



## Letter to Shareholders



2015 was another year of low commodity prices and negative sentiment in the resource sector. The collapse in oil prices in August decimated the share prices of oil companies. Mining company share prices tumbled shortly after based on the strength of the US Dollar and the perceived oversupply conditions in the sector. All this turned around quickly this year, beginning in January, with the price of gold. The share price of gold companies holding strong gold assets jumped 50-100% and has continued to increase in 2016.

Copper inventories have fallen dramatically in the last few years both in real terms and as a percentage of total consumption. Warehouse stocks hit a 5 year low in April – a condition which will surely continue unless there is a dramatic reduction in copper demand. On the supply side, production cut-backs, declining head grades, and the lack of new mines coming on stream suggest that a supply shortfall is in the making. It will take a decade, tens of billions of dollars and much higher copper prices to bring the supply back into balance with demand – and we will be ready to meet that demand.

Casino - one of the world's largest undeveloped copper, gold and molybdenum porphyry systems – has a large oxide gold cap, a well-developed zone of supergene copper mineralization and a very consistent hypogene zone containing copper, gold and molybdenum. The project economics are robust and have continued to show strong returns during this downcycle.

We have been concentrating our efforts on engaging with the groups that will be affected by the project. Casino's team has been working hard at strengthen relationships with First Nations, regulators and the many local communities surrounding the Casino Project.

As for the balance sheet, Western currently has a cash balance in excess of \$9 million that will continue to be deployed prudently to advance Casino. Our strategy going forward is to continue to de-risk the project and seek industry partners with the ultimate goal of placing the Casino mine into production.

In February of this year, I transitioned into the role of Executive Chairman and appointed Dr. Paul West-Sells President and Chief Executive Officer. While I continue to be very actively engaged in the development of the Company, Paul will be directly leading the way in taking Western to the next level. Western as a company has an exceptionally qualified group of mining professionals that cover all aspects of mineral exploration and mine development. The team's track record of moving projects from the early stage through resource definition, pre-feasibility, feasibility and permitting sets us ahead of the pack as a mineral exploration and development company.

**F. Dale Corman**

Executive Chairman

Western Copper and Gold Corporation