

**FORM 51-102F4
BUSINESS ACQUISITION REPORT**

ITEM 1 IDENTITY OF COMPANY

1.1 Name and Address of Company

West Red Lake Gold Mines Ltd. (formerly DLV Resources Ltd.) (the “**Company**”)
Suite 3123 – 595 Burrard Street
Vancouver, British Columbia V7X 1J1

1.2 Executive Officer

The following executive officer of the Company is knowledgeable about the significant acquisition and this report:

Harpreet Dhaliwal
Chief Financial Officer
Phone: (604) 609 6138

ITEM 2 DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

The Company acquired the Madsen Gold Project in Ontario through the acquisition of all of the outstanding shares of Pure Gold Mining Inc. (“**PGM**”), pursuant to an approval and reverse vesting order granted in Pure Gold’s proceedings under the *Companies Creditors Arrangement Act*.

Further information on the Madsen Gold Project can be found in the technical report (the “**Technical Report**”) entitled “Independent NI 43-101 Technical Report and Updated Mineral Resource Estimate for the Pure Gold Mine, Canada” dated June 19 2023 prepared for the Company by SRK Consulting (Canada) Inc., and filed on the Company’s profile at www.SEDARplus.ca.

2.2 Date of Acquisition

June 16, 2023.

2.3 Consideration

Pursuant to the Acquisition, the Company acquired all of the issued and outstanding common shares of PGM in consideration for the issuance of 40,730,677 common shares to a fund managed by Sprott Resource Lending Corp. (“**Sprott**”). In addition, the Company paid \$6.5 million in cash and has granted a 1% secured net smelter royalty on the Madsen Mine to Sprott. A further US\$6,783,932 in deferred consideration is payable upon a change of control of the Company. The Company has the right to pay down any part of the deferred consideration prior to any change of control, and Sprott may, at its election, convert such portion of the deferred consideration into common shares of the Company as is necessary to maintain its percentage share interest in the Company upon completion of any future equity, merger, acquisition or other corporate transaction. In addition, Sprott has been granted the right to nominate and appoint one director to the Board of Directors of the Company so long as Sprott or an affiliate

owns 15% or more of the issued and outstanding shares of the Company.

In connection with the Acquisition, the Company completed a financing consisting of 70,829,000 subscription receipts at \$0.35 per subscription receipt, on May 9, 2023. The subscription receipts converted into common shares of the Company concurrently with closing of the Acquisition, and the gross proceeds of \$24,790,000 were released to the Company. In addition, on June 16, 2023, the Company completed a non-brokered financing of 1,714,286 flow-through common shares at \$0.35 per share for proceeds of \$600,000.

2.4 Effect on Financial Position

As a result of the Acquisition, Pure Gold Mining Inc became a wholly owned subsidiary of the Company. The Company intends to complete an initial preliminary economic assessment of its entire portfolio of properties (Madsen Mine and its nearby Rowan property), conduct further underground drilling, and complete additional underground mine development on the Madsen Mine with the overall objective of placing it back in production.

Completion of the above items will require the Company to raise significant capital by way of issuing additional equity or other forms of debt and is expected to transition the Company from an exploration stage company to a gold producer generating revenue.

2.5 Prior Valuations

Not Applicable.

2.6 Parties to Transaction

The Acquisition was not with an informed person, associate or affiliate of the Company.

2.7 Date of Report

December 20, 2023

ITEM 3 FINANCIAL STATEMENTS

The Company acquired the business through PGM's proceedings under the Companies Creditors Arrangement Act. Management of PGM immediately prior to the Acquisition, and the Company have been unable to access the historical accounting records of the business.

The following information is included as part of this Business Acquisition Report.

- (a) An audited statement of the assets acquired and liabilities assumed by the Company as at June 16, 2023, attached as Schedule A.
- (b) The Technical Report, which is incorporated by reference into this Business Acquisition Report.

Schedule "A"

**AUDITED STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED
AS AT JUNE 16, 2023**

Independent Auditor's Report

To the Board of West Red Lake Gold Mines Ltd.:

Opinion

We have audited the Statement of Assets Acquired and Liabilities Assumed of West Red Lake Gold Mines Ltd. (the "Company") as at June 16, 2023 (the "Financial Statement").

In our opinion, the accompanying Financial Statement for the Company as at June 16, 2023 is prepared, in all material respects, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 Statement 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 Statement 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.

Emphasis of Matter – Basis of Accounting

We draw attention to the Financial Statement. The Financial Statement is prepared to assist the Company with their Business Acquisition Report (BAR) Filing. As a result, the Financial Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management of the Financial Statement

Management is responsible for the preparation and fair presentation of the Financial Statement in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the Financial Statement that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the Financial Statement as a whole is 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 this Financial Statement.

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 Financial Statement, 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, if any, and related disclosures made by management.

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

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.

MNP LLP

Vancouver, British Columbia

December 20, 2023

MNP LLP

Chartered Professional Accountants



STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

**AS AT JUNE 16, 2023
(EXPRESSED IN CANADIAN DOLLARS)**

WEST RED LAKE GOLD MINES LTD.

Statement of Assets Acquired and Liabilities Assumed
In Canadian Dollars

As at June 16, 2023

Summary of purchase price allocation	
Assets	
Cash and cash equivalents	\$ 433,498
Amounts receivable and prepaid expenses	1,892,128
Sales tax receivable	334,123
Plant and equipment	60,645,898
Mineral properties	4,043,811
Restricted cash	169,913
Total assets	67,519,371
Liabilities	
Accounts payable and accrued liabilities	(2,362,367)
Asset retirement obligation	(19,221,914)
Total liabilities	(21,584,281)
Net identifiable assets acquired	\$ 45,935,090

1. Basis of presentation:

On June 16, 2023, West Red Lake Gold Mines Ltd. (the "Company") completed the acquisition of 100% interest in the Madsen Gold Project in Ontario through the acquisition of all of the issued and outstanding shares of Pure Gold Mining Inc. ("PGM"), pursuant to an approval and reverse vesting order granted in PGM's proceedings under the *Companies Creditors Arrangement Act* for total consideration of \$45,935,090 (note 2). The statement of assets acquired and liabilities assumed has been prepared for inclusion in the Company's Business Acquisition Report related to the acquisition on the basis of the exemption reflected in the decision of the British Columbia Securities Commission and the Ontario Securities Commission dated October 27, 2023.

The process for determining whether the acquisition of the Madsen Gold Project was an asset purchase versus a business acquisition was performed and primary consideration was given to the assets and processes acquired and if there was a substantive process in place to create outputs. It was concluded that the acquisition of the Madsen Gold Project did not meet the minimum requirements to be considered a business as outlined in IFRS 3 – Business Combinations. Shares and other consideration issued for the Madsen Gold Project were valued on the issue date to determine the total consideration. After any identifiable assets or liabilities initially required to be measured at fair value were recorded in accordance with the IFRS 3, the residual consideration was allocated to the remaining identifiable assets based on their relative fair values at the date of acquisition.

2. Purchase Consideration

	June 16, 2023
Consideration	
Cash	\$ 6,500,000
Deferred consideration – US\$6,783,282	8,953,435
32,566,174 and 8,164,503 common shares issued at a price of \$0.65 and \$0.62 per share, respectively	26,230,005
3,750,000 warrants	1,738,635
2,036,534 common shares issued for advisory fees at a price of \$0.65 per share	1,323,747
Transaction costs	1,189,268
Total consideration	\$ 45,935,090

The Company paid \$6,500,000 in cash, granted a 1% secured net smelter royalty on the Madsen Gold Project, issued a promissory note in the form of a deferred consideration, in the amount of US\$6,783,932 to Sprott Private Resource Lending Corp. (Sprott), and issued 32,566,174 and 8,164,503 shares on June 16, 2023 and June 29, 2023, respectively to a fund managed by Sprott. Sprott is the company's senior secured lender.

The 1% net smelter royalty was ascribed a fair value of \$nil as the obligation is considered contingent as it does not exist independently of the Company's future actions.

In connection with the acquisition of the Madsen Gold Project, the Company paid finders fees of \$325,000 in cash and issued 2,036,534 shares. A further 3,750,000 warrants were issued to certain parties in consideration for guarantees of the initial payments required pursuant to the acquisition of the Madsen Gold Project, exercisable at \$0.42 per share until June 16, 2028 (the "Guarantee Warrants").

The Guarantee Warrants were fair valued using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.42; ii) expected share price volatility of 75%; iii) risk-free interest rate of 3.52% iv) expected life of 5 years; v) no dividend yield.