



**Western Gold Exploration Ltd.
(formerly Cassowary Capital Corporation Limited)**

Condensed Interim Financial Statements

**As at and for the nine months ended September 30, 2020 and for the nine
months ended September 30, 2019**

(Expressed in Canadian Dollars)

(Unaudited)

Western Gold Exploration Ltd.
(formerly Cassowary Capital Corporation Limited)

Condensed Interim Statement of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

As at	September 30, 2020	December 31, 2019
Assets		
Current assets		
Cash	\$ 713,192	\$ 741,214
Deferred financing costs (note 6)	25,500	-
	\$ 738,692	\$ 741,214
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 89,647	\$ 26,655
Shareholders' equity		
Share capital (note 6)	831,046	773,071
Share based reserve	127,875	147,200
Deficit	(309,876)	(205,712)
	649,045	714,559
	\$ 738,692	\$ 741,214

Approved on behalf of the board

“Stuart Olley” Director

“Ross McLellan” Director

Western Gold Exploration Ltd.

(formerly Cassowary Capital Corporation Limited)

Condensed Interim Statement of Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Expenses				
Professional fees	\$ 52,820	\$ 1,113	\$ 66,390	\$ 7,873
Regulatory and filing fees	31,227	2,057	37,774	11,497
Total expenses	84,047	3,170	104,164	19,370
Net and comprehensive loss	\$ 84,047	\$ 3,170	\$ 104,164	\$ 19,370
Basic and diluted loss per share (note 7)	\$ 0.02	\$ -	\$ 0.03	\$ -
Weighted average number of common shares	4,101,562	4,000,000	4,101,562	4,000,000

Western Gold Exploration Ltd.

(formerly Cassowary Capital Corporation Limited)

Condensed Interim Statement of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

For the nine months ended September 30, 2020

	Number of Shares	Share Capital	Share Based Payment Reserve	Deficit	Total
Balance, December 31, 2019	14,000,100	\$ 773,071	\$ 147,200	\$ 205,712)	\$ 714,559
Exercise of options	386,500	57,975	(19,325)	-	38,650
Net and comprehensive loss	-	-	-	(104,164)	(104,164)
Balance, September 30, 2020	14,386,600	\$ 831,046	\$ 127,875	\$ (309,876)	\$ 649,045

For the nine months ended September 30, 2019

	Number of Shares	Share Capital	Share Based Payment Reserve	Deficit	Total
Balance, December 31, 2018	14,000,100	\$ 773,071	\$ 147,200	\$ (161,193)	\$ 759,078
Net and comprehensive loss	-	-	-	(19,370)	(19,370)
Balance, September 30, 2019	14,000,100	\$ 773,071	\$ 147,200	\$ (180,563)	\$ 739,708

Western Gold Exploration Ltd.
(formerly Cassowary Capital Corporation Limited)

Condensed Interim Statement of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

For the nine months ended	September 30, 2020	September 30, 2019
Operating activities		
Net and comprehensive loss	\$ (104,164)	\$ (19,370)
Adjustment for non-cash items		
Change in non-cash working capital items		
Accounts payable	37,492	(12,683)
Net cash provided by (used in) operating activities	(66,672)	(32,053)
Financing activities		
Issuance of share capital	38,650	-
Net cash provided by financing activities	38,650	0
Net change in cash	(28,022)	(32,053)
Cash, beginning of period	741,214	772,840
Cash, end of period	\$ 713,192	\$ 740,787

Western Gold Exploration Ltd. (formerly Cassowary Capital Corporation Limited)

Notes to Condensed Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

1. Nature of operations

Western Gold Exploration Ltd., formerly Cassowary Capital Corporation Limited, (the "Company") was incorporated under the *Business Corporations Act* (Alberta) on January 31, 2018. Effective October 22, 2020, the Company acquired all of the outstanding shares of Western Gold Exploration Limited ("WGE UK") as discussed in Note 11. The transaction with WGE UK (the "WGE UK Transaction") represented the Company's "Qualifying Transaction" in accordance with the policies of the TSX Venture Exchange ("TSXV"). Upon closing the WGE UK Transaction, the Company changed its name from "Cassowary Capital Corporation Limited" to Western Gold Exploration Ltd.

The Company maintains its head office at The Lighthouse, St Abbs Suite, Heugh Road, North Berwick EH39 5PX and registered office at 1600, 421 - 7th Avenue SW Calgary, Alberta T2P 4K9.

Prior to October 27, 2020, the Company was a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of the TSXV. As a CPC, the proceeds raised by the Company from the issuance of common shares may only be used to identify and evaluate businesses and assets for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSXV.

WGE UK is a private company formed under the laws of England and Wales and holds minerals rights in Argyll County in western Scotland. The Company will continue the business of WGE UK and initially will be engaged in the exploration and development of prospective mineral properties located in Scotland, with a focus on gold and copper exploration and development.

The Company's continuing operations are dependent upon the successful transition to the business of mining and exploration for minerals which involves a high degree of risk. The Company's continued existence is dependent upon the preservation of WGE UK's interest in the underlying properties, discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise financing, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

2. Novel coronavirus ("COVID-19")

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which include public health measures requiring the closure of non-essential businesses, requesting the public to stay home as much as possible, the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company.

Western Gold Exploration Ltd.

(formerly Cassowary Capital Corporation Limited)

Notes to Condensed Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

3. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

4. Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and interpretations adopted by the International Accounting Standards Board (IASB). These condensed interim financial statements follow the same accounting policies and methods of application as those used in the Company's audited financial statements for the year end December 31, 2019.

The financial statements were approved by the Board of Directors on November 26, 2020.

5. Significant accounting policies

(a) Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the period.

The following are the financial statement items which are most impacted by estimation uncertainty and critical judgments in applying the accounting policies.

The accounting estimates for share based payments is based on the Black-Scholes option pricing model which was developed for use in estimating the fair value of traded options which are fully tradable with no vesting restrictions. This option valuation model requires the input of subjective assumptions including the expected stock price volatility. Since the Company's options have characteristics significantly different from those of traded options and since changes in the subjective assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

(b) Financial instruments

Recognition

The Company recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

Western Gold Exploration Ltd.
(formerly Cassowary Capital Corporation Limited)

Notes to Condensed Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

5. Significant accounting policies (continued)

(b) Financial instruments (continued)

Recognition

The Company recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

Classification

Financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is hold assets and collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash is classified as a financial asset measured at fair value through profit and loss.

Financial liabilities are classified as subsequently measured at amortized cost, unless they meet the criteria for measurement at fair value or other prescribed measurement.

Measurement

Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

Impairment

Financial assets classified as subsequently measured at amortized cost or fair value through other comprehensive income reflect the Company's assessment of expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(c) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to the equity shareholders by the weighted average number of common shares outstanding during the period. All of the shares held in escrow are considered contingently returnable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for purposes of the calculation. Diluted earnings per share are determined by adjusting the weighted average number of common shares for the dilutive effect of share-based payments using the treasury stock method. Under this method, stock options, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period.

Western Gold Exploration Ltd.
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Notes to Condensed Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

5. Significant accounting policies (continued)

(d) Income taxes

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying value on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(e) Share based compensation

Share based compensation to employees are measured at the fair value of the equity instruments granted and amortized over the vesting period. Share based payments to non-employees are measured at the fair value of the good or service received or the fair value of the equity instruments issued if it is determined that the fair value of the good or service cannot be measured reliably, and are recorded at the date the good or service is received. The corresponding amount is recorded to an equity reserve. The Company estimates the fair value of options using the Black-Scholes option pricing model.

6. Share capital

Authorized

Unlimited number of Common shares

Private placement and deferred financing costs

On August 21, 2020 the Company completed a non-brokered private placement of subscription receipts of the Company (the "Subscription Receipts") representing an aggregate of 11,333,331 Subscription Receipts for gross proceeds of \$1,700,000. Each Subscription Receipt has been issued at a price of \$0.15.

Each Subscription Receipt will, upon satisfaction of certain escrow release conditions, automatically convert, without any further action or further consideration from the Subscription Receipt holder, into one (1) common share of the Company and, immediately thereafter, upon completion of the WGE UK Transaction, will be subject to the Consolidation.

Western Gold Exploration Ltd.

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Notes to Condensed Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

6. Share capital (continued)

Financing costs incurred related to the non-brokered private placement consist of agent fees. Costs will be charged to share capital upon the issuance of shares.

Escrowed shares

Pursuant to an escrow agreement dated July 30, 2018 between the Company, Alliance Trust Company and certain shareholders of the Company 10,000,100 of the issued and outstanding common shares have been deposited in escrow. Upon the Company completing a Qualifying Transaction, the TSXV will issue a bulletin announcing the final acceptance, and 10% of the common shares held pursuant to the escrow agreement shall immediately be released. Every six months following the initial release an additional 15% will be released. The release of the escrowed common shares will be accelerated if the resulting issuer meets the TSXV's Tier 1 initial listing requirements either at the time the bulletin announcing the final acceptance is released or subsequently.

Stock Options

The Company has adopted an incentive stock option plan which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, nontransferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares.

However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the Common Shares of the Company issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

The Board of Directors determines the exercise price per common shares, the number of options granted to individual directors, officers, employees and consultants and all other terms and conditions of the options. The Plan is subject to regulatory approval.

In connection with the closing of its initial public offering (the "IPO"), the Company granted the agent under the IPO (the "Agent") a non-transferable Agent's Option to purchase 400,000 common shares a price of \$0.10 per common share, with an expiry date of September 13, 2020 and incentive options to certain officers and directors to acquire, in aggregate, 1,400,000 common shares at a price of \$0.10 per share each with an expiry date of September 12, 2028. All of the outstanding options are exercisable as of September 12, 2018.

In July 2020 the Agent exercised options to purchase 386,500 common shares for cash consideration of \$38,650 and in September the Agent's remaining options expired.

7. Loss per share

Basic loss per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period.

Western Gold Exploration Ltd.
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Notes to Condensed Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

7. Loss per share (continued)

As at September 30,	2020	2019
Net loss attributed to common shareholders	\$104,165	\$19,370
Effect of shares outstanding	14,101,662	14,000,100
Effect of escrowed shares	(10,000,100)	(10,000,100)
	4,101,562	4,000,000
Loss per share (basic and diluted)	\$0.03	\$0.00

The Company has excluded potential common share equivalents, comprised of incremental shares from stock options calculated using the treasury method from the loss per share calculation, as they were anti-dilutive.

8. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate 25% (2019 – 27%), as follows:

For the nine months ended September 30,	2020	2019
Loss for the period before income taxes	\$104,164	\$19,370
Anticipated income tax recovery	(26,041)	(5,230)
Change in deferred tax asset not recognized	26,041	5,230
	-	-

Deferred tax assets have not been recognized in respect of the following items:

As at	September 30, 2020	December 31, 2019
Non-capital loss carry-forwards	\$44,549	\$30,012
Share issue costs	13,138	17,517
Costs of proposed amalgamation	13,800	-
	71,487	47,529
Deferred tax asset not recognized	(71,487)	(47,529)
	-	-

The Company's non-capital losses of \$310,810 (December 31, 2019 – \$130,485) expire between 2038 and 2040.

9. Financial instruments

The Company's financial instruments, consisting of cash and accounts payable, approximate fair value due to the relatively short maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, credit or currency risks arising from these instruments.

Western Gold Exploration Ltd.

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Notes to Condensed Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

10. Capital management

The Company defines capital as total equity which was \$649,045 (December 31, 2019 - \$714,559). The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Company does not have any externally imposed capital requirements to which it is subject other than the restriction on the use of cash as referred to in Note 1.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

11. Subsequent events

Effective October 27, 2020, the Company completed its Qualifying Transaction by completing the WGE UK Transaction. In connection with the WGE UK Transaction, effective October 22, 2020, the Company acquired all the issued and outstanding shares of WGE UK in exchange for 32,666,883 pre-consolidation common shares of the Company. This share exchange was based on shareholders of the Company (prior to the Qualifying Transaction) and WGE UK shareholders holding 30% and 70% of the outstanding common shares of the Company upon completion of the WGE UK Transaction (before the Concurrent Financing (as defined below)), respectively, on a deemed valuation of the Company (prior to the WGE UK Transaction) of \$0.1225 per common share (on a pre-Consolidation basis) and a deemed valuation of WGE UK of \$4,000,000. The Company, through WGE UK, now holds interests in two mineral properties in Scotland: the Knapdale Property and the Lagalochan Property. The WGE UK Transaction was effected pursuant to a share exchange agreement dated July 14, 2020, between the Company, WGE UK and certain shareholders of WGE UK.

In connection with the completion of the WGE UK Transaction, the escrow release conditions associated with the 11,333,331 Subscription Receipts issued by the Company on August 19, 2020 were satisfied (the "Concurrent Financing"). As a result, the Subscription Receipts were automatically converted for no further consideration into 11,333,331 common shares of the Company (on a pre-consolidation basis) and the gross proceeds of the offering of \$1,700,000, plus \$978 of interest, net of bank charges, were released to the Company.

In connection with the WGE UK Transaction, effective October 22, 2020 implemented the consolidation of its share capital on a 2.5 for 1 basis. Following the consolidation and the transactions connected to the WGE UK Transaction, the Company now has approximately 23,354,705 outstanding post-consolidation common shares issued and outstanding.

Trading of the Company's shares on the TSX Venture Exchange resumed under its new stock symbol "WGLD" on October 29, 2020.