# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 40-F

(Check One)

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

[X] Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2020**

Commission file number **1-35075**

# WESTERN COPPER AND GOLD CORPORATION

(Exact name of registrant as specified in its charter)

| **British Columbia, Canada** | **1000** | **98-0496216** |
|---|---|---|
| (Province or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number (if applicable)) | (I.R.S. Employer Identification Number (if Applicable)) |

**15th floor 1040 West Georgia Street**
**Vancouver, British Columbia V6E 4H1**
**Canada**
**(604) 684-9497**
(Address and Telephone Number of Registrant's Principal Executive Offices)

**DL Services Inc.**
**701 Fifth Avenue, Suite 6100**
**Seattle, Washington 98104**
**(206) 903-5448**
(Name, Address (Including Zip Code) and Telephone Number
(Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

| **Title of each class** | **Trading Symbol** | **Name of each exchange on which registered** |
|---|---|---|
| Common Shares, no par value | WRN | NYSE American |

Securities registered or to be registered pursuant to Section 12(g) of the Act. **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

For annual reports, indicate by check mark the information filed with this Form:

[X] Annual Information Form [X] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **135,597,635**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes X No___

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company X

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes___ No X

**FORM 40-F**
**PRINCIPAL DOCUMENTS**

The following documents, filed as Exhibits 99.1 through 99.3 hereto, are hereby incorporated by reference into this Annual Report on Form 40-F of Western Copper and Gold Corporation (the "Company" or the "Registrant"):

(a) Annual Information Form for the fiscal year ended December 31, 2020;

(b) Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2020; and

(c) Audited Consolidated Financial Statements for the fiscal years ended December 31, 2020 and 2019.

The Company's Audited Consolidated Financial Statements included in this Annual Report on Form 40-F have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Therefore, they are not comparable in all respects to financial statements of United States companies that are prepared in accordance with United States generally accepted accounting principles.

## ADDITIONAL DISCLOSURE

**Resource and Reserve Estimates**

The Company's Annual Information Form for the fiscal year ended December 31, 2020, which is attached hereto as Exhibit 99.1, has been prepared in accordance with the requirements of the securities laws in effect in Canada as of December 31, 2020, which differ in certain material respects from the disclosure requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as amended. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The definitions of these terms differ from the definitions of such terms for purposes of the disclosure requirements of the Securities and Exchange Commission (the "Commission")

Accordingly, information contained and incorporated by reference into this Annual Report on Form 40-F that describes the Company's mineral deposits may not be comparable to similar information made public by issuers subject to the Commission's reporting and disclosure requirements applicable to domestic United States issuers.

**Certifications and Disclosure Regarding Controls and Procedures.**

(a) Certifications. See Exhibits 99.4, 99.5, 99.6 and 99.7 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of the Company's fiscal year ended December 31, 2020, an evaluation of the effectiveness of the Company's "disclosure controls and procedures" was carried out by the Company's management with the participation of the Chief Executive Officer and Chief Financial Officer, who are the principal executive officer and principal financial officer of the Company, respectively. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of the end of that fiscal year, as a result of the material weakness identified during the Company's assessment of its internal control over financial reporting, the Company's disclosure controls and procedures are not effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Commission rules and forms and (ii) accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

(c) Management's Annual Report on Internal Control Over Financial Reporting .

The required disclosure is included in "Management's Report on Internal Control Over Financial Reporting" that accompanies the Company's Consolidated Financial Statements for the fiscal year ended December 31, 2020, filed as Exhibit 99.3 to this Annual Report on Form 40-F.

(d) Attestation Report of the Registered Public Accounting Firm .

This Annual Report on Form 40-F does not include an attestation report of the Company's registered public accounting firm because the Company qualified as an Emerging Growth Company pursuant to Section 2(a)(19) of the Securities Act of 1933 during the year covered by this Annual Report on Form 40-F, and this Annual Report is therefore not required to include such an attestation report.

(e) Changes in Internal Control Over Financial Reporting .

The required disclosure is included in the "Management's Report on Internal Control Over Financial Reporting" that accompanies the Company's Consolidated Financial Statements for the fiscal year ended December 31, 2020, filed as Exhibit 99.3 to this Annual Report on Form 40-F.

**Notices Pursuant to Regulation BTR.**

None.

**Identification of the Audit Committee.**

The Company's board of directors has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the audit committee are Ken Williamson, Tara Christie and Klaus Zeitler. The board of directors has determined that each member of the audit committee is "independent" within the meaning of Section 803(A) of the NYSE American Company Guide and "financially sophisticated" within the meaning of Section 803(B) of the NYSE American Company Guide.

**Audit Committee Financial Expert.**

The Company's board of directors has determined that Ken Williamson, a member of its audit committee, qualifies as an "audit committee financial expert" (as such term is defined in Form 40-F).

**Code of Ethics**.

The Company has adopted a code of business conduct (the "Code") that meets the requirements for a "code of ethics" within the meaning of Form 40-F and that applies to all of the Company's officers, directors and employees, including, without limitation, its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. The Code is available for viewing on the Company's website, which may be accessed at www.westerncopperandgold.com.

During the fiscal year ended December 31, 2020, there was no amendment to the Code or waiver, including an implicit waiver, from any provision of the Code.

If any amendment to the Code is made, or if any waiver from the provisions thereof is granted, the Company may elect to disclose the information about such amendment or waiver required by Form 40-F to be disclosed, by posting such disclosure on the Company's website, which may be accessed at www.westerncopperandgold.com.

**Principal Accountant Fees and Services.**

The required disclosure is included under the heading "Additional Information-Audit Committee Information-External auditor service fees (by category)" in the Company's Annual Information Form for the fiscal year ended December 31, 2020, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

**Pre-Approval Policies and Procedures.**

(a) All audit, audit related, tax and non-audit services to be performed by PricewaterhouseCoopers LLP, the Company's external auditor, are pre-approved by the audit committee of the Company's board of directors. Before approval is given, the audit committee examines the independence of the external auditor in relation to the services to be provided and assesses the reasonableness of the fees to be charged for such services.

(b) Of the fees reported under the heading "Additional Information-Audit Committee Information-External auditor service fees (by category)" in the Company's Annual Information Form for the fiscal year ended December 31, 2020, filed as Exhibit 99.1 to this Annual Report on Form 40-F, none of the fees billed by PricewaterhouseCoopers LLP were approved by the audit committee of the Company's board of directors pursuant to the de minimis exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

**Off-Balance Sheet Arrangements.**

The Company does not have any off-balance sheet arrangements.

**Tabular Disclosure of Contractual Obligations.**

The Company does not have any contractual obligations.

**Mine Safety Disclosure.**

Not applicable.

**NYSE American Statement of Governance Differences.**

As a Canadian corporation listed on the NYSE American, the Company is not required to comply with most of the NYSE American corporate governance standards, so long as the Company complies with Canadian corporate governance practices. In order to claim such an exemption, however, Section 110 of the NYSE American Company Guide requires that the Company provide to NYSE American written certification from independent Canadian counsel that the non-complying practice is not prohibited by Canadian law. In addition, the Company must disclose the significant differences between its corporate governance practices and those required to be followed by U.S. domestic issuers under the NYSE American's corporate governance standards.

The Company has included a description of such significant differences in corporate governance practices on its website: www.westerncopperandgold.com. In addition, the Company has included a description of such significant differences below:

Shareholder Meeting Quorum Requirement: The NYSE American minimum quorum requirement for a shareholder meeting is one-third of the outstanding common shares. In addition, a company listed on NYSE American is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its Articles and bylaws. A quorum for a meeting of shareholders of the Company is one person of the outstanding common shares present or represented by proxy.

Shareholder Approval Requirement: The Company will follow Toronto Stock Exchange rules for shareholder approval of new issuances of its common shares. Following Toronto Stock Exchange rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the Company; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and have not been negotiated at arm's length. Shareholder approval is also required, pursuant to Toronto Stock Exchange rules, in the case of private placements: (i) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (ii) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period.

Equity Compensation Plan Approval Requirements: Section 711 of the NYSE American's Listed Company Guide requires shareholder approval of all equity compensation plans and material revisions to such plans. The definition of "equity compensation plans" covers plans that provide for the delivery of both newly issued and treasury securities, as well as plans that rely on securities re-acquired in the open market by the issuing company for the purpose of redistribution to employees and directors. The Toronto Stock Exchange rules provide that only the creation of or certain material amendments to equity compensation plans that provide for new issuances of securities are subject to shareholder approval. The Company will follow the Toronto Stock Exchange rules with respect to the requirements for shareholder approval of equity compensation plans and material revisions to such plans.

## UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

**A. Undertaking.**

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

**B. Consent to Service of Process.**

The Company has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of the Company shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the relevant registration statement.

## SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 26, 2021.

**Western Copper and Gold Corporation**

By: /s/ Varun Prasad
Name: Varun Prasad
Title: Chief Financial Officer

**EXHIBIT INDEX**

| Exhibit | Description |
|---|---|
| 99.1 | Annual Information Form for the fiscal year ended December 31, 2020 |
| 99.2 | Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2020 |
| 99.3 | Audited Consolidated Financial Statements for the fiscal years ended December 31, 2020 and 2019 |
| 99.4 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 |
| 99.5 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 |
| 99.6 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 99.7 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 99.8 | Consent of PricewaterhouseCoopers LLP |
| 99.9 | Consent of Daniel Roth P.E., P. Eng. |
| 99.10 | Consent of Michael G. Hester, F Aus IMM |
| 99.11 | Consent of Laurie M. Tahija, MMSA-QP |
| 99.12 | Consent of Carl Schulze, P. Geo. |
| 99.13 | Consent of Caroline Vallat, P. Geo. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |

| | |
|---|---|
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

**WESTERN COPPER AND GOLD CORPORATION**

# ANNUAL INFORMATION FORM

For the year ended
December 31, 2020

15th floor - 1040 West Georgia Street
Vancouver, British Columbia
V6E 4H1

**Dated: March 26, 2021**

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## PRELIMINARY NOTES

This document is the Annual Information Form (the "AIF") of Western Copper and Gold Corporation for the year ended December 31, 2020. Unless the context indicates otherwise, references in this AIF to "Western", the "Company" or "we" include all subsidiaries of Western Copper and Gold Corporation. All information contained herein is as at December 31, 2020 unless otherwise stated.

***Financial Statements***

The financial statements included in this AIF are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

This AIF should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto, as well as with the management's discussion and analysis for the year ended December 31, 2020. The financial statements and management's discussion and analysis are available at www.westerncopperandgold.com, under the Company's profile on the SEDAR website at www.sedar.com, and under the Company's profile on the EDGAR website at www.sec.gov/edgar.shtml.

***Currency***

All sums of money which are referred to in this AIF are expressed in lawful money of Canada, unless otherwise specified.

***Disclosure of Mineral Resources***

Disclosure about our exploration properties in this AIF uses the terms "Mineral Resources", "Measured Mineral Resources", "Indicated Mineral Resources" and "Inferred Mineral Resources", which are Canadian geological and mining terms as defined in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators, set out in the Canadian Institute of Mining (CIM) Standards. All disclosure about our exploration properties conforms to the standards of U.S. Securities and Exchange Commission Industry Guide 7, *Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations* , other than disclosure of "Mineral Resources", "Measured Mineral Resources", "Indicated Mineral Resources" and "Inferred Mineral Resources", which are discussed below.

***Cautionary Note to U.S. Investors concerning estimates of Measured Mineral Resources and Indicated Mineral Resources***

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada as of the date of this AIF, which differ in certain material respects from the disclosure requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The definitions of these terms differ from the definitions of such terms for purposes of the disclosure requirements of the United States Securities and Exchange Commission (the "SEC") and contained in Industry Guide 7 of the SEC. Under Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101 and required by NI 43-101 to be used for disclosure of mineral resources. These terms, however, are not defined terms under Industry Guide 7 and are not permitted to be used in reports and registration statements of United States companies filed with the SEC. **U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves**. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations. In contrast, the SEC only permits U.S. companies to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained and incorporated by reference into this AIF that describes the Company's mineral deposits may not be comparable to similar information made public by issuers subject to the SEC's reporting and disclosure requirements applicable to domestic United States issuers.

***Cautionary Note to U.S. Investors concerning estimates of Inferred Mineral Resources***

This AIF may use the term "Inferred Mineral Resources". We advise U.S. investors that while such term is recognized and permitted under Canadian regulations, the SEC does not recognize it. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **U.S. investors are cautioned not to assume that any part or all of an Inferred Mineral Resource exists, or is economically or legally mineable.**

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this AIF and the documents incorporated by reference herein that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of any estimated future production, costs of production, and capital expenditures; project schedules; the Company's proposed plan for its properties; recommended work programs; costs and timing of the development of new deposits; success of exploration and permitting activities; permitting timelines; currency fluctuations; requirements for additional capital; government regulation of mineral exploration or mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; the timing and possible outcome of potential litigation; and the impact of the COVID-19 pandemic on the Company's business and operations. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may" or "may not", "could", "would" or "would not", "might" or "will be", "occur" or "be achieved". Such statements are included, among other places, in this AIF under the headings "Development of the Business", "Risk Factors" and "Mineral Properties" and in the documents incorporated by reference herein and may include, but are not limited to, statements regarding perceived merit of properties; mineral reserve and resource estimates; capital expenditures; feasibility study results (including projected economic returns, operating costs and capital costs in connection with the Casino Project (as defined herein)); exploration results at the Company's properties; budgets; work programs; permitting or other timelines; strategic plans; market price of precious and base metals; or other statements that are not statement of historical fact.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Western to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks involved in fluctuations in gold, copper and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates, and estimated economic return; changes in project parameters as plans continue to be refined; risks related to the cooperation of government agencies and First Nations in the exploration and development of the Company's property and the issuance of required permits; risks related to the need to obtain additional financing to develop the Company's property and uncertainty as to the availability and terms of future financing; negative cash flow from operating activities; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; risks related to the integration of acquisitions; risks related to operations; risks related to the feasibility study and the possibility that future exploration and development will not be consistent with the Company's expectations; risks related to joint venture operations; actual results of current reclamation activities; conclusions of economic evaluations; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; dependence on management and key personnel; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; impact of the COVID-19 pandemic; as well as those factors discussed in the section entitled "Risk Factors" in this AIF.

Although Western has attempted to identify important factors that could affect it and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements may prove to be inaccurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Western does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events unless required by applicable securities law.

The material factors or assumptions used to develop forward-looking statements include prevailing and projected market prices and foreign exchange rates; exploitation and exploration estimates and results will not change in a materially adverse manner; continued availability of capital and financing on acceptable terms; proposed developments of mineral projects will be viable operationally and economically as planned; availability of equipment and personnel for required operations, permitting and construction on a continual basis; the Company not experiencing unforeseen delays, unexpected geological or other effects, equipment failures, permitting delays, and general economic, market or business conditions will not change in a materially adverse manner; the Company successfully withstanding the economic impact of the COVID-19 pandemic; and as more specifically disclosed throughout this document. Assumptions relating to the mineral resource and reserve estimates, development, and future economic benefit reported in respect of the Casino Project (as defined herein) are discussed in the 2020 Technical Report (as defined herein). Forward-looking statements and other information contained herein concerning mineral exploration and our general expectations concerning mineral exploration are based on estimates prepared by us using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which we believe to be reasonable. The industries involve risks and uncertainties and are subject to change based on various factors.

## CORPORATE STRUCTURE

***Name, Address, and Incorporation***

Western Copper Corporation was incorporated under the *Business Corporations Act* (British Columbia) on March 17, 2006 under the name "Western Copper Corporation". It changed its name to Western Copper and Gold Corporation on October 17, 2011.

The Company's head office is located at 15th floor - 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1. Its registered office address is 400 - 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

***Intercorporate Relationships***

The Company has two wholly-owned subsidiaries that are incorporated under the *Business Corporations Act* (British Columbia):

1. Casino Mining Corporation ("CMC"), which holds the Casino Project; and
2. Ravenwolf Resource Group Ltd., which is currently inactive.

## DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS

***General***

Western, and its wholly-owned subsidiary CMC, are focused on advancing the Casino mineral property ("Casino" or "Casino Project") towards production, which is located in Yukon, Canada and hosts one of the largest undeveloped copper-gold deposits in Canada. The Casino Project consists of a total of 1,136 full (the "Casino Quartz Claims") and partial quartz claims and 55 placer claims (the "Casino Placer Claims") acquired in accordance with the Yukon Quartz Mining Act. The 825 quartz claims, of a total of 1,136, comprise the initial Casino property (the "Casino Property") and 311 claims comprise the Canadian Creek property (the "Canadian Creek Property") acquired on August 28, 2019. The Canadian Creek Property lies directly adjacent to Casino. See "Three Year History and Significant Acquisitions - Canadian Creek Property Acquisition".

Western acquired the historical Casino claims in 2006 as part of arrangement with prior owners and significantly expanded the area of its mineral property by staking and acquiring mineral claims currently known as Casino Project, and the Casino Project is the Company's material property for the purposes of NI 43-101. The Casino Project is primarily a copper and gold project located in the Whitehouse Mining District in west central Yukon, in the northwest trending Dawson Range mountains, 300 km northwest of the territorial capital of Whitehorse. The Casino Project is located on Crown land administered by the Yukon government and within the Selkirk First Nation traditional territory. The total area covered by the Casino Quartz Claims is 21,288 ha and the total area covered by Casino Placer Claims is 490.34 ha.

The Company does not have any producing properties and consequently has no current operating income or cash flow. Western is an exploration stage company and has not generated any revenues to date. Commercially viable mineral deposits may not exist on any of the Company's properties.

***Employees***

On December 31, 2020, the Company had 6 employees. The Company also uses consultants with specific skills to assist with various task.

***Trends***

Other than noted above, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our operations, liquidity or capital resources, or that would cause reported financial information to not necessarily be indicative of our financial condition.

***Three Year History and Significant Acquisitions***

*Exploration Results from Casino Project*

On February 2, 2021, the Company announced assay results from the 2020 exploration diamond drilling program at the Casino Project. The exploration program consisted of 12,008 metres ("m") of diamond drilling in 49 holes. There were four major drilling targets: (i) the "Gold Zone", a zone of higher-grade gold values along the southern and western margins of the Casino deposit; (ii) step-out drilling at the "Northern Porphyry Zone"; (iii) drilling in the "Casino West Zone" west of the Gold Zone; and (iv) a new target in the "Ana Zone" located 2 km west of the Casino West Zone within the Canadian Creek Property. A full table of drill results can be viewed on the Company's website.

*Initiation of Preliminary Economic Assessment for the Casino Project*

On December 14, 2020, the Company announced the initiation of a Preliminary Economic Assessment (the "PEA") for the Casino Project. The Company has engaged the services of M3 Engineering & Technology Corporation of Tucson, Arizona ("M3") to conduct the PEA on Casino. M3 is a full-service engineering, procurement and construction management firm. M3 also completed an updated Mineral Resource Statement on the Casino Project on July 14, 2020 (the "2020 Mineral Resource Statement").

The PEA will be based on the 2020 Mineral Resource Statement and various engineering studies completed to-date. The scope of the project to be evaluated in the PEA will include: a large open-pit operation, a concentrator to recover copper, gold, silver and molybdenum minerals, and a solid waste facility to store mine waste rock and mill tailings. The project will also include a heap leach facility to recover gold, silver, and copper from oxide ore. Project infrastructure will include approximately 130 km of access road, and a captive power generation facility to meet the project electrical power demand. The project will also include a relocated airport and some re-routed roads to lower the overall footprint.

*$28.75 Million Financing*

On November 24, 2020, Western completed an over-night marketed 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 $28,751,035. The Company incurred $2,103,636 in costs associated with the Offering. The Offering was made by way of a prospectus supplement to the Shelf Prospectus (as defined below) and related Registration Statement (as defined below). The U.S. form of base shelf prospectus is included in the Registration Statement.

The Company will use the net proceeds from the Offering to fund its exploration, engineering and permitting activities and for general working capital purposes.

*Appointment of a Director*

On November 5, 2020, Dr. William (Bill) Williams was appointed as a director of the Company, effective November 6, 2020.

*Final Base Shelf Prospectus, Registration Statement and Technical Report*

On November 3, 2020 the Company announced that it had filed a final short form base shelf prospectus in each of the provinces and territories of Canada, other than Québec (the "Shelf Prospectus"), and a corresponding amendment to its registration statement on Form F-10 (the "Registration Statement") with the SEC under the U.S./Canada Multijurisdictional Disclosure System.

The Shelf Prospectus and Registration Statement allows Western to make offerings of common shares, warrants, subscription receipts and/or units up to an aggregate total of $50 million during the 25-month period that the Shelf Prospectus remains effective. Such securities may be offered in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in one or more shelf prospectus supplement(s) and, subject to applicable regulations, may include at-the-market transactions, private placements, public offerings or strategic investments.

*2020 Technical Report*

On November 2, 2020, the Company filed an independent technical report titled "Casino Project, Form 43-101F1 Technical Report, Mineral Resource Statement, Yukon, Canada" dated effective July 3, 2020 and issued on October 26, 2020, prepared by Daniel Roth, P.E., P.Eng., Michael Hester, FAusIMM, Laurie M. Tahija, MMSA-QP, Carl Schulze, P. Geo. and Caroline J. Vallat, P. Geo. (the "2020 Technical Report") supporting the mineral resource estimate on its flagship Casino Project.

*Resignation of a Director*

On August 17, 2020, the Company announced the resignation of Mr. Archie Lang from the board of directors of the Company (the "Board" or "Board of Directors").

*Significant Resource Increase at Casino*

On July 14, 2020, Western reported an updated resource estimate for its wholly owned Casino Project. The measured and indicated mill resource increased to 2.4 billion tonnes, measured and indicated gold increased to 14.5 million ounces plus 6.6 million ounces inferred and measured and indicated copper increased to 7.6 billion pounds plus 3.3 billion pounds inferred.

The new resource estimate is the first estimate since 2010 and includes results from the 2019 drilling campaign, and drilling performed from 2010 through 2012 that was not available when the 2010 model was developed. It also incorporates an updated geologic model.

The mill resource, consisting of the supergene oxide, supergene sulfide, and hypogene zones, increased significantly from the December 2010 estimate. Measured and indicated mill resource tonnes increased 106% from the prior estimate to 2.2 billion tonnes, primarily due to the upgrade of inferred resource to indicated. Copper and gold contained in the new measured and indicated estimate also increased significantly to 7.4 billion pounds of copper and 12.7 million ounces of gold.

*2020 Exploration Program*

On June 4, 2020, the Company announced its 2020 drilling and exploration program. The 2020 drill program tested the High Gold Zone, Northern Porphyry and Canadian Creek Targets identified during the 2019 drilling and exploration program.

The High Gold Zone was recognized in 2019 during the infill drill program when a number of greater than 2 grams per tonne ("g/t") gold intercepts were found including hole DH19-21 that returned 55.1 g/t gold over 2.97 m at a depth of 147.98 m. Additional intercepts include hole DH19-10 that returned 4.78 g/t gold over 1.0 m at a depth of 174.0 m and hole DH19-13 that returned 3.55 g/t gold over 2.0 m at a depth of 129.0 m. Within the High Gold Zone the drilling was designed to confirm the controls, general continuity and variability of grade in the gold bearing structures.

The Northern Porphyry is associated with a satellite intrusive and breccia complex located near the main Casino intrusion and represents a new deposit on the north side of the main Casino deposit. At surface, the Northern Porphyry appears to be at a higher erosional level in porphyry system than the main Casino deposit and suggests potential for improving copper and gold grades at depth.

The Canadian Creek drilling tested two primary targets on ground acquired in 2019 referred to as the Casino West extension and the Ana Target.

The Casino West target is an 800 by 500 m area immediately west of the Casino deposit. The four closest historical holes east of the target have leach capping or incipient leaching, weak enrichment and hypogene copper-gold-molybdenum mineralization typical of what is expected at the outer edges of a porphyry copper-gold- molybdenum deposit.

At the Ana Target, drilling tested for porphyry copper-gold mineralization near surface and at depth. Past exploration shows an untested IP chargeability and copper-in-soil anomaly surrounded by historical holes with moderate to strong propylitic to potassic alteration associated with low levels of copper, gold and molybdenum. Associated with this peripheral alteration are small bodies of intrusion breccia and Patton Porphyry, both closely associated with mineralization at the Casino deposit. Drilling and exploration results were release subsequent to the year ended December 31, 2020.

*May 2020 Financing*

On June 1, 2020, the Company completed the non-brokered private placement offering of flow-through common shares of the Company (the "2020 FT Shares"), announced in May 2020, pursuant to which the Company issued 4,000,000 2020 FT Shares at $1.12 per 2020 FT Share for gross proceeds of $4,480,000.

*Changes to Board of Directors*

On April 27, 2020, the Company announced that Michael Vitton, who was at the time a strategic investor of the Company, agreed to stand for election as director at the Company's annual general meeting of shareholders (the "AGM"). The AGM was held on June 10, 2020 and Mr. Vitton was appointed as director to the Board.

On April 27, 2020, the Company also announced that Mr. Robert Gayton decided not to stand for re-election at the AGM and ceased to be a director of the Company effective June 10, 2020.

*Strategic Investor Private Placement*

On February 28, 2020, the Company completed the private placement wherein strategic investor, Michael Vitton, purchased 3,000,000 units (the "Units") at a price of $0.65 per Unit to raise gross proceeds of $1.95 million. Each Unit consisted of one common share of the Company and one-half of one warrant (each whole warrant, a "Warrant"), each Warrant entitling the holder to purchase one additional common share at a price of $0.85 until February 29, 2025.

*2019 Exploration Program*

On December 19, 2019, the Company announced assay results from its 2019 exploration program at its wholly owned Casino Project. The exploration program consisted of a total of 13,590 m of diamond drilling in 69 completed holes. Targets for the drilling focused on: in-fill drilling of inferred mineralization located in the 22-year pit outlined by the January 25, 2013 Casino Project Feasibility Study step-out drilling to the west, near the recently acquired Canadian Creek property; and step-out drilling to the North.

Step-out drilling to the North yielded encouraging news. Nine of the ten holes drilled in this area encountered significant widths of mineralization above the cut-off grade of 0.20% copper equivalent[1] ("Cut-off grade") in an area that previously was not thought to have significant mineralized material. The mineralization is associated with a satellite intrusive and breccia complex located near the main Casino intrusion and represents a new zone. Seven of the ten holes terminated in above Cut-off grade mineralization indicating the potential for more mineralization at depth. This region remains open to the north and at depth.

All holes in the step-out drilling to the west intercepted mineralization greater than the Cut-off grade and three of the six holes terminated in above Cut-off grade mineralization demonstrating that the Casino hypogene mineralization system is continuous on to the recently acquired Canadian Creek property and is still open at depth and to the west.

The in-fill drilling campaign, targeting the edges of the deposit, was also very successful, with 49 of the 53 holes drilled intercepting mineralization greater than the Cut-off grade and several high-grade gold intercepts. Hole DH19-21 returned 55.1 g/t gold over 2.97 m at a depth of 147.98 m, hole DH19-10 returned 4.78 g/t gold over 1.0 m at a depth of 174.0 m and hole DH19-13 returned 3.55 g/t gold over 2.0 m at a depth of 129.0 m. These high-gold intercepts occur in fault structures and are associated with late phase alteration cross cutting the earlier porphyry related alteration. Additional, closer spaced drilling is needed to determine the full extent of these gold enriched structures.

*Canadian Creek Property Acquisition*

The Company acquired 311 mineral claims that comprise the Canadian Creek Property owned by Cariboo Rose Resources Ltd. ("Cariboo Rose Resources") on August 28, 2019 (the "Acquisition").

The Canadian Creek Property lies directly adjacent to the Company's Casino Project. The Acquisition secures critical ground immediately adjacent to the Casino Project, and there is likelihood that the Casino deposit will extend into the Canadian Creek Property. The Acquisition also provides additional exploration potential for the Company.

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[1]CuEq Metal Prices: US$2.00/lb copper, US$875/oz gold, US$11.25/lb molybdenum, US$11.25/oz silver with no adjustment for metallurgical recovery

In exchange for the mineral claims the Company issued 3 million common shares to Cariboo Rose Resources valued at $0.92 per common share for total consideration of $2,760,000.

*Private Placement of Flow-Through Common Shares*

On May 17, 2019, the Company completed a brokered private placement of flow-through common shares (the "2019 FT Shares"). The Company issued a total of 3,727,000 2019 FT Shares, comprised of (i) 3,333,333 2019 FT Shares pursuant to the base offering and (ii) 393,667 2019 FT Shares pursuant to the agent's exercise of its overallotment option, at a price of $0.90 per 2019 FT Share for aggregate gross proceeds of $3,354,300.

*Changes to Directors and Officers*

On April 15, 2019, the Company appointed Mr. Kenneth Williamson to the Board of Directors.

On April 3, 2019, the Company appointed Ms. Tara Christie to the Board of Directors.

On March 7, 2019, the Company announced that Mr. Julien Francois, Chief Financial Officer and Corporate Secretary, resigned from the Company effective April 30, 2019. Mr. Varun Prasad, Corporate Controller, was appointed Interim Chief Financial Officer and Ms. Elena Spivak, Paralegal, was appointed Corporate Secretary. Mr. Prasad was subsequently appointed Chief Financial Officer on March 1, 2020.

On February 1, 2019, the Company announced that Mr. David Williams resigned from the Board of Directors.

*Permitting*

In November 2018, the Company completed the Best Available Tailings Technology ("BATT") Study, a major component of the environmental assessment application for the Casino Project. The BATT Study was the culmination of an 18-month collaborative process that included participation by First Nations, the Yukon Environmental and Socio- economic Assessment Board ("YESAB"), and the Yukon Government.

During the BATT Study, participants considered the environmental, technical, economic, social, and failure impacts of the possible options for disposal of tailings and mine waste, and selected the option considered to be the Best Available Technology for the Casino Project. The participants reviewed 11 different locations and five different technologies, including conventional and dry-stack disposal of tailings. The process was facilitated by Environmental Resources Management Ltd., and incorporates significant input from the participants and technical contributions from Knight Piésold Ltd.

Traditional Land Use studies have now been completed for all First Nations identified by YESAB as being potentially impacted by the Casino Project. These studies, which took place over the past two years, are central to the assessment of effects of the Casino Project and are therefore a critical step in the completion of the Environmental and Socio-Economic ("ESE") Statement.

The Company has initiated engineering activities to incorporate the outcomes of the BATT Study into the Facility design, but there is no timeline for submission of the ESE Statement.

*Infrastructure*

In 2017, the Federal and Yukon Governments announced commitments to fund the upgrade for a portion of the existing access road to standards required for the Casino Project, as well as to fund a section of the additional 126 km of new access road to the Casino site.

On November 24, 2020, the Company announced that the Yukon Government and Little Salmon/Carmacks First Nation have reached an agreement (the "Agreement") to upgrade three bridges along the Freegold Road, which will benefit access to the Casino Project. The Agreement provides funding for Little Salmon/Carmacks First Nation to effectively participate in the planning, design, regulatory processes and construction activities of the project.

This Agreement represents the second project agreement for the Yukon Resource Gateway Project (the "Gateway Project") on the Freegold Road. The Gateway Project includes funding for upgrading the initial 82 km of the existing access road to standards required for the Casino Project and 30% funding for the additional 126 km of new access road to the Casino site secured through commitments from the Yukon Government and the Federal Government.

The first project agreement on the Freegold Road was reached in April 2019 on the initial segment of the Freegold Road - the Carmacks Bypass. The Carmacks bypass will ensure the safety of Carmacks residents by redirecting industrial traffic away from the community and has recently moved through the Environmental Assessment process and has been recommended to proceed. Construction of the Carmacks bypass will begin following the issuance of required permits. In 2017, the Federal and Yukon Governments announced commitments to fund the upgrade for a portion of the existing access road to standards required for the Casino Project, as well as to fund a section of the additional 126 km of new access road to the Casino Project site.

## RISK FACTORS

The following is a brief description of those distinctive or special characteristics of the Company's operations and industry, which may have a material impact on, or constitute risk factors in respect of the Company's financial performance, business and operations.

*History of Net Losses; Uncertainty of Additional Financing; Negative Operating Cash Flow*

The Company has received no revenue to date from the exploration activities on its properties and has negative cash flow from operating activities. The Company incurred the following losses: (i) $1,983,357 for the year ended December 31, 2020, and (ii) $1,766,448 for the year ended December 31, 2019. As of December 31, 2020, the Company had an accumulated deficit of $102,838,373. In the event the Company undertakes development activity on any of its properties, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its exploration and development commitments, to fund administrative overhead and to maintain its mineral interests. The Company will need to raise sufficient funds to meet these obligations as well as fund ongoing exploration, advance detailed engineering, and provide for capital costs of building its mining facilities.

*Mineral Exploration and Development Activities are Inherently Risky*

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into mineral deposits with significant value. Unusual or unexpected ground conditions, geological formation pressures, fires, power outages, labour disruptions, flooding, earthquakes, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing copper, gold and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of certain of the properties in which the Company has an interest could have an adverse effect on profitability in that infrastructure costs would be higher.

In addition, previous mining operations may have caused environmental damage at certain of the Company's properties. It may be difficult or impossible to assess the extent to which such damage was caused by the Company or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective.

*Uncertainty of Mineral Resources and Mineral Reserves*

The figures for Mineral Resources and Mineral Reserves with respect to the Casino Project disclosed in this AIF are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the prices of metals may render Resources and Reserves uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for orderly development of the deposits or the processing of new or different grades of ore, may cause any mining operation to be unprofitable in any particular accounting period. Additionally, estimates may change over time as new information becomes available. If the Company encounters mineralization or geological formations different from those predicted by past drilling, sampling and interpretations, any estimates may need to be altered in a way that could adversely affect the Company's operations or proposed operations.

*Possible Loss of Interests in Exploration Properties; Possible Failure to Obtain Applicable Licenses*

The regulations pursuant to which the Company holds its interests in certain of its properties provide that the Company must make a series of payments over certain time periods or expend certain minimum amounts on the exploration of the properties. If the Company fails to make such payments or expenditures in a timely fashion, the Company may lose its interest in those properties. Further, even if the Company does complete exploration activities, it may not be able to obtain the necessary licenses or permits to conduct mining operations on the properties, and thus would realize no benefit from its exploration activities on the properties. There is no assurance that further applications will be successful.

*Title Risks*

Although title to its mineral properties and surface rights has been reviewed by or on behalf of the Company, no assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available for mining claims in Canada, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties may be severely constrained. The Company has not conducted surveys of all of the claims in which it holds direct or indirect interests; therefore, the precise area and location of such properties may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to conduct work on the properties as permitted or to enforce its rights with respect to its properties.

*Risks Associated with Joint Venture Agreements*

In the event that any of the Company's properties become subject to a joint venture, the existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on the Company's business prospects, results of operations and financial condition: (i) disagreements with joint venture partners on how to conduct exploration; (ii) inability of joint venture partners to meet their obligations to the joint venture or third parties; and (iii) disputes or litigation between joint venture partners regarding budgets, development activities, reporting requirements and other joint venture matters.

*Risks Relating to Statutory and Regulatory Compliance*

The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by applicable laws and regulations governing mineral claims acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities, generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company has received all necessary permits for the exploration work it is presently conducting; however, there can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Company is not currently covered by any form of environmental liability insurance. See "Insurance Risk", below.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in exploration.

*Environmental Laws and Regulations That May Increase Costs and Restrict Operations*

All of the Company's exploration and potential development and production activities are subject to regulation by Canadian governmental agencies under various environmental laws. To the extent that the Company conducts exploration activities or new mining activities in other countries, it will also be subject to the laws and regulations of those jurisdictions, including environmental laws and regulations. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Environmental legislation in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on our behalf and may cause material changes or delays in the Company's intended activities. Future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's business, causing it to re-evaluate those activities at that time.

*Costs of Land Reclamation*

It is difficult to determine the exact amounts that will be required to complete all land reclamation activities in connection with the properties in which the Company holds an interest. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Company.

*Assets in Remote Locations Increase Operational Risk*

The costs, timing and complexities of mine construction and development are increased by the remote location of the Company's mineral projects. It is common in new mining operations to experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that the Company's activities will result in profitable mining operations or that the Company will successfully establish mining operations or profitably produce metals at any of its properties. Climate change or prolonged periods of inclement weather may severely limit the length of time in which exploration programs and development activities may be undertaken.

*Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation and or development of the Company's properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation and or development of the Company's properties will be commenced or completed on a timely basis, if at all; that the resulting operations will achieve the anticipated production volume; or that the construction costs and ongoing operating costs associated with the exploitation and or development of the Company's properties will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

*High Metal Prices*

An increase in metal prices may lead to increases in mining exploration, development and construction activities around the world, which could result in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could result in increased costs. It may also lead to delays if services or equipment cannot be obtained in a timely manner due to an inadequate availability, and may cause scheduling difficulties due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development and/or construction costs.

*First Nations*

Consultation with First Nations groups is required of the Company in the environmental assessment, subsequent permitting, development, and operation stages of its proposed projects. Certain First Nations groups may oppose certain proposed projects at any given stage and such opposition may adversely affect the project(s) in question, the Company's public image, or the Company's share performance.

Canadian law related to aboriginal rights, including aboriginal title rights, is in a period of change. There is a risk that future changes to the law may adversely affect the Company's rights to its Canadian projects.

*Price Fluctuations: Share Price Volatility*

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, including the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. From January 1, 2020 to December 31, 2020, the price of the Company's common shares has ranged from $0.43 to $1.95 on the Toronto Stock Exchange (the "TSX"). There can be no assurance that continual and significant fluctuations in the price of the common shares of the Company will not occur.

*Changes in the Market Price of Common Shares*

The Company's common shares are listed on the TSX and the NYSE American Stock Exchange. The price of the Company's common shares is likely to be significantly affected by short-term changes in copper and gold prices or in its financial condition or results of operations. Other factors unrelated to the Company's performance that may have an effect on the price of the Company's common shares include the following: a reduction in analytical coverage by investment banks with research capabilities; a drop in trading volume and general market interest in the Company's securities may adversely affect an investors' ability to liquidate an investment and consequently an investor's interest in acquiring a significant stake in the Company; a failure to meet the reporting and other obligations under relevant securities laws or imposed by applicable stock exchanges could result in a delisting of the Company's common shares and a substantial decline in the price of the common shares that persists for a significant period of time.

As a result of any of these factors, the market price of the Company's common shares at any given point in time may not accurately reflect their long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

*Metal Price Volatility*

Factors beyond the control of the Company may affect the marketability of any ore or minerals discovered at and extracted from the Company's properties. Resource prices have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political trends, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new and improved extraction and production methods. The effect of these factors cannot accurately be predicted.

The price of each of copper and gold has a history of extreme volatility. The price of the Company's common shares and the Company's financial results may be significantly adversely affected by a decline in the price of copper or gold. The price of each of copper and gold fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, by-product production levels from base-metal mines, and the political and economic conditions of major copper and gold-producing countries throughout the world.

During the 2020 calendar year, the price of gold ranged between US$1,474 per ounce and US$2,067 per ounce. Some factors that affect the price of gold include: industrial and jewelry demand; central bank lending or purchases or sales of gold bullion; forward or short sales of gold by producers and speculators; future levels of gold production; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, individuals or funds. Gold prices are also affected by macroeconomic factors including: confidence in the global monetary system; expectations of the future rate of inflation; the availability and attractiveness of alternative investment vehicles; the general level of interest rates; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted, and other major currencies; global political or economic events; and costs of production of other gold producing companies whose costs are denominated in currencies other than the U.S. dollar. All of the above factors can, through their interaction, affect the price of gold by increasing or decreasing the demand for or supply of gold.

During the 2020 calendar year, the price of copper on the London Metal Exchange ("LME") ranged from slightly below US$2.19 per pound to approximately US$3.62 per pound. Some factors that affect the price of copper include: industrial demand; forward or short sales of copper by producers and speculators; future levels of copper production; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, individuals or funds. Copper prices are also affected by macroeconomic factors including: confidence in the global economy; expectations of the future rate of inflation; the availability and attractiveness of alternative investment vehicles; the strength of, and confidence in, the U.S. dollar, the currency in which the price of copper is generally quoted, and other major currencies; global political or economic events; and costs of production of other copper producing companies whose costs are denominated in currencies other than the U.S. dollar. All of the above factors can, through their interaction, affect the price of copper by increasing or decreasing the demand for or supply of copper.

*Currency Fluctuations May Affect the Costs of Doing Business*

The Company's activities and offices are currently located in Canada. Copper and gold are sold in international markets at prices denominated in U.S. dollars. However, some of the costs associated with the Company's activities in Canada may be denominated in currencies other than the U.S. dollar. Any appreciation of these currencies *vis-à-vis* the U.S. dollar could increase the Company's cost of doing business. In addition, the U.S. dollar is subject to fluctuation in value compared to the Canadian dollar. The Company does not utilize hedging programs to any degree to mitigate the effect of currency movements.

*Future issuances of securities will dilute shareholder interests*

Issuances of additional securities including, but not limited to, common shares pursuant to any financing and otherwise, could result in a substantial dilution of the equity interests of our shareholders.

*Dependence on Management*

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management team. See "Directors and Officers" in this AIF for details of the Company's current management. Investors must be willing to rely to a significant extent on their discretion and judgment. The Company does not maintain key employee insurance on any of its employees. The Company depends on key personnel and cannot provide assurance that it will be able to retain such personnel. Failure to retain such key personnel could have a material adverse effect on the Company's business and financial condition.

*Competition*

Significant and increasing competition exists for mineral deposits in each of the jurisdictions in which the Company conducts operations. As a result of this competition, much of which is with large established mining companies with substantially greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mining claims or financing on terms it considers acceptable. The Company also competes with other mining companies in the recruitment and retention of qualified directors, officers and employees.

*Insurance Risk*

The mining industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company currently maintains insurance within ranges of coverage that it believes to be consistent with industry practice for companies at a similar stage of development. The Company carries liability insurance with respect to its mineral exploration operations, but is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

*Conflicts of Interest*

The Company's directors and officers may serve as directors or officers of other resource companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms in accordance with the *Business Corporations Act* (British Columbia). From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. For a detailed list of roles played by directors and officers in other companies, see "Directors and Officers" in this AIF.

*Increased Costs and Compliance Risks as a Result of Being a Public Company*

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings,* National Instrument 52-110 - *Audit Committees,* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices.*

The Company also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company to attract and retain qualified individuals to serve on its board of directors or as executive officers.

*Materially Adverse U.S. Federal Income Tax Consequences for U.S. Shareholders*

We generally will be a "passive foreign investment company" (a "PFIC") under the meaning of Section 1297 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), if (a) 75% or more of our gross income is "passive income" (generally, dividends, interest, rents, royalties, and gains from the disposition of assets producing passive income) in any taxable year, or (b) if at least 50% or more of the quarterly average value of our assets produce, or are held for the production of, passive income in any taxable year. A shareholder who is a "U.S. person" (as such term is defined in the Code) should be aware that we believe that we were a PFIC during one or more prior taxable years, and based on current business plans and financial projections, we expect to be a PFIC for the current taxable year and for the foreseeable future. If we are a PFIC for any taxable year during which a U.S. person holds common shares of the Company, it would likely result in materially adverse U.S. federal income tax consequences for such U.S. person, including, but not limited to, any gain from the sale of our common shares would be taxed as ordinary income, as opposed to capital gain, and such gain and certain distributions on our common shares would be subject to an interest charge, except in certain circumstances. It may be possible for U.S. persons to fully or partially mitigate such tax consequences by making a "qualified electing fund election," as defined in the Code (a "QEF Election"). We currently intend to make available to shareholders who are U.S. persons, upon their written request: (a) information as to our status as a PFIC, and (b) for each year in which we are a PFIC, all information and documentation that a shareholder making a QEF Election with respect to us is required to obtain for U.S. federal income tax purposes. However, there is no assurance that the Company will satisfy the record keeping requirements that apply to a PFIC, or that the Company will continue to supply shareholders with the information that the shareholder is required to report under the rules applicable to making a QEF Election. Therefore, if the Company is a PFIC in any taxable year, there is no assurance that the shareholder will be able to make a QEF Election in respect of the Company's common shares. The PFIC rules are extremely complex. A U.S. person holding the Company's common shares is encouraged to consult its own tax advisor regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares.

*Capital Costs*

The Company prepares budgets and estimates of cash costs and capital costs for its operations. Despite the Company's best efforts to budget and estimate such costs, the costs required by the Company's projects may be significantly higher than anticipated. The Company's actual costs may vary from estimates for a variety of reasons, including: short-term operating factors; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions and unexpected labour shortages or strikes. Operational costs may also be affected by a variety of factors, including: ore grade metallurgy, labour costs, the cost of commodities, general inflationary pressures and currency exchange rates. Many of these factors are beyond the Company's control. Failure to achieve estimates or material increases in costs could have an adverse impact on the Company's business, results of operations and financial condition. Furthermore, delays in mining projects or other technical difficulties may result in even further capital expenditures being required. Any delays or costs overruns or operational difficulties could have a material adverse effect on the Company's business, results of operations and financial condition.

*Funding Risk*

The Company's ability to effectively implement its business and operation plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financings, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the properties. There can be no assurance that additional financing will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to shareholders.

*Business Disruption Risks*

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics, other health crises or similar business disruptions including the recent outbreak of COVID-19. On March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020 the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. To date, there are a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted.

Such public health crises or similar business disruptions can result in volatility and disruptions in the supply and demand for copper, gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

## MINERAL PROPERTIES

***Casino Project (Yukon, Canada)***

Western acquired the Casino Project in 2006 through its acquisition of Lumina Resources Corp. The Casino Project is a material property for the purposes of NI 43-101. It is the subject of the technical report entitled "Casino Project, Form 43-101F1 Technical Report, Mineral Resource Statement, Yukon, Canada" dated effective July 3, 2020 and issued on October 26, 2020, prepared by Daniel Roth, P.E., P.Eng., Michael Hester, FAusIMM, Laurie M. Tahija, MMSA-QP, Carl Schulze, P. Geo. and Caroline J. Vallat, P. Geo., each of whom is a qualified person pursuant to NI 43-101.

The 2020 Technical Report is incorporated by reference in this AIF. The complete 2020 Technical Report may be viewed under the Company's profile at www.sedar.com or on its website at www.westerncopperandgold.com. The executive summary of the 2020 Technical Report has been included *verbatim* as Schedule A of this AIF. For updates relating to property description and ownership, and the current development schedule, please refer to the sections "Recent Developments" and "Description and General Development of the Business - Three Year History and Significant Acquisitions".

***Royalties and Production Payments***

Certain portions of the Casino property remain subject to certain royalty obligations. 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.

***Recent Developments***

With respect to developments relating to the Casino Project, please see disclosure under section "Description and General Development of the Business - Three Year History and Significant Acquisitions - Exploration Program".

With respect to all other recent developments over the last three years, please see disclosure under section "Description and General Development of the Business - Three Year History and Significant Acquisitions".

***Exploration and evaluation expenditures***

Western's recent activities have focused on exploration and drilling of the Casino Project and the recent acquisition of the Canadian Creek Property. Capitalized expenditures for the periods presented were as follows:

| **For the year ended December 31,** | **2020** | **2019** |
|---|---|---|
| | $ | $ |
| Acquisition costs for Canadian Creek property | - | 2,798,913 |
| Claims maintenance | 25,597 | 4,963 |
| Engineering | 168,002 | 93,307 |
| Exploration and camp support | 4,693,598 | 3,003,005 |
| Permitting | 128,968 | 185,845 |
| Salary and wages | 263,057 | 265,903 |
| Share-based payments | 93,766 | 82,010 |
| **TOTAL** | **5,372,988** | **6,428,946** |

## DIVIDENDS

The Company has not paid any dividends on its common shares since its incorporation, nor has it any present intention of doing so. The Company anticipates that all available funds will be used to undertake exploration and development programs on its mineral properties.

## DESCRIPTION OF CAPITAL STRUCTURE

***Authorized Capital***

The authorized capital of the Company consists of the following:

1. Unlimited number of common shares without par value. As of March 26, 2021, the Company had 135,797,635 common shares outstanding.

2. All of the issued common shares of the Company are fully paid and non-assessable. All of the common shares issued rank equally as to dividends, voting rights (one vote per share) and distribution of assets on winding up or liquidation. Shareholders have no pre-emptive rights, nor any right to convert their common shares into other securities. There are no existing indentures or agreements affecting the rights of shareholders other than the Notice of Articles and Articles of the Company; and Unlimited number of preferred shares without par value, with the following special rights and restrictions: they may be issued in one or more series and the directors may from time to time fix the number and designation and create special rights and restrictions. Preferred shares would rank in priority, with respect of payment of dividends and distributions of assets on a liquidation, dissolution or winding-up of the Company, to shares ranking junior to the preferred shares including common shares. Preferred shares do not give the holders any right to receive notice of or vote at general or special meetings of the Company. As of the date of this AIF, there are no preferred shares outstanding.

***Stock Options***

The Company has a stock option plan pursuant to which the directors of the Company are authorized to grant stock options to directors, officers, employees, and consultants of the Company and its subsidiaries.

As at March 26, 2021, the following stock options were outstanding under the stock option plan:

| Expiry Date | Number of stock options | Exercise Price |
|---|---|---|
| 09-Nov-25 | 200,000 | $1.41 |
| 27-Jul-25 | 1,825,000 | $1.66 |
| 11-Jun-25 | 200,000 | $1.11 |
| 18-Jun-24 | 1,550,000 | $0.90 |
| 23-Apr-24 | 400,000 | $0.75 |
| 21-Feb-23 | 1,800,000 | $1.20 |
| 12-Sep-21 | 900,000 | $0.96 |
| **TOTAL:** | **6,875,000** | |

## MARKET FOR SECURITIES

The common shares of the Company are listed on the TSX under the symbol "WRN". During the Company's most recently completed financial year, the Company's common shares traded as follows:

| Year 2020 | High ($) | Low ($) | Total Volume |
|---|---|---|---|
| January | 1.13 | 0.85 | 1,918,841 |
| February | 0.99 | 0.66 | 1,247,514 |
| March | 0.87 | 0.435 | 1,850,686 |
| April | 0.97 | 0.53 | 1,156,040 |
| May | 1.13 | 0.90 | 1,775,908 |
| June | 1.19 | 1.02 | 1,785,004 |
| July | 1.90 | 1.33 | 5,284,011 |
| August | 1.74 | 1.44 | 3,087,617 |
| September | 1.95 | 1.42 | 4,551,410 |
| October | 1.63 | 1.32 | 1,580,874 |
| November | 1.67 | 1.24 | 2,098,993 |
| December | 1.88 | 1.56 | 3,743,506 |

## PRIOR SALES

Other than set forth below, the Company did not issue any security which is not listed or quoted on a marketplace during the most recently completed financial year.

On February 28, 2020, 1,500,000 Warrants were issued as part of the Units of the private placement, pursuant to which the Company raised gross proceeds of $1.95 million. Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.85 until February 28, 2025.

## ESCROWED SECURITIES

None of the Company's securities are held under an escrow or similar arrangement.

## DIRECTORS AND OFFICERS

***Name, Occupation, and Experience***

The following table sets forth all current directors and executive officers as of the date of this AIF, with each position and office held by them in the Company and the period of service as such. Each director's term of office expires at the next annual general meeting.

| Name and Position | Province and Country of Residence[1] | Director or Officer since |
|---|---|---|
| Dale Corman<br>*Director and Executive Chairman* | British Columbia, Canada | May 3, 2006 |
| Michael Vitton [2] [4]<br>*Director* | Connecticut State, USA | June 10, 2020 |
| Bill Williams<br>*Director* | Massachusetts, USA | November 6, 2020 |
| Klaus Zeitler [2] [3]<br>*Director* | British Columbia, Canada | May 3, 2006 |
| Tara Christie [3] [4]<br>*Director* | British Columbia, Canada | April 3, 2019 |
| Kenneth Williamson [2] [3] [4]<br>*Director* | Ontario, Canada | April 15, 2019 |
| Paul West-Sells<br>*President and Chief Executive Officer* | British Columbia, Canada | November 20, 2008 |
| Varun Prasad [5]<br>*Chief Financial Officer* | British Columbia, Canada | March 1, 2020 |
| Cameron Brown<br>*Vice President Engineering* | Washington State, USA | July 16, 2010 |
| Elena Spivak<br>*Corporate Secretary* | British Columbia, Canada | June 12, 2019 |

(1) The information as to country of residence and principal occupation has been furnished by the respective individuals.
(2) Denotes member of Audit Committee
(3) Denotes member of Compensation Committee.
(4) Denotes member of the Corporate Governance and Nominating Committee.
(5) Mr. Prasad was appointed Interim Chief Financial Officer effective May 1, 2019 and was subsequently appointed to Chief Financial Officer effective March 1, 2020.

The principal occupation of each of Michael Vitton, Bill Williams, Klaus Zeitler, Tara Christie and Kenneth Williamson is not acting as director or officer of the Company. Information as to the principal occupation of the directors and officers is described in the narratives below.

**Dale Corman**, B.Sc., P.Eng., was appointed Executive Chairman on February 1, 2016 after serving as the Company's Chairman and Chief Executive Officer since its inception in 2006. Mr. Corman has been a Director since 2006.

From 1995 to 2006, he was Chairman of the Board of Directors and Chief Executive Officer of Western Silver Corporation. He has over 50 years' experience as a senior corporate officer of publicly listed companies in Canada and the United States, as well as extensive expertise in mineral and geothermal exploration and development, property evaluation and acquisition, project financing, and corporate management. Mr. Corman received a B.S. in geology from Rensselaer Polytechnic Institute in Troy, New York, in 1961 and obtained Professional Engineer status in Ontario in 1972.

Mr. Corman is a Director of Spanish Mountain Gold [TSXV:SPA] and NorthIsle Copper and Gold Inc. [TSXV:NCX].

**Michael Vitton,** BBA, was nominated to the Board of Directors of the Company on June 10, 2020.

Mr. Vitton is the former Executive Managing Director, Head, US Equity Sales, Bank of Montreal Capital Markets (BMO Capital Markets) where he originated and placed more than USD $200 billion through public and secondary offerings and M&A transactions across all sectors. In the metals and mining sector, Mr. Vitton has acted as seed investor, lead/co-lead underwriter or in a M&A capacity in some of the most important deals in the sector including African Platinum Ltd., Arequipa Resources Ltd., Bema Gold Corp, Brancotte Resources, Comaplex Minerals Corp., Detour Gold Corp, Diamond Fields Resources Inc., Echo Bay Mines Ltd., Francisco Gold Corp., Franco-Nevada Corp., Gammon Gold Inc., Getchell Gold Corp., Golden Shamrock Mines Ltd., Guinor Resources Ltd., Hemlo Gold Mines Inc., Ivanhoe Mines Ltd., Meridian Gold Inc., MexGold Resources Inc., Minefinders Corporation Ltd., Moto Goldmines Ltd., New Gold Inc., Northern Orion Resources Inc., Osisko Mining Inc, Peru Copper Inc., Wheaton River Minerals Ltd., Randgold Resources Ltd., Rio Narcea Gold Mines Ltd., Skye Resources Inc., Semafo Inc., Sino Gold Mining Ltd., UrAsia Energy, UraMin Inc. among many others.

Mr. Vitton was also the co-founder of MMX Minerals e Metalicos SA (Brazil) ("MMX") and LLX Logistica SA (Brazil). MMX sold Minas Rio and Amapa assets to Anglo American Corporation for USD $5.5 billion in cash in December 2008, returning USD $8.8 billion in cash or stock distributions to MMX shareholders, offering six times return from IPO. LLX Logistica (Acu Port) was sold to EIG (Energy Infrastructure Group). Additionally, he co-founded Petro Rio SA, one of the leading Brazilian public oil and gas producers, producing over 35,000 bbls per day. Recently, Mr. Vitton acted as seed investor and capital markets advisor to Newmarket Gold Inc., which was sold to Kirkland Lake Gold Ltd. for CAD $ 1 billion, combining to form a CAD $2.4 billion company. Kirkland Lake Gold Ltd. was awarded 2018 Digger of the Year (Diggers and Dealers). He acted as investor and capital markets advisor to ASX-listed Gold Road Resources Ltd., raising AUD $57 million, and bringing the Gruyere gold mine into production jointly with Gold Fields SA. Gold Road Resources Ltd. won the Diggers and Dealers award for best deal in 2017. He currently acts as advisor to Cardinal Resources Ltd. Mr. Vitton is a partner and member of P5 Infrastructure, operating in partnership with EQT Infrastructure/CMA CGM, where EQT Infrastructure/P5 Infrastructure acquired 90% of Global Gateway South Terminal, a deep sea terminal in Long Beach Harbor, CA. Mr. Vitton is a graduate of the University of Michigan Business School, former Seat Holder, NYSE, and former President, New York Society of Metals Analysts. He has invested and partnered with some of the largest sovereign fund, private equity funds, mutual and hedge funds. Mr. Vitton is focused on the energy, infrastructure, industrial and mining sectors. Mr. Vitton is currently a director of Premier Gold Mines Limited [TSX:PG].

**Bill Williams**, Ph.D., was appointed as Director on November 6, 2020.

Dr. Williams is an economic geologist with nearly 40 years' experience related to the exploration and development of mining and oil & gas projects as well as oversight of mining operations. He provides consulting services to the mining industry with a focus on company/project (e)valuations, M&A analyses, risk analysis, project management, and permitting strategies. Most recently, he served as the Interim CEO and Director of Detour Gold Corporation and was a Director and COO of Zinc One Resources Inc., with whom he led the team that made the discovery of the Mina Chica zinc-oxide deposit in the Bongará district, north-central Peru. He is the former CEO, President, and Director of Orvana Minerals Corp., prior to which he was a Vice President for Phelps Dodge Exploration overseeing activity in the Americas, which included the discovery of the Haquira porphyry copper deposit in Peru, and working on M & A opportunities. He holds a Ph.D. in Economic Geology from the University of Arizona and is a Certified Professional Geologist. He also serves on board of Big Ridge Gold Corp. [TSXV:BRAU].

**Klaus Zeitler**, Ph.D., has served as a director since the Company's inception in 2006.

Dr. Zeitler was the founder and CEO of Inmet Mining Corporation from 1987 to 1996. Dr. Zeitler was Senior Vice President of Teck Cominco Limited from 1997 to 2002, and previously was on the Board of Directors of Teck Corp. from 1981 to 1997 and Cominco Limited from 1986 to 1996.

Dr. Zeitler is currently a director and Executive Chairman of Amerigo Resources Ltd. [TSX:ARG], Chairman and Director of Rio2 Limited [TSXV:RIO].

**Tara Christie**, M.A.Sc., P.Eng., was appointed as a director in 2019.

Ms. Christie has over 20 years' experience in the exploration and mining business. Ms. Christie is currently the President and CEO of Banyan Gold Corp, and serves on the boards of Constantine Metal Resources Ltd (since 2006) and Klondike Gold Corp. She was formerly the President of privately owned Gimlex Gold Mines Ltd. (2006-2016), one the Yukon's largest placer mining operations. Ms. Christie has been a board member of PDAC, AMEBC and other industry associations and was a founding board member of the Yukon Environmental and Socio-Economic Assessment Board (2004-2016). She is active in non-profits and charities, including being President of a registered charity "Every Student, Every Day" that works to improve attendance in Yukon schools. Ms. Christie has B.Sc. and M.Sc. degrees in Geotechnical Engineering from the University of British Columbia and is a registered professional engineer in BC and Yukon.

**Kenneth Williamson**, B.A.Sc., MBA, P.Eng., was appointed as a director in 2019.

Mr. Williamson is a professional director with over 40 years of experience in natural resources and investment banking, where his focus has been on capital markets and mergers and acquisitions. Mr. Williamson worked in the oil and gas sector before transitioning into investment banking at Midland Walwyn/Merrill Lynch Canada Inc. where he was Vice-Chairman of Investment Banking until 1998.

Mr. Williamson has held various positions on Boards throughout his career, including Eicon Technology Corporation, Glamis Gold Ltd., BioteQ Environmental Technologies Inc., Uranium One Inc., BlackRock Ventures Inc., Quadra FNX Mining Ltd., Tahoe Resources Inc. and Goldcorp Inc. Mr. Williamson is a member of the Professional Engineers of Ontario (PEO).

**Paul West-Sells**, Ph.D., was appointed President and Chief Executive Officer on February 1, 2016. Dr. West-Sells has held a number of executive positions, most recently as President and Chief Operating Officer since 2010.

Dr. West-Sells has over 20 years' experience in the mining industry. After obtaining his Ph.D. from the University of British Columbia in Metallurgical Engineering, he worked with BHP, Placer Dome, and Barrick in increasingly senior roles in Research and Development and Project Development. Dr. West-Sells has been employed by the Company since 2006, holding a number of technical and executive positions.

**Varun Prasad** was appointed Chief Financial Officer effective March 1st, 2020.

Mr. Prasad has worked on the finance team for Western since 2011, previously as Corporate Controller, since May 2019, as Interim CFO and since March 1, 2020 as Chief Financial Officer. Mr. Prasad has extensive experience in financial reporting and regulatory matters and oversees the day to day financial operations of the Company. He holds a B.A. Technology (Accounting) from the British Columbia Institute of Technology and is a member of the Chartered Professional Accountants of B.C. Mr. Prasad also is currently Chief Financial Officer of Blue Moon Zinc Corp.

**Cameron Brown**, P. Eng., has served as Vice President, Engineering since July 2010.

From 2006 to 2010, Mr. Brown was the Company's Project Manager. Mr. Brown has over 45 years' experience in mineral processing and has been responsible for plant maintenance, project management and engineering of major base and precious metal projects. He was formerly Project Manager for Western Silver Corporation and worked for 22 years for Bechtel Mining & Metals in various capacities including; Project Manager, Project Engineering Manager, and Manager of Engineering for Bechtel Mining & Metals (Global).

**Elena Spivak**, B. Eng (Metallurgy) was appointed Corporate Secretary in 2019.

Ms. Spivak has been with Western since 2007, assisting with legal, corporate, and regulatory matters as well as managing the company's mineral assets. Ms. Spivak completed the paralegal program at Capilano University, is a member of the Governance Professionals of Canada (GPC) and holds an Engineering Degree in Metallurgy.

***Control of Securities***

As at March 26, 2021, the directors and executive officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 12,949,002 common shares of the Company, representing approximately 9.55% of the issued and outstanding common shares of the Company. In addition, the directors and executive officers of the Company as a group held 4,962,500 stock options for the purchase of common shares of the Company. The stock options are exercisable at prices ranging from $0.75 and $1.66 per common share and expire between 2021 and 2025. Of the total stock options held by directors and executive officers, 4,191,661 stock options had vested as at March 26, 2021.

***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

To the knowledge of the Company, none of the Company's directors or executive officers or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is, at the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the disclosure above, an "order" means (a) a cease trade order, including a management cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Company, no director or executive officer of the Company or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(i) is, at the date of this AIF, or has been within the ten years before the date this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Company, no director or executive officer of the Company or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

***Conflicts of Interest***

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms and such director will not participate in negotiating and concluding terms of any proposed transaction.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company and its properties are not currently subject to, and were not during the Company's most recently completed financial year subject to, any legal proceedings, nor are any proceedings known to be contemplated that involve a claim for damages in an amount that excluding interest and costs exceeds 10% of the current assets of the Company.

During the Company's most recently completed financial year and up to the date of this AIF, there were no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority, (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, or (c) settlement agreements the Company entered into before a court in respect of securities legislation or with a securities regulatory authority.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, to the knowledge of the Company, none of the following persons has had any material interest, direct or indirect, in any transaction during the Company's three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company:

(a) a director or executive officer of the Company;

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly more than 10% of any class or series of the outstanding voting securities of the Company; and

(c) an associate or affiliate of any of the persons or companies referred to in the above paragraphs (a) or (b).

The Company's directors and officers may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. See "Risk Factors - Conflicts of Interest" and "Conflicts of Interest".

## TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent of the Company is Computershare Investor Services Inc. at its offices in Vancouver, British Columbia, at 510 Burrard Street, Vancouver, BC, V6C 3B9, in Toronto, Ontario, and in Denver, Colorado, USA.

## MATERIAL CONTRACTS

The Company has entered into the following material contracts:

- Property Purchase Agreement dated July 29, 2019 between Western, CMC and Cariboo Rose Resources.
- Net Smelter Returns Royalty Agreement dated December 21, 2012 between Western, CMC and 8248567 Canada Limited.
- Royalty Purchase Agreement dated December 20, 2012 between Western, CMC and 8248567 Canada Limited.
- Option Agreement dated July 2002 between CRS Copper Resources Corp. and Great Basin Gold Ltd.

Material terms of the above-noted contracts are disclosed in the sections "Description and General Development of the Business - Three Year History and Significant Acquisitions" and "Mineral Properties - Royalties and Production Payments".

## NAMES AND INTERESTS OF EXPERTS

The information of a scientific or technical nature regarding the Casino Project is based on the 2020 Technical Report prepared by Daniel Roth, P.E., P.Eng., Michael Hester, FAusIMM, Laurie M. Tahija, MMSA-QP, Carl Schulze, P. Geo. and Caroline J. Vallat, P. Geo.; each of whom is a qualified person pursuant to NI 43-101.

To the best of the Company's knowledge, none of the above persons, held at the time of preparing the report, received after preparing the report, or will receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates in connection with the preparation or certification of the report prepared by such person. Other than as disclosed below, none of the above persons is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have prepared an independent auditor's report dated March 26, 2021 in respect of the Company's consolidated financial statements as at December 31, 2020 and 2019 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent of the Company in accordance with the Chartered Professional Accountants of British Columbia Code of Professional Conduct and the rules of the Public Company Accounting Oversight Board.

## AUDIT COMMITTEE INFORMATION

*Audit Committee Charter*

The Audit Committee Charter, as approved by the Company's Board of Directors, is included in Schedule B of this AIF.

*Audit Committee composition and relevant education and experience*

The Audit Committee is comprised of Kenneth Williamson (Chair), Michael Vitton and Klaus Zeitler. All three members are independent and are financially literate, as described in National Instrument 52-110 - *Audit Committees* ("NI 52-110"). Please refer to the "Directors and Officers" section of this AIF for a detailed description of each member's education and experience relevant to being a member of the Audit Committee. The Audit Committee was reconstituted subsequent to the year ended December 31, 2020 and is comprised of Kenneth Williamson (Chair), Tara Christie and Klaus Zeitler.

*Reliance on Certain Exemptions*

Since the commencement of 2020, Western's most recently completed financial year, the Company has not relied on:

a. The exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services);
b. The exemption in section 3.2 of NI 52-110 (Initial Public Offerings);
c. The exemption in section 3.4 of NI 52-110 (Events Outside Control of Member);
d. The exemption in section 3.5 of NI 52-110 (Death, Disability or Resignation of Audit Committee Member); or
e. An exemption from of NI 52-110, in whole or in part, granted from Part 8 (Exemptions).

*Reliance on the Exemption in Subsection 3.3(2) or Section 3.6*

Since the commencement of 2020, Western's most recently completed financial year, the Company has not relied on the exemption in subsection 3.3(2) of NI 52-110 (Controlled Companies) or section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Circumstances).

*Reliance on Section 3.8*

Since the commencement of 2020, Western's most recently completed financial year, the Company has not relied on the exemption in section 3.8 of NI 52-110 (Acquisition of Financial Literacy) as all members of the Audit Committee are financially literate.

*Audit Committee Oversight*

At no time since the commencement of 2020, Western's most recently completed financial year, has a recommendation of the Audit Committee to nominate or compensate an external auditor, not been adopted by the Board of Western.

*Pre-approval policies and procedures*

All audit, audit related, tax, and non-audited services to be performed by the external audit firm are pre-approved by the Audit Committee. Before approval is given, the Audit Committee examines the independence of the external auditor in relation to the services to be provided and assesses the reasonableness of the fees to be charged for such services.

*External auditor service fees (by category)*

The following table sets forth the aggregate professional fees billed to the Company by its external auditor, PricewaterhouseCoopers LLP, during each year ended December 31, 2020 and 2019.

| | **Year ended December 31,** | |
|---|---|---|
| | **2020** | **2019** |
| Audit Fees | 76,400 | 67,725 |
| Audit-Related Fees | 52,900 | - |
| Tax Fees | 9,000 | 7,707 |
| All Other Fees | - | - |
| **Total** | **138,300** | **75,432** |

Audit Fees are professional fees billed for the audit of the Company's annual consolidated financial statements, reviews of interim financial statements and attestation services that are provided in connection with regular statutory or regulatory filings.

Audit-Related Fees are professional fees billed for assurance and related services by the Company's auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not reported under "Audit Fees".

Tax Fees are professional fees billed for tax return preparation and advice related to tax compliance.

All Other Fees are professional fees billed for products and services provided by the Company's auditor, other than the services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees".

## ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's profile on the SEDAR website at www.sedar.com. The information available at www.sedar.com includes the full text of the 2020 Technical Report prepared for the Company in respect to the Casino Project described herein.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Company's audited annual consolidated financial statements and management's discussion and analysis as at and for the year ended December 31, 2020. This information is also available under the Company's profile on SEDAR at www.sedar.com.

**Schedule A**
**SUMMARY FROM 2020 TECHNICAL REPORT**

The below has been extracted from the 2020 Technical Report:

"**1 Summary**

This Report was prepared for Casino Mining Corporation ("**CMC**"), a wholly-owned subsidiary of Western Copper and Gold Corporation ("**Western**") as well as for Western itself, by M3 Engineering & Technology Corporation (M3) in association with Independent Mining Consultants (IMC), GeoSpark Consulting Inc. and Aurora Geosciences Ltd.

The purpose of this report is to provide an updated mineral resource statement on the Casino Property. The estimate of mineral resources contained in this report conforms to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions (May, 2011) referred to in National Instrument (NI) 43-101, Standards of Disclosure for Mineral Projects.

**1.1 Property Description and Ownership**

The Casino porphyry copper-gold-molybdenum deposit is located at latitude 62° 44'N and longitude 138° 50'W (NTS map sheet 115J/10), in west central Yukon, in the northwest trending Dawson Range mountains, 300 km northwest of the territorial capital of Whitehorse.

To the west, Newmont is developing the Coffee Project. To the north and to the west, White Gold Corp. has a large number of claims and is actively exploring them. Approximately 100 km to the east, Pembridge Resources operates the Minto Mine, which produces copper concentrate.

The project is located on Crown land administered by the Yukon Government and is within the Selkirk First Nation traditional territory and the Tr'ondek Hwechin traditional territory lies to the north. The proposed access road crosses into Little Salmon Carmacks First Nation traditional territory to the south. The White River First Nation and Kluane First Nation are downstream from the project.

The Casino Property lies within the Whitehorse Mining District and consists of 1,136 full and partial Quartz Claims and 55 Placer Claims acquired in accordance with the Yukon Quartz Mining Act. The total area covered by Casino Quartz Claims is 21,276.61 ha. The total area covered by Casino Placer Claims is 490.32 ha. CMC is the registered owner of all claims, although certain portions of the Casino property remain subject to royalty agreements. The claims covering the Casino property are discussed further in Section 4 of this document.

Figure 1-1 at the end of this section shows the site's location in Yukon Territory as well as other points of interest relevant to this Report.

**1.2 History**

**1.2.1 Casino**

The first documented work on the Casino Property was the working of placer claims in the area of the Casino Deposit recorded in April 1911, following a placer gold discovery on Canadian Creek by J. Britton and C. Brown. A study by D.D. Cairnes, of the Geological Survey of Canada in 1917, recognized huebnerite ($MnWO_4$) in the heavy-mineral concentrates of the placer workings and also that the gold and tungsten mineralization was derived from an intrusive complex on Patton Hill. During the Second World War, a small amount of tungsten was recovered from placer workings. The total placer gold production from the area of the property is unknown, but during the period of 1980-1985 placer mining yielded about 50 kg (1,615 troy ounces) of gold.

The first recorded bedrock mineral discovery occurred in 1936 when J. Meloy and A. Brown located silver-lead-zinc veins approximately 3 km south of the Canadian Creek placer workings. Over the next several years the Bomber and Helicopter vein systems were explored by hand trenches and pits. In 1943, the Helicopter claims were staked and in 1947 the Bomber and Airport groups were staked.

Lead-silver mineralization was the focus of exploration on the property until 1968. Noranda Exploration Co Ltd. optioned the property in 1948 and Rio Tinto in 1963. During this time trenching, mapping and sampling were conducted.

L. Proctor purchased the claims in 1963 and formed Casino Silver Mines Limited to develop the silver-rich veins. The silver-bearing veins were explored and developed intermittently by underground and surface workings from 1965 to 1980. In total, 372.5 tonnes of hand-cobbled argentiferous galena, assaying 3,689 g/t silver (Ag), 17.1 g/t gold (Au), 48.3% lead (Pb), 5% zinc (Zn), 1.5% copper (Cu) and 0.02% bismuth (Bi) were shipped to the smelter at Trail, British Columbia.

Based on the recognition of porphyry copper potential, the Brynelsen Group acquired Casino Silver Mines Limited and, from 1968 to 1973, exploration was directed jointly by Brameda Resources, Quintana Minerals and Teck Corporation towards a porphyry target. Exploration included extensive soil sampling and geophysical surveys, along with trenching programs, which eventually led to the discovery of the Casino deposit in 1969. From 1969 to 1973, various parties including Brameda Resources, Quintana Minerals and Teck Corporation completed drilling on the property.

Archer, Cathro & Associates (1981) Ltd. (Archer Cathro) optioned the property in 1991 and assigned the option to Big Creek Resources Ltd. In 1992, a program consisting of 21 HQ (63.5 mm diameter) holes totalling 4,729 m systematically assessed the gold potential in the core area of the deposit for the first time. In 1992, Pacific Sentinel Gold Corp. (PSG) acquired the property from Archer Cathro and commenced a major exploration program. The 1993 program included surface mapping and 50,316 m of HQ (63.5 mm diameter) and NQ (47.6 mm diameter) drilling in 127 holes. All but one of the 1992 drill holes were deepened in 1993. PSG drilled an additional 108 drill holes totalling 18,085 m in 1994. This completed the delineation drilling program which commenced in 1993. PSG also performed metallurgical, geotechnical and environmental work which was used in a scoping study in 1995. The scoping study envisioned a large-scale open pit mine and a conventional flotation concentrator that would produce a copper-gold concentrate for sale to Pacific Rim smelters.

First Trimark Resources and CRS Copper Resources obtained the property and, using the Pacific Sentinel Gold data, published a Qualifying Report on the property in 2003 to bring the resource estimate into compliance with National Instrument 43-101 requirements. The two firms combined to form Lumina Copper Corporation in 2004. An update of the Qualifying Report was issued in 2004.

Western Copper Corporation acquired Lumina Copper Corporation in November of 2006, which included the Casino Deposit. In the fall of 2011, Western Copper Corporation spun out all other assets except the Casino Deposit and changed its name to Western Copper and Gold Corporation (Western).

In 2007, Western conducted an evaluation of the Bomber Vein System and the southern slope of Patton Hill by VLF-EM, Horizontal Loop EM and soil geochemical surveying. Environmental baseline studies were also initiated in 2007. In 2008, Western Copper reclaimed the old camp site, constructed a new exploration camp next to the Casino airstrip and drilled three drill holes (the camp water well and two exploration diamond drill holes) totalling 1,163 m. The main purpose of the drilling was to obtain fresh core samples for the metallurgical and waste characterization tests. Both exploration holes twinned PSG's holes to confirm historical copper, gold and molybdenum grades. Later that year, M3 Engineering produced a pre-feasibility study for Western Copper.

In 2009, Quantec Geoscience Limited of Toronto, Ontario performed a 22.4-km Titan-24 Galvanic Direct Current Resistivity and Induced Polarization (DC/IP) surveys and a Magnetotelluric Tensor Resistivity (MT) survey over the entire porphyry system. Magnetotelluric Resistivity surveys result in high resolution and deep penetration (to 1 km), while the Titan DC Resistivity & Induced Polarization surveys provide reasonable depth coverage to 750 m.

Additionally, in 2009, Western drilled 10,943 m in 37 diamond drill holes, of which 27 holes were infill holes drilled to upgrade the previously designated Inferred Resource and non-defined material to the Measured and Indicated resource categories. Infill drilling covered the north slope of the Patton Hill. The drilling also identified supergene and molybdenum (Mo) mineralization in this area. The remaining 10 holes, totalling 4,327 m, were drilled to test geophysical targets.

In 2010, all Pacific Sentinel's historic drill core stored at the Casino Property was re-logged. The purpose of the re-logging was to provide data for the new lithology and alteration models.

In 2011 and 2012, CMC focused on geotechnical, metallurgical, baseline environmental studies and also completed some drilling, logging and sampling for exploration purposes. In 2011, the program included 41 drill holes for a total of 3,163.26 m. In 2012, six holes (228.07 m) were drilled for geotechnical purposes and 5 holes (1,507.63 m) were drilled for metallurgical sampling.

In 2010, under the direction of the Casino Mining Corporation (CMC), a wholly-owned subsidiary of Western Copper, CMC completed infill and delineation drilling mostly to the north and west of the deposit, as outlined by PSG. The drilling program also defined hypogene mineralization at the southern end of the deposit. In addition, the company drilled a series of geotechnical holes at the proposed tailings embankment area and within the pit, along with several other holes for hydrogeological studies. The geotechnical drilling continued in 2011 (41 holes, 3,163 m) and 2012 (6 holes, 228 m). This work culminated in the publishing of a pre-feasibility study in 2011 and a feasibility study in 2013.

### 1.2.2 Canadian Creek

In mid 2019, CMC acquired the adjacent property to the west referred to as the Canadian Creek property from Cariboo Rose Resources Ltd. Exploration on the Canadian Creek property dates from 1992 when Archer Cathro & Associates (Archer Cathro) staked the Ana Claim block. In 1993 Eastfield Resources Ltd. acquired the Ana Claims and expanded the Ana Claims and explored the expanded property with soil grids, trenching and drilling, (Johnston, 2018). This work was directed at the discovery of additional porphyry deposits. The 1993 program was followed by extensive field programs in 1996, 1997 and 1999 consisting of induced polarization (IP) surveying, road construction, and trenching on the Ana, Koffee, Maya and Ice claims. In 2000, another drill campaign was undertaken by Eastfield on the Ana, Koffee Bowl, and the newly acquired Casino "B" claims located immediately west of the Casino deposit. The Casino "B" holes confirmed the existence of gold mineralization first discovered here in 1994 by Pacific Sentinel, which encountered 55.17 m averaging 0.71 g/t gold in hole 94-319. Modest exploration programs were conducted, mostly over the Casino "B" area, in 2003, 2004 and 2005. In 2007 a five-hole core drill program at Casino "B" targeted gold and copper in soil anomalies and ground magnetics high features.

The discovery in 2009 of gold mineralization on Underworld Resources' White Gold property sparked new interest in gold exploration on the Canadian Creek property. This led to the implementation of a major exploration program at Canadian Creek directed at the gold potential of the property, some distance from the previous work focusing on porphyry copper mineralization. A soil survey revealed extensive areas returning greater than 15 ppb gold in soils, with associated anomalous values in arsenic (As), bismuth (Bi) and antimony (Sb). The induced polarization surveys revealed numerous strong chargeability highs, many of which coincide with the gold-in-soil anomalies. The drilling showed that clay-altered structures with sheeted pyrite veins and/ or quartz-carbonate veins show structural narrowing. With few exceptions, gold grades are less than 1 g/t and widths are less than 3 m.

In 2011, additional soil sampling, ground geophysical surveying and trenching were completed. The soil sampling completed the coverage of the entire Canadian Creek property. A limited-extent induced polarization survey identified two zones of chargeability with values greater than 20 mv/V. The trenching program identified a number of areas with anomalous gold values, ranging from background up to 2,890 and 4,400 ppb Au.

As a follow up to the 2011 program, a modest 2016 program of trenching, prospecting and in-fill soil sampling was carried out by Cariboo Rose Resources Ltd (Cariboo Rose), which had acquired the property from Eastfield. Trenching work conducted in three areas of the Ana portion of the Canadian Creek property returned locally anomalous gold, widely spread anomalous arsenic, bismuth, antimony and locally high silver values, generally confined to narrow structures.

Cariboo Rose's 2017 exploration program consisted of surface work directed at the Kana and Malt West gold targets and a reverse circulation (RC) drill program that tested a variety of gold targets across the property. A total of 2,151.27 metres in 24 holes of reverse circulation (RC) drilling was completed. This work confirmed gold and silver mineralization to be limited to narrow (less than 3-metre-wide) structures rarely traceable over more than 100 m.

### 1.3 Geology

The geology of the Casino deposit is typical of many porphyry copper deposits. The deposit is centered on an Upper Cretaceous-age (72-74 Ma), east-west elongated porphyry stock, called the Patton Porphyry, which intrudes Mesozoic granitoids of the Dawson Range Batholith and Paleozoic schists and gneisses of the Yukon Tanana terrane. Intrusion of the Patton Porphyry into the older rocks caused brecciation of both the intrusive and the surrounding country rocks along the northern, southern and eastern contact of the stock. Brecciation is best developed in the eastern end of the stock where the breccia zone can be up to 400 m wide in plan view. To the west, along the north and south contacts, the breccias narrow gradually to less than 100 m. The overall dimensions of the intrusive complex are approximately 1.8 by 1.0 km.

The main body of the Patton Porphyry is a relatively small, locally mineralized stock measuring approximately 300 by 800 m, surrounded by a potassically-altered intrusion breccia in contact with rocks of the Dawson Range, referred to as White River Granodiorite. Elsewhere, the Patton Porphyry forms discontinuous dikes ranging from less than one up to tens of metres in width, cutting both the Patton Porphyry plug and the Dawson Range Batholith. The overall composition of the Patton Porphyry is rhyodacitic, with dacitic phenocrysts within a quartz latite matrix. It is more commonly comprised of abundant distinct plagioclase phenocrysts and lesser biotite, hornblende, quartz and opaque minerals.

The Intrusion Breccia surrounding the main Patton Porphyry body consists of granodiorite, diorite and xenoliths of Paleozioc metamorphic rocks within fine-grained Patton Porphyry rocks and adjacent Dawson Range granodioritic rocks. The intrusion breccia may have formed in part along the margins of the stock by the stoping of blocks of wall rock. An abundance of Dawson Range Batholith granodioritic inclusions occurs along the southern contact of the main plug, while inclusions of Wolverine Creek metamorphic rocks occur along the northern contact and bleached diorite inclusions occur along the eastern contact of the main plug. Strong potassic alteration locally destroys primary textures.

Primary copper, gold and molybdenum mineralization was deposited from hydrothermal fluids that exploited the contact breccias and fractured wall rocks. Higher grades occur in the breccias and gradually decrease outwards from the contact zones towards the centre of the stock and outward into the granitoids and schists. The main mineralized settings are:

- **Leached Cap Mineralization (CAP)** - This oxidized zone is gold-enriched and copper-depleted due to supergene alteration processes and has a lower specific gravity relative to the supergene zone. Weathering has replaced most minerals with clay which is most intense at the surface and decreases with depth.
- **Supergene Oxide Mineralization (SOX)** - This zone is copper-enriched, with trace molybdenite. It generally occurs as a thin layer above the Supergene Sulphide zone. Where present, the supergene oxide zone averages 10 m thick and locally contains chalcanthite, malachite, brochantite, minor azurite, tenorite, cuprite, and neotocite.
- **Supergene Sulphide Mineralization (SUS)** - Supergene copper mineralization occurs as a weathered zone up to 200 m deep, below the leached cap and above the Hypogene zone. It has an average thickness of 60 m. Grades of the Supergene sulphide zone vary widely, but are highest in fractured and highly pyritic zones, due to their ability to promote leaching and chalcocite precipitation. The copper grades of the Supergene Sulphide zone are almost double those of the Hypogene zone (0.43% Cu versus 0.23% Cu).
- **Hypogene Mineralization** - Hypogene mineralization occurs throughout the various alteration zones of the Casino Porphyry deposit, as mineralized stock-work veins and breccias and represents the "original" mineralized setting. Significant Cu-Mo mineralization is related to the potassically-altered breccia surrounding the core Patton Porphyry, as well as in the adjacent phyllically-altered host rocks of the Dawson Range Batholith. The pyrite halo of this mineralization is host to the highest Cu values on the property.

### 1.4 Deposit Type

The Casino deposit is best classified as a calc-alkalic porphyry type deposit associated with a tonalite intrusive stock (the Patton Porphyry). Primary copper, gold and molybdenum mineralization was deposited from hydrothermal fluids that exploited the contact breccias and fractured wall rocks. Higher grades occur in the contact breccias. Grades gradually decrease inward from the contact zone towards the centre of the stock and outward into the host granitoids and schists. A general zoning of the primary sulphides occurs, with chalcopyrite and molybdenite occurring in the core tonalite and breccias, grading outward into pyrite-dominated mineralization in the surrounding granitoids and schists. Alteration accompanying the sulphide mineralization consists of an earlier phase of potassic alteration and a later overprinting of phyllic alteration. The potassic alteration typically comprises secondary biotite and K-feldspar as pervasive replacement and includes veins and stockworks of quartz and anhydrite veinlets. Phyllic alteration consists of replacements and vein-style sericite and silicification.

The Casino Copper deposit is unusual amongst Canadian porphyry copper deposits in that it has a well-developed enriched secondary supergene blanket of copper mineralization. This is a porphyry model similar to the Escondita deposit in Chile and the Morenci deposit in the southwest United States. Unlike other porphyry deposits in Canada, the Casino deposit's enriched supergene copper blanket was not eroded by the glacial action of ice sheets during the last ice age. At Casino, weathering during the Tertiary Period leached the copper from the upper 70 m of the deposit and re-deposited it lower in the deposit, forming the Supergene zone. This resulted in a layer-like sequence consisting of an upper leached zone, up to 70 m thick, where all sulphide minerals have been oxidized and copper removed, leaving a bleached, iron oxide leached cap containing residual gold. Beneath the leached cap is a zone up to 100 m thick of secondary copper mineralization, consisting primarily of chalcocite and minor covellite, as well as a thin, discontinuous layer of copper oxide minerals at the upper contact with the leach cap. The copper grades of the enriched, blanket-like zone can be up to twice that of the underlying, unweathered hypogene zone hosting primary copper mineralization. Primary mineralization consists of pyrite, chalcopyrite and lesser molybdenite. The primary copper mineralization is persistent at depth, extending to more than 600 m within the deepest drill holes completed to date.

### 1.5 Exploration Status

In 2019, CMC carried out a program of infill drilling designed to convert mineralization from the Inferred category, located along the margin of the deposit, into the Indicated category. A total of 72 holes comprising 13,594.63 m of drilling were drilled, logged and sampled in 2019.

### 1.6 Exploration Procedures

Exploration on the property over its history has included prospecting, geological mapping, multi-element soil geochemistry, magnetic and induced polarization surveys, trenching and drilling. Targets of early drilling on the Casino Deposit were based mainly on coincident copper and molybdenum-in-soil anomalies. Since 1993, with the exception of a Titan TM Survey, exploration in the vicinity of the Casino deposit has focused on drilling on a grid pattern using a core drill with a core diameter primarily of NQ and NTW thickness, with a smaller number of holes drilled with HQ diameter core. The earlier soil sampling and geophysical results, in the vicinity of the Casino Deposit, have all been tested by drilling and shown to be caused by porphyry copper mineralization.

To the west of the Casino deposit, on the recently acquired Canadian Creek Property, exploration utilized grid soil sampling, ground magnetic and induced polarisation surveys to generate targets for trenching and drilling. Initially, the focus of the geochemical and geophysical surveys was to locate porphyry copper mineralization. Subsequent to 2016, the focus of this work switched to the identification of gold mineralization similar to that discovered at nearby Coffee Creek.

Soil sampling west of the Casino Deposit results show a co-incident copper and gold-in-soil anomaly at the 50-ppm Cu and the 15-ppb Au levels respectively, extending approximately 3 km west from the western limits of the Casino deposit. The coincident anomaly has been tested by 16 core holes. The holes closest to the Casino Deposit revealed moderate potassic alteration and strong propylitic alteration. The four closest holes intersected leached cap or incipient leaching, weak supergene enrichment, and hypogene copper-gold-molybdenum mineralization, typical of the outer edges of a porphyry copper- gold-molybdenum deposit. Copper grades are in the 0.03 to 0.07% range, gold grades range from 0.1 to 0.3 g/t and molybdenum values range from 20 - 40 ppm (0.002 to 0.004%). Further, there is a general increase in copper, gold and molybdenum in the Casino B drill holes eastward towards the Casino deposit. These holes are defining the western limits of the Casino deposit system.

Ground magnetic surveying at a line spacing of 100 m was undertaken over the Canadian Creek portion of the Casino Property. The survey detected a number of lineaments, oriented mostly northwest-southeast, though none obviously align with the soil geochemical anomalies. The ground magnetic data shows a trend of magnetic high features extending from the Casino Deposit through the Ana to the Koffee Bowl areas. This west-southwest trend follows the trend of Patton Porphyry dykes extending from the main intrusive complex.

Induced polarization surveys in 1993 and 1996 utilized a pole-dipole array with a spacing of 75 m and an n1 to n4 depth profile. The 2009 survey was a pole-dipole survey using an a spacing of 25 m and an n1 to n6 depth profile. The 2011 pole dipole survey used a spacing of 25 m and an n1 to n8 profile. In general, the surveys used small "a" spacings and have a limit depth search. The survey identified a number of high chargeability anomalies which remain to be tested.

## 1.7 Mineral Resource Estimate

### 1.7.1 Mineral Resource

The Mineral Resource for the Casino Project includes Mineral Resources amenable to milling and flotation concentration methods (mill material) and Mineral Resource amenable to heap leach recovery methods (leach material). Table 1-1 presents the Mineral Resource for mill material. Mill material includes the supergene oxide (SOX), supergene sulphide (SUS) and hypogene sulphide (HYP) mineral zones. Measured and Indicated Mineral Resources amount to 2.17 billion tonnes at 0.16% total copper, 0.18 g/t gold, 0.017% moly and 1.4 g/t silver and contained metal amounts to 7.43 billion pounds of copper, 12.7 million ounces gold, 811.6 million pounds of moly and 100.2 million ounces of silver. Inferred Mineral Resource is an additional 1.43 billion tonnes at 0.10% total copper, 0.14 g/t gold, 0.010% moly and 1.2 g/t silver and contained metal amounts to 3.24 billion pounds of copper, 6.4 million ounces of gold, 322.8 million pounds moly and 53.5 million ounces of silver for the Inferred Mineral Resource in mill material.

Table 1-2 presents the Mineral Resource for leach material. Leach material is oxide dominant leach cap (LC) mineralization. The emphasis of leaching is the recovery of gold in the leach cap. Copper grades in the leach cap are low, but it is expected some metal will be recovered. Measured and Indicated Mineral Resources amount to 217.4 million tonnes at 0.03% total copper, 0.25 g/t gold and 1.9 g/t silver and contained metal amounts to 166.5 million pounds of copper, 1.8 million ounces gold and 13.3 million ounces of silver. Inferred Mineral Resource is an additional 31.1 million tonnes at 0.03% total copper, 0.17 g/t gold and 1.7 g/t silver and contained metal amounts to 17.2 million pounds of copper, 200,000 ounces of gold and 1.7 million ounces of silver for the Inferred Mineral Resource in leach material.

Table 1-3 presents the Mineral Resource for combined mill and leach material for copper, gold, and silver. Measured and Indicated Mineral Resources amount to 2.39 billion tonnes at 0.14% total copper, 0.19 g/t gold and 1.5 g/t silver. Contained metal amounts to 7.60 billion pounds copper, 14.5 million ounces gold and 113.5 million ounces of silver for Measured and Indicated Mineral Resources. Inferred Mineral Resource is an additional 1.46 billion tonnes at 0.10% total copper, 0.14 g/t gold and 1.2 g/t silver. Contained metal amounts to 3.26 billion pounds of copper, 6.6 million ounces of gold and 55.2 million ounces of silver for the Inferred Mineral Resource. The Mineral Resource for moly is as shown with mill material since it will not be recovered for leach material.

The Mineral Resources are based on a block model developed by IMC during June 2020. This updated model incorporated the 2019 Western Copper drilling and updated geologic models. It also includes some 2010 through 2012 Western Copper drilling that was not available for the previous Mineral Resource estimate done in 2010.

The Measured, Indicated, and Inferred Mineral Resources reported herein are contained within a floating cone pit shell to demonstrate "reasonable prospects for eventual economic extraction" to meet the definition of Mineral Resources in NI 43-101.

**Table 1-1: Mineral Resource for Mill Material at C$5.70 NSR Cutoff**

| Resource Class | Tonnes Mt | NSR ($/t) | Copper (%) | Gold (g/t) | Moly (%) | Silver (g/t) | CuEq % | Copper (mlbs) | Gold (moz) | Moly (mlbs) | Silver (moz) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Measured | 145.3 | 38.08 | 0.31 | 0.40 | 0.025 | 2.1 | 0.74 | 985.8 | 1.9 | 80.6 | 9.8 |
| Indicated | 2,028.0 | 19.10 | 0.14 | 0.17 | 0.016 | 1.4 | 0.33 | 6,448.5 | 10.9 | 731.0 | 90.4 |
| M+I | 2,173.3 | 20.37 | 0.16 | 0.18 | 0.017 | 1.4 | 0.36 | 7,434.3 | 12.7 | 811.6 | 100.2 |
| Inferred | 1,430.2 | 14.50 | 0.10 | 0.14 | 0.010 | 1.2 | 0.24 | 3,240.4 | 6.4 | 322.8 | 53.5 |

**Table 1-2: Mineral Resource for Leach Material at C$5.46 NSR Cutoff**

| Resource Class | Tonnes Mt | NSR ($/t) | Copper (%) | Gold (g/t) | Silver (g/t) | AuEq (g/t) | Copper (mlbs) | Gold (moz) | Silver (moz) |
|---|---|---|---|---|---|---|---|---|---|
| Measured | 37.2 | 19.72 | 0.05 | 0.45 | 2.8 | 0.48 | 39.3 | 0.5 | 3.3 |
| Indicated | 180.2 | 9.54 | 0.03 | 0.21 | 1.7 | 0.23 | 127.2 | 1.2 | 10.0 |
| M+I | 217.4 | 11.28 | 0.03 | 0.25 | 1.9 | 0.27 | 166.5 | 1.8 | 13.3 |
| Inferred | 31.1 | 7.60 | 0.03 | 0.17 | 1.7 | 0.18 | 17.2 | 0.2 | 1.7 |

**Table 1-3: Mineral Resource for Copper, Gold, and Silver (Mill and Leach)**

| Resource Class | Tonnes Mt | NSR ($/t) | Copper (%) | Gold (g/t) | Silver (g/t) | Copper (mlbs) | Gold (moz) | Silver (moz) |
|---|---|---|---|---|---|---|---|---|
| Measured | 182.4 | 34.34 | 0.25 | 0.41 | 2.2 | 1,025.1 | 2.4 | 13.1 |
| Indicated | 2,208.3 | 18.32 | 0.14 | 0.17 | 1.4 | 6,575.6 | 12.1 | 100.5 |
| M+I | 2,390.7 | 19.54 | 0.14 | 0.19 | 1.5 | 7,600.7 | 14.5 | 113.5 |
| Inferred | 1,461.3 | 14.35 | 0.10 | 0.14 | 1.2 | 3,257.6 | 6.6 | 55.2 |

Notes:

1. The Mineral Resources have an effective date of 3 July 2020 and the estimate was prepared using the definitions in CIM Definition Standards (10 May 2014).
2. All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources for leach material are based on prices of US$2.75/lb copper, US$1,500/oz gold and US$18/oz silver.
5. Mineral Resources for mill material are based on prices of US$2.75/lb copper, US$1,500/oz gold, US$18/oz silver, and US$11.00/lb moly.

6. Mineral Resources are based on NSR Cutoff of C$5.46/t for leach material and C$5.70/t for mill material.

7. NSR value for leach material is as follows:

   NSR (C$/t) = $12.65 x copper (%) + $41.55 x gold (g/t) + $0.191 x silver (g/t), based on copper recovery of 18%, gold recovery of 66% and silver recovery of 26%.

8. NSR value for hypogene sulphide mill material is:

   NSR (C$/t) = $60.18 x copper (%) + $41.01 x gold (g/t) + $214.94 x moly (%) + $0.355 x silver (g/t), based on recoveries of 92.2% copper, 66% gold, 50% silver and 78.6% moly.

9. NSR value for supergene (SOX and SUS) mill material is:

   NSR (C$/t) = $65.27 x recoverable copper (%) + $42.87 x gold (g/t) + $142.89 x moly (%) + $0.425 x silver (g/t), based on recoveries of 69% gold, 60% silver and 52.3% moly. Recoverable copper = 0.94 x (total copper - soluble copper).

10. Table 14-6 accompanies this Mineral Resource statement and shows all relevant parameters.

11. Mineral Resources are reported in relation to a conceptual constraining pit shell in order to demonstrate reasonable prospects for eventual economic extraction, as required by the definition of Mineral Resource in NI 43-101; mineralization lying outside of the pit shell is excluded from the Mineral Resource.

12. AuEq and CuEq values are based on prices of US$2.75/lb copper, US$1,500/oz gold, US$18/oz silver, and US$11.00/lb moly, and account for all metal recoveries and smelting/refining charges.

**1.8 Sensitivity to NSR Cutoff**

Table 1-4 shows resources at varying NSR Cutoffs for mill material. All tabulations are contained by the constraining pit shell used for the base case Mineral Resource at C$5.70 per tonne (highlighted). Increasing the NSR Cutoff by 40% to C$8/t has only a modest effect on the size of the Mineral Resource amenable to milling, decreasing resource tonnes by 6% and the contained copper and gold by 1.6% and 2.6% respectively. Table 1-5 shows resources at varying NSR Cutoffs for leach material. Again, all tabulations are contained by the constraining pit shell used for the base case Mineral Resource. The base case resource at an NSR Cutoff of C$5.46 per tonne is highlighted. Increasing the NSR Cutoff of leach material to C$8/t only reduces the contained gold by 20%.

**Table 1-4: Mineral Resource - Mill Material by Various NSR Cutoffs (C$)**

| NSR Cog ($/t) | Resource Category | Tonnes Mt | NSR ($/t) | Copper (%) | Gold (g/t) | Moly (%) | Silver (g/t) | CuEq (%) | Copper (mlbs) | Gold (moz) | Moly (mlbs) | Silver (moz) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **5.70** | Measured | 145.3 | 38.08 | 0.31 | 0.40 | 0.025 | 2.1 | 0.74 | 986.5 | 1.9 | 80.7 | 9.8 |
| | Indicated | 2,028.0 | 19.10 | 0.14 | 0.17 | 0.016 | 1.4 | 0.33 | 6,438.2 | 10.8 | 733.2 | 90.6 |
| | **M+I** | **2,173.3** | **20.37** | **0.15** | **0.18** | **0.017** | **1.4** | **0.36** | **7,424.7** | **12.7** | **813.9** | **100.4** |
| | Inferred | 1,430.2 | 14.50 | 0.10 | 0.14 | 0.010 | 1.2 | 0.24 | 3,247.6 | 6.4 | 324.8 | 53.3 |
| **8** | Measured | 144.6 | 38.22 | 0.31 | 0.40 | 0.025 | 2.1 | 0.74 | 985.2 | 1.9 | 80.7 | 9.7 |
| | Indicated | 1,898.4 | 19.93 | 0.15 | 0.17 | 0.017 | 1.4 | 0.34 | 6,319.6 | 10.5 | 724.0 | 87.3 |
| | **M+I** | **2,043.0** | **21.22** | **0.16** | **0.19** | **0.018** | **1.5** | **0.37** | **7,304.8** | **12.4** | **804.7** | **97.0** |
| | Inferred | 1,181.0 | 16.11 | 0.12 | 0.15 | 0.012 | 1.2 | 0.27 | 3,020.3 | 5.7 | 309.8 | 47.1 |
| **16** | Measured | 139.3 | 39.19 | 0.32 | 0.41 | 0.026 | 2.1 | 0.76 | 973.4 | 1.8 | 80.1 | 9.5 |
| | Indicated | 1,182.3 | 24.61 | 0.19 | 0.21 | 0.022 | 1.7 | 0.42 | 4,900.0 | 7.8 | 583.8 | 64.2 |
| | **M+I** | **1,321.5** | **26.15** | **0.20** | **0.23** | **0.023** | **1.7** | **0.46** | **5,873.4** | **9.6** | **664.0** | **73.8** |
| | Inferred | 390.0 | 24.95 | 0.19 | 0.21 | 0.021 | 1.6 | 0.42 | 1,625.0 | 2.6 | 180.6 | 20.6 |
| **30** | Measured | 101.3 | 44.77 | 0.36 | 0.47 | 0.030 | 2.3 | 0.87 | 799.4 | 1.5 | 67.2 | 7.6 |
| | Indicated | 229.6 | 36.14 | 0.28 | 0.31 | 0.032 | 2.3 | 0.62 | 1,402.1 | 2.3 | 163.0 | 16.9 |
| | **M+I** | **330.9** | **38.78** | **0.30** | **0.36** | **0.032** | **2.3** | **0.70** | **2,201.5** | **3.8** | **230.2** | **24.5** |
| | Inferred | 74.4 | 39.26 | 0.32 | 0.32 | 0.029 | 2.4 | 0.65 | 521.3 | 0.8 | 47.0 | 5.6 |

**Table 1-5: Mineral Resource - Leach Material by Various NSR Cutoffs (C$)**

| NSR Cog ($/t) | Resource Category | Tonnes Mt | NSR ($/t) | Copper (%) | Gold (g/t) | Silver (g/t) | AuEq (g/t) | Copper (mlbs) | Gold (moz) | Silver (moz) |
|---|---|---|---|---|---|---|---|---|---|---|
| **5.46** | Measured | 37.2 | 19.72 | 0.05 | 0.45 | 2.8 | 0.48 | 39.3 | 0.53 | 3.29 |
| | Indicated | 180.2 | 9.54 | 0.03 | 0.21 | 1.7 | 0.23 | 127.2 | 1.23 | 10.03 |
| | **M+I** | **217.4** | **11.28** | **0.03** | **0.25** | **1.9** | **0.27** | **166.5** | **1.76** | **13.31** |
| | Inferred | 31.1 | 7.60 | 0.03 | 0.17 | 1.7 | 0.18 | 17.2 | 0.17 | 1.70 |
| **8** | Measured | 35.4 | 20.36 | 0.05 | 0.46 | 2.8 | 0.49 | 38.2 | 0.53 | 3.21 |
| | Indicated | 107.3 | 11.43 | 0.03 | 0.26 | 2.0 | 0.28 | 71.0 | 0.89 | 6.83 |
| | **M+I** | **142.7** | **13.64** | **0.03** | **0.31** | **2.2** | **0.33** | **109.2** | **1.41** | **10.04** |
| | Inferred | 10.6 | 9.84 | 0.02 | 0.22 | 2.3 | 0.24 | 4.7 | 0.08 | 0.79 |
| **12** | Measured | 29.5 | 22.45 | 0.05 | 0.51 | 3.0 | 0.54 | 33.8 | 0.48 | 2.88 |
| | Indicated | 36.3 | 14.76 | 0.03 | 0.34 | 2.4 | 0.36 | 24.0 | 0.39 | 2.83 |
| | **M+I** | **65.8** | **18.21** | **0.04** | **0.41** | **2.7** | **0.44** | **57.8** | **0.88** | **5.72** |
| | Inferred | 1.1 | 12.77 | 0.01 | 0.30 | 1.2 | 0.31 | 0.1 | 0.01 | 0.04 |
| **14** | Measured | 26.6 | 23.50 | 0.05 | 0.54 | 3.1 | 0.57 | 31.0 | 0.46 | 2.68 |
| | Indicated | 17.9 | 16.63 | 0.03 | 0.38 | 2.6 | 0.40 | 12.3 | 0.22 | 1.52 |
| | **M+I** | **44.5** | **20.73** | **0.04** | **0.47** | **2.9** | **0.50** | **43.3** | **0.68** | **4.20** |
| | Inferred | 0.0 | 0.00 | 0.00 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.00 |

### 1.9 Conclusions and Recommendations

This study has resulted in an updated Mineral Resource estimate for the Casino Project. Measured and Indicated Mineral Resources amenable to milling have increased about 106% compared to the previous, December 2010, estimate. The increase is due to higher commodity prices and new drilling that converted previous Inferred Mineral Resource to Indicated Mineral Resource.

The Casino deposit also includes a significant Mineral Resource amenable to heap leaching. One possible development path for Casino is to develop the heap leach project as a standalone project to commence development of the deposit.

The most significant risks to the Mineral Resource are related to economic parameters such as prices lower than forecast, recoveries lower than forecast, or costs higher than the current estimates. The mining cost used for the Mineral Resource estimate is based on the assumption the trucks can be fueled with a liquid natural gas (LNG)/diesel fuel mixture at a significant fuel cost reduction compared to diesel fuel alone. If this is not done the mining costs will be significantly higher.

CMC launched a new drilling program in June to build upon the results of the 2019 drilling campaign. The 2020 drilling campaign will consist of 43 drill holes between 150 to 500 m in depth and will target the High Gold Zone, Northern Porphyry, and Canadian Creek Targets identified by the 2019 drilling program. Costs are expected to be $3-5 million.

Upon completion of the drilling campaign, it is recommended that CMC consider developing a new Feasibly Study, the cost of which is expected to be $3-5 million.

After completion of the Feasibility Study, CMC should consider restarting permitting of the project. Permitting costs are variable, but are likely in the $20-30 million range."

**Schedule B**
**AUDIT COMMITTEE CHARTER**

## A. PURPOSE

The Board of Directors of Western Copper and Gold Corporation (the "Company") has an overall responsibility to oversee the affairs of the Company for the benefit of the shareholders. The Committee is appointed by the Board to assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities are to:

- review the effectiveness of the overall process of identifying and addressing material, financial-related business risk and the adequacy of the related disclosure;
- monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance;
- monitor the independence and the performance of the Company's external auditors;
- provide an avenue of communications among the external auditors, management and the Board of Directors;
- encourage adherence to, and continuous improvement of, the Company's policies, procedures and practices relating to financial matters at all levels; and
- maintain an effective complaints procedure.

## B. COMPOSITION AND MEETINGS

The Committee shall be comprised of a minimum of three or more directors, as determined by the Board, each of whom shall meet the independence requirements of the relevant securities exchanges and regulatory agencies as may apply from time to time. Each member will be independent of management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment. All members of the Committee must be financially literate. Financially literate means that the member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The Committee members shall be appointed by the Board at its first meeting following each annual shareholders' meeting. If the Committee Chair is not designated by the Board, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee meetings may be held in person, by telephone conference or by video conference. A majority of the members of the Committee present in person, by teleconferencing or by videoconferencing will constitute a quorum.

The Committee may invite the Company's external auditors, the Chief Financial Officer ("CFO"), and such other persons as deemed appropriate by the Committee, to attend meetings of the Committee. The Committee shall meet at least annually with management and the external auditors to discuss any matters that the Committee or each of these groups believes should be discussed. In addition, a portion of each Committee meeting shall be held, in camera, without any member of management being present.

**C. POWER AND AUTHORITY**

The Committee shall have:

1. the power to conduct or authorize investigations into any matter within the scope of its responsibilities;

2. the right to engage independent legal, accounting or other advisors as it determines necessary to carry out its duties and the right to set the compensation for any advisors employed by the Committee;

3. the right at any time and without restriction to communicate directly with the CFO, other members of management who have responsibility for the audit process and external auditors; and

4. such other powers and duties as may be delegated to it from time to time by the Board.

**D. RESPONSIBILITIES AND DUTIES - DETAIL**

Review Procedures

The Committee shall:

1. review with the external auditors, in advance of the audit, the audit process and standards, as well as regulatory or Company-initiated changes in accounting practices and policies and the financial impact thereof, and selection or application of appropriate accounting principles;

2. review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements; the appropriateness and disclosure of any off-balance sheet matters; and disclosure of related-party transactions;

3. meet at least annually with the external auditors separately from management to review the integrity of the Company's financial reporting processes, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates, performance of internal audit management, any significant disagreements or difficulties in obtaining information, adequacy of internal controls over financial reporting and the degree of compliance of the Company with prior recommendations of the external auditors. The Committee shall review with management any matters raised by the external auditors and direct management to implement such changes as the Committee considers appropriate, subject to any required approvals of the Board arising out of the review;

4. discuss with management significant financial or other risk exposures and the steps management has taken to monitor, control and report such exposures;

5. review the Company's annual audited financial statements and management discussion and analysis prior to public disclosure and make recommendations to the Board respecting approval of the audited financial statements;

6. review with management, the Company's interim financial results and management discussion and analysis prior to public disclosure. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the external auditors. If the statements are to be reviewed by the auditors, the Committee shall consult with the auditors as required during the process. The Committee shall make recommendations to the Board respecting approval of the interim financial statements or, if authorized to do so by the Board, approve the interim statements and MD&A; and

7. periodically assess the adequacy of the disclosure policy and procedures in place including procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure of the statements themselves, and all FOFI, and satisfy itself that those procedures are satisfactory. If the procedures are not considered satisfactory, the Committee should work with management to revise the procedures appropriately.

External auditors

1. The external auditors shall report and are accountable directly to the Committee. The Committee shall at least annually review the independence and performance of the external auditors. It shall recommend to the Board of Directors the external auditors to be approved at a shareholders' meeting and recommend to the Board any discharge of auditors when circumstances warrant. If the auditors are not to be reappointed, the Committee shall select and recommend a suitable alternative.

2. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3. The Committee is responsible for approving the fees and other significant compensation to be paid to the external auditors, and pre-approving, subject to ratification by the Board, any non-audit services that the auditor may provide. The Committee may delegate certain pre-approval functions for non-audit services to one or more independent members of its Committee if it first adopts specific policies and procedures respecting same and provided such decisions are presented to the full Committee for approval at its next meeting.

4. On an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditor's independence.

5. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

6. The Committee shall obtain from the external auditors confirmation that the external auditors are a 'participating audit' firm for the purpose of National Instrument 52-108 *Auditor Oversight* and are in compliance with governing regulations.

**E. DUTIES AND RESPONSIBILITIES - GENERAL**

The Committee shall:

1. on at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies;

2. annually prepare a report to shareholders to be included in the Company's annual information circular as required by applicable securities laws. The Chairman of the Committee, or other member appointed by the Chair, will review all disclosure documents to be issued by the Company relating to financial matters, including news releases, annual information forms and information circulars;

3. review and assess the adequacy of this Charter at least annually and submit it to the Board for approval;

4. annually evaluate the Committee's performance and report its findings to the Board;

5. maintain minutes of meetings and periodically report to the Board on significant results of the Committee's activities; and

6. perform any other activities consistent with this Charter, the Company's documents, and governing law, as the Committee or the Board deems necessary or appropriate.

**F. COMPLAINTS PROCEDURE**

Complaints regarding accounting, internal accounting controls, or auditing matters may be submitted to the Committee, attention: The Chair. Complaints may be made anonymously and, if not made anonymously, the identity of the person submitting the complaint will be kept confidential. Upon receipt of a complaint, the Chair will conduct or designate a member of the Committee to conduct an initial investigation. If the results of that initial investigation indicate there may be any merit to the complaint, the matter will be brought before the Committee for a determination of further investigation and action. Records of complaints made and the resulting action or determination with respect to the complaint shall be documented and kept in the records of the Committee for a period of three years.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**FOR THE YEAR ENDED DECEMBER 31, 2020**

The following management discussion and analysis of Western Copper and Gold Corporation (together with its subsidiaries, "Western" or the "Company") is dated March 26, 2021, and provides an analysis of the Company's results of operations for the year ended December 31, 2020.

This discussion is intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward looking statements relating to its potential future performance. The information should be read in conjunction with Western's audited consolidated financial statements for the year ended December 31, 2020, and the notes thereto prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The Company's accounting policies are described in note 3 to the audited consolidated financial statements for the year ended December 31, 2020. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise indicated.

Western is listed on the Toronto Stock Exchange ("TSX") and the NYSE American under the symbol WRN. Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2020 ("AIF"), is filed with Canadian regulators on SEDAR at www.sedar.com. This information, along with Western's annual report on Form 40-F, filed with the United States Securities and Exchange Commission (the "SEC"), is also available at edgar.sec.gov/edgar.shtml.

The operations of the Company are speculative due to the high-risk nature of the mining industry. Western faces risks that are generally applicable to its industry and others that are specific to its operations. Certain key risks affecting the Company's current and future operations are discussed in its AIF and Form 40-F. This list is not exhaustive. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. Such risk factors could materially affect the value of the Company's assets and future operating results, and could cause actual results to differ materially from those described in the forward looking statements contained in this management discussion and analysis. *Reference is made to the discussion of forward-looking statements at the end of this document.*

## DESCRIPTION OF BUSINESS

Western Copper and Gold Corporation and its wholly-owned subsidiary, Casino Mining Corp. ("Casino Mining"), are focused on advancing the Casino project ("Casino" or "Casino Project") towards production. The Casino Project is located in Yukon, Canada and hosts one of the largest undeveloped copper-gold deposits in Canada.

## CORPORATE DEVELOPMENT

### Financings

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 $28,751,035. The Company incurred $1,803,636 in costs associated with the Offering. The Offering was made by way of a prospectus supplement to the Company's existing Canadian base shelf prospectus and related U.S. registration statement on Form F-10. The U.S. form of base shelf prospectus is included in the registration statement.

On June 1, 2020, the Company 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.

On February 28, 2020, the Company completed a private placement, wherein strategic investor and director Michael Vitton purchased 3,000,000 units at a price of $0.65 per unit for gross proceeds of $1,950,000. Each unit consists of one common share of the Company and half of one warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of $0.85 until February 28, 2025.

**Director Changes**

On November 6, 2020, the Company appointed Dr. Bill Williams to Western's Board of Directors. Dr. Williams is an economic geologist with nearly 40 years of experience related to the exploration and development of mining and oil & gas projects as well as oversight of mining operations. He provides consulting services to the mining industry with a focus on company/project evaluations, M&A analyses, risk analysis, project management, and permitting strategies. Most recently, he served as the Interim CEO and Director of Detour Gold Corporation and was a Director and COO of Zinc One Resources Inc.

Mr. Michael Vitton was elected to the board of directors at the Company's recent Annual General Meeting ("AGM") held on June 10, 2020. Longtime board member Robert Gayton did not stand for re-election at this year's AGM.

Mr. Vitton is the former Executive Managing Director, Head, US Equity Sales, Bank of Montreal Capital Markets (BMO Capital Markets) where he originated and placed more than USD $200 billion through public and secondary offerings and M&A transactions across all sectors. In the metals and mining sector, Mr. Vitton has acted as seed investor, lead/co-lead underwriter or in a M&A capacity in some of the most important deals in the sector including African Platinum Ltd., Arequipa Resources Ltd., Bema Gold Corp, Brancotte Resources, Comaplex Minerals Corp., Detour Gold Corp, Diamond Fields Resources Inc., Echo Bay Mines Ltd., Francisco Gold Corp., Franco-Nevada Corp., Gammon Gold Inc., Getchell Gold Corp., Golden Shamrock Mines Ltd., Guinor Resources Ltd., Hemlo Gold Mines Inc., Ivanhoe Mines Ltd., Meridian Gold Inc., MexGold Resources Inc., Minefinders Corporation Ltd., Moto Goldmines Ltd., New Gold Inc., Northern Orion Resources Inc., Osisko Mining Inc, Peru Copper Inc., Wheaton River Minerals Ltd., Randgold Resources Ltd., Rio Narcea Gold Mines Ltd., Skye Resources Inc., Semafo Inc., Sino Gold Mining Ltd., UrAsia Energy, UraMin Inc. among many others. Mr. Vitton was also the co-founder of MMX Minerals e Metalicos SA (Brazil) (“MMX”) and LLX Logistica SA (Brazil). MMX sold Minas Rio and Amapa assets to Anglo American Corporation for USD $5.5 billion in cash in December 2008, returning USD $8.8 billion in cash or stock distributions to MMX shareholders, offering six times return from IPO. LLX Logistica (Acu Port) was sold to EIG (Energy Infrastructure Group). Additionally, he co-founded Petro Rio SA, one of the leading Brazilian public oil and gas producers, producing over 35,000 bbls per day, with a current market capitalization of USD $2.8 billion.

Recently, Mr. Vitton acted as seed investor and capital markets advisor to Newmarket Gold Inc., which was sold to Kirkland Lake Gold Ltd. for CAD $ 1 billion, combining to form a CAD $2.4 billion company. Kirkland Lake Gold Ltd. was awarded 2018 Digger of the Year (Diggers and Dealers). He acted as investor and capital markets advisor to ASX-listed Gold Road Resources Ltd., raising AUD $57 million, and bringing the Gruyere gold mine into production jointly with Gold Fields SA. Gold Road Resources Ltd. won the Diggers and Dealers award for best deal in 2017. He acted as investor and advisor to Cardinal Resources Ltd. in its acquisition by Shandong Gold Group. Mr. Vitton is currently an investor, director and special committee member of Premier Gold Mines Limited [TSX:PG], which is being acquired by Equinox Gold Corp. Mr. Vitton is a partner and member of P5 Infrastructure, operating in partnership with EQT Infrastructure/CMA CGM, where EQT Infrastructure/P5 Infrastructure acquired 90% of Global Gateway South Terminal, a deep sea terminal in Long Beach Harbor, CA. Mr. Vitton is a graduate of the University of Michigan Business School, former Seat Holder, NYSE, and former President, New York Society of Metals Analysts. He has invested and partnered with some of the largest sovereign fund, private equity funds, mutual and hedge funds. Mr. Vitton is focused on the energy, infrastructure, industrial and mining sectors.

On August 17, 2020, Archie Lang resigned from the board of directors of the Company.

**CASINO PROJECT UPDATE**

**2020 Drilling and Exploration Program Results**

On February 2, 2021, the Company announced it's 2020 drilling and exploration program results. The exploration program consisted of 12,008 m of diamond drilling in 49 holes. There were four major drilling targets: the "Gold Zone", a zone of higher-grade gold values along the southern and western margins of the Casino deposit; step-out drilling at the "Northern Porphyry Zone"; drilling in the "Casino West Zone" west of the Gold Zone; and a new target in the "Ana Zone" located 2 km west of the Casino West Zone within the Canadian Creek claim block acquired in 2019. A full table of all drill results can be found here: http://westerncopperandgold.com/wp-content/uploads/2021/02/2020_Drill_Results.pdf

Gold Zone and Deposit Core

Drilling at the Gold Zone confirmed the higher copper and gold grades of the breccia-hosted mineralization. All 20 completed holes within the Gold Zone returned notable intervals of mineralization.

Of note is an area within the eastern Gold Zone where a cluster of angle holes, DDH20-05, 08, 27, and 46, were drilled into the core of the Casino porphyry-copper system. Holes DDH20-05, 08, and 27 drilled a leached cap whose thickness is approximately 100 m over an area of 500 m by 300 m. These holes confirmed gold grades that are significantly higher than the 0.25 g/t gold measured and indicated heap-leach resource grade[1]. In addition, holes DDH20-05, 08, and 46 confirmed gold and copper grades significantly higher than the 0.16% copper and 0.18 g/t gold grades of the measured and indicated mill resource[1]. These grades extend over 100 m below the leached cap in the supergene and hypogene zones and cover an area of 800 m x 500 m. This material would be targeted in the early years of the mill operation.

Also, higher-grade gold-silver intervals spatially related to the late-stage Patton Porphyry dykes throughout the main deposit enrich the tenor of mineralization locally within the Gold Zone.

**Table 1: Significant drill intercepts from the eastern Gold Zone**

| Hole | Met Zone | Hole Length | From (m) | To (m) | Width (m)[2] | Cu (%) | Au (g/t) | Ag (g/t) | Mo (%) | CuEq (%)[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| DDH20-05 | Leached Cap | 354.48 | 3.25 | 178.74 | 175.49 | 0.06 | 0.76 | 5.5 | 0.029 | |
| | Supergene | | 178.74 | 223.15 | 44.41 | 0.74 | 0.83 | 6.0 | 0.081 | 1.77 |
| | Hypogene | | 223.15 | 354.48 | 131.33 | 0.36 | 0.46 | 3.1 | 0.018 | 0.82 |
| DDH20-08 | Leached Cap | 271.27 | 7.40 | 169.70 | 162.30 | 0.03 | 0.44 | 3.6 | 0.015 | |
| | Supergene | | 169.70 | 218.00 | 48.30 | 0.52 | 0.77 | 7.9 | 0.038 | 1.36 |
| | Hypogene | | 218.00 | 271.27 | 53.27 | 0.36 | 0.56 | 5.8 | 0.020 | 0.95 |
| DDH20-27 | Leached Cap | 148.44 | 9.05 | 148.44 | 139.39 | 0.00 | 0.29 | 1.2 | 0.000 | |
| DDH20-46 | Leached Cap | 301.75 | 3.30 | 145.10 | 141.80 | 0.01 | 0.28 | 5.4 | 0.002 | |
| | Supergene | | 145.10 | 172.09 | 26.99 | 0.28 | 0.37 | 2.40 | 0.004 | 0.61 |
| | Hypogene | | 172.09 | 301.75 | 129.66 | 0.24 | 0.38 | 2.80 | 0.014 | 0.63 |

**Northern Porphyry**

At the Northern Porphyry Zone, step-out drill holes like DDH20-09 and 44 increased the northern extent of mineralization by approximately 500 m (Table 2).

**Table 2: Significant drill intercepts from the Northern Porphyry**

| Hole | Met Zone | Hole Length | From (m) | To (m) | Width (m)[2] | Cu (%) | Au (g/t) | Ag (g/t) | Mo (%) | CuEq (%)[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| DDH20-09 | Supergene | 260.60 | 7.30 | 61.30 | 54.00 | 0.30 | 0.25 | 1.30 | 0.003 | 0.52 |
| | Hypogene | | 61.30 | 260.60 | 199.30 | 0.16 | 0.19 | 1.20 | 0.005 | 0.34 |
| DDH20-44 | Leached Cap | 300.23 | 0.90 | 21.90 | 21.00 | 0.14 | 0.20 | 3.10 | 0.006 | |
| | Supergene | | 21.90 | 85.10 | 63.20 | 0.18 | 0.15 | 0.90 | 0.004 | 0.32 |

| Hole | Met Zone | Hole Length | From (m) | To (m) | Width (m)[2] | Cu (%) | Au (g/t) | Ag (g/t) | Mo (%) | CuEq (%)[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| | Hypogene | | 85.10 | 300.23 | 215.13 | 0.13 | 0.16 | 1.00 | 0.014 | 0.32 |

**Casino West and Ana**

Drilling at the Casino West Zone focused on the southern flank of the Canadian Creek valley. Although no significant values were returned from the farthest upslope holes, values increased progressively downslope towards Canadian Creek, reaching a maximum value of 0.30% CuEq[3] over 87.00 m in DDH20-37.

The program included three holes targeting the Ana Zone, centered 4 km west of the core of the main deposit. All returned narrow mineralized intervals ranging from 1.92% CuEq[3] over 3.00 m in DDH20-31 to 0.37% CuEq[3] over 15.00 m in DDH20-40.

**NOTES**

[1] *See news release dated July 14, 2020.*

[2] *Widths are core length, not true width of mineralized intersection.*

[3] *CuEq Metal Prices: US$2.75/lb copper, US$1,500/oz gold, US$11.00/lb molybdenum, US$18.00/oz silver with no adjustment for metallurgical recovery.*

*Heather Seeley, P.Geo. is the qualified person responsible for drill results from the Casino Project exploration program.*

*QA/QC including assurance of chain of custody has been implemented. Split core samples are prepared and analyzed by ALS Chemex. Prepared samples are initially run using a four acid digestion process and conventional multi-element ICP-AES analysis. Additional assaying for total copper and molybdenum is run using a 4 acid digestion - AES or AAS method to a 0.001% detection limit. Gold assays are run using 30 gram sample fire assay with an AA finish to a 0.005 ppm detection limit, with samples greater than 10 ppm finished gravimetrically. The QA/QC procedure involves regular submission of Certified Analytical Standards and property specific duplicates.*

**Initiation of Preliminary Economic Assessment for the Casino Project**

On December 14, 2020, the Company announced the initiation of a Preliminary Economic Assessment (the "PEA") for the Casino project. The Company has engaged the services of M3 Engineering & Technology Corporation of Tucson, Arizona ("M3") to conduct the PEA on Casino. M3, is a full-service engineering, procurement and construction management firm. M3 also completed an updated Mineral Resource Statement on the Casino Project on July 14, 2020 (the "Resource"). Targeted completion of the PEA is 2nd quarter of 2021.

The PEA will be based on the 2020 Mineral Resource Statement and various engineering studies completed to-date. Scope of the project to be evaluated in the PEA will include: a large open-pit operation, a concentrator to recover copper, gold, silver and molybdenum minerals, and a solid waste facility to store mine waste rock and mill tailings. The project will also include a heap leach facility to recover gold, silver, and copper from oxide ore. Project infrastructure will include approximately 130 km of access road, and a captive power generation facility to meet the project electrical power demand. The project will also include a relocated airport and some re-routed roads to lower the overall footprint.

The principal objective of the PEA will be to demonstrate positive economic indicators that justify further project development steps. In anticipation of positive outcomes from the PEA, Western is developing a plan for engineering, field investigations, test work, permitting and community relations activities to support the development of a feasibility study for the project.

**Updated Resource Estimate**

On July 14, 2020, Western reported an updated resource estimate for its wholly owned Casino copper-gold project. The measured & indicated resource increased to 2.4 billion tonnes, measured & indicated gold increased to 14.5 million ounces plus 6.6 million ounces inferred and measured & indicated copper increased to 7.6 billion pounds plus 3.3 billion pounds inferred.

The new resource estimate is the first estimate since 2010 and includes results from the 2019 drilling campaign, and drilling performed from 2010 through 2012 that was not available when the 2010 model was developed. It also incorporates an updated geologic model.

The Mill Resource, consisting of the supergene oxide, supergene sulfide, and hypogene zones, increased significantly from the December 2010 estimate (see Table 1). Measured and indicated Mill Resource tonnes increased 106% from the prior estimate to 2.2 billion tonnes, primarily due to the upgrade of inferred resource to indicated. Copper and gold contained in the new measured and indicated estimate also increased significantly to 7.4 billion pounds of copper and 12.7 million ounces of gold.

**Table 1: Mill Resource in 2020 and 2010 [1]**

*July 2020 Mill Resource at $5.70 NSR Cut-Off*

| Class | Tonnes M | Copper (%) | Gold (g/t) | Moly (%) | Silver (g/t) | CuEq (%) | Copper (M lb) | Gold (M oz) | Moly (M lb) | Silver (M oz) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Measured** | 145.3 | 0.31 | 0.40 | 0.025 | 2.1 | 0.74 | 986 | 1.9 | 80.6 | 9.8 |
| **Indicated** | 2,028.0 | 0.14 | 0.17 | 0.016 | 1.4 | 0.33 | 6,448 | 10.9 | 731.0 | 90.4 |
| **M+I** | **2,173.3** | **0.16** | **0.18** | **0.017** | **1.4** | **0.36** | **7,434** | **12.7** | **811.6** | **100.2** |
| **Inferred** | 1,430.2 | 0.10 | 0.14 | 0.010 | 1.2 | 0.24 | 3,240 | 6.4 | 322.8 | 53.5 |

*December 2010 Combined Supergene Oxide, Supergene Sulfide, and Hypogene Zones at 0.25% CuEQ Cut-Off*

| Class | Tonnes M | Copper (%) | Gold (g/t) | Moly (%) | Silver (g/t) | CuEq (%) | Copper (M lb) | Gold (M oz) | Moly (M lb) | Silver (M oz) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Measured** | 94 | 0.34 | 0.43 | 0.027 | 2.21 | 0.81 | 695 | 1.3 | 56 | 6.7 |
| **Indicated** | 963 | 0.19 | 0.21 | 0.022 | 1.66 | 0.43 | 3,991 | 6.6 | 466 | 51.3 |
| **M+I** | **1,057** | **0.20** | **0.23** | **0.022** | **1.71** | **0.42** | **4,686** | **7.9** | **522** | **58.0** |
| **Inferred** | 1,696 | 0.15 | 0.16 | 0.019 | 1.37 | 0.34 | 5,440 | 8.8 | 720 | 74.7 |

[1] *See Technical Report dated October 26, 2020 for full disclosure.*

The heap leach resource also increased from the 2010 estimate and is now 217 million tonnes at a gold grade of 0.27 g/t AuEq (see Table 2), containing 1.8 million ounces of gold, 13.3 million ounces of silver, and 167 million pounds of copper.

**Table 2: Heap Leach Resource at $5.46 NSR Cut-Off**

| Class | Tonnes M | Copper (%) | Gold (g/t) | Silver (g/t) | AuEq (g/t) | Copper (M lb) | Gold (M oz) | Silver (M oz) |
|---|---|---|---|---|---|---|---|---|
| **Measured** | 37.2 | 0.05 | 0.45 | 2.8 | 0.48 | 39.3 | 0.5 | 3.3 |
| **Indicated** | 180.2 | 0.03 | 0.21 | 1.7 | 0.23 | 127.2 | 1.2 | 10.0 |
| **M+I** | **217.4** | **0.03** | **0.25** | **1.9** | **0.27** | **166.5** | **1.8** | **13.3** |
| **Inferred** | 31.1 | 0.03 | 0.17 | 1.7 | 0.18 | 17.2 | 0.2 | 1.7 |

[1] *See Technical Report dated October 26, 2020 for full disclosure.*

The 2020 resource estimate was developed by Independent Mining Consultants, Inc. of Tucson, Arizona ("IMC") and is based on a block model developed by IMC during June 2020. The Measured, Indicated, and Inferred Mineral Resources reported herein are contained within a floating cone pit shell to demonstrate "reasonable prospects for eventual economic extraction" to meet the definition of Mineral Resources in NI 43-101.

On November 3, 2020, the Company filed an independent technical report titled "Western Copper and Gold Corporation, Casino Project, Updated Mineral Resource Statement, Form 43-101F1 Technical Report, Yukon, Canada" dated effective July 3, 2020 and issued on October 26, 2020, prepared by Daniel Roth, P.E., P.Eng., Michael Hester, FAusIMM, Laurie Tahija, MMSA-QP; Carl Schulze, P. Geo. and Caroline Vallat, P. Geo. supporting the mineral resource estimate on its flagship Casino Project.

*COVID-19 Policy*

The Company has implemented a COVID-19 Policy to reduce the spread of COVID-19 at its exploration camp, and in the Yukon. The Company will continue to follow the guidance issued by the Federal and Territorial governments for the operation of remote camps and mining operations. All policies can be found on the Company's website.

**Permitting**

In November 2018, the Company completed the Best Available Tailings Technology ("BATT") Study, a major component of the environmental assessment application for the Casino Project. The BATT Study was the culmination of an 18-month collaborative process that included participation by First Nations, the Yukon Environmental and Socio-economic Assessment Board ("YESAB") , and the Yukon Government.

Traditional Land Use Studies have now been completed for all First Nations identified by YESAB as being potentially impacted by the Casino Project. These studies, which took place over the past two years, are central to the assessment of effects of the Casino Project and are therefore a critical step in the completion of the Environmental and Socio-Economic ("ESE") Statement.

The Company has initiated engineering activities to incorporate the outcomes of the BATT Study into the Facility design.

**Infrastructure**

In 2017, the Federal and Yukon Governments announced commitments to fund the upgrade for a portion of the existing access road to standards required for the Casino Project, as well as to fund a section of the additional 126 km of new access road to the Casino site.

On November 24, 2020, the Company announced Yukon Government and Little Salmon/Carmacks First Nation have reached an agreement (the "Agreement") to upgrade three bridges along the Freegold Road, which will benefit access to the Casino Project. The Agreement provides funding for Little Salmon/Carmacks First Nation to effectively participate in the planning, design, regulatory processes and construction activities of the project.

This Agreement represents the second project agreement for the Yukon Resource Gateway Project (the "Gateway Project") on the Freegold Road. The Gateway Project includes funding for upgrading the initial 82 km of the existing access road to standards required for the Casino Project and 30% funding for the additional 126 km of new access road to the Casino site secured through commitments from the Yukon Government and the Federal Government.

The first project agreement on the Freegold Road was reached in April 2019 on the initial segment of the Freegold Road - the Carmacks Bypass. The Carmacks bypass will ensure the safety of Carmacks residents by redirecting industrial traffic away from the community and has recently moved through the Environmental Assessment process and has been recommended to proceed. Construction of the Carmacks bypass will begin following the issuance of required permits.

(Expressed in Canadian dollars, unless otherwise indicated)

**Exploration and evaluation expenditures**

Western's recent activities have focused on exploration and drilling of the Casino Project. Capitalized expenditures for the periods presented were as follows:

| For the year ended December 31, | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Acquisition costs | - | 2,798,913 |
| Claims maintenance | 25,597 | 4,963 |
| Engineering | 168,002 | 93,307 |
| Exploration and camp support | 4,693,598 | 3,003,005 |
| Permitting | 128,968 | 185,845 |
| Salary and wages | 263,057 | 260,903 |
| Share-based payments | 93,766 | 82,010 |
| **TOTAL** | **5,372,988** | **6,428,946** |

**Royalties and production payments**

Certain portions of the Casino property remain subject to certain royalty obligations. 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.

(Expressed in Canadian dollars, unless otherwise indicated)

**SELECTED ANNUAL FINANCIAL INFORMATION**

The following annual information has been extracted from the Company's audited annual consolidated financial statements.

| As at and for the year ended | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 |
|---|---|---|---|
| | $ | $ | $ |
| Loss and comprehensive loss | 2,033,357 | 1,766,448 | 2,856,160 |
| Loss per share - basic and diluted | 0.02 | 0.02 | 0.03 |
| Cash, cash equivalents, and short-term investments | 28,647,190 | 1,641,721 | 4,531,546 |
| Exploration and evaluation assets | 53,748,013 | 48,375,025 | 41,946,079 |
| Total assets | 83,810,068 | 50,458,763 | 46,889,013 |

*Items that resulted in significant differences in the annual figures presented above are explained in the following narrative.*

**Loss and comprehensive loss**

For the year ended December 31, 2020, the Company reported a loss and comprehensive loss of $2.03 million. The 2020 loss and comprehensive loss is higher than 2019 due to a lower flow-through premium recovery recognized for the year ended December 31, 2020.

For the year ended December 31, 2019, the Company reported a loss and comprehensive loss of $1.76 million. The 2019 figure is lower than 2018 due to a flow-through premium recovery as well as favourable variances in share-based compensation. Additional variances are discussed further in the 'Results of Operation' section below.

**Exploration and evaluation assets**

During the year ended December 31, 2020, the Company completed a drilling and exploration program which consisted of 12,008m of drilling which resulted in an increase to exploration and evaluation assets compared to the year ended December 31, 2019.

During the year ended December 31, 2019, the Company acquired 311 mineral claims that comprise the Canadian Creek Property and the Company also completed field work for its 2019 drill campaign. These resulted in an increase to exploration and evaluation assets compared to the year ended December 31, 2018.

Exploration costs incurred by the Company are capitalized, thus increasing the carrying value of exploration and evaluation assets from one year to the next.

**Cash, cash equivalents, and short-term investments**

Cash is used to fund ongoing operations. Unless there is a significant financing transaction, total cash, cash equivalents and short-term investments is expected to decrease from one period to the next.

During the year ended December 31, 2020, the Company raised $35.2 million and expended $5.3 million most of which was expended on its 2020 drilling and exploration program.

During the year ended December 31, 2019, the Company raised gross proceeds of $3.35 million which was largely used towards its 2019 exploration program.

(Expressed in Canadian dollars, unless otherwise indicated)

**SELECTED QUARTERLY FINANCIAL INFORMATION**

The following quarterly information has been extracted from the Company's unaudited condensed interim consolidated financial statements.

| **As at and for the quarter ended** | **31-Dec-20** | **30-Sep-20** | **30-Jun-20** | **31-Mar-20** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Loss and comprehensive loss | 407,894 | 438,977 | 425,392 | 761,094 |
| Loss per share - basic and diluted | 0.00 | 0.00 | 0.00 | 0.01 |
| Cash and short-term investments | 28,647,190 | 2,946,363 | 5,974,801 | 2,809,957 |
| Exploration and evaluation assets | 53,748,013 | 53,222,045 | 49,617,686 | 48,724,375 |
| Total assets | 83,810,068 | 56,945,795 | 55,967,850 | 51,801,705 |

| **As at and for the quarter ended** | **31-Dec-19** | **30-Sep-19** | **30-Jun-19** | **31-Mar-19** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Loss and comprehensive loss | 518,512 | 122,676 | 438,364 | 686,896 |
| Loss per share - basic and diluted | 0.00 | 0.00 | 0.00 | 0.01 |
| Cash and short-term investments | 1,641,721 | 2,507,950 | 5,297,396 | 3,640,957 |
| Exploration and evaluation assets | 48,375,025 | 48,093,950 | 43,106,620 | 42,082,913 |
| Total assets | 50,458,763 | 50,918,610 | 48,883,659 | 46,087,857 |

*Items that resulted in significant differences in the quarterly figures presented above are explained in the following narrative.*

**Loss and comprehensive loss**

The scale and nature of the Company's corporate and administrative activity have remained relatively consistent over the periods presented above. Quarterly fluctuations in loss and comprehensive loss figures have mainly been driven by gains and losses related to foreign exchange and marketable securities, flow-through premium recovery and variances in stock-based compensation expense.

**Exploration and evaluation assets**

Expenditures incurred by the Company relating to its mineral properties are capitalized. As a result, the carrying value of exploration and evaluation assets generally increases from period to period.

During the three months ended September 30, 2020, exploration and evaluation assets increased as the Company undertook a significant drilling and exploration program.

During the three months ended September 30, 2019, exploration and evaluation assets increased as the Company acquired 311 mineral claims that comprise the Canadian Creek Property and the Company completed field work for its 2019 drill campaign.

**Cash, cash equivalents, and short-term investments**

Cash is used to fund ongoing operations. Unless there is a significant financing transaction, total cash, cash equivalents and short-term investments are expected to decrease from one period to the next.

During the three months ended December 31, 2020, the Company raised $28.7M through an equity offering which resulted in a significant increase to cash and cash equivalents.

(Expressed in Canadian dollars, unless otherwise indicated)

**RESULTS OF OPERATIONS**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $ | $ | $ | $ |
| Filing and regulatory fees | 7,373 | 3,043 | 204,967 | 191,666 |
| Office and administration | 67,828 | 54,104 | 230,577 | 239,525 |
| Professional fees | 37,850 | 21,293 | 150,210 | 90,529 |
| Rent and utilities | 28,545 | 23,831 | 120,178 | 114,890 |
| Share-based payments | 226,023 | 110,824 | 557,101 | 406,399 |
| Shareholder communication and travel | 107,390 | 136,193 | 306,227 | 452,382 |
| Wages and benefits | 328,703 | 248,697 | 1,175,802 | 1,000,905 |
| **CORPORATE EXPENSES** | **803,712** | **597,985** | **2,745,062** | **2,496,296** |
| Foreign exchange loss | 3,690 | 2,930 | 7,237 | 3,753 |
| Interest income | (7,812) | (6,797) | (14,115) | (57,866) |
| Flow-through premium recovery | (2,836) | (50,606) | (128,367) | (767,435) |
| Unrealized loss (gain) on marketable securities | (388,860) | (25,000) | (576,460) | 91,700 |
| **LOSS AND COMPREHENSIVE LOSS** | **407,894** | **518,512** | **2,033,357** | **1,766,448** |

THREE MONTHS ENDED DECEMBER 31, 2020

Western incurred a loss of $407,894 (0.00 per common share) for the three months ended December 31, 2020, compared to a loss of $518,512 ($0.00 per common share) over the same period in 2019. The scale and nature of the Company's administrative activity have remained generally consistent throughout these periods, but a few items led to differences in the comparative figures, as follows:

Share-based payments increased by $115,199 during the three months ended December 31, 2020, compared to the same period in 2019 due to timing, valuation, and recognition differences relating to the underlying stock option grants.

Shareholder communication and travel decreased by $28,803 during the three months ended December 31, 2020, compared to the same period in 2019 due to limited travel and promotion as a result of the COVID-19 pandemic.

Wages and benefits increased by $80,006 during the three months ended December 31, 2020, compared to the same period in 2019 as the Company approved and paid employee bonuses. The Company did not pay employee bonuses during the three months ended December 31, 2019 Those bonuses were paid subsequent to the year ended December 31, 2019.

During the three months ended December 31, 2020, the Company recorded a flow-through premium recovery of $2,836 compared to a flow-through premium recovery of $50,606 during the three months ended December 31, 2019.

The Company recorded an unrealized gain on marketable securities of $388,860 during the three months ended December 31, 2020, compared to an unrealized gain of $25,000 during the same period in 2019 as a result of changes in the share price of the marketable securities held by Western at each period end date.

YEAR ENDED DECEMBER 31, 2020

Western incurred a loss of $2,033,357 ($0.02 per common share) for the year ended December 31, 2020, compared to a loss of $1,766,448 ($0.02 per common share) over the same period in 2019. The scale and nature of the Company's administrative activity have remained generally consistent throughout these periods, but a few items led to differences in the comparative figures, as follows:

During the year ended December 31, 2020, professional fees increased by $59,681 compared to the same period in 2019 largely due to a general increase in legal activity.

Share-based payments increased by $150,702 during the year ended December 31, 2020, compared to the same period in 2019 due to timing, valuation, and recognition differences relating to the underlying stock option grants.

Shareholder communication and travel decreased by $146,155 during year ended December 31, 2020, compared to the same period in 2019 due to the COVID-19 pandemic, which resulted in limited travel and investor outreach activities.

Wages and benefits increased by $174,897 during the year ended December 31, 2020, compared to the same period in 2019 as the Company approved and paid employee bonuses related to 2020 and 2019 during the year ended December 31, 2020. The Company also incurred higher costs related to employee wages and benefits.

During the year ended December 31, 2020, the Company recorded a flow-through premium recovery of $128,367 compared to a flow-through premium recovery of $767,435 during the year ended December 31, 2019.

Differences in the unrealized gains and losses on marketable securities are a result of changes in the share price of the marketable securities held by Western at each period end date.

(Expressed in Canadian dollars, unless otherwise indicated)

**LIQUIDITY AND CAPITAL RESOURCES**

| For the year ended December 31, | 2020<br>$ | 2019<br>$ |
|---|---|---|
| CASH PROVIDED BY (USED IN) | | |
| Operating activities | (2,369,592) | (2,037,520) |
| Financing activities | 34,686,086 | 3,084,640 |
| Investing activities | (5,311,025) | (2,431,784) |
| **CHANGE IN CASH AND EQUIVALENTS** | **27,005,469** | **(1,384,664)** |
| Cash and cash equivalents - beginning | 1,641,721 | 3,026,385 |
| **CASH AND CASH EQUIVALENTS** | **28,647,190** | **1,641,721** |

Cash and cash equivalents totaled $28.6 million as at December 31, 2020 (December 31, 2019 - $1.6 million). Western's net working capital as at December 31, 2020 totaled $28.6 million (December 31, 2019 - $1.6 million).

Western is an exploration stage company. As at the date of this report, the Company has not earned any production revenue. It depends heavily on its working capital balance and its ability to raise funds through capital markets to finance its operations. Although the Company expects that the current working capital balance will be sufficient to fund anticipated operating activities in the next twelve months, it will require significant additional funding to complete the development and construction of the Casino mine.

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company's ability to continue as a going concern is substantially dependent on its ability to raise funds necessary to acquire assets, perform exploration and development activities, and conduct its corporate affairs primarily through the issuance of its common shares. There is a risk that in the future the Company may not be able to raise the capital required to fund operations.

**Operating activities**

The significant components of operating activities are discussed in the Results of Operations section above.

**Financing activities**

During the year ended December 31, 2020, the Company completed financings for aggregate proceeds of $35.2 million. During the year ended December 31, 2019, the Company completed a brokered private placement for aggregate proceeds of $3.35 million.

During the year ended December 31 2020, the Company received $854,834 from the exercise of stock options. During the year ended December 31, 2019, the Company received $72,000 from the exercise of stock options.

**Investing activities**

Investing activities include both mineral property expenditures, and purchases and redemptions of short-term investments. Investments with an original maturity of greater than three months are considered short-term investments for accounting purposes. Purchases and redemptions of short-term investments are mainly driven by cash requirements and available interest rates.

During the year ended December 31, 2020, Western spent $5.3 million on exploration and evaluation expenditures. During the year ended December 31 2019, Western expended $3.9 million on mineral property activities.

The majority of the mineral property expenditures incurred during the year ended December 31, 2020, relate to the Company's drill and exploration program. A summary of activities relating to the Casino Project is available under the Casino Project Update section at the beginning of this report.

**OUTSTANDING SHARE DATA**

As at the date of this report, the Company has 135,797,635 common shares outstanding. The Company also has 6,875,000 stock options outstanding with exercises prices ranging from $0.75 to $1.66 and 1,500,000 warrants with an exercise price of $0.85.

**CONTRACTUAL OBLIGATIONS**

The Company is committed to incurring on or before December 31, 2021 qualifying Canadian exploration expenses ("Qualifying CEE") in the amount of $4,480,000 with respect to the flow-through share financing completed on June 1, 2020.

As at December 31, 2020, the Company had incurred approximately $4,322,278 of Qualifying CEE and had a remaining commitment to incur Qualifying CEE of $157,722.

The Company has no off-balance sheet arrangements, no lease agreements with non-cancellable terms and no long-term obligations other than those described throughout this document, or in the description of exploration and evaluation assets contained in the notes to the consolidated financial statements.

**KEY MANAGEMENT COMPENSATION**

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

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $ | $ | $ | $ |
| Salaries and director fees | 321,016 | 206,172 | 968,769 | 832,566 |
| Share-based payments | 210,299 | 103,167 | 520,255 | 367,133 |
| **KEY MANAGEMENT COMPENSATION** | **531,315** | **309,339** | **1,489,024** | **1,199,699** |

Share-based payments represent the fair value of stock options previously granted to directors and officers that was recognized during the years presented above.

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

**SIGNIFICANT ACCOUNTING ESTIMATES**

**Use of estimates**

The preparation of financial statements in conformity with IFRS requires 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 reporting period. Actual results could differ from those estimates. Differences may be material.

**Exploration and evaluation assets**

The carrying amount of the Company's exploration and evaluation assets represents costs net of write-downs and recoveries to date and does not necessarily reflect present or future values. Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral properties.

The Company's assets are reviewed for indication of impairment at each balance sheet date. If indication of impairment exists, the assets' recoverable amount is estimated. If the assets' carrying amount exceeds the recoverable amount then an impairment loss is recognized in the statement of loss. The Company's review did not identify any indication of impairment.

**Environmental site reclamation**

As at December 31, 2020, the Company had not recognized an amount for environmental site reclamation, however, minimum standards for site reclamation have been established by various governmental agencies that affect certain operations of the Company. The determination of reclamation costs requires assumptions with respect to future expected costs and legislation in effect at that time. Changes in these assumptions could have a material effect on the amount required to be recognized as an environmental reclamation provision.

## DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for designing, establishing, and maintaining a system of disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which the annual filings are being prepared and that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2020. As a result of the material weakness identified during the assessment of internal control over financial reporting, as described below, management has also concluded that its disclosure controls and procedures were not effective as at December 31, 2020.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for designing, establishing, and maintaining a system of internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in Canada.

In making this assessment, the Company's management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its 2013 Internal Control-Integrated Framework.

The Chief Executive Officer and the Chief Financial Officer assessed the design and the operating effectiveness of the Company's internal control over financial reporting as of December 31, 2020.

Based on that assessment, management concluded that, as at December 31, 2020, the Company's internal control over financial reporting was not effective due to the existence of a material weakness. A material weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties in the financial close process. The Chief Financial Officer is responsible for preparing, authorizing, and reviewing information that is key to the preparation of financial reports. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatements in the Company's financial statements, and should also be considered a material weakness in its disclosure controls and procedures.

Management has concluded, and the audit committee has agreed that taking into account the present stage of Western's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

**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, marketable securities, certain other assets, and accounts payable and accrued liabilities.

**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.

**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. 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.

**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 December 31, 2020 and 2019, 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 (classified as level 1 in the fair value hierarchy).

(Expressed in Canadian dollars, unless otherwise indicated)

**FORWARD-LOOKING STATEMENTS**

This management discussion and analysis ("MD&A") and certain information incorporated by reference in this MD&A contain certain forward-looking statements concerning Western's strategy, projects, plans or future financial or operating performance. All statements that are not statements of historical fact are "forward-looking statements" as that term is defined in the United States Private Securities Litigation Reform Act of 1995 and "forward looking information" as that term is defined in National Instrument 51-102 ("NI 51-102") of the Canadian Securities Administrators (collectively, "forward-looking statements"). Certain forward looking information may also be considered future-oriented financial information ("FOFI") as that term is defined in NI 51-102. The purpose of disclosing FOFI is to provide a general overview of management's expectations regarding the anticipated results of operations and capital expenditures and readers are cautioned that FOFI may not be appropriate for other purposes. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", "targets", "plans", "goals" and similar expressions, or statements that events, conditions or results "will", "may", "could", "should" or "would" occur or be achieved. Such forward-looking statements are set forth, among other places, under the heading "Casino Project Update" and elsewhere in the MD&A and may include, but are not limited to, statements regarding perceived merit of properties; mineral reserve and resource estimates; capital expenditures; feasibility study results (including projected economic returns, operating costs and capital costs in connection with the Casino Project); cash flow forecasts; exploration results at the Company's property; budgets; work programs; permitting or other timelines; the Company's engagement with local communities to manage the COVID-19 pandemic; estimated timing for construction of, and production from, any new projects; strategic plans, including without limitation Western's strategy and plans in respect of environmental and social governance issues; market price of precious and base metals; expectations regarding future price assumptions, financial performance and other outlook or guidance or other statements that are not statements of historical fact.

Forward-looking statements are necessarily based upon a number of estimates and assumptions, including material estimates and assumptions related to the factors set forth below that, while considered reasonable by the Company as at the date of this MD&A in light of management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The material assumptions used to develop the forward-looking statements herein include assumptions that (1) prevailing and projected market prices and foreign exchange rates, exploitation and exploration estimates will not change in a materially adverse manner, (2) requisite capital and financing will be available on acceptable terms, (3) equipment and personnel required for permitting, construction and operations will be available on a continual basis, (4) no unforeseen delays, unexpected geological or other effects, equipment failures, or permitting or other delays, and (5) general economic, market or business conditions will not change in a materially adverse manner and as more specifically disclosed throughout this document, and in the AIF and Form 40-F.

Forward-looking statements are statements about the future and are inherently uncertain, and actual results, performance or achievements of Western and its subsidiaries may differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements due to a variety of risks, uncertainties and other known or unknown factors. Such risks and other factors include, among others, risks involved in fluctuations in gold, copper and other commodity prices and currency exchange rates; the speculative nature of mineral exploration and development; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; changes in project parameters as plans continue to be refined; risks associated with projects in the early stages of evaluation and for which additional engineering and other analysis is required; the benefits expected from recent transactions being realized; failure to comply with environmental and health and safety laws and regulations; risks related to cooperation of government agencies and First Nations in the exploration and development of the property and the issuance of required permits; risks related to the need to obtain additional financing to develop the property and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; increased costs, delays, suspensions and technical challenges associated with the construction of capital projects; operating or technical difficulties in connection with mining or development activities, including geotechnical challenges and disruptions in the maintenance or provision of required infrastructure and information technology systems; uncertainty as to timely availability of permits and other approvals; non-renewal of key licenses by governmental authorities; the impact of global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future cash flows; adverse changes in the Company's credit ratings; the impact of inflation; changes in national and local government legislation, taxation, controls or regulations and/or changes in the administration of laws, policies and practices, expropriation or nationalization of property and political or economic developments in Canada, the United States and other jurisdictions in which the Company or its affiliates do or may carry on business in the future; risks associated with illegal and artisanal mining; risks associated with new diseases, epidemics and pandemics, including the effects and potential effects of the global COVID-19 pandemic; the possibility that future exploration results will not be consistent with the Company's expectations; risks that exploration data may be incomplete and considerable additional work may be required to complete further evaluation, including but not limited to drilling, engineering and socioeconomic studies and investment; risk of loss due to acts of war, terrorism, sabotage and civil disturbances; litigation and legal and administrative proceedings; contests over title to properties, particularly title to undeveloped properties, or over access to water, power and other required infrastructure; business opportunities that may be presented to, or pursued by, the Company; the Company's ability to successfully integrate acquisitions or complete divestitures; employee relations including loss of key employees; increased costs and physical risks, including extreme weather events and resource shortages, related to climate change; and other risks and uncertainties disclosed in Western's AIF and Form 40-F, and other information released by Western and filed with the applicable regulatory agencies. Western also cautions that its 2020 guidance, projections, plans and strategy may be impacted by the unprecedented business and social disruption caused by the spread of COVID-19.

All of the forward-looking statements made in this MD&A are qualified by these cautionary statements. Specific reference is made to the most recent Form 40-F/Annual Information Form on file with the SEC and Canadian provincial securities regulatory authorities for a more detailed discussion of some of the factors underlying forward-looking statements and the risks that may affect the Company's ability to achieve the expectations set forth in the forward-looking statements contained in this MD&A.

Western's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and Western does not assume, and expressly disclaims, any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Readers are cautioned that forward-looking statements are not guarantees of future performance.

(Expressed in Canadian dollars, unless otherwise indicated)

**CAUTIONARY NOTE TO U.S. INVESTORS REGARDING RESOURCE AND RESERVE ESTIMATES**

The MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada as of the date of this MD&A, which differ in certain material respects from the disclosure requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The definitions of these terms differ from the definitions of such terms for purposes of the disclosure requirements of the SEC and contained in Industry Guide 7 of the SEC. Under Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101 and required by NI 43-101 to be used for disclosure of mineral resources. These terms, however, are not defined terms under Industry Guide 7 and are not permitted to be used in reports and registration statements of United States companies filed with the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations. In contrast, the SEC only permits U.S. companies to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained and incorporated by reference into this MD&A that describes the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.




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

**Consolidated Financial Statements**
**For the years ended December 31, 2020 and 2019**

(Expressed in Canadian dollars)

**Responsibility for Financial Reporting**

The accompanying consolidated financial statements of Western Copper and Gold Corporation (the "Company") have been prepared by management and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has developed and maintains a system of internal control to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. Further information on the Company's internal control over financial reporting and its disclosure controls is available in management's report on internal control, which follows.

The Board of Directors approves the consolidated financial statements and ensures that management discharges its financial reporting responsibilities. The Board's review is accomplished primarily through the Audit Committee, which is composed of non-executive directors. The Audit Committee meets periodically with management and the auditors to review financial reporting and control matters.

The Company's independent auditors, PricewaterhouseCoopers LLP, have audited the Company's consolidated financial statements on behalf of the shareholders and their report follows.

*/s/ Paul West-Sells*
Paul West-Sells
President and Chief Executive Officer

*/s/ Varun Prasad*
Varun Prasad
Chief Financial Officer

March 26, 2021
Vancouver, Canada

**Management's Report on Internal Control over Financial Reporting**

Management of Western Copper and Gold Corporation (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Securities and Exchange Act of 1934, in Rule 13a-15(f) and 15d-15(f) thereunder, defines this as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- Pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the Company are made only in accordance with authorizations of management and directors of Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that may have a material effect on the Company's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements on a timely basis. Also, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its *Internal Control - Integrated Framework (2013)*. Management also assessed the effectiveness of its disclosure controls and procedures.

Based on these assessments, management concludes that the Company's internal control over financial reporting and its disclosure controls and procedures was not effective as of December 31, 2020 due to the existence of a material weakness. A material weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties in the financial close process. The Chief Financial Officer is responsible for preparing, authorizing, and reviewing information that is key to the preparation of financial reports. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatements in the Company's financial statements and should also be considered a material weakness in its disclosure controls and procedures.

Management has concluded, and the Audit Committee has agreed, that taking into account the present stage of Western Copper and Gold Corporation's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the material weakness at this time.

*/s/ Paul West-Sells*
Paul West-Sells
President and Chief Executive Officer

*/s/ Varun Prasad*
Varun Prasad
Chief Financial Officer

March 26, 2021
Vancouver, Canada

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors of Western Copper and Gold Corporation

***Opinion on the Financial Statements***
We have audited the accompanying consolidated balance sheets of Western Copper and Gold Corporation and its subsidiaries (together, the Company) as of December 31, 2020 and 2019, and the related consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

***Basis for Opinion***
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Vancouver, Canada
March 26, 2021

We have served as the Company's auditor since 2006.

**CONSOLIDATED BALANCE SHEETS**

| | Note | December 31, 2020 $ | December 31, 2019 $ |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | | 28,647,190 | 1,641,721 |
| Marketable securities | 4 | 736,960 | 160,500 |
| Other assets | | 677,905 | 281,517 |
| CURRENT ASSETS | | 30,062,055 | 2,083,738 |
| Exploration and evaluation assets | 5 | 53,748,013 | 48,375,025 |
| **ASSETS** | | **83,810,068** | **50,458,763** |
| **LIABILITIES** | | | |
| Accounts payable and accrued liabilities | | 1,181,866 | 372,790 |
| Flow-through premium liability | 6 | 1,408 | 89,775 |
| **CURRENT LIABILITIES** | | **1,183,274** | **462,565** |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 7 | 150,897,421 | 116,908,713 |
| Contributed surplus | | 34,617,746 | 33,942,501 |
| Deficit | | (102,888,373) | (100,855,016) |
| **SHAREHOLDERS' EQUITY** | | **82,626,794** | **49,996,198** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | **83,810,068** | **50,458,763** |

**Approved by the Board of Directors**

*/s/ Ken Williamson* Director

*/s/ Klaus Zeitler* Director

**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

| For the year ended December 31, | Note | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| Filing and regulatory fees | | 204,967 | 191,666 |
| Office and administration | | 230,577 | 239,525 |
| Professional fees | | 150,210 | 90,529 |
| Rent and utilities | | 120,178 | 114,890 |
| Share-based payments | 8 | 557,101 | 406,399 |
| Shareholder communication and travel | | 306,227 | 452,382 |
| Wages and benefits | 9 | 1,175,802 | 1,000,905 |
| **CORPORATE EXPENSES** | | **2,745,062** | **2,496,296** |
| Foreign exchange loss | | 7,237 | 3,753 |
| Interest income | | (14,115) | (57,866) |
| Flow-through premium recovery | 6 | (128,367) | (767,435) |
| Unrealized (gain) loss on marketable securities | 4 | (576,460) | 91,700 |
| **LOSS AND COMPREHENSIVE LOSS** | | **2,033,357** | **1,766,448** |
| Basic and diluted loss per share | | 0.02 | 0.02 |
| Weighted average number of common shares outstanding | | 114,929,140 | 104,201,483 |

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| For the year ended December 31, | | 2020 | 2019 |
|---|---|---|---|
| | | $ | $ |
| Cash flows provided by (used in) | Note | | |
| **OPERATING ACTIVITIES** | | | |
| Loss and comprehensive loss | | (2,033,357) | (1,766,448) |
| ITEMS NOT AFFECTING CASH | | | |
| Share-based payments | | 557,101 | 406,399 |
| Unrealized loss on marketable securities | | (576,460) | 91,700 |
| Flow-through premium recovery | | (128,367) | (767,435) |
| | | (147,726) | (269,336) |
| Change in non-cash working capital items | 11 | (188,509) | (1,736) |
| **OPERATING ACTIVITIES** | | **(2,369,592)** | **(2,037,520)** |
| **FINANCING ACTIVITIES** | | | |
| Private placement proceeds | 7 | 6,430,000 | 3,354,300 |
| Private placement issuance costs | 7 | (179,147) | (341,660) |
| Exercise of stock options | 8 | 854,834 | 72,000 |
| Equity offering | 7 | 28,751,035 | - |
| Equity offering costs | 7 | (1,170,636) | - |
| **FINANCING ACTIVITIES** | | **34,686,086** | **3,084,640** |
| **INVESTING ACTIVITIES** | | | |
| Redemption of short-term investments | | - | 1,500,000 |
| Mineral property expenditures | | (5,311,025) | (3,892,871) |
| Acquisition of mineral claims | | - | (38,913) |
| **INVESTING ACTIVITIES** | | **(5,311,025)** | **(2,431,784)** |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | | **27,005,469** | **(1,384,664)** |
| Cash and cash equivalents - Beginning | | 1,641,721 | 3,026,385 |
| **CASH AND CASH EQUIVALENTS - ENDING** | | **28,647,190** | **1,641,721** |

The accompanying notes are an integral part of these consolidated financial statements

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

| | Number of Shares | Share Capital $ | Contributed Surplus $ | Deficit $ | Shareholders' Equity $ |
|---|---|---|---|---|---|
| **DECEMBER 31, 2018** | **100,784,001** | **111,891,213** | **33,484,162** | **(99,088,568)** | **46,286,807** |
| Shares issued - Acquisition of mineral claims (note 7b) | 3,000,000 | 2,760,000 | - | - | 2,760,000 |
| Private Placement (note 7c) | | | | | |
| Gross proceeds | 3,727,000 | 3,354,300 | - | - | 3,354,300 |
| Flow-through premium (note 6) | - | (857,210) | - | - | (857,210) |
| Issuance costs | - | (341,660) | - | - | (341,660) |
| Exercise of stock options | 125,000 | 72,000 | - | - | 72,000 |
| Transfer of stock option value | - | 30,070 | (30,070) | - | - |
| Share-based payments | - | - | 488,409 | - | 488,409 |
| Loss and comprehensive loss | - | - | - | (1,766,448) | (1,766,448) |
| **DECEMBER 31, 2019** | **107,636,001** | **116,908,713** | **33,942,501** | **(100,855,016)** | **49,996,198** |
| Private Placement (note 7c) | | | | | |
| 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 7c) | | | | | |
| Gross proceeds | 4,000,000 | 4,480,000 | - | - | 4,480,000 |
| Flow-through premium (note 6) | - | (40,000) | - | - | (40,000) |
| Issuance costs | - | (74,657) | - | - | (74,657) |
| Equity offering (note 7c) | 19,828,300 | 28,751,035 | - | - | 28,751,035 |
| Equity offering costs | - | (1,803,636) | - | - | (1,803,636) |
| Exercise of stock options | 1,133,334 | 854,834 | - | - | 854,834 |
| Transfer of stock option value | - | 326,622 | (326,622) | - | - |
| Share-based payments | - | - | 650,867 | - | 650,867 |
| Loss and comprehensive loss | - | - | - | (2,033,357) | (2,033,357) |
| **DECEMBER 31, 2020** | **135,597,635** | **150,897,421** | **34,617,746** | **(102,888,373)** | **82,626,794** |

The accompanying notes are an integral part of these consolidated financial statements

## 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 15 th Floor - 1040 West Georgia 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 financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The financial statements are prepared under the historical cost convention.

These financial statements were approved for issue by the Company's board of directors on March 26, 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 and December 31, 2019.

## 3. ACCOUNTING POLICIES

### a. Summary of significant accounting policies

The Company's principal accounting policies are outlined below:

(i) Basis of consolidation

The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity. The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. All significant intercompany transactions and balances are eliminated.

The consolidated financial statements of the Company include Western Copper and Gold Corp., Casino Mining Corp., and Ravenwolf Resource Group Ltd.

(ii) Presentation currency

The Company's presentation currency is the Canadian dollar ("$"). The functional currency of Western and its significant subsidiaries is the Canadian dollar.

(iii) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, foreign currency denominated monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the statement of loss.

(iv) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The fair value of stock options granted by the Company is treated as compensation costs in accordance with IFRS 2 - *Share-based Payments*. The fair value of such awards is calculated using the Black-Scholes option pricing model. These costs are charged to the statement of loss or, if appropriate, are capitalized to exploration and evaluation assets over the stock option vesting period with an offsetting entry to contributed surplus. The Company's allocation of share-based payments is consistent with its treatment of other types of compensation for each recipient.

If the stock options are exercised, the value attributable to the stock options is transferred to share capital.

(v) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to the previous year.

Deferred taxes are recorded using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (i.e. timing differences). Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of loss in the period that the substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(vi) Flow-through shares

Canadian income tax legislation permits an enterprise to issue securities, referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related qualifying resource expenditures. The Company accounts for flow-through premium, i.e. the price paid for the flow-through shares in excess of the market value of the shares without flow-through features is credited to other liabilities. Flow-through premium is recognized in other income when qualifying expenditures are incurred.

(vii) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed in the same way as basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of all stock options and warrants, if dilutive.

(viii) Long-lived assets

1. Exploration and evaluation assets

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company are capitalized on an individual property basis until the property is put into production, sold, abandoned, or determined to be impaired. Administration costs and general exploration costs are expensed as incurred. When a property is placed into commercial production, deferred costs will be depleted using the units-of-production method.

The Company classifies its mineral properties as exploration and evaluation assets until technical feasibility and commercial viability of extracting a mineral resource are demonstrable. At this point, the exploration and evaluation assets are transferred to property and equipment. The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as the extent of established mineral reserves, the results of feasibility and technical evaluations, and the status of mining leases or permits.

Proceeds received from the sale of royalties, tax credits, or government assistance programs are recognized as a reduction in the carrying value of the related asset when the proceeds are more likely than not to be received. If the applicable property has been written-off, the amount received is recorded as a credit in the statement of loss in the period in which the payment is more likely than not to be received.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

2. Impairment

The Company's assets are reviewed for indication of impairment at each balance sheet date in accordance with IFRS 6 – Exploration for and evaluation of mineral resources. If any such indication exists, an estimate of the recoverable amount is undertaken. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use ("VIU"). If the asset's carrying amount exceeds its recoverable amount then an impairment loss is recognized in the statement of loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is normally assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

3. Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(ix) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

(x) Financial instruments

1. Classification and measurement

Financial instruments are recognized when the Company becomes party to a contractual obligation. At initial recognition, the Company classifies its financial instruments as one the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost according to the financial instruments' contractual cash flow characteristics and the business models under which they are held.

Financial assets are measured at amortized cost if they are held for the collection of contractual cash flows where those cash flows solely represent payments of principal and interest. The Company's intent is to hold these financial assets in order to collect contractual cash flows and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at FVTOCI if they are held for the collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. The Company initially recognizes these financial assets at their fair value with subsequent changes to fair values recognized in OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of loss.

Financial assets are measured at FVTPL if they do not qualify as financial assets at amortized cost or FVTOCI. The Company initially recognizes these financial assets at their fair value with subsequent changes to fair values recognized in the statement of loss.

Financial liabilities are measured at amortised cost unless they are required to be measured at FVTPL.

The Company classifies its financial instruments as follows:

| Financial assets/liabilities | Classification |
|---|---|
| Cash and cash equivalents | Amortized cost |
| Short-term investments | Amortized cost |
| Marketable securities | FVTPL |
| Other assets | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

2. Impairment of financial assets

   At each reporting date, the Company assesses the expected credit loss associated with its financial assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Allowances are recognized as impairment gains or losses on the statement of loss.

3. Derecognition

   Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire.

(xi) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 4. MARKETABLE SECURITIES

As at December 31, 2020, the Company held marketable securities with an aggregate market value of $736,960 (December 31, 2019 - $160,500), consisting of 2.5 million common shares of NorthIsle Copper and Gold Inc. with a market value of $700,000 (December 31, 2019 - $150,000) and 168,000 common shares of Granite Creek Copper Ltd. with a market value of $36,960 (December 31, 2019 - $10,500).

## 5. EXPLORATION AND EVALUATION ASSETS

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

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

On August 28, 2019, the Company acquired the mineral claims that comprise the Canadian Creek Property from Cariboo Rose Resources Ltd ("Cariboo Rose"). The Canadian Creek Property lies directly adjacent to the Casino Project.

The total consideration paid to Cariboo Rose consisted of 3 million common shares of the Company valued at $2,760,000. The Company also incurred $38,913 in closing costs.

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**

| | **Total $** |
|---|---|
| **DECEMBER 31, 2018** | **41,946,079** |
| Acquisition costs | 2,798,913 |
| Claims maintenance | 4,963 |
| Engineering | 93,307 |
| Exploration and camp support | 3,003,005 |
| Permitting | 185,845 |
| Salary and wages | 260,903 |
| Share-based payments | 82,010 |
| **DECEMBER 31, 2019** | **48,375,025** |
| 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 |
| **DECEMBER 31, 2020** | **53,748,013** |

## 6. FLOW THROUGH PREMIUM LIABILITY

The flow-through premium liability balance as at December 31, 2020 of $1,408 (December 31, 2019 – $89,775) arose in connection with the flow-through share offering the Company completed on June 1, 2020. The reported amount is the remaining balance of the premium from issuing the flow-through shares. The flow-through premium is recognized in the statement of loss based on the amount of qualifying flow-through expenditures incurred by the Company.

The Company is committed to incurring on or before December 31, 2021 qualifying Canadian exploration expenses as defined under the Income Act, Canada ("Qualifying CEE") in the amount of $4,480,000 with respect to the flow-through share financing completed on June 1, 2020. None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

As at December 31, 2020, the Company had incurred approximately $4,322,278 of Qualifying CEE and accordingly, recognized flow-through premium recoveries of $128,367 during the year ended December 31, 2020 ($767,435 during the year ended December 31, 2019). As at December 31, 2020 the Company has a remaining commitment to incur Qualifying CEE of $157,722.

On May 17, 2019, the Company completed a flow-through share offering and recorded a flow-through premium liability of $857,210 and committed to incur Qualifying CEE in the amount of $3,354,300. As at December 31, 2020, the Company had incurred all committed expenditures and no longer had a flow-through premium liability associated with this flow-through share offering.

## 7. 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. Acquisition of mineral claims

On August 28, 2019, Western acquired the 311 mineral claims that comprise the Canadian Creek Property from Cariboo Rose. The Company issued 3 million common shares to Cariboo Rose valued at $0.92 per common share for an aggregate value of $2,760,000.

### c. Financing

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.

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 6.

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 | | - |
| **FAIR VALUE ASSIGNED** | **$** | **351,000** |

On May 17, 2019, Western completed a brokered private placement of flow-through common shares (the "FT Shares"). The Company issued a total of 3,727,000 FT Shares, comprised of (i) 3,333,333 FT Shares pursuant to the base offering and (ii) 393,667 FT Shares pursuant to the agent's exercise of its option, at a price of $0.90 per FT Share for aggregate gross proceeds of $3,354,300. Issuance costs related to the private placement totaled $341,660. A flow-through premium liability was recorded in the amount of $857,210 (note 6).

## 8. WARRANTS AND STOCK OPTIONS

### a. Warrants

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

| | **Number of warrants** | **Weighted average exercise price** $ |
|---|---|---|
| **DECEMBER 31, 2018 and 2019** | **1,452,533** | **1.75** |
| Issued | 1,500,000 | 0.85 |
| Expired | (1,452,533) | 1.75 |
| **DECEMBER 31, 2020** | **1,500,000** | **0.85** |

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 | 4.16 |
| **DECEMBER 31, 2020** | **1,500,000** | **0.85** | **4.16** |

**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 May 30, 2018, 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 December 31, 2020, the Company could issue an additional 6,484,763 stock options under the terms of the stock option plan.

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

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| | | $ |
| **DECEMBER 31, 2018** | **5,200,001** | **0.98** |
| Granted | 2,075,000 | 0.87 |
| Exercised | (125,000) | 0.58 |
| Expired | (850,000) | 0.90 |
| Forfeited | (150,000) | 1.20 |
| **DECEMBER 31, 2019** | **6,150,001** | **0.96** |
| Granted | 2,350,000 | 1.59 |
| Exercised | (1,133,334) | 0.75 |
| Cancelled | (100,000) | 0.90 |
| Forfeited | (66,667) | 1.66 |
| Expired | (100,000) | 0.67 |
| **DECEMBER 31, 2020** | **7,075,000** | **1.19** |

During the year ended December 31, 2020, the average fair market value of Company's share price was $1.23 (December 31, 2019 - $0.87)

Stock options outstanding are as follows:

| **Stock options outstanding, by exercise price** | **Number of Stock options** | **Weighted average exercise price** | **Average remaining contractual life** |
|---|---|---|---|
| | | $ | years |
| $0.75 - $0.90 | 1,950,000 | 0.87 | 3.43 |
| $0.96 | 1,100,000 | 0.96 | 0.70 |
| $1.11 - $1.20 | 2,000,000 | 1.19 | 2.37 |
| $1.41 | 200,000 | 1.41 | 4.86 |
| $1.66 | 1,825,000 | 1.66 | 4.57 |
| **DECEMBER 31, 2020** | **7,075,000** | **1.19** | **3.04** |

Of the total stock options outstanding, 4,191,661 were vested and exercisable at December 31, 2020. The weighted average exercise price of vested stock options is $1.04 and the average remaining contractual life is 2.16 years

**Share-based payments**

The following is a summary of stock options granted by the Company in 2020 and 2019 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 | June 18, 2019 | April 23, 2019 |
|---|---|---|---|---|---|
| Stock options granted | 200,000 | 1,950,000 | 200,000 | 1,675,000 | 400,000 |
| Exercise price | $ 1.41 | $ 1.66 | $ 1.11 | $ 0.90 | $ 0.75 |
| Market price | $ 1.41 | $ 1.61 | $ 1.11 | $ 0.78 | $ 0.72 |
| Expected option term (years) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Expected stock price volatility | 58.0% | 56.6% | 49.7% | 51.8% | 51.6% |
| Average risk-free interest rate | 0.31% | 0.29% | 0.27% | 1.36% | 1.56% |
| Expected forfeiture rate | - | - | - | - | - |
| Expected dividend yield | - | - | - | - | - |
| **FAIR VALUE ASSIGNED** | **$ 109,000** | **$ 1,159,000** | **$ 75,000** | **$ 409,000** | **$ 100,000** |

## 9. 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:

| For the year ended December 31, | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Salaries and director fees | 968,769 | 832,566 |
| Share-based payments | 520,255 | 367,133 |
| **KEY MANAGEMENT COMPENSATION** | **1,489,024** | **1,199,699** |

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

## 10. SUPPLEMENTAL CASH FLOW INFORMATION

### a. Non-cash working capital items

| For the year ended December 31, | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Change in other assets | (329,382) | (3,298) |
| Change in accrued interest | - | 5,161 |
| Change in accounts payable and accrued liabilities related to operations | 140,819 | (3,599) |
| **CHANGE IN NON-CASH WORKING CAPITAL ITEMS** | **(188,509)** | **(1,736)** |

### b. Non-cash investing activities

During the year ended December 31, 2019, the Company issued 3 million common shares with a fair market value of $2,760,000 with respect to its acquisition of the Canadian Creek property.

## 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. INCOME TAXES

### a. Rate reconciliation

The income tax expense or recovery reported by the Company differs from the amounts obtained by applying statutory rates to the loss and comprehensive loss. A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is provided below:

| For the year ended December 31, | 2020 | 2019 |
|---|---|---|
| Statutory tax rate | 27.00% | 27.00% |
| Loss before taxes | 2,033,357 | 1,766,447 |
| Income tax recovery calculated at statutory rate | 549,006 | 476,941 |
| Non-deductible expenditures | (151,318) | (114,950) |
| Flow-through premium | 34,659 | 207,207 |
| Other | 149,972 | 26,702 |
| Unrecognized tax benefit | (582,319) | (595,900) |
| **INCOME TAX** | **-** | **-** |

**b. Unrecognized deferred income tax asset**

Future potential tax deductions that are not used to offset deferred income tax liabilities are considered to be unrecognized deferred income tax assets. The significant components of the Company's unrecognized deferred income tax asset are as follows:

| As at December 31, | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Mineral property interests | 62,618 | 400,811 |
| Non-capital losses | 5,991,583 | 5,437,407 |
| Property and equipment | 190,701 | 189,043 |
| Cumulative Eligible Capital | 147,184 | 147,184 |
| Other items | 564,935 | 98,556 |
| **UNRECOGNIZED DEFERRED INCOME TAX ASSET** | **6,957,021** | **6,273,001** |

The Company estimates that the realization of income tax benefits related to these deferred income tax assets is uncertain and cannot be considered to be probable. Accordingly, no deferred income tax asset has been recorded.

**c. Non-capital losses**

The Company has incurred non-capital losses that may be carried forward and used to reduce taxable income of future years. These losses totaled $22.1 million as at December 31, 2020 (2019 - $20.1 million) and will expire between 2030 and 2040.

The Company has $38.1 million in Canadian exploration and development expenditures (2019 - $34.8 million), and cumulative eligible capital and undepreciated capital cost balances totaling $1.25 million (2019 - $1.25 million). These amounts are available to reduce future taxable income and do not expire.

## 13. 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.

## 14. 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, 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. 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.

### 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 December 31, 2020 and 2019, 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 (classified as level 1 in the fair value hierarchy).

**Exhibit 99.4**

**CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a), PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul West-Sells, certify that:

1. I have reviewed this annual report on Form 40-F of Western Copper and Gold Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 26, 2021

*/s/ Paul West-Sells*
Name: Paul West-Sells
Title: Chief Executive Officer

**Exhibit 99.5**

**CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a), PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Varun Prasad, certify that:

1. I have reviewed this annual report on Form 40-F of Western Copper and Gold Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 26, 2021

*/s/ Varun Prasad*
Name: Varun Prasad
Title: Chief Financial Officer

**Exhibit 99.6**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Western Copper and Gold Corporation (the "Company") on Form 40-F for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul West-Sells, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly represents, in all material respects, the financial condition and results of the operations of the Company.

Date: March 26, 2021

*/s/ Paul West-Sells*
Name: Paul West-Sells
Title: Chief Executive Officer

**Exhibit 99.7**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Western Copper and Gold Corporation (the "Company") on Form 40-F for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Varun Prasad, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly represents, in all material respects, the financial condition and results of the operations of the Company.

Date: March 26, 2021

*/s/ Varun Prasad*
Name: Varun Prasad
Title: Chief Financial Officer

**Exhibit 99.8**



**Consent of independent registered public accounting firm**

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended December 31, 2020 of Western Copper and Gold Corporation of our report dated March 26, 2021, relating to the consolidated financial statements, which appears in the Exhibit incorporated by reference in this Annual Report.

We also consent to the incorporation by reference in the Registration Statement on Form F10/A (No. 333-241689) of Western Copper and Gold Corporation of our report dated March 26, 2021 referred to above. We also consent to reference to us under the heading "Interests of Experts," which appears in the Annual Information Form incorporated by reference in this Annual Report on Form 4o-F.

*signed "PricewaterhouseCoopers LLP"*

**Chartered Professional Accountants**
Vancouver, British Columbia, Canada
March 26, 2021

*PricewaterhouseCoopers LLP*
*PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7*
*T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Exhibit 99.9**

**CONSENT OF EXPERT**

I hereby consent to the use and reference to my name and my report entitled "Casino Project, Form 43-101F1 Technical Report, Mineral Resources Statement, Yukon, Canada - Revision 0", and portions thereof of and the information derived therefrom, included in or incorporated by reference into Western Copper and Gold Corporation's Annual Report on Form 40-F for the year ended December 31, 2020 and Registration Statement on Form F-10 (File No. 333-241689).

March 26, 2021

*(s) Daniel Roth, P.E., P.Eng*

Daniel Roth, P.E., P. Eng.

**Exhibit 99.10**

**CONSENT OF EXPERT**

I hereby consent to the use and reference to my name and my report entitled "Casino Project, Form 43-101F1 Technical Report, Mineral Resources Statement, Yukon, Canada - Revision 0", and portions thereof of and the information derived therefrom, included in or incorporated by reference into Western Copper and Gold Corporation's Annual Report on Form 40-F for the year ended December 31, 2020 and Registration Statement on Form F-10 (File No. 333-241689).

March 26, 2021

*(s) Michael G. Hester, F Aus IMM*

Michael G. Hester, F Aus IMM

**Exhibit 99.11**

**CONSENT OF EXPERT**

I hereby consent to the use and reference to my name and my report entitled "Casino Project, Form 43-101F1 Technical Report, Mineral Resources Statement, Yukon, Canada - Revision 0", and portions thereof of and the information derived therefrom, included in or incorporated by reference into Western Copper and Gold Corporation's Annual Report on Form 40-F for the year ended December 31, 2020 and Registration Statement on Form F-10 (File No. 333-241689).

March 26, 2021

*(s) Laurie M. Tahija, MMSA-QP*

Laurie M. Tahija, MMSA-QP

**Exhibit 99.12**

**CONSENT OF EXPERT**

I hereby consent to the use and reference to my name and my report entitled "Casino Project, Form 43-101F1 Technical Report, Mineral Resources Statement, Yukon, Canada - Revision 0", and portions thereof of and the information derived therefrom, included in or incorporated by reference into Western Copper and Gold Corporation's Annual Report on Form 40-F for the year ended December 31, 2020 and Registration Statement on Form F-10 (File No. 333-241689).

March 26, 2021

*(s) Carl Schulze, P. Geo.*

Carl Schulze, P. Geo.

**Exhibit 99.13**

**CONSENT OF EXPERT**

I hereby consent to the use and reference to my name and my report entitled "Casino Project, Form 43-101F1 Technical Report, Mineral Resources Statement, Yukon, Canada - Revision 0", and portions thereof of and the information derived therefrom, included in or incorporated by reference into Western Copper and Gold Corporation's Annual Report on Form 40-F for the year ended December 31, 2020 and Registration Statement on Form F-10 (File No. 333-241689).

March 26, 2021

*(s) Caroline J. Vallat, P. Geo.*

Caroline J. Vallat, P. Geo.