitted to the official list of the ASX.
- (b) As at the date of the Scheme Booklet 3,068,543,870 Black Range Shares were on issue which are officially quoted on the ASX.
- (c) Western is a company incorporated under the laws of the Province of Ontario, Canada.
- (d) If this Scheme becomes Effective:
  - (i) Western will procure that the Scheme Consideration is provided to each Scheme Shareholder on the Implementation Date;
  - (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Western and Black Range will enter the name of Western in the Black Range Share Register in respect of the Scheme Shares;
  - (iii) it will bind Black Range and all Scheme Shareholders, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and
  - (iv) it will override the constitution of Black Range, to the extent of any inconsistency.
- (e) Black Range and Western have agreed, by executing the Merger Implementation Agreement, to implement this Scheme.
- (f) Western has executed the Deed Poll in favour of Scheme Shareholders.
- (g) Western has agreed, by executing the Deed Poll, to perform its obligations under this Scheme, including the obligation to pay or procure the payment of the Scheme Consideration to the Scheme Shareholders.

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## 3. CONDITIONS

### 3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 4.1 of the Merger Implementation Agreement (other than the condition in the Merger Implementation Agreement relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Merger Implementation Agreement by 8.00am on the Second Court Date;
- (b) neither the Merger Implementation Agreement nor the Deed Poll being terminated as at 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with such alterations or conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Western and Black Range; and
- (d) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act.

### 3.2 Satisfaction

The fulfilment of **clause 3.1** is a condition precedent to the operation of provisions of **clauses 4.2, 5 and 7** of this Scheme.

### 3.3 Sunset Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the Sunset Date; or
- (b) the Merger Implementation Agreement is terminated in accordance with its terms, unless Black Range and Western otherwise agree in writing.

### 3.4 Certificate

- (a) Black Range and Western will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in **clauses 3.13.1(a) and 3.13.1(b)** have been satisfied or waived.
- (b) The certificate referred to in **clause 3.43.4(a)** constitutes conclusive evidence that such conditions precedent in **clauses 3.13.1(a) and 3.13.1(b)** are satisfied, waived or taken to be waived.

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## 4. IMPLEMENTATION OF THE SCHEME

### 4.1 Lodgement of Court orders with ASIC

Black Range will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Scheme as soon as possible after the Court approves the Scheme. The Scheme will be Effective on and from the Effective Date.

### 4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by **clauses 4.3 and 5**, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Western, without the need for any further act by any Scheme Shareholder (other than acts performed by Black Range as attorney and agent for Scheme Shareholders under **clause 8.5**), by:
  - (i) Black Range delivering to Western a duly completed Scheme Share Transfer, executed on behalf of the Scheme Shareholders by Black Range, for registration; and
  - (ii) Western duly executing the Scheme Share Transfer, attending to the stamping of the Scheme Share Transfer (if required) and delivering it to Black Range for registration; and
- (b) as soon as possible following receipt of the Scheme Share Transfer in accordance with **clause 4.24.2(a)(ii)**, Black Range must enter, or procure the entry of, the name and address of Western in the Black Range Share Register in respect of all the Scheme Shares transferred to Western in accordance with this Scheme.

### 4.3 Timing

Notwithstanding any other provision of this Scheme, while New Western Shares forming the Scheme Consideration must be issued (and the Western Share Register updated to record their issuance) on the Implementation Date, any requirements under **clause 4.3** for the sending of share certificates, holding statements or allotment advices may be satisfied within 10 Business Days.

---

## 5. SCHEME CONSIDERATION

### 5.1 Provision of Scheme Consideration

- (a) Subject to this Scheme becoming Effective, in consideration of the transfer to Western of each Scheme Share held by the Scheme Shareholders under this Scheme, Western must provide the Scheme Consideration to each Scheme Shareholder on the Implementation Date.
- (b) The obligations of Western under **clause 5.1(a)** will be satisfied by Western procuring, on the Implementation Date, that:
  - (i) the number of New Western Shares to which each Eligible Scheme Shareholder is entitled as Share Consideration pursuant to this Scheme and the Deed Poll are issued to those Eligible Scheme Shareholders;
  - (ii) the name and address of each Eligible Scheme Shareholder is entered into the Western Share Register in respect of the New Western Shares to which it is entitled in accordance with this Scheme and the Deed Poll; and
  - (iii) a share certificate is sent to the Registered Address of each such Eligible Scheme Shareholder representing the number of New Western Shares issued to the Eligible Scheme Shareholder pursuant to this Scheme and the Deed Poll.

### 5.2 Rounding entitlements

If the number of Scheme Shares held by a Scheme Shareholder as at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to the Scheme Consideration results in a fractional

entitlement to a Western Share, then the entitlement of that Scheme Shareholder must be rounded down to the nearest whole number of New Western Shares.

### 5.3 Ranking of New Western Shares

The New Western Shares issued pursuant to the Scheme must, upon issue, rank equally in all respects with all other Western Shares then on issue.

### 5.4 Ineligible Foreign Shareholders and Small Shareholders

- (a) Western will be under no obligation under the Scheme to issue, and will not issue, any New Western Shares to any Ineligible Foreign Shareholder or Small Shareholder, and instead Western will issue on the Implementation Date the New Western Shares to which that Ineligible Foreign Shareholder or Small Shareholder, as the case may be, would otherwise have been entitled (if they were an Eligible Scheme Shareholder) to the Nominee. On the Implementation Date, Western will procure the entry in the Western Register of the name and address of the Nominee in respect of the New Western Shares that are attributable to each Ineligible Foreign Shareholder and Small Shareholder.
- (b) Western will procure that, as soon as reasonably practicable and in any event not more than 15 Trading Days after the Implementation Date, the Nominee:
- (i) sells on CSE all of the New Western Shares issued to the Nominee pursuant to **clause 5.4(a)** in such manner, at such price and on such other terms as the Nominee determines in good faith, and at the risk of the Ineligible Foreign Shareholders and Small Shareholders; and
  - (ii) remits to the Black Range Share Registry on trust for the Ineligible Foreign Shareholders and Small Shareholders the proceeds of sale in A\$ (after deducting any applicable brokerage, stamp duty, currency conversion and other selling costs, taxes and charges).
- (c) Western will procure that, promptly after the last remittance in accordance with **clause 5.4(b)**, the Black Range Share Registry pays to each Ineligible Foreign Shareholder and each Small Shareholder (in accordance with **clause 5.5**) such proportion of the net proceeds of sale received by the Black Range Share Registry pursuant to **clause 5.4(b)(ii)** as is equal to the number of New Western Shares that would have been issued pursuant to the Scheme to that Ineligible Foreign Shareholder or Small Shareholder, as the case may be (if they were an Eligible Scheme Shareholder) divided by the total number of New Western Shares issued to the Nominee pursuant to **clause 5.4(a)**, in full satisfaction of Western's obligations to that Ineligible Foreign Shareholder or Small Shareholder, as the case may be, under the terms of the Scheme in respect of the Scheme Consideration.
- (d) Each Ineligible Foreign Shareholder and each Small Shareholder irrevocably appoints Black Range as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Nominee is required to provide to Ineligible Foreign Shareholders and Small Shareholders under the Corporations Act.

### 5.5 Payment of cash amounts

Subject to **clauses 5.6, 5.7 and 5.8**, the obligations of Western to procure the Black Range Share Registry to make any payment pursuant to **clause 5.4(c)** to a Scheme Shareholder will be satisfied by the Black Range Share Registry, within the time contemplated by **clause 5.4(c)**, either (in the sole discretion of Western):

- (a) despatching, or procuring the despatch of, to that Scheme Shareholder a pre-printed cheque in the name of that Scheme Shareholder and for the relevant amount (denominated in A\$), with such despatch to be made by pre-paid post to that Scheme Shareholder's Registered Address; or
- (b) making, or procuring the making of, a deposit for the relevant amount (denominated in A\$) in an account with any ADI in Australia notified by that Scheme Shareholder to Black Range and recorded in or for the purposes of the Black Range Share Register as at the Record Date.

### 5.6 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders; and
- (b) any holding statements for New Western Shares required to be issued to Eligible Scheme Shareholders will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the Black Range Share Register as at the Record Date.

### 5.7 Unclaimed moneys

In the event that the Black Range Share Registry believes that a Scheme Shareholder is not known at the Scheme Shareholder's Registered Address, and no account has been notified in accordance with **clause 5.5(b)** or a deposit into such an account is rejected or refunded, the Black Range Share Registry may credit the amount payable to the relevant Scheme Shareholder to a separate bank account to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with any applicable unclaimed money legislation. The Black Range Share Registry must hold the amount on trust, but any

interest accruing on the amount will be for the account of Western. An amount credited to the account is to be treated as having been paid to the Scheme Shareholder for the purposes of the Scheme when credited to the account. Western must procure that the Black Range Share Registry maintains (or procures the maintenance of) records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

#### **5.8 Orders in relation to payment**

In the case of a notice having been given to Black Range, Western, or the Black Range Share Registry of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Black Range Shares held by a particular Scheme Shareholder, which would otherwise be payable to the particular Scheme Shareholder in accordance with **clause 5.4(c)**, then Western will procure that payment is made in accordance with that order; or
- (b) which would prevent the Black Range Share Registry from despatching (or procuring the despatch of) a cheque or making, or procuring the making of, a cash deposit, to any particular Scheme Shareholder in accordance with **clause 5.4(c)**, Western will procure that the Black Range Share Registry will retain (or will procure the retention of) an amount that would otherwise be payable to that Scheme Shareholder in accordance with **clause 5.4(c)** until such time as payment is permitted by law (and any interest accruing on the amount will be for the account of Western).

#### **5.9 Binding instruction or notifications**

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and Black Range relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payments or to communications from Black Range ) will, from the Record Date, be deemed (except to the extent determined otherwise by Western in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, Western in respect of the New Western Shares issued to the Scheme Shareholder pursuant to the Scheme, until that instruction or notification is revoked or amended in writing addressed to Western through the Western Share Registry, provided that any such instructions or notifications accepted by Western will apply to and in respect of the issue of New Western Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

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### **6. DEALINGS IN BLACK RANGE SHARES**

#### **6.1 Determination of Scheme Shareholders**

To establish the identity of the Scheme Shareholders, dealings in Black Range Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Black Range Share Register as the holder of the relevant Black Range Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings are received on or before the Record Date at the place where the Black Range Share Register is kept, and Black Range will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transfer or transmission application in respect of Black Range Shares received after such times, or received prior to such times but not in registrable form.

#### **6.2 Register**

- (a) Black Range must register registrable transmission applications or transfers of the Scheme Shares in accordance with **clause 6.1(b)** on or before the Record Date; provided that, for the avoidance of doubt, nothing in this **clause 6.2(a)** requires Black Range to register a transfer that would result in a Black Range Shareholder holding a parcel of Black Range Shares that is less than a 'marketable parcel' (as defined in the ASX Operating Rules).
- (b) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Black Range must maintain the Black Range Share Register in accordance with the provisions of **clause 6.2(a)** until the Scheme Consideration has been paid to the Scheme Shareholders. The Black Range Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Black Range Shares (other than statements of holding in favour of Western) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Black Range Share Register (other than entries on the Black Range Share Register in respect of Western) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Black Range Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event within three Business Days after the Record Date, Black Range will ensure that details of the names, Registered Addresses and

holdings of Black Range Shares for each Scheme Shareholder as shown in the Black Range Share Register are available to Western in the form Western reasonably requires.

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## 7. QUOTATION OF BLACK RANGE SHARES

- (a) Black Range will apply to ASX to suspend trading on the ASX in Black Range Shares with effect from the close of normal trading on ASX on the Effective Date.
- (b) Provided that the Scheme has been fully implemented in accordance with its terms, Black Range will apply:
  - (i) for termination of the official quotation of Black Range Shares on the ASX; and
  - (ii) to have itself removed from the official list of the ASX, on a date after the Implementation Date to be determined by Western.

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## 8. GENERAL SCHEME PROVISIONS

### 8.1 Consent to amendments to the Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions, Black Range may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Western has consented.

### 8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
    - (i) agrees to the transfer of their Black Range Shares together with all rights and entitlements attaching to those Black Range Shares in accordance with the Scheme and agrees to the variation, cancellation or modification of the rights attached to their Black Range Shares constituted by or resulting from the Scheme;
    - (ii) acknowledges that the Scheme binds all Scheme Shareholders;
    - (iii) to whom New Western Shares are to be issued pursuant to the Scheme:
      - (A) irrevocably agrees to become a member of Western and to have their name and address entered in the Western Share Register; and
      - (B) irrevocably accepts the New Western Shares issued pursuant to the Scheme and agrees to be bound by the articles and by laws of Western as in force from time to time,without the need for any further act by that Scheme Shareholder; and
  - (iv) who is an Ineligible Foreign Shareholder or a Small Shareholder agrees and acknowledges that the payment to it of an amount in accordance with **clauses 5.4 and 5.5** constitutes the satisfaction in full of its entitlement under this Scheme.
- (b) Each Scheme Shareholder is taken to have warranted to Black Range and Western, and appointed and authorised Black Range as its attorney and agent to warrant to Western, that all their Black Range Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Black Range Shares to Western together with any rights attaching to those shares.

### 8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) Western will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Black Range of Western in the Black Range Share Register as the holder of the Scheme Shares.

### 8.4 Appointment of sole proxy

On the Scheme becoming Effective, and until Black Range registers Western as the holder of all Scheme Shares in the Black Range Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Western as attorney and agent (and directed Western in each such capacity) to appoint any director, officer, secretary or agent nominated by Western as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;
- (b) undertakes not to otherwise attend or vote at any of those meetings or sign any shareholders' resolutions, whether in person, by proxy or by corporate representative (other than pursuant to **clause 8.4(a)**);

- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Western reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in **clause 8.4(a)**, Western and any director, officer, secretary or agent nominated by Western under **clause 8.4(a)** may act in the best interests of Western as the intended registered holder of the Scheme Shares.

#### **8.5 Authority given to Black Range**

On the Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Black Range and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

- (a) enforcing the Deed Poll against Western; and
- (b) executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Share Transfer, and Black Range accepts such appointment. Black Range as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

#### **8.6 Binding effect of Scheme**

This Scheme binds Black Range and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting, did not vote at that meeting, or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Black Range.

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### **9. GENERAL**

#### **9.1 Stamp duty**

Western will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with **clause 9.1**.

#### **9.2 Consent**

Each of the Scheme Shareholders consents to Black Range doing all things necessary or incidental to the implementation of this Scheme.

#### **9.3 Notices**

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Black Range, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Black Range's registered office or at the office of the Black Range Share Registry.

#### **9.4 Governing law**

- (a) The Scheme is governed by the laws in force in Western Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

#### **9.5 Further action**

Black Range must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

**APPENDIX 4 – DEED POLL**

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## DEED POLL

**Western Uranium Corporation**  
**In favour of each Scheme Shareholder**

File Ref: PAL:AXC: 150530  
Doc Ref: 2297800

**Sydney**  
123 Pitt Street  
Sydney NSW 2000  
T / +61 (2) 8075 1700

**Perth**  
50 Kings Park Road  
West Perth WA 6005  
T / +61 (8) 9216 7100

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## DEED POLL

### DETAILS

<b>Name</b>	Western Uranium Corporation	<b>Western</b>
<b>Address</b>	Suite 500, 365 Bay Street Toronto, Ontario, M5H 2V1	
<b>Fax</b>	+1 416 260 2243	
<b>Attention</b>	Michael Skutezky	
<b>In favour of</b>	Each Scheme Shareholder	

### BACKGROUND

- A Western and Black Range Minerals Limited (ACN 009 079 047) (**Black Range**) have entered into a merger implementation agreement dated on or about 20 March 2015 (**Merger Implementation Agreement**).
- B Black Range has agreed in the Merger Implementation Agreement to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, Western will acquire all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration.
- C In accordance with the Merger Implementation Agreement, Western is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Scheme.

### IT IS DECLARED AS FOLLOWS:

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

- (a) Unless the context requires otherwise, the following terms have the meanings set out below:  
**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Black Range and Scheme Shareholders, the form of which is contained in the annexure to this Deed Poll, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Western and Black Range; and
- (b) Terms defined in the Scheme have the same meaning in this Deed Poll, unless the context requires otherwise.

##### 1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this document' in that clause are references to 'this Deed Poll'.

#### 2. NATURE OF DEED POLL

Western acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Black Range as its agent and attorney to enforce this Deed Poll against Western on behalf of that Scheme Shareholder.

#### 3. CONDITION PRECEDENT AND TERMINATION

##### 3.1 Condition precedent

The obligations of Western under this Deed Poll are subject to the Scheme becoming Effective.

##### 3.2 Termination

If the Merger Implementation Agreement is terminated in accordance with its terms or the Effective Date does not occur on or before the Sunset Date, the obligations of Western under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect, unless Black Range and Western otherwise agree in accordance with the Merger Implementation Agreement.

##### 3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Western is released from its obligations under this Deed Poll, except those obligations under clause 8.6; and

- (b) each Scheme Shareholder retains any rights, powers or remedies that Scheme Shareholder has against Western in respect of any breach of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

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#### 4. COMPLIANCE WITH SCHEME OBLIGATIONS

##### 4.1 Obligations of Western

Subject to clause 3, in consideration for the transfer to Western of the Scheme Shares in accordance with the Scheme, Western covenants in favour of each Scheme Shareholder that it will observe and perform all obligations contemplated of it under the Scheme including in each case the relevant obligations relating to the provision of the Scheme Consideration in accordance with the terms of the Scheme.

##### 4.2 Official quotation and status of New Western Shares

Subject to clause 3, Western will use its best endeavours to procure that the New Western Shares to be issued pursuant to the Scheme will be listed on the CSE with effect as soon as practicable after the Effective Date.

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#### 5. REPRESENTATIONS AND WARRANTIES

Western makes the following representations and warranties.

- (a) **(status)** It is a corporation validly existing under the laws of the place of its incorporation;
- (b) **(power)** It has the power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) **(corporate authorisations)** It has taken all necessary corporate action to authorise the entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) **(document binding)** This Deed Poll will constitute legally valid and binding obligations on it enforceable in accordance with its terms, subject to any necessary stamping and registration;
- (e) **(transactions permitted)** The execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any respect a provision of:
  - (i) a law, judgment, ruling, order or decree binding on it; or
  - (ii) its constitution or other constituent documents;
- (f) **(New Western Shares)** The New Western Shares to be issued pursuant to the Scheme will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest and will rank equally in all respects with all other Western Shares then on issue.

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#### 6. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Western having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.

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#### 7. FURTHER ASSURANCES

Western will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Shareholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

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#### 8. GENERAL

##### 8.1 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made to Western under or in connection with this Deed Poll:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to Western by pre-paid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number set out above in the "Details" section of this Deed Poll or the address or fax number last notified by Western in writing;
- (c) will be taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by post, 2 Business Days after the date of posting (if posted to an address in the same country) or 7 Business Days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of fax, on receipt by the sender of a transmission control report from the dispatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error,  
but if the result is that a Notice would be taken to be given or made on a day that is not a Business Day in the place to which the Notice is sent or is later than 5.00pm (local time) it will be taken to have been duly given or made at the commencement of business on the next Business Day in that place.

## 8.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by Western or by any Scheme Shareholder operates as a waiver of any right under this Deed Poll. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

## 8.3 Remedies cumulative

The rights, powers and remedies of Western and of each Scheme Shareholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement other than this Deed Poll.

## 8.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

- (a) either:
  - (i) before the Second Court Date, the amendment or variation is agreed to in writing by Black Range and Western (which such agreement may be given or withheld without reference to or approval by any Black Range Shareholder); or
  - (ii) on or after the Second Court Date, the amendment or variation is agreed to in writing by Black Range and Western (which such agreement may be given or withheld without reference to or approval by any Black Range Shareholder), and is approved by the Court; and
- (b) Western enters into a further deed poll in favour of the Scheme Shareholders giving effect to that amendment or variation.

## 8.5 Assignment

The rights and obligations of Western and of each Scheme Shareholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior consent of Black Range and Western.

## 8.6 Costs and stamp duty

- (a) Western must bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll.
- (b) All stamp duty (including any related fines, penalties and interest) payable on or in connection with this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by Western. Western must indemnify each Scheme Shareholder on demand against any liability for that stamp duty (including any related fines, penalties and interest).

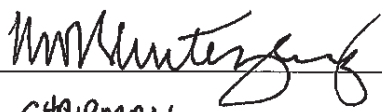
## 8.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of Western Australia. Western submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

For personal use only

Executed as a deed on June 29 2015.

Signed by **WESTERN URANIUM CORPORATION** in the presence of:

  
CHAIRMAN

  
Signature of Witness

DANIEL ILAS  
Name of Witness (print)

Lawyer  
Occupation

612-22 Oakmount Rd.  
Address

Toronto, ON M6P 2M7

For personal use only

For personal use only

ANNEXURE - SCHEME

## **SCHEME OF ARRANGEMENT**

**Black Range Minerals Limited**  
**Scheme Shareholders**

File Ref: PAL:AXC:150530  
Doc Ref: 2286093v7

**Sydney**  
123 Pitt Street  
Sydney NSW 2000  
T / +61 (2) 8075 1700

**Perth**  
50 Kings Park Road  
West Perth WA 6005  
T / + 61 (8) 9216 7100



## SCHEME OF ARRANGEMENT

*Pursuant to section 411 of the Corporations Act 2001*

### DETAILS

<b>Name</b>	Black Range Minerals Limited	<b>Black Range</b>
<b>ACN</b>	009 079 047	
<b>Address</b>	Suite 9, 5 Centro Ave Subiaco, Western Australia, 6008	
<b>Fax</b>	+61 8 9226 2027	
<b>Attention</b>	Michael Haynes	

<b>Name</b>	Black Range Shareholders as at the Record Date, other than the Excluded Shareholders	<b>Scheme Shareholders</b>
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### 1. DEFINITIONS, INTERPRETATION AND SCHEME COMPONENTS

#### 1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691.

**ASX Operating Rules** means the operating rules of the ASX published by ASX.

**Black Range Share** means a fully paid ordinary share in the capital of Black Range.

**Black Range Share Register** means the register of members of Black Range maintained by or on behalf of Black Range in accordance with section 168(1) of the Corporations Act.

**Black Range Share Registry** means Computershare Investor Services Pty Limited (ACN 078 279 277).

**Black Range Shareholder** means each person who is registered in the Black Range Share Register as the holder of Black Range Shares.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia.

**CHESS** means the Clearing House Electronic Sub-register System of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd (ACN 088 504 532).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of Western Australia.

**CSE** means the Canadian Securities Exchange.

**Deed Poll** means the deed poll dated on or about 29 June 2015 executed by Western in the form agreed between the parties under which Western covenants in favour of the Scheme Shareholders to perform the steps attributed to Western under, and otherwise comply with, the Scheme as if Western were a party to this Scheme.

**Effective** when used in relation to the Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Scheme.

**Effective Date** with respect to the Scheme, means the date on which this Scheme becomes Effective.

**Eligible Scheme Shareholder** means a Scheme Shareholder other than an Ineligible Foreign Shareholder or a Small Shareholder.

**Excluded Shareholder** means any Black Range Shareholder who is Western or a Related Body Corporate of Western.

**Governmental Agency** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or similar entity or organisation, or applicable securities exchange.

**Implementation Date** means the date that is the third Business Day after the Record Date and no later than 17 September 2015 unless otherwise agreed in writing by the parties or required by a Governmental Agency.

**Ineligible Foreign Shareholder** means a Scheme Shareholder whose Registered Address is in a place outside Australia and its external territories, New Zealand, the United States of America, the British Virgin Islands and Canada, unless Western is satisfied (acting reasonably) that the laws of that place permit the allotment and issue of New Western Shares to that Scheme Shareholder pursuant to the Scheme, either unconditionally or after compliance with conditions that Western in its sole discretion reasonably regards as acceptable and practical.

**Merger Implementation Agreement** means the agreement between Black Range and Western dated on or about 20 March 2015 under which each party undertakes specific obligations to give effect to the Scheme.

**New Western Shares** means the new Western Shares to be issued under the terms of the Scheme as Scheme Consideration.

**Nominee** the nominee to be appointed by Western to sell the New Western Shares of Ineligible Foreign Shareholders and Small Shareholders in accordance with **clause 5.4**.

**Participating Shareholders** means all Black Range Shareholders as at the date of the Scheme Meeting other than the Excluded Shareholders.

**Record Date** means 5.00pm on the date that is the fifth Business Day after the Effective Date, or such other date (after the Effective Date) as is agreed by the parties.

**Registered Address** in relation to a Black Range Shareholder, the address of the Black Range Shareholder as shown in the Black Range Share Register.

**Related Body Corporate** has the meaning given in the Corporations Act.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between Black Range and Scheme Shareholders subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Black Range and Western.

**Scheme Booklet** means the information described in clause 5.1 of the Merger Implementation Agreement to be despatched to Participating Shareholders.

**Scheme Consideration** means the consideration to be provided to Scheme Shareholders under the terms of this Scheme being (subject to **clauses 5.2 and 5.4**) one Western Share for every 750 Scheme Shares held by that Scheme Shareholder.

**Scheme Meeting** the meeting of Participating Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of the meeting.

**Scheme Shareholders** all Black Range Shareholders as at the Record Date, other than the Excluded Shareholders.

**Scheme Shares** all Black Range Shares held by the Scheme Shareholders as at the Record Date.

**Scheme Share Transfer** for each Scheme Shareholder, means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

**Second Court Date** the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard, or if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Small Shareholder** means a Scheme Shareholder who holds (at the Record Date) less than 7500 Black Range Shares and does not validly elect to have the New Western Shares to which they are entitled under the Scheme issued to them.

**Sunset Date** means 1 October 2015, or such other date as is agreed by the parties.

**Western** means Western Uranium Corporation of Suite 500, 365 Bay Street, Toronto, Ontario, Canada M5H 2V1.

**Western Share** means a fully paid ordinary share in the capital of Western.

**Western Share Register** means the register of holders of Western Shares maintained by or on behalf of Western.

**Western Share Registry** means Capital Transfer Agency Inc.

## 1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;

- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) the word "includes" in any form is not a word of limitation;
- (j) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (k) a reference to any time is a reference to that time in Perth, Western Australia;
- (l) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (m) a reference to a party to a document includes that party's successors and permitted assignees;
- (n) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
- (i) which ceases to exist; or
  - (ii) whose powers or functions are transferred to another body, is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

### **1.3 Business Day**

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

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## **2. PRELIMINARY MATTERS**

- (a) Black Range is a public company limited by shares, incorporated in Australia and has been admitted to the official list of the ASX.
- (b) As at the date of the Scheme Booklet 3,068,543,870 Black Range Shares were on issue which are officially quoted on the ASX.
- (c) Western is a company incorporated under the laws of the Province of Ontario, Canada.
- (d) If this Scheme becomes Effective:
  - (i) Western will procure that the Scheme Consideration is provided to each Scheme Shareholder on the Implementation Date;
  - (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Western and Black Range will enter the name of Western in the Black Range Share Register in respect of the Scheme Shares;
  - (iii) it will bind Black Range and all Scheme Shareholders, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and
  - (iv) it will override the constitution of Black Range, to the extent of any inconsistency.
- (e) Black Range and Western have agreed, by executing the Merger Implementation Agreement, to implement this Scheme.
- (f) Western has executed the Deed Poll in favour of Scheme Shareholders.
- (g) Western has agreed, by executing the Deed Poll, to perform its obligations under this Scheme, including the obligation to pay or procure the payment of the Scheme Consideration to the Scheme Shareholders.

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## **3. CONDITIONS**

### **3.1 Conditions precedent**

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 4.1 of the Merger Implementation Agreement (other than the condition in the Merger Implementation Agreement relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Merger Implementation Agreement by 8.00am on the Second Court Date;
- (b) neither the Merger Implementation Agreement nor the Deed Poll being terminated as at 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with such alterations or conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Western and Black Range; and
- (d) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act.

### 3.2 Satisfaction

The fulfilment of **clause 3.1** is a condition precedent to the operation of provisions of **clauses 4.2, 5 and 7** of this Scheme.

### 3.3 Sunset Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the Sunset Date; or
- (b) the Merger Implementation Agreement is terminated in accordance with its terms, unless Black Range and Western otherwise agree in writing.

### 3.4 Certificate

- (a) Black Range and Western will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in **clauses 3.13.1(a)** and **3.13.1(b)** have been satisfied or waived.
- (b) The certificate referred to in **clause 3.43.4(a)** constitutes conclusive evidence that such conditions precedent in **clauses 3.13.1(a)** and **3.13.1(b)** are satisfied, waived or taken to be waived.

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## 4. IMPLEMENTATION OF THE SCHEME

### 4.1 Lodgement of Court orders with ASIC

Black Range will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Scheme as soon as possible after the Court approves the Scheme. The Scheme will be Effective on and from the Effective Date.

### 4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by **clauses 4.3** and **5**, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Western, without the need for any further act by any Scheme Shareholder (other than acts performed by Black Range as attorney and agent for Scheme Shareholders under **clause 8.5**), by:
  - (i) Black Range delivering to Western a duly completed Scheme Share Transfer, executed on behalf of the Scheme Shareholders by Black Range, for registration; and
  - (ii) Western duly executing the Scheme Share Transfer, attending to the stamping of the Scheme Share Transfer (if required) and delivering it to Black Range for registration; and
- (b) as soon as possible following receipt of the Scheme Share Transfer in accordance with **clause 4.24.2(a)(ii)**, Black Range must enter, or procure the entry of, the name and address of Western in the Black Range Share Register in respect of all the Scheme Shares transferred to Western in accordance with this Scheme.

### 4.3 Timing

Notwithstanding any other provision of this Scheme, while New Western Shares forming the Scheme Consideration must be issued (and the Western Share Register updated to record their issuance) on the Implementation Date, any requirements under **clause 4.3** for the sending of share certificates, holding statements or allotment advices may be satisfied within 10 Business Days.

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## 5. SCHEME CONSIDERATION

### 5.1 Provision of Scheme Consideration

- (a) Subject to this Scheme becoming Effective, in consideration of the transfer to Western of each Scheme Share held by the Scheme Shareholders under this Scheme, Western must provide the Scheme Consideration to each Scheme Shareholder on the Implementation Date.
- (b) The obligations of Western under **clause 5.1(a)** will be satisfied by Western procuring, on the Implementation Date, that:
  - (i) the number of New Western Shares to which each Eligible Scheme Shareholder is entitled as Share Consideration pursuant to this Scheme and the Deed Poll are issued to those Eligible Scheme Shareholders;
  - (ii) the name and address of each Eligible Scheme Shareholder is entered into the Western Share Register in respect of the New Western Shares to which it is entitled in accordance with this Scheme and the Deed Poll; and
  - (iii) a share certificate is sent to the Registered Address of each such Eligible Scheme Shareholder representing the number of New Western Shares issued to the Eligible Scheme Shareholder pursuant to this Scheme and the Deed Poll.

### 5.2 Rounding entitlements

If the number of Scheme Shares held by a Scheme Shareholder as at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to the Scheme Consideration results in a fractional

entitlement to a Western Share, then the entitlement of that Scheme Shareholder must be rounded down to the nearest whole number of New Western Shares.

### 5.3 Ranking of New Western Shares

The New Western Shares issued pursuant to the Scheme must, upon issue, rank equally in all respects with all other Western Shares then on issue.

### 5.4 Ineligible Foreign Shareholders and Small Shareholders

- (a) Western will be under no obligation under the Scheme to issue, and will not issue, any New Western Shares to any Ineligible Foreign Shareholder or Small Shareholder, and instead Western will issue on the Implementation Date the New Western Shares to which that Ineligible Foreign Shareholder or Small Shareholder, as the case may be, would otherwise have been entitled (if they were an Eligible Scheme Shareholder) to the Nominee. On the Implementation Date, Western will procure the entry in the Western Register of the name and address of the Nominee in respect of the New Western Shares that are attributable to each Ineligible Foreign Shareholder and Small Shareholder.
- (b) Western will procure that, as soon as reasonably practicable and in any event not more than 15 Trading Days after the Implementation Date, the Nominee:
- (i) sells on CSE all of the New Western Shares issued to the Nominee pursuant to **clause 5.4(a)** in such manner, at such price and on such other terms as the Nominee determines in good faith, and at the risk of the Ineligible Foreign Shareholders and Small Shareholders; and
  - (ii) remits to the Black Range Share Registry on trust for the Ineligible Foreign Shareholders and Small Shareholders the proceeds of sale in A\$ (after deducting any applicable brokerage, stamp duty, currency conversion and other selling costs, taxes and charges).
- (c) Western will procure that, promptly after the last remittance in accordance with **clause 5.4(b)**, the Black Range Share Registry pays to each Ineligible Foreign Shareholder and each Small Shareholder (in accordance with **clause 5.5**) such proportion of the net proceeds of sale received by the Black Range Share Registry pursuant to **clause 5.4(b)(ii)** as is equal to the number of New Western Shares that would have been issued pursuant to the Scheme to that Ineligible Foreign Shareholder or Small Shareholder, as the case may be (if they were an Eligible Scheme Shareholder) divided by the total number of New Western Shares issued to the Nominee pursuant to **clause 5.4(a)**, in full satisfaction of Western's obligations to that Ineligible Foreign Shareholder or Small Shareholder, as the case may be, under the terms of the Scheme in respect of the Scheme Consideration.
- (d) Each Ineligible Foreign Shareholder and each Small Shareholder irrevocably appoints Black Range as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Nominee is required to provide to Ineligible Foreign Shareholders and Small Shareholders under the Corporations Act.

### 5.5 Payment of cash amounts

Subject to **clauses 5.6, 5.7 and 5.8**, the obligations of Western to procure the Black Range Share Registry to make any payment pursuant to **clause 5.4(c)** to a Scheme Shareholder will be satisfied by the Black Range Share Registry, within the time contemplated by **clause 5.4(c)**, either (in the sole discretion of Western):

- (a) despatching, or procuring the despatch of, to that Scheme Shareholder a pre-printed cheque in the name of that Scheme Shareholder and for the relevant amount (denominated in A\$), with such despatch to be made by pre-paid post to that Scheme Shareholder's Registered Address; or
- (b) making, or procuring the making of, a deposit for the relevant amount (denominated in A\$) in an account with any ADI in Australia notified by that Scheme Shareholder to Black Range and recorded in or for the purposes of the Black Range Share Register as at the Record Date.

### 5.6 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders; and
- (b) any holding statements for New Western Shares required to be issued to Eligible Scheme Shareholders will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the Black Range Share Register as at the Record Date.

### 5.7 Unclaimed moneys

In the event that the Black Range Share Registry believes that a Scheme Shareholder is not known at the Scheme Shareholder's Registered Address, and no account has been notified in accordance with **clause 5.5(b)** or a deposit into such an account is rejected or refunded, the Black Range Share Registry may credit the amount payable to the relevant Scheme Shareholder to a separate bank account to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with any applicable unclaimed money legislation. The Black Range Share Registry must hold the amount on trust, but any

interest accruing on the amount will be for the account of Western. An amount credited to the account is to be treated as having been paid to the Scheme Shareholder for the purposes of the Scheme when credited to the account. Western must procure that the Black Range Share Registry maintains (or procures the maintenance of) records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

#### **5.8 Orders in relation to payment**

In the case of a notice having been given to Black Range, Western, or the Black Range Share Registry of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Black Range Shares held by a particular Scheme Shareholder, which would otherwise be payable to the particular Scheme Shareholder in accordance with **clause 5.4(c)**, then Western will procure that payment is made in accordance with that order; or
- (b) which would prevent the Black Range Share Registry from despatching (or procuring the despatch of) a cheque or making, or procuring the making of, a cash deposit, to any particular Scheme Shareholder in accordance with **clause 5.4(c)**, Western will procure that the Black Range Share Registry will retain (or will procure the retention of) an amount that would otherwise be payable to that Scheme Shareholder in accordance with **clause 5.4(c)** until such time as payment is permitted by law (and any interest accruing on the amount will be for the account of Western).

#### **5.9 Binding instruction or notifications**

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and Black Range relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payments or to communications from Black Range ) will, from the Record Date, be deemed (except to the extent determined otherwise by Western in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, Western in respect of the New Western Shares issued to the Scheme Shareholder pursuant to the Scheme, until that instruction or notification is revoked or amended in writing addressed to Western through the Western Share Registry, provided that any such instructions or notifications accepted by Western will apply to and in respect of the issue of New Western Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

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### **6. DEALINGS IN BLACK RANGE SHARES**

#### **6.1 Determination of Scheme Shareholders**

To establish the identity of the Scheme Shareholders, dealings in Black Range Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Black Range Share Register as the holder of the relevant Black Range Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings are received on or before the Record Date at the place where the Black Range Share Register is kept, and Black Range will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transfer or transmission application in respect of Black Range Shares received after such times, or received prior to such times but not in registrable form.

#### **6.2 Register**

- (a) Black Range must register registrable transmission applications or transfers of the Scheme Shares in accordance with **clause 6.1(b)** on or before the Record Date; provided that, for the avoidance of doubt, nothing in this **clause 6.2(a)** requires Black Range to register a transfer that would result in a Black Range Shareholder holding a parcel of Black Range Shares that is less than a 'marketable parcel' (as defined in the ASX Operating Rules).
- (b) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Black Range must maintain the Black Range Share Register in accordance with the provisions of **clause 6.2(a)** until the Scheme Consideration has been paid to the Scheme Shareholders. The Black Range Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Black Range Shares (other than statements of holding in favour of Western) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Black Range Share Register (other than entries on the Black Range Share Register in respect of Western) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Black Range Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event within three Business Days after the Record Date, Black Range will ensure that details of the names, Registered Addresses and

holdings of Black Range Shares for each Scheme Shareholder as shown in the Black Range Share Register are available to Western in the form Western reasonably requires.

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## 7. QUOTATION OF BLACK RANGE SHARES

- (a) Black Range will apply to ASX to suspend trading on the ASX in Black Range Shares with effect from the close of normal trading on ASX on the Effective Date.
- (b) Provided that the Scheme has been fully implemented in accordance with its terms, Black Range will apply:
  - (i) for termination of the official quotation of Black Range Shares on the ASX; and
  - (ii) to have itself removed from the official list of the ASX, on a date after the Implementation Date to be determined by Western.

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## 8. GENERAL SCHEME PROVISIONS

### 8.1 Consent to amendments to the Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions, Black Range may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Western has consented.

### 8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
    - (i) agrees to the transfer of their Black Range Shares together with all rights and entitlements attaching to those Black Range Shares in accordance with the Scheme and agrees to the variation, cancellation or modification of the rights attached to their Black Range Shares constituted by or resulting from the Scheme;
    - (ii) acknowledges that the Scheme binds all Scheme Shareholders;
    - (iii) to whom New Western Shares are to be issued pursuant to the Scheme:
      - (A) irrevocably agrees to become a member of Western and to have their name and address entered in the Western Share Register; and
      - (B) irrevocably accepts the New Western Shares issued pursuant to the Scheme and agrees to be bound by the articles and by laws of Western as in force from time to time,without the need for any further act by that Scheme Shareholder; and
  - (iv) who is an Ineligible Foreign Shareholder or a Small Shareholder agrees and acknowledges that the payment to it of an amount in accordance with **clauses 5.4** and **5.5** constitutes the satisfaction in full of its entitlement under this Scheme.
- (b) Each Scheme Shareholder is taken to have warranted to Black Range and Western, and appointed and authorised Black Range as its attorney and agent to warrant to Western, that all their Black Range Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Black Range Shares to Western together with any rights attaching to those shares.

### 8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) Western will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Black Range of Western in the Black Range Share Register as the holder of the Scheme Shares.

### 8.4 Appointment of sole proxy

On the Scheme becoming Effective, and until Black Range registers Western as the holder of all Scheme Shares in the Black Range Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Western as attorney and agent (and directed Western in each such capacity) to appoint any director, officer, secretary or agent nominated by Western as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;
- (b) undertakes not to otherwise attend or vote at any of those meetings or sign any shareholders' resolutions, whether in person, by proxy or by corporate representative (other than pursuant to **clause 8.4(a)**);

- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Western reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in **clause 8.4(a)**, Western and any director, officer, secretary or agent nominated by Western under **clause 8.4(a)** may act in the best interests of Western as the intended registered holder of the Scheme Shares.

#### **8.5 Authority given to Black Range**

On the Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Black Range and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

- (a) enforcing the Deed Poll against Western; and
- (b) executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Share Transfer, and Black Range accepts such appointment. Black Range as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

#### **8.6 Binding effect of Scheme**

This Scheme binds Black Range and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting, did not vote at that meeting, or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Black Range.

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### **9. GENERAL**

#### **9.1 Stamp duty**

Western will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with **clause 9.1**.

#### **9.2 Consent**

Each of the Scheme Shareholders consents to Black Range doing all things necessary or incidental to the implementation of this Scheme.

#### **9.3 Notices**

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Black Range, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Black Range's registered office or at the office of the Black Range Share Registry.

#### **9.4 Governing law**

- (a) The Scheme is governed by the laws in force in Western Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

#### **9.5 Further action**

Black Range must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.



## CORPORATE DIRECTORY

Black Range Minerals Limited	Suite 9, 5 Centro Avenue Subiaco WA 6008 Australia  Tel: +61 8 9481 4920 Fax: +61 8 9226 2027
Black Range Legal Adviser	Steinepreis Paganin Level 4, 16 Milligan Street Perth WA 6000 Australia
Independent Expert	Stantons International Securities Pty Ltd Level 2, 1 Walker Avenue West Perth WA 6005 Australia
Black Range Share Registry	Computershare Investor Services Pty Limited Level 11 171 St Georges Terrace Perth WA 6000 Australia
Independent Technical Experts	Western States Mining Consultants P.C. 6911 Casper Mountain Road Casper, Wyoming, USA  John Kyle Engineering, LLC 5950 S. Moline Way Englewood, Colorado, USA
Black Range's Auditor	Stantons International Securities Pty Ltd Level 2, 1 Walker Avenue West Perth WA 6005 Australia
Western's Share Registry	Capital Transfer Agency Inc Suite 401, 121 Richmond Street West, Toronto ON M5H 2K1 Canada <b>Phone:</b> (416) 350-5007 <b>Fax:</b> 416-350-5008

## NOTICE OF SCHEME MEETING

Notice is given that by an order of the Court made on 16 July 2015 pursuant to section 411(1) of the Corporations Act a meeting of the holders of ordinary shares in Black Range Minerals Limited (ACN 009 079 047) will be held at BDO Building (Hay Room), 38 Station Street, Subiaco, Western Australia at 10:00am (WST) on 25 August 2015 (**Scheme Meeting**).

### **Business**

The purpose of the Scheme Meeting is to consider, and if thought fit, to agree to Western (a company incorporated pursuant to the *Business Corporations Act* (Ontario)), acquiring all Black Range Shares for the Scheme Consideration to be effected by way of a members' scheme of arrangement (with or without modification) to be made between Black Range and Black Range Shareholders.

The court has directed that Mr Jonathan Murray is to act as Chairman of the Scheme Meeting or, failing him, Mr Ian Cunningham.

This notice should be read in conjunction with the Scheme Booklet of which this notice forms a part. The Scheme Booklet contains among other things, information on the Proposal, a copy of the proposed Scheme and the IER prepared for the purpose of the Scheme.

Unless the context otherwise requires, capitalised terms used in this notice have the same meaning given to them in the Scheme Booklet.

### **Scheme Resolution**

To consider, and if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

*"That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme proposed between Black Range Minerals Limited and Black Range Shareholders, the terms of which are contained in and more particularly described in the Scheme Booklet (which accompanies the notice convening this meeting) is approved (with or without modification as approved by the Perth Registry of the Federal Court of Australia)."*

### **Majority Required**

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution (which is contained in this Notice of Scheme Meeting) must be passed by:

- a majority in number of the Black Range Shareholders present and voting (either in person or by proxy) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution.

The Court has a discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority in number of Black Range Shareholders present and voting at the meeting.

### **Court Approval**

Under section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) is subject to the approval of the Court. If the resolution put to the meeting is passed by the requisite majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Black Range intends to apply to the Court for the necessary orders to give effect to the Scheme.

### **Entitlement to vote**

The Court has ordered that, for the purposes of the Scheme Meeting, Black Range Shares will be taken to be held by the persons who are registered as Black Range Shareholders at 5:00pm (WST) on 23 June 2015. Only those Black Range Shareholders entered on the Register at that time will be entitled to attend and vote at the meeting.

### **Attendance**

If you or your representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement, so that your shareholding can be checked against the Register, any power of attorney or certificate of appointment of body corporate representative verified, and you or your representative's attendance noted.

### **Voting in person**

Black Range Shareholders who are entitled to vote at the Scheme Meeting and wish to vote in person, may attend the Scheme Meeting on 25 August 2015, commencing at 10:00am (WST) at BDO Building (Hay Room), 38 Station Street, Subiaco, Western Australia.

### **Proxies and attorneys**

1. A Black Range Shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Scheme Meeting as the Black Range Shareholder's proxy. A proxy need not be a Black Range Shareholder.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Black Range Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Black Range Shareholder's voting rights. Fractions shall be disregarded.
3. To appoint a proxy, Black Range Shareholders may complete the white Scheme Meeting proxy form which accompanies this notice. This proxy form must be signed personally by the Black Range Shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in

accordance with the company's constitution and the Corporations Act. In the case of joint Black Range Shareholders, the proxy must be signed by at least one of the joint Black Range Shareholders, personally or by a duly authorised attorney.

4. If a proxy is executed by an attorney of a Black Range Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by Black Range, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by Black Range at 10:00am (WST) on 23 August 2015, by post or facsimile to the respective addresses stipulated in the proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is Chairman, the proxy must vote on a poll and must vote that way, and
  - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a Black Range Shareholder, the proxy can cast any votes the proxy holds as a Black Range Shareholder in any way that the proxy sees fit.

#### **Lodgement of proxies and queries**

Proxy Forms, powers of attorney and authorities should be sent to:

By Mail:	Computershare Investor Services Pty Limited GPO Box 1282 Melbourne VIC 8060 Australia
By Fax:	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
Custodian Voting:	For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions

Black Range Shareholders should contact the Registry at the above address or the securityholder information line on 1300 787 272 with any shareholder queries.

#### **Corporate representatives**

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act 2001 (Cth) (**Corporations Act**). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

If a Certificate of Corporate Representative is executed by an attorney of a Black Range Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by Black Range, must accompany the certificate.

#### **Jointly held Black Range Shares**

If Black Range Shares are jointly held, only one of the joint Black Range Shareholders is entitled to vote. If more than one joint Black Range Shareholder votes, only the vote of the Black Range Shareholder whose name appears first on the Register will be counted.

#### **By order of the Board**

#### **Black Range Minerals Limited**

Mr Ian Cunningham  
Company Secretary