



Western Gold Exploration Ltd.

Management's Discussion and Analysis (in Canadian Dollars, unless otherwise stated)

For the Three Months Ended March 31, 2021

(dated: May 27, 2021)

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INTRODUCTION

The following management's discussion and analysis ("MD&A") is intended to help the reader understand Western Gold Exploration Ltd.'s (the "Company", "we" or "our"), operations, financial performance and present and future business environment. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and notes thereto as at and for the three months ended March 31, 2021 and 2020 (the "**Financial Statements**"). This MD&A was prepared by management of the Company and was reviewed by the Company's Audit Committee and approved by the Board of Directors on May 27, 2021.

BASIS OF PRESENTATION

This MD&A and the Financial Statements have been prepared in Canadian dollars ("CAD" or "\$"), 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 of financial results is dated May 27, 2021 and should be read in conjunction with the Financial Statements. 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.

CORPORATE PROFILE

HIGHLIGHTS – 2021 TO DATE

- Change of Auditor: On March 15, 2021, the Company issued a notice of change of auditor. The Company appointed Simone & Company CPA as the Company's new auditor, beginning with the audit of the consolidated financial statements for the year ended December 31, 2020.
- Drilling Campaign Commenced: On May 6, 2021, the Company announced the commencement of its exploration drilling campaign at the Stronchullin prospect within its Knapdale Project, located in Argyllshire, Scotland.

The current plan for this drilling programme is eight diamond drill holes of 150-200m depth each, for aggregate drilling of 1360m, which will be used to evaluate the economic potential of the Stronchullin quartz-gold-silver-base metal veins in the vicinity of the historic gold mine. Scout drilling undertaken in 2017-2018 at Stronchullin intercepted narrow, high grade quartz-gold-silver-base metal veins in four of the seven drillholes. Selected assay results (down hole intercepts) include:

- Drillhole SD17-1: 13.70 g/t Au and 5.21 g/t Ag over 0.50m from 4.00m depth.
- Drillhole SD17-2: 13.30 g/t Au and 32.0 g/t Ag over 1.05m from 66.75m depth.
- Drillhole SD17-3: 41.80 g/t Au and 262.0 g/t Ag over 0.55m from 31.70m depth.
- Drillhole SE17-6: 9.52 g/t Au and 3.86 g/t Ag over 0.90m from 44.40m depth.

Further details can be found in the Company's "NI 43-101 Technical Report, Geological Introduction to Knapdale Gold-Silver Project, Scotland" with an effective date of June 12, 2020, which can be found on the Company's website or under the Company's SEDAR profile.

Following on from the Company's December 2, 2020 press release, deep overburden geochemical surveys undertaken by the Company defined extensive gold-arsenic-antimony anomalies, interpreted as reflecting additional zones of orogenic style quartz-gold-silver-base metal veins developed to the east of the main Stronchullin vein and along strike to the north and south of the known vein system. The current drilling programme should provide greater confidence in the continuity of the veins and structural controls on lode development.

The Company has engaged Priority Drilling as drilling contractors to undertake the programme. They completed a comparable drilling programme at Stronchullin in late 2017 and have the requisite capability and equipment. Priority Drilling have consistently delivered greater than 95% core recoveries. Required planning consents have been granted and as part of the Company's enhanced health and safety guidelines, strict regulations are being applied across the site to ensure full COVID compliance, including routine testing of all personnel.

The Company estimates that this drilling programme will be completed by early July 2021, with assay results due later in the third quarter of 2021.

OUTLOOK

- The Company's primary focus in the next few months is the execution of its drilling campaign for the Stronchullin prospect within the Knapdale Property. The analysis of the resulting assay results of this initial phase are scheduled for the third quarter of 2021.
- The deep over-burden analysis on the Gossan Burn and Stronchullin areas of the Knapdale Project is expected to be completed within the next two months. The Analysis was initiated in September 2020, but was disrupted by COVID-19 lockdown regulations in the UK.
- The results of the initial phase may lead to modifications to the subsequent plans for additional drilling phases. Further investigation of Gossan Burn at Knapdale, a prospect for copper, may also be included in the next drilling phases.
- Following the completion of the drilling campaign, the Company plans to develop further exploration programs for Knapdale, Lagalochan, and other exploration targets in the region. Potential prospects include Lagalochan, where mineral rights are already held, neighbouring sites to the Stronchullin site and other sites across the Dalradian belt being considered by the Company.

Qualified Person

Mr. Roy Eccles, P. Geo. of Apex Geosciences. is the Qualified Person, as defined in Canada by 43-101, responsible for the accuracy of scientific and technical information in this MD&A.

COMPANY OVERVIEW

The Company was incorporated as Cassowary Capital Corporation Limited ("Cassowary") pursuant to the provisions of the *Business Corporations Act* (Alberta) on January 31, 2018. The Company was 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**") until its "Qualifying Transaction" under Policy 2.4, was completed on October 29, 2020. In accordance with IFRS, the Qualifying Transaction was accounted for as a Reverse Takeover of Cassowary by Western Gold Exploration Limited ("**WGE UK**") (the "RTO"). Consequently, the MD&A and the accompanying Financial Statements were prepared from the perspective of WGE UK acquiring Cassowary on October 29, 2020 and including the consolidated activities and financial position of Cassowary thereafter. The MD&A includes additional information regarding financing activities of Cassowary prior to the RTO. As a result of the Qualifying Transaction, the Company became a Tier 2 Mining issuer under the policies of the TSXV and changed its name to Western Gold Exploration Ltd. effective October 21, 2020. The Company maintains its head office at 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 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, 2023 and £3 million in total before July 29, 2024. 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 within the Dalradian Supergroup ("Dalradian Belt"). Other significant sites in the Dalradian Belt include:

- Curraghinalt, Northern Ireland, where Dalradian Resources aim to operate a mine subject to planning being granted; and
- Tyndrum, Scotland, where Scotgold Resources operate the Cononish Gold mine.

The Company acquired the rights to all data associated with Lorne's 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 km², 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, or an aggregate of £37,000 or \$65,120 per annum. There is no work commitment included in these 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, in accordance with TSXV policy 2.4, is a Tier 2 mining issuer effective upon completion of the Qualifying Transaction. Accordingly, the Company has not recorded any 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 months ended March 31, 2021:

Financial Position – Select Items:	As at March 31, 2021	As at December 31, 2020	As at December 31, 2019
Cash and cash equivalents	2,885,581	3,087,762	442
Working capital (deficit) ⁽¹⁾	2,854,776	3,122,915	(209,711)
Exploration and evaluation properties	3,318,197	3,132,343	2,682,026
Total assets	6,279,399	6,316,234	2,790,272
Total non-current liabilities	-	-	-
Shareholders' equity	6,172,974	6,255,257	2,472,315

(1) Working capital is a non-GAAP measure equal to current assets less current liabilities.

Exploration & Evaluation Additions	3 Months ended March 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Consulting	118,492	51,667	127,796
Drilling & fieldwork	42,479	230,433	534,274
Fees & other costs	24,883	168,216	50,535
Total additions in period	185,854	450,316	712,605

Quarterly Period Ended	Net Loss and Comprehensive Loss	Net Loss and Comprehensive Loss per Share⁽¹⁾
March 31, 2021	82,284	\$ 0.00375,000
December 31, 2020	3,646,065	\$0.48
September 30, 2020	416,082	-
June 30, 2020	92,734	-
March 31, 2020	78,030	-
December 31, 2019	(70,475)	-
September 30, 2019	65,131	-
June 30, 2019	30,521	-

(1) The weighted average shares outstanding in the fourth quarter ending December 31, 2020 (Q4 2020) were 9,181,146, which represents the post consolidation shares.

Discussion of Operations

During the three months ended March 31, 2021 ('Q1 2021) the Company continued the process to advance its exploration and evaluation of its mineral properties in Scotland ("E&E"). The drilling program approval process was more time consuming due to the impact of COVID-19 restrictions and repercussions from the cyber attack on Scotland's Environment Protection Agency ('SEPA'). As a result, the Company's E&E spending, although lower than planned in Q1 2021, positioned the Company to initiate its on-site drilling program in late April 2021. The Q1 2021 investment in E&E was \$185,854 (YE 2020 - \$450,317). The Q1 2021 net loss and comprehensive loss was \$82,284 (Q1 2019 -\$78,030) resulted primarily from compensation, professional fees, TSXV fees and other administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash at March 31, 2021 totalled \$2,885,581 (December 31, 2020 - \$3,087,762). At March 31, 2021, the Company had working capital (non-GAAP measure equal to current assets less current liabilities) of \$2,854,776 (December 31, 2020 - \$3,122,915). The reduction in cash in Q1 2021 is directly attributed to the investment in E&E and general and administrative expenses.

During the three months ended March 31, 2021, cash used in operating activities of \$16,094 primarily related to compensation and professional fees (year ended December 31, 2020 - \$779,425).

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 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, subject to various conditions including work commitments. These work commitments require spending of £1,500,000 (\$2,640,000) before July 29, 2022, and £3,000,000 (\$5,280,000) in aggregate 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 March 31, 2021, consist of cash and accounts payable and accrued liabilities denominated in CAD and GBP.

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, which is held in financial institutions in Canada and in the United Kingdom and the value added taxes (includes VAT in UK and HST in Canada) recoverable and research and development tax credits recoverable are collectible from government authorities in the UK and Canada. The Company has no significant concentration of credit risk arising from operations.

The Company's policy includes holding cash and periodically investing 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.

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, which, in the future, may be invested in fixed interest investment-grade short-term deposit certificates and overnight deposits. Future net cash flows from interest income on cash will be affected by interest rate fluctuations. The Company 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 primarily in CAD and GBP. Since 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 MAY 27, 2021

At December 31, 2020 and May 27, 2021, the Company had issued and outstanding common shares without par value of 26,604,705 common shares.

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, 2020. As a result of the RTO, the Company became a Tier 2 mining issuer on the TSXV, which improved the Company's processes to manage and obtain additional capital to meet its funding requirements to support the exploration and evaluation activities related to the Knapdale, Lagalochan 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 Company's risk factors are consistent with those disclosed and referred to in the Company's

consolidated financial statements and MD&A for the year ended December 31, 2020 and filed on SEDAR at www.sedar.com.

There have been no changes in the risk management or in any of the risk management policies and risk factors since the April 22, 2021 date of the MD&A for the year ended December 31, 2020, except with regard to the potential impact of COVID-19 as noted below.

- *The Impact of the Current Coronavirus (COVID-19) Pandemic May Significantly Impact the Company and the Resulting Issuer:* The COVID-19 global health pandemic has had a significant impact on the global economy and commodity and financial markets. 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. However, recent easing of government restrictions in the UK facilitated the commencement of the drilling program in Q2 2021.

SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 2 – Accounting Policies in the Company's Consolidated Financial Statements for the year ended December 31, 2020.

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.

There was no change in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2021 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 March 31, 2021.