



Western Gold Exploration Ltd.

Consolidated Financial Statements

**For the Years Ended
December 31, 2024 and 2023**

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Western Gold Exploration Ltd. (the "Company") were prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

The Board of Directors exercises its responsibilities through the Audit Committee of the Board which meets to satisfy itself that management's responsibilities are properly discharged and with the external auditors to review the consolidated financial statements before they are presented to the Board of Directors for approval.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The Audit Committee has met with the Company's independent auditor to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to recommending the consolidated financial statements be approved.

The Company's independent auditor, simone & company, has conducted an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

Signed

"Ross McLellan"
Ross McLellan
Chief Executive Officer and Director

"Jim O'Neill"
Jim O'Neill
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of
Western Gold Exploration Ltd.

Opinion

We have audited the consolidated financial statements of Western Gold Exploration Ltd., which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows as at and for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there were no key audit matters to communicate in our report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in these consolidated financial statements, which indicates that the Company has an accumulated deficit at December 31, 2023 and, as of that date, the Company expects to incur further losses. Also, the Company's ability to fund working capital and exploration activities, and to generate positive cash flows, is dependent upon its ability to obtain external financing. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information is comprised of the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

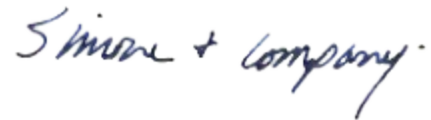
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement executive on the audit resulting in this Independent Auditor's Report is Marco F. Simone.

April 28, 2025



Western Gold Exploration Ltd.

Consolidated Statement of Financial Position As at December 31, 2024 and 2023

(Expressed in Canadian Dollars)

As at December 31,	2024	2023
Assets		
Current		
Cash and cash equivalents	\$ 318,410	\$ 834,607
Prepays	11,474	-
VAT recoverable	1,165	77,427
	331,050	912,034
Non-current assets		
Property, plant and equipment (note 5)	6,901	13,760
Exploration and evaluation properties (notes 2, 6)	553,050	553,050
	559,951	566,810
Total Assets	\$ 891,001	\$ 1,478,844
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 42,275	\$ 38,773
	42,275	38,773
Shareholders' Equity (Note 7)		
Share capital	14,328,052	13,161,543
Contributed surplus	571,614	582,844
Deficit	(14,082,965)	(12,347,172)
Cumulative other comprehensive income	32,025	42,856
	848,726	1,440,071
Total Liabilities and Shareholders' Equity	\$ 891,001	\$ 1,478,844

Nature of operations and going concern (Note 1)

Approved by the Board:

"Stuart Olley"
Director

"Ross McLellan"
Director

See accompanying notes to consolidated financial statements

Western Gold Exploration Ltd.

Consolidated Statements of Net Loss and Comprehensive Loss Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

<i>For the Year Ended December 31,</i>	2024	2023
Expenses		
Amortization	\$ 6,859	\$ 9,104
Compensation (<i>note 10</i>)	168,325	277,959
Exploration and evaluation expenses (<i>notes 2, 6</i>)	1,411,524	1,101,058
Office and sundry	53,689	81,757
Professional fees	76,106	72,793
Regulatory fees and Investor relations	23,650	50,225
Share based compensation	-	105,179
	1,740,153	1,698,074
Interest earned	(5,585)	(555)
Foreign exchange losses	1,225	1,528
Net Loss	1,735,793	1,699,047
Translation (gain) loss	(10,831)	12,473
Comprehensive loss	\$ 1,724,962	\$ 1,711,520
Basic and diluted loss per share (<i>Note 13</i>)	\$ 0.029	\$ 0.043
Weighted average number of common shares outstanding – basic and diluted	59,256,968	39,686,306

See accompanying notes to consolidated financial statements

Western Gold Exploration Ltd.

Consolidated Statements of Changes in Equity
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Foreign Currency Translation Adjustment	Total
Balance, December 31, 2022	34,271,351	\$11,243,359	\$880,310	(10,884,000)	\$55,329	\$ 1,294,998
Options expired			(235,875)	235,875		-
Options granted			105,179			105,179
Issue of common shares	15,811,666	1,897,400				1,897,400
Share issuance costs		(145,986)				(145,986)
Issue of finders' warrants		(11,230)	11,230			-
Warrants expired		178,000	(178,000)			-
Net loss				(1,699,047)		(1,699,047)
Translation adjustment	-	-	-	-	(12,473)	(12,473)
Balance, December 31, 2023	50,083,017	\$13,161,543	\$582,844	(12,347,172)	\$42,856	\$ 1,440,071
Issue of common shares	17,765,428	1,243,480				1,243,480
Share issuance costs		(88,199)				(88,199)
Warrants expired		11,230	(11,230)			-
Net loss				(1,735,793)		(1,735,793)
Translation adjustment	-	-	-	-	(10,831)	(10,831)
Balance, December 31, 2024	67,848,445	\$14,328,052	\$571,614	(14,082,965)	\$32,025	\$ 848,726

See accompanying notes to consolidated financial statements

Western Gold Exploration Ltd.

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

<i>For the Year Ended December 31,</i>	2024	2023
Operations		
Net loss for the year	\$ (1,735,793)	\$ (1,699,047)
Adjustments for:		
Amortization	6,860	9,104
Share based payments	-	105,179
Unrealized foreign exchange movements	(10,832)	(12,472)
	(1,739,766)	(1,597,236)
Net changes in non-cash working capital:		
VAT recoverable	76,261	(52,099)
Accounts payable and accrued liabilities	3,502	(61,525)
Prepays	(11,474)	12,542
Research and development tax credit recoverable	-	(207,869)
Cash used in operating activities	(1,671,476)	(1,699,338)
Financing		
Issuance of share capital, net of share issue costs	1,155,280	1,751,414
Cash provided by financing activities	1,155,280	1,751,414
Net (Decrease) Increase in cash	(516,197)	53,096
Cash at the beginning of year	834,607	781,511
Cash and cash equivalents at end of year	\$ 318,410	\$ 834,607

See accompanying notes to consolidated financial statements

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Western Gold Exploration Ltd. (the "Company") is incorporated under the *Business Corporations Act* (Alberta). The Company is a TSX Venture Tier 2 mining company.

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

The Company's wholly owned subsidiary, Western Gold Exploration (UK) Limited ("WGE UK") is a private company formed under the laws of England and Wales, which in turn wholly-owns Lorne Resources Ltd. ("Lorne") a private company also formed under the laws of England and Wales. Through Lorne, the Company holds minerals rights in Argyll County in western Scotland. The Company is engaged in the exploration and development of prospective mineral properties located in Scotland, with a focus on gold and copper exploration and development.

The Company's continuing operations are dependent upon the successful transition to the business of mining and exploration for minerals. The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise financing, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

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

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements, and to eventually generate positive cash flows. The Company obtained financing in August 2023 and June 2024, and on April 17, 2025, the Company announced that it intends to complete a non-brokered private placement of up to 14,285,714 equity units of the Company ("Units") at a price of \$0.07 per Unit for gross proceeds of up to \$1,000,000. Each Unit will be comprised of one (1) common share of the Company and one-half of one (1/2) common share purchase warrant of the Company (a "Warrant"). Each whole Warrant will entitle the holder to acquire one (1) common share of the Company for a period of 18 months from the date of issuance of the Warrant, at an exercise price of \$0.10 per share.

Management will continue 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 Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

2. Basis of Preparation

a) Statement of Compliance

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors on April 28, 2025.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policies.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company's subsidiaries as at December 31, 2024, which are wholly-owned WGE UK and its wholly-owned subsidiary, Lorne. All inter-company balances and transactions are eliminated upon consolidation.

d) Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and notes. By their nature, these estimates, judgments, and assumptions are subject to measurement uncertainty and the effect of changes in these estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to estimates are accounted for prospectively. The more significant areas requiring the use of management estimate and judgments are as follows:

Critical accounting estimates:

Share-Based Payments:

The amounts recorded for share-based payments are based on estimates. The Black-Scholes model is used to estimate the value of options and warrants and incorporates assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

Exploration and Evaluation Properties:

The recoverability of mineral properties is dependent on the discovery of economic reserves, the ability of the Company to obtain financing to complete development of the properties, and future production or proceeds from disposition, and is based on assumptions about future events and circumstances.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company makes estimates of future site restoration costs based on current legislation, technical reports, and management's estimates. These estimates will be affected by legislation in place, exploration, or mining activity to be performed, and conditions of the relevant sites when the restoration activity is to be performed in future periods. Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that existed during

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

the year.

Critical accounting judgments:

The Company's accounting policies involve judgments or assessments made by management, including:

- The determination of a cash-generating unit for assessing and testing impairment, which management has determined to be individual exploration and evaluation properties;
- The determination of the functional currency of the Company and its subsidiaries;
- The determination of when an exploration and evaluation asset is impaired;
- Whether exploration and evaluation costs are eligible for capitalization; and
- The assessment of the Company's ability to continue as a going concern.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. Primary and secondary indicators are used to determine the functional currency. The primary indicator which applies to the Company is the currency that mainly influences expenses. Secondary indicators include the currency in which funds from financing activities are generated.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each consolidated statement of financial position date, monetary assets and liabilities are translated using the period-end exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of loss and comprehensive loss.

b) Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated amortization. Amortization is recorded over the estimated life of the assets as estimated based on the following:

Vehicles	Declining balance method at	30% per annum
Software	Straight line method	2 years

c) Exploration and Evaluation Properties

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

Payments of cash and common shares pursuant to option agreements, costs of staking, site access and all expenditures on exploration and evaluation activities are recorded as exploration and

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

evaluation expenses until it has been established that a mineral property is commercially viable.

When production commences the acquisition costs for the relevant area of interest will be transferred from intangible assets to tangible assets as "Mining Assets" and amortized over the life of the area according to the rate of depletion of the economically recoverable costs.

The Company's properties currently have unproven reserves, therefore capitalized acquisition costs are not amortized, but subject to impairment testing. Since no properties have been classified as proven, development activities have not commenced.

The carrying values of assets, other than those to which IAS 36 "Impairment of Assets" does not apply, are reviewed at the end of each reporting period for impairment when there are indicators the carrying amount of the assets may exceed their recoverable amounts. One or more of the following facts and circumstances indicate that the Company should test exploration and evaluation assets for impairment:

- i. the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- ii. substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- iii. exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or
- iv. sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. To the extent this occurs, the excess is fully provided against the carrying amount, in the period in which this is determined.

Exploration and evaluation assets are assessed on an annual basis and these costs are carried forward provided at least one of the following conditions is met:

- i. such costs are expected to be recovered through successful exploration and development and of the area of interest or by its sale; or
- ii. exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Impairment is measured by comparing the carrying values of the assets with their estimated recoverable amounts. The recoverable amount of the assets is the greater of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flows. An impairment loss is recognised in profit or loss in the period in which the determination is made.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss in the period in which the determination is made, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

d) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date and are recognized as an expense or capitalized as exploration and evaluation assets as appropriate, with a corresponding increase in equity.

The fair value of options granted to employees or those providing similar services is measured using the Black-Scholes option pricing model. The fair value is determined at the grant date and is expensed or capitalized over the period during which the share purchase options vest and is based on the Company's estimate of the shares that will eventually vest.

The fair value of options granted to non-employees is measured at the fair value of the goods or services received, on the date they are received. If the fair value of the services received cannot be estimated reliably, the fair value of the share purchase options is measured using the Black-Scholes option pricing model.

At each financial position reporting date, the amount recognized is adjusted to reflect the actual number of options that are expected to vest. For share-based payment awards with no vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and is not adjusted for differences between actual and expected outcomes.

Proceeds on the issuance of warrants are recorded in a separate component of equity as the warrants provide the right to a fixed number of the Company's common shares. Costs incurred on the issuance of warrants are recognized as a deduction from warrant proceeds.

Warrants issued with common shares are measured using the residual fair value method. The fair value is included as a component of equity and is transferred from warrants to share capital on exercise.

e) Income Taxes

Income taxes consists of current and deferred taxes are recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable for previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities of the same taxable entity are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, they relate to income

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Earnings (loss) per Share

Earnings (loss) per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding and in-the-money stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

g) Financial Instruments

The Company recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified at amortized cost; fair value through profit and loss ("FVTPL"); or fair value through other comprehensive income ("FVOCI"), as appropriate. The Company determines the classification of its financial assets at initial recognition. All the Company's financial assets are recognized initially at fair value and are subsequently measured at amortized cost. The Company's financial assets include cash and cash equivalents.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

The Company's financial liabilities comprise accounts payables and accrued liabilities, which are recognised initially at fair value less financial costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

h) Provisions, contingent liabilities, and contingent assets

Provisions are recognised when the Company has a present or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each financial reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

i) Operating segments

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, and for which discrete financial information is available.

The Company has one reportable operating segment, being that of its acquisition, exploration and evaluation activities. All exploration and evaluation assets are located in Scotland.

The Company has not yet commenced production and therefore has no revenue.

j) New and amended accounting pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements supersedes IAS 1 Presentation of Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements was issued by the International Accounting Standards Board (IASB) in April 2024. IFRS 18 supersedes IAS 1 Presentation of Financial Statements and has resulted in numerous consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). IFRS 18 introduces significant changes to numerous requirements, primarily how an entity:

- Presents its statement of profit or loss, including the classification of income and expenses and new mandatory subtotals;
- Aggregates and disaggregates information disclosed in financial statements; and
- Discloses information about management-defined performance measures.

IFRS 18 is mandatorily effective for annual reporting periods beginning on or after January 1, 2027 (i.e. December 31, 2027 annual financial statements for entities with calendar year-ends), subject to any relevant jurisdictional endorsement. Earlier application is permitted. The Company has not yet determined the impact that implementation of this amendment will have on its consolidated financial statements for the annual period beginning January 1, 2027.

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

4. Capital Management

The Company's objectives when managing capital are:

- a) to continue the exploration and evaluation of its mineral properties;
- b) to safeguard its ability to continue as a going concern; and
- c) to maintain a capital structure which optimizes the cost of capital at an acceptable level of risk.

The Company monitors its capital structure and adjusts 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 be equity, comprising share capital, contributed surplus, warrants, cumulative other comprehensive loss and deficit which at December 31, 2024 totalled \$863,032 (December 31, 2023 - \$1,440,071).

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.

5. Property, Plant and Equipment

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

	Vehicles & Equipment	Software	Total
Cost			
Balance, December 31, 2022	\$17,531	\$7,595	\$25,126
Additions	-	-	-
Balance, December 31, 2023	17,531	7,595	25,126
Additions	-	-	-
Balance, December 31, 2024	\$17,531	\$7,595	\$25,126
Accumulated amortization			
Balance, December 31, 2022	\$1,314	\$948	\$2,262
Amortization	5,118	3,986	9,104
Balance, December 31, 2023	\$6,432	\$4,934	\$11,366
Amortization	4,198	2,661	6,859
Balance, December 31, 2024	\$10,630	\$7,595	\$18,225
Net book value – December 31, 2023	11,099	2,661	13,760
Net book value – December 31, 2024	\$6,901	\$ -	\$6,901

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

6. Exploration and Evaluation Properties

The Company's exploration and evaluation property, the Lorne Project, is located in Argyll, Scotland.

Exploration and Evaluation Properties	Lorne
Balance - December 31, 2022	553,050
Changes in periods	-
Balance – December 31, 2023 and 2024	553,050

Exploration and evaluation expenses incurred to date include:

Exploration and Evaluation Expenses	Year ended December 31, 2024	Year ended December 31, 2023
Cumulative Expenses - Beginning	3,673,385	2,572,327
Consulting	343,627	250,352
Drilling and fieldwork	910,635	738,172
Lease rentals and other	157,262	110,359
Changes in the period	1,411,524	1,101,058
Cumulative Expenses – period end	5,084,909	3,673,385

Commitments

Lorne includes three licenses that require aggregate annual fees of £93,600 (\$169,000).

7. Shareholder's Equity

a) Authorized

Authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Issued

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 of the Company at a price of \$0.12 per share. The Company paid finder's fees of \$114,738 and issued 149,000 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 Private Placement that were introduced by certain parties.

On June 24, 2024, the Company completed a non-brokered private placement for gross proceeds of \$1,243,480 through the issuance of 17,765,428 common shares at a price of \$0.07 per common share of the Company. The Company's share issuance costs included \$66,050 in finders' fees and \$22,149 in legal and regulatory fees.

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

c) Stock Options

The Company has adopted an incentive stock option plan which provides that the Board of Directors may from time to time, at its discretion, and in accordance with the TSX Venture 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 of the Company. 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, 2022	1,915,000	0.48
Expired	(637,500)	0.50
Granted	1,300,000	0.12
Balance – December 31, 2023	2,577,500	\$ 0.29
Expired	-	-
Granted	-	-
Balance – December 31, 2024	2,577,500	\$ 0.29

In June, 2023, the Company granted incentive stock options to acquire 1,300,000 common shares Company at an exercise price of \$0.12 per share, with such options to vest immediately. These options expire five years from the date of the grant. Of these options, 1,100,000 options were granted to officers and directors of the Company and 200,000 options were granted to a consultant to the Company. The fair value of \$105,179 (\$0.081 per option) was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 82.17%; a risk-free rate of 3.7% and an expected life of 5 years.

The following is information regarding the outstanding options at December 31, 2024:

Options by Expiry Date	Number of Options	Option Exercise Price	Remaining Life in Years
December 8, 2025	1,137,500	\$0.50	0.9
September 6, 2028	140,000	0.25	3.6
September 5, 2028	1,300,000	0.12	3.3
Total options and weighted averages	2,577,500	\$0.29	2.3

d) Warrants

On August 29, 2023, as part of a private placement that closed on that date, the Company issued finders' warrants to acquire 149,000 common shares at an exercise price of \$0.20 per common share for a period of twelve months. The warrants expired on August 29, 2024. The fair value of the warrants issued is \$11,230 (\$0.075 per warrant) was estimated using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87.5%; a risk-free rate of 5.0% and an expected life of 1 year.

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

8. Financial Instruments

The carrying amounts for cash and accounts payable and accrued liabilities approximate their estimated fair value due to the short-term nature of these financial instruments. Cash is recorded at amortized cost, which upon initial measurement is equal to its fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. Warrants and stock options are initially measured at their fair value and are carried at fair value. The Company's risk exposures and the impact on its financial investments as summarized below, did not changed significantly in the year ended December 31, 2024.

a. Credit risk

The Company's credit risk is primarily attributable to cash and VAT recoverable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the VAT is immaterial as they are due from the UK government.

The Company has a concentration of credit risk related to its cash, the majority of which is held on deposit with a major Chartered Canadian bank. The Company's subsidiaries' cash is held on deposit with an internationally recognized financial technology company that offers local and international payments and multi-currency accounts. The maximum exposure to credit risk for deposits approximates the amount recognized on the statement of financial position.

b. Market risk - interest rate risk

The Company's cash at December 31, 2024 is held in operating bank accounts earning minimal interest. The Company has no borrowings. Based on these considerations, the Company believes its exposure to cash flow and fair value interest rate risk is insignificant.

c. Market risk - currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk as it holds the acquisition costs of its exploration and evaluation properties and related liabilities in Pounds Sterling. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

d. Liquidity risk

The Company currently holds cash balances to provide funding for normal trading activity. Trade and other payables are monitored as part of normal management routine, and all amounts outstanding fall due in one year or less. The Company is at an early stage in its business operations and has a supportive shareholder base that can provide both debt and equity capital at short notice. Also, a large proportion of the Company's costs are discretionary. As a result of this short-term liquidity risk is minimised.

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

9. 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 have consulting contracts for providing their services. Both directors and officers are also eligible for share-based payments. Expenditures recorded, including non-recoverable HST, are summarized below:

	2024	2023
Compensation expense	\$ 147,817	\$ 144,857
Legal	-	1,050
E&E - Consulting	69,219	68,353
Total	\$ 217,036	\$ 214,260

- (ii) A law firm, of which one director and shareholder of the Company is a partner, is related through common management. During the year ended December 31, 2024, the Company incurred and expensed legal fees of nil (2023 - \$1,050).
- (iii) As at December 31, 2024, the Company's net amount owing to key management personnel was nil (December 31, 2023 - \$3,367).
- (iv) Effective December 2022, the Company's UK bank closed the Company's bank account. The Company, having not been able to directly open another UK bank account, engaged a company controlled by the Company's CEO to operate a bank account in trust for the Company to process operating expense payments in the UK. In June 2024, the Company opened an account with a financial technology company that provides local and international payments and multi-currency accounts. The Company switched its payment processes to utilize the account beginning in July 2024. In the year ended December 31, 2024 aggregate payments of \$779,311 were processed through the trust account and as at December 31, 2024 nil was held in trust (payments in year ended December 31, 2023 - \$1,166,057; held in trust at December 31, 2023 - \$103,999).

Western Gold Exploration Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

11. Taxation

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rates in Canada (39.5% - 2024 and 2023) and the UK (25% - 2024 and 2023) to the income tax expense at the effective tax rate of the Company is as follows:

	2024	2023
Net loss for the year income before taxes	\$1,735,793	\$1,699,047
Effective tax at 26.6% (2023: 26.6%)	(462,100)	341,552
Canadian financing fee deduction	(39,100)	-
Non-deductible amortization expense	800	-
Effect of tax benefit of losses carried forward	500,400	(341,552)
Current tax (credit)	-	-

The Company's non-capital tax losses of approximately \$9,613,600, at December 31, 2024 (2023: 7,929,600) expire between 2039 and 2044.