



**Western Exploration**  
A Legacy of Discovery

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**  
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022.

DATED: NOVEMBER 18, 2022

## **WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

#### **Management Discussion and Analysis**

This Management's Discussion and Analysis ("MD&A") compares the financial results of Western Exploration Inc., formerly Crystal Peak Minerals, Inc. (referred to as "Western" or the "Company") for nine months ended September 2022 ("fiscal 2022") with the comparable period in 2021 ("fiscal 2021"). This MD&A has been prepared as at November 18, 2022 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021 and the MD&A for all relevant periods.

Financial information for the nine months ended September 2022 and the same period 2021 set forth in this MDA has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

All amounts are presented in US\$ unless otherwise stated.

#### **History of the Company**

Western, formerly Crystal Peak Minerals, Inc. ("CPM"), was originally incorporated in the Yukon Territory, Canada on June 25, 2015. The Company commenced trading on the TSX Venture Exchange (the "TSXV") under the symbol "CPM." Effective November 13, 2020, the listing of the Company's common shares was transferred from the TSXV to the TSX NEX Board as a result of the corporate restructuring in connection with a Reverse Take Over transaction (the "RTO"). The Company's registered and records office is located at Suite 2500, Park Place, 666 Burrard Street, Vancouver, British Columbia. The Company has an operations and project office in the United States at Suite 140, 121 Woodland Avenue in Reno, Nevada.

On February 19, 2021, Western entered into a definitive arrangement agreement with CPM which outlined a Reverse Take Over of CPM by the Company. The arrangement agreement was amended by the parties on July 12, 2021, October 12, 2021, and November 9, 2021. The transactions described in the arrangement agreement were affected pursuant to a statutory plan of arrangement (the "Arrangement") under Part 9, Division 5 of the Business Corporations Act (British Columbia) (the "BCBCA"), following the continuance of CPM from the Yukon Territory to British Columbia, which was required in order for the arrangement to proceed under the BCBCA. CPM shareholders voted to approve the arrangement on December 15, 2021 and Supreme Court of British Columbia issued the approval of the arrangement on December 17, 2021.

On December 22, 2021, the Company changed its name from Crystal Peak Minerals Inc. to Western Exploration Inc. in conjunction with the RTO and resumed trading on the TSXV at the opening of the market under the new symbol "WEX" on January 19, 2022. On February 14, 2022, the Company also began trading on the OTCQX under the symbol of "WEXPF".

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FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

**OVERVIEW**

Western is principally engaged in the evaluation, acquisition and exploration of precious metal properties located in the state of Nevada. The Company's projects contain exploration targets ranging from early-stage exploration to advanced-stage resource delineation and expansion. The Company's business model is to build shareholder value through systematic project advancement while concurrently maintaining an opportunistic approach to the acquisition of additional precious metals properties. All the Company's projects are conducted pursuant to claims, leases, permits, and licenses granted by appropriate authorities or on fee land leased by the Company. In the future, when deemed appropriate certain projects may be pursued on a joint venture basis to share the associated risk and to assist in the project funding.

**Mineral Projects**

Western has an interest in one exploration project in Nevada, the Aura Project, and had, up until October 5, 2021, a residual interest for an NSR and an exploration success payment at a former project, the Trout Creek project.

The Aura project is at an advanced exploration stage with numerous drilling campaigns having been completed and mineral resource estimates stated. The company continues an active exploration effort at Aura and has the financial resources to complete the Phase 1 exploration as proposed in the Technical Report with a budget of approximately \$2,840,000.

The Trout Creek project which was sold in 2019 was acquired from Doby George LLC in January 2019, for \$100,000 and subsequently sold to Marigold Mining Company ("Marigold") a subsidiary of SSR Mining with a future net smelter royalty of up to 1%, and a maximum top up payment based on new resources of up to \$4,000,000. The resulting sale of the property resulted in a gain of \$950,000. The future net smelter royalty and the top up payment were subsequently sold to Marigold for \$1,650,000 on October 5, 2021.

**Aura Project, Elko County, Nevada**

The Aura project is located one hundred kilometers north of the city of Elko and twenty kilometers south of Mountain City. The project is located on public lands within the Mountain City Ranger District of the Humboldt-Toiyabe National Forest. Exploration activities are conducted under the terms of approved Plans of Operation effective through 2028 and 2029 for Doby George and Wood Gulch-Gravel Creek, respectively. The project consists of 709 unpatented lode mining claims totaling 12,848 acres and mineral leases on 2,296 acres of fee land in nine different parcels. The property is subject to several NSR royalties of between 1 and 2%.

**Mineral Resource Estimate**

In May 2021, the Company updated the mineral resource estimate for the Aura Project to incorporate exploration results from the 2020 drill campaign. In addition, resources were reported at an \$1,800 gold price and were pit constrained at both Wood Gulch (Saddle and Southeast) and Doby George.

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**  
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**FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

Estimated Indicated and Inferred Resources – Aura Project

<b>INDICATED</b>	<b>Tonnes</b>	<b>Au (g/t)</b>	<b>Au (ozs)</b>	<b>Ag (g/t)</b>	<b>Ag (ozs)</b>	<b>Aueq (g/t)</b>	<b>Aueq(ozs)</b>
Doby George <sub>1</sub>	12,922,000	0.98	407,000			0.98	407,000
Wood Gulch <sub>2</sub>							
Gravel Creek <sub>3</sub>	2,079,000	3.72	249,000	59.6	3,986,000	4.58	305,943
<b>Total</b>	<b>15,000,001</b>	<b>1.36</b>	<b>656,000</b>	<b>59.6</b>	<b>3,986,000</b>	<b>1.48</b>	<b>712,943</b>
<b>INFERRED</b>	<b>Tonnes</b>	<b>Au(g/t)</b>	<b>Au(ozs)</b>	<b>Ag (g/t)</b>	<b>Ag(ozs)</b>	<b>Aueq (g/t)</b>	<b>Aueq(ozs)</b>
Doby George <sub>1</sub>	4,999,000	0.73	118,000			0.73	118,000
Wood Gulch	4,359,000	0.66	93,000	5.8	808,000	0.74	104,543
Gravel Creek <sub>3</sub>	5,394,000	3.12	540,000	45.5	7,897,000	3.77	652,814
<b>Total</b>	<b>14,752,000</b>	<b>1.58</b>	<b>751,000</b>	<b>27.8</b>	<b>8,705,000</b>	<b>1.84</b>	<b>875,347</b>

\$1,800 Gold price, 70:1 Ag:Au ratio

1. Pit Constrained 0.2 g/tAu cutoff oxide, 0.3 g/tAu cutoff for mixed. 1.4 g/tAu for unoxidized

2. Pit Constrained 0.3 g/tAueq cutoff

3. 2.0 g/t Aueq cutoff

The Resource Estimate for the Aura Project was prepared by Derick Unger, CPG, Steven Ristorcelli, CPG, Peter Ronning, P.Eng. of Mine Development Associates (MDA) and Jack S. MacPartland, M.M.S.A. of McClelland Labs in accordance with NI 43-101. NI 43-101 of the Canadian Securities Administrators – Standards for Disclosure for Mineral Projects – requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to the Company's continuous disclosure documents available at [www.sedar.com](http://www.sedar.com) for this detailed information, which is subject to the qualifications and notes therein.

In October 2021, the Company updated the Aura Project Technical Report to include up-to-date disclosure on various elements of the land status and property payments made during the period from the completion of the Technical Report in May, 2021 and the filing of Information Circular for the RTO on November 12, 2021. The mineral resources in this period did not change but the recommendations for Phase 1 and 2 explorations were amended to allow for additional surface work to be completed in Phase 1 based on the results from drilling completed at Gravel Creek in 2020. The current Technical Report is current and has an effective date of October 14, 2021.

The Technical Report recommended a 2 Phase exploration program for both Gravel Creek and Doby George. At the end of Phase 2, the Company will have completed a Pre-Feasibility level study for Doby George and a Preliminary Economic Assessment for the Gravel Creek deposit.

Phase 1 includes, among other things, the following, with the overall work program (as summarized in Table 1 below):

- In respect of the Doby George area:
  - Complete up to 2,134m (7,000ft) of PQ core drilling in 10-12 holes within the in-pit resource to acquire oxide, mixed and unoxidized mineralization for cyanide leaching test work and

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**MANAGEMENT’S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

geotechnical information, while also confirming the historical-drill assay grades and the geologic model. Four to eight of the holes will be completed in the West Ridge deposit and the remainder will be split between the Daylight and Twilight deposits (Estimated Cost: US\$1,471,000).

- Continued metallurgical testing to define the optimal heap-leaching conditions for oxidized material is planned using large-diameter columns. Mixed material, which has undergone very little metallurgical test work, will be tested. Unoxidized mineralization is untested and will receive little attention with respect to metallurgy. Large-diameter (PQ) core will provide sample material (Estimated Cost: US\$250,000).
- In respect of the Wood Gulch-Gravel Creek area:
  - Surface mapping, geochemical sampling and geophysics (IP and Resistivity) to define priority targets within the broad (1.5 x 4.0km) area of alteration within the Jarbidge volcanics north and northeast of Gravel Creek, and in between Gravel Creek and Wood Gulch, in preparation for 2022 exploration drilling (Estimated Cost: US\$170,000, including geologist time, geochemical sampling and geophysics).
  - Complete follow up metallurgical test work as recommended by McClelland Laboratories in 2020. This work will include testing concentrates with fine grinding and intense cyanidation to produce doré. Additional flotation test work will focus on minimizing arsenic contents in the precious metal concentrate (Estimated Cost: US\$50,000).

*Table .1 Crystal Peak Estimated Phase 1 Recommended Budget*

<b>PHASE 1</b>	<b>TOTAL</b>	<b>NOTES</b>
<b>PERMITTING, BOND, FEES</b>		
Reclamation Bond premiums	\$10,000	
Permitting and Bond	\$176,000	
County and BLM Claim Fees	\$125,000	
<i>Subtotal Permit-Bond-Fees</i>	<b>\$311,000</b>	<b>TOTAL PERMIT-BOND-FEES</b>
<b>DRILLING</b>		
<b>Doby George:</b>		
Access Road	\$50,000	<i>repair access road</i>
MET Drilling - PQ \$142/ft - \$464/m	\$994,000	<i>7,000ft (2,134m)</i>
<i>Subtotal DG Drilling</i>	<b>\$1,044,000</b>	<b>TOTAL DRILL Doby George</b>
<b>Drilling Support</b>		
General Drilling Expense+Assay \$23/ft - \$75/m	\$161,000	<i>7,000ft (2,134m)</i>
Road Construction drill support \$38/ft - \$125/m	\$266,000	<i>7,000ft (2,134m)</i>
<i>Subtotal Drilling Support</i>	<b>\$427,000</b>	<b>TOTAL DRILL SUPPORT</b>
<b>METALLURGY</b>		
Doby George	\$250,000	
Gravel Creek	\$50,000	
<i>Subtotal Metallurgy</i>	<b>\$300,000</b>	<b>TOTAL METALLURGY</b>
<b>Mountain City Field Costs</b>		
	\$160,000	

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)****MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

<b>PHASE 1</b>	<b>TOTAL</b>	<b>NOTES</b>
<i>Subtotal Capital</i>	<b>\$160,000</b>	<b>TOTAL CAPITAL</b>
<b>EXPLORATION</b>		
Geological Expense	\$336,000	
Data management/manager	\$90,000	
Geophysics	\$150,000	
Geochemical Samples	\$20,000	
<i>Subtotal Exploration</i>	<b>\$596,000</b>	<b>TOTAL EXPLORATION</b>
<b>TOTAL BUDGET:</b>	<b>\$2,838,000</b>	<b>TOTAL BUDGET</b>

The Phase 1 exploration field program commenced in mid-July – 2022. A total of 9 large diameter PQ core holes were completed for a total of 1,138 meters. The drill sites are listed below in Table 2. In addition, the company completed geologic mapping and sampling activities in the Wood Gulch and Gravel Creek areas. As of September 30, 2022 assay results for the drill holes and surface sampling are pending.

*Table 2: 2022 Diamond Drill Hole Locations*

<b>Drill Hole</b>	<b>Easting</b>	<b>Northing</b>	<b>Elevation</b>	<b>Azimuth</b>	<b>Dip</b>	<b>Depth (m)</b>
<b>DGC789</b>	<b>577,267</b>	<b>4,612,525</b>	<b>2,093</b>	<b>45</b>	<b>53</b>	<b>167.64</b>
<b>DGC790</b>	<b>577,626</b>	<b>4,612,300</b>	<b>2,055</b>	<b>140</b>	<b>55</b>	<b>104.24</b>
<b>DGC791</b>	<b>577,622</b>	<b>4,612,374</b>	<b>2,058</b>	<b>148</b>	<b>45</b>	<b>109.27</b>
<b>DGC792</b>	<b>578,370</b>	<b>4,612,480</b>	<b>2,027</b>	<b>0</b>	<b>55</b>	<b>82.9</b>
<b>DGC793</b>	<b>578,379</b>	<b>4,612,423</b>	<b>2,023</b>	<b>0</b>	<b>55</b>	<b>82.29</b>
<b>DGC794</b>	<b>578,222</b>	<b>4,612,097</b>	<b>1,966</b>	<b>285</b>	<b>54</b>	<b>118.87</b>
<b>DGC795</b>	<b>578,221</b>	<b>4,612,098</b>	<b>1,966</b>	<b>285</b>	<b>82</b>	<b>88.39</b>
<b>DGC796</b>	<b>577,404</b>	<b>4,612,379</b>	<b>2,103</b>	<b>55</b>	<b>69</b>	<b>283.47</b>
<b>DGC797</b>	<b>577,672</b>	<b>4,612,716</b>	<b>2,039</b>	<b>47</b>	<b>53</b>	<b>100.6</b>

As of September 30, 2022, approximately \$2M has been committed to the Phase 1 exploration effort. The expenditures have focused on drilling activities at Doby George and field mapping and sampling activities at Wood Gulch and Gravel Creek. GoldSpot Discoveries Corp. has made significant progress with a full data compilation for an AI targeting effort over the entire Aura project and has expensed approximately CAD\$188k of the CAD\$350k budget. This work has been prepaid by the company. The exploration expenses will significantly decrease over the next 2 quarters as the diamond drill program was completed in September, 2022. A total of \$561k remains in the current exploration budget, mainly for IP geophysics and metallurgical work at Doby George.

Phase 2 will be focused on advancing the Doby George deposits to Pre-Feasibility level and Gravel Creek to Preliminary Economic Assessment level. The Company will need to secure additional financing to commence and complete the Phase 2 exploration program.

Based on results to date for Phase 1, preparations for Phase 2 are being made to commence in 2023 and carry through into the 2024 field season and would include the following work program, budgeted at US\$16.2 million as summarized in Table 3 below:

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)****MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

- In respect of the Doby George area:
  - At Doby George, the successful completion of Phase 1 should provide enough geological and metallurgical knowledge to advance the project to a Pre-Feasibility study (Estimated Cost: Approx. US\$1,000,000).
  - Metallurgical test work will be completed at both Doby George to at least a Pre-Feasibility level. The focus at Doby George will be to outline and optimize crush size, reagent needs and consumption, leach time and kinetics (Estimated Cost: Approx. US\$300,000).
  - Complete 3,330m (10,000') of RC drilling in 15 to 25 holes to extend the current limits of the resource by moderate step-outs of 30-60m at depth and on the periphery of the known mineralization (Estimated Cost: Approx. US\$1,210,000).
  
- In respect of the Wood Gulch-Gravel Creek area:
  - Complete 4,900m (16,000ft) of RC drilling testing favorable geologic-structural-geophysical target areas within both the "GAP" area between Wood Gulch and Gravel Creek resources and along the Tomasina Fault zone and other known geological, geochemical and geophysical targets around Gravel Creek (Estimated Cost: Approx. US\$1,936,000).
  - Complete 14,600 meters of diamond drilling in 12 to 18 drill holes in newly identified targets from above, and step outs of, the current resource area (Estimated Cost: Approx. US\$7,895,800).
  - The data collected through 2022 should be sufficient for completing a Preliminary Economic Analysis on the Gravel Creek deposit in 2023 (Estimated Cost: Approx. US\$250,000).
  - Additional flotation and gravity-recovery tests will be completed to better understand variations in recovery across different ore styles and blends and deliver a study on the grade and composition of final float concentration products (Estimated Cost: Approx. US\$200,000).

*Table 3 - Phase 2 Aura Project Recommendations and Budget*

<b>PHASE 2</b>	<b>TOTAL</b>	<b>NOTES</b>
<b>PERMITTING, BOND, FEES</b>		
Reclamation Bond premiums	\$9,500	
Permitting - Stantec -Doby Mine Plan	\$250,000	
Permitting - Stantec	\$75,000	
County and BLM Claim Fees	\$124,500	
<b><i>Subtotal Permit-Bond-Fees</i></b>	<b>\$459,000</b>	
<b>DRILLING</b>		
<b>Gravel Creek:</b>		
Access Road Repair	\$100,000	
Core -follow up on 2021 exploration	\$4,429,000	<b>32,800ft (10,000m)</b>
and GC stepout \$100/ft-\$328/m	\$1,500,000	<b>15,000ft (4,600m)</b>
Gap RC and Generative Holes \$60/ft-\$197/m	\$960,000	<b>16,000ft (4,900m)</b>

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022

PHASE 2	TOTAL	NOTES
<i>Subtotal GC Drilling</i>	<b>\$6,989,000</b>	<b>TOTAL DRILL Gravel Creek</b>
<b>Doby George:</b>		
Access Road	\$100,000	
RC Drilling – Generative \$60/ft - \$197/m	\$600,000	<i>10,000ft (3,300m)</i>
<i>Subtotal DG Drilling</i>	<b>\$700,000</b>	<b>TOTAL DRILL Doby George</b>
<b>Drilling Support</b>		
General Drilling Expense+Assay \$23/ft - \$75/m	\$1,697,000	<b>73,800ft (22,500m)</b>
Road <i>Construction</i> drill support \$38/ft - \$125/m	\$2,804,000	<b>73,800ft (22,500m)</b>
<i>Subtotal Drilling Support</i>	<b>\$4,501,000</b>	<b>TOTAL DRILL SUPPORT</b>
<b>METALLURGY</b>		
Doby George	\$300,000	
Gravel Creek	\$200,000	
<i>Subtotal Metallurgy</i>	<b>\$500,000</b>	<b>TOTAL METALLURGY</b>
<b>TECHNICAL STUDIES</b>		
<i>Doby George PFS</i>	\$1,000,000	
<i>Gravel Creek PEA</i>	\$250,000	
<i>Subtotal Technical Studies</i>	<b>\$1,250,000</b>	
<b>MTN CITY COSTS</b>		
<i>Field costs</i>	\$160,000	
<i>Subtotal Mtn. City</i>	<b>\$160,000</b>	
<b>EXPLORATION</b>		
Geological Expense	\$1,500,000	
<i>Subtotal Exploration</i>	<b>\$1,500,000</b>	<b>TOTAL EXPLORAATION</b>
<b>TOTAL BUDGET:</b>	<b>\$16,219,000</b>	<b>TOTAL BUDGET</b>

There was no drilling or exploration completed in 2021 as the company was completing a full technical report of its previous activities and preparing for the RTO.

In 2020 the Company completed:

- a diamond drill program designed to test the extensions of the Gravel Creek deposit along strike and down dip. A total of 6,568 meters of core drilling was completed in eleven drill holes, WG444 to WG454.
- a program of soil geochemistry to extend the existing soil grid to the north by approximately six hundred meters. A total of 361 soil samples were collected on 200-meter spaced lines with one hundred meters between samples on lines.
- A scoping level metallurgical study of mineralization from the Gravel Creek mineral resource.

Between July 30 and November 8, 2020, the Company completed a diamond drill program focused on extensions of known controls to mineralization along strike to the NW and the SE (WG 446, 449, 451, 452 and 453), down dip of the main feeder zone (WG 444, 445, 447, 448 and 454) and in the overlying Miocene rhyolites in the hanging wall of the main feeder structure, (WG450).

Drilling confirms the Gravel Creek mineral resource alteration and mineralization continue along strike and down dip with modest step outs of 100 to 160 meters. Moreover, the drilling validates the presence and orientation of high-grade epithermal veins in the hanging wall of the mineral resource and within the

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)****MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

main feeder structure.

The Company completed Scoping level metallurgical test work on the Gravel Creek deposit using drill core samples from drill core collected in the 2017 drilling program. The laboratory work was completed by McClelland Laboratories, Inc of Reno, NV. The test work was conducted on a total of nine drill core composites from the Gravel Creek project to evaluate response of the Gravel Creek gold and silver bearing sulfidic material types to conventional flotation treatment. The composites represented Schoonover rock unit material (4 composites) and Frost Creek rock unit material (5 composites) and included one master composite of each of the two types. Head assays conducted on each of the composites showed that they contained between 2.61 g/t and 18.41 g/t gold (8.33 g/t, avg.) and between 14.06 g/t and 236.94 g/t silver (97.04 g/t, avg.). Test work was completed on nine composites made up of drill core samples from the Gravel Creek mineral deposit. The samples were from the Frost Creek host – 85% of the mineral resource and the Schoonover host – 15% of the mineral resource.

- A Bond ball mill work index test was conducted on the Frost Creek master composite. The work index was 16.82 kW-hr/st, which would be characterized as hard material. Sample limitations precluded comminution testing on the Schoonover master composite.
- Conventional rougher flotation tests of nine composites consisting of the various mineralization styles (at an 80%-200M feed size contained between +92.3% to 99.4% of the total gold).
- A locked-cycle flotation test series was conducted on the Frost Creek master composite (4568-009), at an 80%-200M feed size (with rougher concentrate regrind) to evaluate the effects of cleaner tailings recycle on concentrate grade and recovery. Available test results indicated that a flotation concentrate of 7.8% of the feed weight was produced at a grade of 3.67 oz Au/ton, 52.3 oz Ag/ton and 35.0% sulfide sulfur, and representing recoveries of greater than 95% gold, silver, and sulfide sulfur.
- Additional metallurgical testing is planned to improve and optimize a revised understanding for metallurgical recoveries as we move forward with the Gravel Creek project (H2 2021)

**Summary Gold and Silver Results, Rougher Flotation, Gravel Creek Composites, 80%-200M Feed Size**

Composite	Weight, %		Gold Grade g/t		Gold Distribution %			Silver Grade g/t		Silver Distribution %		
	Conc.	Tail	Conc.	Tail	Calc'd Head	Conc.	Tail	Conc.	Tail	Calc'd Head	Conc.	Tail
<b>Schoonover</b>												
4568-001	15.1	84.9	15.91	0.12	2.54	94.3	5.7	351.09	5.49	57.60	91.9	8.1
4568-002	8.1	91.9	26.61	0.07	2.26	95.8	4.2	670.98	5.14	58.97	92.0	8.0
4568-003 <sup>1)</sup>	12.1	88.0	56.13	1.41	8.50	79.00	21.0	550.29	5.83	71.31	93.0	7.0
4568-004 <sup>2)</sup>	14.1	85.9	28.77	0.27	4.39	92.3	7.7	345.26	7.54	55.20	88.2	11.8
<b>Frost Creek</b>												
4568-005	11.4	88.6	82.59	0.17	9.63	97.8	2.2	1,920.02	11.66	229.37	95.5	4.5
4568-006	10.1	89.9	26.61	0.05	2.74	97.8	2.2	141.94	0.34	14.74	97.9	2.1
4568-007	10.5	89.5	79.71	0.27	8.71	96.1	3.9	489.95	2.06	53.14	96.5	3.5
4568-008	14.6	85.4	130.01	0.10	19.10	99.4	0.6	514.98	2.06	76.80	97.7	2.3
4568-009 <sup>3)</sup>	14.4	85.6	77.97	0.36	10.97	96.00	4.0	1,088.24	7.54	154.63	96.0	4.0

1) Average of 2 tests.

2) Master composite, average of 3 tests.

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)****MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

3) Master composite, average of 2 tests.

In addition, cyanide shake analysis results showed that the average cyanide soluble to assayed (CN/FA) gold content averaged 23.7% for the Schoonover composites and 58.6% for the five Frost Creek composites. These comparative results indicate that the Schoonover type material is refractory to cyanidation treatment, and that the Frost Creek material may be more amenable to cyanidation. The Schoonover and Frost Creek master composites contained 3.72% and 3.07% sulfide sulfur, respectively. Neither composite contained significant quantities of organic carbon. Arsenic head grades for the respective composites were 0.23% and 0.40%. Preliminary mineralogical characterization conducted on the master composites showed that the primary sulfide minerals contained pyrite (~ 8.0%), with lesser amounts of arsenopyrite (0.77% - 1.57%) and trace levels of pyrrhotite, chalcopyrite, sulfosalts, and other sulfides.

Future metallurgical test work will focus on continued optimization of float concentration and test work focused on detailed mineralogy, including gold and silver deportment studies, Rougher optimization testing, to confirm indicated grind sensitivity and further optimize reagent suites, Cleaner flotation testing, to optimize production of a high grade, high recovery final concentrate, Testing to evaluate regrind/cyanide leaching of flotation concentrate generated from the various ore types and ore variability testing – including evaluation of flotation and if appropriate, regrind/cyanide leaching of flotation concentrate.

**RESULTS OF OPERATIONS****Summary of Quarterly Results**

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters.

Year:	2022	2022	2022	2021	2021	2021	2021	2020
Quarter Ended:	30-Sept	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31 Mar	31-Dec
Net income (loss):	\$(2,188,709)	\$(1,917,057)	\$(602,065)	\$25,193	(\$348,894)	\$(929,278)	\$(603,973)	\$(2,242,927)
(i) in total (000s)	\$(2,189)	\$(1,917)	\$(602)	\$25	(\$349)	\$(929)	\$(604)	\$(2,243)
(ii) per [shares ]	\$(0.07)	\$(0.06)	\$(0.02)	\$0.00	(\$0.01)	\$(0.03)	\$(0.02)	\$(0.08)

**Three months ended September 30, 2022 vs. three months ended September 30, 2021**

For the three months ended September 30, 2022, the Company recorded a net loss of \$2.189M, compared to a net loss of \$349k in the three months ended September 30, 2021. The change was primarily due to increase in exploration and evaluation expenditures of \$1.506M and increase in general and administrative expenditures of \$405k.

For the three-month period ended September 30, 2022, general and administrative expenses was \$578k compared to \$173k in the prior year. The principal components include:

## **WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

### MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022

- Office and general of \$225k (\$54k – 2021): The change was primarily driven by increase in investor relations, marketing and investor services expenses in 2022
- Stock based compensation of \$199k (\$nil – 2021): This was due to the vesting of stock options and RSU's granted in previous periods.
- Salary of \$91K (\$95k – 2021)

Exploration expenditures for the three-month period ended September 30, 2022 were approximately \$1.703M compared with \$197k in the same period of 2021. The increase is due to the ramp up of activities for drilling in late July, 2022. The principal components included \$1.081M for drilling costs, \$297K for geologic consulting and data management, \$85k for Metallurgy related costs, \$95k for costs for reclamation obligation and \$21k in permitting and reclamation bond premiums. These expenditures are roughly in line with budget.

#### Nine months ended September 30, 2022 vs. nine months ended September 30, 2021

For the nine months ended September 30, 2022, the Company recorded a net loss of \$4.708M, compared to a net loss of \$1.882M in the nine months ended September 30, 2021. The increase in loss was primarily due to increase in exploration and evaluation expenditures of \$1.406M and increase in general and administrative expenditures of \$1.637M.

For the nine-month period ending September 30, 2022 general and administrative expenses totaled \$2.818M versus \$1.181M for the same period of 2021. The principal components include:

- Stock based compensation of \$1.277M (\$nil – 2021): This was due to the vesting of stock options and RSU's granted in previous periods.
- Office and general of \$752k (\$183k – 2021): The change was primarily driven by increase in investor relations, marketing and investor services expenses in 2022
- Legal and regulatory costs of \$346k (\$609k – 2021): The reduction in legal and regulatory costs was largely due to less activity in 2022 as the RTO of Crystal Peak Minerals Inc. was completed in Q4 2021. The Legal and regulatory fees, in the current nine-month period, are still tracking above budget due to increased costs for the closing of the RTO, the public listing of the company on the TSX-V and OTCQX exchanges in Q1 -2022 and the preparation and filing of the Company's AIF and the preparation of a corporate prospectus in Q2 – 2022.

Exploration expenditures for the nine month period ended September 30, 2022 were approximately \$2.096M which is in line with budget and approximately \$1.384M increase from the same period of 2021. The largest expense was related to drilling activities of \$1.087M, geological activities of \$634k, which is related to geologic consulting, data management and field costs related to the Aura project. Permitting was approximately \$70k which is higher than the same period in 2021 (\$55k) due to the increased reclamation bond premiums for the Aura project.

#### Financing Activities

On October 13, 2021, the Company completed a concurrent financing, issuing a total of 2,248,936 subscription receipts each at a price of CAD\$2.65 for aggregate proceeds of CAD\$5,959,680 (\$4,611,684). On closing of the RTO, each subscription receipt converted into one common share and one common share purchase warrant exercisable into one additional common share at a price of CAD\$3.975 up until October 13, 2023. The Company incurred cash broker fees and legal fees of \$423,508 in relation to the financing.

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

Proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of the warrants was determined to be \$975,801 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$2.03, risk free interest rate of 0.96%, an expected dividend yield of 0%, volatility rate of 94% based on historical share prices of comparable companies and an expected life of 1.81 years.

In addition to the cash broker fees and legal fees paid, the Company also issued a total of 89,957 broker warrants, each exercisable into a common share of the Company at a price of CAD\$3.05 for a period of one year from the closing date of the RTO. The fair value of the broker warrants was determined to be \$27,185 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$2.03, risk free interest rate of 0.96%, an expected dividend yield of 0%, volatility rate of 81% based on historical share prices of comparable companies and an expected life of 1 year.

Concurrent with the RTO transaction, on December 22, 2021 the Company entered into an agreement with Agnico to repurchase 2,358,490 post RTO common shares in exchange for a 1% net smelter royalty on the Aura project deemed to hold a fair value of \$nil and 748,668 warrants (the "Redemption Agreement"). Under the terms of the warrants, each warrant shall entitle the holder to purchase one common share of the Company at a price of \$2.67 up until May 15, 2023.

On closing of the Redemption Agreement, amounts totaling \$3,573,306, equal to the average cost of shares repurchased were charged to share capital, with amounts totaling \$3,300,660 in excess of the fair value of consideration paid totaling \$272,646 recognized directly as a charge to retained earnings.

The fair value of the warrants was determined to be \$272,646 on the date of issuance, estimated using the Black Scholes pricing model. As the exercise price of the warrants are denominated in a currency other than the Company's functional currency and therefore do not meet the fixed for fixed criteria, they have been classified as a derivative financial instrument held at FVTPL and included as a warrant liability on the condensed consolidated interim statement of financial position. As at September 30, 2022, the warrant liability was revalued at \$36,535 (December 31, 2021 - \$276,110) resulting in a gain on fair value of warrant liability totaling \$48,124 and \$239,275 recognized in the condensed consolidated interim statement of loss and comprehensive loss for the three and nine month periods ended September 30, 2022.

The inputs utilized in the Black Scholes pricing model on the date of issuance and on revaluation at December 31, 2021 and September 30, 2022 were as follows: fair value share price of \$0.82 - \$1.60, risk free interest rate of 0.95% - 3.76%, an expected dividend yield of 0%, volatility rate of 84%-109% based on historical share prices of comparable companies and the Company's own historical share price and an expected life of 0.62 - 1.40 years.

Concurrent with the RTO transaction, the Company settled debt owing to various related parties totaling \$1,155,290 through the issuance of 544,646 common shares valued at \$857,416.

On January 27, 2022, the Company settled an outstanding debt of \$352,752 (CAD\$448,394) to a legal advisor by issuing 169,205 units, each comprised of one common share and one common share purchase warrant exercisable into one additional common share at a price of CAD\$3.975 for a period of 24 months from the date of issuance. On the date of settlement, the fair value of the common shares was determined to be \$339,440. The fair value of the warrants was determined to be \$127,146 on the date of settlement, estimated using the Black Scholes pricing model using a fair value share price of CAD\$2.55, risk free interest

## **WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

### MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022

rate of 1.27%, an expected dividend yield of 0%, volatility rate of 91% based on historical share prices of comparable companies and an expected life of 2 years. In connection with the settlement, a loss on settlement of debt totaling \$nil and \$113,834 was included in the condensed consolidated interim statement of loss and comprehensive loss for the three and nine month periods ended September 30, 2022.

#### Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

#### Transactions with Related Parties

On December 22, 2021, \$859,156 of the \$1,299,251 due to a corporation controlled by Marceau Schlumberger was settled in exchange for 405,262 common shares as part of the RTO (note 11). As at September 30, 2022 amounts totaling \$440,095 (December 31, 2021 - \$440,095) was due to a corporation controlled by a director of the Company. During the period ended September 30, 2022, the repayment terms of the payable were extended to January 1, 2024, bearing no interest.

Marceau Schlumberger, a director of the Corporation, is the founder and manager of Coral Reef. Mr. Schlumberger is also a manager of Golkonda, the Corporation's largest shareholder, which currently holds 19,969,391 Common Shares (representing approximately 65.1% of the issued and outstanding Common Shares on a non-diluted basis). Between September 1, 2013 and January 1, 2021, Coral Reef Capital provided management, financial and capital raising services to Western Exploration LLC in exchange for quarterly fees of approximately \$122k. Between 2018 and the end of the Consulting Services Agreement fees were not paid but accrued as a short term liability to the company.

Neither Mr. Schlumberger nor Coral Reef, either individually or together, directly or indirectly hold a sufficient number of securities of the Corporation or Golkonda to materially influence the business or affairs of the Corporation. As at the date of the Prospectus, Mr. Schlumberger and Coral Reef together hold an aggregate 650,590 Common Shares, representing approximately 2.12% of the issued and outstanding Common Shares on a non-diluted basis. Similarly, Mr. Schlumberger and Coral Reef together only hold 42.07 Class A membership units and 1 Class B membership unit of Golkonda, representing approximately 2.50% of the outstanding membership units of Golkonda. As such, Mr. Schlumberger's ability to materially influence the business or affairs of Golkonda or the Corporation, either directly or indirectly, is limited to the powers afforded to him in his capacity as a manager and director of such entities, respectively.

During the three and nine month periods ended September 30, 2021, interest expense totaling \$1,181 and \$3,554 was recognized in the condensed consolidated interim statement of loss and comprehensive loss in connection with promissory notes held with related parties. As of December 31, 2021 and September 30, 2022, all promissory notes held with related parties were settled in full.

#### Major shareholders:

To the knowledge of the directors and senior officers of the Company, as at September 30, 2022, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022

	<b>Number of common Shares</b>	<b>Percentage of outstanding shares</b>
Golkonda LLC	19,969,391	65.1%
Agnico Eagle (USA) Ltd	5,442,191	17.7%

**Key Management Personnel**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

During the three and nine month periods ended September 30, 2022 and 2021, the Company paid, or accrued remuneration to key management of the Company as follows:

	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>	<b>Nine Months Ended September 30, 2022</b>	<b>Nine Months Ended September 30, 2021</b>
Salaries and fees (i)	\$52,500	\$37,500	\$151,250	\$112,500
Director's fees (ii)	\$nil	\$6,250	\$nil	\$18,750
Stock-based compensation (iii)	\$128,826	\$nil	\$837,533	\$nil

- (i) As at September 30, 2022, \$nil (December 31, 2021 - \$6,251) was due to key management of the Company and the amount were included in due to related party.
- (ii) As at September 30, 2022, directors were owed \$18,750 (December 31, 2021 - \$18,750) and this amount was included in accounts payable and accrued liabilities.
- (iii) On June 8, 2022, the Company granted 1,115,000 options and 20,000 RSU's to directors and officers of the Company

**LIQUIDITY AND CAPITAL RESOURCES**

Western has no operations that generate cash flows and the Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources, and is largely based on factors that are beyond the control of the Company's management.

For the foreseeable future, Western will rely upon its ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for precious metal exploration generally, a company's track record and the experience and caliber of a company's management.

Western has no operations that generate cash flows and the Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources, and is largely based on factors that are beyond the control of the Company's management.

The consolidated financial statements for the period ended September 30, 2022 have been prepared by

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)****MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. Several adverse conditions indicate the existence of a material uncertainty that may cast significant doubt on the validity of this assumption. The Company has incurred operating losses to date and is currently unable to self-finance any future operations. The Company's ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives.

The consolidated financial statements for the period ended September 30, 2022 do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for the condensed consolidated financial statements, adjustments would be necessary in statement of financial position classifications used. Such adjustments could be material.

The working capital of the Company as at September 30, 2022 is approximately \$1.02M, consisting entirely of cash holdings. The working capital is being used to fund the Phase 1 exploration program and corresponding General and Administration expenses of the company. The Phase 1 exploration program, as recommended by the technical report, totals approximately \$2.84M and to the end of the period ending September 30, 2022 approximately \$2M has been committed to the program which is about \$460k less than budget due to lower drilling and permitting expenditures. The drill budget was reduced by approximately \$340k by relocating holes to use existing infrastructure which resulted in less earth moving costs and less drill meters. Permitting costs were \$120k less due to less ground disturbance and decision to not pursue drilling at Maggie Summit until additional field sampling and geophysics are completed. The remaining exploration budget for Phase 1 is approximately \$453k principally for metallurgical test work and geophysics. The metallurgy is ongoing and will be completed at the end of Q1 2023 while the geophysics will be completed in Q2 2023. Exploration expenses will be closely monitored due to the effect of inflation on consumables such as fuel, drilling additives and equipment cost and rental.

The supporting General and administration budget for the Company in 2022 is approximately \$1.7M. In the first 9 months of 2022 approximately \$1.54M of that budget has been spent. The administration costs were heavily skewed towards the first half of 2022 due to the high legal and regulatory costs for the completion of the RTO with Crystal Peak Minerals Inc., regulatory and legal expenses for the TSX-V and OTCQX listings and the preparation and filing of the Company AIF and corporate prospectus.

A detailed comparison of expenses compared to the Use of Proceeds, provided from the private placement financing in October 2021 as outlined in the Information Circular of November 12, 2021 are shown below.

(all amounts are approximate, expressed in Canadian dollars) <sup>(1)</sup>	Prior Disclosure	Actual Spent	Remaining	Total	Variance
Diamond drilling (Gravel Creek)	\$0	\$0	\$0	\$0	Nil
Diamond drilling (Doby George) <sup>(2)</sup>	\$1,900,000	\$1,365,095	\$25,000	\$1,390,095	(\$509,905)
Geophysics <sup>(2)</sup>	\$187,500	\$6,280	\$182,120	\$188,400	\$900
Soil Geochemistry (Gravel Creek) <sup>(2)</sup>	\$25,000	\$0	\$25,120	\$25,120	\$120

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**  
**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

(all amounts are approximate, expressed in Canadian dollars) <sup>(1)</sup>	Prior Disclosure	Actual Spent	Remaining	Total	Variance
Metallurgy (Gravel Creek and Doby George) <sup>(2)</sup>	\$375,000	\$106,917	\$269,883	\$376,800	\$1,800
Geological Expense and Data Management <sup>(2)(3)</sup>	\$523,500	\$567,825	(\$32,769)	\$535,056	\$11,556
General and administrative expenses <sup>(2)(4)</sup>	\$2,000,000	\$1,845,539	\$154,461	\$2,000,000	Nil
Property Costs <sup>(2)</sup>	\$155,625	\$157,770	(\$770)	\$157,000	\$1,375
Permitting Costs <sup>(2)</sup>	\$231,875	\$88,746	\$0	\$88,746	(\$143,129)
Mountain City Field Costs <sup>(5)</sup>	\$0	\$133,046	\$67,914	\$200,960	\$200,960
Unallocated working capital <sup>(5)</sup>	\$287,034	\$0	\$57,340	\$57,340	(\$229,694)
<b>TOTAL</b>	<b>\$5,685,534</b>	<b>\$4,271,218</b>	<b>\$748,299</b>	<b>\$5,019,517</b>	<b>(\$666,017)</b>

Notes:

- (1) All dollar amounts are presented in Canadian dollars and are based on an exchange rate of C\$1.256 for each US\$1.00, based on the exchange rate used in the management information circular of the Company dated November 12, 2021 (the "Circular").
- (2) Variance represents difference between the amount disclosed by the Corporation in the Circular and the amount provided in the recommended budget set forth in the Aura Technical Report, resulting from the conversion of United States dollars into Canadian dollars.
- (3) Geological expense and data management include approximately C\$422,016 in geological expenses and C\$113,040 in data management.
- (4) The Circular provided for C\$2,500,000 in general and administrative expenses for which \$500,000 in working capital was allocated. Accordingly, the amount included above has been reduced to C\$2,000,000 such that only the net proceeds of the Subscription Receipt Financing are included above.
- (5) Mountain City field costs were not included in the Circular but are included in the Exploration Program budget. As such, \$200,960 in unallocated working capital has been allocated to the Mountain City field costs."

As at the date of this MD&A, the Company expects its existing capital resources to support planned Phase 1 exploration activities and short-term contractual commitments, however, the Company will need to raise additional funds in order to meet the Company's commitments due after the completion of the Phase 1 exploration activities. While the Company has been successful at raising capital in the past, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future. The outlook for the world economy remains uncertain and vulnerable to various events that could adversely affect the Company's ability to raise additional funds going forward.

### Cash and Financial Condition

The Company's capital is the shareholders' equity balance. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its shareholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments, and exploration activities. As the Company is in the exploration stage, its operations have been substantially funded by the issuance of member units and mineral property earn-in agreements. The Company is not subject to any externally imposed credit or

## **WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

capital requirements. However, the Company will continue to rely on such funding depending upon market and economic conditions at the time. There have been no changes in the Company's approach to capital management during the nine months ended September 30, 2022.

#### **Financial Instruments**

The Company's financial instruments currently consist of cash and restricted cash which are classified as financial assets measured at amortized cost, accounts payable and accrued liabilities, and due to related parties, which are classified as financial liabilities measured at amortized cost. The carrying values of the Company's financial instruments approximate fair values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks including interest rate risk, liquidity risk and credit risk. The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

i. Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company is not exposed to material interest rate risk.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing, and financing activities and through management of its capital structure. As of September 30, 2022 and December 31, 2021, all the Company's financial liabilities are either due immediately or have contractual maturities of less than 90 days.

iii. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is mainly exposed to credit risk with respect to managing its cash and restricted cash. The Company's risk management policies require that significant cash deposits are held with U.S. FDIC insured banks. All investments must be less than one year in duration.

#### **RISK FACTORS**

As a company active in the mineral resource exploration and development industry, the Company is exposed to a number of risks.

##### *Exploration Stage Operations*

The Company's operations are subject to all the risks normally incident to the exploration for and the development and operation of mineral properties. The Company has implemented comprehensive safety and environmental measures designed to comply with government regulations and ensure safe, reliable, and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

All the Company's properties are still in the exploration stage. Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to

## **WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

avoid. Few properties that are explored are ultimately developed into producing mines.

Unusual or unexpected formations, fires, power outages, labor disruptions, flooding, explosions, landslides, and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in mineral exploration activities. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that commercial quantities of ore will be discovered. Even if commercial quantities of ore are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to mine mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade, and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. In the event that commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern."

#### *COVID-19 global pandemic*

During the 2020 fiscal year, there was a global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by the U.S. government or local state authorities, and other countries to fight the virus. While the extent of the impact is unknown, the Company has employed new standards of operation and safety at its field sites. The Company formally adopted the Association of Mineral Exploration in British Columbia's "COVID-19 Exploration Fieldwork Safety Guidelines". The guidelines define best practices for preventing and controlling the spread of COVID-19 in a remote exploration environment. Western Exploration LLC requires all contractors and employees to self-monitor their health at all times and not report to work if they have any associated symptoms. In addition, the Company monitors and records all employees' temperatures daily, has a one person to room policy, completes sanitization of all work and living areas regularly, limits office and works space to employees only. There has been no impact on operations as a result of COVID-19

#### *Competition*

The mining industry is intensely competitive in all of its phases and the Company competes with other companies with greater technical and financing resources than itself with respect to acquiring properties of merit, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

#### *Financial Markets*

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

The Company is dependent on the equity markets as its principal source of operating working capital and the Company's ability to attract investment is largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects.

*Environmental and Government Regulation*

Exploration activities are subject to various laws and regulations relating to the protection of the environment, historical and/or archaeological sites and endangered or protected species of plants and animals. Although the exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

*Title to Properties*

While the Company has investigated title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot guarantee that title to such properties will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties. The Company does not carry title insurance on its properties. A successful claim that the Company does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

*Government actions*

The Company's exploration activities require permits from various governmental agencies charged with administering laws and regulations governing exploration, labor standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection, and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislated changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

There is no assurance that the government of any jurisdiction in which the Company holds properties will not change environmental regulations or taxation policies in a manner that would adversely affect the economic viability of those properties.

**OUTSTANDING SECURITIES DATA**

Prior to closing of the RTO on December 22, 2021, the Company's authorized capital consisted of membership interests represented by units consisting of four classes: "Class A", "Class A-1", "Class B" and "Common units". Class A, Class-1 and Class B units entitled the holders to share in the income, gains, losses, deductions, credits, or similar items of distribution. Class A and Class A-1 membership interests have a distribution priority equal to a cumulative 6% annual return, compounded annually on any unreturned capital contributions.

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)****MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

Upon closing of the RTO, the Company's authorized capital consisted solely of variable voting common shares without par value.

**Issued Share Capital**

30,666,831 common shares issued and outstanding as at September 30, 2022.

During the period ended September 30, 2022 and December 31, 2021, the Company issued the following shares:

	Number of units/shares			
	Class A	Class A-1	Class B	Common Shares
<b>Balance - January 1, 2021 and September 30, 2021</b>	<b>17,634</b>	<b>993</b>	<b>1,560</b>	<b>-</b>
Conversion as a result of RTO	(17,634)	(993)	(1,560)	29,509,468
Shares issued on RTO	-	-	-	490,566
Units issued for cash	-	-	-	2,248,936
Shares issued in settlement of debt	-	-	-	544,646
Share redemption	-	-	-	(2,358,490)
<b>Balance - December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,435,126</b>
Units issued in settlement of debt	-	-	-	169,205
Exercise of restricted stock units	-	-	-	62,500
<b>Balance - September 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,666,831</b>

**Share Purchase Warrants**

As of September 30, 2022, the following share purchase warrants of the Company were issued and outstanding:

Total Warrants	Strike Price	Grant Date	Expiration Date
2,248,936	CAD\$3.975	2021-12-22	2023-10-13
89,957	CAD\$3.05	2021-12-22	2023-12-22
748,668	\$2.67	2021-12-22	2023-05-15
169,205	CAD\$3.975	2022-01-27	2024-01-27
<b>3,256,766</b>			

**Restricted Stock Units**

The Company has established a Restricted Share Unit Plan (the "RSU Plan"). Under the RSU Plan, together with any other share compensation arrangement. The Board may in its own discretion, at any time, and from time to time, grant RSUs to any employee, director or consultant of the Company or its subsidiaries, other than persons conducting investor relations activities, from time to time by the Board, subject to the limitations set forth in the RSU Plan. The Board may designate one or more performance periods under the RSU Plan.

On June 8, 2022, the Company granted a total of 125,000 RSU's, of which 62,500 RSU's vested immediately, with the remaining 62,500 vesting equally on the first and second anniversary from the date of grant. Each RSU is exercisable into one common share of the Company at no additional cost. On the date of grant, the fair value of RSU's granted was determined to be \$164,464 based on the fair market trading price of Company's common shares. During the three and nine month periods ended September 30, 2022, \$19,249 and \$101,486 of stock-based compensation expense was recognized in the relation to the vesting of RSU's.

Following is a summary of changes in RSU's outstanding for the period ended September 30, 2022:

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**  
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022

<b>Balance, January 1 and December 31, 2021</b>	-
Granted	125,000
Exercised	(62,500)
<b>Balance, September 30, 2022</b>	<b>62,500</b>

**Stock Options**

The Company has established a rolling Stock Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than 5 years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options vest at the discretion of the Board of Directors.

On June 8, 2022, the Company granted a total of 1,596,025 options to directors, officers, employees and consultants of the Company. Under the terms of the options, a total of 50% of the options are to vest immediately, 25% vesting on June 8, 2023 and the remaining vesting on June 8, 2024. The fair value of the options was determined to be \$1,905,154 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$1.65, risk free interest rate of 3.18%, an expected dividend yield of 0%, and volatility rate of 157%. During the three and nine month periods ended September 30, 2022, \$179,994 and \$1,175,613 of stock-based compensation expense was recognized in the relation to the vesting of options.

Following is a summary of changes in stock options outstanding for the period ended September 30, 2022:

	Amount	Weighted Average Exercise Price
<b>Balance, January 1 and December 31, 2021</b>	-	-
Granted	1,596,025	C \$2.65
<b>Balance, September 30, 2022</b>	<b>1,596,025</b>	<b>C \$2.65</b>

As at September 30, 2022, 798,013 stock options are vested and exercisable.

**RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS**

In the prior period comparative financial statements for the three and nine-months period ended September 30, 2021, the Company recognized a gain on sale of royalty for amounts totaling \$1,650,000 in connection with the sale of a retained resource discovery payment and royalty on property. Upon further review, the Company determined that the gain on sale of royalty should not have been recognized until October 5, 2022, that being the date of closing of the sale and purchase agreement.

The analysis resulted in change to accounts receivable and other income. The Company evaluated the significance of the corrections and determined the adjustments were material to the condensed consolidated interim financial statements.

The following table summarize the effects of the restatement:

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**  
**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

	Original Reported	Adjustments	September 30, 2021 Restated
<b>Statement of Financial Position</b>			
Accounts receivable	\$ 1,650,000	\$ (1,650,000)	\$ -
Current assets	\$ 1,708,297	\$ (1,650,000)	\$ 58,297
Total assets	\$ 10,317,632	\$ (1,650,000)	\$ 8,667,632
Accumulated deficit	\$ (51,641,512)	\$ (1,650,000)	\$ (53,291,512)
Shareholders' equity	\$ 7,660,207	\$ (1,650,000)	\$ 6,010,207
Total liabilities and shareholders' equity	\$ 10,317,632	\$ (1,650,000)	\$ 8,667,632
<b>Statement of loss and comprehensive loss - three months ended</b>			
Other income (expenses)	\$ 1,650,006	\$ (1,650,000)	\$ 6
Net income (loss)	\$ 1,301,106	\$ (1,650,000)	\$ (348,894)
Net income (loss) and comprehensive income (loss) for the period	\$ 1,301,106	\$ (1,650,000)	\$ (348,894)
<b>Statement of loss and comprehensive loss - nine months ended</b>			
Other income (expenses)	\$ 1,650,068	\$ (1,650,000)	\$ 68
Net income (loss)	\$ (232,145)	\$ (1,650,000)	\$ (1,882,145)
Net income (loss) and comprehensive income (loss) for the period	\$ (232,145)	\$ (1,650,000)	\$ (1,882,145)
<b>Statement of Cash flows - nine months ended</b>			
Net income (loss)	\$ (232,145)	\$ (1,650,000)	\$ (1,882,145)
Change in accounts receivable	\$ (1,650,000)	\$ 1,650,000	\$ -

**SUBSEQUENT EVENTS (Subsequent to September 30, 2022)**

On October 24, 2022, the Company amended its notice of articles to change the identifying name of its outstanding class of shares from "Common Shares" to "Variable Voting Shares" to reflect that the outstanding class of listed shares of the Company are subject to a voting reduction to the shares held by residents of the United States to ensure that not more than 50% of the outstanding voting securities of the Company are held, directly, or indirectly, by residents of the United States.

On October 26, 2022, the company reported assay results for the first 2 drill holes of the Phase 1 drill program at Doby George. The complete results for DGC789 and DGC790 are reported below in *Table 1*. Assay results for the remaining seven drill holes are pending.

*Table 1. 2022 Doby George Drill Hole Results*

Hole	From (m)	To (m)	Drill Width (m)	Est True Width (m)	AuFA (g/t)	AuCN (g/t)	AuCN/AuFA Ratio (2)
DGC 789	63.09	83.97	20.88	19.6	1.41	1.36	97%
and	89.15	112.78	23.63	22.2	3.27	2.94	90%
Including	89.15	96.47	7.32	6.9	5.27	4.67	89%
and	124.05	132.44	8.38	7.9	1.09	1.02	94%
DGC790	33.83	88.39	54.56	42.0	2.08	1.88	90%
Including	65.08	71.48	6.40	4.9	4.70	4.26	91%

**Note:**

(1) Reported at a minimum of 3.0 m @ 0.3 g/t cutoff.

## **WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

- (2) DGC789 AuCN/AuFA ratios range from 80 to 113% based on 26 samples and DGC790 AuCN/AuFA ratios range from 55 to 115%, with only three samples below 80%; all AuCN values were capped at 100% of the AuFA assays.

#### **OUTLOOK**

The Company continues to evaluate and discuss with other parties' potential gold and silver projects for possible acquisition, potential transactions, and corporate opportunities to add to its current portfolio of properties. In addition, the company is reviewing the results from past projects to determine how best to advance and explore its properties.

#### **REDUCED VOTING RIGHTS OF UNITED STATES SHAREHOLDERS**

The Corporation is considered a "foreign private issuer" ("FPI") under both the U.S. Securities Act of 1933 and the U.S. Securities Exchange Act of 1934, as amended, which allows the Corporation to avoid the additional costs associated with registration requirements in the United States. In order to preserve its status as a FPI, the Corporation's shareholders approved certain amendments to the Corporation's articles on December 15, 2021, which resulted in, among other things, limiting the aggregate voting power of Common Shares or other voting share capital of the Corporation held of record by residents of the United States in certain circumstances (the "Voting Reduction").

Pursuant to the Voting Reduction, if at any time, more than 50% of the aggregate voting power of all of the issued and outstanding Common Shares and other voting share capital of the Corporation is held of record by residents of the United States, then such Common Shares held of record by residents of the United States shall be deemed a separate series of Common Shares, which vote together with the Common Shares as a single class on all matters, and the vote attached to each Common Share held of record by residents of the United States shall be reduced proportionately such that no more fifty (50) percent of the aggregate votes attached to the all of the issued and outstanding Common Shares and other voting share capital of the Corporation are held of record by residents of the United States. The determination of the percentage of the aggregate voting power held of record by residents of the United States shall be applied successively as many times as may be necessary to ensure that the aggregate voting power of all of the issued and outstanding Common Shares and other voting share capital of the Corporation held of record by residents of the United States does not exceed fifty (50) percent of the aggregate voting power of all of the issued and outstanding Common Shares and other voting share capital of the Corporation at any time. For greater certainty, if the aggregate voting power of all of the issued and outstanding Common Shares and other voting share capital of the Corporation held of record by residents of the United States is less than fifty (50) percent, the voting rights of all holders of Common Shares (including residents of the United States) will be the same.

As at the end of the third quarter, approximately 23,372,508 Common Shares are held by residents of the United States, representing approximately 76.21% of the aggregate voting power of all of the issued and outstanding Common Shares, and (ii) approximately 7,294,323 Common Shares are held by Canadian residents or residents of other international jurisdictions other than the United States (collectively, the "**Non-U.S. Shareholders**"), representing approximately 23.79% of the aggregate voting power of all of the issued and outstanding Common Shares. Therefore, in order to preserve its status as a FPI, the Voting Reduction has the effect of proportionally reducing the voting power attached to each Common Share held by a resident of the United States equals 0.312 of one vote. In other words, a holder 100 Variable Voting Shares has 31.2 votes. This results in the aggregate voting power of all outstanding Common Shares held by such resident of the United States will be reduced from 23,372,508 votes to 7,292,054 votes, being less than 50% of the votes held by all Non-U.S. Shareholders.

**WESTERN EXPLORATION, INC. (Formerly, Crystal Peak Minerals Inc.)**

**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2022**

The Corporation has applied for certain exemptive relief from the Canadian Securities Administrators to enable its Common Shares and any Variable Voting Shares be treated collectively as if they were a single class for certain purposes, including for take-over bid and early warning reporting purposes and to permit the Corporation to refer to the Variable Voting Shares as "variable voting shares".

**FORWARD-LOOKING INFORMATION**

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward - looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring of its properties, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as the marketability of mineral products produced from the Company's properties, government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production; the availability of experienced contractors and professional staff to perform work in a competitive environment and the resulting adverse impact on costs and performance and other risks and uncertainties, including those described in each management's discussion and analysis of financial condition and results of operations. In addition, forward-looking information is based on various assumptions including, without limitation, assumptions associated with exploration results and costs and the availability of materials and skilled labor. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.