



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

**Management's Discussion and Analysis**

**For the Three and Nine Months Ended September 30, 2020**

**(dated: November 26, 2020)**

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**Western Gold Exploration Ltd.**  
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**INTRODUCTION**

The following management's discussion and analysis ("MD&A") should be read in conjunction with Western Gold Exploration Ltd.'s (formerly Cassowary Capital Corporation Limited) (the "Company", "we" or "our") unaudited condensed interim financial statements and notes thereto as at and for the three and nine months ended September 30, 2020 (the "interim financial statements") and the audited financial statements for the year ended December 31, 2019 and related notes. This MD&A was prepared by management of the Company, and was approved by the Board of Directors on November 26, 2020. Additional information relating to the Company, including the most recent Management Information Circular dated September 21, 2020, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**BASIS OF PRESENTATION**

This MD&A and the interim financial statements have been prepared in Canadian dollars, unless otherwise indicated, and in accordance with International Financial Reporting Standards ("IFRS"). For the purposes of preparing our MD&A, we consider the materiality of information. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity. Information is considered material if: (i) it would significantly alter the total mix of information available to investors; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares.

This MD&A is intended to help the reader understand the Company, our operations, financial performance and present and future business environment. All amounts are stated in Canadian dollars ("CAD" or "\$") unless otherwise stated. This MD&A of financial results is dated November 26, 2020, and should be read in conjunction with the condensed interim consolidated financial statements of the Company and the related notes for the three and nine months ended September 30, 2020 (the "**Financial Statements**"), which are prepared in accordance with IFRS. This MD&A and the accompanying Financial Statements have been reviewed and approved by the Company's Board of Directors.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking information. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

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## **CORPORATE PROFILE**

The Company was incorporated as Cassowary Capital Corporation Limited pursuant to the provisions of the *Business Corporations Act* (Alberta) on January 31, 2018. The Company maintains its head office changed to The Lighthouse, St. Abbs Suite, Heugh Road, North Berwick EH39 5PX Scotland and its registered office at 1600, 421 - 7th Avenue SW Calgary, Alberta T2P 4K9. The Company is a “Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 – *Capital Pool Companies* (“**Policy 2.4**”) of the TSX Venture Exchange (the “**TSXV**”) at September 30, 2020. Upon completion of its “Qualifying Transaction” under Policy 2.4, on October 27, 2020, the Company became a Tier 2 Mining issuer under the policies of the TSXV.

On January 31 and April 30, 2018, the Company issued for cash consideration, 100 and 10,000,000 common shares respectively, at a price of \$0.05 per share, for total gross proceeds of \$500,005 (the “**Seed Share Financing**”).

On July 30, 2018 and in connection with its initial public offering and listing on the TSXV, the Company filed a Prospectus with the Alberta Securities Commission, Ontario Securities Commission, and British Columbia Securities Commission to issue 4,000,000 common shares at a price of \$0.10 per share. Pursuant to an Agency Agreement between the Corporation and Richardson GMP Limited (the “**IPO Agent**”), the Company agreed to issue the 4,000,000 common shares at a price of \$0.10 per share (the “**Offering**”) and the Company appointed the IPO Agent as its agent for the Offering.

On September 6, 2018 the Company completed the Offering, raising gross proceeds of \$400,000. The common shares of the Company commenced trading on the TSXV on September 12, 2018 under symbol “BIRD.P”. Upon completion of the Transaction (as defined below), the Company’s TSXV symbol was changed to “WGLD”.

The Company paid the IPO Agent, a cash commission of \$40,000 in connection with the Offering; a corporate finance fee of \$15,000; and reimbursement for certain expenses (including legal fees plus disbursements and applicable taxes). The IPO Agent was also granted a non-transferable Agent's Option to purchase 400,000 common shares at a price of \$0.10 per common share, which will expire 24 months from the date of issuance.

The principal business of the Company was to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein within twenty-four months of listing on the TSXV. The purpose of such an acquisition is to satisfy the related conditions of a “Qualifying Transaction” under Policy 2.4.

On June 1, 2020, the Company entered into a binding letter of intent for the proposed business combination with Western Gold Exploration Limited (“**WGE UK**”) pursuant to which the Company agreed to acquire all of the outstanding shares of WGE UK (the “**Transaction**”). WGE UK is a private company formed under the laws of England and Wales on December 5, 2016 under the names “Charles Thomas Holdings Limited”. On May 2, 2017, the WGE UK changed its name to “Western Gold Exploration Limited”. The WGE UK’s registered number is 10510465. WGE UK holds minerals rights in Argyll County in western Scotland. Upon completion of the Transaction, the combined entity (the “**Resulting Issuer**”) 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 Transaction represents the Company’s “Qualifying Transaction” (as such term is defined in the policies of the TSXV).

On October 27, 2020, the Company announced it had completed its previously announced Transaction whereby the Company acquired all of the issued and outstanding shares of WGE UK in exchange for 32,666,883 common shares of the Company (on a pre-Consolidation basis (as defined below)). This share

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exchange was based on shareholders of the Company (prior to the Transaction) and WGE UK shareholders holding 30% and 70% of the outstanding common shares of the Company upon completion of the Transaction (before the Concurrent Financing (as defined below)), respectively, on a deemed valuation of the Company (prior to the Transaction) of CAD\$0.1225 per common share (on a pre-Consolidation basis) and a deemed valuation of WGE UK of CAD\$4 million.

Company, in connection with the Transaction, changed its name from “Cassowary Capital Corporation Limited” to “Western Gold Exploration Ltd.”. Concurrent with the completion of the Transaction, the common shares of the Resulting Issuer were consolidated on the basis of one (1) post-consolidation share for each two and one-half (2.5) pre-consolidation shares (the “**Consolidation**”). A special resolution for the approval of the name change and Consolidation was approved by the Company’s shareholders at the October 20, 2020 shareholder meeting.

On August 21, 2020 the Company completed a non-brokered private placement of Subscription Receipts of the Company 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 (pre-Consolidation). Each Subscription Receipt, upon satisfaction of certain escrow release conditions including the completion of the Transaction, automatically converted into one (1) common share of the Company and, immediately thereafter, upon completion of the Transaction, were subject to the Consolidation.

### **Qualified Person**

The technical content of this MD&A has been read and approved by Mr. Roy Eccles of Apex Geosciences. Mr. Eccles is a Qualified Person as defined in Canada by National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“**NI 43-101**”).

### **HIGHLIGHTS – 2020 TO DATE**

- On October 20, 2020, the Company announced that the shareholders of the Company approved all resolutions at the annual and special meeting of shareholders of the company held on October 20, 2020, including all resolutions in respect to the Transaction and related Consolidation and name change.
- On October 27, 2020, received final TSXV approval, completing the Transaction, with the result that the Company is now a Tier 2 mining issuer under the policies of the TSXV. The Company now holds, through its wholly-owned subsidiary, WGE UK, interests in two mineral properties in Scotland, the Knapdale Property and the Lagalochan Property.
- In connection with the completion of the Transaction, the escrow release conditions associated with the 11,333,331 subscription receipts (the “**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, plus interest earned net of bank charges (\$1,700,978) were released to the Company.
- In connection with the Transaction, the Consolidation was completed on a 2.5 to 1 basis, such that now the Company has an aggregate of approximately 23,354,705 common shares issued and outstanding.
- Upon completion of the Transaction, the Board of Directors of the Company are as follows: Harry Dobson, Ross McLellan, Willie McLucas and Stuart Olley. Mr. McLellan is appointed as Chief Executive Officer and Mr. Jim O’Neill is appointed as Chief Financial Officer.

- The Company completed its assessments of the potential of its two exploration projects and determined its near-term exploration and related financing activities would focus on its Knapdale Project.
- Pursuant to the conditions of the Transaction, the Company engaged Apex Geoscience Ltd. and Lakehead Geological Services Inc. of Canada to prepare a Technical Report in accordance with the Canadian Securities Administration's NI 43-101, The intent of the Technical Report is to provide: 1) a geological introduction to Knapdale; 2) sufficient evidence of no less than \$200,000 of exploration expenditures on Knapdale; and recommendations for future exploration work programs. The Technical Report was completed June 12, 2020.
- The WGE UK originally had a £1,500,000 commitment to spend on the Knapdale exploration asset by January 29, 2021. WGE UK reached an agreement with the licence holders to extend that commitment to July 29, 2022, contingent on the Transaction successfully completing.

## **OUTLOOK**

Completion of the Transaction with the Concurrent Financing will provide funding for further evaluation of the Knapdale Property and alternative exploration programs, including drilling campaigns. The exploration program will target historic gold adits from early 1900s and the known local gold occurrences. The program under development may include:

- a deep overburden survey over an 1,800-metre strength length of the Stronchullin veins at Knapdale;
- investigation of Gossan Burn at Knapdale; and
- diamond drilling based on the results of additional geological surveys.

The Company may investigate additional exploration targets in Scotland, including its Lagalochan Property, and other exploration licenses that may become available in the area.

## **COMPANY OVERVIEW**

The Company is a mineral exploration company primarily operating in Scotland through WGE UK and its wholly-owned subsidiary Lorne Resources Ltd. ("**Lorne**") a Scottish registered company (registered no. SC419439) with its office in North Berwick, East Lothian, Scotland. At the time of the acquisition of Lorne in March 2018, Lorne was a dormant company with its only assets being the Knapdale Gold Project license ("**Knapdale**") and the Lagalochan license ("**Lagalochan**"). Knapdale is an early exploration stage project prospective for orogenic quartz-gold-silver lodes that comprises three contiguous sub-properties (Stronchullin prospect; Ormsary North and Ormsary South collectively the Allt Dearg prospect). Knapdale is in the parish of Knapdale South, which is approximately 70 km west of Glasgow. The Company's focus is to conduct an exploration program targeting historic mines and gold occurrences to develop an initial resource estimate. Lagalochan, which is approximately 90 km northwest of Glasgow, is considered a copper-gold porphyry prospect for future exploration.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development will require significant capital. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the "Liquidity and Capital Resources" and "Risk Factors" in the sections below for additional information.

None of the Company's projects have commenced commercial production and, accordingly, the Company is dependent upon debt and/or equity financings for its funding. The recoverability of the carrying value of

exploration and evaluation projects, and ultimately the Company's ability to continue as a going concern, is dependent upon exploration results which indicate the potential for the discovery of economically recoverable reserves and resources, and the Company's ability to finance development and exploration of its projects through debt or equity financing for its funding. Changes in future conditions could require a material write-down of carrying values and the ability to pay its obligations as they fall due.

## **OVERVIEW OF PROJECTS**

### **Knapdale Gold Project**

Knapdale is an early exploration stage project prospective for orogenic quartz-gold-silver lodes that comprises three contiguous sub-properties (Stronchullin prospect; Ormsary North and Ormsary South collectively the Allt Dearg prospect). The minerals rights extend to base metal exploration rights over 3,253 hectares, with right to lease, and gold exploration rights over 1,574 hectares, with conditional rights to lease. Prospecting Agreements to work on these sub-properties were originally acquired by Lorne and include a Crown Charter 1907 rights to gold and silver at Stronchullin and Ormsary North sub-properties. The Prospecting Agreements include options to lease, which if exercised, give rights to mine and surface access. The Ormsary South sub-property Prospecting Agreements include surface access rights and base metal mining rights agreements. Mining rights to gold and silver are owned by the Crown.

The landowners have granted exclusive surface access to Lorne for up to 15 years from 2018, with work commitments of £1.5 million before July 29, 2022 and £3 million in total before July 29, 2024. In 2020, the landowners agreed to extend the initial work commitment period from July 29, 2022 to July 29, 2023. The Prospecting Agreements may be terminated by the landowners if the work commitment is not met. The option period for the Prospecting Agreements expires on January 28, 2033.

Annual option fee schedules to each of Ormsary and Stronchullin owners is currently £5,000 index linked since 2018, rising to £10,000 index linked in 2023 and £15,000 index linked in 2028. If leases are acquired, each landowner is paid rent of £40,000 per annum, index linked and a royalty of 2% net realisable value on all base metals and 1.5% net realisable value of gold and silver, plus a share of any saving in royalty payable to the Crown for gold and silver. Royalty is payable to the Crown on all gold and silver extracted. This is likely to be 4% of net realisable value.

Knapdale is located in the Dalradian gold belt. Other mines in the Dalradian Gold Belt include Dalradian Resources, which owns the Curraghinalt Gold project, and Scotgold Resources, which owns the Cononish Gold mine.

The Company acquired the rights to all data associated with Lorne Resources' 2014-2018 exploration programs at Knapdale. The exploration work and database detail multiple deep till/soil, stream-sediment, panned concentrate, rock grab and trench rock sample surveys (n=1,059 total samples), a water monitoring program and a 2017-2018 drill program that drilled 10 drill holes. Collectively, the drill program intersected and cored a total of 1,216.0 m that include 751.5 m at the Stronchullin and 464.5 m at the Ormsary North sub-properties (Stronchullin and Allt Dearg prospects, respectively).

### **Lagalochan Project**

Lagalochan is an early stage exploration stage copper-gold porphyry prospect located in Kilmelford, Scotland. The mineral rights extend to base metal exploration rights over 612.5 hectares, with right to lease gold exploration rights over 118 km<sup>2</sup>, with conditional right to lease. The Company conducted a drilling exploration program beginning in the second-half of 2018 and finishing in early 2019. The Company compared the results of the Lagalochan exploration program and other related factors with Knapdale, and determined that the near-term exploration prospects for Knapdale would improve the Company's growth

and financing opportunities. Consequently, Lagalochan will be maintained as a future exploration prospect, while the Company advances Knapdale. The Lagalochan license requires annual payments related to access agreements and rights of £24,000 each September; £8,000 each October and £5,000 each July. There is no work commitment included in the agreements. No exploration work on the site is presently planned while the Company focusses on Knapdale.

## SELECTED FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The Company was a CPC as at September 30, 2020 and, in accordance with TSXV policy 2.4, a Tier 2 mining issuer effective upon completion of the Transaction on October 27, 2020. Accordingly, the Company has not recorded and revenues, and depends upon share issuances to fund its exploration and evaluation expenditures and administrative expenses.

The following table provides select financial information in CAD that should be read in conjunction with the condensed interim consolidated financial statements for the three and nine months ended September 30, 2020:

	As at Sep. 30, 2020	As at June 31, 2020	As at Mar. 31, 2020	As at Dec. 31, 2019	As at Sept. 30, 2019	As at June 30, 2019	As at Mar. 31, 2019	As at Dec. 31, 2018
<b>Total Assets</b>	\$738,692	\$710,183	\$719,838	\$741,214	\$740,787	\$758,449	\$771,146	\$772,840
<b>Total Short-Term Liabilities</b>	\$89,647	\$17,559	\$7,097	\$26,655	\$1,079	\$15,571	\$14,819	\$13,762
<b>Shareholders' Equity</b>	\$649,045	\$692,624	\$712,741	\$714,559	\$739,708	\$742,878	\$756,327	\$759,078
<b>Shares outstanding</b>	14,386,600	14,000,100	14,000,100	14,000,100	14,000,100	14,000,100	14,000,100	14,000,100

Description	Sept. 30, 2020 / 2020 Q3	June 30, 2020 / 2020 Q2	Mar. 31, 2020 / 2020 Q1	Dec. 31, 2019 / 2019 Q4	Sept. 30, 2019 / 2019 Q3	June 30, 2019 / 2019 Q2	Mar. 31, 2019 / 2019 Q1	Dec. 31, 2018 / 2018 Q4
<b>Total Revenue</b>	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	\$84,047	\$20,117	\$1,818	\$25,149	\$3,170	\$13,449	\$2,751	\$24,106
<b>Net and comprehensive loss</b>	\$84,047	\$20,117	\$1,818	\$25,149	\$3,170	\$13,449	\$2,751	\$24,106
<b>Earnings (Loss) per Share-Basic and Diluted</b>	(\$0.02)	(\$0.01)	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.00	(\$0.01)
<b>Weighted average shares outstanding</b>	4,101,562	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

## Discussion of Operations

During the nine-month period ended September 30, 2020 the Company had a net loss and comprehensive loss of \$104,164 (nine-month period ended September 30, 2019 - \$19,370), related to professional fees and regulatory and filing fees.

During the three-month period ended September 30, 2020 the Company had a net loss and comprehensive loss of \$84,047 (three-month period ended September 30, 2019 - \$3,170), related to professional fees and regulatory and filing fees.

As at September 30, 2020, the date of the accompanying interim financial statements, the only assets of the Company are cash and deferred finance costs. Upon completion of the Transaction on October 27, 2020, the Resulting Issuer's assets include WGE UK's intangible assets representing the exploration and evaluation

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expenditures on the Knapdale and Lagalochan Properties (“E&E”). Further information regarding the E&E is included in the most recent Management Information Circular of the Company dated September 21, 2020 filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## **LIQUIDITY AND CAPITAL RESOURCES**

Cash and cash equivalents at September 30, 2020 totalled \$713,192 (December 31, 2019 - \$741,214). At September 30, 2020, the Company had working capital (non-GAAP measure equal to current assets less current liabilities) of \$649,045 (December 31, 2019 - \$714,559). The balance in cash is from the proceeds of: (i) \$500,005 following the issuance of 10,000,100 common shares of the Company pursuant to its Seed Share Financing; (ii) \$400,000 following the issuance of 4,000,000 common shares of the Company pursuant to its Offering; and (iii) \$38,650 following the issuance of 386,500 common shares of the Company pursuant to the exercise of Agent options.

On August 20, 2020, the Company announced that it closed the \$1,700,000 Concurrent Financing. On October 27, 2020, upon completion of the Transaction, which a condition of the Concurrent Financing, these funds were released from escrow to the Company.

During the nine-month period ended September 30, 2020, cash used in operating activities of \$66,672 primarily related to the identification and evaluation of a business (WGE UK), to obtain shareholder approval of a Qualifying Transaction and regulatory and filing fees (nine-months ended September 30, 2019 equalled \$32,053).

As a CPC, the Company is subject to externally imposed capital requirements as outlined in Policy 2.4 and summarized below:

1. No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;
2. Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;
3. No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a Qualifying Transaction;
4. After the completion of its initial public offering and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the TSXV is obtained before the issuance of the securities.

## **MARKET TRENDS**

The Company’s future financial performance is dependent on many external factors including the markets of certain precious and base metals. The markets for these commodities are volatile and difficult to predict as they are impacted by many factors including international political, social and economic conditions and the COVID-19 pandemic. These conditions, combined with volatility in the capital markets, could materially affect the future financial performance of the Company.

## **OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS**

The Company does not have any off-balance sheet arrangements that are likely to have or are reasonably likely to have a material current or future effect on the Company’s financial condition, changes in financial

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condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in the Financial Statements.

The Prospecting Agreements with the Knapdale landowners granted exclusive surface access to Lorne for up to 15 years from 2018. Work commitments of £1,500,000 before July 29, 2022, and £3,000,000 in total before July 29, 2024. The Prospecting Agreements may be terminated by landowners if the work commitment is not met. The option period under the Prospecting Agreements expires on January 28, 2033.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments as of September 30, 2020, consist of cash and cash equivalents, receivables, trade and other payables denominated in CAD. Upon completion of the Transaction, the Company's financial instruments, including receivables, are denominated in British Pounds Stirling ("GBP") and Euro, in addition to CAD.

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, which are held in financial institutions in Canada and in the United Kingdom and other receivables. The Company has no significant concentration of credit risk arising from operations. The Company's policy is to invest excess cash in fixed interest investment-grade short-term deposit certificates and overnight deposits in either Canada or the UK. Management believes the risk of loss to be minimal given the apparent financial strength of the financial institutions with whom the Company transacts.

Other receivables consist of value added taxes receivable and research and development tax credit from government authorities in the UK. Management believes that the credit risk concentration with respect to other receivables is minimal.

Interest rate risk is generally associated with the Company's cash balances that are invested in fixed interest investment-grade short-term deposit certificates and overnight deposits. Future net cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company closely monitors prevailing interest rates and will take appropriate mitigating actions should interest rate risk become material.

Foreign currency risk is generally associated with financial instruments and transactions denominated in non-CAD currencies, such as GBP and EUR. The Company is presently exposed to some foreign exchange risk as it holds its assets and liabilities in CAD, GBP and EUR. Since future activities may result in future expenditures denominated in GBP and other currencies, the Company will monitor the applicable exchange rates and take the appropriate foreign currency risk mitigation measures.

## **SHARE CAPITAL AS AT NOVEMBER 26, 2020**

Upon completion of the Transaction and related Consolidation, and as of the date of this MD&A, the Company had issued and outstanding common shares without par value of 23,354,705.

The Company granted, prior to the Transaction, 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 and all outstanding options were exercisable as of September 12, 2018. Upon the Consolidation, the outstanding options were also consolidated at a ratio of 2.5 to 1, resulting in the aggregate quantity of options being reduced to 560,000 common shares at an exercise price of \$0.25 per share.

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## **CAPITAL MANAGEMENT**

The Company manages capital through its financial and operational forecasting processes. The Company's capital management objectives, policies and processes remained unchanged from the year ended December 31, 2019 through to the Transaction, which was the date the Company's TSXV's classification changed from a CPC to a Tier 2 mining issuer. Consequently, following the Transaction, the Company's capital management objective shifted to managing its capital requirements based on its funding projections to support the exploration and evaluation activities related to the Knapdale Property and other prospective licenses.

## **RISK FACTORS**

The Company's principal activity of mineral exploration and development is considered to be very high risk and the mining industry in general is intensely competitive in all its phases. Companies involved in this industry are subject to many and varied types of risks, including but not limited to, environmental, commodity prices, political and economic. Additional capital will be required to fund continuing operations and advance the exploration and development activities at Knapdale and for other prospective licences.

The interim MD&A does not include all of the risk factors and disclosures required in the annual financial statements and MD&A and referred to in the Company's Management Information Circular dated September 21, 2020. The interim MD&A should be read in conjunction with the annual financial statements and MD&A as at December 31, 2019, the interim financial statements as at September 30, 2020 and the Information Circular dated September 21, 2020 and filed on SEDAR at [www.sedar.com](http://www.sedar.com). More specifically, please refer to the Company's Information Circular Appendices G and H regarding WGE UK financial statements and MD&A.

There have been no changes in the risk management or in any of the risk management policies and risk factors since the year end, except as noted below:

- *The Impact of the Current Coronavirus (COVID-19) Pandemic May Significantly Impact the Company and the Resulting Issuer:* The current COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. As efforts are undertaken to slow the spread of COVID-19, the operation and development of mining projects may be impacted. To date, a number of mining projects have been suspended as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the properties in which the Company holds an interest is unable to obtain the services required to advance the project, it may have a material adverse impact on the Company's results of operations, financing activities and financial condition.

## **SIGNIFICANT ACCOUNTING POLICIES**

Refer to Note 2 – Accounting Policies in the Company's Interim Consolidated Financial Statements for the period ended September 30, 2020 and the Consolidated Financial Statements for the year ended December 31, 2019.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for designing internal controls over financial reporting, or supervising their design, in order to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for reporting purposes in accordance with IFRS.

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There was no change in the Company's internal controls over financial reporting that occurred during the nine-month period ended September 30, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The control framework has been designed by management with assistance from accounting consultants. Based on a review of its internal control procedures at the end of the period covered by this MD&A, the conclusion of management is that the internal control over financial reporting is appropriately designed and operating effectively as of September 30, 2020.