



**MANAGEMENT DISCUSSION AND ANALYSIS**

**THREE MONTHS ENDED FEBRUARY 28, 2023**

# West Red Lake Gold Mines Ltd.

## Management's Discussion and Analysis

February 28, 2023

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The following is management's discussion and analysis ("MD&A") of the results and financial condition of West Red Lake Gold Mines Ltd. ("WRLG" or the "Company") and should be read in conjunction with the accompanying financial statements and related notes. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this MD&A may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this MD&A is May 1, 2023.

The technical and scientific information contained within this MD&A has been reviewed and approved by Will Robinson, P.Geo., Vice-President of Exploration of the Company and Qualified Person as defined by National Instrument 43-101 ("NI 43-101") policy.

### Corporate Information

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 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.

On December 30, 2022, the Company completed the acquisition of West Red Lake Gold Mines Inc. ("RLG"), pursuant to which WRLG acquired all of the issued and outstanding common shares of RLG, and became focused on gold exploration and development in the prolific Red Lake Gold District of Northwestern Ontario (the "Transaction") (See Note 4 of the accompanying financial statements). RLG's primary asset being its interest in mineral claims referred to as the West Red Lake Project, henceforth referred to as the Rowan Property.

On March 8, 2023, the Company completed the purchase of the remaining interest from Evolution Mining Limited ("Evolution Mining") in certain claims on the Rowan Property (see 'Joint Venture Interest Purchase Agreement below).

On April 17, 2023, the Company announced that it had entered into a binding letter agreement with Pure Gold Mining Inc. ("Pure Gold") and Sprott Resource Lending Corp. ("Sprott") to acquire the Madsen gold mine and associated land package (the "Madsen Mine"), in the Red Lake Gold District of Northwestern Ontario, through the acquisition of all of the issued and outstanding shares of Pure Gold (the "Madsen Acquisition"), subject to approval of the British Columbia Supreme Court in Pure Gold's continuing proceedings pursuant to the Companies Creditors Arrangement Act (the "CCAA Proceedings"). In connection with the Madsen Acquisition, the Company has entered into a "bought deal" engagement letter with Canaccord Genuity Corp. (the "Underwriter") for a private placement of 57,143,000 subscription receipts (the "Subscription Receipts") at a price of \$0.35 per Subscription Receipt for aggregate gross proceeds of \$20,000,050 (the "Offering"), with an option to raise additional gross proceeds of \$5,000,100 (see Proposed Transactions below).

### Description of Property

On December 30, 2022, the Company completed the acquisition of the Rowan Property situated in the Red Lake Archean Greenstone Belt, which hosts the high-grade gold mines of the Red Lake Gold District. The Rowan Property includes the Rowan Mine, The NT Zone, Mount Jamie Mine, and the Red Summit Mine.

The 3,100 hectare ("ha") Rowan Property covers 12 kilometres ("km") of strike length on the regional east-west trending Pipestone Bay St Paul Deformation Zone. Three former gold mines – Rowan Mine, Mount Jamie Mine, and Red Summit Mine – are all situated along the deformation zone on the Company's property.

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A second regional gold bearing structure, the NT Zone, trends northeast on the property and intersects with the Pipestone Bay St Paul Deformation Zone approximately 1km east of the Rowan Mine.

Fifteen km's to the east of the Rowan Property a similar geological setting occurs proximal to the world-class Red Lake Mine and Campbell Mine, providing a favourable exploration model. This similar geological setting illustrates the significant exploration potential for high-grade gold zones on the Company's Rowan Property.

Geologically, the Rowan Property is situated at the west end of the Red Lake Gold District which is comprised of a series of six metavolcanic/metasedimentary supracrustal assemblages intruded by several bodies of variable size, form, and composition. All of the assemblages have undergone several phases of deformation and metamorphism. The rocks, of Mesoarchean and Neoproterozoic age, form part of the larger Uchi Subprovince of the Superior Province of the Canadian Shield. At least two major deformation events have affected the rocks of the Red Lake Gold District resulting in the generation of interference fold structures on all scales. Major gold deposits in the Red Lake Gold District are associated with regional scale deformation zones.

The Rowan Mine presently hosts a NI 43-101 Inferred mineral resource of 2,790,700 tonnes ("t") at an average grade of 9.2 grams per tonne gold ("g/t Au") containing 827,462 ounces of gold with a cut-off grade of 3.8 g/t Au (NI 43-101 Technical Report entitled "TECHNICAL REPORT AND RESOURCE ESTIMATE ON THE WEST RED LAKE PROJECT", Todd, Hammell Lake, and Fairlie Townships, Red Lake Mining Division, Ontario (NTS 52M/1), authored by John Kita, P.Eng., dated December 13, 2022, and filed December 30, 2022, on SEDAR at www.sedar.com). The Inferred resource is located in the area of the historic underground Rowan Mine site, which is situated along a 1.8km portion of the regional scale Pipestone Bay St Paul Deformation Zone.

The Mount Jamie Mine also hosts a NI 43-101 Indicated mineral resource of 35,000 t at 15.2 g/t Au containing 17,100 ounces of gold, with an additional Inferred mineral resource of 116,600 t at 7.5 g/t Au containing 28,100 ounces of gold (J. Kita, Dec-2022).

#### 2022 Drill Program

On February 23, 2023, the Company announced drill results from RLG's 2022 drilling campaign at the Rowan Property. The program consisted of **13 holes** totaling **4,189 meters ("m") of drilling** highlighted by drill hole **RLG-22-119** which intersected **12.5 g/t Au over 3 m** at the **NT Zone**.

Highlights of the 2022 Drilling include:

- Of the thirteen (13) holes drilled during the 2022 program, twelve (12) encountered gold mineralization greater than or equal to 1.00 g/t Au
- Hole RLG-22-119 intersected 3.0 m @ 12.50 g/t Au, from 287m to 290 m
- Hole RLG-22-118 intersected 3.0 m @ 5.04 g/t Au, from 145 m to 148 m, and intersected 0.5m @ 34.23 g/t Au, from 280.5 m to 281 m
- Hole RLG-22-126 Intersected 1.1 m @ 11.30 g/t Au, from 61 m to 62.1 m
- Hole RLG-22-117 Intersected 2.5 m @ 7.72 g/t Au, from 236.5 m to 239 m
- Hole RLG-22-125 Intersected 2.0 m @ 4.57 g/t Au, from 89 m to 91 m
- Hole RLG-22-127 Intersected 0.7 m @ 6.58 g/t Au, from 206m to 206.7 m

Drilling at the Rowan Mine vein system further confirms the Company's thesis that the Rowan Mine veins continue at depth and mineralization is consistent with that outlined in the current Inferred resource which remains

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open in all directions. The NT Zone represents a large-scale, northeast trending alteration/deformation zone with associated widespread hydrothermal (quartz-carbonate) alteration. The scale and style of the iron-carbonate alteration within the NT Zone is consistent with large multi-stage hydrothermal systems. Gold mineralization in the NT Zone is associated with silica/sulphide replacement within the iron-carbonate altered felsic volcanic and intrusive rocks. At Porphyry Hill, gold is found in sheared, sulphidized iron formation and in shear-parallel quartz stringers within, and along the margins of a felsic porphyry stock.

#### **2023 Exploration Program**

In March 2023, the Company commenced its 2023 Phase 1 drill program at the Rowan Property, consisting of planned 7000 m oriented diamond core drilling, completion of a property-wide high resolution lidar (light detection and ranging) survey, as well as reprocessing and reinterpretation of two legacy geophysical datasets.

On April 19, 2023, the Company reported the completion of 16 holes for 3,094 m of NQ drilling completed in Phase 1 drilling (14 diamond holes totaling 2,314 m were completed at the Rowan Mine area and 780 m across 2 drill holes testing targets in the Red Summit NE area). All drill holes intersected mineralized zones with visible gold ("VG") being observed in 50% of holes. An additional 4,000 m are planned for the Phase 1 program which is expected to be completed on target by June 30, 2023.

The mineralized zones encountered to date have confirmed the Company's internal geologic models and exploration thesis at both the Rowan Mine area and Red Summit NE targets. Styles of mineralization encountered are characteristic of the high-grade Archean lode gold systems found elsewhere in the Red Lake Gold District. The mineralization observed at the Rowan Mine area is potentially similar to the Madsen Property

The 2022 drill program highlighted several promising high-priority targets with varying styles of mineralization that the Company will further test and delineate. The 2023 Phase 1 drill program is scheduled to be completed by June 30, 2023, and lead into the 2023 Phase 2 drill program. The 2023 Phase 2 drill program is planned to include an additional 10,000 m of drilling to further build on Phase 1 exploration work, as well as test new targets on the highly prospective 3,100 ha Rowan Property.

All of the Company's exploration plans for 2023 represent the most aggressive exploration campaign in recent history at the Rowan Property.

#### **Community and Indigenous Group Engagement**

The Company is committed to identifying, building on its current and new relationships, establishing effective and open mechanisms for communication in areas where its operations may touch as management develops its current and long-term plans to achieve the Company's vision.

#### **Overall Performance and Results of Operations**

Total assets increased to \$17,180,067 at February 28, 2023, from \$1,859,457 at November 30, 2022. The most significant assets at February 28, 2023, were cash of \$4,357,155 (November 30, 2022 - \$1,641,230) and mineral properties of \$12,760,092 (November 30, 2022 - \$nil). The change in cash during the three months ended February 28, 2023, was the result of \$3,353,760 provided by investing activities relating to the Transaction, partially offset by \$637,835 used in operating activities.

#### ***Three months ended February 28, 2023 and 2022***

The Company recorded a loss of \$2,022,760 during the three months ended February 28, 2023 (2022 - \$43,900). The increase in loss was primarily the result of \$1,530,293 in share-based compensation relating to 3,840,000 options granted during the current period (2022 - \$nil). Professional fees increased in the current period as a result of higher legal fees incurred in relation to the Transaction. Management and consulting was higher in the

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current period as the Company expanded its management team and engaged consultants during this period of increased activity. Exploration and evaluation expenses totaled \$86,328 (2022 - \$nil).

#### Summary of Quarterly Results

The following tables summarize the Company's financial information for the last eight quarters in accordance with IFRS:

	Q1 2023		Q4 2022		Q3 2022		Q2 2022	
Revenue	\$	-	\$	-	\$	-	\$	-
Exploration and evaluation		(86,328)		-		-		-
General and administration		(1,936,432)		(70,991)		(40,427)		(36,991)
Loss and comprehensive loss		(2,022,760)		(70,991)		(40,427)		(36,991)
Basic and diluted loss per share		(0.05)		(0.00)		(0.00)		(0.00)

	Q1 2022		Q4 2021		Q3 2021		Q2 2021	
Revenue	\$	-	\$	-	\$	-	\$	-
Exploration and evaluation		-		-		-		-
General and administration		(43,900)		(51,642)		(47,995)		(46,984)
Loss and comprehensive loss		(43,900)		(51,642)		(47,995)		(46,984)
Basic and diluted loss per share		(0.00)		(0.00)		(0.00)		(0.00)

Loss increased from Q4 2022 to Q1 2023 as a result of share-based compensation relating to 3,840,000 options granted, and higher expenditures associated with completing the Transaction and the associated increase in activity.

#### Liquidity and Capital Resources

As of February 28, 2023, the Company had working capital of \$4,202,814 (November 30, 2022 - \$1,788,024). 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 Company's continuing operations and the underlying value of the Rowan Property are dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development of the properties, 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 February 28, 2023, the Company, through its wholly owned subsidiary West Red Lake Gold Mines (Ontario) Ltd. ("Subco"), has an obligation to incur approximately \$4,310,000 in eligible flow-through expenditures by December 31, 2023

The Company has no bank debt or banking credit facilities in place.

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### Subsequent Events

#### Joint Venture Interest Purchase Agreement

On February 23, 2023, the Company and Subco entered into a joint venture interest purchase agreement with 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 common shares 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 to certain third parties in connection with the Purchase Agreement.

### Proposed Transactions

#### Pure Gold Acquisition

On April 17, 2023, the Company announced that it had entered into a binding letter agreement with Pure Gold and Sprott to acquire the Madsen Property, in the Red Lake Gold District of Northwestern Ontario, through the acquisition of all of the issued and outstanding shares of Pure Gold, subject to approval of the British Columbia Supreme Court in Pure Gold's continuing proceedings pursuant to the CCAA Proceedings. The Madsen Acquisition will be completed pursuant to a reverse vesting order obtained in the CCAA Proceedings. The Company has agreed to pay \$6,500,000 in cash, issue 28,460,000 common shares and grant a 1.0% secured NSR on the Madsen Property as consideration for the Madsen Acquisition. The share and NSR consideration is expected to accrue to Sprott as a fund managed by Sprott is the senior secured lender to Pure Gold.

In addition, up to US\$10,000,000 in deferred consideration 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. Sprott shall have the right to nominate and appoint a director to the Company's board, as long as Sprott or an affiliate owns 15% or more of the issued and outstanding shares of the Company. Upon closing of the Madsen Acquisition and the concurrent financing, it is anticipated that Sprott will own approximately 24% of the outstanding shares of the Company. Sprott may, at its election, convert such portion of the US\$10,000,000 deferred consideration into shares as is necessary to maintain such interest, upon completion of any future equity, merger, acquisition or other corporate transaction. Sprott has advised the Company of its intention to convert a sufficient portion of the deferred consideration to maintain its 24% interest following the currently contemplated financings. Maintaining such interest assuming the completion of \$25,600,000 in financings would require issuance of up to 12,270,677 common shares to Sprott at \$0.35 per share, which would result in a reduction in the deferred consideration amount by \$4,294,737.

Closing of the Madsen Acquisition is subject to various conditions precedent including receipt of all required regulatory approvals including the approval of the TSXV, receipt of the reverse vesting order from the Supreme Court of British Columbia and the parties entering into a definitive agreement for the Madsen Acquisition. Closing is expected to occur in the very near term.

Pursuant to the binding letter agreement, referenced above Frank Giustra and a group of associates agreed to guarantee the initial \$6,500,000 cash payment for the Madsen Acquisition and in consideration for that guarantee will receive warrants to purchase 3,750,000 shares of the Company exercisable at \$0.42 per share for five years. Fiore Management and Advisory Corp. has acted as advisor in connection with the Madsen Acquisition and will receive 5% in advisory fees.

In connection with the Madsen Acquisition, the Company has entered into the Offering with the Underwriter. The Underwriter has been granted an option to sell up to an additional 14,286,000 Subscription Receipts for additional gross proceeds of \$5,000,100. Closing of the Offering is expected to occur on or before May 9, 2023, with the gross proceeds from the Offering to be placed into escrow pending satisfaction of certain escrow release conditions, including satisfaction of all conditions to completion of the Madsen Acquisition. Upon the escrow

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release conditions being met, each Subscription Receipt will automatically convert, for no additional consideration, into one share of the Company. In the event that the escrow release conditions are not satisfied within 90 days of the closing of the Offering, the proceeds of the Offering will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

The Company has also agreed to complete a non-brokered private placement of \$600,000 in flow-through shares to Frank Giustra at a price of \$0.35 per share.

### **Outstanding Share Data**

As of February 28, 2023, the Company had 52,019,982 shares issued and outstanding, 538,603 warrants outstanding, and 5,172,275 options outstanding.

As of the date of this MD&A, the Company has 55,847,232 shares issued and outstanding on a non-diluted basis. The Company also has 538,603 warrants exercisable to acquire one share of the Company and 5,372,275 options outstanding which, when vested, are exercisable to acquire one share of the Company.

### **Critical Accounting Policies and Estimates**

The Company applies IFRS as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. Significant accounting policies are described in Note 3 of the Company's audited annual financial statements as of and for the year ended November 30, 2022.

#### *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 and applied on retroactive basis.

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

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

### **Risks and Uncertainties**

See risks and uncertainties disclosed in the Company's most recent annual MD&A for a detailed discussion of the Company's risk factors.

### **Financial Instruments and Other Instruments**

#### *Financial Risk Management and Fair Value Measurement*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, sales tax receivable, and accounts payable and accrued liabilities, and are held at amortized cost which approximates fair value due to the short-term nature of these financial instruments.

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#### ***Financial Instrument Risk Exposure***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

##### *Credit Risk*

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company is exposed to credit risk on its cash and cash equivalents and sales tax receivable. The Company reduces credit risk on its cash by maintaining its bank account with a large international financial institution. The Company's sales tax receivable is comprised of amounts owing from the Government of Canada for input tax credits. Accordingly, the Company does not believe it is subject to significant credit risk. The carrying value of these financial assets represents the maximum credit exposure.

##### *Liquidity Risk*

The Company's cash is invested in bank accounts which are available on demand. The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes, the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet its short-term obligations.

##### *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

*i) Interest Rate Risk*

The Company is nominally exposed to interest rate risk. The Company's cash earns interest at variable rates. The Company's future earned interest is exposed to short-term rate fluctuations. Interest rate risk exposure is considered to be insignificant.

*ii) Foreign Currency Risk*

The Company is not exposed to currency risk as all transactions are denominated in Canadian dollars.

*iii) Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Management's Report on Internal Control over Financial Reporting**

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A's.



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The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

#### **Management and Board of Directors**

As of November 30, 2022, the Board of Directors was comprised of Geir Liland, Peter Leitch, Larry Copeland and Jasvir Kaloti. Geir Liland also served as Chief Executive Officer, and Jasvir Kaloti as Chief Financial Officer and Corporate Secretary.

Effective December 30, 2022, upon closing of the Transaction, the Board of Directors was reconstituted to consist of Tom Meredith, John Heslop, Ryan Weymark, Susan Neale and Rob van Egmond. Tom Meredith was appointed as Interim Chief Executive Officer, and Jasvir Kaloti continued as Chief Financial Officer and Corporate Secretary.

On February 13, 2023, Will Robinson was appointed Vice-President, Exploration, and Amandip Singh was appointed Vice-President, Corporate Development.

On April 20, 2023, Derek Teevan was appointed Vice-President, Community and Maurice Mostert was appointed Vice-President, Technical Services.

#### **Additional Information**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Company's website at [www.westredlakegold.com](http://www.westredlakegold.com).