



Western Gold Exploration Ltd.

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

For the Year Ended December 31, 2023

(dated: April 27, 2024)

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Western Gold Exploration Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2023

INTRODUCTION

This Management's Discussion and Analysis ("**MD&A**"), dated April 27, 2024, 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 audited consolidated financial statements for the year ended December 31, 2023 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**”). Western Gold terminated its interest in Knapdale in December 2022. Lagalochan, which is approximately 90 km northwest of Glasgow, is considered a copper-gold molybdenum porphyry prospect. On November 29, 2022, the Company filed the NI 43-101 Technical Report on the Lagalochan Property, Argyll, Scotland dated effective November 29, 2022 (the “**Lagalochan Report**”).

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

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.sedarplus.ca, and on the Company’s website at www.westerngoldexploration.com.

HIGHLIGHTS

Financing

On August 29, 2023, the Company completed a non-brokered private placement for gross proceeds of \$1,897,400 through the issuance of 15,811,666 Common Shares at a price of \$0.12 per share (the “**2023 Private Placement**”). The Company paid aggregate finder’s fees of \$114,838 and issued 149,000 in finder’s warrants at a price of \$0.20 per share for 12 months from the date of issuance, as applicable, in respect of the aggregate sales to subscribers under the 2023 Private Placement that were introduced by certain parties.

Lagalochan Copper Gold Porphyry Project, Argyll, Scotland

The Company recently completed c. 1200m of diamond drilling at its Lagalochan and Ardlochan prospects and await full assay results.

The recent drilling follows up on the Company’s 2013 and 2018 campaign at North Hill, which included:

- 530.5m @ 0.17% Cu, 0.11 g/t Au, 2.67 g/t Ag, from 3m [hole LD18-04]
- 537m @ 0.18% Cu, 0.1 g/t Au, 2.58 g/t Ag, from 2m [hole LD13-01A]

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. On November 29, 2022, the Company filed 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 exploration activities, as recommended by the Lagalochan Report, have continued in 2023 and early 2024. During this period, the Company has focussed on:

- Finalizing landholding agreements;
- Progressing planning applications;
- Obtaining quotes for drilling rigs and surveys;
- Undertaking groundworks, ecological reports and preparatory work;
- Preparing exploration plans for review;
- Engaging drillers and consultants to obtain and analyze various types of samples, including outcrop rock-chip, back pack drill and pitting samples, and iconic leach soil samples; and
- Analyzing the various types of samples, to support further exploration and evaluation plans.
- The 2023-2024 WGLD drilling campaign focussed on targeting new mineralisation zones in ground largely untested by diamond drilling, with an aim to extend the footprint of porphyry-related mineralisation (see 18 October 2023 Press Release) by drilling up to 1.2km west of the existing North Hill stockwork.

On February 27, 2024, the Company announce results from the first phase of surface sampling and re-assay of historic drilling on its Ardlochan prospect in Argyll, Scotland ("**Ardlochan**"). The prospect lies along a prospective and largely untested geological corridor, termed the Lorne Fault Zone, which promoted mineralization within the Lorne Porphyry Complex, such as at Ardlochan and Lagalochan (see the Lagalochan Report). The Company currently owns the Crown Minerals Lease for the entire Lorne Porphyry Complex and possesses exclusive land-access agreements with c.70% of the land ownership.

Highlights of Ardlochan activities:

- A total of 201 outcrop rock-chip, backpack drill and pitting samples displaying a large range of porphyry-related mineralization styles were collected and assayed.
 - The highest-grade copper sample assayed 2.59% Cu, 5.98g/t Au, within stockwork veined porphyry.
 - The highest-grade gold sample assayed 16.2g/t Au, 0.61% Cu, within an epithermal-style fracture zone.
 - The highest-grade molybdenum sample assayed 0.42% Mo, within pegmatitic granodiorite.
- A total of 533 ionic leach (IL) soil samples were collected, confirming or even extending anomalous areas of elevated Cu-Mo-Au identified from rock sampling.
- The Company is ramping up for future shallow-surface diamond drilling and geophysics.

These new exploration results define an extensive area of consistent copper gold molybdenum mineralisation at a new prospect some 8km west of the Company's Lagalochan porphyry prospect. These finds indicate other areas of porphyry related mineralisation occur within the Lorne intrusive complex and the Company looks forward to continuing to develop these prospects further.

OUTLOOK

Exploration Strategy – The primary objective of the 2023–2024 drilling programme has been to expand the area of known mineralisation at Lagalochan, targeting untested areas for potential porphyry, skarn and epithermal styles of mineralisation. The programme is also intended to help generate targets for potential future drilling of deeper mineralisation, in conjunction with further geophysics. The work to date at Lagalochan and Ardlochan has solidified the general consensus amongst our geological team and expert consultants, that it would be worth continuing to explore in this area. The most cost-effective approach would be to utilise the existing geophysics and a combination of IP/MT for further research across the whole area, to pinpoint areas for greater investigation and potential for deep hole drilling.

In addition, the Company plans to review and evaluate other prospective Scottish properties in areas nearby existing licenses, with the intent of expanding its land package.

Financing and Cash Management – The Company's recent activities have been funded by private placement financings in August 2022 and August 2023 for gross proceeds of \$1,499,997 and \$1,897,400, respectively. The Company will need to obtain additional financing in 2024 to continue its exploration activities and for general corporate uses. The Company continues to closely manage its cash while optimizing its operating activities leading.

Qualified Person

Mr. David Pym, Chartered Geologist, and consultant to the Company, is the Qualified Person, as defined in Canada by NI 43-101, responsible for the accuracy of scientific and technical information in this MD&A.

COMPANY OVERVIEW

The Company is incorporated under the *Business Corporations Act* (Alberta) and is a 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 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, 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 Knapdale and Lagalochan.

Knapdale was an early exploration stage project prospective for orogenic quartz-gold-silver lodes and VMS copper mineralization. Knapdale. In December 2022, the Company's evaluation of Knapdale concluded that the poor results to date, combined with the opportunity to develop iLagalochan, did not justify any further investment in Knapdale. Consequently, the Company terminated its prospecting agreement regarding Knapdale and recorded an impairment charge of \$553,050 in December 2022.

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 bmeet 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

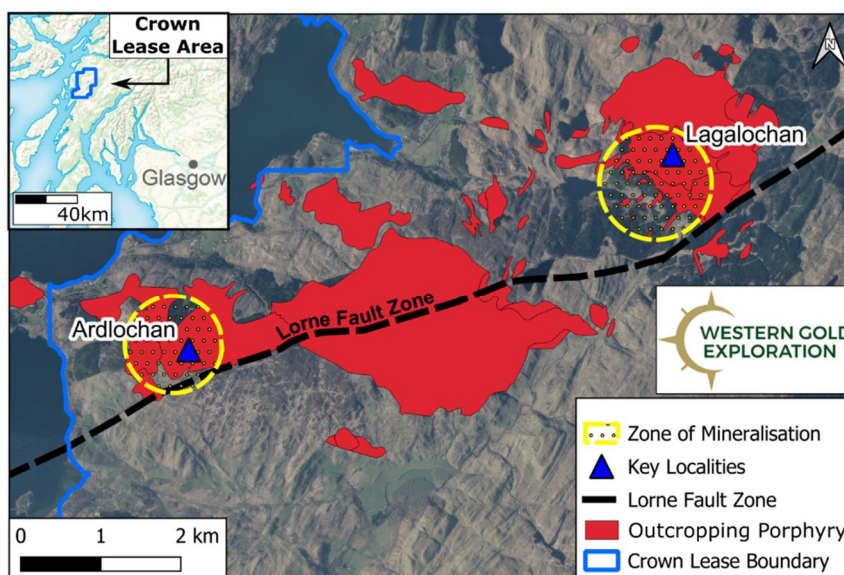
Lagalochan Property

Lagalochan is an early-stage exploration stage copper-gold porphyry prospect located in Kilmelford, Scotland.

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.

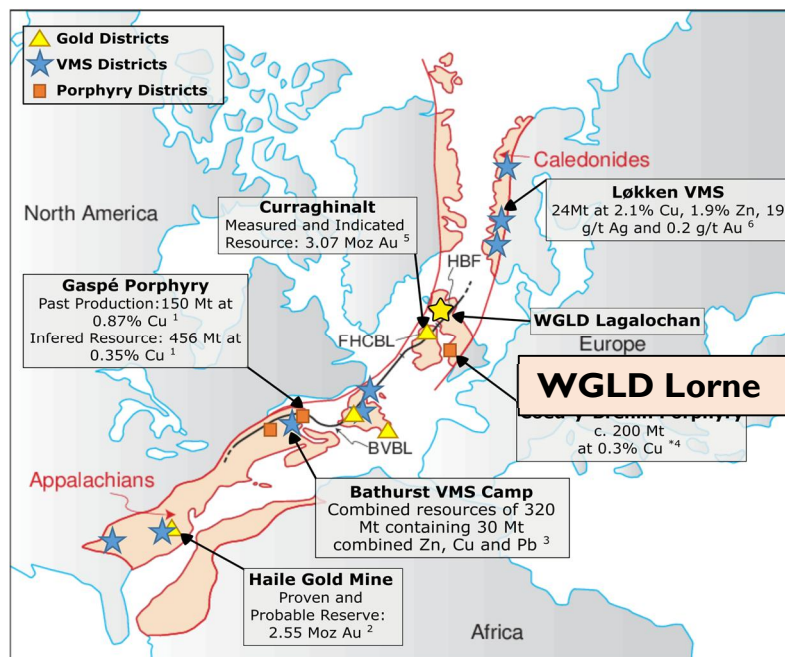
Lagalochan was discovered in the 1980's by BP minerals. The Company acquired its interest in Lagalochan, along with the Knapdale property which includes the Stronchullin orogenic gold occurrence and the Gossan Burn copper gold occurrence, when the Company completed its acquisition of WGE UK and its subsidiary 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.

The Ardlochan prospect (see Figure 1 below), located approximately 8km west of Lagalochan, was the subject of historic exploration in 1972 by a Noranda Exploration Ltd. & Phelps Dodge Ltd. Joint Venture (JV), almost 10 years prior to exploratory work at Lagalochan.



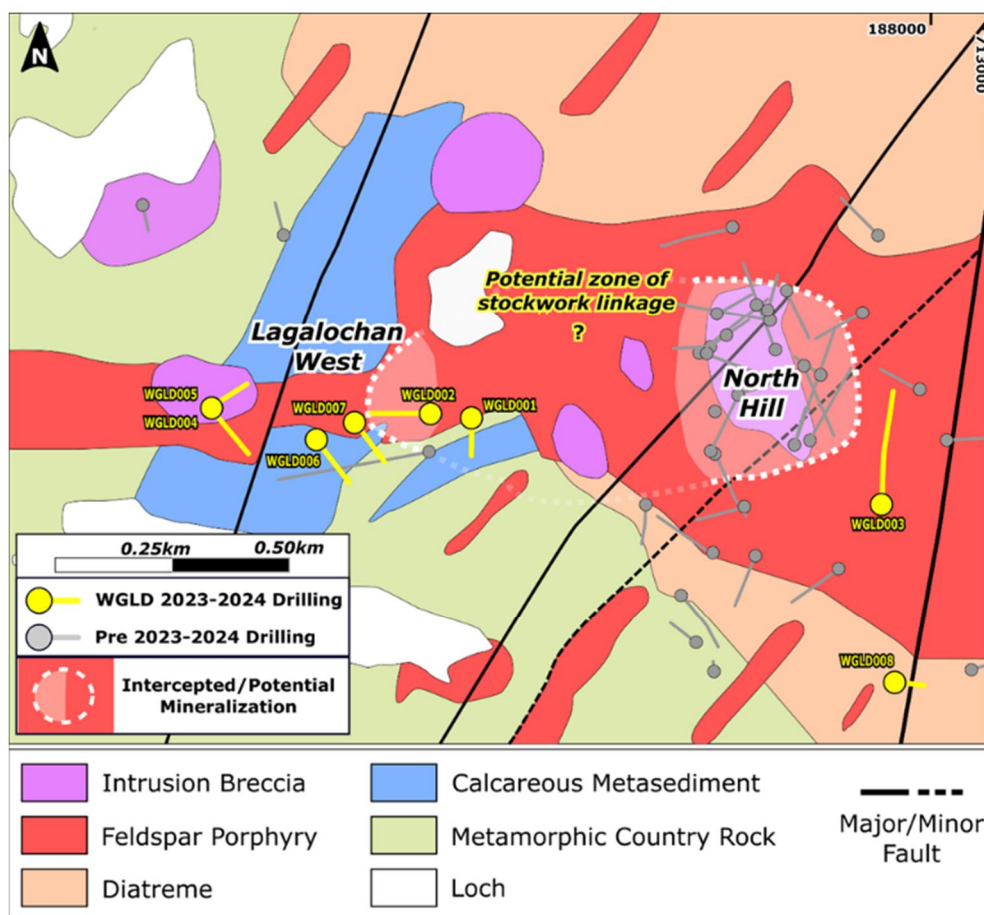
Exploration was furthered by the British Geological Survey (BGS) in 1977 as part of their nation-wide Mineral Reconnaissance programme. The most anomalous copper-gold grades were obtained from streams draining the Ardlochan site during BGS sampling. Aerial image of the Lorne Porphyry Complex, including both Lagalochan and Ardlochan porphyry centres. Crown Lease held by Company's fully owned subsidiary, Lorne Resources Ltd.

The Company believes there is unexplored potential in the region since it is in a globally important mineral province, the Caledonian belt, linking the UK with USA and Scandanavia/Greenland.



(Diagram modified from Chew et al. (2005): Caledonian/Appalachian belt (orange) before Atlantic rifting.)

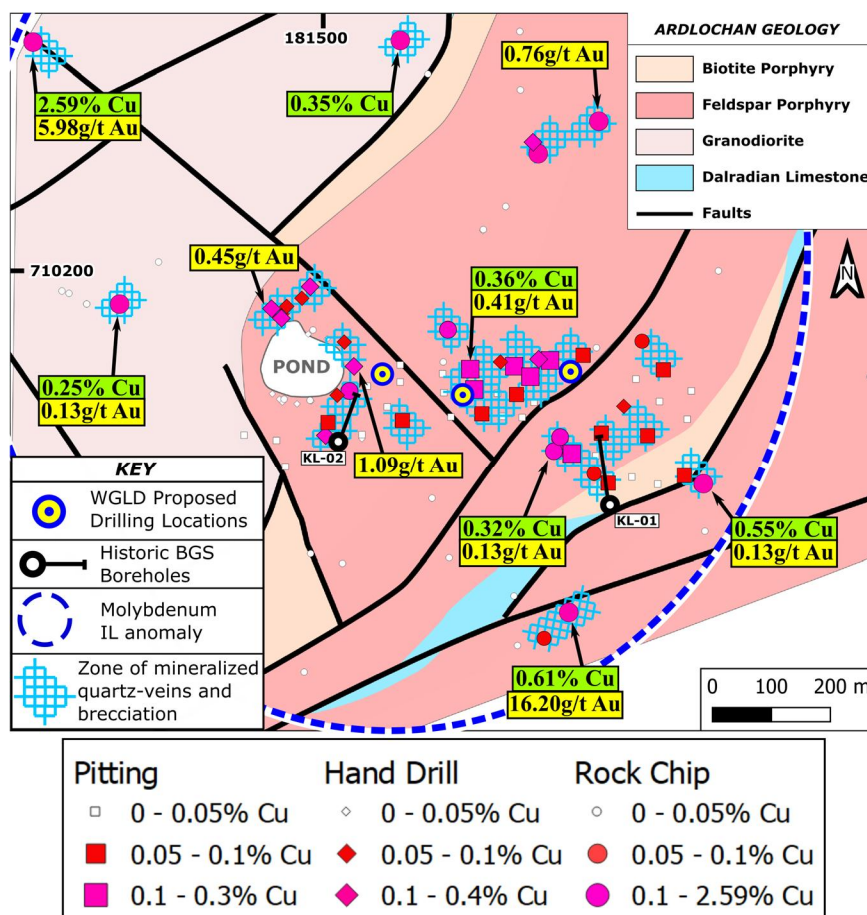
For resources, reserves and data referenced in the figure on this slide please see [1] – Osisko Metals Incorporated, NI 43-101 Technical Report Gaspé Copper Project, Effective Date: April 12th, 2022. [2] – OceanaGold Corporation, NI 43-101 Technical Report Haile Gold Mine, Effective Date: December 31, 2021. [3] – Galley et al., (2007). [4] – British Geological Society, Minerals in Britain, Copper. *The reliability of this estimate is unknown and does not constitute a reserve or resource. It is provided here purely for academic illustration purposes. [5] – Dalradian Resources Inc, Technical Report for the Curraghinalt Gold Project, Effective date: May 10, 2018. [6] - Eilu, P. (ed.), (2012). WGLD have not independently verified the validity or accuracy any of these figures or reports.



Ardlochan Prospect – A Developing Porphyry Centre

- A total of 201 in-situ rock-chip, backpack core drill and pitting samples were collected. Many samples displayed porphyry and epithermal style mineralisation
- 2.59% Cu, 5.98g/t Au was obtained from the highest-grade copper sample within stockwork veined porphyry.
- 16.2g/t Au, 0.61% Cu was obtained from the highest-grade gold sample within an epithermal-style fracture zone.
- 0.42% Mo was obtained from the highest-grade molybdenum sample within pegmatitic granodiorite.
- Three shallow diamond drill holes to be conducted during the current 2023/2024 campaign are proposed
 - Aim to test sub-surface continuity of copper-gold mineralisation around areas of mapped mineralisation
 - IP geophysics is being considered to further extend the scale of shallowly concealed mineralised targets

New geological map of Ardlochan, highlighting Cu-Au grades and zones of veining/brecciation:



Lagalochan Report

On November 29, 2022, the Company issued the Lagalochan Report (available www.westerngoldexploration.com and on www.sedarplus.ca).

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.

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 extended 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.

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 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. 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 Financial Statements:

For Quarters ended:	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023
Results of Operations:				
Net loss	\$ 668,861	\$ 400,315	\$ 398,428	\$ 231,443
Comprehensive loss	646,075	432,467	424,639	208,339
Basic and diluted loss per share	0.013	0.011	0.012	0.006
Financial Position – Select Items:				
Cash	834,607	1,556,230	220,385	515,814
Working capital ⁽¹⁾	873,261	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	1,478,844	2,481,618	2,246,317	2,626,900
Shareholders' equity	1,440,071	2,405,662	2,005,280	2,541,037
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	666,951	535,758	252,174
Basic and diluted loss per share	0.032	0.022	0.022	0.009
Financial Position – Select Items:				
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

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

The Company's expenses in 2023 and 2022, including the changes from 2022, are summarized below:

For the years ended December 31	2023	2022	Change
Operating expenses			
Amortization	\$ 9,104	\$ 2,262	\$ 6,842
Compensation	277,959	172,190	105,769
Exploration and evaluation expenses	1,101,058	1,606,698	(505,640)
Exploration and evaluation property impairment	-	553,050	(553,050)
Office and sundry	81,757	64,750	17,007
Professional fees	72,793	64,465	8,328
Regulatory fees and Investor relations	50,225	52,930	(2,705)
Share based compensation	105,179	-	105,179
	1,698,074	2,516,346	(818,270)
Interest earned	(555)	-	(555)
Foreign exchange losses	1,528	46,739	(45,211)
Net Loss	1,699,047	2,563,085	(864,038)
Translation (gain) loss	12,473	2,460	10,013
Comprehensive loss	\$ 1,711,520	\$2,565,545	\$(854,025)

Comments – Fiscal Year:

- Overall, the Company's comprehensive loss decreased from 2022 to 2023 by \$854,025 primarily due to the reduction in exploration and evaluation expenditures of \$505,640 and exploration and evaluation property impairment in 2022 of \$553,050, which were partially offset by other expenditure increases.
- The amortization expense increased since the vehicle and software acquired late in 2022 was amortized for the full year in 2023.
- Compensation increased in 2023 by \$105,769 from the prior year as a result of (i) a new director in appointed in August 2022 being paid for 12 months in 2023 vs. 4 months in 2022 (\$13,500); (ii) increased time and related pay to two officers and a director (\$35,600); and (iii) changed previous consulting contracts to employee compensation for supporting the planning and exploration activities (\$56,600).
- Exploration and evaluation expenses decreased by \$505,640 from 2022 primarily due to completing exploration work on Knapdale, which the Company terminated after it determined Knapdale to be impaired at December 2022.
- The Knapdale impairment expense recorded at December 31, 2022 was \$553,050.
- Office and sundry expenses increased by \$17,007 primarily due to the purchase of analytical software for approximately \$10,600, increased bank fees of \$4,000 related to the change in banking services in the UK.
- Professional fees increased by \$8,328 related to payroll, VAT, and other accounting services in the UK and \$4,100 for corporate advisory services.
- Regulatory fees and investor relations decreased by \$2,705 due to modest decreases in transfer agent activity fees and news releases.
- Share-based compensation in 2023 of \$105,179 relates to the 1,300,000 options granted in June 2023, which were valued using the Black-Scholes model option pricing model. No options were granted in 2022.
- Interest earned of \$555 was generated by the \$500,000 guaranteed investment certificate deposit made on December 22, 2023 by transferring short term excess funds from the Company's main bank account.
- Foreign exchange losses in 2023 were lower than 2022 primarily due to holding lower amounts of GBP in 2023 vs. 2022 and less fluctuation in the GBP/CAD exchange rate. The average monthly GBP/CAD exchange rates were: January 2023 - 1.6421 (Jan. 2022 – 1.7106); December 2023 – 1.6994 (Dec. 2022 – 1.6562); lowest month – February 2023 – 1.6252 (Sep. 2022 – 1.5075); highest month August 2023 – 1.7128 (Feb. 2022 – 1.7211).

E&E expenses decreased in 2023 compared to the prior year primarily due to the Company terminating further exploration of Knapdale in December 2022.

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, 2021	1,370,044	1,682,245	3,052,289
Consulting	141,740	162,854	304,595
Drilling and fieldwork	347,830	385,386	733,216
Lease rentals and other	45,105	96,361	141,467
Changes in the period	534,677	644,601	1,179,277
Cumulative Expenses – September 30, 2022	1,904,721	2,326,846	4,231,566
Consulting	1,090	88,377	89,466
Drilling and fieldwork	12,013	43,522	55,536
Lease rentals and other	25,628	27	25,654
Research and development tax credits	143,210	113,554	256,764
Changes in period	181,940	245,480	427,421
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
Exploration and Evaluation Expenses	Knapdale	Lagalochan	Total
Property exploration terminated	(2,086,661)	-	(2,086,661)
Cumulative expenses – December 31, 2022	-	2,572,327	2,572,327
Consulting	-	250,352	250,352
Drilling and fieldwork	-	738,172	738,172
Lease rentals and other	-	110,359	110,359
Changes in the period	-	1,101,058	1,101,058
Cumulative expenses – December 31, 2023	-	3,673,385	3,673,385

Comments – Three months ending December 31, 2023: (“Q4”)

- Overall, the Company’s comprehensive loss decreased from 2022 to 2023 from \$1,110,662 to \$646,075 primarily due to the 2022 exploration and evaluation property impairment in of \$553,050, which was offset by a net increase of \$116,282 in other operating expenses and an increase in foreign exchange and translation gains of \$27,819.
- Exploration and evaluation expenses increased by \$151,943 in Q4 to \$579,365 from \$427,422 incurred in the comparative period due to the 2023 drilling activity.
- Compensation, professional fees, office and sundry and regulatory fees decreased by a combined \$35,661 compared to Q4 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at December 31, 2023 was \$834,607, including \$500,000 held in a guaranteed investment certificate with its bank in Canada (December 31, 2022 - \$781,511) and working capital (non-GAAP measure equal to current assets less current liabilities) of \$873,261 (December 31, 2022 – \$719,084). The improved cash and working capital position at December 31, 2023 is directly attributed to the August 2023 Private Placement that raised gross proceeds of \$1,897,400. The Company continues to closely manage its cash while optimizing its operating activities leading.

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. 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, which were in place for most of 2022, were terminated in December 2022 due to poor exploration results.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments as of December 31, 2023 and December 31, 2022, consist of cash, cash equivalents, accounts payable and accrued liabilities denominated in CAD, EUR 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. 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.

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 27, 2024

On April 27, 2024, the Company had issued and outstanding common shares without par value of 50,083,017 common shares.

On April 27, 2024, the Company had 2,577,500 options outstanding with weighted average exercise price of \$0.29 per common share and remaining life of 3.3 years.

On April 27, 2024, warrants to acquire 149,000 common shares at an exercise price of \$0.20 per common share were outstanding.

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, 2023. 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 Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 2 – Basis of Preparation in the Financial Statements. 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 Financial Statements.

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 2023 and year to date 2024 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, 2023.