

## CHAIRMAN'S 2023 LETTER

Dear Shareholder,

I am once again honored to write this *Chairman's Letter* to you. The past year has presented challenges and opportunities in our industry, including rising inflation, an invasion and geopolitical uncertainty but, in counterpoint, higher gold prices and an increased focus on gold as a source of wealth preservation. Despite these uncertainties, I am pleased to report that, during this time, we have continued to seek opportunities to improve long-term value within the company. We believe West Vault offers a unique way to own gold with low financial and operating risk while retaining leveraged upside exposure to gold price appreciation. We seek to align with shareholders who want to share this long-term vision and strategy.

Advances in the company over the last twelve months include publishing an updated Pre-feasibility Study (PFS) in January 2023 for our 100% owned Hasbrouck Gold Project<sup>1</sup>, which replaced the 2016 Pre-feasibility Study. The new PFS made no substantial changes to project configuration, construction, or operating and closure plans, but incorporated updated capital and operating costs as well as more current metal prices. Taking into account these changes, the after-tax Internal Rate of Return (IRR) increased from 43% in the 2016 PFS to 51% in the new study, while the 5% discounted net present value (NPV), which is commonly used as a value benchmark for gold projects, went from US\$120M to US\$206M in the 2023 PFS base case.

It is worth noting that the NPV5% value rises from US\$206M to US\$285M, adding nearly US\$80M in NPV when using the current gold price level of ~US\$2,000/oz vs. the 2023 PFS base case gold price of US\$1,790/oz. That **increase** in NPV alone is nearly 2X the recent West Vault market capitalization.

We believe the 5% NPV is a reasonable metric for value of our company. An NPV discount is generally applied to project valuations as a reflection of the risk associated with achieving a full NPV value. But West Vault Mining has a largely permitted project in a premier mining jurisdiction and, as reflected in our updated PFS, has robust economics at current gold price levels and modest upfront capital requirements. Importantly, our project is in Nevada, which the well-respected Fraser Institute just ranked as the number one mining jurisdiction in the world.

Looking to the future, we will continue our efforts to de-risk the Hasbrouck Gold Project, seeking to lower the market implied NPV discount and thereby increasing the benchmark valuation for the project. As an example of such de-risking, in January of this year we secured the right to extract sufficient ground water for the project's development and operation by entering into a 28-year water right lease

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<sup>1</sup> See page 4 for applicable cautionary language in respect of the 2023 PFS

agreement under favorable terms. This transaction compliments the water right lease agreement we entered in 2017, which expires in 2027, and addresses one of the key threats to project advancement in the arid southwest US.

At West Vault, our strategy is to wait for the right moment to either build or sell Hasbrouck. The optimal timing to build Hasbrouck will be when we can do so without adding unnecessary financial risk through borrowings that will over-leverage our balance sheet and therefore can provide exceptional unlevered returns to shareholders. If our share price is too low, then our cost of capital will be too high, diluting shareholder returns. Alternatively, the right time to sell the Hasbrouck Project is when an informed industry participant will pay us full value, including value for our exploration blue sky potential.

Our view is that this patient strategy is the best way to protect shareholder value today and to unlock and enhance the value from Hasbrouck tomorrow. We anticipate that a rising gold price environment in the years ahead should drive a materially higher intrinsic value for our project, as better described in the 2023 PFS.

Under the April 2022 Normal Course Issuer Bid (NCIB) share buy-back program, the Company purchased 335,000 Common Shares at an average price of approximately \$0.98 per common share for a total cash consideration of \$326,735. We renewed the NCIB in April 2023 for a further 12 months to purchase up to 2.9 million common shares, or approximately 5% of the outstanding common shares. We view using a portion of our treasury for this as both prudent and accretive, given that we believe we are trading at a significant discount to underlying project value and that our US\$3.8 million cash on hand is enough to cover expenses for about four years.

We strive to be excellent stewards of this project for shareholders and other stakeholders and to embrace our environmental, social and governance (ESG) responsibilities. We continue to sponsor the *Arid Land Research Fund (ALRF)* we initiated in 2022 and encourage other mining companies in and around Tonopah to support this as well. The ALRF funds the research work of the team of world-class ecologists at the University of Nevada Reno who are pushing back on desertification in both Nevada and globally. The first of two planned ALRF projects commenced in late 2022; it studies the effect of seed coatings on Indian rice-grass germination and propagation, a beneficial native plant largely eradicated by settlement. Early results indicate that coating seeds has potential to be a practical technique in fighting desertification both locally and globally. We also added two new independent directors to enhance our corporate governance and board oversight, bringing additional financial, governance and technical experience to the board.

Your board of directors, management team, and our core shareholders are aligned with the strategy of patiently holding permitted Nevada gold reserves until the market presents an opportunity to either build or sell at values that provide significant rewards for patient investors. With three decades of experience in the precious metals mining sector, I believe West Vault Mining is a prototype of how to

own gold-in-the-ground with low financial and operating risk while retaining leveraged upside exposure to gold price appreciation.

Finally, by way of this letter, I formally invite you to this year's Annual General Meeting of Shareholders, which will be held on Thursday, June 22, 2023.

Yours sincerely,

**Peter Palmedo**  
Chairman of the Board

### **Compliance with NI 43-101**

*Certain information in this letter has been taken from the "Technical Report and Updated Preliminary Feasibility Study: Hasbrouck and Three Hills Gold-Silver Project, Esmeralda County, Nevada – RESPEC, January 2023", available at [www.sedar.ca](http://www.sedar.ca), and prepared by Thomas L. Dyer, P.E., and Jeff Bickel, C.P.G. of RESPEC, Reno, with contributions by Mark Jorgensen, SME, of JE&TS (metallurgy), Ryan Baker, P.E., of NewFields (civil and heap leach) and Carl Defilippi, SME, of KCA (process design). Each aforementioned person is a "Qualified Person" or a "Expert Relied Upon" under NI 43-101, is independent of West Vault and has reviewed and approved the information in this presentation, as of the time that the Technical Report was produced and as relevant to the portion of the Technical Report for which they are responsible. RESPEC has reviewed and verified the data disclosed in this news release to be in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines as of the time of the Technical Report as required by NI 43-101. For readers to fully understand the information in this Chairman's Letter, they should read the Technical Report when available on [www.sedar.com](http://www.sedar.com) or at [www.westvaultmining.com](http://www.westvaultmining.com) in its entirety, including all qualifications, assumptions, and exclusions that relate to the information set out in this Chairman's Letter that qualify the technical information contained in the Technical Report. The Technical Report is intended to be read as a whole, and sections should not be read or relied upon when taken out of the context of the full Technical Report. The technical information in this Chairman's Letter is subject to the assumptions, qualifications, and exclusions contained in the Technical Report.*

### **Disclaimer for Forward-Looking Information**

*This letter may contain forward-looking information or forward-looking statements (collectively "forward-looking information") within the meaning of applicable securities laws. Forward-looking information is typically identified by words such as: "believe", "low financial and operating risk", "unique way to own gold with low financial and operating risk", "leveraged upside exposure to gold price appreciation", "seeking", "will", "provide", "will pay us full value", "view", "anticipate", "should", "enough for about four years", "potential", "opportunity", "exposure", and similar expressions, and those, which, by their nature, refer to future events. All statements that are not statements of historical fact are forward-looking statements. Forward looking statements in this letter include, without limitation, statements regarding the projected cost and economic performance of the Project based on the PFS, the Company's ability to*

*obtain any additional permits required to commence and complete construction and perform operations, the Company's ability to obtain required funding on reasonable terms, and the potential identification, execution, and realization of accretive opportunities. Although West Vault believes that such information as set out in this letter is reasonable, it can give no assurance that such expectations and estimates will prove correct. The Company cautions investors that any forward-looking information provided by the Company is not a guarantee of future results or performance, and that actual results may differ materially from forward-looking information as a result of various factors. The reader is referred to the Company's public filings for a more complete discussion of such risk factors and their potential effects which may be accessed through the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

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