



Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

For the Three Months Ended March 31, 2022 and 2021

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

Western Gold Exploration Ltd.

Condensed Interim Consolidated Statement of Financial Position As at March 31, 2022 and December 31, 2021

(Unaudited, expressed in Canadian Dollars)

	March 31, 2022	December 31, 2021
	<i>(Unaudited)</i>	<i>(Audited)</i>
Assets		
Current		
Cash	\$ 1,231,619	\$ 1,447,733
Prepays	19,331	17,760
HST/VAT recoverable	5,617	7,389
Research and development tax credits recoverable	264,232	275,025
	1,520,800	1,747,907
Non-current assets		
Exploration and evaluation properties <i>(Note 5)</i>	4,342,983	4,158,389
	4,342,983	4,158,389
	\$ 5,863,783	\$ 5,906,296
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 85,863	\$ 60,795
	85,863	60,795
Shareholders' Equity <i>(Note 7)</i>		
Share capital	10,161,621	10,161,621
Contributed surplus	894,715	894,715
Deficit	(5,313,499)	(5,260,187)
Accumulated other comprehensive loss	35,083	49,352
	5,777,920	5,845,501
Total Liabilities and Shareholders' Equity	\$ 5,863,783	\$ 5,906,296

The accompanying notes are an integral part of these interim consolidated financial statements.

Nature of operations and going concern *(Note 1)*

Approved by the Board:

"Stuart Olley"

Director

"Ross McLellan"

Director

Western Gold Exploration Ltd.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

For the three months ended March 31, 2022 and 2021

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

Three months ended	March 31, 2022	March 31, 2021
Expenses		
Regulatory fees and communication	\$ 12,417	\$ 5,552
Compensation	20,363	15,749
Office and sundry	12,584	43,465
Professional fees	7,080	18,204
Foreign exchange (gain) loss	868	
Net loss	53,312	82,970
Foreign exchange loss (gain)	14,269	(686)
Comprehensive loss	\$ 67,581	\$ 82,284
Basic and diluted loss per share (Note 13)	\$ 0.003	\$ 0.003
Weighted average number of common shares outstanding – basic and diluted	26,604,705	26,604,705

The accompanying notes are an integral part of these interim consolidated financial statements.

Western Gold Exploration Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited, expressed in Canadian Dollars)

	Share Capital Number	Share Capital	Contributed Surplus	Deficit	Foreign Currency Translation Reserve	Total
Balance, December 31, 2020	26,604,705	\$10,161,621	\$1,032,160	\$ (4,978,428)	\$39,905	\$6,255,258
Options expired	-	-	(137,445)	137,445	-	-
Translation adjustment	-	-	-	-	9,447	9,447
Net loss and comprehensive loss	-	-	-	(419,204)	-	(419,204)
Balance, December 31, 2021	26,604,705	10,161,621	894,715	(5,260,187)	49,352	5,845,501
Translation adjustment	-	-	-	-	(14,269)	(14,269)
Net loss and comprehensive loss	-	-	-	(53,312)	-	(53,312)
Balance, March 31, 2022	26,604,705	\$10,161,621	\$894,715	\$ (5,313,499)	\$35,083	\$5,777,920

The accompanying notes are an integral part of these interim consolidated financial statements.

Western Gold Exploration Ltd.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021
(Unaudited, expressed in Canadian Dollars)

<i>For the three months ended</i>	March 31, 2022	March 31, 2021
Operations		
Net loss for the period	\$ (67,581)	\$ (82,968)
Adjustments for:		
Finance expenses	-	-
Unrealized foreign exchange movements	5,270	-
	(62,311)	(82,968)
Net changes in non-cash working capital		
HST/VAT recoverable	1,772	20,967
Prepays	(1,572)	-
Accounts payable and accrued liabilities	25,068	45,449
Research and development tax credit recoverable	10,793	458
Cash Flows provided by (used in) operating activities	(26,250)	(16,094)
Investing		
Capitalized exploration and evaluation costs	(184,594)	(185,854)
Cash Flows from Investing Activities	(184,594)	(185,854)
Financing		
Issuance of share capital	-	-
Repayment of loans payable	-	-
Financing expense	-	-
Cash Flows from Financing Activities	-	-
Net (Decrease) Increase in cash	(210,844)	(201,948)
Effect of foreign exchange on cash	(5,270)	233
Cash at the beginning of period	1,447,733	3,087,762
Cash at end of period	\$ 1,213,619	\$ 2,885,581

The accompanying notes are an integral part of these interim consolidated financial statements.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2022 and 2021 *(Unaudited, expressed in Canadian Dollars, unless otherwise stated)*

1. Nature of Operations and Going Concern

Western Gold Exploration Ltd. (the "Company") is incorporated under the *Business Corporations Act* (Alberta). Effective October 22, 2020, the Company acquired all of the outstanding shares of Western Gold Exploration Limited ("WGE UK") as discussed in Note 7. Subsequent to the acquisition of WGE UK, the subsidiary changed its name to Western Gold Exploration (UK) Limited. The Company's common shares are listed on the Toronto Stock Exchange Venture ("TSXV") and trade under the symbol WGLD.

The Company maintains its head office at The Lighthouse, St Abbs Suite, Heugh Road, North Berwick EH39 5PX and has its registered office at 1600, 421 - 7th Avenue SW Calgary, Alberta T2P 4K9.

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, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, and non-compliance with regulatory and environmental requirements. Company's continued existence is dependent upon the preservation of WGE UK's interest in the underlying properties, discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise financing, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements, and eventually to generate positive cash flows. The Company obtained financing in 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. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that may be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

1. Nature of Operations and Going Concern (continued)

The COVID-19 pandemic and the emergency measures enacted by Governments worldwide to combat the spread of the virus caused material disruption to businesses globally, resulting in an economic slowdown. Specifically, the Company experienced delays in obtaining both regulatory approvals and vendor commitments to initiate its 2021 drilling campaign, and in obtaining assay results. Although many government restrictions have since been lifted and the Company's access to timely support from its vendors and government agencies has improved, it is not possible to reliably estimate the impact of future COVID-19 issues on the exploration operations and the financial condition of the Company.

2. Basis of Preparation

a) Statement of Compliance:

These condensed interim consolidated financial statements for the three months ended March 31, 2022 and 2021 (the "Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee. These Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

The Financial Statements were approved by the Board of Directors on May 24, 2022.

b) Basis of Measurement:

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

In the preparation of the Financial Statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the and the reported amounts of expenses during the period. Actual results could differ from these estimates. The significant estimates and assumptions are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2021.

c) Basis of Consolidation:

The Financial Statements include the accounts of the Company's subsidiaries as at March 31, 2022, which are wholly-owned Western Gold Exploration (UK) Limited and its wholly-owned subsidiary, Lorne Resource Ltd. All inter-company balances and transactions are eliminated upon consolidation.

d) Critical Accounting Estimates and Judgments:

Areas of judgment that have the most significant effect on the amounts recognized in the Financial Statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2021. There have been no significant changes to the areas of estimation and judgement during the three months ended March 31, 2022.

d) Significant Accounting Policies:

The accounting policies are set out in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2021 and they have been applied consistently to all periods presented in these Financial Statements.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

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.

The Company considers its capital to comprise of share capital, contributed surplus, warrants, accumulated other comprehensive loss and deficit which at March 31, 2022 totalled \$5,777,920 (December 31, 2021 - \$5,845,501).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration and evaluation activities. There have been no significant changes to the Company's capital management objectives, policies and processes during the three months ended March 31, 2022.

4. Exploration and evaluation properties

	Three Months Ended March 31, 2022	Year Ended December 31, 2021
Balance at the beginning of the year	\$4,158,389	\$ 3,132,343
Costs capitalized in the period		
Consulting	125,011	341,015
Drilling	23,876	903,459
Lease rentals & other	35,707	56,597
Less research and development tax credits	-	(275,025)
Total exploration costs capitalised in the period	184,594	1,026,046
Balance at the end of the period	\$ 4,342,983	\$ 4,158,389

Commitments

The Knapdale exploration licences include an exploration spending commitment of £1,500,000 to be spent by July 29, 2022 and an aggregate of £3,000,000 by July 29, 2024. Lagalochoan includes three licenses that require aggregate annual fees of £37,000.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. Shareholder's equity

- a) Authorized share capital of the Company consists of an unlimited number of Common Shares without nominal or par value.
- b) Stock Options

The Company has adopted an incentive stock option plan which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, nontransferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. The Board of Directors determines the exercise price per common shares, the number of options granted to individual directors, officers, employees and consultants and all other terms and conditions of the options.

	Number of Stock Options	Weighted Average Exercise Price \$
Balance - December 31, 2020	2,335,000	0.44
Changes in period	-	-
Balance – March 31, 2021	2,335,000	0.44
Forfeited – October 2021	(420,000)	0.25
Balance - December 31, 2021	1,915,000	0.48
Changes in period	-	-
Balance - March 31, 2022	1,915,000	0.48

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

Options by Expiring Date	Number of Options	Option Exercise Price	Remaining Life in Years
December 8, 2025	1,775,000	\$0.50	3.7
September 6, 2028	140,000	0.25	6.4
Total options and weighted averages	1,915,000	\$0.48	3.9

- c) Warrants

On December 23, 2020, as part of a private placement, the Company issued warrants to acquire 1,625,000 common shares at an exercise price of \$0.75 per common share for a period of eighteen months. The warrants expire on June 23, 2022.

Western Gold Exploration Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2022 and 2021 (Unaudited, expressed in Canadian Dollars, unless otherwise stated)

8. Financial Instruments

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks include credit risk, liquidity risk and market risk. The Company's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Company's financial performance.

The Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021. There have been no changes in the risk management or in any risk management policies since year end.

9. Segmental analysis

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker (which takes the form of the Directors) as defined in IFRS 8 "Operating Segments", in order to allocate resources to the segment and to assess its performance.

The Company has one reportable operating segment, being that of acquisition, exploration and evaluation activities. All exploration and evaluation assets are located in Scotland. The Company has not yet commenced production, and therefore it has no revenue.

10. Related party transaction

Related party transactions include consulting fees, management fees and compensation paid to key management personnel or to companies controlled by such individuals. Key management personnel are defined as officers and directors of the Company.

- (i) Directors do not have employment contracts with the Company, but may be entitled to director fees, while officers and some directors have consulting contracts for providing their services. Both directors and officers are also eligible for share-based payments. Expenditures recorded, excluding related HST and VAT, are summarized below:

Three months ended	March 31, 2022	March 31, 2021
Compensation	\$ 15,600	\$ 35,419
E&E Consulting	42,318	28,985
Total	\$ 57,918	\$ 64,404

- (ii) A law firm of which one director of the Company is a partner is related through common management. During the three months ended March 31, 2022, the Company incurred and expensed \$289 related to legal services received (three months ended March 31, 2021 - \$1,225).
- (iii) As at March 31, 2022, the Company's net amount owing to key management personnel was \$12,453 (December 31, 2021 - nil).