



Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(Unaudited)

For the Three Months Ended March 31, 2023

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 March 31, 2023 and December 31, 2022 (Unaudited, expressed in Canadian Dollars)

	March 31, 2023	December 31, 2022
Assets	<i>(Unaudited)</i>	<i>(Audited)</i>
Current		
Cash	\$ 515,814	\$ 781,511
Prepays	9,178	12,452
HST/VAT recoverable	37,090	25,419
	562,082	819,382
Non-current assets		
Property, plant and equipment (note 5)	20,636	22,864
Exploration and evaluation properties (Note 6)	553,050	553,050
	573,686	575,914
	\$ 1,135,768	\$ 1,395,296
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 49,109	\$ 100,298
	49,109	100,298
Shareholders' Equity (Note 7)		
Share capital	11,243,359	11,243,359
Contributed surplus	829,435	880,310
Deficit	(11,064,568)	(10,884,000)
Accumulated other comprehensive loss	78,433	55,329
	1,086,659	1,294,998
Total Liabilities and Shareholders' Equity	\$1,135,768	\$1,395,296

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 months ended March 31, 2023 and 2022 *(Unaudited, expressed in Canadian Dollars, except number of shares)*

<i>Three months ended</i>	March 31, 2023	March 31, 2022
Expenses		
Amortization	\$ 2,228	\$ -
Compensation	42,693	20,363
Exploration and evaluation expenses	159,571	184,594
Office and sundry	10,299	12,584
Professional fees	5,037	7,080
Regulatory fees and communication	12,667	12,417
Foreign exchange (gain) loss	(1,058)	868
Net loss	231,443	237,906
Foreign exchange (gain) loss	(23,104)	14,269
Comprehensive loss	\$ 208,339	\$ 252,175
<hr/>		
Basic and diluted loss per share <i>(Note 13)</i>	\$ 0.006	\$ 0.009
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Weighted average number of common shares outstanding – basic and diluted	34,271,351	26,604,705

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
Balance, December 31, 2021	26,604,705	\$10,161,621	\$894,715	\$(8,320,914)	\$49,352	\$ 2,784,774
Translation adjustment	-	-	-	-	(14,269)	(14,269)
Net loss	-	-	-	(237,906)	-	(237,906)
Balance, March 31, 2022	26,604,705	\$10,161,621	\$894,715	\$(8,558,820)	\$35,083	\$5,593,326
Issue of common shares	7,666,646	1,149,997				1,149,997
Share issuance costs		(82,664)				(82,664)
Issue of warrants		(178,000)	178,000			-
Warrants expired		192,405	(192,405)			-
Net loss				(2,325,180)		(2,563,085)
Translation adjustment	-	-	-	-	20,461	(20,461)
Balance, December 31, 2022	34,271,351	\$11,243,359	\$880,310	(10,884,000)	\$55,329	\$ 1,294,998
Options expired	-	-	(50,875)	50,875	-	-
Translation adjustment	-	-	-	-	23,104	23,104
Net loss	-	-	-	(231,443)		(231,443)
Balance, March 31, 2023	34,271,351	\$11,243,359	\$ 779,310	\$(11,064,568)	\$78,433	\$ 1,086,659

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 three months ended March 31, 2023 and 2022
(Unaudited, expressed in Canadian Dollars)

<i>For the three months ended</i>	March 31, 2023	March 31, 2022
Operations		
Net loss for the period	\$ (231,443)	\$ (252,175)
Adjustments for:		
Amortization	2,228	-
Unrealized foreign exchange movements	22,304	5,270
	(206,911)	(246,905)
Net changes in non-cash working capital		
HST/VAT recoverable	(11,671)	1,772
Prepays	3,274	(1,572)
Accounts payable and accrued liabilities	(51,189)	25,068
Research and development tax credit recoverable	-	10,793
Cash Flows provided by (used in) operating activities	(266,497)	(210,844)
Net (Decrease) Increase in cash	(266,497)	(210,844)
Effect of foreign exchange on cash	800	(5,270)
Cash at the beginning of period	781,511	1,447,733
Cash at end of period	\$ 514,814	\$ 1,213,619

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 months ended March 31, 2023 and 2022 (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) and is a Toronto Stock Exchange Venture ("TSXV") Tier 2 mining company. The Company's common shares are listed on the 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.

The Company's wholly owned subsidiary, Western Gold Exploration (UK) Limited ("WGE UK") is a private company formed under the laws of England and Wales, which in turn wholly-owns Lorne Resources Ltd. ("Lorne") a private company also formed under the laws of England and Wales. Through Lorne, the Company holds minerals rights in Argyll County in western Scotland. The Company 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 continuing operations are dependent upon the successful transition to the business of mining and exploration for minerals. The 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. The Company's continued existence is dependent upon the preservation of WGE UK's interest in the underlying properties, discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise financing, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

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 August 2022 and management continues 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 months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

2. Basis of Preparation

a) **Statement of Compliance:**

These condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022 (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, 2022.

The Financial Statements were approved by the Board of Directors on May 18, 2023.

b) **Basis of Measurement:**

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In the preparation of the Financial Statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the and the reported amounts of expenses during the period. Actual results could differ from these estimates. The significant estimates and assumptions are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2022.

c) **Basis of Consolidation:**

The Financial Statements include the accounts of the Company's subsidiaries as at March 31, 2023, 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, 2022. There have been no significant changes to the areas of estimation and judgement during the three months ended March 31, 2023.

Change in Accounting Policy – Exploration and Evaluation Properties and Expenses

The accounting policy related to exploration and evaluation properties and expenses was changed in the year ended December 31, 2022.

Where mineral properties are acquired through an acquisition agreement, management has determined that capitalized acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 6 for details of the Company's capitalized acquisition costs in respect of mineral properties.

Payments of cash and common shares pursuant to option agreements, costs of staking, site access and all expenditures on exploration and evaluation activities are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

2. Basis of Preparation (Continued)

The retrospective change in accounting policy for the three months ended March 31, 2022 and for the year ended December 31, 2021 reduced the carrying value of exploration and evaluation properties and increased related expenses and losses. The impact of the change in accounting policy at December 31, 2021 and for the three months ended March 31, 2022 are summarized below:

Consolidated Statements of Financial Position	Previously Reported at December 31, 2021 \$	Policy Change Impact \$	Adjusted at December 31, 2021 \$
Exploration and evaluation properties	4,158,389	(3,052,289)	1,106,100
Total assets	5,906,296	(3,052,289)	2,854,007
Deficit	(5,260,187)	(3,060,727)	(8,320,914)
Cumulative other comprehensive loss	49,352	8,437	57,789
Shareholders' equity	5,845,501	(3,052,290)	2,793,211

Consolidated Statements of Financial Position	Previously Reported at March 31, 2022 \$	Policy Change Impact \$	Adjusted at March 31, 2022 \$
Exploration and evaluation properties	4,342,983	(3,236,883)	1,106,100
Total assets	5,863,783	(3,236,883)	2,626,900
Deficit	(5,313,499)	(3,245,321)	(8,558,820)
Cumulative other comprehensive loss	35,083	8,438	57,790
Shareholders' equity	5,777,920	(3,245,321)	2,532,599

Consolidated Statement of Comprehensive Loss	Previously Reported at March 31, 2022 \$	Policy Change Impact \$	Adjusted at March 31, 2022 \$
Exploration and evaluation expenses	-	184,594	184,594
Net loss	(53,312)	(184,594)	(237,906)
Translation (loss) gain	(14,269)	-	(14,269)
Comprehensive Loss	(67,581)	(184,594)	(252,175)

Consolidated Statement of Cash Flow	Previously Reported at March 31, 2022 \$	Policy Change Impact \$	Adjusted at March 31, 2022 \$
Net loss	(53,312)	(184,594)	(237,906)
Capitalized exploration and evaluation costs	(184,594)	184,594	-

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

3. 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, 2022 and they have been applied consistently to all periods presented in these Financial Statements.

4. 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 and deficit which at March 31, 2023 totalled \$1,086,660 (December 31, 2022 - \$1,294,998).

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 three months ended March 31, 2023.

5. Property, Plant and Equipment

The following table sets out the changes to the carrying value of vehicles and equipment and software:

	Vehicles & Equipment	Software	Total
Cost			
Balance, December 31 2021	\$ -	\$ -	\$ -
Changes	-	-	-
Balance, March 31, 2022	-	-	-
Additions	17,531	7,595	25,126
Balance, December 31, 2022	\$17,531	\$7,595	\$25,126
Changes	-	-	-
Balance, March 31, 2023	\$17,531	\$7,595	\$25,126

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

	Vehicles & Equipment	Software	Total
Accumulated amortization			
Balance, December 31 2021	\$ -	\$ -	\$ -
Amortization	-	-	-
Balance, March 31, 2022	-	-	-
Amortization	1,315	947	2,262
Balance, December 31, 2022	\$1,315	\$947	\$2,262
Amortization	1,252	976	2,228
Balance, March 31, 2023	\$2,567	\$1,923	\$4,490
Net book value – March 31, 2022	-	-	-
Net book value – December 31, 2022	\$16,216	\$6,648	\$22,864
Net book value – March 31, 2023	\$14,963	\$5,672	\$20,636

6. Exploration and Evaluation Properties

The Company's exploration and evaluation properties in Scotland include the Lagalochan Project and the Knapdale Project. The Knapdale Project license included an exploration spending commitment of £1,500,000 to be spent by July 29, 2022 and an aggregate spending commitment of £3,000,000 by July 29, 2024. The Company, by July 29, 2022, exceeded the £1,500,000 spending commitment. The Company's evaluation of the Knapdale Project's poor exploration results, combined with the exploration opportunity of its Lagalochan Project, did not justify further investment in Knapdale. In December 2022, the Company terminated its prospecting agreement for the Knapdale Project and recorded an impairment charge of \$553,050.

Research and development tax credits available in the United Kingdom are classified as recoverable exploration and evaluation expenses. The recoverable amount estimated in 2021 was determined to not be coverable in 2022.

Exploration and Evaluation Properties	Knapdale	Lagalochan	Total
Balance - December 31, 2021	\$553,050	\$ 553,050	\$ 1,106,100
Changes in period	-	-	-
Balance – March 31, 2022	553,050	553 050	1,106,100
Impairment provision	(553,050)	-	553,050
Balance - December 31, 2022	-	553,050	553,050
Changes in period	-	-	-
Balance – March 31, 2023	-	553,050	553,050

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. Exploration and Evaluation Properties *(continued)*

Exploration and Evaluation Expenses	Knapdale	Lagalochan	Total
Cumulative Expenses - December 31, 2021	1,370,044	1,682,245	3,052,289
Consulting	60,000	65,011	125,011
Drilling and fieldwork	18,006	5,870	23,876
Lease rentals and other	15,105	20,602	35,707
Changes in the period	93,111	91,438	184,594
Cumulative Expenses - March 31, 2022	1,463,155	1,773,728	3,236,883
Consulting	82,830	186,220	269,050
Drilling and fieldwork	341,837	423,038	764,876
Lease rentals and other	55,629	75,786	131,414
Research and development tax credits	143,210	113,554	256,764
Changes in period	623,506	798,598	1,422,104
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
Consulting	-	64,467	64,467
Drilling and fieldwork	-	95,103	95,103
Lease rentals and other	-	-	-
Changes in the period	-	159,571	159,571
Cumulative expenses – March 31, 2023	-	2,731,898	2,731,898

Commitments

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

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. 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.

	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	(137,500)	0.50
Balance - March 31, 2022	1,777,500	0.48

The following is information regarding the outstanding options at March 31, 2022:

Options by Expiring Date	Number of Options	Option Exercise Price	Remaining Life in Years
December 8, 2025	1,635,000	\$0.50	2.7
September 6, 2028	140,000	0.25	5.4
Total options and weighted averages	1,775,000	\$0.48	3.9

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance - December 31, 2021	1,625,000	\$ 0.75
Changes in period	-	-
Balance - March 31, 2022	1,625,000	0.75
Expired - June 23, 2022	(1,625,000)	0.75
Issued - August 25, 2022	3,833,323	0.25
Balance - December 31, 2022	3,833,323	0.25
Changes in period	-	-
Balance - March 31, 2022	3,833,323	0.25

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.

On August 25, 2022, as part of a private placement, the Company issued warrants to acquire 3,833,323 common shares at an exercise price of \$0.25 per common share for a period of twelve months. The warrants expire on August 25, 2023.

The fair value of the warrants issued at August 25, 2022, was \$178,000 as calculated using the Black-Scholes model. The valuation of the warrants is recorded in contributed surplus. The following information was used to determine the fair value of the warrants issued:

Number of shares that could be acquired on the exercise of the warrant ('Warrant Shares')	3,833,323
Fair value of one Warrant Share	\$0.0464
Warrant Share exercise price	\$0.25
Fair value pricing model used	Black-Scholes
Time to maturity, years	1.0
Share price	\$0.185
Expected volatility, %	86.7%
Expected dividend growth rate, %	0%
Risk-free interest rate (1 to 3-year bond), %	3.52%

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

8. 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, 2022. There have been no changes in the risk management or in any risk management policies since year end.

9. 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.

10. 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 some directors 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	March 31, 2022	March 31, 2021
Compensation	\$ 15,600	\$ 35,419
E&E Consulting	42,318	28,985
Total	\$ 57,918	\$ 64,404

- (ii) A law firm of which one director of the Company is a partner is related through common management. During the three months ended March 31, 2022, the Company incurred and expensed \$289 related to legal services received (three months ended March 31, 2021 - \$1,225).
- (iii) As at March 31, 2023, the Company's net amount owing to key management personnel was \$nil (December 31, 2022 - \$nil).