



**Condensed Interim Consolidated Financial Statements**  
*(Expressed in Canadian Dollars)*  
(Unaudited)

**For the Three and Six Months Ended June 30, 2022 and 2021**

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## Management's Responsibility for Financial Statements

The accompanying condensed interim financial statements of Western Gold Exploration Ltd. (the "Company" or "Western Gold") are the responsibility of management and the Board of Directors. These condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Ross McLellan"  
Ross McLellan  
President and Chief Executive Officer

(signed) "Jim O'Neill"  
Jim O'Neill  
Chief Financial Officer

August 25, 2022

## Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

## Western Gold Exploration Ltd.

### Condensed Interim Consolidated Statement of Financial Position As at June 30, 2022 and December 31, 2021 (Unaudited, expressed in Canadian Dollars)

	June 30, 2022	December 31, 2021
<b>Assets</b>	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Current</b>		
Cash	\$ 849,879	\$ 1,447,733
Prepays	20,397	17,760
VAT recoverable	17,764	7,389
Research and development tax credits recoverable	252,176	275,025
	1,140,216	1,747,907
<b>Non-current assets</b>		
Exploration and evaluation properties <i>(Note 5)</i>	4,790,610	4,158,389
	4,790,610	4,158,389
	\$ 5,930,826	\$ 5,906,296
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 241,037	\$ 60,795
	241,037	60,795
<b>Shareholders' Equity</b> <i>(Note 6)</i>		
Share capital	10,161,621	10,161,621
Contributed surplus	894,715	894,715
Deficit	(5,392,954)	(5,260,187)
Accumulated other comprehensive loss	26,407	49,352
	5,689,789	5,845,501
<b>Total Liabilities and Shareholders' Equity</b>	\$ 5,930,826	\$ 5,906,296

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

#### Nature of operations and going concern (Note 1)

Approved by the Board:

"Stuart Olley"  
Director

"Ross McLellan"  
Director

## Western Gold Exploration Ltd.

### Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss For the three and six months ended June 30, 2022 and 2021 *(Unaudited, expressed in Canadian Dollars, except number of shares)*

	Three-months ended		Six-months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Expenses</b>				
Regulatory fees and communication	\$ 9,695	\$ 11,366	\$ 22,112	\$ 16,918
Compensation	43,972	24,711	64,335	40,460
Office and sundry	13,960	21,978	25,944	65,443
Professional fees	10,619	22,703	17,699	40,909
Foreign exchange losses	1,810	-	2,677	-
<b>Net loss</b>	<b>79,456</b>	<b>80,758</b>	<b>132,767</b>	<b>163,730</b>
Foreign exchange (gain) loss	8,678	(2,752)	22,945	(2,066)
<b>Net loss and comprehensive loss</b>	<b>\$ 88,132</b>	<b>\$ 83,510</b>	<b>\$ 155,712</b>	<b>\$ 165,796</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.003</b>	<b>\$ 0.003</b>	<b>\$ 0.006</b>	<b>\$ 0.006</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>26,604,705</b>	<b>26,604,705</b>	<b>26,604,705</b>	<b>26,604,705</b>

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

## Western Gold Exploration Ltd.

### Condensed Interim Consolidated Statements of Changes in Equity

*(Unaudited, expressed in Canadian Dollars)*

	Share Capital Number	Share Capital	Contributed Surplus	Deficit	Foreign Currency Translation Reserve	Total
<b>Balance, December 31, 2020</b>	<b>26,604,705</b>	<b>\$10,161,621</b>	<b>\$1,032,160</b>	<b>\$ (4,978,428)</b>	<b>\$39,905</b>	<b>\$6,255,258</b>
Translation adjustment	-	-	-	-	(2,066)	(2,066)
Net loss and comprehensive loss	-	-	-	(163,730)	-	(163,730)
<b>Balance, June 30, 2021</b>	<b>26,604,705</b>	<b>10,161,621</b>	<b>1,032,160</b>	<b>(5,142,158)</b>	<b>37,839</b>	<b>6,089,462</b>
Options expired	-	-	(137,445)	137,445	-	-
Translation adjustment	-	-	-	-	11,513	11,513
Net loss and comprehensive loss	-	-	-	(255,574)	-	(255,574)
<b>Balance, December 31, 2021</b>	<b>26,604,705</b>	<b>10,161,621</b>	<b>894,715</b>	<b>(5,260,187)</b>	<b>49,352</b>	<b>5,845,501</b>
Translation adjustment	-	-	-	-	(22,945)	(22,945)
Net loss and comprehensive loss	-	-	-	(132,767)	-	(132,768)
<b>Balance, June 30, 2022</b>	<b>26,604,705</b>	<b>\$10,161,621</b>	<b>\$894,715</b>	<b>\$ (5,392,954)</b>	<b>\$26,407</b>	<b>\$5,689,788</b>

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

## Western Gold Exploration Ltd.

### Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020  
(Unaudited, expressed in Canadian Dollars)

(Expressed in Canadian Dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
<b>Net loss for the period</b>	<b>\$(88,132)</b>	\$ (82,827)	<b>\$(155,713)</b>	\$ (165,795)
Unrealized foreign exchange movements	<b>5,966</b>	-	<b>10,792</b>	2,103
Operating cash flows before changes in non-cash working capital:	<b>(82,176)</b>	(82,827)	<b>(144,921)</b>	(163,692)
Changes in non-cash working capital:				
HST receivable	<b>(12,147)</b>	(50,204)	<b>(10,375)</b>	(29,237)
Prepaid expenses	<b>(1,065)</b>	-	<b>(2,637)</b>	-
Accounts payable and accrued liabilities	<b>55,174</b>	639,270	<b>180,242</b>	684,719
Research and development tax credit recoverable	<b>12,056</b>		<b>22,849</b>	(365)
Cash used in operating activities	<b>71,842</b>	505,416	<b>45,158</b>	491,425
<b>Cash flows due to investing activities</b>				
Exploration and evaluation properties	<b>(447,627)</b>	(752,405)	<b>(632,221)</b>	(938,259)
Cash used in investing activities	<b>(447,627)</b>	752,405)	<b>(632,221)</b>	(938,259)
<b>(Decrease) increase in cash during the period</b>	<b>(375,784)</b>	(244,890)	<b>(587,063)</b>	(446,834)
<b>Effect of foreign exchange on beginning cash</b>	<b>(5,956)</b>	(1,139)	<b>(10,791)</b>	(1,376)
<b>Cash, beginning of period</b>	<b>1,213,619</b>	2,885,581	<b>1,447,733</b>	3,087,762
<b>Cash, end of period</b>	<b>\$ 849,879</b>	\$2,639,552	<b>\$ 849,879</b>	\$ 2,639,552

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

## Western Gold Exploration Ltd.

### Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

#### 1. Nature of Operations and Going Concern

Western Gold Exploration Ltd. (the "Company") is incorporated under the *Business Corporations Act* (Alberta). Effective October 22, 2020, the Company acquired all of the outstanding shares of Western Gold Exploration Limited ("WGE UK"). Subsequent to the acquisition of WGE UK, the subsidiary changed its name to Western Gold Exploration (UK) Limited. The Company's common shares are listed on the Toronto Stock Exchange Venture ("TSXV") and trade under the symbol WGLD.

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

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 continued the business of WGE UK and is 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 business of mining and exploration for minerals 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 recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the 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.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, and non-compliance with regulatory and environmental requirements. 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.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements, and eventually to generate positive cash flows. The Company obtained financing in 2020 and in August 2022 (refer to Note 10 Subsequent Events). Management will continue to evaluate alternatives to secure additional favorable financing so that the Company can continue to operate as a going concern. Nevertheless, there can be no assurance that these initiatives will be successful or sufficient. These circumstances cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that may be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## Western Gold Exploration Ltd.

### Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

#### 1. Nature of Operations and Going Concern (continued)

The COVID-19 pandemic and the related business disruptions and economic slowdown resulted in the Company experiencing delays in obtaining both regulatory approvals and vendor commitments to initiate its 2021 drilling campaign, and in obtaining assay results. Although many government restrictions have since been lifted and the Company's access to timely support from its vendors and government agencies has improved, it is not possible to reliably estimate the impact of future COVID-19 issues on the exploration operations and the financial condition of the Company.

#### 2. Basis of Preparation

a) Statement of Compliance:

These condensed interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021 (the "Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee. These Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

The Financial Statements were approved by the Board of Directors on August 25, 2022.

b) Basis of Measurement:

The Financial Statements have been prepared on an historical cost basis, using the accrual basis of accounting, except for certain financial instruments that are measured at fair value at the end of each reporting period as explained in the significant accounting policies.

c) Basis of Consolidation:

The Financial Statements include the accounts of the Company's subsidiaries as at June 30, 2022, which are wholly-owned Western Gold Exploration (UK) Limited and its wholly-owned subsidiary, Lorne Resource Ltd. All inter-company balances and transactions are eliminated upon consolidation.

d) Critical Accounting Estimates and Judgments:

Areas of judgment that have the most significant effect on the amounts recognized in the Financial Statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2021. There have been no significant changes to the areas of estimation and judgement during the six months ended June 30, 2022.

d) Significant Accounting Policies:

The accounting policies are set out in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2021 and they have been applied consistently to all periods presented in these Financial Statements.



## Western Gold Exploration Ltd.

### Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

#### 3. Capital management

The Company's objectives when managing capital are:

- a) to continue the exploration and evaluation of its mineral properties;
- b) to safeguard its ability to continue as a going concern; and
- c) to maintain a capital structure which optimizes the cost of capital at an acceptable level of risk.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis.

The Company considers its capital to comprise of share capital, contributed surplus, warrants, accumulated other comprehensive loss, which at June 30, 2022 totalled \$5,689,789 (December 31, 2021 - \$5,845,501).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration and evaluation activities. There have been no significant changes to the Company's capital management objectives, policies and processes during the six months ended June 30, 2022.

#### 4. Exploration and evaluation properties

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Balance at the beginning of the period	\$4,342,983	\$3,318,197	\$4,158,389	\$4,158,389
Costs capitalized in the period				
Consulting	81,404	69,634	206,415	188,126
Drilling	321,728	682,771	345,604	725,250
Lease rentals & other	44,495	-	80,202	24,883
Total exploration costs capitalised in the period	447,627	752,405	632,221	938,259
Balance at the end of the period	\$ 4,790,610	\$ 4,070,602	\$ 4,790,610	\$ 4,070,602

## Western Gold Exploration Ltd.

### Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

#### 4. Exploration and evaluation properties (continued)

##### Commitments

The Knapdale exploration licences include an exploration work commitment of £1,500,000 to be spent by July 29, 2022 and an aggregate of £3,000,000 by July 29, 2024.

Lagalochan includes three licenses that require aggregate annual fees of £37,000.

#### 5. Shareholder's equity

- a) Authorized share capital of the Company consists of an unlimited number of Common Shares without nominal or par value.
- b) 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. 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.

	Number of Stock Options	Weighted Average Exercise Price \$
Balance - December 31, 2020	2,335,000	0.44
Changes in period	-	-
Balance – March 31, 2021	2,335,000	0.44
Forfeited – October 2021	(420,000)	0.25
Balance - December 31, 2021	1,915,000	0.48
Changes in period	-	-
Balance – June 30, 2022	1,915,000	0.48

The following is information regarding the outstanding options at June 30, 2022:

	Number of Options	Option Exercise Price	Remaining Life in Years
December 8, 2025	1,775,000	\$0.50	3.7
September 6, 2028	140,000	0.25	6.4
Total options and weighted averages	1,915,000	\$0.48	3.9

## Western Gold Exploration Ltd.

### Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

#### 5. Shareholder's equity (continued)

##### c) Warrants

On December 23, 2020, as part of a private placement, the Company issued warrants to acquire 1,625,000 common shares at an exercise price of \$0.75 per common share for a period of eighteen months. The warrants expired on June 23, 2022.

#### 6. Financial Instruments

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks include credit risk, liquidity risk and market risk. The Company's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Company's financial performance.

The Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021. There have been no changes in the risk management or in any risk management policies during this year.

#### 7. Segmental analysis

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker (which takes the form of the Directors) as defined in IFRS 8 "Operating Segments", in order to allocate resources to the segment and to assess its performance.

The Company has one reportable operating segment, being that of acquisition, exploration and evaluation activities. All exploration and evaluation assets are located in Scotland. The Company has not yet commenced production, and therefore it has no revenue.

#### 8. Related party transaction

Related party transactions include consulting fees, management fees and compensation paid to key management personnel or to companies controlled by such individuals. Key management personnel are defined as officers and directors of the Company.

- (i) Directors do not have employment contracts with the Company, but may be entitled to director fees, while officers and one director have consulting contracts for providing their services. Both directors and officers are also eligible for share-based payments. Expenditures recorded, excluding related HST and VAT, are summarized below:

	Three months ended	Three months ended	Six months ended	Six months ended
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Compensation	\$ 31,801	\$ 35,419	40,586	67,220
E&E Consulting	28,502	28,985	75,357	57,021
Total	\$ 60,303	\$ 64,404	\$115,933	\$124,241

## Western Gold Exploration Ltd.

### Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

#### 8. Related party transaction (continued)

- (ii) A law firm of which one director of the Company is a partner is related through common management. During the three and six month periods ended June 30, 2022, the Company incurred and expensed nil and \$289, respectively related to legal services received (three and six month periods ended June 30, 2021 - \$1,225 and nil, respectively).
- (iii) As at June 30, 2022, the Company's net amount owing to key management personnel was nil (December 31, 2021 - nil).

#### 9. Subsequent events

The Company's exploration spending on Knapdale in July 2022 increased aggregate spending to over £1,500,000 by July 29, 2022, thereby exceeding the work commitment of £1.5 million by July 29, 2022 pursuant to its prospecting agreement and resulting in the appropriate notice being provided to the landowners.

On August 25, 2022, the Company completed a non-brokered private placement for gross proceeds of \$1,150,000 through the issuance of 7,666,646 equity units at a price of \$0.15 per equity unit. Each Unit is comprised of one (1) common share of the Company and one-half of one (1/2) common share purchase warrant of the Company (a "Warrant"). Each whole Warrant will entitle the holder to acquire one (1) common share of the Company for a period of 12 months from the date of issuance of the Warrant, at an exercise price of \$0.25 per share.