



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Nine Months ended August 31, 2024 and August 31, 2023

(Expressed In Canadian Dollars) - Unaudited

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

| | August 31, 2024 | November 30, 2023 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 25,895,977 | \$ 16,308,858 |
| Sales tax receivable | 1,674,350 | 1,027,689 |
| Inventory | 883,267 | 350,026 |
| Advances and prepaid expenses | 1,299,334 | 1,502,794 |
| | 29,752,928 | 19,189,367 |
| Restricted cash | 169,913 | 169,913 |
| Advances for plant and equipment | 1,274,066 | - |
| Plant and equipment (Notes 6 and 7) | 66,893,745 | 60,395,568 |
| Mineral properties (Note 8) | 18,268,068 | 18,257,912 |
| Total assets | \$ 116,358,720 | \$ 98,012,760 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 11,758,009 | \$ 5,262,083 |
| Flow-through premium (Note 12) | 1,634,906 | - |
| Lease liabilities (Note 7) | 851,337 | 288,209 |
| Interest on gold linked notes (Note 9) | 732,983 | - |
| Promissory note (Note 10) | - | 7,515,048 |
| | 14,977,235 | 13,065,340 |
| Gold-linked notes (Note 9) | 33,095,511 | - |
| Lease liabilities (Note 7) | 1,147,615 | - |
| Provision for reclamation and closure (Note 11) | 20,486,848 | 18,913,016 |
| Total liabilities | \$ 69,707,209 | \$ 31,978,356 |
| Equity | | |
| Share capital (Note 12) | \$ 147,052,773 | \$ 110,845,911 |
| Reserves | 16,716,258 | 6,810,651 |
| Accumulated other comprehensive income | 78,645 | - |
| Accumulated deficit | (117,196,165) | (51,622,158) |
| Total equity | 46,651,511 | 66,034,404 |
| Total liabilities and equity | \$ 116,358,720 | \$ 98,012,760 |

Nature of operations (Note 1)

Commitments and contingencies (Note 16)

Subsequent events (Note 19)

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 condensed interim consolidated financial statements

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except share information)

(Unaudited)

| | Three months ended August 31, | | Nine months ended August 31, | |
|--|-------------------------------|-----------------------|------------------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Expenses | | | | |
| Exploration and evaluation expenses (Note 8) | \$21,008,187 | \$7,068,581 | \$46,727,769 | \$8,580,123 |
| Salaries, benefits and directors' fees (Note 13) | 669,710 | 100,136 | 2,261,104 | 592,418 |
| Consulting (Note 13) | 181,719 | 824,096 | 930,404 | 824,096 |
| Office and administration | 55,024 | 95,787 | 202,124 | 183,737 |
| Professional fees | 591,820 | 92,974 | 1,166,037 | 230,821 |
| Regulatory and filing | 45,887 | 41,063 | 158,686 | 126,197 |
| Marketing and investor relations | 1,070,929 | 1,882,532 | 2,160,694 | 2,042,330 |
| Travel | 76,749 | 196,291 | 184,214 | 257,401 |
| Share-based compensation (Notes 12 and 13) | 1,685,939 | 1,013,576 | 4,039,999 | 2,623,235 |
| Depreciation (Note 6) | 366,922 | - | 1,050,525 | - |
| | (25,752,886) | (11,315,036) | (58,881,556) | (15,460,358) |
| Finance income | 483,210 | 287,673 | 960,241 | 351,533 |
| Financing costs-gold-linked notes (Note 9) | - | - | (2,189,460) | - |
| Change in fair value of gold-linked notes (Note 9) | (2,556,628) | - | (4,265,548) | - |
| Interest expense - gold-linked notes (Note 9) | (1,102,974) | - | (1,973,214) | - |
| Loss on debt conversion (Note 10) | - | - | (126,459) | - |
| Interest expense on lease liabilities (Note 7) | (33,909) | - | (105,629) | - |
| Reclamation accretion expense (Note 11) | (156,907) | (135,424) | (472,398) | (135,424) |
| Other income (Note 18) | 1,366,321 | - | 1,366,321 | - |
| Foreign exchange gain (loss) | 343,936 | (219,679) | 113,695 | (219,679) |
| Loss | \$(27,409,837) | \$(11,382,466) | \$(65,574,007) | \$(15,463,928) |
| Other comprehensive income (Note 9) | 314,746 | - | 78,645 | - |
| Loss and comprehensive loss | \$(27,095,091) | \$(11,382,466) | \$(65,495,362) | \$(15,463,928) |
| Basic and diluted loss per share | \$(0.10) | \$(0.07) | \$(0.27) | \$(0.19) |
| Weighted average number of common shares outstanding - basic and diluted | 270,031,548 | 154,076,454 | 241,249,556 | 83,334,450 |

The accompanying notes are an integral part of these condensed interim consolidated financial statements

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except share information)

(Unaudited)

| | Share Capital | | Reserves | Accumulated OCI | Accumulated Deficit | Total Equity |
|--|--------------------|----------------------|---------------------|-----------------|------------------------|---------------------|
| | Shares issued | Amount | | | | |
| At November 30, 2022 | 14,868,066 | \$20,705,484 | \$198,059 | \$- | \$(19,115,519) | \$1,788,024 |
| Asset acquisition (Note 5) | 79,919,127 | 43,157,557 | 1,802,179 | - | - | 44,959,736 |
| Acquisition of JV interest (Note 8) | 3,827,250 | 1,185,648 | - | - | - | 1,185,648 |
| Private Placement (Note 12) | 71,429,000 | 25,000,150 | - | - | - | 25,000,150 |
| Private Placement Flow-through (Note 12) | 11,714,286 | 7,600,000 | - | - | - | 7,600,000 |
| Share Issuance Costs (Note 12) | - | (2,497,379) | 554,955 | - | - | (1,942,424) |
| Settlement of promissory note (Note 10) | 2,400,000 | 1,680,000 | - | - | - | 1,680,000 |
| Share-based compensation (Note 12) | - | - | 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 |
| At November 30, 2023 | 215,172,729 | \$110,845,911 | \$6,810,651 | \$- | \$(51,622,158) | \$66,034,404 |
| May 2024 Public offering (net of costs) (Note 12) | 31,944,700 | 20,904,529 | - | - | - | 20,904,529 |
| May 2024 Flow-through Public offering (net of costs) (Note 12) | 11,236,000 | 7,178,769 | - | - | - | 7,178,769 |
| Settlement of promissory note (Note 10) | 6,900,000 | 3,588,000 | - | - | - | 3,588,000 |
| Settlement of debt (Note 12) | 50,000 | 30,000 | - | - | - | 30,000 |
| Shares issued on exercise of broker warrants (Note 12) | 1,935,125 | 1,588,237 | (800,547) | - | - | 787,690 |
| Shares issued on exercise of warrants (Note 12) | 2,910,000 | 1,978,800 | - | - | - | 1,978,800 |
| Shares issued on exercise of share options (Note 12) | 576,200 | 532,221 | (195,042) | - | - | 337,179 |
| Shares issued on exercise of RSUs and DSUs (Note 12) | 655,332 | 406,306 | (406,306) | - | - | - |
| Warrants issued gold-linked notes (Note 9) | - | - | 7,267,503 | - | - | 7,267,503 |
| Share-based compensation (Note 12) | - | - | 4,039,999 | - | - | 4,039,999 |
| Loss and comprehensive loss | - | - | - | 78,645 | (65,574,007) | (65,495,362) |
| At August 31, 2024 | 271,380,086 | \$147,052,773 | \$16,716,258 | \$78,645 | \$(117,196,165) | \$46,651,511 |

The accompanying notes are an integral part of these condensed interim consolidated financial statements

West Red Lake Gold Mines Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

Unaudited

| | Nine months ended August 31, | |
|--|------------------------------|----------------------|
| | 2024 | 2023 |
| Operating activities | | |
| Loss | \$ (65,574,007) | \$ (15,463,928) |
| Adjust for: | | |
| Share-based compensation (Note 12) | 4,039,999 | 2,623,235 |
| Financing costs of gold-linked notes (Note 9) | 2,189,460 | - |
| Change in fair value of gold-linked notes (Note 9) | 4,265,548 | - |
| Interest expense gold-linked notes (Note 9) | 1,973,214 | - |
| Amortization of flow-through premium (Note 18) | (275,214) | - |
| Loss on debt conversion (Note 10) | 126,459 | - |
| Reclamation accretion expense (Note 11) | 472,398 | 135,424 |
| Foreign exchange (gain) loss | (227,362) | 218,059 |
| Depreciation (Note 6) | 1,050,525 | - |
| Interest expense on lease liabilities (Note 7) | 105,629 | - |
| Changes in non-cash working capital items: | | |
| Sales tax receivable | (646,661) | (123,953) |
| Advances and prepaid expenses | 197,300 | (366,193) |
| Inventory | (533,241) | - |
| Accounts payable and accrued liabilities | 6,225,114 | 1,971,719 |
| | (46,610,839) | (11,005,637) |
| Investing activities | | |
| Acquisition of RLG, net of cash acquired (Note 5) | - | 3,412,014 |
| Purchase of equipment (Note 6) | (4,440,678) | (204,847) |
| Deferred transaction costs | - | (56,254) |
| Acquisition of JV interest | - | (258,361) |
| Acquisition of Madsen Mine (Note 5) | - | (7,255,768) |
| Royalties (Note 8) | (10,156) | (10,000) |
| | (4,450,834) | (4,373,216) |
| Financing activities | | |
| Gross proceeds on issuance of common shares (Note 12) | 23,000,184 | 30,657,725 |
| Gross proceeds on issuance of Flow-through shares (Note 12) | 10,000,040 | - |
| Share issuance costs (Note 12) | (3,006,806) | - |
| Gold-linked notes issued (Note 9) | 32,945,773 | - |
| Gold-linked notes financing costs (Note 9) | (2,779,932) | - |
| Gold-linked notes interest paid (Note 9) | (1,229,831) | - |
| Payment on lease liabilities (Note 7) | (1,374,730) | - |
| Proceeds from exercise of broker warrants (Note 12) | 787,690 | - |
| Proceeds from exercise of warrants (Note 12) | 1,978,800 | - |
| Proceeds from exercise of stock options (Note 12) | 337,179 | - |
| | 60,658,367 | 30,657,725 |
| Change in cash and cash equivalents | 9,596,694 | 15,278,872 |
| Foreign exchange on cash and cash equivalents | (9,575) | - |
| Cash and cash equivalents, beginning | 16,308,858 | 1,641,230 |
| Cash and cash equivalents, end | \$ 25,895,977 | \$ 16,920,102 |
| Supplemental cash flow information | | |
| Settlement of deferred consideration with common shares | \$ 3,588,000 | \$ 1,680,000 |
| Settlement of deferred consideration with gold-linked notes | \$ 3,927,937 | \$ - |
| Settlement of debt with common shares | \$ 30,000 | \$ - |
| Purchase of equipment included in accounts payable and accrued liabilities | \$ 300,812 | \$ - |

No cash was paid for income taxes during the period ended August 31, 2024 or 2023.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

1. NATURE OF OPERATIONS

West Red Lake Gold Mines Ltd. (the "Company" or "WRLG") is an exploration and development stage entity engaged in the acquisition, exploration and evaluation and development of gold properties in the Red Lake Gold District of Northwestern Ontario. The Company was incorporated under the Business Corporations Act (Ontario) as New Dolly Varden Minerals Inc., and continued under the Business Corporations Act (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 Company's registered and records office is 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

On December 30, 2022, 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") (Note 5). As a result, the Company owns an interest in mineral 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, on June 16, 2023, the Madsen gold mine and associated land package (the "Madsen Mine" or "Madsen"), in the Red Lake Gold District, through the acquisition of all of the issued and outstanding common shares of Pure Gold (Note 5).

The business of exploring for minerals and development of projects involves a high degree of risk. The Company is an exploration and development company and is subject to risks and challenges that are similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permits or, alternatively the Company's ability to dispose of its exploration and evaluation assets on an advantageous basis. The Company does not currently have a recurring source of revenue and will require additional financing as the Company advances development and execution of its business plans to restart the Madsen mine. 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 has yet to determine if the Madsen Mine or Rowan Property contains economically recoverable mineral reserves.

2. BASIS OF PREPARATION

Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures as they are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the years ended November 30, 2023 and 2022 ("Annual Financial Statements"), which have been prepared in accordance with IFRS. These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual financial statements except for certain pronouncements disclosed in Notes 3 and 4. The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 24, 2024.

Basis of Consolidation

These condensed interim consolidated 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. The financial results of the subsidiaries are included in these consolidated financial statements from the date of acquisition. Intercompany balances and transactions are eliminated on consolidation.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

3. IFRS PRONOUNCEMENTS

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the IASB issued targeted amendments to IAS 12 – *Income Taxes* to specify how companies account for deferred tax on transactions such as leases and decommissioning obligations. In specific circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company adopted these amendments in the nine months ended August 31, 2024. These amendments did not have a material effect on the Company's financial statements.

Amendments to IAS 1 – Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements titled Non-current liabilities with covenants. These amendments seek to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of liabilities as current or noncurrent, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company does not expect these amendments to have a material effect on the Company's financial statements. The Company does not intend to apply these amendments before the effective date.

Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements and the IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concepts when making judgments about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. Prospective application is required on adoption. The Company does not expect these amendments to have a material effect on the Company's annual financial statements. However, the Company expects changes to the accounting policy information disclosed.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN ACCOUNTING POLICIES

The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies are consistent with those that applied to the Annual Financial Statements except as disclosed below. Actual results may differ from these estimates.

Gold-linked notes

The gold-linked notes are recorded at fair value through profit or loss ("FVTPL"). Fair values of the gold-linked notes have been determined based on a valuation methodology that captures all the features in a set of partial differential equations that are then solved numerically to arrive at the value of these financial instruments. The fair value estimates are based on numerous assumptions including, but not limited to, commodity prices, time value, volatility factors, risk-free rates and credit spreads. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

5. 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 for 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 up to \$4,600,000 (the "Financing"). On August 26, 2022, the LOI was amended to reduce the Financing to a minimum of \$4,000,000. The Financing closed with gross proceeds of \$4,100,000 on August 26, 2022, in which WRLG sourced the subscribers and managed the process of the Financing and the subsequent disbursements. 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.

Pursuant to the RLG Transaction, the Company issued 24,964,548 common shares to former RLG shareholders, and 10,487,368 common 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 common shares ("Replacement Options") and replacement warrants of the Company to acquire 538,603 common shares ("Replacement Warrants"). The Company also issued an aggregate of 1,700,000 common shares as finders fee to certain third parties in connection with the RLG Transaction.

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 \$0.42 per share | 714,000 |
| Transaction costs | 260,731 |
| | \$ 15,928,080 |
| Identifiable net assets | |
| Cash and cash equivalents | \$ 3,410,014 |
| Sales tax receivable | 142,406 |
| Prepaid expenses and deposits | 22,809 |
| Mineral properties | 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 WRLG shares were thinly traded or not active.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

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(Unaudited)

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; and 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; and 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 10) to a fund managed by Sprott, and issued 32,566,174 common shares and 8,164,503 common 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 common 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 Madsen Acquisition Pure Gold became a wholly 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, 2023 |
|---|----------------------|
| Consideration | |
| Cash | 6,500,000 |
| Promissory note – 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 Guarantee 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) |
| Provision for reclamation and closure | (19,221,914) |
| | \$ 45,935,090 |

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.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

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; and v) no dividend yield.

6. PLANT AND EQUIPMENT

| | Plant and Equipment | Mobile Equipment | Total |
|---|------------------------|-----------------------|-----------------------|
| Cost | | | |
| At November 30, 2022 | \$ - | \$ - | \$ - |
| Additions on Madsen Acquisition (Note 5) | 53,829,252 | 6,816,646 | 60,645,898 |
| Additions | - | 571,822 | 571,822 |
| Change in provision for reclamation and assumptions (Note 11) | (571,750) | - | (571,750) |
| Balance as at November 30, 2023 | 53,257,502 | 7,388,468 | 60,645,970 |
| Additions (Note 7) | 2,230,623 | 4,216,645 | 6,447,268 |
| Change in provision for reclamation and assumptions (Note 11) | 1,101,434 | - | 1,101,434 |
| Balance as at August 31, 2024 | \$ 56,589,559 | \$ 11,605,113 | \$ 68,194,672 |
| Accumulated Depreciation | | | |
| At November 30, 2022 | \$ - | \$ - | \$ - |
| Depreciation | - | (250,402) | (250,402) |
| Balance as at November 30, 2023 | - | (250,402) | (250,402) |
| Depreciation | - | (1,050,525) | (1,050,525) |
| Balance as at August 31, 2024 | \$ - | \$ (1,300,927) | \$ (1,300,927) |
| Net book value at November 30, 2023 | \$ 53,257,502 | \$ 7,138,066 | \$ 60,395,568 |
| Net book value at August 31, 2024 | \$ 56,589,559 | \$ 10,304,186 | \$ 66,893,745 |

7. LEASES

(a) Right-of-use assets

| | August 31, 2024 | November 30, 2023 |
|--|--------------------|----------------------|
| Right-of-use assets, beginning of period | \$ 367,369 | \$ - |
| Additions | 2,979,844 | 380,975 |
| Depreciation | (354,492) | (13,606) |
| Balance, end of period | \$ 2,992,721 | \$ 367,369 |

The right-of-use assets recognized by the Company of \$2,992,721 (November 30, 2023 - \$367,369) are all included in mobile equipment (Note 6).

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

(b) Lease liabilities

| | August 31, 2024 | November 30, 2023 |
|--|--------------------|----------------------|
| Lease liabilities, beginning of period | \$ 288,209 | \$ - |
| Additions | 2,979,844 | 380,975 |
| Interest expense on lease liabilities | 105,629 | 6,128 |
| Payment of lease liabilities | (1,374,730) | (98,894) |
| Balance, end of period | \$ 1,998,952 | \$ 288,209 |
| Current portion | 851,337 | 288,209 |
| Non-current portion | 1,147,615 | - |
| Balance, end of period | \$ 1,998,952 | \$ 288,209 |

The undiscounted values of the lease liabilities as at August 31, 2024 was \$2,241,073 (November 30, 2023 - \$296,680).

8. MINERAL PROPERTIES

| | Rowan | Madsen | Total |
|---------------------------------------|----------------------|---------------------|----------------------|
| Balance, November 30, 2022 | \$ - | \$ - | \$ - |
| Asset acquisitions (Note 5) | 12,760,092 | 4,043,811 | 16,803,903 |
| Acquisition of joint venture interest | 1,444,009 | - | 1,444,009 |
| Royalty payments | 10,000 | - | 10,000 |
| Balance, November 30, 2023 | 14,214,101 | 4,043,811 | 18,257,912 |
| Royalty payments | 10,156 | - | 10,156 |
| Balance, August 31, 2024 | \$ 14,224,257 | \$ 4,043,811 | \$ 18,268,068 |

Details of the exploration and evaluation expenses that have been incurred on the Rowan and Madsen properties during the nine months ended August 31, 2024, are as follows:

| | Rowan | Madsen | Total |
|--|---------------------|----------------------|----------------------|
| Labour and wages | \$ 106,832 | \$ 12,480,570 | \$ 12,587,402 |
| Contractors and consulting | 808,310 | 7,927,503 | 8,735,813 |
| Drilling | 25,031 | 4,861,958 | 4,886,989 |
| Material and consumables | - | 13,405,387 | 13,405,387 |
| Equipment rentals | 89,049 | 919,312 | 1,008,361 |
| Lab analysis | 538,998 | 1,959,265 | 2,498,263 |
| Site admin, support, camp, logistics and other | 290,917 | 3,314,637 | 3,605,554 |
| For the nine months ended August 31, 2024 | \$ 1,859,137 | \$ 44,868,632 | \$ 46,727,769 |

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

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

| | Rowan | Madsen | Total |
|--|---------------------|---------------------|---------------------|
| Labour and wages | \$ 1,033,532 | \$ 2,410,619 | \$ 3,444,151 |
| Contractors and consulting | - | 128,909 | 128,909 |
| Drilling | 1,695,912 | - | 1,695,912 |
| 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, logistics and other | 596,434 | 732,051 | 1,328,485 |
| For the nine months ended August 31, 2023 | \$ 4,009,394 | \$ 4,570,729 | \$ 8,580,123 |

Details of the exploration and evaluation expenses that have been incurred on the Rowan and Madsen properties during the three months ended August 31, 2024, are as follows:

| | Rowan | Madsen | Total |
|---|-------------------|-------------------|----------------------|
| Labour and wages | \$ 5,371 | 4,642,009 | \$ 4,647,380 |
| Contractors and consulting | 413,184 | 3,537,997 | 3,951,181 |
| Drilling | - | 2,637,636 | 2,637,636 |
| Material and consumables | - | 7,115,477 | 7,115,477 |
| Equipment rentals | 1,650 | 245,456 | 247,106 |
| Lab analysis | 9,943 | 856,707 | 866,650 |
| Site admin, support, camp, logistics and other | 44,400 | 1,498,357 | 1,542,757 |
| For the three months ended August 31, 2024 | \$ 474,548 | 20,533,639 | \$ 21,008,187 |

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

| | Rowan | Madsen | Total |
|---|---------------------|------------------|---------------------|
| Labour and wages | \$ 756,525 | 2,410,619 | \$ 3,167,144 |
| Contractors and consulting | - | 128,909 | 128,909 |
| Drilling | 1,045,890 | - | 1,045,890 |
| Material and consumables | - | 1,127,279 | 1,127,279 |
| Equipment rentals | - | 171,872 | 171,872 |
| Lab analysis | 435,769 | - | 435,769 |
| Site admin, support, camp, logistics and other | 259,667 | 732,051 | 991,718 |
| For the three months ended August 31, 2023 | \$ 2,497,851 | 4,570,730 | \$ 7,068,581 |

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

Madsen Property

On June 16, 2023, the Company completed the acquisition of the Madsen Mine pursuant to the Madsen Acquisition (Note 5). 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 5) subject to a 28% interest in certain Rowan Property claims which were acquired as discussed below. The 3,100 hectare Rowan Property consists of three contiguous properties located in Red Lake Mining Division, District of Kenora (Patricia Portion), Northwestern Ontario and hosts three past producing mines - Rowan Mine, Mount Jamie Mine, and Red Summit Mine.

On February 23, 2023, the Company entered into a joint venture interest purchase agreement with Evolution Mining Ltd. ("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 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 common 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 of 146 claims – 58 patented claims, 20 leased, 65 staked crown and 3 under license of occupation.

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.

9. GOLD-LINKED NOTES

During the nine-months ended August 31, 2024, the Company closed a gold-linked notes and warrants offering ("the Offering"). Each unit (the "Unit") of the Offering contains 12% senior unsecured gold-linked notes (the "Notes") in the aggregate principal amount of US\$1,000 and 710 common share purchase warrants (the "Warrants"). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of C\$0.95 per share until March 19, 2029. Interest on the Notes will be payable quarterly. The Company issued Notes in an aggregate principal amount of US\$27,165,631 (\$36,873,710) and issued 19,287,598 Warrants. The issuance of the Offering closed as described below, under two tranches and the conversion of the Sprott Promissory Notes which had identical terms.

Commencing January 1, 2026, the Company will place gold in escrow on a quarterly basis into a gold trust account. The aggregate principal amount of Notes outstanding will be reduced by the Company on a quarterly basis, commencing on March 31, 2026, and with the final payment on December 31, 2029. The Notes will amortize based on a guaranteed floor price of US\$1,800 per ounce of gold (the "Floor Price"). Any excess proceeds by which the spot gold price exceeds the Floor Price will be paid to investors as a premium.

Tranche 1 Issuance

On March 19, 2024, the Company closed the issuance of 22,340 Units pursuant to the Offering at a price of US\$1,000 per Unit. The gross proceeds of Tranche 1 issuance were US\$22,340,000 (\$30,344,365).

Tranche 2 Issuance

On April 3, 2024, the Company closed the issuance of 1,924 Units pursuant to the Offering, at a price of US\$1,000 per Unit. The gross proceeds of Tranche 2 issuance were US\$1,924,000 (\$2,601,408).

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

Conversion of Sprott Promissory Notes

On April 3, 2024, the existing promissory notes (the "Promissory Notes") owned by Sprott Resource Lending Corp. ("Sprott") were amended to provide for the conversion of the US\$2,901,631 owed under the obligation into 2,901.631 Units pursuant to the Offering, at a price of US\$1,000 per Unit (Note 10).

Total transactions costs related to the Offering were \$2,779,932 which were proportionally allocated based on the fair values of the Notes and Warrants. Of this amount \$2,189,460 was expensed to the statement of the loss and comprehensive loss and \$590,472 was allocated to the warrant reserve.

The amount of trading in the Gold Notes is not considered to constitute an active market, and therefore the fair value of the Gold Notes has been determined based on a valuation model using Level 2 inputs, including gold price volatility, forward gold prices, credit spread and forward yield curves.

| | Number of Gold Notes | Amount (US\$) | Amount (CAD) |
|---|-------------------------|-------------------|-------------------|
| Gold-linked notes | 27,166 | 21,469,947 | 29,142,196 |
| Change in fair value through profit and loss | - | 3,118,657 | 4,265,548 |
| Change in fair value through other comprehensive income due to changes in credit risk | - | (57,056) | (78,645) |
| Foreign exchange gain | - | - | (233,588) |
| Balance, August 31, 2024 | 27,166 | 24,531,548 | 33,095,511 |

| | Amount (US\$) | Amount (CAD) |
|---------------------------------|------------------|----------------|
| Interest on gold-linked notes | | |
| Interest expense | 1,441,262 | 1,973,214 |
| Interest payment | (897,949) | (1,229,831) |
| Foreign exchange loss | - | (10,400) |
| Balance, August 31, 2024 | 543,313 | 732,983 |

Scheduled amortizing payments of the principal balance of the gold-linked notes are as follows:

| | 2026 | 2027 | 2028 | 2029 | Total |
|----------------------|---------------|---------------|---------------|---------------|----------------|
| Gold Ounces | 1,700 | 4,240 | 4,250 | 4,902 | 15,092 |
| Principal Repayments | US\$3,060,000 | US\$7,632,000 | US\$7,650,000 | US\$8,823,631 | US\$27,165,631 |

The corresponding Canadian dollar amounts, including scheduled interest payments, are disclosed in Note 15.

10. PROMISSORY NOTE

In connection with the Madsen Acquisition (Note 5), the Company issued a promissory note as deferred consideration in the amount of US\$6,783,932 which was payable upon a change of control of the Company. The Company had the right to pay down any part of the deferred consideration prior to any change of control of the Company. The fund managed by Sprott could, at its election, convert such portion of the US\$6,783,932 deferred consideration into common shares, upon completion of any future equity, merger, acquisition or other corporate transaction. On August 24, 2023, the fund managed by Sprott converted US\$1,250,838 of the promissory note into common shares of the Company (Note 12). On December 14, 2023, the fund managed by Sprott converted a further US\$2,631,463 of its promissory note into 6,900,000 units of the Company (Note 12). On April 3, 2024, the Promissory Notes owned by Sprott Resource Lending Corp ("Sprott") were amended to provide for the conversion of the US\$2,901,631 owed under the obligation into 2,901.631 Units pursuant to the Offering, at a price of US\$1,000 per Unit (Note 9).

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

A loss of \$126,459 was recognized in the period upon the conversion to Gold-Linked Note Units.

| | | USD | | CDN |
|--|-----------|-------------|-----------|-------------|
| Balance, November 30, 2022 | \$ | - | \$ | - |
| Issued (Note 5) | | 6,783,932 | | 8,953,435 |
| Conversion into shares (Note 11) | | (1,250,838) | | (1,680,000) |
| Translation adjustment | | - | | 241,613 |
| Balance, November 30, 2023 | | 5,533,094 | | 7,515,048 |
| Conversion into units (Note 11) | | (2,631,463) | | (3,588,000) |
| Conversion to gold-linked notes (Note 9) | | (2,995,048) | | (4,054,396) |
| Loss on conversion (Note 9) | | 93,417 | | 126,459 |
| Translation adjustment | | - | | 889 |
| Balance, August 31, 2024 | \$ | - | \$ | - |

11. PROVISION FOR RECLAMATION AND CLOSURE

The Company recognized a liability relating to its Madsen Mine on acquisition and has determined that no significant reclamation and closure liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of the reclamation and closure provision as at August 31, 2024, using a pre-tax discount rate of 3.10% and an inflation rate of 2.00%. The estimated total undiscounted cash flows to settle the provision for reclamation and closure as of August 31, 2024, is \$28,934,140 (November 30, 2023 - \$28,764,712).

The Company has estimated that payments will commence in 2030.

| | | |
|--|-----------|-------------------|
| Balance, November 30, 2022 | \$ | - |
| Provision recognized on acquisition (Note 5) | | 19,221,914 |
| Reclamation accretion expense | | 262,852 |
| Change in assumptions | | (571,750) |
| Balance, November 30, 2023 | | 18,913,016 |
| Reclamation accretion expense | | 472,398 |
| Change in assumptions | | 1,101,434 |
| Balance, August 31, 2024 | \$ | 20,486,848 |

12. SHARE CAPITAL

(a) Authorized

Unlimited number of common and preferred shares without par value.

(b) Issued and fully paid

For the nine months ended August 31, 2024

On May 16, 2024, pursuant to a public offering, the Company issued 31,944,700 units at a price of \$0.72 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share exercisable at \$1.00 until May 16, 2026 (the "May 2024 Offering"). In addition, the Company issued 11,236,000 charity flow-through units in the capital of the Company at a price of \$0.89 per unit with each unit consisting of one common share and one common share purchase warrant exercisable at \$1.00 until May 16, 2026 (the "May 2024 FTS Offering"). The total gross proceeds of the May 2024 Offering and the May 2024 FTS Offering were \$23,000,184 and \$10,000,040, respectively. The Company paid cash commissions and finders fees of \$1,889,404 in relation to the financing and paid \$1,117,402 in other costs related to the financing. Total cash share issue costs related to the financing totalled \$3,006,806. The transaction costs were allocated on a pro-rata basis between the May 2024 Offering and the May 2024 FTS Offering totalling \$2,095,655 and \$911,151, respectively. The net proceeds on the May 2024 Offering and May 2024 FTS Offering were

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

\$20,904,528 and \$7,178,769, respectively. There was a flow-through premium liability of \$1,910,120 recorded on issuance of the flow-through shares as there was a difference between the fair value and the issuance price of its flow-through units. As at August 31, 2024 the flow-through premium liability was \$1,634,906 (Note 16).

On January 11, 2024, the Company issued 50,000 common shares at a deemed price of \$0.60 per share for the settlement of \$30,000 in debt owed to an arm's length creditor.

On December 14, 2023, the Company issued 6,900,000 units as conversion of \$3,588,000 (US\$2,631,463) of the obligations under the promissory note at a price of \$0.52 per unit (Note 10). Each unit consists of one common share and one common share purchase warrant exercisable at \$0.68 per share purchase warrant until November 28, 2026.

During the nine months ended August 31, 2024, 576,200 common shares were issued on the exercise of stock options for gross proceeds of \$337,179. 655,332 common shares were issued on the exercise of RSUs and DSUs for gross proceeds of \$nil. In addition, 1,935,125 common shares were issued on the exercise of brokers' warrants for gross proceeds of \$787,690 and 2,910,000 common shares were issued on the exercise of warrants for gross proceeds of \$1,978,800.

For the year ended November 30, 2023

On November 28, 2023, pursuant to a brokered private placement, the Company issued 29,000,000 units in the capital of the Company at a price of \$0.52 per unit with each unit consisting of one common share and one common share purchase warrant exercisable at \$0.68 until November 28, 2026 for total gross proceeds of \$15,080,000. The Company also issued 1,298,800 non-transferrable broker warrants exercisable at \$0.52 until November 28, 2025. The broker warrants have been recorded at a fair value of \$378,444. The fair value of the broker warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 4.3%, expected life of 2.0 years, expected volatility rate of 75.00% and a dividend rate of 0.00%. In addition, the Corporation paid cash commissions and finders fees of \$687,918 in relation to the financing and paid \$452,550 in other costs related to the private placement. Total cash share issue costs related to the private placement totalled \$1,140,468.

On August 24, 2023, the Company issued 2,400,000 common shares as conversion of \$1,680,000 (US\$1,250,838) of the obligations under the promissory note at a price of \$0.70 per share (Note 9).

On August 11, 2023, the Company issued 10,000,000 flow-through shares pursuant to a non-brokered flow-through private placement at a price of \$0.70 per flow-through share for total proceeds of \$7,000,000. The Company paid total cash share issuance costs of \$298,713 consisting of finder's fees of \$192,288 and \$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 connection with the Madsen Acquisition (Note 5), 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 common share of the Company. On June 16, 2023 and June 29, 2023, the Company issued an aggregate of 40,730,677 common shares to acquire the Madsen Mine and issued an aggregate of 2,036,534 common shares for payment of advisory services to certain third parties in connection with the Madsen Acquisition (Note 5).

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

As consideration for the bought deal financing above, the Underwriter received cash commission of \$1,090,924 and 3,714,300 broker warrants, with each broker warrant entitling the holder to acquire one common 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 \$1,766,043. The fair value of the broker warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 3.8%, expected life of 2.0 years, expected volatility rate of 75.00% and a dividend rate of 0.00%. The Company paid \$552,786 in other costs related to the Offering. Total cash share issue costs related to the Offering totalled \$1,643,710.

On June 16, 2023, the Company issued 1,714,286 flow-through shares pursuant to 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 common shares by way of a non-brokered private placement at price of \$0.35 per share concurrent with the Offering for gross proceeds of \$210,000.

In February 2023, the Company issued an aggregate of 3,827,250 common shares in connection with the Purchase Agreement (Note 8).

In December 2022, the Company issued an aggregate of 35,451,916 common shares to the RLG shareholders and issued an aggregate of 1,700,000 finder fees common shares to certain third parties in connection with the RLG Transaction (Note 5).

During the year ended November 30, 2023, 15,000 common shares were issued on the exercise of stock options for gross proceeds of \$7,500 and 2,000,000 common shares were issued on the exercise of warrants for gross proceeds of \$700,000.

(c) Stock options

The Company has established a rolling Stock 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, 2022 | - | \$ | - |
| Granted | 13,813,075 | | 0.62 |
| Exercised | (15,000) | | 0.50 |
| Forfeited | (101,250) | | 0.60 |
| Expired | (589,275) | | 1.49 |
| Balance, November 30, 2023 | 13,107,550 | | 0.59 |
| Granted | 7,414,400 | | 0.89 |
| Exercised | (576,200) | | 0.59 |
| Forfeited | (568,625) | | 0.61 |
| Expired | (206,550) | | 0.83 |
| Balance, August 31, 2024 | 19,170,575 | \$ | 0.70 |

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

As of August 31, 2024, the following options were outstanding:

| Outstanding | Exercisable | Exercise price | Remaining contractual life (years) | Expiry date |
|-----------------------|------------------|----------------|------------------------------------|--------------------|
| 18,225 ⁽¹⁾ | 18,225 | 0.83 | 0.53 | March 12, 2025 |
| 36,450 ⁽¹⁾ | 36,450 | 0.83 | 2.35 | January 4, 2027 |
| 3,726,500 | 3,726,500 | 0.50 | 8.34 | December 30, 2032 |
| 265,000 | 140,000 | 0.50 | 8.46 | February 13, 2033 |
| 100,000 | - | 0.50 | 3.58 | March 28, 2028 |
| 6,405,000 | 3,177,500 | 0.62 | 3.82 | June 26, 2028 |
| 420,000 | 210,000 | 0.69 | 3.90 | July 26, 2028 |
| 785,000 | 196,250 | 0.60 | 4.04 | September 14, 2028 |
| 7,164,400 | 1,791,100 | 0.90 | 4.61 | April 11, 2029 |
| 250,000 | - | 0.56 | 4.82 | June 24, 2029 |
| 19,170,575 | 9,296,025 | \$ 0.70 | 5.08 | |

(1) Replacement Options issued in connection with the RLG Transaction (Note 5)

During the nine months ended August 31, 2024, 7,414,400 stock options were granted with a weighted average exercise price of \$0.89 and a weighted-average fair value of \$0.57 per stock option. During the nine months ended August 31, 2023, 12,050,000 stock options were granted with a weighted average exercise price of \$0.58 and a weighted-average fair value of \$0.39 per stock option.

The following weighted-average assumptions were used in the Black-Scholes valuation of stock options granted during the nine months ended August 31, 2024:

| | Nine months ended August 31, 2024 |
|-------------------------|-----------------------------------|
| Risk free interest rate | 3.70% |
| Expected life of Option | 5.0 |
| Annualized volatility | 75% |
| Dividend rate | 0.0 |
| Forfeiture rate | 0.0 |

The following weighted-average assumptions were used in the Black-Scholes valuation of stock options granted during the nine months ended August 31, 2023, excluding the Replacement Options (Note 5):

| | Nine months ended August 31, 2023 |
|-------------------------|-----------------------------------|
| Risk free interest rate | 3.93% |
| Expected life of Option | 6.8 |
| Annualized volatility | 75% |
| Dividend rate | 0.0 |
| Forfeiture rate | 0.0 |

Share-based compensation expense of \$2,714,011 was recognized for stock options on the condensed interim consolidated statement of loss and comprehensive loss during the nine months ended August 31, 2024 (2023: \$2,418,169). Share-based compensation expense of \$1,142,577 was recognized for stock options on the condensed interim consolidated statement of loss and comprehensive loss during the three months ended August 31, 2024 (2023: \$808,510). The weighted average exercise price of exercised options at exercise date was \$0.59.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

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

The Company has established a “fixed” restricted share unit (“RSU”) deferred share unit (“DSU”) and performance share unit (“PSU”) compensation plan (the “RSU/DSU/PSU Plan”). Under the RSU/DSU/PSU Plan the maximum number of restricted share units deferred share units and performance share units (“Awards”) that may be reserved is 26,995,675 Awards.

A summary of the changes in RSUs:

| | Number of RSU | \$ | Weighted average grant date fair value |
|---------------------------------|------------------|-----------|--|
| Balance, November 30, 2022 | - | - | - |
| Granted | 2,165,000 | | 0.62 |
| Forfeited | (30,000) | | 0.62 |
| Balance November 30, 2023 | 2,135,000 | | 0.62 |
| Granted | 1,947,000 | | 0.90 |
| Converted | (555,332) | | 0.62 |
| Forfeited | (234,000) | | 0.62 |
| Balance, August 31, 2024 | 3,292,668 | \$ | 0.78 |

During the nine months ended August 31, 2024 the Company granted 1,947,000 RSUs. For the nine months ending August 31, 2023, the Company granted nil RSUs. Share-based compensation expense of \$860,560 was recognized for RSUs on the condensed interim consolidated statement of loss and comprehensive loss during the nine months ended August 31, 2024 (2023: \$130,591).

Share-based compensation expense of \$375,487 was recognized for RSUs on the condensed interim consolidated statement of loss and comprehensive loss during the three months ended August 31, 2024 (2023: \$130,591).

A summary of the changes in DSUs:

| | Number of DSU | \$ | Weighted average grant date fair value |
|---------------------------------|------------------|-----------|--|
| Balance, November 30, 2022 | - | - | - |
| Granted | 700,000 | | 0.63 |
| Balance, November 30, 2023 | 700,000 | | 0.63 |
| Granted | 600,000 | | 0.90 |
| Converted | (100,000) | | 0.62 |
| Balance, August 31, 2024 | 1,200,000 | \$ | 0.76 |

During the nine months ended August 31, 2024 the Company granted 600,000 DSUs. For the nine months ending August 31, 2023, the Company granted nil DSUs. Share-based compensation expense of \$465,428 was recognized for DSUs on the condensed interim consolidated statement of loss and comprehensive loss during the nine months ended August 31, 2024 (2023: \$74,475). Share-based compensation expense of \$167,875 was recognized for DSUs on the condensed interim consolidated statement of loss and comprehensive loss during the three months ended August 31, 2024 (2023: \$74,475).

No PSU's have been granted in the nine months ended August 31, 2024 and 2023.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

Warrants

A summary of the changes in warrants follows:

| | Number of warrants | | Weighted average exercise price |
|-------------------------------------|-----------------------|-----------|------------------------------------|
| Balance, November 30, 2021 and 2022 | - | \$ | - |
| Issued | 38,301,703 | | 0.62 |
| Exercised | (2,000,000) | | 0.35 |
| Balance, November 30, 2023 | 36,301,703 | \$ | 0.63 |
| Issued | 69,368,298 | | 0.95 |
| Exercised | (4,845,125) | | 0.57 |
| Expired | (538,603) | | 0.82 |
| Balance, August 31, 2024 | 100,286,273 | \$ | 0.86 |

As of August 31, 2024, the following warrants were outstanding:

| Outstanding and exercisable | Exercise price | Expiry date |
|--------------------------------|----------------|-------------------|
| 428,575 | 0.35 | June 16, 2025 |
| 3,750,000 | 0.42 | June 16, 2028 |
| 649,400 | 0.52 | November 28, 2025 |
| 32,990,000 | 0.68 | November 28, 2026 |
| 19,287,598 | 0.95 | March 19, 2029 |
| 43,180,700 | 1.00 | May 16, 2026 |
| 100,286,273 | 0.86 | |

13. 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 nine months ended August 31, 2024 and August 31, 2023, remuneration to officers and directors of the Company was as follows:

| | Three months ended August 31 | | Nine months ended August 31 | |
|--|------------------------------|-----------|-----------------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Salaries, benefits and directors' fees | \$ 448,748 | \$ 55,000 | \$ 1,432,972 | \$ 497,100 |
| Share-based compensation | \$ 1,198,219 | \$ - | \$ 2,809,446 | \$ 1,132,807 |
| Consulting fees | \$ - | \$ - | \$ - | \$ 36,750 |

Consulting fees related to consulting services from a company associated with one of its former directors in relation to various studies.

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, 2024 and November 30, 2023, \$nil amounts were owing to officer and directors, or companies controlled by officers and directors of the Company.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

14. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration, development and evaluation of assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting, and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all components of equity and debt, net of cash, and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company.

The properties in which the Company currently has an interest are in the exploration and development stage. As such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines that there is sufficient geologic or economic potential and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company included the components of equity, gold-linked notes payable, and promissory note, net of cash.

Capital, as defined above, is summarized in the following table:

| | August 31, 2024 | November 30, 2023 |
|---------------------------------|----------------------------|----------------------|
| Equity | \$ 46,651,511 | \$ 66,034,404 |
| Gold-linked notes payable | 33,095,511 | - |
| Promissory note | - | 7,515,048 |
| Less: Cash and cash equivalents | (25,895,977) | (16,308,858) |
| Less: Restricted cash | (169,913) | (169,913) |
| | \$ 53,681,132 | \$ 57,070,681 |

15. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, gold-linked notes payable, and promissory note.

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.

Cash and cash equivalents, restricted cash and accounts payable and accrued liabilities are classified as level 1 in the fair value hierarchy. The fair values of the Company's cash and cash equivalents, restricted cash, accounts payable and accrued liabilities and promissory note approximate their carrying values due to their short-term nature. The fair value of the Gold-Linked Notes has been determined based on a valuation model using Level 2 inputs, including gold price volatility, forward gold prices, credit spread and forward yield curves. The promissory note is classified as level 3 in the fair value hierarchy.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

Financial Risk

The Company is exposed to varying degrees of a variety of financial instrument-related risks. The Board approves and monitors the risk management processes, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments potentially subject to credit risk are cash and cash equivalents and restricted cash. The Company holds cash and cash equivalents with large Canadian banks. Accordingly, the Company does not believe it is subject to significant credit risk. The Company's maximum exposure to credit risk is as follows:

| | August 31, 2024 | | November 30, 2023 | |
|---------------------------|-----------------|------------|-------------------|------------|
| Cash and cash equivalents | \$ | 25,895,977 | \$ | 16,308,858 |
| Restricted cash | | 169,913 | | 169,913 |
| | \$ | 26,065,890 | \$ | 16,478,771 |

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As of August 31, 2024, the Company had a working capital balance (current assets less current liabilities) of \$14,775,693. The Company recorded a loss and comprehensive loss of \$65,495,362 and a cash outflow from operating activities of \$46,610,839 for the nine months ended August 31, 2024 and had an accumulated deficit of \$117,196,165 as of August 31, 2024. 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 significant undiscounted commitments at August 31, 2024 are as follows:

| | Less than 1 year | 1 to 3 years | 4 to 5 years | Over 5 years | Total |
|---|---------------------|-----------------|-----------------|-----------------|---------------|
| Trade and other payables | \$ 11,758,009 | \$ - | \$ - | \$ - | \$ 11,758,009 |
| Lease payments (Note 7) | 971,222 | 1,269,851 | - | - | 2,241,073 |
| Gold-linked notes ¹ (Note 9) | 4,454,764 | 19,650,379 | 21,608,936 | 7,081,811 | 52,795,890 |
| Reclamation and closure costs (Note 11) | - | - | - | 28,934,140 | 28,934,140 |
| | \$ 17,183,995 | \$ 20,920,230 | \$ 21,608,936 | \$ 36,015,951 | \$ 95,729,112 |

¹ The Gold-linked notes commitment is based on a US\$1,800 gold price and includes coupon interest

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2024 and August 31, 2023

(Expressed in Canadian dollars, except as otherwise stated)

(Unaudited)

Foreign Currency Risk

The functional currency of the Company and its subsidiaries is the Canadian dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the Canadian dollar in relation to other currencies impact the fair value of financial assets, liabilities and operating results. Financial assets and liabilities subject to currency translation risk primarily includes US dollar denominated cash and the gold-linked notes. The Company maintains Canadian and US dollar bank accounts in Canada.

As at August 31, 2024, a 10% change in the Canadian dollar versus the US dollar exchange rates would give rise to a \$3,112,672 change in loss and comprehensive loss. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatility. Future changes in commodity prices may impact the valuation of long-lived assets and gold-linked notes including payment of the premium relating to the gold-linked notes (Note 9). The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action, if any, to be taken by the Company.

16. COMMITMENTS AND CONTINGENCIES

During the nine months ended August 31, 2024, the Company raised \$10,000,040 in flow-through financing (Note 12) and is required to incur flow-through expenditures by March 31, 2025, in the same amount. As of August 31, 2024, the balance of the obligation was \$8,559,216.

During the year ended November 30, 2023, the Company raised \$7,600,000 in flow-through financing (Note 12) and is required to incur flow-through expenditures by December 31, 2024, in the same amount. As of August 31, 2024, the balance of the obligation was \$2,403,684.

If the Company does not incur the amount of the eligible flow-through expenditures by December 31, 2024 and March 31, 2025, 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.

17. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition, exploration and development of gold properties. All of the Company's assets are located in Canada.

18. OTHER INCOME

Other income relates to the sale of gold processed during the mill clean-up of \$1,091,107 and the amortization of the Flow-through premium liability of \$275,214 for a total of \$1,366,321.

19. SUBSEQUENT EVENTS

Subsequent to August 31, 2024, the Company granted 450,000 RSU's awards. 4,570,575 shares were issued on exercise of warrants for gross proceeds of \$2,784,561. 85,000 shares were issued as a price of \$0.81 on conversion of vested RSU's awards. 10,000 shares were issued at a price of \$0.50 on conversion of options awards.

On October 24, 2024, pursuant to a public offering, the Company issued 41,666,800 units at a price of \$0.69 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share exercisable at \$0.90 until October 24, 2027 (the "October 2024 Offering"). The total gross proceeds of the October 2024 Offering was \$28,750,092.