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EXPANSION OF PEÑASQUITO SILVER PROJECT CONTINUES

Since we published our initial Information Memorandum on Western Copper Holdings Limited on July 3, 2002 (see www.proteuscapital.com/Reports/Western_Copper/Proteus_WTC_InfoMemo_July02.pdf) the company has made significant progress at its key, 100%-owned Peñasquito silver project in Mexico. Earlier this year, the company was focused on delineating the Chile Colorado zone to the south of the Azul breccia. In fact, work over the summer has extended the scope of the project and not yet delineated the boundaries.

Peñasquito Developments

- Since our initial report, the company has published assay results on holes WC-20 through WC-24 – all five holes intersected mineralization at least comparable to the previous results.
- Hole WC-24, drilled some 2,600 feet northeast of the main Chile Colorado zone, not only intersected mineralization, but has proved to be one of the best holes drilled so far.
- The current drill program has been modified to complete wide-spaced drilling between Chile Colorado and WC-24 instead of infill drilling within Chile Colorado.
- Because the scope of the project continues to grow, the global resource calculation being prepared by SNC-Lavalin, the project's independent engineers, has been deferred to include the current drilling. We anticipate the next round of drill results and, separately, the global resource calculation to be announced by early November. It is important to recognize that the delay is for a very positive reason – the project is expanding.

Corporate Developments

- The company completed a C\$4.2 million financing in mid-July, issuing 1.34 million shares at C\$3.15 per share with 0.67 million warrants at C\$4.00.
- The pro forma balance sheet at June 30, 2002 shows cash of approximately US\$3.7 million adjusting for the financing. Much of the approximately US\$1.6 million current liability reflects amounts due to Teck Cominco in connection with the San Nicolas project that are likely to be cancelled in exchange for dilution of the property interest.
- During September, several well-known institutional shareholders acquired some of Teck Cominco's shares in the company at prices between C\$3.25 and \$3.35 per share.

Conclusion

Since July, the identified potential at the Peñasquito silver project has increased significantly, the company has completed a key financing, and the quality of the shareholder list has improved.

Some may have interpreted the delay in publishing an updated global resource number as a negative. In fact, the calculation has been delayed by the expansion of the project – we see this as being extremely positive. Furthermore, the scoping economics laid out in our initial report remain highly attractive, even adjusted for the decline in metal prices and excluding the expanded tonnage and likely improvement in grade resulting from the subsequent work. We will provide a further update after publication of the global resource calculation.

Exchange	Toronto	Shares out. (6.30.02 pro forma)	(millions)	30.417
Symbol	WTC	Float	(%)	76%
Price (10.04.02)	(C\$) 2.64	Options & warrants	(millions)	8.464
52 week: high (7.23.02)	(C\$) 4.28	Average exercise price	(C\$)	1.66
low (11.27.01)	(C\$) 0.53	Cash (6.30.02 pro forma)	(US\$ mm)	3.75
Average daily trading volume	107,800	Cash on option/warrant exercise	(US\$ mm)	8.96

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