



western

COPPER AND GOLD

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Letter to Shareholders

It is with great optimism that I write this year’s letter to shareholders.

Our Casino deposit is one of the largest and most economic porphyry copper and gold deposits in the world. After many years of little interest from copper companies the sentiment has now changed. Improved copper prices over the last 18 months have allowed copper producers to pay down debt, and along with a favourable outlook for copper demand, they are refocusing their attention on expansion. Due to its unique location in the mining friendly jurisdiction of the Yukon Canada, Casino will be high on any copper company’s list as a way to add near-term production.

Copper demand is growing and supply is dwindling. Over the next 20 years 220 mines, or 40% of those producing today, are scheduled to close. According to a recent research report by BMO Capital Markets this will lead to a 5 million tonne copper deficit by 2025.

Most of the copper production projected to come online before 2025 are brownfield projects which will, for the most part, only replace declining production from lower projected grades at the world’s largest mines.

The only meaningful greenfield project that has been given the green light to proceed is the Cobra Panama mine which is scheduled to produce 315 thousand tonnes a year commencing in 2019.

A critical analysis of the remaining greenfield projects indicates that there are, at best, a dozen copper projects that are sufficiently advanced to come on-line before 2025. The maximum cumulative production these projects would add is only 1.2 million tonnes per annum.

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It is now apparent that there is no possibility that copper supply will match demand in the foreseeable future. Copper demand will exceed supply in 2018 and the supply gap will progressively become worse as we move forward. Exchange inventories will quickly decline and there will be a scramble by consumers to secure copper to meet their needs. This should result in a substantial rise in the price of copper and the shares of those copper companies that have large economic copper reserves. **Our company, Western Copper and Gold Corp., which trades on both the New York and Toronto Stock Exchanges, is well positioned to lead or be part of this extraordinary event.**

On behalf of the Board of Directors,

F. Dale Corman
Executive Chairman
Western Copper and Gold Corporation

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