



WEST RED LAKE GOLD MINES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of West Red Lake Gold Mines Ltd. ("WRLG" or the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of the condensed interim consolidated financial statements.

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	August 31, 2023	November 30, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 16,920,102	\$ 1,641,230
Sales tax receivable	614,232	13,750
Prepaid expenses	2,281,130	-
Deferred transaction costs	-	204,477
	19,815,464	1,859,457
Restricted cash	169,913	-
Plant and equipment (Note 4 and 5)	60,848,745	-
Mineral properties (Note 6)	18,257,912	-
Total assets	\$ 99,092,034	\$ 1,859,457
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 4,812,759	\$ 71,433
Promissory note (Note 4 and 7)	7,491,496	-
Total current liabilities	12,304,255	71,433
Provision for reclamation and closure (Note 4 and 8)	19,357,338	-
Total liabilities	31,661,593	\$ 71,433
Equity		
Share capital (Note 9)	96,831,460	20,705,484
Reserves	5,178,428	198,059
Deficit	(34,579,447)	(19,115,519)
Total equity	67,430,441	1,788,024
Total liabilities and equity	\$ 99,092,034	\$ 1,859,457

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 12)

Subsequent events (Note 13)

Approved and authorized for issuance on behalf of the Board of Directors:

"Thomas W. Meredith" Director

"Susan Neale" Director

The accompanying notes are an integral part of these financial statements

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended August 31,		Nine months ended August 31,	
	2023	2022	2023	2022
		(Note 3)		(Note 3)
Expenses				
Exploration and evaluation expenses (Note 6)	\$ 7,068,581	\$ -	\$ 8,580,123	\$ -
Management fees, directors fees, wages and benefits (Note 10)	100,136	30,000	592,418	90,000
Consulting	824,096	-	824,096	-
Office and administration	95,787	6,219	183,737	23,782
Professional fees	92,974	7,080	230,821	11,480
Regulatory and filing	41,063	8,343	126,197	15,157
Investor relations	1,882,532	-	2,042,330	-
Travel	196,291	-	257,401	-
Share-based compensation (Note 10)	1,013,576	-	2,623,235	-
	(11,315,036)	(51,642)	(15,460,358)	(140,419)
Finance income	287,673	11,215	351,533	19,101
Accretion expense (Note 8)	(135,424)	-	(135,424)	-
Foreign exchange loss	(219,679)	-	(219,679)	-
Loss and comprehensive loss	\$ (11,382,466)	\$ (40,427)	\$ (15,463,928)	\$ (121,318)
Basic and diluted loss per share	\$ (0.07)	\$ (0.00)	\$ (0.19)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	154,076,454	14,868,066	83,334,450	14,868,066

The accompanying notes are an integral part of these financial statements

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Share Capital		Reserves	Deficit	Total equity
	Shares issued	Amount			
At November 30, 2021	14,868,066	\$ 20,705,484	\$ 198,059	\$(18,923,210)	\$ 1,980,333
Loss and comprehensive loss	-	-	-	(121,318)	(121,318)
At August 31, 2022	14,868,066	\$ 20,705,484	\$ 198,059	\$(19,044,528)	\$ 1,859,015
At November 30, 2022	14,868,066	\$ 20,705,484	\$ 198,059	\$(19,115,519)	\$ 1,788,024
Asset acquisition - Madsen (Note 4)	42,767,211	27,553,752	1,738,635	-	29,292,387
Asset acquisition - RLG (Note 4)	37,151,916	15,603,805	63,544	-	15,667,349
Acquisition of JV interest (Note 6)	3,827,250	1,185,648	-	-	1,185,648
Private placement (Note 9)	600,000	210,000	-	-	210,000
Private placement (Note 9)	70,829,000	24,790,150	-	-	24,790,150
Private placement - flow-through (Note 9)	1,714,286	600,000	-	-	600,000
Private placement - flow-through (Note 9)	10,000,000	7,000,000	-	-	7,000,000
Share issuance costs (Note 9)	-	(2,497,379)	554,955	-	(1,942,425)
Settlement of promissory note (Note 7)	2,400,000	1,680,000	-	-	1,680,000
Share-based compensation (Note 9)	-	-	2,623,235	-	2,623,235
Loss and comprehensive loss	-	-	-	(15,463,928)	(15,463,928)
At August 31, 2023	184,157,729	\$ 96,831,460	\$ 5,178,428	\$(34,579,447)	\$ 67,430,441

The accompanying notes are an integral part of these financial statements

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	2023	2022 (Note 3)
Operating activities		
Loss	\$ (15,463,928)	\$ (121,318)
Item not involving cash:		
Share-based compensation	2,623,235	-
Reclamation accretion expense	135,424	-
Foreign exchange loss	218,059	-
Changes in non-cash working capital items:		
Sales tax receivable	(123,953)	(137)
Prepaid expenses	(366,193)	-
Accounts payable and accrued liabilities	1,971,719	(963)
	(11,005,637)	(122,418)
Investing activities		
Cash acquired from RLG (Note 4)	3,410,014	-
Acquisition of JV interest (Note 5)	(258,361)	-
Acquisition of Madsen Mine (Note 5)	(7,255,768)	-
Purchase of equipment	(202,847)	-
Deferred transaction costs	(56,254)	-
Royalties	(10,000)	-
	(4,373,216)	-
Financing activities		
Proceeds on issuance of common shares, net of share issuance costs	30,657,725	-
	30,657,725	-
Change in cash and cash equivalents	15,278,872	(122,418)
Cash and cash equivalents, beginning	1,641,230	2,017,332
Cash and cash equivalents, end	\$ 16,920,102	\$ 1,894,914
Cash and cash equivalents is comprised of:		
Cash	\$ 16,796,102	\$ -
Term deposits	124,000	-
	\$ 16,920,102	\$ -
Supplemental cash flow information		
Non-cash acquisition costs for RLG and Madsen (Note 4)	\$ 53,913,171	\$ -
Sales tax receivable acquired from RLG and Madsen Mine (Note 4)	\$ 476,529	\$ -
Prepaid expenses acquired from RLG and Madsen Mine (Note 4)	\$ 1,914,937	\$ -
Accounts payable and accrued liabilities acquired from RLG and Madsen Mine (Note 4)	\$ 2,769,609	\$ -
Asset retirement obligations acquired from Madsen Mine (Note 4)	\$ 19,221,914	\$ -
Non-cash acquisition costs for acquisition of JV interest (Note 6)	\$ 1,185,648	\$ -
Settlement of deferred consideration with shares (Note 7)	\$ 1,680,000	\$ -

No cash was paid for income taxes during the period ended August 31, 2023 or 2022.

The accompanying notes are an integral part of these financial statements

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act of Ontario as 'New Dolly Varden Minerals Inc.', and continued under the Business Corporations Act of British Columbia on November 27, 2017, as DLV Resources Ltd. The Company changed its name to West Red Lake Gold Mines Ltd. on December 29, 2022, and is listed on the TSX Venture Exchange ("TSXV") under the symbol 'WRLG'. The address of the Company's registered and records office is 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

During the period ended August 31, 2023, the Company acquired 100% of the issued and outstanding common shares of West Red Lake Gold Mines Inc. ("RLG") in exchange for common shares of the Company ("the RLG Transaction") (see Note 4). As a result, the Company owns an interest in minerals titles and claims located in the Red Lake Gold District of Northwestern Ontario henceforth referred to as the Rowan Property. In addition, the Company entered into a definitive share purchase agreement (the "SPA") with Pure Gold Mining Inc. ("Pure Gold") and a fund managed by Sprott Resource Lending Corp. ("Sprott") to acquire the Madsen gold mine and associated land package (the "Madsen Mine" or "Madsen"), in the Red Lake Gold District of Northwestern Ontario, through the acquisition of all of the issued and outstanding common shares of Pure Gold (Note 4). The Company is in the business of acquiring, exploring and developing properties in the Red Lake Gold District. The Company has yet to determine if the Madsen Mine or Rowan Property contains economically recoverable mineral reserves. The Company's continuing operations and the underlying value of the property is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the property, obtaining the necessary permits to mine, future profitable production from any mine, and proceeds from the disposition of a property. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

As of August 31, 2023, the Company had working capital of \$7,511,209 (November 30, 2022: \$1,788,024). The Company recorded a loss of \$15,463,928 for the period ended August 31, 2023, and had an accumulated deficit of \$34,579,447 as of August 31, 2023 (November 30, 2022: \$19,115,519). The Company does not currently have a recurring source of revenue. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

The financial statements were approved and authorized for issuance by the Board of Directors on October 30, 2023.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

The Company prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting and follow the same accounting policies, except as per Note 3, and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

(b) *Basis of measurement*

The financial statements have been prepared on a historical cost basis, except for certain financial instruments, and using the accrual basis of accounting except for cash flow information.

(c) *Basis of consolidation*

The financial statements include the accounts of the Company and its wholly owned subsidiaries West Red Lake Gold Mines (Ontario) Ltd and Red Lake Madsen Mine Ltd (Note 4).

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

(d) *Functional and foreign currency*

The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognized in income or loss.

(e) *Significant accounting judgments and estimates*

The critical judgments and estimates applied in the preparation of the financial statements are consistent with those applied in the Company's audited annual financial statements as of and for the year ended November 30, 2022, except as described below:

Significant Accounting Judgments

Asset Acquisitions

During the period ended August 31, 2023, the Company acquired RLG (Note 4). The process for determining the Company as the acquirer and the continuing entity for reporting purposes with respect to the RLG Transaction was performed taking into consideration the entity whose owners or group retained the largest portion of the voting rights, significant shareholders, composition of the board and management of the combined entity. The process for determining whether the acquisition was an asset purchase versus a business acquisition was performed and primary consideration was given to the exploration stage of mineral properties, among other items. Shares issued for the acquisition were valued on the issue date and the amount of net assets acquired in excess of the consideration paid was attributed to the mineral properties acquired.

During the period ended August 31, 2023, the Company acquired Madsen (Note 4). The process for determining whether the acquisition 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 Madsen Acquisition did not meet the minimum requirements to be considered a business. Shares and other consideration issued for the acquisition were valued on the issue date to determine the total consideration. After any identifiable assets or liabilities initially required to be measured at any amount other than cost were recorded in accordance with the applicable standard, the residual consideration was allocated to the remaining identifiable assets based on their relative fair values at the date of acquisition.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Estimate

Share-Based Payments

The fair value of share-based payments is determined using the Black-Scholes option pricing model. Such option pricing models require the input of subjective assumptions, including the expected share price volatility, expected life of option, dividend yield, risk free interest rate and estimated forfeitures at the initial grant date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statements as of and for the year ended November 30, 2022, except as described below:

Plant and Equipment

Plant and equipment ("P&E") are carried at cost, less accumulated depreciation, and accumulated impairment losses. The cost of an item of P&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The purchase price or construction cost is the fair value of the consideration to acquire the asset.

Plant and equipment are depreciated using the straight-line method to allocate the costs over the estimated useful lives, ranging from 2 to 15 years.

An item of P&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Restoration, Rehabilitation and Environmental Costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. The cost of any rehabilitation program is recognized at the time that the environmental disturbance occurs. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, and capitalized at the start of each project to the carrying amount of the asset along with a corresponding liability, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect risks specific to the asset are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is adjusted each period for the unwinding of the discount rate, changes to the current market-based discount rate, and for the amount or timing of the underlying cash flows needed to settle the obligation.

Change in Accounting Policy – Exploration and Evaluation Expenditures

The Company has changed its accounting policy with respect to exploration and evaluation expenditures. Previously the Company's policy was to capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company has changed this accounting policy to now expense to operations exploration and evaluation expenditures as incurred, effective with the presentation of the financial statements on a retroactive basis.

The change in accounting policy did not have an impact on prior period comparative numbers for the Company in the financial statements as there were no exploration and evaluation expenditures incurred and capitalized.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

4. ASSET ACQUISITIONS

RLG Acquisition

On August 16, 2022, the Company entered into an arm's length binding letter agreement (the "LOI") with RLG, a Toronto-based mineral exploration company focused on gold exploration and development in the Red Lake Gold District of Northwestern Ontario, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of RLG in consideration of the issuance of 0.1215 (the "Exchange Ratio") of a WRLG common share for each RLG common share acquired. Completion of the RLG Transaction was subject to RLG completing a flow-through financing to raise gross proceeds of \$4,100,000 (the "Financing"), in which WRLG assisted with sourcing subscribers, by August 31, 2022. The LOI was subsequently replaced by an amalgamation agreement entered into on September 15, 2022.

On December 30, 2022, the RLG Transaction was completed and RLG amalgamated with 1000310732 Ontario Ltd., a wholly owned subsidiary of WRLG, to form a new amalgamated company called 'West Red Lake Gold Mines Inc.', which became a wholly owned subsidiary of WRLG, and subsequently changed its name to West Red Lake Gold Mines (Ontario) Ltd. on February 20, 2023 ("Subco").

Pursuant to the RLG Transaction, the Company issued 24,964,548 shares to former RLG shareholders, and 10,487,368 shares to subscribers of the Financing (of which a major shareholder of the Company participated). Holders of convertible securities of RLG received convertible securities of the Company as adjusted by the Exchange Ratio, resulting in the issuance of replacement options of the Company to acquire 978,075 shares ("Replacement Options") and replacement warrants of the Company to acquire 538,603 shares ("Replacement Warrants"). The Company also issued an aggregate of 1,700,000 shares as finders fee to certain third parties in connection with the RLG Transaction. On completion of the RLG Transaction, the Company had 52,019,982 shares outstanding.

The Company has been identified as the acquirer and the continuing entity for reporting purposes and RLG the entity being acquired. The consideration paid on the acquisition of RLG has been accounted for as assets acquired and recorded in the accounts of the Company at its fair value determined as follows:

	December 30, 2022
Consideration	
35,451,916 common shares issued at a price of \$0.42 per share	\$ 14,889,805
978,075 Replacement Options	38,930
538,603 Replacement Warrants	24,614
1,700,000 common shares issued as finders fees at a price of \$0.43 per share	714,000
Transaction costs	260,731
	\$ 15,928,080
Identifiable net assets	
Cash and cash equivalents	\$ 3,410,014
Amounts receivable	142,406
Prepaid expenses and deposits	22,809
Exploration and evaluation	12,760,092
Accounts payable and accrued liabilities	(407,241)
	\$ 15,928,080

The shares issued were fair valued using the share price (converted based on the Exchange Ratio) obtained from a private placement in RLG that closed just prior to the change of control versus quoted market price as the Company's shares were thinly traded or not active.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

4. ASSET ACQUISITIONS (continued)

The Replacement Options were fair valued using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.83 - \$1.65; ii) expected share price volatility of 75%; iii) risk free interest rate of 3.55% - 4.07%; iv) expected life of 0.08 - 4.02 years; v) no dividend yield. The Replacement Warrants were fair valued using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.83 ii) expected share price volatility of 75%; iii) risk free interest rate of 4.07%; iv) expected life of 1 year; v) no dividend yield.

Madsen Acquisition

On May 17, 2023, the Company announced that it had entered into the SPA with Pure Gold and a fund managed by Sprott to acquire the Madsen Mine, in the Red Lake Gold District of Northwestern Ontario, through the acquisition of all of the issued and outstanding common shares of Pure Gold (the "Madsen Acquisition").

On June 16, 2023, the Company completed the Madsen Acquisition, pursuant to the Approval and Reverse Vesting Order (the "Order") granted by the British Columbia Supreme Court in Pure Gold's proceedings under the *Companies Creditors Arrangement Act*. Pursuant to the terms of the Order and the SPA the Company paid \$6,500,000 in cash, granted a 1% secured net smelter royalty on the Madsen Mine, issued a promissory note in the amount of US\$6,783,932 (Note 7) to 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.

In connection with the Madsen Acquisition, 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 Madsen Acquisition, exercisable at \$0.42 per share until June 16, 2028 (the "Guarantee Warrants").

On completion of the acquisition Pure Gold became a wholly owned subsidiary of WRLG and changed its name to Red Lake Madsen Mine Ltd on June 27, 2023. The consideration paid on the acquisition of the Madsen Mine has been accounted for as assets acquired and recorded in the accounts of the Company at its fair value determined as follows:

	June 16 and 29, 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
	\$ 45,935,090
Identifiable net 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
Accounts payable and accrued liabilities	(2,362,367)
Asset retirement obligation	(19,221,914)
	\$ 45,935,090

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

4. ASSET ACQUISITIONS (continued)

The granting of 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.

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.

5. PLANT AND EQUIPMENT

	Plant and Equipment	Total
Balance, November 30, 2022	\$ -	\$ -
Asset acquisitions (Note 4)	60,645,898	60,645,898
Additions during the period	202,847	202,847
Balance, August 31, 2023	\$ 60,848,745	\$ 60,848,745

6. MINERAL PROPERTIES

Acquisition costs	Rowan	Madsen	Total
Balance, November 30, 2022	\$ -	\$ -	\$ -
Asset acquisitions (Note 4)	12,760,092	4,043,811	16,803,903
Acquisition of joint venture interest (Note 5)	1,444,009	-	1,444,009
Royalties	10,000	-	10,000
Balance, August 31, 2023	\$ 14,214,101	\$ 4,043,811	\$ 18,257,912

Details of the exploration and evaluation expenses that have been incurred on the Rowan and Madsen properties during the period ended August 31, 2023, are as follows:

	Rowan	Madsen	Joint Support Services	Total
Labour, consulting and wages	\$ 1,033,532	\$ 2,269,341	\$ 141,278	\$ 3,444,151
Contractors	-	128,909	-	128,909
Drilling	1,695,911	-	-	1,695,911
Material and consumables	-	1,127,278	-	1,127,278
Equipment rentals	-	171,872	-	171,872
Lab analysis	683,516	-	-	683,516
Site admin, support, camp and logistics	596,434	732,051	-	1,328,485
Total	\$ 4,009,394	\$ 4,429,451	\$ 141,278	\$ 8,580,123

There were no exploration and evaluation expenses incurred during the period ended August 31, 2022.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

6. MINERAL PROPERTIES (continued)

Madsen Property

On June 16, 2023, the Company completed the acquisition of the Madsen Mine pursuant to the Madsen Transaction (Note 4). The Madsen Mine is located in the Red Lake gold camp of Northwestern Ontario and is comprised of a contiguous group of 251 mining leases, mining patents and unpatented mining claims covering an aggregate area of 4,648 hectares (46.5 km²). The Madsen Mine is subject to a 1% Net Smelter Royalty ("NSR").

Rowan Property

On December 30, 2022, the Company completed the acquisition of the Rowan Property pursuant to the RLG Transaction (Note 4). The 3100 hectare Rowan Property consists of three contiguous properties located in Red Lake Mining Division, District of Kenora (Patricia Portion), Northwestern Ontario. The Rowan Property is 20 kilometres ("km") west of Balmertown, Ontario, 250km northeast of Winnipeg, Manitoba, 150km north northwest of Dryden, Ontario and 430km northwest of Thunder Bay, Ontario. The property is part of the historic Red Lake Gold District and hosts three past producing mines - Rowan Mine, Mount Jamie Mine, and Red Summit Mine.

On February 23, 2023, the Company and Subco entered into a joint venture interest purchase agreement with Evolution Mining ("Evolution Mining") to purchase Evolution Mining's 28% interest in certain claims on the Rowan Property, increasing the Company's ownership of those claims to 100% (the "Purchase Agreement"). On closing of the Purchase Agreement, the Company paid \$250,000 and issued 3,645,000 shares with a value of \$1,129,150 to Evolution Mining on March 8, 2023, and granted a 2.5% NSR to Evolution Mining on certain claims on the Rowan Property. The Company also issued an aggregate of 182,250 success fee shares with a value of \$56,498 to certain third parties in connection with the Purchase Agreement and incurred transaction costs of \$8,361.

The Rowan Property is comprised on 145 claims – 61 patented claims, 19 leased and 65 staked which includes the 117 claims.

Certain claims within the property are subject to a NSR ranging from 2% to 3%, some of which can be repurchased, with an annual advance royalty of \$10,000 plus a one-time payment of \$500,000 due on the Company completing a bankable feasibility study.

7. PROMISSORY NOTE

In connection with the Madsen Acquisition (Note 4), the Company issued a promissory note as deferred consideration in the amount of US\$6,783,932 and is payable upon a change of control of the Company and the Company has the right to pay down any part of the deferred consideration prior to any change of control of Company. Spratt may, at its election, convert such portion of the US\$6,783,932 deferred consideration into shares as is necessary to maintain such interest, upon completion of any future equity, merger, acquisition or other corporate transaction. During the period ended August 31, 2023, Spratt elected to convert a portion of the promissory note into shares of the Company.

	USD	CDN
Balance, November 30, 2022	\$ -	\$ -
Granted (Note 4)	6,783,932	8,935,435
Conversion into shares	(1,250,838)	(1,680,000)
Translation adjustment	-	236,061
Balance, August 31, 2023	\$ 5,533,094	\$ 7,491,496

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

8. PROVISION FOR CLOSURE AND RECLAMATION

The Company has recognized a liability relating to its Madsen Mine on acquisition and has determined that no significant closure and reclamation liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of closure and reclamation provision on acquisition and as of August 31, 2023, using a pre-tax discount rate of 3.55% and an inflation rate of 2.00%. The estimated total future, but inflation-adjusted, cash flows to settle the provision for reclamation as of August 31, 2023, is \$28,483,687. The Company has estimated that payments will commence 2032.

Balance, November 30, 2022	\$	-
Liability recognized on acquisition		19,221,914
Accretion on discounted obligation		135,424
Balance, August 31, 2023	\$	19,357,338

9. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and fully paid

Share issued during the period ended August 31, 2023

In August 2023, the Company issued 2,400,000 shares as conversion of US\$1,250,838 of the obligations under the promissory note at a price of \$0.70 per share (Note 6).

In August 2023, the Company completed a non-brokered private placement of \$7,000,000 in flow-through shares at a price of \$0.70 per flow-through share. The Company paid finder's fees of \$192,288 and paid or accrued \$106,425 in other costs related to the share issuance. There was no flow-through premium liability recorded on issuance of the flow-through shares as there was no difference between the fair value and the issuance price of its flow-through shares.

In June 2023, the Company issued an aggregate of 40,730,677 shares to acquire the Madsen Mine and issued an aggregate of 2,036,534 shares for payment of advisory services to certain third parties in connection with the Madsen Transaction (Note 4).

In connection with the Madsen Acquisition (refer to Note 4), the Company completed a bought deal financing for 70,829,000 subscription receipts ("Subscription Receipts") at a price of \$0.35 per Subscription Receipt for aggregate gross proceeds of \$24,790,150 (the "Offering"). The gross proceeds from the Offering were placed into escrow pending satisfaction of certain escrow release conditions, including satisfaction of all conditions to completion of the Madsen Acquisition. The Madsen Acquisition was completed on June 16, 2023 and the escrow release conditions were met, with each Subscription Receipt being converted, for no additional consideration, into one share of the Company.

As consideration, the Underwriter received cash commission of \$1,090,924 and 3,714,300 broker warrants ("Broker Warrants"), with each Broker Warrant entitling the holder to acquire one share of the Company at a price of \$0.35 per share until June 16, 2025. The Broker Warrants have been recorded at a fair value of \$554,955. The fair value of the Broker Warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 3.8%, expected life of 2.0 years, expected share price volatility of 75.00% and no dividend yield. The Company paid or accrued \$552,787 in other costs related to the Offering.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

9. SHARE CAPITAL (continued)

In June 2023, the Company also completed a non-brokered private placement of \$600,000 in flow-through shares at a price of \$0.35 per flow-through share. There was no flow-through premium liability recorded on issuance of the flow-through shares as there was no difference between the fair value and the issuance price of its flow-through shares.

In May, 2023, the Company issued 600,000 shares by way of a non-brokered private placement at price of \$0.35 per share concurrent with the Offering.

In February 2023, the Company issued an aggregate of 3,827,250 shares to Evolution Mining in connection with the Purchase Agreement (Note 5).

In December 2022, the Company issued an aggregate of 35,451,916 shares to the RLG shareholders and issued an aggregate of 1,700,000 finder fees shares to certain third parties in connection with the RLG Transaction (Note 4).

Shares issued during the year ended November 30, 2022

There were no shares issued during the year ended November 30, 2022.

(c) Share options

The Company has established a "rolling" Share Option Plan (the "Plan"). Under the Plan, the number of options 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 10 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 as per the Plan at the discretion of the Board of Directors.

A summary of the changes in options follows:

	Number of options	Weighted average exercise price
Balance, November 30, 2021 and 2022	-	\$ -
Granted	13,028,075	0.74
Cancelled/Expired	(549,600)	1.33
Balance, August 31, 2023	12,478,475	\$ 0.59

As of August 31, 2023, the following options were outstanding:

Outstanding	Exercisable	Exercise price	Expiry date
54,675 ⁽¹⁾	54,675	\$ 1.65	September 20, 2023
206,550 ⁽¹⁾	206,550	0.83	June 20, 2024
133,650 ⁽¹⁾	133,650	0.83	March 12, 2025
48,600 ⁽¹⁾	48,600	0.83	January 4, 2027
200,000	50,000	0.50	March 28, 2028
3,760,000	3,760,000	0.50	December 30, 2032
565,000	190,000	0.50	February 13, 2033
7,090,000	-	0.62	June 26, 2028
420,000	-	0.69	July 26, 2028
12,478,475	4,443,475		

(1) Replacement Options issued in connection with the RLG Transaction (Note 4)

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

9. SHARE CAPITAL (continued)

During the period ended August 31, 2023, a total of 12,050,000 options (2022: nil) at a weighted-average exercise price of \$0.58 per option (2022: \$nil) were granted to directors, officers, consultants, and employees with a weighted-average fair value attributable to options granted in fiscal 2023 of \$0.39 per option (2022: \$nil).

The following weighted-average assumptions were used in the Black-Scholes valuation of options granted during the period:

	2023
Risk free interest rate	3.93%
Expected life of option	6.8 years
Annualized volatility	75.00%
Dividend yield rate	0.00%
Forfeiture rate	0.00%

Share-based compensation expense of \$2,418,169 was recognized on the statement of loss and comprehensive loss for options granted during the period ended August 31, 2023 (2022: \$nil). As of August 31, 2023, there was 8,035,000 non-vested options and \$1,993,126 of non-vested share-based compensation expense not yet recognized. This expense is expected to be recognized through fiscal 2026.

(d) Restricted Share Unit and Deferred Share Unit Compensation Plan

The Company has established a "fixed" restricted share unit ("RSU") and deferred share unit ("DSU") compensation plan (the "RSU/DSU Plan"). Under the RSU/DSU Plan the maximum number of restricted share units and deferred share units ("Awards") that may be reserved is 5,201,998 Awards.

A summary of the changes in RSUs:

	Number of RSU	Weighted average grant date FV
Balance, November 30, 2021 and 2022	-	\$ -
Granted	1,910,000	0.62
Cancelled/Expired	-	-
Balance, August 31, 2023	1,910,000	\$ 0.62

In June 2023, the Company granted 1,910,000 RSUs to officers and consultants of the Company. The share-based compensation expense related to these units was calculated as \$1,184,200, of which \$130,591 was recognized on the statement of loss and comprehensive loss during the period ended August 31, 2023, and the remaining balance to be amortized over the units' three-year vesting period.

A summary of the changes in deferred share units DSUs:

	Number of DSU	Weighted average grant date FV
Balance, November 30, 2021 and 2022	-	\$ -
Granted	700,000	0.63
Cancelled/Expired	-	-
Balance, August 31, 2023	700,000	\$ 0.63

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

9. SHARE CAPITAL (continued)

In June and July 2023, the Company granted 700,000 DSUs to directors of the Company. The share-based compensation expense related to these units was calculated as \$441,000, of which \$74,475 was recognized on the statement of loss and comprehensive loss during the period ended August 31, 2023, and the remaining balance to be amortized over the units' one-year vesting period.

(e) Warrants

A summary of the changes in warrants follows:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2021 and 2022	-	\$ -
Issued	8,002,903	0.42
Balance, August 31, 2023	8,002,903	\$ 0.42

As of August 31, 2023, the following warrants were outstanding:

Outstanding and exercisable	Exercise price	Expiry date
538,603	\$ 0.83	December 29, 2023
3,714,300	0.35	June 16, 2025
3,750,000	0.42	June 16, 2028
8,002,903		

In connection with the RLG Transaction, the Company issued 538,603 Replacement Warrants to holders of RLG warrants during the period ended August 31, 2023 (Note 4).

10. RELATED PARTY TRANSACTIONS

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and includes officers and directors of the Company. During the period ended August 31, 2023, remuneration to officers and directors of the Company was as follows:

- \$225,000 (2022: \$nil) to the Executive Chairman and former Chief Executive Officer of the Company.
- \$90,000 (2022: \$nil) to the President and Chief Executive Officer of the Company.
- \$145,350 (2022: \$nil) to certain directors of the Company.
- \$36,750 (2022: \$nil) to a company controlled by a former director of the Company.

For the period ended August 31, 2023, share-based compensation expense included \$1,132,807 (2022: \$nil) for options/RSUs and DSUs granted to directors and officers of the Company

Officers and directors of the Company were also reimbursed for out-of-pocket expenses that occur in the normal course of operations.

As of August 31, 2023, accounts payable and accrued liabilities includes amounts owing to officer and directors, or companies controlled by officers and directors, of \$52,289 (November 30, 2022: \$nil).

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

11. FINANCIAL RISK MANAGEMENT

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. There were no changes in the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital during the periods presented.

Fair Value

The fair value of the Company's financial assets and liabilities approximate their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Fair value measurements, which are determined by using valuation techniques, are classified in their entirety as either Level 2 or Level 3 based on the lowest level input that is significant to the measurement.

12. COMMITMENTS AND CONTINGENCIES

As part of the RLG Transaction, Subco assumed the obligation to spend \$4,400,000 in eligible flow-through expenditures prior to December 31, 2023. As of August 31, 2023, the balance of the obligation is approximately \$391,000.

During the period ended August 31, 2023, the Company has raised \$7,600,000 in flow-through financing and is required to incur flow-through expenditures by December 31, 2024, in the same amount. The full amount of this obligation is outstanding as of August 31, 2023. While the Company intends to satisfy the obligation to spend eligible flow-through expenditures, there can be no assurance that it will do so.

If the Company does not incur the amount of the eligible flow-through expenditures by December 31, 2024, or if there is a reduction in such amount renounced pursuant to the provisions of the Income Tax Act, the Company shall indemnify the purchaser for an amount equal to the amount of any tax payable or that may become payable under the Income Tax Act (and under any corresponding provincial legislation) by the purchaser as a consequence of such failure or reduction; however, there is no guarantee that the Company will have the financial resources required to satisfy such indemnity.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

13. SUBSEQUENT EVENTS

In September 2023, the Company announced that it had entered into an agreement to issue 50,000 common shares (the "Debt Shares") of the Company at a deemed price of \$0.60 per Debt Share in settlement of \$30,000 of amounts owing to an arm's length creditor. The issuance of the Debt Shares is subject to the prior approval of the TSXV.

In September 2023, the Company granted 785,000 options to consultants of the Company exercisable at \$0.60 per share until September 14, 2028, and 15,000 options were exercised at a price of \$0.50 per share for proceeds of \$7,500. The Company also granted 255,000 RSUs to a consultant of the Company.

In September 2023, 2,000,000 Broker Warrants at \$0.35 were exercised at a price of \$0.35 for proceeds of \$700,000.