



# western

## COPPER AND GOLD

**Western Copper and Gold Corporation**  
(An exploration stage company)

**Condensed Interim Consolidated Financial Statements**  
**For the three months and six months ended June 30, 2021**  
(Expressed in Canadian dollars)

**NOTICE TO READER:**

These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management. This notice is being provided in accordance with National Instrument 51-102 - Continuous Disclosure Obligations.

**Western Copper and Gold Corporation**  
Condensed Interim Consolidated Financial Statements  
(unaudited – prepared by management)

(Expressed in Canadian dollars)

**CONSOLIDATED BALANCE SHEETS**

	Note	June 30, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>			
Cash and cash equivalents		28,686,916	28,647,190
Short-term investments	3	21,023,465	-
Marketable securities	4	691,160	736,960
Other assets		479,672	677,905
<b>CURRENT ASSETS</b>		<b>50,881,213</b>	<b>30,062,055</b>
Right-of-use assets	5	490,493	-
Exploration and evaluation assets	6	56,785,349	53,748,013
<b>ASSETS</b>		<b>108,157,055</b>	<b>83,810,068</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		1,528,976	1,181,866
Current portion of lease obligation	5	162,914	-
Flow-through premium liability	7	-	1,408
<b>CURRENT LIABILITIES</b>		<b>1,691,890</b>	<b>1,183,274</b>
Lease obligations	5	333,059	-
<b>LIABILITIES</b>		<b>2,024,949</b>	<b>1,183,274</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	176,390,601	150,897,421
Contributed surplus		34,903,069	34,617,746
Deficit		(105,161,564)	(102,888,373)
<b>SHAREHOLDERS' EQUITY</b>		<b>106,132,106</b>	<b>82,626,794</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>108,157,055</b>	<b>83,810,068</b>
Subsequent event	14		

**Approved by the Board of Directors**

/s/ Ken Williamson Director

/s/ Klaus Zeitler Director

**Western Copper and Gold Corporation**  
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**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021 \$	2020 \$	2021 \$	2020 \$
Depreciation	25,815	-	25,815	-
Filing and regulatory fees	79,067	35,766	251,983	188,665
Office and administration	(43,428)	77,593	234,662	171,348
Professional fees	133,342	48,768	183,591	83,545
Share-based payments (note 9, 10)	209,654	70,998	406,417	166,853
Shareholder communication and travel	181,395	41,743	361,042	124,976
Wages and benefits (note 10)	634,950	276,532	854,232	573,400
<b>CORPORATE EXPENSES</b>	<b>1,220,795</b>	<b>551,400</b>	<b>2,317,742</b>	<b>1,308,787</b>
Foreign exchange loss (gain)	(2,439)	8,125	(4,442)	7,809
Interest income	(46,161)	(845)	(84,501)	(5,863)
Flow-through premium recovery (note 7)	-	(51,988)	(1,408)	(95,047)
Unrealized loss (gain) on marketable securities (note 4)	4,100	(81,300)	45,800	(29,200)
<b>LOSS AND COMPREHENSIVE LOSS</b>	<b>1,176,295</b>	<b>425,392</b>	<b>2,273,191</b>	<b>1,186,486</b>
Basic and diluted loss per share	0.01	0.00	0.02	0.01
Weighted average number of common shares outstanding	139,800,983	111,919,792	137,746,832	110,305,369

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the six months ended June 30,		2021	2020
		\$	\$
Cash flows provided by (used in)	Note		
<b>OPERATING ACTIVITIES</b>			
Loss and comprehensive loss		(2,273,191)	(1,186,486)
ITEMS NOT AFFECTING CASH			
Depreciation		25,815	-
Finance costs		6,817	-
Flow-through premium recovery		(1,408)	(95,047)
Unrealized (gain) loss on marketable securities		45,800	(29,200)
Share-based payments		406,417	166,853
		483,441	42,606
Change in non-cash working capital items		(228,986)	94,127
<b>OPERATING ACTIVITIES</b>		<b>(2,018,736)</b>	<b>(1,049,753)</b>
<b>FINANCING ACTIVITIES</b>			
Private placement proceeds	8	25,624,423	6,430,000
Private placement issuance costs	8	(865,829)	(179,146)
Exercise of stock options	9	532,500	12,500
<b>FINANCING ACTIVITIES</b>		<b>25,291,094</b>	<b>6,263,354</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of short-term investments		(21,000,000)	-
Mineral property expenditures		(2,205,480)	(880,521)
Lease payments		(27,152)	-
<b>INVESTING ACTIVITIES</b>		<b>(23,232,632)</b>	<b>(880,521)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>39,726</b>	<b>4,333,080</b>
Cash and cash equivalents – Beginning		28,647,190	1,641,721
<b>CASH AND CASH EQUIVALENTS - ENDING</b>		<b>28,686,916</b>	<b>5,974,801</b>

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**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Number of Shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
<b>DECEMBER 31, 2019</b>	<b>107,636,001</b>	<b>116,908,713</b>	<b>33,942,501</b>	<b>(100,855,016)</b>	<b>49,996,198</b>
Private Placement (note 8b)					
Gross proceeds	3,000,000	1,950,000	-	-	1,950,000
Issuance costs	-	(104,490)	-	-	(104,490)
Allocation of warrant value	-	(351,000)	351,000	-	-
Private Placement (note 8b)					
Gross proceeds	4,000,000	4,480,000	-	-	4,480,000
Flow-through premium (note 7)	-	(40,000)	-	-	(40,000)
Issuance costs	-	(74,656)	-	-	(74,656)
Exercise of stock options	25,000	12,500	-	-	12,500
Transfer of stock option value	-	4,977	(4,977)	-	-
Share-based payments	-	-	195,831	-	195,831
Loss and comprehensive loss	-	-	-	(1,186,486)	(1,186,486)
<b>JUNE 30, 2020</b>	<b>114,661,001</b>	<b>122,786,044</b>	<b>34,484,355</b>	<b>(102,041,502)</b>	<b>55,228,897</b>
Equity offering (note 8b)	19,828,300	28,751,035	-	-	28,751,035
Equity offering costs	-	(1,803,637)	-	-	(1,803,637)
Exercise of stock options	1,108,334	842,334	-	-	842,334
Transfer of stock option value	-	321,645	(321,645)	-	-
Share-based payments	-	-	455,036	-	455,036
Loss and comprehensive loss	-	-	-	(846,871)	(846,871)
<b>DECEMBER 31, 2020</b>	<b>135,597,635</b>	<b>150,897,421</b>	<b>34,617,746</b>	<b>(102,888,373)</b>	<b>82,626,794</b>
Private Placement (note 8b)					
Gross proceeds	11,808,490	25,624,423	-	-	25,624,423
Issuance costs	-	(865,829)	-	-	(865,829)
Exercise of stock options	500,000	532,500	-	-	532,500
Transfer of stock option value	-	202,086	(202,086)	-	-
Share-based payments	-	-	487,409	-	487,409
Loss and comprehensive loss	-	-	-	(2,273,191)	(2,273,191)
<b>JUNE 30, 2021</b>	<b>147,906,125</b>	<b>176,390,601</b>	<b>34,903,069</b>	<b>(105,161,564)</b>	<b>106,132,106</b>

## **Western Copper and Gold Corporation**

Notes to the Consolidated Financial Statements

As at and for the three and six months ended June 30, 2021

(unaudited – prepared by management)

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(Expressed in Canadian dollars)

### **1. NATURE OF OPERATIONS**

Western Copper and Gold Corporation (together with its subsidiaries, "Western" or the "Company") is an exploration stage company that is directly engaged in exploration and development of the Casino mineral property located in Yukon, Canada (the "Casino Project").

The Company is incorporated in British Columbia, Canada. Its head office is located at 1200 – 1166 Alberni Street, Vancouver, British Columbia.

The Company will need to raise additional funds to complete the development of the Casino Project. While Western has been successful in raising sufficient capital to fund its operations in the past, there can be no assurance that it will be able to do so in the future.

### **COVID-19**

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

### **2. BASIS OF PRESENTATION**

#### **a. Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard 34 - Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

The accounting policies and basis of presentation applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited annual consolidated financial statements for the year ended December 31, 2020, except as noted below.

#### **Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the statements of operations over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value of lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

## Western Copper and Gold Corporation

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(Expressed in Canadian dollars)

These financial statements were approved for issue by the Company's board of directors on August 5, 2021.

### b. Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to exercise judgement in the process of applying its accounting policies and to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates. Differences may be material.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment for the exploration and evaluation assets. We consider both internal and external information to determine whether there is an indicator of impairment present and accordingly, whether impairment testing is required. Where an impairment test is required, calculating the estimated recoverable amount of the cash generating units for non-current asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable reserves or resources, estimated future commodity prices, expected future operating and capital costs, and discount rates. Changes in any of the assumptions or estimates used in determining the recoverable amount could impact the impairment analysis. Management did not identify any impairment indicators for the year ended December 31, 2020.

### 3. SHORT-TERM INVESTMENTS

As at June 30, 2021, the Company had \$21,000,000 (December 31, 2020 - \$nil) invested in Canadian dollar denominated guaranteed investment certificates, including accrued interest of \$23,465 (December 31, 2020 - \$nil).

### 4. MARKETABLE SECURITIES

As at June 30, 2021, the Company held marketable securities with an aggregate market value of \$691,160 (December 31, 2020 - \$736,960), consisting of 2.5 million common shares of NorthIsle Copper and Gold Inc. with a market value of \$650,000 (December 31, 2020 - \$700,000) and 168,000 common shares of Granite Creek Copper Ltd. with a market value of \$41,160 (December 31, 2020 - \$36,960).

### 5. RIGHT-OF-USE ASSET

The Company leases office space under a lease agreement which expires on August 1, 2024. The Company's right-of-use assets and estimated future lease over the remaining term of the lease are:

Right-of-use Asset	Cost	Accumulated Depreciation	Carrying Amount
<b>DECEMBER 31, 2021</b>	-	-	-
Additions	516,308	25,815	490,493
<b>JUNE 30, 2021</b>	<b>516,308</b>	<b>25,815</b>	<b>490,493</b>

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As at June 30, 2021, lease payments over the next 12 months total \$162,914, with total remaining lease payments over the course of the lease amounting to \$333,059.

### 6. EXPLORATION AND EVALUATION ASSETS

#### a. Casino (100% - Yukon, Canada)

The Casino Project is a copper-gold porphyry deposit located in Yukon, Canada.

Certain portions of the Casino property remain subject to certain royalties. The surviving royalties and agreements are as follows:

- 2.75% NSR on the claims comprising the Casino project in favour of Osisko Gold Royalties Ltd. ("Osisko Gold") pursuant to the Royalty Assignment and Assumption Agreement dated July 31, 2017 when 8248567 Canada assigned to Osisko Gold all of its rights, title and interest in the 2.75% NSR.
- 5% Net Profits Interest (the "NPI"), as defined in the Casino B Option Agreement, remains in effect on the Casino B Claims and \$1 million payment is required to be made to the original optionor within 30 days of achieving a commercial production decision.
- 5% Net Profit Interest Royalty (the "NPI Royalty") presently held by Archer-Cathro and Associates on the ANA claims pursuant to the NPI Royalty Agreement dated December 4, 1990 (the "NPI Royalty Agreement") among Big Creek Resources Ltd., Rinsey Mines Ltd., and Renoble Holdings Inc.

#### b. Exploration and evaluation expenditures

	<b>Total</b>
	<b>\$</b>
<b>DECEMBER 31, 2019</b>	<b>48,375,025</b>
Claims maintenance	25,597
Engineering	168,002
Exploration and camp support	4,693,598
Permitting	128,968
Salary and wages	263,057
Share-based payments	93,766
<b>DECEMBER 31, 2020</b>	<b>53,748,013</b>
Claims maintenance	22,270
Engineering	905,442
Exploration and camp support	1,735,285
Permitting	191,996
Salary and wages	101,351
Share-based payments	80,992
<b>JUNE 30, 2021</b>	<b>56,785,349</b>



## **Western Copper and Gold Corporation**

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### **7. FLOW THROUGH PREMIUM LIABILITY**

In connection with the flow-through share offering the Company completed on June 1, 2020, the Company recorded a flow-through premium liability during the year ended December 31, 2020. The flow-through premium is recognized in the statement of loss based on the amount of qualifying flow-through expenditures incurred by the Company.

As at June 30, 2021, the Company had incurred \$4,480,000 of Qualifying CEE and accordingly, recognized flow-through premium recoveries of \$1,408 during the six months ended June 30, 2021, (\$128,367 during the year ended December 31, 2020). As at June 30, 2021, the Company had incurred all committed expenditures and no longer had a flow-through premium liability associated with this flow-through share offering.

### **8. SHARE CAPITAL**

#### **a. Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

#### **b. Financing**

On May 31, 2021, Rio Tinto Canada Inc. ("Rio Tinto") completed a strategic investment in Western by way of a private placement of the Company's common shares. The Company sold 11,808,490 common shares at a price of \$2.17 per common for gross proceeds of \$25,624,423. The Company incurred \$865,829 in costs associated the private placement.

In connection with the strategic investment by Rio Tinto, the Company and Rio Tinto entered into an investor rights agreement, whereby, subject to certain conditions, including time and ownership thresholds, Rio Tinto will have certain rights, including the right to appoint:

- one member to a Casino Project Technical Committee.
- one non-voting observer to attend all meetings of the board of directors of the Company.
- one director of the Company, if Rio Tinto's ownership increases to at least 12.5%.
- up to three secondees to the Casino Project.

In addition, Rio Tinto will have a right to participate in future equity issuances to maintain its ownership in the Company and will be provided with a one-time "demand registration right" and "piggy-back registration rights."

Under the investor rights agreement, for a period of 12 months, Rio Tinto has also agreed:

- not to sell, transfer, offer or otherwise dispose of any shares without first notifying the Company.
- to vote any shares in favor of each director nominated by the board of directors of the Company for election by shareholders.
- not to acquire any securities of the Company, subject to certain exceptions.

On November 24, 2020, Western completed an offering of common shares of the Company (the "Offering"). The Company sold 19,828,300 common shares at a price of \$1.45 per common share for gross proceeds of \$28,751,035. The Company incurred \$1,803,636 in costs associated with the Offering.

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On June 1, 2020, Western completed a non-brokered private placement of flow-through common shares (the "FT Shares"). The Company issued a total of 4,000,000 FT Shares at a price of \$1.12 per FT Share for aggregate gross proceeds of \$4,480,000. Issuance costs related to the private placement totaled \$74,656. A flow through premium liability of \$40,000 was recognized. Refer note 7.

On February 28, 2020, Western issued 3,000,000 units at a price of \$0.65 per unit for aggregate gross proceeds of \$1,950,000. Each unit consisted of one common share and half of a non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.85 until February 28, 2025. Issuance costs related to the financing totaled \$104,490.

The fair value assigned to the warrants was calculated using the Black-Scholes option pricing model and the following inputs and assumptions:

Warrants issued	1,500,000
Exercise price	\$0.85
Market price	\$0.73
Expected term (years)	5.0
Expected share price volatility	61.3%
Average risk-free interest rate	1.07%
Expected dividend yield	-

<b>FAIR VALUE ASSIGNED</b>	<b>\$351,000</b>
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## 9. WARRANTS AND STOCK OPTIONS

### a. Warrants

A summary of the Company's warrants outstanding, including changes for the periods then ended, is presented below:

	Number of warrants	Weighted average exercise price \$
<b>DECEMBER 31, 2019</b>	<b>1,452,533</b>	<b>1.75</b>
Issued	1,500,000	0.85
Expired	(1,452,533)	1.75
<b>DECEMBER 31, 2020 and JUNE 30, 2021</b>	<b>1,500,000</b>	<b>0.85</b>

Warrants outstanding are as follows:

Warrant outstanding, by exercise price	Number of warrants	Weighted average exercise price \$	Average remaining contractual life years
\$0.85	1,500,000	0.85	3.67
<b>JUNE 30, 2021</b>	<b>1,500,000</b>	<b>0.85</b>	<b>3.67</b>

**Western Copper and Gold Corporation**

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**b. Stock options**

Based on the Company's stock option plan, most recently approved by the Company's shareholders at the annual general meeting held on June 17, 2021, Western may issue stock options for the purchase of up to 10% of issued capital. The exercise price of the stock options must be greater than, or equal to, the market value of the Company's common shares on the last trading day immediately preceding the date of grant. Stock options vest over a two year period from the date of grant unless otherwise determined by the directors. The maximum stock option term is 10 years. At June 30, 2021, the Company could issue an additional 3,915,688 stock options under the terms of the stock option plan.

A summary of the Company's stock options outstanding and the changes for the periods then ended, is presented below:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b> \$
<b>DECEMBER 31, 2019</b>	<b>6,150,001</b>	<b>0.96</b>
Granted	2,350,000	1.59
Exercised	(1,133,334)	0.75
Cancelled	(125,000)	1.66
Forfeited	(66,667)	0.90
Expired	(100,000)	0.67
<b>DECEMBER 31, 2020</b>	<b>7,075,000</b>	<b>1.19</b>
Exercised	(500,000)	1.07
<b>JUNE 30, 2021</b>	<b>6,575,000</b>	<b>1.20</b>

During the six months ended June 30, 2021, the average fair market value of Company's share price was \$1.98 (December 31, 2020 - \$1.23).

Stock options outstanding are as follows:

<b>Stock options outstanding, by exercise price</b>	<b>Number of Stock options</b>	<b>Weighted average exercise price</b> \$	<b>Average remaining contractual life</b> years
\$0.75 - \$0.90	1,925,000	0.87	2.93
\$0.96	850,000	0.96	0.20
\$1.11 - \$1.20	1,775,000	1.19	1.90
\$1.41	200,000	1.41	4.36
\$1.66	1,825,000	1.66	4.07
<b>JUNE 30, 2021</b>	<b>6,575,000</b>	<b>1.20</b>	<b>2.66</b>

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Of the total stock options outstanding, 4,416,66 were vested and exercisable at June 30, 2021. The weighted average exercise price of vested stock options is \$1.01 and the average remaining contractual life is 1.96 years

### c. Share-based payments

The following is a summary of stock options granted by the Company in 2020 and fair value assigned to each grant. The fair value was calculated at the time of grant using the Black-Scholes option pricing model and the following inputs and assumptions.

Inputs and assumptions	November 9, 2020	July 27, 2020	June 11, 2020
Stock options granted	200,000	1,950,000	200,000
Exercise price	\$1.41	\$1.66	\$1.11
Market price	\$1.41	\$1.61	\$1.11
Expected option term (years)	3.0	3.0	3.0
Expected stock price volatility	58.0%	56.6%	49.7%
Average risk-free interest rate	0.31%	0.29%	0.27%
Expected forfeiture rate	-	-	-
Expected dividend yield	-	-	-
<b>FAIR VALUE ASSIGNED</b>	<b>\$109,000</b>	<b>\$1,159,000</b>	<b>\$75,000</b>

## 10. KEY MANAGEMENT COMPENSATION

The Company's related parties include its directors and officers, who are the key management of the Company. The remuneration of key management was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries and director fees	522,722	195,796	735,466	454,351
Share-based payments	197,002	61,773	380,930	149,020
<b>KEY MANAGEMENT COMPENSATION</b>	<b>719,774</b>	<b>257,569</b>	<b>1,116,396</b>	<b>603,371</b>

Share-based payments represent the fair value of stock options previously granted to directors and officers that was recognized in the Company's consolidated financial statements during the years presented above.

During three and six months ended June 30, 2021, the Company's former Chairman, Dale Corman, received a \$300,000 severance related to his retirement.

During the year ended December 31, 2020, a director of the Company was indirectly paid \$270,000 for marketing and financial advisory services.

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### **11. SEGMENTED INFORMATION**

The Company's operations are in one segment: the acquisition, exploration, and future development of mineral resource properties. All interest income is earned in Canada and all assets are held in Canada.

### **12. CAPITAL MANAGEMENT**

The Company considers capital to be equity attributable to common shareholders, comprised of share capital, contributed surplus, and deficit. It is the Company's objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop mineral resource properties.

The Company monitors its cash position on a regular basis to determine whether sufficient funds are available to meet its short-term and long-term corporate objectives, and makes adjustments to its plans for changes in economic conditions, capital markets and the risk characteristics of the underlying assets.

To maintain its objectives, the Company may attempt to issue new shares, seek debt financing, acquire or dispose of assets or change the timing of its planned exploration and development projects. There is no assurance that these initiatives will be successful.

There was no change in the Company's approach to capital management during the year. Western has no debt and does not pay dividends. The Company is not subject to any externally imposed capital.

### **13. FINANCIAL INSTRUMENT RISK**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to liquidity, credit, and market risk from the use of financial instruments. Financial instruments consist of cash and cash equivalents, short-term investments, marketable securities, certain other assets, and accounts payable and accrued liabilities.

#### **a. Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company uses cash forecasts to ensure that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due. The Company does not maintain a line of credit.

#### **b. Credit risk**

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. These financial instruments are at risk to the extent that the institutions issuing or holding them cannot redeem amounts when they are due or requested. To limit its credit risk, the Company uses a restrictive investment policy. It deposits cash and cash equivalents in Canadian chartered banks and purchases short-term investments that are guaranteed by Canadian governments or Canadian chartered banks. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents Western's maximum exposure to credit risk.

**Western Copper and Gold Corporation**

Notes to the Consolidated Financial Statements

As at and for the three and six months ended June 30, 2021

(unaudited – prepared by management)

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(Expressed in Canadian dollars)

**c. Market risk**

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Marketable securities are adjusted to fair value at each balance sheet date.

As at June 30, 2021, the carrying amounts of cash and cash equivalents, certain other assets, and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments. The fair value of the marketable securities is determined by reference to published price quotations in an active market.

**14. SUBSEQUENT EVENT**

On July 29, 2021, the Company completed a brokered private placement of flow-through common shares (the "FT Shares"). The Company issued a total of 2,670,000 FT Shares at a price of \$3.00 per FT Share for aggregate gross proceeds of \$8,010,000. In connection with the Offering, the Agents were paid a cash fee equal to 6% of the aggregate gross proceeds from the sale of the FT Shares