



QUARTERLY NEWSLETTER

Stock Price Change from October 1st, 2008 to October 31st, 2017



ONE - WESTERN RESOURCES CORPORATE UPDATE

CORPORATE RESTRUCTURE



The Plan of Arrangement was completed at the end of March 2017, and Western Potash Corp.(WPC) was delisted from the Toronto Stock Exchange (TSX) and Western Resources Corp.(WRX) took over the shares on a 1/5 basis. The Plan of Arrangement was done to further optimize the corporate structure of the company and diversify assets through advancing the Milestone Project and extending investment opportunities in other resource areas.

This new arrangement adopted a new Development Strategy with an aim to maximize the company's public vehicle, current project assets and cash deposit of \$67 million, to increase shareholder return and enterprise values. Management has focused on advancing the Milestone Phase I Project, increasing the company's returns on cash, and exploring more investment opportunities.

WESTERN RESOURCES BOARD

Western Resources has held three Board Meetings since its formation on April 5, 2017. Highlights include, the election of James Moore as Chairman of the Board, approval of WRX management appointments, with Bill Xue as CEO, George Gao as COO, Matthew Wood as SVP Projects, Jerry Zhang as Corporate Secretary. The decision to relocate WPC's head office from Vancouver to Regina, approval of WRX Strategy Outline, approval of the set-up of Western Innovation Capital Corp. & WRX Beijing Office, approval of set-up of Western Garden Properties Corp. and approval of investment into Formwerks Boutique Properties regarding the development of three local real estate properties



CORPORATE GOVERNANCE

Western Resources is dedicated to making best use of shareholders investment. Corporate governance and internal management further improved with the budget very well controlled and implemented, resulting in 58% decrease in company expenditures on year-to-year basis. The WRX budget for FY 2017 was \$5,983,244 while actual spending was \$4,634,007 which is 32.5% under budget. WRX further improved the company's policies following the Plan of Arrangement, WRX has adopted new internal management policies, while also reviewing and updating related policies of its subsidiaries. The company website and corporate presentations are in the process of being updated, with an aim to better serve the company's strategy and communication with investors.

CORPORATE ACTIVITY



Western Resource management attended a number of events, seminars and meetings including the Dentons Canada LLP organized China investment meeting on October 31st in Vancouver, with the Canadian Ambassador to China, John McCallum as the keynote speaker. Western Resources' Chairman, Hon. James Moore and CEO Bill Xue both attended the meeting, together with representatives from Canadian business sectors that have relations with China.

The Ambassador briefed the delegates about the emerging Chinese market that has a strong potential target on Canadian investors in the sectors of tourism, environment, agricultural products, clean technology and forest, etc. He told the delegates that China will soon become one of the most important global economic engines and Canada could not afford to miss the opportunity to ride on the fast-growing China train. The Ambassador then answered various questions regarding investment in China.

Bill Xue also took the opportunity to introduce to the delegates about Western Resources Corp., and its development plan of the Milestone Potash Project. He then shared his personal view on how Canadian investors can best deal with the growing Chinese market.

TWO - WESTERN POTASH CORP & MILESTONE PHASE I PROJECT UPDATE

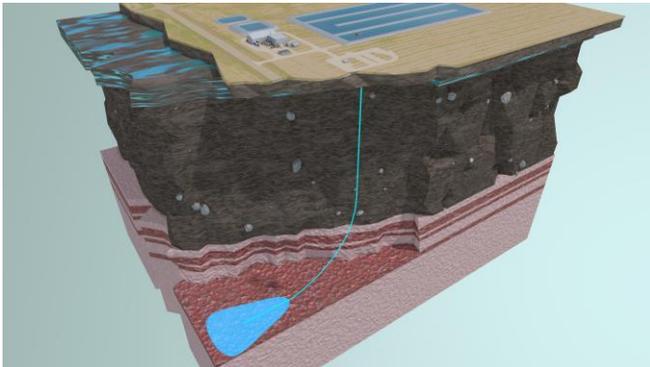


STRATEGY

Western Potash Corp. created a ten-year development strategy. The immediate aim is to bring the Phase I Project into production by 2020. Next is to leverage that success, to raise capital to pave the way for the next phase. Within 10 years complete the Phase II (1.4 million tonnes per year) project, and within 15 years completing the final Phase III project, (further 1.4 million tonnes per year) bringing the total annual capacity to 2.8 million tonnes production. The key first step is to successfully demonstrate the Phase I Project, so it is critical to assemble the best team of owners, contractors and vendors to achieve this.



ENGINEERING

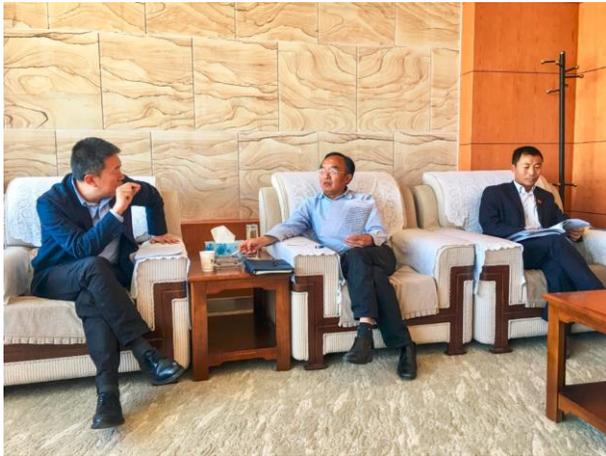


The Milestone Phase I Project engineering report was completed by AMEC Foster Wheeler for all surface facilities and Agapito Associates for all underground mining in December 2016. The Milestone project team is responsible for all external utilities, roads, permits and community relations. The report covers the full scope of engineering and procurement services as well as a Class 3 (+/-10%) Capital Cost Estimate and Operating Estimate. Engineering deliverables included process flow diagrams, site plans, specifications, data sheets and detailed drawings. The report (2016) details the CAPEX for the final design, construction and commissioning of the Phase I Project will cost \$88.3 million (which is a unit capital intensity of \$604 per tonne- approximately 50% of equivalent conventional solution mines). The CAPEX estimate includes approximately 10% contingency (weighted by risk area) and represents the cost associated with executing the project under EPCM strategy (no risk premium). A detailed geotechnical study of the newly acquired Phase I Project quarter section was completed, and the changes to the Phase I Project layout identified although these will be incorporated as part of the design revisions to add a compactor (to allow local market sales). The team continues to de-risk the engineering, and has developed a detailed work plan and tracking register to monitor progress.

MARKET

Western Potash Corp. started negotiations with a North American distributor for the Milestone Phase I Project product. Based on extensive research, and the requirement of the North American distributor, a granular product was chosen (rather than standard grade product previously engineered). Because of this there will be approximately \$10 million additional CAPEX required to purchase, integrate, install and house a compaction circuit. Once a North American offtake is confirmed, engineering for the compaction circuit will be completed. In addition, off-take agreements were signed which focused on Asian markets.

FINANCING



Project financing has been a key priority this year. A number of independent consultants have been commissioned to contact fund and strategic investors worldwide. Locally there has been strong interest from two larger construction companies in some type of investment in the project. Management has also been directly exploring opportunities in securing equity financing, debt financing, government and industry orientated assistances, bank loans and construction loans, etc. In order to mobilize all possible channels and measures, Western Resources has also adopted an Incentive Policy on Outstanding Contributions in Commercial Opportunities.

Management also undertook a number of meetings with Chinese sources in order to attract major Chinese industry players for potential cooperation and investment. WP Chairman Bill Xue, and WP President Arthur Ma have made a number of important business visits to key potential partners over the last few months to speed up the advancement of the project.

Feedback from the meeting was very positive, attached great importance to the Milestone Phase I Project, and believes that the Milestone's potash reserves and resources will serve as a strategic back-up in the decades to come for partners and for China.

SOLUTION MINING

Agapito completed a series of dynamic solution mining tests in September 2017, which simulate the selective potash dissolution using a synthetic potash sample. These tests investigated the effect of flowrate and brine saturation, and will help us further optimize the mine engineering and modeling of the Phase I Project caverns.



ENVIRONMENTAL ASSESSMENT

An updated Environmental Assessment (EA) was approved on June 6, 2017. This approval ensures that the new plant location and the use of crystallization ponds is permitted and has minimal environmental risks. A detailed commitments register has been developed which covers the environmental, construction, operation and social commitments, identifying the type of approval, stakeholders, process and will continue to be updated as the project is progressed.

DEVELOPMENT AGREEMENT

A new Development Agreement was signed by the Rural Municipality (RM) of Lajord on August 8, 2017. This is both a condition of the Environmental Assessment, and best practice in dealing with the local RM. It outlines the road usage and maintenance, how the two parties will deal with regulatory approval, the consultation and communication commitments, and proposed development plan. The RM also provided feedback on the design after the Open House, which will be incorporated during the compactor update.

COMMUNITY

Community newsletters were distributed in January and November 2017. A very successful public Open House was conducted at the Kronau Curling Club on April 11, 2017. This showcased the project to the community, and gathered their feedback. There was enthusiastic response from the community with good engagement, most questions centered around i) schedule and timing ii) jobs and business opportunities and iii) roads and impacts. Western Potash Corp. has also sponsored a number of local community activities including the Emerald Park Soccer Centre, Kronau Heritage Museum School Fundraiser, Gray Curling Rink and Dinner Night. The continued local community engagement is key to maintaining a social license to operate, with the added value of promoting the company.

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THE Milestone Minute

WHAT'S NEW ON OUR PROJECT?

The Phase I Project, formerly known as the Pilot Project, has made great progress this year.

The beginning of the year saw the completion of the final engineering report. Western is very pleased with the quality of work done by Amec Foster Wheeler and Agapito Associates.

In April, Western Potash hosted an open house at the Kronau Curling Club. The open house took the community on a journey through our proposed selective solution mining process. We had a hands-on solution mining experiment and virtual reality goggles that placed the community inside the processing facility. We would like to thank everyone who attended, and hope it was very informative.

In June, Western Potash received an updated Environmental Assessment (EA) approval from the Government of Saskatchewan for the Milestone Phase I Project. This approval process ensures the changes since 2015, specifically the change in the plant location and use of the crystallization pond have no adverse impacts, and comply with regulations and best practices. Now that Western Potash has EA approval, construction can begin as soon as financing is in place.

Another very exciting accomplishment was that Western Potash recently signed the Project Agreement with the Rural Municipality (RM) of Lajord in August. Like the EA, because of the changes to the design, a new agreement was needed. Matthew Wood recalls, when Western Potash signed their first development agreement, "it was a big deal. It was the first project agreement signed in Saskatchewan in quite some time." The Project Agreement outlines how the RM of Lajord and Western will work together.

While doing all this, Western has been focused on securing supplemental financing, and this is the key factor before the project is taken to the board for final approval.

"This is the best team that we have ever had at Western Potash over the past 10 years and I believe we are in the best position we've ever been in, to progress this project forward!"

BILL XUE, CHAIRMAN

The Milestone Project is located approximately 30 km southeast of Regina in the RM of Lajord.

Western potash

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THE Milestone Minute

WHAT'S NEW ON OUR PROJECT?

Greg Vogelsang joined the Milestone Project in 2010 as the Manager of Environment & Regulatory Affairs. He has seen the project and the organization go through many changes. A belief in the strength of the project has kept Greg where he is. "There are a lot of people who have worked hard to get this project off the ground. I'm particularly excited as a resident of Saskatchewan to have the opportunity to be part of such an exciting project right here in our province."

A lot has changed for the Milestone Project. Due to the varying phases of the project, there have been many personnel changes and the local team was very small for many years. Greg notes, "We've gone from having two people on the Milestone team to seven people within about a month. That alone really changes the dynamics of the project and is helping us to advance the final engineering stage of the project very quickly."

The project itself was altered significantly

In 2015, The new project is a Pilot Plant which will test new technology that has never been proven before in Saskatchewan. "The new project is a test and that is incredibly exciting for our team," says Greg. "To have the opportunity to be involved in exploring an entirely new process for mining potash in Saskatchewan is not only an exceptional experience for our team, it is also exciting for the province."

The project has many environmental benefits, as compared to traditional solution mines in Saskatchewan. One example is that our selective mining technique will leave the salt below the surface, which means there will be no salt pile on the surface. Also, the Milestone Project will use approximately one-half the water for the mining process when compared to other solution mines.

For the Pilot Plant, we are exploring the use of brackish water from the Manville formation. Brackish water is more salty than fresh water, although not as salty

"We still have an agreement to utilize City of Regina waste water for our process and plan to use this water for the full-scale plant, however the Pilot Plant is too small in scale for a pipeline from Regina to the project area to be feasible."

GREG VOGELSSANG, Project Manager

The Milestone Project is located approximately 30 km southeast of Regina in the RM of Lajord.

Western potash

THE MILESTONE MINUTE | FALL 2017

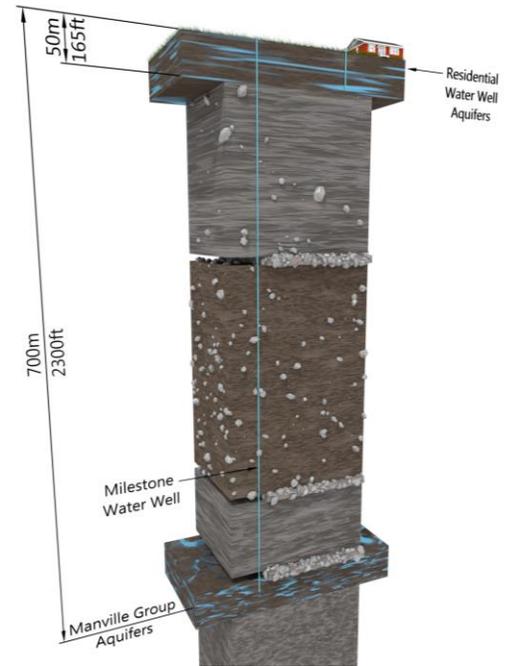
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INFRASTRUCTURE

The infrastructure to support the Phase I Project is critical. Water will be supplied from a deep brine aquifer (that does not impact any drinking or agricultural groundwater) and a water well lease was acquired at this location. Drilling and water withdrawal rate test is planned for 2018. The long term Phase II and III water supply renegotiations with the City of Regina, to extend the option to access recycled wastewater, were successful. A continued agreement until 2025 was reached with reduced commitment fees.

Discussion with other crown utilities are ongoing and final engineering, rights of way acquisition and permitting will start as soon as the project is sanctioned.

As part of the Development Agreement a road option was negotiated with the RM of Lajord. Other options may be considered depending on the final product destination.



PROCUREMENT AND CONSTRUCTION

Two separate construction strategies are being investigated in order to determine the best value and risk strategy for the project. We have started talking to selected equipment package vendors and visits were held with a number of local, provincial and Canadian equipment vendors, engineering and constructions companies. These visits were very successful, with a high level of engagement and interest in the project. Follow-up discussions are ongoing. Some packages will require compaction circuit engineering to be complete before vendors can finalize their quotation and do vendor engineering. The aim is to engage the vendors early in order to incorporate their in-depth experience of using the equipment in potash operations to minimize the delivery and construction risks.

Contributors:

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Jerry Zhang for Western Resources Corp. section

Simon Guo for Western Garden Properties Corp. section

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WESTERN RESOURCES CORP

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