

Western Gold Exploration Limited

Management's Discussion and Analysis

For the Year Ended December 31, 2019

(dated: August 13, 2020)

Western Gold Exploration Limited

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION	3
GENERAL	3
HIGHLIGHTS - 2019	3
HIGHLIGHTS – 2020 TO DATE	4
OUTLOOK	5
COMPANY OVERVIEW	5
OVERVIEW OF PROJECTS	5
LIQUIDITY AND CAPITAL RESOURCES	9
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS	10
SHARE CAPITAL AS AT AUGUST 13, 2020	11
CAPITAL MANAGEMENT	11
RISK FACTORS	12
QUALIFIED PERSONS	15
SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES	15
INTERNAL CONTROL OVER FINANCIAL REPORTING	15

Western Gold Exploration Limited Management's Discussion and Analysis For the Year Ended December 31, 2019

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis ("MD&A") contains forward-looking statements, such as statements regarding potential mineralization, resources and exploration results and future plans and objectives of Western Gold Exploration Limited ("Western Gold", "WGE", "we", "our" or the "Company"), which are subject to various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements contained are made as of the date of this MD&A and the Company disclaims, other than required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, otherwise.

GENERAL

The Company was incorporated and registered in England and Wales on December 5, 2016 as a private limited company under the names "Charles Thomas Holdings Limited". On May 2, 2017, the Company changed its name to "Western Gold Exploration Limited". The Company's registered number is 10510465.

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.

Under International Financial Reporting Standards ("IFRS"), an entity's functional currency should reflect the underlying transactions, events, and conditions relevant to the entity. The Company's functional currency is British Pounds Sterling ("GBP" or "£"). **Unless otherwise noted, all amounts in this MD&A are expressed in GBP.**

This MD&A is intended to help the reader understand WGE, our operations, financial performance and present and future business environment. This MD&A is prepared as of August 13, 2020, and should be read in conjunction with the consolidated financial statements of WGE and the related notes for the year ended December 31, 2019 (the "**Financial Statements**"), which are prepared in accordance with IFRS. This MD&A and the accompanying Financial Statements have been reviewed and approved by the Company's Board of Directors.

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

HIGHLIGHTS - 2019

- On 9 May 2019, the Company completed a private placement issuing 11,833,334 shares for aggregate proceeds of £355,000.

- Advanced understanding of the Knapdale Gold Project in Scotland and developed a plan for fifteen diamond drill holes of between 80-120 metres depth for an aggregate 1,500 metres to further evaluate the economic potential of the Stronchullin and Allt Dearg quartz-gold base metal lode structures.
- Evaluated alternative financing sources and strategies, which carried forward to 2020.
- Obtained £155,000 in aggregate unsecured debt financing. The borrowings were from Zila Corporation for principal amounts of £75,000 on 28 March 2019 and £50,000 on 9 October 2019, and from Smaller Company Capital Ltd. for £30,000 on 3 October 2019. The borrowings incurred interest at 10% per annum and were payable on demand.

HIGHLIGHTS – 2020 TO DATE

- Willie McLucas appointed to the Board of Directors in January 2020.
- The Company completed its assessments of the potential of its two exploration projects and determined its near-term exploration and related financing activities would focus on its Knapdale Project.
- Liquidity improved in Q1 2020 due to receipt of the £52,810 research and development tax credit and share subscription deposits of £550,674 towards the private placement that was completed on May 7, 2020. On January 22, 2020 the Company entered into a loan agreement with one of its shareholders for £50,000, unsecured, at an interest rate of 10% per annum and term of one year. Borrowings of £164,694 at December 31, 2019 increased by £50,000 in January 2020 and subsequently decreased to £55,953 at June 30 2020. The remaining Borrowings were paid in full on July 29, 2020.
- On May 7, 2020, completed the private placement issuing 20,016,666 Ordinary shares for gross and net proceeds of £600,500 raised from existing shareholders. No costs were incurred to complete the private placement. The planned use of funds includes preparing for a proposed drilling campaign and general corporate uses.
- On 14 July 2020 the Company and the holders of a majority of its outstanding shares entered into a binding definitive share exchange agreement with TSXV listed Cassowary Capital Corporation Limited (TSXV: BIRD.P) (“BIRD”) to provide for the completion of a business combination wherein BIRD will acquire the outstanding shares of WGE in exchange for 32,666,900 common shares of BIRD (the “**Transaction**”). On August 12, 2020, BIRD also announced that it increased its proposed concurrent non-brokered private placement to a maximum of CA\$1,700,000 worth of subscription receipts (the “**BIRD Private Placement**”). As at the date of approving this MD&A these funds have been committed to BIRD and are contingent on the Transaction successfully completing.
- Pursuant to the conditions of the Transaction, BIRD engaged Apex Geoscience Ltd. and Lakehead Geological Services Inc. of Canada to prepare a Technical Report in accordance with the Canadian Securities Administration’s NI 43-101, The intent of the Technical Report is to provide: 1) a geological introduction to Knapdale; 2) sufficient evidence of no less than C\$100,000 of exploration expenditures on Knapdale; and recommendations for future exploration work programs. The Technical Report was completed 12 June 2020.
- The Group has a £1,500,000 commitment to spend on the Knapdale exploration asset by 29 January 2021. The Directors reached an agreement with the licence holders to extend that commitment to 29 July 2022, contingent on the Transaction successfully completing.

OUTLOOK

Completion of the proposed Transaction will provide funding for an exploration program at Knapdale. The exploration program will be targeting historic gold adits from early 1900s and the known local gold occurrences. The program proposes:

- a deep overburden survey over an 1,800-metre strength length of the Stronchullin veins at Knapdale;
- diamond drilling of up to 1,480 metres in aggregate over up to 14 holes; and
- investigation of Gossan Burn at Knapdale.

COMPANY OVERVIEW

The Company is a mineral exploration company primarily operating in Scotland through its wholly-owned subsidiary Lorne Resources Ltd. (“**Lorne**”) a Scottish registered company (registered no. SC419439) with its office in North Berwick, East Lothian, Scotland. The Company acquired Lorne in March 2018 to obtain its 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 is considered a copper-gold porphyry prospect for future exploration.

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

None of the Company’s projects have commenced commercial production and, accordingly, the Company is dependent upon debt and/or equity financings for its funding. The recoverability of the carrying value of exploration and evaluation projects, and ultimately the Company’s ability to continue as a going concern, is dependent upon exploration results which indicate the potential for the discovery of economically recoverable reserves and resources, and the Company’s ability to finance development and exploration of its projects through debt or equity financing for its funding. Changes in future conditions could require a material write-down of carrying values and the ability to pay its obligations as they fall due.

OVERVIEW OF PROJECTS

Knapdale Gold Project

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

The Ormsary South sub-property Prospecting Agreements include surface access rights and base metal mining rights agreements. Mining rights to gold and silver are owned by the Crown.

The landowners have granted exclusive surface access to Lorne for up to 15 years from 2018, with work commitments of £1.5 million before July 29, 2022 and £3 million in total before July 29, 2024. In 2020, the landowners agreed to extend the initial work commitment period from January 29, 2021 to July 29, 2022 and the second work commitment from January 29, 2023 to 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 in the Dalradian gold belt. Other mines in the Dalradian Gold Belt include Dalradian Resources, which owns the Curraghinalt Gold project, and Scotgold Resources, which owns the Cononish Gold mine.

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

Lagalochan Project

Lagalochan is an early stage exploration stage copper-gold porphyry prospect located in East Kames, 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. There is no work commitment included in the agreements. No exploration work on the site is presently planned while the Company focusses on Knapdale.

SELECTED FINANCIAL INFORMATION

The following table provides selected consolidated financial information in GBP for the previous three fiscal years.

	YEAR ENDED AND AS AT DECEMBER 31, 2019	YEAR ENDED AND AS AT DECEMBER 31, 2018	13-MONTHS ENDED AND AS AT DECEMBER 31, 2017
Loss before income tax	128,217	344,457	180,449
Net loss	75,407	325,159	180,449
Net loss per share	0.001	0.0031	180.45
Cash and cash equivalents	257	6,947	437,131
Working capital (deficit) ⁽¹⁾	(121,816)	19,131	332,245
Total assets	1,620,809	1,169,678	645,856
Total non-current liabilities	-	-	-

- (1) Working capital equals current assets less current liabilities, and is a non-GAAP measure used by management.
Note: The Company has no history of declaring dividends.

At December 31, 2019, the working capital deficit was approximately £121,816, primarily due to the unsecured borrowings of £164,694, including interest. The borrowings were repaid in full in 2020.

RESULTS OF OPERATIONS

For the Year Ended December 31, 2019 and December 31, 2018:

	YEAR ENDED AND AS AT DECEMBER 31, 2019	YEAR ENDED AND AS AT DECEMBER 31, 2018
EXPENSES		
General and administrative	118,523	344,457
Finance expenses	9,694	-
Income tax credit	(52,810)	(19,298)
Net loss for the period	75,407	325,159

During the year ended December 31, 2019 the Company incurred net losses from continuing operations of £75,407 as compared to net losses of £325,159 during the prior year. The decrease in net losses is primarily due to lower general administrative expenses related to legal costs and travel.

INTANGIBLE ASSETS – EXPLORATION AND EVALUATION EXPENDITURES

The Company's expenditures on its mineral properties for the periods indicated in the following table were:

	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	13-MONTHS ENDED DECEMBER 31, 2017
Knapdale	1,033,703	977,086	206,516
Lagalochan	524,228	160,305	791
Total Exploration & Evaluation	1,557,931	1,137,391	207,307

The Company's focus in 2019 and 2018 was to initial exploration and evaluation of licenses acquired with the Lorne acquisition. The Company began with drilling and evaluation activities on Lagalochan and subsequently shifted to Knapdale in 2019. Its capitalized expenditures on intangible assets were as follows:

	THREE MONTHS ENDED DECEMBER 31, 2019	THREE MONTHS ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
Knapdale				
Consulting	17,118	38,728	19,115	141,669
Drilling	-	-	-	98,469
Groundworks	-	-	-	3,080
Other	-	4,000	-	15,951
Knapdale Total	17,118	42,728	19,115	259,169
Lagalochan				
Consulting	5,923	9,679	56,303	11,479
Drilling	43,255	-	315,299	-
Groundworks	-	-	-	20,035
Other	5,087	-	20,348	-
Lagalochan Total	54,265	9,679	363,923	31,514
Total exploration and evaluation expenditures additions	£71,383	£52,407	£420,540	£290,683

During the year ended December 31, 2019 the increase in expenditures related primarily to the drilling program on Lagalochan. Further evaluation resulted in the Company shifting its future focus to Knapdale.

GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the Company's general and administrative ("G&A") and other expenses:

	THREE MONTHS ENDED DECEMBER 31, 2019	THREE MONTHS ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
Advertising and marketing	1,250	-	1,250	-
Compensation	17,467	13,228	41,467	123,157
Office and sundry	76	2,389	9,578	16,402
Professional Fees	12,136	10,606	26,795	161,966
Property rent	(4,187)	7,400	38,100	32,299
Travel	-	7,572	1,333	10,633
General and administrative	26,742	41,195	118,543	344,457

SUMMARY OF QUARTERLY RESULTS

The following tables summarize information derived from the Company's financial statements for each of the eight most recently completed quarters. Net losses are mainly driven by the Company's expenditures on exploration and evaluation activities at Knapdale and Lagalochan.

Quarterly period ended	Total revenue £	Loss before tax £	Net Loss (Profit) £	Net loss (profit) per share £	Total Assets £
December 31, 2019	Nil	33,036	(19,774)	(£0.000)	1,620,809
September 30, 2019	Nil	38,437	38,437	£0.000	1,513,071
June 30, 2019	Nil	18,012	18,012	£0.000	1,496,060
March 31, 2019	Nil	38,732	38,732	£0.000	1,559,790
December 31, 2018	Nil	41,195	21,897	£0.000	1,169,678
September 30, 2018	Nil	44,893	44,893	£0.000	1,207,566
June 30, 2018	Nil	42,373	42,373	£0.000	1,256,116
March 31, 2018	Nil	215,996	215,996	£0.004	1,513,071

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at December 31, 2019 totalled £257 (December 31, 2018 - £6,947). At December 31, 2019, the Company had a negative working capital (non-GAAP measure equal to current assets less current liabilities) of £121,816 as compared to working capital of £19,131 as at December 31, 2018. The proceeds received by the Company upon closing a financing on May 7, 2020 alleviated the near-term cash shortfall.

Financing Activities: For the year ended December 31, 2019 net cash inflows arising from financing activities of £510,000 included £355,000 proceeds from a private placement and £155,000 from borrowings as compared to cash inflows of £159,600 from share issuances for the year ended December 31, 2018.

The Company had borrowings of £164,694 as at December 31, 2019 related to unsecured borrowings. The borrowings amount was reduced to £104,199 as at March 31, 2020 and then paid in full in Q2 2020.

On May 7, 2020, the Company closed a private placement issuing 20,016,666 shares for gross proceeds of £600,500, which included the subscription deposits received in February and March 2020 of £550,476.

On 14 July 2020 the Company and the holders of a majority of its outstanding shares entered into a binding definitive share exchange agreement with TSXV BIRD setting forth the terms and conditions of the Transaction. On August 12, 2020, BIRD also announced that it increased its proposed concurrent non-brokered private placement to a maximum of CA\$1,700,000 worth of subscription receipts. As at the date of approving these financial statements these funds have been committed to BIRD and are contingent on the Transaction successfully completing.

Operating Activities: During the year ended December 31, 2019, cash used in operating activities mainly comprised of general and administrative expenses. Cash used in operating activities for the year ended December 31, 2019 totalled £118,523 compared to £201,329 for the year ended December 31, 2018. The decrease in expenditures is primarily due to 2018's higher professional fees related to evaluating prospective projects and financing alternatives and share-based compensation issued to one of the directors.

Investing Activities: For the year ended December 31, 2019 cash outflows arising from investing activities totalled £420,540 as compared to cash outflows of £290,683 for the year ended December 31, 2018. The cash outflows consisted of capitalized exploration costs for Knapdale and Lagalochan, with the 2019

increase due primarily to the Lagalochan drilling program and the 2018 expenditures primarily due to the Knapdale drilling program.

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 (wholly-owned by WGE), for up to 15 years from 2018. Work commitments of £1,500,000 before July 29, 2022, and £3,000,000 in total before July 29, 2024. The Prospecting Agreements may be terminated by landowners if the work commitment is not met. The option period under the Prospecting Agreements expires on January 28, 2033.

RELATED PARTY TRANSACTIONS

Related party transactions include consulting fees and compensation paid to key management personnel, and are recorded as either G&A expenses or exploration and evaluation expenditures, depending on their nature. Key management personnel are defined as officers and directors of the Company. Transactions between the Company and its subsidiary, Lorne, have been eliminated on consolidation and not disclosed.

There were no amounts owing to key management personnel as at December 31, 2019 or December 31, 2018. Transactions with key management personnel were as follows:

	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
Director and other fees ⁽¹⁾	94,705	104,427
Share based payments	-	78,620
Total transactions with key management personnel	94,705	183,047

(1) Directors do not have employment or service contracts with the Company, but may be entitled to director fees and are also eligible for share-based payments.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments as of December 31, 2019, consist of cash and cash equivalents, receivables, trade and other payables, and borrowings. The Company's financial instruments are denominated in 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 and cash equivalents, which are held in financial institutions in the United Kingdom and other receivables. The Company has no significant concentration of credit risk arising from operations. The Company's policy is to invest excess cash in fixed interest investment-grade short-term deposit certificates and overnight deposits in the UK. Management believes the risk of loss to be minimal given the apparent financial strength of the financial institutions with whom the Company transacts.

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

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

Foreign currency risk is generally associated with financial instruments and transactions denominated in non-GBP currencies. The Company is not presently exposed to foreign exchange risk as it holds all of its assets and liabilities in GBP. Since future activities may result in future expenditures denominated in other currencies, the Company will monitor the applicable exchange rates and take the appropriate foreign currency risk mitigation measures.

SHARE CAPITAL AS AT AUGUST 13, 2020

As permitted by the Corporations Act 2006, the Company does not have an authorised limit to its share capital and it has one class of Ordinary shares, which carry no right to fixed income.

Class	Par Value	Authorized	Issued Number
Ordinary shares	£0.001	Unlimited	161,334,000

In July 2020, the holder of 800,000 stock options notified the Company that they would not exercise the stock options before or concurrently with the Transaction, resulting in the cancellation of the stock options. As at August 13, 2020 there were no stock options outstanding.

On March 22, 2018 the Company issued to Eurasian Consolidated Minerals Pty Ltd (ECM), a warrant to acquire shares in the Company, subject to certain conditions including an anti-dilution requirement, in consideration for acquiring all the share capital of Lorne Resources Limited from ECM. At the date of issuance fair value of the Warrant Shares was £639,401 and has been included in intangible assets on the statement of financial position. Based on the present number of Ordinary Shares issued and outstanding, ECM holds Warrant Shares with the right to acquire 38,342,875 Ordinary Shares. ECM has provided the Company notice that ECM will exercise its Warrant Shares prior to the closing of the Transaction in 2020.

CAPITAL MANAGEMENT

The Company manages capital through its financial and operational forecasting processes. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2019. Refer to Note 18 – Financial Instruments – risk management Policies in the Company's

the Consolidated Financial Statements for the year ended December 31, 2019.

Effective July 14, 2020, Western Gold and the holders of a majority of the outstanding shares of the Company, entered into a binding definitive share exchange agreement with BIRD to provide for the Transaction. The combined entity (the “**Resulting Issuer**”) will continue the business of Western Gold. BIRD also announced on August 12, 2020 that due to strong demand, it increased the size of the BIRD Private Placement to a maximum of CA\$1,700,000. Completion of the Transaction is subject to a number of conditions, including the completion of the BIRD Private Placement. Pursuant to the terms of the Transaction, BIRD will acquire all of the issued and outstanding shares of Western Gold (which will be 199,676,875 immediately prior to closing the transaction) in exchange for 32,666,900 shares of the Resulting Issuer (on a pre-consolidation basis (as defined below) at the closing of the Transaction. Proposed concurrently with the completion of the Transaction, the shares of the Resulting Issuer would be consolidated on the basis of one (1) post-consolidation share for each two and one-half (2.5) pre-consolidation shares.

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.

- *Proposed Transaction Not Approved:* There can be no assurance that the Transaction will be accepted by the TSX Venture Exchange. There can be no assurance that all the necessary approvals, including the approval of the majority of the shareholders of BIRD, will be obtained.
- *The Completion of the Transaction May Be Delayed Due to Health Epidemics and Other Outbreaks of Communicable Diseases:* In December 2019, a novel strain of the coronavirus (COVID-19) emerged in China and the virus has now spread to several other countries, including the United Kingdom and Canada, and infections have been reported globally. The extent to which the coronavirus impacts the ability of the Company and BIRD to obtain the necessary third party approvals required to complete the Transaction, including the approval by the shareholders of BIRD, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak.
- *The Impact of the Current Coronavirus (COVID-19) Pandemic May Significantly Impact the Company and the Resulting Issuer:* The current coronavirus (COVID-19) global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the coronavirus (COVID-19) pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including gold) and has raised the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the coronavirus (COVID-19) pandemic, the operation and development of mining projects may be impacted. To date, a number of mining projects have been suspended as cases of coronavirus (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 or the Resulting Issuer, as applicable, holds an interest and from which it receives or expects to receive revenue is suspended, it may have a material adverse impact on the Company or the Resulting Issuer’s, as applicable, results of operations, financial condition and the trading price of the Resulting Issuer’s securities. The broader impact of coronavirus (COVID-19) pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company’s results of operations, financial conditions and the trading price of the Reporting Issuer’s securities, as applicable.

- *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 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.
- *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.
- *Western Gold Depends on Two Mineral Projects:* Any adverse development affecting Knapdale and Lagalochan will have a material adverse effect on Western Gold'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 its projects, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, 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 projects.
- *Significant Shareholders:* The Company has received notices that the options and warrants presently outstanding will be exercised prior to closing the Transaction, which will result in the Ordinary Shares outstanding increasing in 2020 as followings:

Issued and outstanding at December 31, 2019	135,817,334 shares
Issued May 7, 2020 for gross proceeds of £600,500	20,016,666
Options exercised/being exercised July 6, 2020	<u>5,500,000</u>
Sub-total	161,334,000
Warrants being exercised prior to Transaction closing	<u>38,342,875</u>
Total Issued Ordinary Shares (prior to Transaction closing)	<u>199,676,875</u>

Based on the Total Issued Ordinary Shares noted above, the significant shareholders include:

Zila Corporation	44,000,000 shares	22.0%
Eurasian Consolidated Minerals Pty. Ltd.	38,342,875	19.2%
Smaller Company Capital Ltd.	21,800,000	10.9%
JG&S Family Revocable Trust	15,000,000	7.5%
JG&S GRAT Remainder Trust	10,000,000	5.0%
JG&S GST Exempt Trust	10,000,000	5.0%

- *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. In addition, the COVID-19 pandemic declared by the World Health Organization in March 2020, had an immediate and significant adverse effect on economic activities around the world and its implications continue to evolve. 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.
- *Western Gold Has a Limited Operating History and No History of Earnings, Positive Cash Flow or Dividend Payments:* An investment in Western Gold shares should be considered highly speculative due to the nature of the Company's business. Western Gold 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 Western Gold will be able to develop any of its properties profitably or that its activities will generate positive cash flow.
- *Western Gold Faces Significant Competition for Attractive Mineral Properties:* Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Western Gold'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 Western Gold, 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.

QUALIFIED PERSONS

Roy Eccles (Apex Geoscience), a consultant to the Company, is a Qualified Person as defined in NI 43-101, and has reviewed and verified the technical content in this MD&A.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Refer to Note 2 – Accounting Policies in the Company's Consolidated Financial Statements for the year ended December 31, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

There was no change in the Company's internal controls over financial reporting that occurred during the year ended December 31, 2019 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, 2019.