



Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
(Unaudited)

For the Three and Nine Months Ended September 30, 2021 and 2020

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 September 30, 2021 and December 31, 2020
(Unaudited, expressed in Canadian Dollars)

	September 30, 2021	December 31, 2020
Assets	<i>(Unaudited)</i>	<i>(Audited)</i>
Current		
Cash	\$ 1,559,334	\$ 3,087,762
HST/VAT recoverable	104,998	28,973
Prepayments	9,272	-
Research and development tax credits recoverable	66,780	67,156
	1,740,384	3,183,891
Non-current assets		
Exploration and evaluation properties <i>(Note 5)</i>	4,285,445	3,132,343
	4,285,445	3,132,343
	\$ 6,025,829	\$ 6,316,234
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 61,463	\$ 60,976
	61,463	60,976
Shareholders' Equity <i>(Note 7)</i>		
Share capital	10,161,621	10,161,621
Contributed surplus	1,032,160	1,032,160
Deficit	(5,269,412)	(4,978,428)
Accumulated other comprehensive loss	39,997	39,905
	5,964,366	6,255,258
Total Liabilities and Shareholders' Equity	\$ 6,025,829	\$ 6,316,234

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:

"Ross McLellan"

Director

"Stuart Olley"

Director

Western Gold Exploration Ltd.

**Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
For the three and six months ended September 30, 2021 and 2020**

(Unaudited, expressed in Canadian Dollars, except number of shares)

	Three-months ended		Nine-months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Expenses				
Community and investor relations	\$ 17,517	\$ 15,419	\$ 34,435	\$ 16,375
Compensation	20,076	33,281	60,536	104,586
Office and sundry	56,755	12,714	122,198	38,079
Professional fees	32,907	147,844	73,815	216,202
Loss from operations	127,255	209,258	290,983	375,242
Other expenses				
Interest expenses	-	11,462	-	17,174
Net loss	127,255	220,720	290,984	392,416
Foreign exchange (gain) loss	(2,159)	(14,464)	(92)	(18,592)
Net loss and comprehensive loss	\$ 125,096	\$ 206,256	\$ 290,892	\$ 373,824
Basic and diluted loss per share				
<i>(Note 13)</i>	\$ 0.01	\$ 0.04	\$ 0.01	\$ 0.07
Weighted average number of common shares outstanding				
– basic and diluted	26,604,705	5,601,740	26,604,705	5,600,609

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, 2019	135,817,334	\$230,342	\$3,190,344	\$(985,226)	\$36,854	\$2,472,314
Issue of shares	20,016,666	34,427	998,373	-	-	1,032,800
Exercise of options	5,500,000	9,309	(278,747)	215,405	-	(54,033)
Exercise of warrants	38,342,875	66,778	21,157	-	(6,913)	81,022
Options cancelled	-	-	(27,355)	27,355	-	-
Net loss and comprehensive loss				(392,417)	18,592	(373,825)
Balance – Sep. 30 - Pre-RTO	199,676,875	340,856	3,903,772	(1,134,883)	48,533	3,158,278
Issue of options - RTO	-	-	183,302	-	-	183,302
Issue of shares - RTO exchange	58,386,814	4,900,032	-	-	-	4,900,032
Cancellation of shares - RTO	(199,676,875)	3,903,772	(3,903,722)	-	-	-
Sub-totals Post-RTO	58,386,814	9,144,661	183,302	(1,134,883)	48,533	8,241,613
Share consolidation at 2.5 to 1	(35,032,109)	-	-	-	-	-
Issue of options	-	-	656,453	-	-	656,453
Issue of warrants	-	-	192,405	-	-	192,405
Issue of shares	3,250,000	1,016,960	-	-	-	1,016,960
Net loss and comprehensive loss –Oct. 1 to Dec. 31	-	-	-	(3,860,234)	(8,628)	(3,852,173)
Balance, December 31, 2020	26,604,705	\$10,161,621	\$1,032,160	\$(4,978,428)	\$39,905	\$6,255,258
Net loss and comprehensive loss	-	-	-	(290,984)	92	(290,892)
Balance, September 30, 2021	26,604,705	\$10,161,621	\$1,032,160	\$(5,269,412)	\$39,997	\$5,964,366

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 nine months ended September 30, 2021 and 2020
(Unaudited, expressed in Canadian Dollars)

	September 30, 2021	September 30, 2020
Operations		
Net loss for the period	\$ (290,892)	\$ (375,242)
Adjustments for:		
Finance expenses	-	(17,174)
Unrealized foreign exchange movements	1,272	18,262
	(289,620)	(374,154)
Net changes in non-cash working capital		
Accounts payable and accrued liabilities	487	(25,940)
HST/VAT recoverable	(76,025)	16,966
Prepayments	(9,272)	-
Research and development tax credit recoverable	376	49,639
Cash Flows provided by (used in) operating activities	(374,806)	(333,489)
Investing		
Capitalized exploration and evaluation costs	(1,153,102)	(220,570)
Cash Flows used in Investing Activities	(1,153,102)	(220,570)
Financing		
Issuance of share capital	-	1,032,800
Exercise of stock option	-	32,158
Exercise of warrants	-	66,778
Repayment of loans payable	-	(369,315)
Cash Flows from Financing Activities	-	747,118
Net (Decrease) Increase in cash	(1,527,908)	206,362
Effect of foreign exchange on cash	(520)	1,178
Cash at the beginning of period	3,087,762	442
Cash at end of period	\$ 1,559,334	\$ 207,982

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 and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

1. Nature of Operations and Going Concern

Western Gold Exploration Ltd., formerly Cassowary Capital Corporation Limited, (the "Company") is incorporated under the *Business Corporations Act* (Alberta). Effective October 22, 2020, the Company acquired all of the outstanding shares of Western Gold Exploration Limited ("WGE UK") as discussed in Note 7. The transaction with WGE UK (the "Reverse Takeover" or "RTO") represented the Company's "Qualifying Transaction" in accordance with the policies of the TSX Venture Exchange ("TSXV"). Subsequent to closing the RTO, the Company filed a Certificate of Amendment changing its name from "Cassowary Capital Corporation Limited" to Western Gold Exploration Ltd. ("WGE" or the "Company") and WGE UK changed its name to Western Gold Exploration (UK) Limited.

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.

Prior to October 29, 2020, the Company was a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of the TSXV. As a CPC, the proceeds raised by the Company from the issuance of common shares may only be used to identify and evaluate businesses and assets for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions applied until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSXV. Upon completion of the Qualifying Transaction, the Company became a TSXV Tier 2 mining company.

WGE UK is a private company formed under the laws of England and Wales and holds minerals rights in Argyll County in western Scotland. The Company continued the business of WGE UK and 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 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, including obtaining legal opinions as part of the RTO due diligence process, in accordance with industry standards for the current stage of exploration of such properties and 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. 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.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

1. Nature of Operations and Going Concern (Continued)

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 2020 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.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus, which caused material disruption to businesses globally resulting in an economic slowdown. Specifically, in the first three months of 2021, the Company had experienced delays in obtaining regulatory approvals and delays in obtaining vendor commitments to initiate its drilling campaign and schedule the resulting assays. Government imposed restrictions in the UK eased in Q2 2021, which enabled the Company to conduct its drilling campaign from April through June 2021. Lab workload backlogs linked to earlier COVID-19 work delays deferred the completion of the drilling campaign's assay analysis until late Q3 2021.

The ongoing impact of the COVID-19 outbreak is unknown at this time. Despite UK government actions to date to improve the economy, but it is not possible to reliably estimate the impact on the exploration operations and the financial condition of the Company.

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.

2. Basis of Preparation

a) Statement of Compliance

These interim 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 interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

The financial statements were approved by the Board of Directors on November 18, 2021.

b) Basis of Measurement

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below in Significant Accounting Policies

In the preparation of these interim 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 these disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

2. Basis of Preparation (Continued)

c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company's subsidiaries as at September 30, 2021, 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. On October 22, 2020, the Company completed the acquisition of WGE UK, which was accounted, in accordance with IFRS 3 Business Combinations, as a Reverse Takeover.

d) Critical Accounting Estimates and Judgments

Areas of judgment that have the most significant effect on the amounts recognized in the interim financial statements are disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2020. There have been no significant changes to the areas of estimation and judgement during the nine months ended September 30, 2021.

3. 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. Additional information regarding capital management is disclosed in Note 1.

The Company considers its capital to comprise of share capital, contributed surplus, warrants, accumulated other comprehensive loss and deficit which at September 30, 2021 totalled \$5,964,366 (December 31, 2020 - \$6,255,258).

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. The Company's capital management objectives, policies and processes resulted in a business combination and listing on the TSXV in October 2020.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

5. Exploration and evaluation properties

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Balance at the beginning of the year	3,132,343	\$2,682,026
Costs capitalized in the year		
Consulting	264,564	51,667
Drilling & fieldwork	844,995	230,433
Lease access & other	43,544	168,216
Total exploration costs capitalised in the period	1,153,102	450,317
Balance at the end of the period	4,285,445	3,132,343

Commitments

The Knapdale exploration licences include an exploration spending commitment of (£1,500,000) (approximately \$2,640,000) to be spent by July 29, 2022 and an aggregate of £3,000,000 (approximately \$5,280,000) by July 29, 2024. Lagalochan includes three licenses that require aggregate annual fees of £37,000 (approximately \$65,120).

7. Shareholder's equity

a) Authorized

Authorized share capital of the Company consists of an unlimited number of Common Shares without nominal or par value. WGE UK has one class of Ordinary share with a par value of £0.001. In accordance with IFRS 3, the acquisition of WGE UK on October 22, 2020, was treated as a reverse takeover. Accordingly, the share capital and contributed surplus balances shown on the Condensed Interim Consolidated Statement of Changes in Equity as at December 31, 2019 and June 30, 2020 are those of WGE UK.

b) Issued

- i. On May 7, 2020, WGE UK completed a private placement issuing 20,016,666 ordinary shares for gross proceeds £0.03 per ordinary share or (£600,500) \$1,032,800. The proceeds were allocated to share capital at par value of £0.001 per share or (£20,017) \$34,427 and to contributed surplus – share premium in the amount of (£580,483) \$998,373.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. Shareholder's equity (Continued)

- ii. On July 6, 2020 share options were exercised in WGE UK resulting in the issuance of 4,000,000 ordinary shares at the exercise price of £0.001 and 1,500,000 ordinary shares at the exercise price of £0.01 for aggregate proceeds of \$32,158.
- iii. On September 3, 2020 Eurasian Consolidated Minerals Pty Ltd (ECM) exercised their warrants in WGE UK to acquire 38,342,875 ordinary shares at £0.001 for gross proceeds of \$66,778.
- iv. Effective October 22, 2020, the Company completed the RTO, which represented the Qualifying Transaction for Cassowary Capital Corporation Limited. In connection with the RTO, the Company issued 32,666,883 pre-consolidation common shares of the Company ("Exchanged Shares") in exchange for all of the 199,676,875 issued and outstanding ordinary shares of WGE UK. This share exchange was based on shareholders of the Company (prior to the Qualifying Transaction) and WGE UK shareholders holding 30% and 70% of the outstanding common shares of the Company upon completion of the RTO (before the Concurrent Financing (as defined below)). In addition to the Exchanged Shares, the RTO resulted in the effective issuance of 14,386,600 common shares, which had been issued prior to the RTO. The valuation of the common shares issued as a result of the RTO, including the proceeds of the Concurrent Financing (as described below) is \$4,900,032.
- v. On August 19, 2020 the Company completed a non-brokered private placement of subscription receipts (the "Subscription Receipts") representing an aggregate of 11,333,331 Subscription Receipts for gross proceeds of \$1,700,000 (the "Concurrent Financing"). Each Subscription Receipt was issued at a price of \$0.15 with the release of funds subject to the completion of the RTO. In connection with the completion of the RTO, the escrow release conditions associated with the Subscription Receipts were satisfied resulting in the conversion into 11,333,331 common shares of the Company (on a pre-consolidation basis) and the gross proceeds of the offering of \$1,700,000, were released to the Company.
- vi. In connection with the RTO, effective October 21, 2020 a Certificate of Amendment was issued approving the consolidation of its share capital on a 2.5 for 1 basis. Following the consolidation and the transactions connected to the RTO, the Company had 23,354,705 post-consolidation common shares issued and outstanding.
- vii. On December 23, 2020 the Company completed a non-brokered private placement for aggregate gross proceeds of \$1.3 million (the "Private Placement"). In connection with the Private Placement, 3,250,000 equity units of the Company ("Units") were issued at a price of \$0.40 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant of the Company (a "Warrant"). Each whole Warrant entitles the holder to acquire one common share of the Company for a period of eighteen months from the date of issuance of the Warrant (the "Time of Expiry"), at an exercise price of \$0.75 per share.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. Shareholder's equity (Continued)

The Warrants contain an acceleration right in favor of the Company that allows it to accelerate the Time of Expiry to a date that is at least twenty days following the delivery of the acceleration notice to the holders of the Warrants, if at any time following the issuance of the Warrants and provided that all statutory hold periods on the Warrants have expired, the common shares of the Company trade on the TSXV at a price equal to or greater than \$1.10 for a period of fourteen consecutive trading days. The securities issued in connection with the Private Placement, in accordance with applicable securities laws, were subject to a four-month hold period that expired in April 2021.

c) 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.

	Number of Stock Options	Weighted Average Exercise Price £	Weighted Average Exercise Price \$
Balance - December 31, 2019	6,300,000	0.004	0.007
Changes in period	-	-	-
Balance – March 31, 2020	6,300,000	0.004	0.007
Exercised	(5,500,000)	0.004	0.006
Forfeited	(800,000)	0.010	0.010
Granted - October 20	560,000	n/a	0.25
Granted - December 8	1,775,000	n/a	0.50
Balance - December 31, 2020	2,335,000	n/a	0.32
Changes in period	-	-	-
Balance - September 30, 2021	2,335,000	n/a	0.32

In connection with the RTO, the Company recorded incentive options previously granted on and exercisable as of September 12, 2018, to certain officers and directors to acquire, in aggregate, 1,400,000 common shares at a price of \$0.10 per share each with an expiry date of September 12, 2028. The valuation of the incentive options is recorded in contributed surplus. Furthermore, effective October 22, 2020, the consolidation of share capital on a 2.5 for 1 basis resulted in the options being consolidated from 1,400,000 common shares to 560,000 common shares and the price increased to \$0.25 per share.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. Shareholder's equity (Continued)

On December 8, 2020, the Company granted incentive stock options to acquire a total of 1,775,000 common shares of the Company at an exercise price of \$0.50 per share, such options to vest as to one-half immediately and the remaining one-half on December 8, 2021. The options expire five years from the date of grant. Options to acquire 1,500,000 Common Shares were granted to directors and officers of the Company and options to acquire 275,000 Common Shares were granted to consultants of the Company.

The following information is relevant in the determination of the fair value of options granted on the dates noted during the year ended December 31, 2020:

	Oct. 20, 2020	Dec. 8, 2020
Fair value of one option, \$	0.131	0.370
Option pricing model used	Black-Scholes	Black-Scholes
Option exercise price, \$	0.25	0.50
Weighted average share price at grant date, \$	0.15	0.50
Weighted average contractual life, years	7.9	5
Expected volatility, %	100%	100%
Expected dividend growth rate, %	0%	0%
Risk-free interest rate (5 year bond), %	0.47%	0.47%

Share-based compensation expense related to the share options granted in December 2020 in the amount of \$656,453 were included in the consolidated financial statements for the year ended December 31, 2020. There is no share-based compensation expense to date in 2021.

d) Warrants

On March 22, 2018 the Company issued to Eurasian Consolidated Minerals Pty Ltd (ECM), a warrant to acquire shares in the Company, in consideration for acquiring all the share capital of Lorne Resources Limited from ECM. On exercise of the warrant, ECM has the right to acquire 20% of the Company on a fully diluted basis resulting in the number of shares that could be acquired to increase proportionately with increases in the number of shares outstanding on a fully diluted basis.

The ECM warrants were exercised on September 3, 2020, resulting in the issuance of 38,342,875 shares at £0.001 per share for proceeds of £38,343 or \$66,778.

The fair value of the warrants issued at December 23, 2020, was 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:

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. Shareholder's equity (Continued)

	December 23, 2020
Number of shares that could be acquired on the exercise of the warrant ('Warrant Shares')	1,625,000
Fair value of one Warrant Share	\$0.118
Warrant Share exercise price	\$0.75
Fair value pricing model used	Black-Scholes
Time to maturity, years	1.5
Share price	\$0.40
Expected volatility, %	100%
Expected dividend growth rate, %	0%
Risk-free interest rate (1 to 3-year bond), %	0.22%

8. RTO Valuation

The RTO valuation comprises the \$4,900,032 value of shares issued in exchange for the WGE UK shares (32,666,883 at \$0.15/ share pre-consolidation), the \$183,302 value of stock options (1,400,000 stock options), and \$149,942 in legal costs incurred, which resulted in an aggregate value of \$5,233,276. The Company, after recording the net assets acquired of \$2,245,515, including the proceeds of the Concurrent Financing, incurred financing costs of \$2,987,761.

9. 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 interim 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 annual consolidated financial statements as at December 31, 2020. There have been no changes in the risk management or in any risk management policies since year end.

10. 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, therefore it has no revenue.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

11. Related party transaction

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. 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, including amounts capitalized to exploration and evaluation properties, are summarized below:

Nine months ended	September 30, 2021	September 30, 2020
Consulting and management	183,706	129,465
Total	183,706	129,465

- (ii) A law firm of which three directors (including two former directors) and shareholders of the Company prior to the RTO are partners of such law firm are related through common management. During the nine months ended September 30, 2021, the Company incurred and expensed \$15,020 related to legal services received (nine months ended September 30, 2020 - \$nil).

As at September 30, 2021, the Company's net amount owing to key management personnel was \$7,250 (December 31, 2020 - \$3,500).

12. Loss per share

The weighted average number of shares outstanding in 2021 and 2020 were determined by adjusting for the RTO share exchange ratio of 6.1125 (199,676,875 WGE UK shares exchanged for 32,666,883 common shares) and the 2.5 to 1 stock consolidation ratio.