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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re:

WS MINERAL HOLDINGS, LLC — Case no. 11-43273-rfn-11
Debtor in possession

FIRST AMENDED DISCLOSURE STATEMENT WTH RESPECT TO DEBTOR'S PLAN OF REORGANIZATION

I. INTRODUCTION

WS Mineral Holdings, LLC ("WSM" or "Debtor"), submits this First Amended Disclosure Statement with Respect to the First Amended Plan of Reorganization filed by WSM (the "Disclosure Statement"). This Disclosure Statement is to be used in connection with the solicitation of votes on the First Amended Plan of Reorganization filed and proposed by WSM dated on or about October 12, 2011 (the "Plan"). A copy of the Plan is attached hereto as Exhibit A. Unless otherwise defined herein, capitalized terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan entitled "Definitions, Construction, and Interpretation").

For a summary of the proposed treatment of your Claim or Interest under the Plan, please see Section IV hererin.

II. NOTICE TO HOLDERS OF CLAIMS AND INTERESTS

The purpose of this Disclosure Statement is to enable Holders of Claims and Interests in the Debtor whose Claims and Interests are impaired under the Plan to make an informed decision in exercising their right to vote to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT CAREFULLY.

On October 11, 2011, the Bankruptcy Court conducted a hearing on the adequacy of the Disclosure Statement and subsequently entered an order pursuant to section 1125 of the Bankruptcy Code (the "Disclosure Statement Order") approving this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor, typical of the solicited Holders of Claims against and Interests in the Debtor, to make an informed judgment with respect to the acceptance or rejection of the Plan. A copy of the Disclosure Statement Order is included in the materials accompanying this Disclosure Statement. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY

COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT REGARDING THE FAIRNESS OR MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

Each Holder of a Claim or Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for WSM and its professionals, no person has been authorized to use or promulgate any information concerning the Debtor, its business, or the Plan, other than the information contained herein, in connection with the solicitation of vote to accept or reject the Plan. No Holder of a Claim or Interest entitled to vote on the Plan should rely upon any information relating to the Debtor, its business, or the Plan other than that contained in the Disclosure Statement and the exhibits hereto. Unless otherwise indicated, the source of all information set forth herein is WSM and its professionals and information filed by the Debtor in the Bankruptcy Case..

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed ballot and returning the same to the address set forth on the ballot, in the enclosed return envelope so that it will be received by WSM's attorney, Richard W. Ward, 6860 N. Dallas Parkway, Suite 200, Plano, TX 75024 , no later than 5:00 p.m. Central Time on November 17, 2011.

If you do not vote to accept the Plan, or if you are the Holder of an unimpaired Claim, you may be bound by the Plan if it is accepted by the requisite Holders of Claims or Interests. See "Confirmation of the Plan Solicitation of Votes; Voting Procedures," "Vote Required for Class Acceptance," and "Cramdown" (Section VIII below).

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN 5:00 P.M. CENTRAL TIME, ON NOVEMBER 17, 2011. For detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures, see "Confirmation of the Plan Solicitation of Votes; Voting Procedures," "Parties In Interest Entitled to Vote" in Section VIII.A. below.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan (the "Confirmation Hearing"), on November 21, 2011, at 9:30 o'clock a. m. Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before **November 17, 2011**, in the manner described under the caption, "Confirmation of the Plan Confirmation Hearing" in Section VIII. B. below.

WSM URGES ALL HOLDERS OF IMPAIRED CLAIMS TO ACCEPT THE PLAN.

III. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, the debtor in possession attempts to reorganize its business for the benefit of the debtor, its creditors, and other parties in interest.

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the bankruptcy petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. In the present chapter 11 case, the Debtor has remained in possession of its properties as debtor in possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia,* for an automatic stay of all attempts to collect prepetition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the Bankruptcy Court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the "Exclusive Period"). After the Exclusive Period has expired, a creditor or any other party in interest may file a plan, unless the debtor has filed a plan within the Exclusive Period, in which case, the debtor is generally given 60 additional days (the "Solicitation Period") during which it may solicit acceptances of its plan. The Solicitation Period may also be extended or reduced by the court upon a showing of "cause."

B. Plan of Reorganization

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. After a plan of reorganization has been filed, the holders of claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the plan proponent (WSM for the Plan) to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to Holders of Claims against and Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code.

If all classes of claims and interests accept a plan of reorganization, the bankruptcy court may nonetheless deny confirmation of the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests" test and be "feasible." The "best interests" test generally requires that the value of the consideration to be distributed to the holders of claims and interests under a plan may not be less than those parties would receive if the debtor was liquidated pursuant to a hypothetical liquidation under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization.

WSM believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the "best interests of creditors" test and the

"feasibility" requirement. WSM supports confirmation of the Plan and urges all Holders of impaired Claims to accept the Plan.

Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting. In the present case, only the Holders of Claims or Interests who are entitled to vote on the Plan, and who actually vote on the Plan, will be counted as either accepting or rejecting the Plan.

In addition, classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or equity interests of that class are modified in any way under the plan. Modification for purposes of determining impairment, however, does not include curing defaults and reinstating maturity or payment in full in cash. All Classes of Claims and Interests are impaired under the Plan except Classes 1 and 2, which are unimpaired. Administrative Claims and Priority Tax Claims are unclassified; their treatment is prescribed by the Bankruptcy Code, and the holders of such Claims are not entitled to vote on the Plan. Further, classes of claims or interests that do not receive or retain any property under a plan of reorganization are conclusively deemed to have rejected the plan and thus are not entitled to vote. Based on the foregoing principles, each Holder of a Claim in Classes 3, 4 and 5 shall be entitled to vote on the Plan.

The bankruptcy court may also confirm a plan of reorganization even though fewer than all classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and equity interests, that the holder of any claim or equity interest that is junior to the claims or equity interests of such class will not receive or retain on account of such junior claim or equity interest any property at all unless the senior class is paid in full.

A plan does not "discriminate unfairly" against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

The Debtor believes that the Plan has been structured so that it will satisfy these requirements as to any rejecting Class of Claims or Interests, and can therefore be confirmed, if necessary, over the objection of any Class of Claims or Interests. The Debtor thus reserves the right to request confirmation of the Plan under the "cramdown" provisions of section 1129 of the Bankruptcy Code.

IV. SUMMARY OF THE PLAN

A. Classification and Treatment of Claims and Interests

The following is a summary of the classification and treatment of Claims and Interests under the Plan. The classification and treatment of Claims and Interests herein is without prejudice to a party in interest asserting that it is entitled to a different classification or treatment under the Plan or applicable law. The Administrative Claims and Priority Tax Claims (i.e., unclassified claims) shown below constitute the Debtor's estimate of the amount of such Claims, taking into account amounts, if any, paid or projected to be paid prior to the Effective Date. The total amount of Claims shown below reflects the Debtor's current estimate of the likely amount of such Claims, subject to the resolution by settlement or litigation of Claims that the Debtor believes are subject to disallowance or reduction. Reference should be made to the entire Disclosure Statement and to the Plan for a complete description of the classification and treatment of Claims and Interests.

THIS IS ONLY A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. THE PLAN INCLUDES OTHER PROVISIONS THAT MAY AFFECT YOUR RIGHTS. YOU ARE URGED TO READ THE PLAN IN ITS ENTIRETY BEFORE VOTING ON THE PLAN.

1. Unclassified Claims Against the Debtor

In accordance with section 1123(a)(1) of the Bankruptcy Code, unclassified Claims against the Debtor consists of Administrative Claims and Priority Tax Claims. Based on its books and records and its projections for future expenses, the Debtor presently estimates the amounts of such Claims as less than $20,000.

All professional fees and expenses are subject to review and approval by the Bankruptcy Court pursuant to section 330 of the Bankruptcy Code. No professional fees or expenses have yet been paid as of the date of filing of this Disclosure Statement.

The Holder of any Administrative Claim other than (i) a Fee Claim, (ii) an Allowed Administrative Claim, or (iii) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court and serve on all parties required to receive such notice an application for the allowance of such Administrative Claim on or before thirty (30) days after the Effective Date. Such notice must include at a minimum (i) the name of the holder of the Claim, (ii) the amount of the Claim, and (iii) the basis of the Claim. Notwithstanding the foregoing, nothing in this Plan shall extend the deadline for filing claims arising under 11 U.S.C. § 503(b)(9) pursuant to any order entered by the Bankruptcy Court. Failure to timely and properly file and serve an application for Administrative Claim (as required under Section 2.01(a) of the Plan) shall result in the Administrative Claim being forever barred and discharged.

Each Professional who holds or asserts an Administrative Claim that is a Fee Claim for compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date shall be required to file with the Bankruptcy Court and serve on all parties required to receive such notice a Fee Application within sixty (60) days after the Effective Date. Failure to timely and properly file and serve a Fee Application as required under Section 2.01(b) of the Plan shall result in the Fee Claim being forever barred and discharged. No Fee Claim will be deemed Allowed until an order allowing the Fee Claim becomes a Final Order or by consent of the Debtor or the Representative. Any party in interest, including the Debtor, may file an objection to a Fee Claim, but any objection to a Fee Claim must be filed within twenty (20) days

after the date the Fee Application is served. No hearing may be held until the twenty (20) day objection period has expired.

An Administrative Claim with respect to which notice has been properly filed under Section 2.01(a) of the Plan shall become an Allowed Administrative Claim if no objection is filed within twenty (20) days after its filing and service. Any party in interest, including the Debtor, may file an objection to an Administrative Claim. If an objection is filed within such twenty (20) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order. An Administrative Claim that is a Fee Claim, and with respect to which a Fee Application has been properly filed and served pursuant to Section 2.01(b) of the Plan, shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order.

Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid prior to the Effective Date, or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim, in full satisfaction, release and discharge of and exchange for such Clam, shall be paid in full on or before January 31, 2012. Notwithstanding the foregoing the Holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim.

The Debtor shall be responsible for timely payment of United States Trustee quarterly fees incurred in the Bankruptcy Cases pursuant to 28 U.S.C. § 1930(a)(6). Any fees due as of the most recent quarterly invoice prior to the Confirmation Date will be paid in full within thirty (30) days after the Effective Date. After the Effective Date, the Debtor shall pay United States Trustee quarterly fees as they accrue until the Bankruptcy Cases are closed. The Debtor or the Estate shall serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) that the Bankruptcy Cases remain open.

2. Classified Claims and Interests

The following is an estimate of the numbers and amounts of classified Claims and Interests to receive treatment under the Plan, and their respective treatment:

Secured Tax Claims - Class 2. Class 2 Secured Tax Claims are unimpaired under the Plan. The Holders of Class 2 Claims are not entitled to vote to accept or reject the Plan.

WSM shall pay all Allowed Secured Tax Claims for ad valorem taxes for the tax years 2011 as assessed by the applicable taxing authorities and thereafter in the ordinary course of business, as administrative priority claims under 11 U.S.C. § 503(b), and prior to delinquency under applicable state law. The assessed Class 2 Claims for 2011 are $2,113.48. If, after the Confirmation of the Plan, any roll back taxes are assessed against all or any portion of the Providence Property, WSM shall have no liability for any such roll back taxes and Providence or any successor or assign of Providence shall be liable for any and all roll back taxes that may be assessed against any portion of the Providence Property.

Each Holder of a Secured Tax Claim shall retain all liens, rights and remedies for payment thereof until its Allowed Secured Tax Claim shall be paid in full.

If the Debtor fails to timely pay any payment required under section 5.02(b) of the Plan, the affected Holder of an Allowed Secured Tax Claim shall send written notice of default to WSM and its counsel. If the default is not cured within twenty (20) days after notice of default is mailed, such Holder may proceed with state law remedies for collection of all amounts due under state law without further order of the Bankruptcy Court.

Providence Bank Secured Claim - Class 3. The Class 3 of Premier shall be allowed in the amount of $12,150,435 plus accrued but unpaid interest, fees, costs and expenses (as permitted

under applicable law) provided for under the Prepetition Premier Loan Documents. At this time, Providence has filed a proof of claim asserting a secured claim in the amount of $14,161,574.41 as of the Petition Date, and has asserted rights under 11 U.S.C. §506(b) to post-petition interest at the rate of 13.5% per annum and attorneys fees. Increases in the Allowed Amount of the Class 3 Claim will cause the amount of acres in the Providence Property to increase and amount of acres in the Remainder Property to decrease, which will decrease payments to Class 4 Claims and Class 5 Claims. If no objection is filed to the Class 3 Claim, the Class 3 Claim shall be allowed in the amounts claimed by Providence. If an objection is filed to the Class 3 Claim, the Bankruptcy Court will establish the Allowed Class 3 Claim after notice and hearing. The Class 3 Claim is impaired under the Plan. The Holder of the Class 3 is entitled to vote to accept or reject the Plan. After determination of the Allowed Amount of the Class 3 Claim and the value of all property owned by WSM the Providence Claim shall be established as that percentage of 1,093 acres that is equal to the quotient of the Allowed Class 4 Claim and the value of all property owned by WSM.

The Class 3 Claim shall be paid in full on the Effective Date by the transfer by special warranty of title to the Providence Property from WSM to Providence in full and final payment of any and all Claims of Providence. WSM shall be authorized to execute and record the special warranty deed in any and all records, including, but not limited to the real property records for Denton, Tarrant and Wise Counties, Texas. Upon recordation of the special warranty deed, Providence shall credit the Claim of Providence in an amount equal to the Claim and any and all indebtedness of WSM to Providence shall be paid in full, discharged and released. If Providence disputes that the value of the Providence Property is equal to or greater than the amount of the Claim of Providence, the Bankruptcy Court shall conduct a hearing to determine the value of the Providence Property. Providence shall have no right to a Class 5 claim or a Claim of any nature under the Plan. Providence shall execute and deliver to WSM a release in recordable form of any and all claims of Providence, and Premier including, but not limited to claims under any deed of trust or other Prepetition Premier Loan Document against all other property (the "Remainder Property") owned by WSM.

Alternatively, but only if affirmatively chosen by affirmative written election filed in the Bankruptcy Case (the "Providence Election"), Providence the Class 3 claim of Providence shall be treated by amendment of the Prepetition Premier Loan Documents to provide the following: (1) any and all defaults under any and all of the Prepetition Premier Loan Documents shall be cured and shall be rescinded and retracted by Providence; (2) the maturity date of the indebtedness shall be extended to July 31, 2014; (3) interest shall accrue at the rate of prime rate as established by the New York Federal Reserve Bank or if the New York Federal Reserve Bank does not post a prime rate by the prime rate as identified in the Wall Street Journal plus one percent (1%) per annum; (4) interest only shall be payable monthly beginning on the tenth day of the month immediately following the entry of the Confirmation Order; (5) accrued and unpaid interest through the Effective Date of shall be paid in twelve equal monthly payments commencing on the tenth day of the first month after the month of the Effective Date and continuing on the tenth day of each following month for twelve consecutive months; (6) on December 31, 2011, Reorganized WSM shall pay Providence $1,200,000 and upon receipt of this payment Providence shall release any and all liens and claims against 100 acres designated by Reorganized WSM; (7) on December 31, 2012, Reorganized WSM shall pay Providence $1,200,000 and upon receipt of this payment Providence shall release any and all liens and claims against 100 acres designated by Reorganized WSM; and (8) Providence, WSM, and all

other parties to the Prepetition Premier Loan Documents shall execute amendments to the Prepetition Premier Loan Documents that conform to the terms of the treatment under the Providence Election. If Providence makes the Providence Election, Providence shall have no other Claims against the Debtor or the Debtor's Estate. If the Debtor seeks "cram down" of the Class 3 Claim under 11 U.S.C. §1129(b), the Debtor shall not seek "cram down" of treatment under the Providence Election.

UDF Secured Claim - Class 4. The Class 4 Claim of UDF shall be allowed in the amount of $10,691,985 plus accrued but unpaid interest, fees, costs and expenses (as permitted under applicable law) provided for under the Prepetition UDF Loan Documents. The Class 4 Claim is impaired under the Plan. The Holder of the Class 4 is entitled to vote to accept or reject the Plan. If Providence does not make the Providence Election, UDF shall release any and all claims to the Providence Property. The property owned by WSM that is not the Providence Property (the "Remaining WSM Property") shall be subject to liens of UDF. The claims of UDF shall be paid from the proceeds of sales of the Remaining WSM Property. If Providence makes the Providence Election, UDF shall retain any and all liens under the Prepetition UDF Loan Documents; provided however, that the Prepetition UDF Loan Documents shall be modified and amended as necessary to conform to the terms of the Plan and the treatment of the Class 3 Claim.

General Unsecured Claims - Class 5. Class 5 General Unsecured Claims are impaired under the Plan. The Holders of Class 5 Claims are entitled to vote to accept or reject the Plan. Each Holder of an Allowed Class 5 General Unsecured Claim shall receive cash equal to the amount of the Claim of each such Claimant after the full payment of Premier and UDF. Within thirty (30) days of the receipt of funds by WSM from the sale of any property, WSM shall pay eighty percent (80%) of the funds received to Allowed Class 5 Claims; provided however, that such payments shall only be made after the claims of Providence and UDF have been paid in full.

Interests in the Debtor - Class 6. Class 6 Interests are impaired under the Plan. Each Holder of a Class 6 Interest is entitled to vote to accept or reject the Plan.

UNLESS OTHERWISE NOTED, THE DEBTOR'S ESTIMATES OF THE NUMBER AND AMOUNT OF CLAIMS IN EACH CLASS SET FORTH HEREIN INCLUDE ALL CLAIMS ASSERTED AGAINST THE DEBTOR WITHOUT REGARD TO THE VALIDITY OR TIMELINESS OF THE FILING OF THE CLAIMS. THUS, BY INCLUDING ANY CLAIM IN THE ESTIMATES SET FORTH HEREIN, THE DEBTOR AND THE DEBTOR'S ESTATE ARE NOT WAIVING THEIR RIGHTS TO OBJECT TO ANY CLAIM ON OR BEFORE THE OBJECTION DEADLINE ESTABLISHED BY THE PLAN. IN ADDITION, THE DEBTOR HAS NOT YET UNDERTAKEN AN ANALYSIS OF POTENTIAL AVOIDANCE ACTIONS, AND THE DEBTOR IS NOT WAIVING ITS RIGHT TO ASSERT AVOIDANCE ACTIONS PURSUANT TO THE PLAN. PAYMENTS RECEIVED BY NON-INSIDER CREDITORS WITHIN NINETY (90) DAYS PRIOR TO THE PETITION DATE AND BY INSIDER CREDITORS WITHIN ONE YEAR PRIOR TO THE PETITION DATE ARE LISTED IN THE DEBTOR'S SCHEDULES ON FILE WITH THE COURT. COPIES OF THE SCHEDULES ARE AVAILABLE FOR EXAMINATION ON PACER OR BY WRITTEN REQUEST SENT TO THE DEBTOR'S COUNSEL.

B. Means of Implementation of the Plan

1. Transfer of Assets to Providence. The Providence Property shall be transferred to the Class 3 Claimant in full and final satisfaction of any and all amounts owed to the Class 3 Claimant. The transfer of the Providence Property shall be a payment of any and all amounts

owed to the Class 3 Claimant by the Debtor and shall be applied as a credit against the indebtedness of WSM to the Class 3 Claimant. The transfer of the Providence Property to the Class 3 Claimant shall fully and finally pay and satisfy any and all claims of the Class 3 Claimant against WSM or Reorganized WSM. If the Class 3 Claimant disputes that the value of the Providence Property transferred to the Class 3 Claimant is equal to or greater than the Allowed Claim of the Class 3 Claimant, the Bankruptcy Court shall conduct a hearing and determine the value of the property transferred to the Class 3 Claimant. Alternatively, but only upon the affirmative election of the Class 3 Claimant for such treatment, WSM shall retain all of the property owned by WSM and shall develop such property and sell all or portions of such property to pay the Class 3 claims of Providence and the Class 4 claims of UDF and, after the payment of the Class 3 and Class 4 claims, the payment of Class 5 Claims.

All of the Debtor's claims, counterclaims, rights, defenses, setoffs, recoupments, and actions in law or equity, shall remain in the Estate, but WSM shall have the exclusive right to assert, prosecute, settle, or compromise any Estate Action vested in it under the Plan. No claim, right, Estate Action, or other asset shall be deemed waived or otherwise forfeited by virtue of the Debtor's failure to identify such property in the Debtor's Schedules or the Disclosure Statement accompanying the Plan.

2. Discharge of the Debtor. Except as provided in the Plan or the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims against and Interests in the Debtor of any nature whatsoever, whether known or unknown, or against the Debtor's assets or properties that arose before the Effective Date. Except as provided in the Plan or the Confirmation Order, upon the Effective Date, entry of the Confirmation Order acts as a discharge and release under section 1141(d)(l)(A) of the Bankruptcy Code of all Claims against and Interests in the Debtor and the Debtor's assets and properties, arising at any time before the Effective Date, regardless of whether a proof of Claim or Interest was filed, whether the Claim or Interest is Allowed, or whether the Holder of the Claim or Interest votes to accept the Plan or is entitled to receive a Distribution under the Plan. Except as provided in the Plan or the Confirmation Order, upon the Effective Date, any Holder of the discharged Claim or Interest will be precluded from asserting against the Debtor or the Estate or any of their respective assets or properties any other or further Claim or Interest based on any document, instrument, act, omission, transaction or other activity of any kind or nature that occurred before the Effective Date. Except as provided in the Plan and the Confirmation Order, and subject to the occurrence of the Effective Date, the Confirmation Order will be a judicial determination of discharge of all liabilities of the Debtor and the Debtor and the Estate will not be liable for any Claims or Interests and will only have the obligations as are specifically provided for in the Plan.

3. Injunction. Except as otherwise provided in the Plan or the Confirmation Order, and only to the extent permitted under and subject to section 1141 of the Bankruptcy Code, from and after the Confirmation Date, all Holders of Claims against and Interests in the Debtor that are discharged pursuant to the Plan or the Bankruptcy Code are permanently restrained and enjoined from taking any of the following actions against the Estate, the Debtor or any of its property on account of any such Claims, debts, liabilities or Interests or rights: (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, debt, liability, or Interest against the Debtor; or its property on account of such Claims, debts, liabilities, or Interests, other than to enforce any right to a distribution pursuant to the Plan; (b) enforcing, attaching, collecting, or recovering by any

manner or means any judgment, award, decree, or order against the Debtor or its property; (c) from creating, perfecting, or enforcing any encumbrance or Lien of any kind against the Debtor or its property; (d) except to the extent permitted under the Bankruptcy Code, asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due the Debtor or against its property; and (e) performing any act, in any manner, in any place whatsoever, that does not conform to or comply with, or is inconsistent with, the provisions of the Plan; provided, however, that each Holder of a Disputed Claim or Interest may continue to prosecute its proof of Claim or Interest in the Bankruptcy Court and all Holders of Claims and Interests shall be entitled to enforce their rights under the Plan and any agreements executed or delivered pursuant to or in connection with the Plan. The foregoing injunction shall extend to any successor of the Debtor, including the Representative, the Estate and its property and interests in property that are treated under the Plan. If allowed by the Bankruptcy Court, any entity injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

4. Revocation or Withdrawal of the Plan. The Debtor reserves the right to revoke and withdraw the Plan before the entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, or if confirmation or the Effective Date of the Plan does not occur, then, the Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other Person or to prejudice in any manner the rights of the Debtor or Person in any further proceedings involving the Debtor.

5. Modification of the Plan. The Debtor reserves the right to modify the Plan in writing at any time before the Confirmation Date, provided that (a) the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and (b) the Debtor shall have complied with section 1125 of the Bankruptcy Code. The Debtor further reserves the right to modify the Plan in writing at any time after the Confirmation Date and before substantial consummation of the Plan, provided that (a) the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, (b) the Debtor shall have complied with section 1125 of the Bankruptcy Code, and (c) the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code. A holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

C. <u>Executory Contracts and Unexpired Leases</u>

The Plan constitutes and incorporates a motion by the Debtor to reject, as of the Effective Date, all Executory Contracts to which either Debtor is a party, except for Executory Contracts that (a) have been assumed or rejected pursuant to Final Order of the Bankruptcy Court, (b) are the subject of a separate motion pursuant to section 365 of the Bankruptcy Code to be filed and served by the applicable Debtor on or before the Confirmation Date; and (c) is specifically designated as a contract or lease to be assumed on a schedule filed by the Debtor no later than fifteen (15) days prior to the Confirmation Hearing. The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365 of the Bankruptcy Code approving the rejection or assumption, as applicable, of such Executory Contracts as of the Effective Date.

If the rejection of an Executory Contract results in damages to the other party or parties to such Executory Contract, a Claim for such damages shall be forever barred and shall not be

enforceable against the Debtor or their properties or agents, successors, or assigns, unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor by the earlier of (a) thirty (30) days after the Effective Date or (b) such other deadline as the Bankruptcy Court may set for asserting a Claim for such damages.

Any Rejection Claim arising from the rejection of an Executory Contract shall be treated as a Class 5 General Unsecured Claim, as applicable, pursuant to the Plan, except as limited by the provisions of sections 502(b)(6) and 502(b)(7) of the Bankruptcy Code and mitigation requirements under applicable law. Nothing contained herein shall be deemed an admission by the Debtor or any other party in interest that such rejection gives rise to or results in a Rejection Claim or shall be deemed a waiver by the Debtor or any other party in interest of any objections to such Rejection Claim if asserted.

The Debtor listed no Executory Contracts on Schedule G that was filed by the Debtor in the Bankruptcy Case. The Debtor is not aware of any Executory Contracts to which the Debtor is a party. If any Executory Contracts are discovered prior to the Confirmation Hearing, the Debtor will announce whether such contract(s) are assumed or rejected at the commencement of the Confirmation Hearing and the effect of such action shall be subject to Article VII of the Plan.

V. DESCRIPTION OF THE DEBTOR

A. History and Corporate Structure. WSM is a Texas limited liability company formed on June 13, 2003, in Texas for the purpose of developing real property located in Wise, Denton and Tarrant County, Texas.

B. Assets of the Debtor. The real property owned by WSM is part of larger 3,000 acre land assemblage acquired in 2002 and 2004. Due to the multiple purchases of the entire 3,000 acre site, at the time of the acquisitions the assembled land was purchased by two partnerships: One SR, LP ("One SR") and Two SR, LP ("Two SR"). The entire project was and is known as Sendera Ranch. The Subject Property was part of the One SR, LP purchase. Both One SR and Two SR were equal partnerships between Lennar Homes and WSM. The acquisition price for the 3,000 acres was $18,450,000 or approximately $6,150 per acre. At the time of acquisition of the 3,000 acres, the property was raw land with no zoning or access to sewer and water. One SR and Two SR obtained zoning for the entire 3,000 acres with approximately 1,700 acres zoned as residential with plans for approximately 10,000 homes and 300 acres on the eastern portion of the property zoned industrial. One SR and Two SR entered into Joint development Agreement with the City of Ft. Worth to bring sewer and water to the entire site under an approximately ten million dollar contract that was managed by the City of Fort Worth. One SR, Two SR and the City agreed to a cost sharing arrangement to fund the $10 million project. This project was completed in early 2009. One SR and Two SR funded their pro-rata share, approximately $5,400,000.

After completion of the zoning and the projects, both One SR and Two SR commenced with on-site development. Since its opening for sale, Sendera has yielded in excess of 3,000 homes. The overall project includes several amenities including on site elementary school, an up scaled amenity center including a pool and playground area, walking trails, and open space. In addition, an on-site middle school is currently under construction and is scheduled to be opened for the fall of 2012. Sendera was consistently one of the best selling communities in the entire DFW metroplex selling in excess of 500 homes annually in the 2004 through 2007. After 2007 the downturn in the overall United States economy and in the housing market adversely affected development of Sendera and sale of houses, resulting in a delay in the commencement of the

property now owned by WSM. During this time the partners of One SR and Two SR had to continue to invest cash equity to keep this project in production inclusive of development costs, HOA, maintenance, amenities and carry costs. The total amount invested by the two partnerships exceeded twelve million dollars each.

In 2007 as the housing market started to take a downside turn, the Lennar partner in One SR and Two SR approached the other partners to negotiate an equitable separation of the partnerships and assets owned by the partnerships. This was a corporate mandate by Lennar and was not indicative of performance of the asset or the relationship of the other partners with Lennar. The the complexities of Sendera, *e.g.* multiple ownerships (one SR and Two SR), builder contracts, status of on-site development, debt structures, and other matters, the exit of Lennar was ultimately accomplished in a series of separate transactions. The first transaction occurred in 2007, and was accomplished with WSM purchasing the property that is presently owned by WSM. The purchase price at that time was $11,531,000. At the time of the purchase by WSM the sewer and water improvements to the property purchased by WSM were not completed.

Lennar remains a home builder and continues to develop portions of Sendera. After WSM acquired the property Sendera Ranch Blvd has been extended, which affords direct road access to WSM's property. Lennar is process of completing its development of the last phase of lots that abuts to Subject Property including the completion of the Sendera Blvd. to the boundary of WSM's property. These improvements are being funded by Lennar under its obligation to complete the One SR development. Furthermore, Lennar is completing the last development phase of the original One SR property which, upon completion, will leave only property owned by WSM for future lot supply. Horton's lot supply of 50' lot supply is depleted to the point that they have approached us to supply them with additional lots (see proposal below).

C. Value of Assets. The Debtor took a Rule 2004 Examination of Providence. In this examination Providence produced two appraisals of the Debtor's property, both of which were prepared in 2011. One appraisal prepared by C. Lance McDade, MAI, of McDade & Company, dated January 9, 2011, valued the assets of WSM "as is" at $17,000,000 assuming a two year holding period for the sale of the property and a discounting at the rate of 12% during this period. The McDade appraisal was reviewed by Lipscomb, Davis & Company. Lispscomb, Davis & Company concluded that the McDade appraised value of $17,000,000 discounted at twelve (12%) and assuming a two year holding period was "a reasonable conclusion".

The Debtor has obtained an appraisal of the property (the "Helbing Appraisal") by Ross C. Helbing of Neugent & Helbing, Inc. The Helbing Appraisal values the property at $20,000,000. The Debtor believes that the 1,093 acres are fungible, meaning that each acre has essentially the value of all other acres and that no individual acre has a value that is significantly above or below the average value per acre. Additionally, the price per acre for the Providence Property is essentially the same as the price per acre for the Remainder Property. The value of the Providence Property shall be equal to the amount of the Allowed Class 3 Claim, which amount shall be determined by the Bankruptcy Court at the Confirmation Hearing unless previously agreed upon by Providence and the Debtor.

D. Secured Indebtedness of the Debtor. Providence acquired the secured debt that WSM owed to Premier. Providence acquired the assets from the Federal Deposit Insurance Corporation as the receiver for Premier Bank. The amounts of the secured debt owed to Providence and UDF are described in section IV of this Disclosure Statement.

E. Unsecured Indebtedness of the Debtor. As listed on Schedule F, WSM owes $2,250 in unsecured claims.

VI. THE DEBTOR'S BANKRUPTCY CASES

A. Factors Leading to Chapter 11 Filing. The downturn in the United States economy in general and the housing market in particular, cause the development of Sendera to slow. This slowdown resulted in the inability of WSM to develop and sell lots on the schedule initially anticipated. The loan from Premier matured. WSM negotiated an extension and modification of the loan, but Premier Bank failed and was placed into a receivership by the Federal Deposit Insurance Corporation before the extension and modification could be finalized. WSM was unable to negotiate with Providence regarding the extension and modification. WSM has been unable to meet with Providence to negotiate any modification or extension of the loan. Providence moved to foreclose its deed of trust and would not agree to pass the scheduled sale. WSM filed this case to prevent the foreclosure sale and loss of substantial equity in the property.

B. Commencement of the Bankruptcy Case WSM filed for protection under the Bankruptcy Code on June 6, 2011. The proceeding was assigned to the Honorable Russell F. Nelms, United States Bankruptcy Judge in the Northern District of Texas, Fort Worth Division.

C. Significant Events Since Commencement of Bankruptcy Case

1. Retention of Professionals. The Debtor has retained, after approval of the Bankruptcy Court, Richard W. Ward as counsel for the Debtor. No creditors committee has been formed. The Debtor has retained, after approval of the Bankruptcy Court, Ross Helbing to conduct an appraisal of the assets of the Debtor.

2. Schedules and Statement of Financial Affairs. On or about June 20, 2011, WSM filed its Schedules, and Statement of Financial Affairs. The analysis of the assets and liabilities listed on the Schedules is contained in Section V of this Disclosure Statement.

3. Debtor's Use of Cash Collateral. The Debtor has not used cash collateral or incurred any post-petition debt, except for professional fees for representation in the Bankruptcy Case.

VII. LITIGATION

A. Pending Litigation

There was no litigation pending against the Debtor on the Petition Date.

The Debtor does not believe that any transfers to unsecured creditors occurred within 90 days of the Petition Date or within one year to insiders.

As of the Effective Date, the Debtor or the Estate shall retain the exclusive right to assert, prosecute, settle, or compromise any Estate Action. The Reorganized WSM shall also retain and may prosecute and enforce all defenses, counterclaims, and rights that have been asserted or could be asserted by a Debtor against or with respect to all Claims asserted against such Debtor or property of such Estate.

VIII. CONFIRMATION OF THE PLAN

A. Solicitation of Votes Voting Procedures

1. Ballots and Voting Deadlines

A ballot to be used for voting to accept or reject the Plan, together with an addressed return envelope, is enclosed with all copies of this Disclosure Statement mailed to all Holders of Claims and Interests entitled to vote. BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT.

The Bankruptcy Court has directed that in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received no later than 5:00 p.m. Central Time on November 17, 2011, at the following address:

Richard W. Ward
6860 N. Dallas Parkway, Suite 200
Plano, TX 75024

YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER 5:00 P.M. CENTRAL TIME ON NOVEMBER 17, 2011. FACSIMILE BALLOTS WILL BE ACCEPTED NO LATER THAN 5:00 P.M. CENTRAL TIME ON NOVEMBER 17, 2011.

2. Parties in Interest Entitled to Vote. Any Holder of a Claim against or Interest in the Debtor at the date on which the order is entered approving the Disclosure Statement whose Claim or Interest has not previously been disallowed by the Bankruptcy Court is entitled to vote to accept or reject the Plan, if such Claim or Interest is impaired under the Plan and either (a) such Holder's Claim or Interest has been scheduled by the Debtors (and such Claim or Interest is not scheduled as disputed, contingent, or unliquidated) or (b) such Holder has filed a proof of claim or proof of interest on or before the last date set by the Bankruptcy Court for such filings.

3. Definition of Impairment As set forth in section 1124 of the Bankruptcy Code, a class of claims or equity interests is impaired under a plan of reorganization unless, with respect to each claim or equity interest of such class, the plan:

(a) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or equity interest; or

(b) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or equity interest to demand or receive accelerated payment of such claim or equity interest after the occurrence of a default:

(i) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code;

(ii)reinstates the maturity of such claim or interest as it existed before such default;

(iii) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; and

(iv) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

4. Classes Impaired Under the Plan The following Classes of Claims and Interests are impaired under the Plan, and Holders of Claims and Interests in such Classes are entitled to vote to accept or reject the Plan:

Class 3: Secured Claim of Providence;
Class 4: Secured Claim of UDF;
Class 5: General Unsecured Claims; and
Class 6: Interests in WSM.

Classes of claims or equity interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or equity interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or equity interests of that class are modified in any way under the plan. Modification for purposes of determining impairment, however, does not include curing defaults and reinstating maturity or payment in full in Cash.

5. Vote Required For Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that actually cast ballots for acceptance or rejection of the Plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. By order of the Bankruptcy Court, **the Confirmation Hearing on the Plan has been scheduled for November 21, 2011, at 9:00 a.m. Central Time** in the Bankruptcy Court. The Bankruptcy Court may adjourn the Confirmation Hearing from time to time without further notice except for an announcement made at the confirmation hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. **Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court on or before November 17, 2011**, at the following address:

Clerk of the United States Bankruptcy Court
510 W. Tenth St.
Fort Worth, Texas 75242-1496.

In addition, any such objection must be served upon counsel for WSM, Richard W. Ward at 6860 N. Dallas Parkway, Suite 200, Plano, TX 75024 , together with proof of service, so that they are received **by such parties on or before November 17, 2011.**

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014 and the Order Approving Disclosure Statement and Setting Deadline for Objections. **UNLESS AN OBJECTION TO CONFIRMATION IS SERVED AND FILED ON THE DEBTOR AND THE OTHER NOTICE PARTIES AND THEIR COUNSEL SO THAT IT IS ACTUALLY RECEIVED NO LATER THAN NOVEMBER 17, 2011, THE BANKRUPTCY COURT MAY NOT CONSIDER IT.**

The Debtor believes that the key dates leading up to and including the Confirmation Hearing may be summarized as follows:

1. November 17, 2011: Deadline for parties entitled to vote on the Plan to have their ballots received by the tabulation agent (see § VIII. A. 1 above), and deadline for parties to file with the Bankruptcy Court any objection to the Plan.
2. November 21, 2011: Commencement of the Confirmation Hearing.

C. Requirements For Confirmation of a Plan

At the Confirmation Hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event

the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.

2. The proponent of the plan complied with the applicable provisions of the Bankruptcy Code.

3. The plan has been proposed in good faith and not by any means forbidden by law.

4. Any payment made or promised by the debtor, by the plan proponent, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

5. (a) (i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtors, an affiliate of the debtors participating in a joint plan with the debtors, or a successor to the debtors under the plan; and (ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and

(b) the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized debtors, and the nature of any compensation for such insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the Debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

7. With respect to each impaired class of claims or interests:

(a) each holder of a claim or interest of such class has accepted the plan or will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the Debtors liquidated on such date under chapter 7 of the Bankruptcy Code on such date; or

(b) if section 1111 (b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

8. With respect to each class of claims or interests:

(a) such class has accepted the plan; or

(b) such class is not impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(l), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive:

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of a claim will receive on account of such claim regular installment payments in cash -

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b); and

(d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8), but for thee secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as described in subparagraph (c) above.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtors or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, in section 1114, at any time prior to confirmation of the plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that it has complied or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

The Debtor believes that Holders of all Allowed Claims and Interests impaired under the Plan will receive payments under the Plan having a present value as of the Effective Date not less than the amounts likely to be received if the Debtors were liquidated in a case under chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether Holders of Allowed Claims or Allowed Interests would receive greater distributions under the Plan than they would receive in liquidation under chapter 7.

D. Cramdown

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that Class. A plan of reorganization "does not discriminate unfairly" within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its claims or equity interests.

"Fair and equitable" has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

1. With respect to a class of unsecured claims, the plan provides:
   (a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or
   (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property.
3. With respect to a class of equity interests, the plan provides:
   (a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or
   (b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of claims or equity interests. For the reasons set forth above, the Debtor believes the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired Class of Claims or Interests. With respect to any cram down of the Class 3 Claim, the Debtor shall not seek cram down of the treatment under the Providence Election; any cramdown of Class 3 Claim shall be limited to the treatment that is not the Providence Election.

IX. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim or Interest of the Plan and this Disclosure Statement as a whole with such holder's own advisors.

A. Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims and Interests is given the opportunity to vote to accept or reject the Plan. With regard to such impaired voting Classes, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the total Allowed Claims of the Class voted. The Plan will be deemed accepted by a Class of impaired Interests if the Plan is accepted by claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) of the number of shares

actually voting. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtor reserves the right to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims or Interests has not accepted the Plan. However, there can be no assurance that any impaired Class of Claims or Interests under the Plan will accept the Plan or that the Debtor would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

B. Confirmation Risks

The following specific risks exist with respect to confirmation of the Plan: (i) any objection to confirmation of the Plan filed by a member of a Class of Claims or Interests can either prevent confirmation of the Plan or delay confirmation for a significant period of time; (ii) since the Debtor may be seeking to obtain approval of the Plan over the rejection of one or more impaired Classes of Claims or Interests, the cramdown process could delay confirmation.

The Plan provides that the Bankruptcy Court shall establish the Allowed Amount of the Class 3 Claim if any objection is filed to such claim; if no objection is filed the claim shall be allowed in the amount asserted on the proof of claim filed by the Class 3 Claimant. As the amount of the Class 3 Claim increases, the number of acres in the Providence Property increases and the number of acres in the Remainder Property decreases with the effect that less property exists for WSM to develop, sell and pay Class 4 Claims and Class 5 Claims, which may result in lower payments over a longer time period to Class 4 Claims and Class 5 Claims. Additionally, if the Bankruptcy Court determines that the value of the property owned by WSM is less than $20,000,000, the number of acres in the Providence Property increases and the number of acres in the Remainder Property decreases with the effect that less property exists for WSM to develop, sell and pay Class 4 Claims and Class 5 Claims, which may result in lower payments over a longer time period to Class 4 Claims and Class 5 Claims. Either or both of the two foregoing determinations will adversely affect the payments to Class 4 Claims and Class 5 Claims.

Finally, if the Bankruptcy Court determines that the Allowed Class 4 Claim exceeds the value of the property owned by WSM, the plan will not be confirmable. If the Plan is not confirmed the following are possible results: (1) WSM proposes a modified plan of reorganization and seeks confirmation such plan; (2) the Bankruptcy Case is converted to a chapter 7 proceeding; (3) the Bankruptcy Case is dismissed; or (4) in any of the foregoing, Providence could seek relief from the automatic stay. In the event of items (2), (3) or (4) Class 4 Claims, Class 5 Claims and Class 6 Interests would receive nothing of value.

X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor has an alternative to the Plan, which is the liquidation of the Debtor under chapter 7. After studying this alternative, the Debtor concluded that the Plan is the best option for creditors because the Plan was drafted to maximize recoveries by Holders of Claims, assuming confirmation of the Plan and consummation of the transactions contemplated by the Plan. The following discussion provides a summary of the Debtor's analysis leading to its conclusion that the Plan will provide the highest value to Holders of Claims.

The Debtor has analyzed whether a chapter 7 liquidation of the assets of the Debtor would be in the best interest of Holders of Claims and Interests. That analysis reflects a liquidation value that is substantially lower than the value that may be realized through the Plan. The Debtor believes that chapter 7 conversion would result in substantial diminution in the value to

be realized by Holders of Claims, primarily due to the substantially reduced liquidation value of the Debtor's assets as compared to the consideration to be paid to Holders of Claims under the Plan.

On liquidation, the Debtor believes that the assets of the Debtor would be sold by Providence at a foreclosure sale under the deed of trust that secures the obligations of Providence and there would be nothing for distribution to priority claimants, UDF, or general unsecured claims. The Debtor is not stipulating to the validity or amount of any of the Claims set forth in this liquidation analysis. Additionally, conversion to a chapter 7 would impose statutory fees for a trustee and any professionals employed by the chapter 7 trustee. These fees are not payable under the Plan, which increases the potential distribution to creditors by approximately three percent (3%) of amounts distributed. **The Debtor believes that in a liquidation, no value would exist to make any payment to Class 4 Claims, Class 5 Claims or Class 6 Claims.**

XI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain federal income tax consequences of the implementation of the Plan to the Debtors and certain Holders of Claims. This summary does not address all aspects of federal income taxation that may be relevant to all persons considering the Plan. Special federal income tax considerations not discussed in this summary may be applicable to, among other persons, financial institutions, insurance companies, foreign corporations, tax-exempt institutions and persons who are not citizens or residents of the United States. In addition, this summary does not discuss the effect of any foreign, state or local tax law, the effect of which may be significant. Furthermore, this discussion assumes that the Debtor is classified as a partnership for U.S. federal income tax purposes.

This summary is based on the Internal Revenue Code of 1986, as amended ("IRC"), the regulations promulgated thereunder, judicial decisions, and administrative positions of the Internal Revenue Service (the "Service"). All Section references in this summary are to Sections of the IRC. Any change in the foregoing authorities may be applied retroactively in a manner that could adversely affect persons considering the Plan.

No ruling will be sought from the Service with respect to the federal income tax aspects of the Plan and there can be no assurance that the conclusions set forth in this summary will be accepted by the Service. No opinion has been sought or obtained with respect to the tax aspects of the Plan.

THIS SUMMARY IS INTENDED FOR GENERAL INFORMATION ONLY. PERSONS CONSIDERING THE PLAN ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE REORGANIZATION OF THE DEBTOR, THE RECEIPT OF ANY PAYMENT UNDER THE PLAN, AND THE IMPACT ON THAT PERSON OR ANY OTHER PERSON OF ANY OBLIGATION IMPOSED UNDER THE PLAN.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS in Circular 230, you are hereby informed that (i) any tax advice contained in this Disclosure Statement is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code, (ii) the advice is written to support the promotion or marketing of the transactions or matters addressed in the Disclosure Statement and (iii) each Holder should seek advice based on its particular circumstances from an independent tax advisor.

A. Tax Consequences to the Debtor

As indicated above, this discussion assumes that the Debtor is classified as a partnership for U.S. federal income tax purposes. A partnership is not a taxable entity and incurs no federal income tax liability. Instead, each partner of a partnership is required to take into account his share of items of income, gain, loss and deduction of the partnership in computing his federal income tax liability, even if no cash distributions are made to him by the partnership.

1. Gain or Loss on Disposition of Assets. The Debtor may recognize gain or loss on the sale of any asset or on the transfer of assets by the Debtor to Providence. The gain or loss recognized will equal the difference between the (i) the "amount realized" and (ii) the adjusted tax basis of the asset sold or transferred. The "amount realized" by the Debtor will equal the amount of cash received on a sale of an asset or the fair market value of any assets transferred to Providence. The owners of the Debtor will be required to take any such gain or loss into account in determining their own tax liabilities.

2. Discharge-of-Indebtedness Income. In addition to gain or loss, implementation of the Plan may also result in the Debtor realizing discharge of indebtedness ("DOI") income. The IRC generally provides that a debtor must include in income the amount of DOI it realizes when a creditor accepts less than full payment in satisfaction of its debt. The realized amount of DOI is generally the difference between the amount of indebtedness and the amount received by the creditor in exchange for the indebtedness. The Debtor will realize DOI with respect to any Claim that is discharged under the Plan to the extent of the difference between the amount of such Claim and the amount of consideration paid to the respective holder pursuant to the Plan. Under IRC Section 108(e)(2), the Debtor will not realize DOI with respect to any claim that is discharged under the plan to the extent payment of the discharged claim would have given rise to a deduction.

As a general matter, any DOI realized by the Debtor would be allocated to its owners and taken into account by them in calculating their tax liabilities. However, IRC Section 108 may provide an exception with respect to DOI income allocated to the owner of an entity taxed as a partnership, such as the Debtor, if the owner in question is either in bankruptcy or insolvent. Accordingly, each person that owns an interest in the Debtor should consult with its own tax advisor regarding the potential application of this exception to its circumstances.

B. Tax Consequences To Holders of Interests

Under the Plan, the Holders of Interests will likely not receive any distribution unless all allowed claims have been paid in full. The amount, character and timing of any loss recognized by the Holder of any Interest depends on a variety of factors, including the individual circumstances of such Holder. Holders of Interests should consult with their own tax advisor to determine the impact of the loss of an equity interest in the Debtor.

C. Tax Consequences to Holders of Claims

Holders of Allowed Administrative Claims and Allowed Claims in Classes 1-5 may receive Cash distributions from the Debtors or under the Plan.

In general, each Holder of an Allowed Claim may recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by such Holder in satisfaction of its Claim (other than any Claim representing accrued but unpaid interest) and (ii) such Holder's adjusted tax basis in such Claim (other than any Claim representing accrued but unpaid interest). The "amount realized" by a Holder will equal the sum of the cash and the aggregate fair market value of any property received by such Holder pursuant to the Plan.

Where gain or loss is recognized by a Holder in respect of its Allowed Claim, the character of such gain or loss (i.e., long-term or short-term capital, or ordinary) will depend on a number of factors, including the tax status of the Holder, whether the Claim constituted a capital asset in the hands of the Holder and how long it had been held, whether the Claim was originally issued at a discount or acquired at a market discount and whether and to what extent the holder had previously taken a bad debt deduction in respect of the Claim.

A Holder that receives Cash in satisfaction of Claims may recognize ordinary income or loss to the extent that cash is received in respect of accrued interest attributable to Claims. The manner in which such cash is allocated between accrued interest and principal for these purposes may be unclear under present law. A Holder who or which was not previously required to include in income accrued but unpaid interest attributable to its Claims and who surrenders its Claims pursuant to the Plan may be treated as having received interest income to the extent that any cash received is treated for federal income tax purposes as a payment of accrued but unpaid interest, regardless of whether the holder realizes an overall gain or loss. A holder who previously included in income accrued but unpaid interest attributable to its Claims will likely recognize an ordinary loss to the extent that such accrued interest but unpaid interest is not satisfied in full.

THE FOREGOING SUMMARY OF CERTAIN MATERIAL FEDERAL INCOME TAX CONSEQUENCES HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES THAT MAY BE APPLICABLE UNDER THE PLAN.

XII. CONCLUSION

The Debtor urges Holders of Claims and Interests to vote to **ACCEPT** the Plan and to evidence such acceptance by returning their ballots so that they will be received by **5:00 p.m. Central Time on November 17, 2011.**

Respectfully submitted,

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Jeff Shirley

Authorized Representative for WS Mineral Holdings, LLC

EXHIBIT "A"

Debtor's Plan of Reorganization is intentionally omitted, but Is contained in this mailing as a separate document.