



Western Gold Exploration Ltd.

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

For the Year Ended December 31, 2022

(dated: April 26, 2023)

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**Western Gold Exploration Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

INTRODUCTION

This Management's Discussion and Analysis ("MD&A"), dated April 26, 2023, relates to the financial condition and results of the consolidated operations of Western Gold Exploration Ltd. ("Western Gold" or the "Company"), and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022 and notes thereto (the "Financial Statements"). The Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"). All results are presented in Canadian dollars ("CAD" or "\$"), unless otherwise stated. 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 marketsensitivity. 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. Statements are subject to the uncertainties identified in the Cautionary Note Regarding Forward-Looking Statements section below and the Risk Factors section on page 15 of the document.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains or incorporates by reference "forward-looking statements" and "forward-looking information" as defined under applicable Canadian securities legislation *Forward looking statements include, but are not limited to, statements with respect to those that address potential quantity and/or grade of minerals, potential for minerals and/or mineral resources, timing and plans for any exploratory drilling and statements regarding the plans, intentions, beliefs, and current expectations of the Company with respect to the future business activities and operating performance of the Company that may be described herein. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such information can generally be identified by the use of forwarding-looking wording such as "may", "expect", "estimate", "anticipate", "intend", "believe" and "continue" or the negative thereof or similar variations. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.*

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, estimates, forecasts, projections and other forward-looking statements will not occur. The forward-looking statements contained in this document are made as of the document's date. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

CORPORATE PROFILE

Overview of the Business

Western Gold is a mineral exploration company operating in Scotland through Western Gold Exploration (UK) Limited ("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's only assets were the Lagalochan Project ("Lagalochan") and the Knapdale Gold Project license ("Knapdale"). Lagalochan, which is approximately 90 km northwest of Glasgow, is considered a copper-gold molybdenum porphyry prospect. The Company filed a National Instrument 43-101 Technical Report on Lagalochan on November 29, 2022.

The Company's focus is to develop and expand Lagalochan and target surrounding areas with emphasis on exploring historic mines and gold occurrences.

Knapdale was an early exploration stage project prospective for orogenic quartz-gold-silver lodes that comprises the Allt Dearg prospect and the Gossan Burn prospect. Knapdale is in the parish of Knapdale South, which is approximately 70 km west of Glasgow. In December 2022, the Company completed its evaluation of Knapdale based on its exploration activities to date and determined that the poor results did not justify further investment. The Knapdale prospecting agreement was terminated in December 2022 and the Company recorded a related impairment charge as stated in the Financial Statements and discussed in this document.

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's common shares are listed on the TSX Venture Exchange ("TSXV") (TSXV: WGLD) and the Company is a Tier 2 Mining issuer under the policies of the TSXV. Further information about Western Gold can be found in the Company's regulatory filings, including the Company's Management Information Circular, available on SEDAR at www.sedar.com, and on the Company's website at www.westerngoldexploration.com.

HIGHLIGHTS

Lagalochan Copper Gold Porphyry Project, Argyll, Scotland

NI 43-101 Technical Report on the Lagalochan Property, Argyll, Scotland (the "Lagalochan Report"):

On November 29, 2022, the Company filed the NI 43-101 Technical Report on the Lagalochan Property, Argyll, Scotland (the "Lagalochan Report"). The Lagalochan Report on the copper gold molybdenum porphyry prospect is compliant with National Instrument 43-101 - Standards of Disclosure for Mineral projects ("NI 43-101").

The Lagalochan Report details the historical and recent exploration activities on the Lagalochan property and recommendations for future work. The Report was prepared for the Company by Dr. Toby Strauss (CGeol) (EurGeol) of Merlyn Consulting and David Pym (CGeol) of LTI Advisory with contributions from Dr. Calum Lyell; it is available on SEDAR (www.sedar.com) and on the Company's website (www.westerngoldexploration.com).

Exploration work at Lagalochan in 2022 included:

- Completion of an Ionic Leach soil sampling programme, confirming and extending the results of historical deep overburden (DOB) sampling.
- Collection of 384 Ionic Leach soil samples over an area at Lagalochan that has not previously been sampled. Completion of the analysis is expected over the next two months.
- Re-evaluation of historical drill results and exploration data, including the limited evaluation drilling completed in 2018-2019 by Lorne, prior to the Company acquiring such subsidiary.

Knapdale Gold Copper Project – Terminated

On December 29, 2022, the Company announced the completion of its evaluation of its Knapdale Gold
Management's Discussion and Analysis April 26, 2023

Copper Project (“Knapdale”), including the results of the 2022 drilling campaign at Knapdale. The 2022 exploration activity resulted in the Company spending £1,604,917 by July 29, 2022, thereby exceeding the initial work commitment of £1.5 million by July 29, 2022, pursuant to its prospecting agreement for Knapdale. That prospecting agreement included a further work commitment to a cumulative £3 million of spending by July 29, 2024. The Company’s evaluation of Knapdale has concluded that the poor results to date, combined with the opportunity to develop its Lagalochan Property, does not justify any further investment in Knapdale.

The Company’s termination of its prospecting agreement regarding Knapdale resulted in the write-off of \$2,639,711 in acquisition costs and cumulative exploration expenditures. The retrospective change in accounting policy for exploration and evaluation expenditures, resulted in an impairment charge on its exploration and evaluation properties of approximately \$553,050 in December 2022 and the recognition that \$2,086,661 in cumulative exploration expenses (including \$716,217 in expenses recorded in 2022) were related to the terminated Knapdale project.

\$1,150,000 Non-brokered Private Placement

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 equity 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 CAD\$0.25 per share.

Board Change

In July, 2022 director Willie McLucas passed away.

On August 16, 2022, Chelsea Hayes was appointed to the Board of Directors. Ms. Hayes has been working as marketing and communications advisor for over 25 years. Ms. Hayes was a Founding Director of financial PR consultancy, Pelham Public Relations, in November 2004, growing it to a 40-strong, £6m business and advising technology, media, mining and energy companies, before merging with Bell Pottinger and then leaving the business. Since then she has been involved in founding and growing several other businesses in the UK. She holds an MBA from Henley Business School.

OUTLOOK

Lagalochan Copper Gold Porphyry Project – The Lagalochan porphyry complex is one of the few examples of porphyry copper mineralisation in the Appalachian/Dalradian terranes of eastern North America and Western Europe. The Company plans to continue to advance its exploration activities in 2023, as recommended in the Lagalochan Report. Activities are expected to include:

- Completing the digitizing of historical data and data compilation.
- Exploring for extensions of the primary hypogene copper, gold, molybdenum stockwork mineralisation with the host intrusion and the surrounding metasediments.
- Exploring for porphyry related mineralisation targets including intermediate sulphidation epithermal veins and proximal gold copper skarn mineralisation. Once all the data compilation is finished and the near-surface exploration included, the depth potential of the project should be tested.
- Developing a drilling campaign to be initiated by the fourth quarter of 2023.

Additional exploration targets - The Company plans to review and evaluate other prospective properties in areas nearby existing licenses, with the intent of expanding its land package.

Cash Management – The Company will continue to closely manage its cash while optimizing its operating activities leading to a drilling campaign planned for later in the year. The Company plans to consider a

potential financing transaction later in 2023 in order to fund future drilling and operating activities.

Qualified Person

Mr. David Pym, Chartered Geologist, and consultant to the Company, 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 developed as a result of the October 29, 2020 reverse takeover by Western Gold Exploration Limited (“WGE UK”) of Cassowary Capital Corporation Limited (“Cassowary”). Cassowary was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on January 31, 2018 and 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 **WGEUK** (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. 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’s only assets were 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) and Besshi style VMS copper mineralization at the Gossan Burn prospect. Knapdale is in the parish of Knapdale South, which is approximately 70 km west of Glasgow. Lagalochan, which is approximately 90 km northwest of Glasgow, is considered a copper-gold porphyry prospect for future exploration. The Company’s focus is to develop and expand its Scottish exploration targets, Lagalochan and surrounding areas with emphasis on targeting historic mines and gold occurrences.

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

Lagalochan Property

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 "Lagalochan Project").

Lagalochan is a Silurian aged high potassium calc alkaline type porphyry similar to Red Chris in British Columbia, Canada and Bingham Canyon in the USA. It is one of the few known examples of porphyry mineralisation in the Appalachian/Caledonide belt, an important mineral belt extending from Georgia in the USA through Newfoundland in Canada, into Ireland and Scotland and finally Greenland and Norway. The belt is known for its base metal production from Volcanogenic Massive Sulphide (VMS) deposits such as the Bathurst and Buchans district in Canada and is also an emerging gold district with new discoveries in Newfoundland in Canada and Northern Ireland. The only significant porphyry production being restricted to the Gaspé porphyry deposit in Quebec Canada.

Lagalochan was discovered in the 1980's by BP minerals. The Company acquired its interest in Lagalochan, along with the Knapdale property which includes the Stronchullin orogenic gold occurrence and the Gossan Burn copper gold occurrence, when the Company completed its acquisition of WGE UK and its subsidiary Lorne in October 2020. Surface dimensions of the 0.1% grade contour for the stockwork zone are 450x 250m oval body steeply plunging to NE to a depth of at least 500 vertical metres. The stockwork zone is transected by a NE trending intensely phyllic carbonate altered porphyry breccia zone which is locally associated with higher gold grades and is destructive of primary copper mineralisation.

On July 28, 2022, the Company announced the results of recent exploration work at Lagalochan that included:

- Completion of an Ionic Leach soil sampling programme, confirming and extending the results of historical deep overburden (DOB) sampling.
- Re-evaluation of historical drill results and exploration data, including the limited evaluation drilling completed in 2018-2019 by a subsidiary of the Company (Lorne), prior to the Company acquiring such subsidiary.

As a result of such exploration works, the Company notes:

- Several new exploration targets have been generated which it intends to follow-up on with further work. These exploration targets are shown in Figure 3 of the Company's July 28, 2022 press release.
- The drilling undertaken by its subsidiary (Lorne) at Lagalochan in 2018-2019 confirmed historical grades of the main quartz stockwork zone within the red feldspar porphyry achieved by other companies that drilled Lagalochan in 1984-1985. For example, the Lorne holes LD18-4 intersected 530.5m @ 0.17% Cu, 0.11 g/t Au, 2.7 g/t Ag, 68 ppm Mo from 3m downhole and LD13-1a which intersected 537m @ 0.18% Cu, 0.10 g/t Au, 2.6 g/t Ag, 73 ppm Mo from 2m downhole confirmed and extended results from LD84-15, the best hole from the previous programme which intersected 292.47m @ 0.20% Cu, 0.12 g/t Au, 3.7 g/t Ag, 47 ppm Mo from 1.9m downhole and ended in mineralisation. Tabulated historical results for Lagalochan are presented in Table 1 below.
- The quartz stockwork zone at Lagalochan exhibits a strong phyllic overprint of original potassic alteration and indicates that the current bedrock surface is at a shallow erosional level just below the inferred lithocap that has subsequently been eroded away. It is believed that mineralisation in the stockwork zone is open to depth and is interpreted to lie above the inferred progenitor porphyry, which has not been intersected in historical drilling.
- The presence of not only porphyry copper gold mineralisation, but also gold copper skarn and intermediate sulphidation gold silver epithermal type mineralisation in outcrop in various locations proximal to the main stockwork zone.

Table 1 - Significant Intersections from Historical Drilling⁽¹⁾

Hole ID	From	To	Interval Length	Au g/t	Ag g/t	Cu ppm	Mo ppm	Cu% metres
LD13-1	5.00	211.00	206.00	0.11	3.53	1,680	98	34.6%
LD13-1A	2.00	539.00	537.00	0.10	2.58	1,775	73	95.3%
LD13-2	17.00	98.80	81.80	0.11	2.14	1,100	31	9.0%
LD13-2	219.55	447.00	227.45	0.14	2.33	1,669	24	38.0%
LD13-3	65.70	82.05	16.35	0.58	3.22	1,229	11	2.0%
LD13-3	132.00	275.10	143.10	0.08	2.59	1,314	41	18.8%
LD13-3	383.20	426.60	43.40	0.09	1.35	1,204	59	5.2%
LD18-4	3.00	533.50	530.50	0.11	2.67	1,676	68	88.9%
LD18-4	620.25	638.25	18.00	0.03	1.20	1,593	26	2.9%
LD18-6	186.20	241.50	55.30	0.10	4.10	1,236	55	6.8%
LD84-1	38.54	144.77	106.23	0.23	3.93	1,016	5	10.8%
LD84-1	146.77	241.41	94.64	0.16	2.98	1,576	11	14.9%
LD84-3	-	155.69	155.69	0.22	3.90	1,417	37	22.1%
LD84-8	2.00	105.30	103.30	0.18	3.85	1,769	23	18.3%
LD84-9	1.34	130.05	128.71	0.10	2.01	1,494	49	19.2%
LD84-15	1.88	294.35	292.47	0.12	3.62	1,961	47	57.4%
LD84-20	177.55	223.30	45.75	0.14	4.19	1,039	11	4.8%
LD84-22	115.00	198.20	83.20	0.10	2.28	1,211	45	10.1%
LD84-34	107.00	176.00	69.00	0.37	3.61	1,478	-	10.2%

(1) Intersections are downhole intersections. Using a 0.1% Cu cutoff and 10% internal dilution. Estimated true widths vary from 20-60% of downhole intersect length. Cu % metres is calculated as copper grade x interval thickness, only intersections with a Cu% metre value >= 2 are displayed here. Drillhole collar locations are listed in Table 2 in the July 28, 2022 press release of the Company.

Lagalochan NI 43-101 Technical Report

On November 29, 2022, the Company issued the Lagalochan NI 43-101 Technical Report (available www.westerngoldexploration.com and on www.SEDAR.com).

The Lagalochan property is centred at 56.25°North, 5.42°West and lies 3 km east of the village of Kilmelford in Argyll (Argyllshire), Scotland, United Kingdom. Oban is the nearest larger town and lies 18 km to the north. Glasgow is the nearest city and lies 85 km to the south east. The Lagalochan Property (which is within the larger Lagalochan Project defined above) in this Technical Report refers to the 6.1 km² area that is covered by all three of:

- Crown Minerals Option (Mines Royal Option) covering precious metals
- Mineral rights option associated with the freehold
- Surface rights option agreement with landowners.

The Lagalochan property is held by the Company through Lorne. The precious metal rights are optioned from the Crown Estate Scotland in exchange for a 4% Net Smelter Return (NSR) applying to gold and silver only. The option annual fees are currently an index linked £5,000 pa but from 1st August 2023 will be an index linked £7,500 pa. The option terminates on 31st July 2027. The non-precious metal mineral rights are held by private individuals, and the option agreement is for the right to purchase or “lease to work” all or part of the Lagalochan

property. These rights are granted in exchange for an annual fee of £10,000 pa. If the lease option is exercised the lease lasts for a further 21 years from the exercised date and entitles the mineral rights holder to a 1% NSR. The option agreement with the Company commenced on 31st May 2012 and expires in 2028. The surface rights option agreement covers a 6.1 km² area which covers the entirety of the known copper gold stockwork mineralisation at Lagalochan. The option gives the right to take up a 50-year lease entitling the Company to establish a mine and associated infrastructure subject to appropriate planning and environmental permits. The option fee is currently a £20,000 index linked annual fee. If the option is exercised the surface rights holder is entitled to a 1% NSR on minerals mined, a 0.25% wayleave NSR on material mined outside the Lagalochan property passing through the Lagalochan property and a £125 per hectare fee on areas within the lease. The option agreement is valid until 25th July 2027. The area is sparsely populated, and the local economy is dependent on tourism, forestry, fish farming and upland sheep farming. A narrow, sealed road traverses the Lagalochan property giving year-round access and dirt forestry tracks provide poor to good quality access to much of the rest of the Lagalochan property

The Lagalochan property comprises steep hills transected by numerous streams. The highest local point to the Lagalochan Property is Cárn Duchara with a peak of 491m, though elevations within the Lagalochan property are commonly between 150-250m of sea level. Several freshwater lochs occur throughout the area at elevations between 150-300m often at the headwaters of the various burns that drain the area. The Lagalochan property is covered by pine forests, grass, heather and bracken, and the terrain is commonly boggy, with outcrops occupying <10% of the area.

The conclusions in the Lagalochan NI 43-101 Technical Report included:

The porphyry mineralisation at Lagalochan discovered to date is an exceptionally well preserved and rare example of an undeformed, breccia dominated, high-K calc-alkaline, Silurian aged, telescoped porphyry system. Erosion levels are shallow with current land surface estimated to being less than 1km below the palaeo-surface at time of formation some +400 million years ago. Known hypogene Cu, Au, Ag, Mo mineralisation outcrops and forms a roughly 300m diameter circular potassic altered central stockwork cylinder that extends to > 550 m depth. A larger phyllic alteration zone overprints and surrounds the potassic core which is pervasive to a depth of 200m vertical and is present along faults down to at least 400m. The host RFP is not significantly mineralised outside of the "B" vein zones, unless in zones of late carbonate veining, where sphalerite and galena can be present. Proximal skarn and intermediate sulphidation epithermal vein systems represent minor parts of the known mineralisation.

If the Lagalochan property was in a proven porphyry terrain such as in the Americas or the Pacific, it would likely have received much more attention in recent years. While the bulk of the known mineralisation is sub-economic, (some of the bigger intersections into the stockwork average out over a +500m intersection of drill core, to 0.18% Cu and 0.1 g/t Au (see Table 7 & Table 9 of the Lagalochan NI 43-101 Technical Report), they are not far beyond the lower exploitable limit of some of the North American porphyry systems. Highland Valley Copper Mine operated by Teck Resources in British Columbia ("BC"), Canada in 2015 had a M&I resource of 1,008Mt @ 0.26% Cu, 0.01% Mo with no significant gold credits (Vancouver Mineral Development Office, 2015). The Gibraltar Mine in BC, Canada operated by Taseko Mines, has 2P (Proven + Probable) reserves of 706 Mt @ 0.25% Cu, 0.008% Mo with no significant gold credits (Weymark, 2022). Schaft Creek in BC, Canada, a JV with Teck Resources and Fox Copper, has a positive preliminary economic assessment (PEA) with M&I resources of 1,345.5 Mt @ 0.26% Cu, 0.16 g/t Au (Ghaffari et al., 2021). Lagalochan with < 10,000m of drilling to date, the majority from the 1980's, is still not well explored either to depth or laterally for main-stage porphyry mineralisation. Additional target types such as porphyry related skarn and intermediate sulphidation epithermal vein systems have seen even less systematic exploration.

Knapdale Gold Copper Project

Knapdale was an early exploration stage project prospective for orogenic quartz-gold-silver lodes that comprises three contiguous sub-properties comprising the Stronchullin gold vein system and a separate copper project at Gossan Burn. 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 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 aggregate 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.

The Company's knowledge of Knapdale and its potential includes data obtained as follows:

- Acquisition by Lorne of the data from exploration activities from 2014 to 2018;
- Evaluation work conducted in 2017 and 2018;
- 2021 drilling campaign; and
- 2022 drilling campaign.

A summary of the data from the 2022 and 2021 drilling campaigns and from the 2014-2018 activities was provided in the previous quarterly MD&A.

The Company provided notice to the landowners, pursuant to the Prospecting Agreement, that £1,604,817 had been spent by July 29, 2022.

The Company announced on December 30, 2022, that its evaluation of Knapdale had concluded that the poor results to date, combined with the opportunity to develop its Lagalochan Property, did not justify any further investment in Knapdale. Consequently, the Company terminated its prospecting agreements for Knapdale.

The Company's termination of its prospecting agreement regarding Knapdale resulted in the write-off of \$2,639,711 in acquisition costs and cumulative exploration expenditures. The retrospective change in accounting policy for exploration and evaluation expenditures, resulted in an impairment charge on its exploration and evaluation properties of approximately \$553,050 in December 2022 and the recognition that \$2,086,661 in cumulative exploration expenses (including \$716,217 in expenses recorded in 2022) were related to the terminated Knapdale project.

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 accounting policy related to exploration and evaluation properties and expenses was changed in the year ended December 31, 2022. The retrospective change in accounting policy for the years ended December 31, 2020 and 2021 reduced the carrying value of exploration and evaluation properties and increased related expenses and losses.

The following table provides select financial information in CAD, after the retrospective change in accounting policy, that should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022:

For Quarters ended:	Dec. 31, 2022 \$	Sep. 30, 2022 \$	Jun. 30, 2022 \$	Mar. 31, 2022 \$
Results of Operations:				
Net loss	1,142,030	656,068	527,082	237,905
Comprehensive loss	1,110,662	666,952	535,758	252,174
Basic and diluted loss per share ⁽²⁾	0.032	0.022	0.020	0.009
Financial Position – Select				
Cash	781,511	1,071,311	849,879	1,231,619
Working capital ⁽¹⁾	719,084	1,299,561	899,179	1,434,937
Exploration and evaluation properties	553,050	1,106,100	1,106,100	1,106,100
Total assets	1,395,296	2,481,618	2,246,317	2,626,900
Shareholders' equity	1,294,998	2,405,662	2,005,280	2,541,037

For Quarters ended:	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021
	\$	\$	\$	\$
Results of Operations:				
Net loss	1,165	342,048	833,163	268,826
Comprehensive (gain) loss	(8,192)	339,939	835,915	268,141
Basic and diluted loss per	0.00	0.01	0.03	0.01
Financial Position – Select				
Cash	1,447,733	1,559,334	2,639,552	2,885,581
Working capital ⁽¹⁾	1,687,111	1,678,921	2,018,860	2,854,776
Exploration and evaluation properties	1,106,100	1,106,100	1,106,100	1,106,100
Total assets	2,854,007	3,270,654	4,067,301	4,289,990
Shareholders' equity	2,793,212	2,785,021	3,960,876	4,299,014

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

Discussion of Operations

In December 2022, the Company changed its accounting policy related to its exploration and evaluation activities. The revised policy, applied retrospectively, results in the capitalization of costs related to the acquisition of exploration and evaluation (“E&E”) properties with E&E expenditures being expensed as incurred. The impact of the change in policy on previous reporting periods is included in the notes to the Financial Statements. The following discussion of operations reflects the change in accounting policy.

During the fiscal year ended December 31, 2022 (“FY2022”), the Company incurred a comprehensive loss of \$2,565,545, or an increase of \$1,089,742 over the \$1,435,803 comprehensive loss for the fiscal year ended December 31, 2021 (“FY2021”). The increased loss is primarily attributed to the \$553,050 E&E property impairment charge related to the termination of the Knapdale project, and a \$580,651 increase in E&E expenses to \$1,606,698 in FY2022 compared to \$1,026,047 in E&E expenses in FY2021. The aggregate of other operating expenses was \$15,866 lower in FY2022 than in FY2021.

Amortization expense in FY2022 was \$2,262, which relates to the acquisition of a used vehicle and computer software late in the year. No such expense was incurred in the prior year.

The compensation cost increase in FY2022 from the prior year of approximately \$78,000, is primarily due to unrecoverable HST costs of approximately \$44,000 and increased senior management activity, which included a modest shift in costs from E&E project support to administration.

E&E expenses increased in FY2022 by \$580,651 to \$1,606,698 from the prior year primarily due to the UK research and development tax credit of \$275,025 claimed in FY2021, which was later determined to be not recoverable in FY2022 and resulted in the tax credit reversal of \$256,764 (after change in GBP/CAD

exchange rate). Excluding the impact of the expected research and development tax credit in FY2021 and its reversal in FY2022, the E&E spending in FY2022 was \$1,349,933, which compares to the FY2022 spending of \$1,301,071.

E&E expenses were incurred for the Knapdale and Lagalochan projects as indicated in the table below:

Exploration and Evaluation Expenses	Knapdale	Lagalochan	Total
Cumulative Expenses - December 31, 2020	\$ 836,937	\$1,189,306	\$ 2,026,243
Consulting	122,637	218,378	341,015
Drilling and fieldwork	525,382	378,077	903,459
Lease rentals and other	28,299	28,299	56,597
Research and development tax credits	(143,210)	(131,815)	(275,025)
Changes in 2021	533,107	492,939	1,026,046
Cumulative Expenses - December 31, 2021	1,370,044	1,682,245	3,052,288
Consulting	142,830	251,231	394,061
Drilling and fieldwork	359,843	428,908	788,752
Lease rentals and other	70,734	96,388	167,121
Research and development tax credits	143,210	113,554	256,764
Changes in 2022	716,617	890,081	1,606,698
Cumulative Expenses before property termination - December 31, 2022	2,086,661	2,572,327	4,658,987
Property exploration terminated	(2,086,661)	-	(2,086,661)
Cumulative expenses – December 31, 2022	-	2,572,327	2,572,327

In December 2022, the Company Knapdale property exploration was terminated, resulting in the write-off of \$2,086,661 in cumulative expenses, as indicated in the table above, and the exploration and evaluation property impairment charge of \$553,050.

Office and sundry expenses decreased in 2022 by \$21,697 compared to the prior year, primarily due to lower property costs and better utilization of the exploration site building.

Professional fees of \$64,465 in FY2022 were lower than the \$145,532 in fees incurred in FY2021 due to the elimination of fees previously incurred in FY2021 from a former consultant and the FY2022 reversal of approximately \$27,000 in research and development tax credit filing fees originally accrued in FY2021.

Regulatory and investor relations expenditures were reduced by \$9,309 from FY2021 to \$52,930 in FY2022 primarily due to fewer community relations activities in Scotland and lower transfer agency fees.

The foreign exchange loss in 2022 and 2021 is attributed to the impact of the lower CAD/GBP exchange rates on activities and funds held in Scotland.

LIQUIDITY AND CAPITAL RESOURCES

Cash at December 31, 2022 totalled \$781,511 (December 31, 2021 - \$1,447,733). At December 31, 2022, the Company had working capital (non-GAAP measure equal to current assets less current liabilities) of \$719,084 (December 31, 2021 – \$1,687,111). The reduction in cash and working capital in 2022 is directly attributed to E&E and general and administrative expenses which were offset by the non-brokered private placement for gross proceeds of \$1,149,997 that closed on August 25, 2022. Accounts payable and accrued liabilities at December 31, 2022 of \$100,298 (December 31, 2021- \$60,796) increased primarily due to increased exploration activities in December 2022.

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.

The Prospecting Agreements with the Knapdale landowners were terminated in December 2022. The Prospecting Agreements granted exclusive surface access to Lorne for up to 15 years from 2018, subject to various conditions including work commitments. These work commitments required spending of £1,500,000 before July 29, 2022, and £3,000,000 in aggregate before July 29, 2024. The Knapdale work commitment spent to July 29, 2022, was £1,604,817 (to December 31, 2021 - £1,225,000). The Prospecting Agreements could have been terminated by landowners if the work commitment was not met. Due to poor exploration results, the Prospecting Agreements were terminated by the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments as of December 31, 2022, 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) 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 APRIL 26, 2023

At April 26, 2023 and at December 31, 2022, the Company had issued and outstanding common shares without par value of 34,271,351 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, 2021. As a Tier 2 mining issuer on the TSXV, the Company has access to additional capital, subject to capital market conditions and acceptable terms, to meet its funding requirements to support the exploration and evaluation activities related to the Lagalochan project and other prospective licenses in Scotland.

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 for the year ended December 31, 2022.

There have been no material changes in the risk management or in any of the risk management policies and risk factors since December 31, 2021.

- *Nature of Activities:* The exploration for and development of mineral projects involves significant risks which even a combination of careful evaluation, experience and knowledge may not mitigate. Few properties that are explored are ultimately developed into producing mines. Knapdale is at the early exploration stage, but it is impossible to provide any assurance that the project and any exploration further planned by the Company will result in a profitable commercial mining operation.
- *Exploration and Evaluation Costs:* Actual exploration, development or other costs and economic returns may differ significantly from those the Company has anticipated and there are no assurances that any future activities will result in profitable mining operations. The Company has limited operating history and there can be no assurance of its ability to operate its projects profitably.
- *Commodity Prices:* Changes in the market price for mineral production, which have fluctuated widely in the past, will affect the future profitability of the Company's operations and financial condition.
- *Financing and Dilution:* The Company's historical capital needs have been met primarily by the issuance of shares and, from demand loans provided by shareholders. The Company's planned activities include the drilling and other exploration activities. The Company will require additional funds to further explore and develop its properties. The Company has limited financial resources and no current source of recurring revenue. The junior resource market where the Company raises funds is extremely volatile, companies are subject to high level of competition for the same pool of investment dollars, and there is no guarantee that the Company will be able to raise adequate funds in a timely manner to conduct its

business. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

- *Trading Price:* Market prices of shares of development stage companies are often volatile. Factors such as announcement of mineral discoveries and financial results have a significant effect on the price of the Company's shares. The limited trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares. The Company has no dividend payment policy and does not intend to pay any dividends in the foreseeable future.
- *Title:* Although the Company has taken steps to verify title to its mineral property interests, including obtaining legal opinions as part of the RTO due diligence process, there is no guarantee that the mineral properties will not be subject to title disputes or undetected defects.
- *Land Access:* The Company owns the mineral rights to the Knapdale and Lagalochan. Further negotiations with landowners will be required to efficiently manage the existing access rights and advance the exploration activities.
- *Regulatory:* Many of the mineral rights and interests of the Company are subject to government approvals, licences and permits. Such approvals, licences and permits are, as a practical matter, subject to the discretion of applicable governments or governmental officials. There is a risk that additional time for approvals may result in additional overhead and other costs that may be incurred during the additional time that may be required for approvals. The Scottish Environment Protection Agency (SEPA) was subject to a serious and complex cyber-attack which has significantly impacted its contact centre, internal systems, processes, and communications. SEPA, while working to correct its systems issues, implemented revised operating procedures for the first six months of 2021. The planning and approval process regarding the Company's drilling program and other exploration activities were adversely affected resulting in the delay, from Q1 to Q2 2020, of the drilling program.
- *Environmental:* The Company is subject to laws and regulations related to environmental matters, including provisions for reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental legislation and is not aware of any existing environmental problems related to its mineral property interests that may be the cause of material liability to the Company. In addition, the Company has periodically engaged experts to assist the Company in modifying its processes and documentation to facilitate compliance with international standards.
- *Insurance:* Mining is a heavy industry activity and requires high standards of safety in construction and operations. The Company expects to continue to evolve its health and safety policies and practices ensure they meet the high standards required for managing the risks of each phase of developing and operating its projects. Sometimes hazards result from conditions or elements beyond the Company's control, which could have a material adverse effect on the Company's business. The Company's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.
- *Personnel:* The Company may experience difficulty in attracting and retaining qualified management to meet the needs of its anticipated growth, and the failure to manage the Company's growth effectively could have a material adverse effect on its business and financial condition. Insofar as certain directors and officers of the Company hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors and officers to the Company and to such other mineral resource companies.
- *Tax:* Changes in taxation legislation or regulations in the countries in which the Company operates could have a material adverse effect on the Company's business and financial condition. The United Kingdom's exit from the European Union and the pro-independence movement in Scotland could lead

to future tax regulation changes that could adversely affect the Company.

- *Mineral Project Dependence:* Any adverse development affecting Lagalochan will have a material adverse effect on the Company's business, prospects, profitability, financial performance and results of the operations. These developments include, but are not limited to, the inability to obtain financing to explore and advance Lagalochan, unusual and unexpected geologic formations, seismic activity, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, property, and which could hinder the development of the Lagalochan.
- *Global Economic Issues:* Global financial and economic conditions have been characterized by extreme volatility in recent years, including commodity-price fluctuations and the cost of debt and equity securities and the impact of COVID-19. Access to public and private debt and equity financing has been negatively impacted during this time. If such conditions persist or worsen, they could negatively impact the ability of the Company to obtain debt or equity financing in the future and, if obtained, on terms favourable to the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Changes in global economic conditions may also lead to significant changes in commodity prices. If these conditions and volatility persist or worsen, the Company's business, results of operations and financial condition could be adversely impacted and the value and price of the Company's shares could be adversely affected.
- *Conflicts of Interest:* Directors of the Company are or may become directors or officers of other mineral resource companies or have significant shareholdings in such other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, its directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.
- *The Company has a Limited Operating History and No History of Earnings, Positive Cash Flow or Dividend Payments:* An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business. The Company has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Company has not commenced commercial production and it has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its properties profitably or that its activities will generate positive cash flow.
- *The Company Faces Significant Competition for Attractive Mineral Properties:* Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present property, but also on its ability to select and acquire properties or prospects for mineral exploration. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

- *Community Relations:* The Company's relationship with the communities in which it operates is critical to the successful development, construction and operation of its properties. The Company is committed to operating in a socially responsible manner. However, there is no guarantee that its projects will be accepted by the communities in which they are located.

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.

SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 2 – Basis of Preparation in the Company's Financial Statements for the year ended December 31, 2022. The Company changed its accounting policy related to exploration and evaluation properties and expenses in December 2022 and applied the change prospectively.

Refer to Note 3 – Accounting Policies in the Company's Financial Statements for the year ended December 31, 2022.

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 year ended December 31, 2022 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 December 31, 2022.