



WEST RED LAKE

GOLD MINES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For The Three Months and Six Months Ended June 30, 2025 and May 31, 2024

(Expressed In Thousands of Canadian Dollars) - Unaudited

West Red Lake Gold Mines Ltd.Condensed Interim Consolidated Statements of Financial Position
(Expressed in Thousands of Canadian dollars) - Unaudited

	As at June 30, 2025		As at December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	\$ 23,697	\$	36,880
Inventories (Note 6)	10,698		1,280
Receivables (Note 5)	1,621		1,431
Advances and prepaid expenses	1,616		1,195
Deferred transaction costs (Note 10)	-		751
	37,632		41,537
Mineral property, plant and equipment (Note 7)	155,485		94,939
Advances for plant and equipment	516		247
Restricted cash	170		170
Total assets	\$ 193,803	\$	136,893
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 25,695	\$	24,665
Credit facility (Note 10)	3,803		-
Lease liabilities (Note 8)	2,566		1,400
Gold-linked notes (Note 9)	2,520		-
Flow-through premium (Note 12)	1,390		615
	35,974		26,680
Gold-linked notes (Note 9)	42,224		37,573
Credit facility (Note 10)	38,655		18,913
Provision for reclamation and closure (Note 11)	21,826		21,829
Lease liabilities (Note 8)	7,366		2,435
Total liabilities	\$ 146,045	\$	107,430
Equity			
Share capital (Note 12)	\$ 195,004	\$	177,677
Reserves	26,294		19,089
Accumulated other comprehensive income	504		109
Accumulated deficit	(174,044)		(167,412)
Total equity	47,758		29,463
Total liabilities and equity	\$ 193,803	\$	136,893

Commitments and contingencies (Note 19)
Subsequent events (Note 21)

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 Income (Loss) and Comprehensive Income (Loss)
(Expressed in Thousands of Canadian dollars, except per share and share information) - Unaudited

	Three months ended June 30, 2025		Three months ended May 31, 2024		Six months ended June 30, 2025		Six months ended May 31, 2024
Revenue	\$ 24,315	\$	-	\$	26,422	\$	-
Cost of sales							
Production costs	(15,297)		-		(16,583)		-
Depreciation	(450)		-		(483)		-
Income from mining operations	8,568		-		9,356		-
General and administrative expenses (Note 13)	(2,304)		(2,816)		(5,502)		(5,055)
Share-based compensation expenses (Note 12)	(1,509)		(1,711)		(3,497)		(2,354)
Exploration and evaluation expenses (Note 7)	(570)		(13,512)		(777)		(25,720)
Gain (loss) from operations	4,185		(18,039)		(420)		(33,129)
Change in fair value of gold-linked notes (Note 9)	(3,474)		(1,709)		(9,841)		(1,709)
Finance expense (Note 14)	(1,013)		(3,380)		(1,599)		(3,573)
Finance income	169		345		343		477
Other income (Note 15)	515		-		1,321		-
Foreign exchange gain (loss)	3,653		(220)		3,564		(230)
Net income (loss)	\$ 4,035	\$	(23,003)	\$	(6,632)	\$	(38,164)
Other comprehensive income (loss) (Note 9)	(501)		(236)		395		(236)
Net income (loss) and comprehensive income (loss)	\$ 3,534	\$	(23,239)	\$	(6,237)	\$	(38,400)
Net income (loss) per common share							
Basic	\$ 0.01	\$	(0.10)	\$	(0.02)	\$	(0.17)
Diluted	0.01		(0.10)		(0.02)		(0.17)
Weighted average number of common shares outstanding							
Basic	345,926,593		231,838,187	\$	337,252,302		226,784,271
Diluted	394,353,868		231,838,187		337,252,302		226,784,271

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 Thousands of Canadian dollars except share information) - Unaudited

	<u>Share Capital</u>			Reserves	Accumulated other comprehensive income	Accumulated Deficit	Total Equity
	Shares Issued	Amount					
At November 30, 2023	215,172,729	\$ 110,846	\$ 6,811	\$ -	\$ -	\$ (51,622)	\$ 66,035
May 2024 Public offering (net of costs) (Note 12)	31,944,700	21,066	-	-	-	-	21,066
May 2024 Flow-through Public offering (net of costs) (Note 12)	11,236,000	7,249	-	-	-	-	7,249
Settlement of promissory note	6,900,000	3,588	-	-	-	-	3,588
Settlement of debt (Note 12)	50,000	30	-	-	-	-	30
Shares issued on exercise of warrants (Note 12)	3,355,725	2,469	(611)	-	-	-	1,858
Shares issued on exercise of stock options (Note 12)	576,200	443	(106)	-	-	-	337
Warrants issued gold-linked notes (Note 9)	-	-	7,267	-	-	-	7,267
Share-based compensation (Note 12)	-	-	2,354	-	-	-	2,354
Loss and comprehensive loss	-	-	-	-	(236)	(38,164)	(38,400)
At May 31, 2024	269,235,354	\$ 145,691	\$ 15,715	\$ -	(236)	\$ (89,786)	\$ 71,384
At December 31, 2024	318,877,672	\$ 177,677	\$ 19,089	\$ -	109	\$ (167,412)	\$ 29,463
February 2025 flow-through public offering (net of costs) (Note 12)	23,628,000	13,006	3,308	-	-	-	16,314
Shares issued on exercise of warrants (Note 12)	3,623,989	2,784	(722)	-	-	-	2,062
Shares issued on exercise of stock options (Note 12)	655,000	590	(262)	-	-	-	328
Shares issued on exercise of RSUs and DSUs (Note 12)	1,225,663	947	(947)	-	-	-	-
Warrants issued – credit facility (Note 10)	-	-	2,331	-	-	-	2,331
Share-based compensation (Note 12)	-	-	3,497	-	-	-	3,497
Income (loss) and comprehensive income (loss)	-	-	-	-	395	(6,632)	(6,237)
At June 30, 2025	348,010,324	\$ 195,004	\$ 26,294	\$ -	504	\$ (174,044)	\$ 47,758

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 Thousands of Canadian dollars) - Unaudited

	Six Months Ended June 30, 2025	Six Months Ended May 31, 2024
Operating activities		
Loss	\$ (6,632)	\$ (38,164)
Adjust for:		
Share-based compensation (Note 12)	3,497	2,354
Change in fair value of gold-linked notes (Note 9)	9,841	1,709
Financing cost gold-linked notes (Note 9)	-	2,189
Loss on debt conversion	-	126
Amortization of flow-through premium (Note 15)	(1,321)	-
Reclamation accretion expense (Notes 14)	321	315
Credit facility accretion expense (Note 14)	884	-
Unrealized foreign exchange loss	(4,074)	138
Depreciation	483	684
Interest expense on lease liabilities (Note 14)	394	72
Changes in non-cash working capital items:		
Receivables	(190)	108
Interest gold-linked notes payable	-	870
Advances and prepaid expenses	(421)	727
Inventories	(9,418)	(175)
Accounts payable and accrued liabilities	(17,850)	399
	(24,486)	(28,648)
Investing activities		
Mineral property, plant and equipment expenditures (Note 7)	(34,660)	(1,327)
	(34,660)	(1,327)
Financing activities		
Proceeds on issuance of common shares (Note 12)	-	23,000
Proceeds on issuance of flowthrough shares (Note 12)	20,053	10,000
Proceeds from exercise of warrants (Note 12)	2,062	1,858
Proceeds from exercise of stock options (Note 12)	328	337
Share issuance costs (Note 12)	(1,643)	(2,775)
Gold-linked notes issued	-	32,946
Gold-linked notes financing	-	(2,780)
Proceeds from drawdown of credit facility (Note 10)	28,200	-
Credit facility financing costs (Note 10)	(1,407)	-
Gold-linked notes deferred financing costs (Note 9)	-	(196)
Payment on lease liabilities (Note 8)	(1,630)	(1,020)
	45,963	61,370
Change in cash and cash equivalents	(13,183)	31,395
Cash and cash equivalents, beginning of period	36,880	16,309
Cash and cash equivalents, end of period	\$ 23,697	\$ 47,704
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Fair value of loan bonus warrants issued for credit facility	\$ 2,454	\$ -
Movement of mineral property, plant and equipment included in accounts payable and accrued liabilities	\$ 19,631	\$ -
Interest paid capitalized	\$ 4,400	\$ -
Settlement of deferred consideration with shares	\$ -	\$ 3,588
Settlement of deferred consideration with gold-linked notes	\$ -	\$ 3,938
Settlement of debt with shares	\$ -	\$ 30
Deferred financing costs included in accounts payable and accrued liabilities	\$ -	\$ 107

The Company did not make any cash payments for income taxes during the six months ended June 30, 2025 or May 31, 2024.

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 six months ended June 30, 2025 and May 31, 2024

(Expressed in Thousands of Canadian dollars unless otherwise stated) – Unaudited

1. NATURE OF OPERATIONS

West Red Lake Gold Mines Ltd. (the “Company” or “WRLG”) 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.

The Company 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 is focused on the development and restart of the Madsen Gold Mine (“the Madsen Mine” or “Madsen”) and exploration at its 100% owned Rowan Property, both located in the Red Lake Gold District of Northwestern Ontario.

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 and development assets on an advantageous basis. The Company has not achieved commercial production to date and although the Company currently is producing revenue during the ramp up phase, the estimated revenue will be lower than what is needed to operate. 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.

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 IFRS® Accounting 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 13 months ended December 31, 2024 and for the 12 months ended November 30, 2023 (“Annual Financial Statements”), which have been prepared in accordance with IFRS. The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 27, 2025.

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.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies 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.

a) Inventories

Stockpiled ore, metal in circuit and finished goods inventories are recorded at the lower of weighted average cost and net realizable value. Cost includes all direct costs incurred in production, including direct labour and materials, depletion and depreciation, and directly attributable overhead costs. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices, less estimated future costs to convert the inventories from their respective states into saleable form and all associated selling costs.

Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. The cost of stockpiled ore inventory is derived from the costs incurred up to the point of stockpiling the ore and is removed at the weighted average cost as ore is processed. Quantities of stockpiled ore are verified by periodic surveys.

Metal in circuit inventory includes the weighted average costs transferred from previously stockpiled ore inventory, and the costs incurred in the process of converting ore into doré.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and May 31, 2024

(Expressed in Thousands of Canadian dollars unless otherwise stated) – Unaudited

Finished goods inventory includes doré and bullion credits. Finished goods inventory includes the costs transferred from metal in circuit inventory plus, as applicable, refining and shipping costs. Costs are transferred from finished goods inventory and recorded as cost of sales in the statements of loss and comprehensive loss upon sale.

Materials and supplies inventories are measured at the lower of average cost and net realizable value, with replacement costs being the typical measure of net realizable value. Costs include the acquisition, freight and other directly attributable costs. Periodic reviews occur to determine the extent of any provision for obsolescence.

Any write-downs of inventory to net realizable value are recognized within the consolidated statements of loss and comprehensive loss. If there is a subsequent increase in the value of inventory, the previous write-downs to net realizable value are reversed to the extent that the related inventory has not been sold so that the new carrying amount is the lower of cost and the revised net realizable value.

b) Revenue recognition - Gold doré

The Company produces gold doré bars which contain both gold and silver which are further processed to produce refined gold and silver by an independent refinery. Revenue is generated from the sale of refined gold and silver. The Company applies the requirements of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”). In determining whether the Company has satisfied the performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether the Company has present right of collecting payment; the customer has legal title to the assets; the Company has transferred physical possession of the asset to the customer and the customer has significant risks and rewards of ownership of the products. The Company recognizes revenue when control has transferred to the customer in an amount that reflects the consideration the Company expects to receive. Transfer of control of the refined gold and silver occurs when the title of the product passes to the customer.

c) Mineral properties, plant and equipment

Mineral property and construction-in-progress (“CIP”)

Mineral properties, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Mineral properties are depleted on a unit-of-production (“UOP”) basis. Depletion of mineral property occurs following commercial production.

Mineral property acquisition and development costs, estimates related to reclamation and closure cost obligations, mine construction costs, waste removal costs, and borrowing costs incurred that are attributable to qualifying assets, are capitalized until commercial production is achieved, or the property is sold, abandoned or impaired. Costs recorded in CIP are transferred to property, plant and equipment upon completion of the asset and depreciation of these assets begins upon achieving commercial production. Commercial production is defined as the point at which the Madsen Mine assets are capable of operating as intended by management (Note 4).

Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment consists of the purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use and, where applicable, borrowing costs.

The carrying amounts of plant and equipment are depreciated to their residual values, if applicable, using the straight-line method over the shorter of the estimated useful life of the asset or the life of mine whichever is shorter, or the unit of production method.

Right-of-use assets are depreciated using the straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated useful lives of major categories of plant, and equipment, depreciated using the straight-line method, range from 3 to 7 years. These categories include right-of-use assets, vehicles, camp, equipment, and buildings. Useful lives are reviewed annually and adjusted prospectively if necessary.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and May 31, 2024

(Expressed in Thousands of Canadian dollars unless otherwise stated) – Unaudited

Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of plant and equipment. Costs incurred for major overhauls of existing equipment are capitalized as plant and equipment and are subject to depreciation once they are available for use. These costs are depreciated over the period until the next scheduled major overhaul or inspection. Routine repairs and maintenance costs are expensed as incurred.

d) *Borrowing costs*

The Company does not capitalize borrowing costs related to exploration and evaluation assets. All borrowing costs related to exploration and evaluation assets are recognized as interest and accretion in the consolidated statement of loss and comprehensive loss in the period in which they are incurred.

Once the Company has established that exploration and evaluation assets have reached technical feasibility and commercial viability, costs are then capitalized and recorded to Mineral property, plant and equipment. Borrowing costs incurred that are attributable to qualifying assets under development will be capitalized and included in the carrying amounts during the development period until the assets are ready for their intended use. In the case of mining properties, the mining property is ready for its intended use when it commences commercial production. Capitalization will commence on the date that expenditures for the qualifying asset are incurred, borrowing costs are being incurred by the Company and activities that are necessary to prepare the qualifying asset for its intended use are being undertaken

For funds obtained from general borrowing, the amount capitalized will be calculated using a weighted average of rates applicable to the borrowings during the period.

For funds borrowed specifically for the purpose of obtaining or developing a qualifying asset, the amount capitalized will represent the actual borrowing costs incurred on the specific borrowings less any investment income earned on the temporary investment of those borrowings.

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.

The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is as follows:

a) *Commercial production*

Determining when property, plant and equipment are in the location and condition necessary for it to be capable of operating in the manner intended by management (commercial production) is a matter of judgment. Depending on the specific facts and circumstances, the following factors may indicate that commercial production has commenced:

- The completion of all major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management;
- The ability to produce metal in saleable form (within specifications);
- The mill has reached a pre-determined percentage of design capacity and mineral recoveries are near the expected production levels;
- The completion of a reasonable period of testing of the mine, mill, and related equipment; and
- The ability to sustain ongoing production of ore.

As at June 30, 2025, the Company has not yet achieved commercial production.

b) *Inventory*

Determining the costs associated to inventory in relation to proceeds generated before intended use by management (commercial production) is a matter of judgement. The Company uses a proportional allocation to apportion development costs to inventory based on a percentage of meters/tonnes to access the inventory which is being sold prior to commercial production. The general and administration meters/tonnes are proportionally allocated between inventory and development costs (capitalized to mineral properties).

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and May 31, 2024

(Expressed in Thousands of Canadian dollars unless otherwise stated) – Unaudited

The Company believes it is prudent to re-state the following significant judgments, estimates and assumptions made by management in applying the Company's accounting policies that are consistent with those that applied to the Annual Financial Statements as they are pertinent to the activities in the current period. Actual results may differ from these estimates.

c) Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment as it relies on the Company's estimation of future cash flows for the 12 month period from the financial statement date, and the availability of funds to meet those cash flow requirements. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events and expenditures that are believed to be reasonable under the circumstances.

d) Determination of Technical Feasibility and Commercial Viability

The determination of the technical feasibility and commercial viability of the Madsen Mine requires judgment. The Company considered the positive National Instrument ("NI") 43-101 compliant Feasibility Study, the results of optimization studies and technical evaluations carried out to mitigate project risks, while maintaining all necessary permits and concluded that technical feasibility and commercial viability has been achieved effective January 1, 2025. Accordingly, effective January 1, 2025, the Company commenced capitalization of costs related to the development of Madsen.

5. RECEIVABLES

	As at June 30, 2025	As at December 31, 2024
Trade receivables	\$ 401	\$ -
Sales tax receivables	1,220	1,431
Balance, end of period	\$ 1,621	\$ 1,431

6. INVENTORIES

	As at June 30, 2025	As at December 31, 2024
Ore stockpiles	\$ 3,607	\$ -
Metal in circuit	3,512	-
Materials and supplies	3,579	1,280
Balance, end of period	\$ 10,698	\$ 1,280

During the six months ended June 30, 2025 and May 31, 2024, the Company did not record any write-downs or reversals of previously recognized write-downs relating to inventory.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and May 31, 2024

(Expressed in Thousands of Canadian dollars unless otherwise stated) – Unaudited

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral Properties ²		Construction in Progress	Plant and Equipment ¹	Rights of Use Assets	Total
	Rowan	Madsen				
Cost						
At November 30, 2023	\$ 14,214	\$ 4,044	\$ 301	\$ 59,964	\$ 381	\$ 78,904
Additions	10	-	9,320	1,559	4,824	15,713
Change in provision for reclamation and closure (Note 11)	-	-	-	2,255	-	2,255
Balance as at December 31, 2024	14,224	4,044	9,621	63,778	5,205	96,872
Additions	15	41,361	9,936	47	7,333	58,692
Capitalized interest	-	4,400	-	-	-	4,400
Disposal	-	-	-	(5)	-	(5)
Transfers	-	6,371	(17,234)	4,341	6,522	-
Change in provision for reclamation and closure (Note 11)	-	-	-	(324)	-	(324)
Balance as at June 30, 2025	\$ 14,239	\$ 56,176	\$ 2,323	\$ 67,837	\$ 19,060	\$ 159,635
Accumulated Depreciation						
At November 30, 2023	\$ -	\$ -	\$ -	\$ (237)	\$ (14)	\$ (251)
Depreciation	-	-	-	(1,112)	(570)	(1,682)
Balance as at December 31, 2024	-	-	-	(1,349)	(584)	(1,933)
Disposal	-	-	-	3	-	3
Depreciation	-	-	-	(1,358)	(862)	(2,220)
Balance as at June 30, 2025	\$ -	\$ -	\$ -	\$ (2,704)	\$ (1,446)	\$ (4,150)
Net book value at December 31, 2024	\$ 14,224	\$ 4,044	\$ 9,621	\$ 62,429	\$ 4,621	\$ 94,939
Net book value at June 30, 2025	\$ 14,239	\$ 56,176	\$ 2,323	\$ 65,133	\$ 17,614	\$ 155,485

1. Plant and Equipment includes \$49,893 in assets relating to the Madsen mine that are not yet operating at their intended use and therefore not being depreciated. These assets will start being depreciated upon achieving commercial production.

2. Prior to January 1, 2025, Madsen was classified as an exploration and evaluation asset and accordingly, all costs were expensed to the consolidated statements of (income) loss and comprehensive (income) loss. For the three months ended June 30, 2025, the Company expensed \$570 of exploration and evaluation expenses related to Rowan as Rowan is still classified as an exploration and evaluation asset. For the three months ended May 31, 2024, the Company expensed \$13,512 of exploration and evaluation expenses of which \$12,828 related to Madsen and \$684 related to Rowan. For the six months ended June 30, 2025, the Company expensed \$777 of exploration and evaluation expenses related to Rowan as Rowan is still classified as an exploration and evaluation asset. For the six months ended May 31, 2024, the Company expensed \$25,720 of exploration and evaluation expenses of which \$24,335 related to Madsen and \$1,385 related to Rowan.

8. LEASE LIABILITIES

	Amount
Balance, November 30, 2023	\$ 288
Additions	5,278
Interest expense on lease liabilities	239
Payment of lease liabilities	(1,970)
Balance, December 31, 2024	3,835
Additions	7,333
Interest expense on lease liabilities	394
Payment of lease liabilities	(1,630)
Balance, June 30, 2025	\$ 9,932
	As at June 30, 2025
Current Portion	\$ 2,566
Non-current portion	7,366
Balance, end of period	\$ 9,932
	As at December 31, 2024
Current Portion	\$ 1,400
Non-current portion	2,435
Balance, end of period	\$ 3,835

The undiscounted value of the lease liabilities as at June 30, 2025 was \$13,069 (December 31, 2024 - \$4,378).

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and May 31, 2024

(Expressed in Thousands of Canadian dollars unless otherwise stated) – Unaudited

9. GOLD-LINKED NOTES

The fair value of the gold-linked notes as at June 30, 2025 was US\$32,797 (\$44,744). The fair value of the gold-linked notes was calculated using valuation pricing models as at June 30, 2025. Significant inputs used in the valuation model include a credit spread, risk free rates, forward gold prices, implied volatility of gold prices, and forward yield curves.

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 gold-linked notes outstanding will be paid by the Company on a quarterly basis, commencing on March 31, 2026, and with the final payment on December 31, 2029. The gold-linked notes will be paid 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.

	Number of Gold-linked notes	Amount (US\$)	Amount (CAD)
Balance, November 30, 2023	-	\$ -	\$ -
Issuance of gold-linked notes	27,166	21,470	29,142
Loss on change in fair value	-	4,721	6,490
Gain on change in fair value through other comprehensive income due to changes in credit risk	-	(79)	(109)
Foreign exchange loss	-	-	2,050
Balance, December 31, 2024	27,166	\$ 26,112	\$ 37,573
Loss on change in fair value	-	6,947	9,841
Gain on change in fair value through other comprehensive income due to changes in credit risk	-	(262)	(395)
Foreign exchange gain	-	-	(2,275)
Balance, June 30, 2025	27,166	\$ 32,797	\$ 44,744
Current portion		\$ -	\$ -
Non-current portion		26,112	37,573
Balance, December 31, 2024		\$ 26,112	\$ 37,573
Current portion		\$ 1,847	\$ 2,520
Non-current portion		30,950	42,224
Balance, June 30, 2025		\$ 32,797	\$ 44,744
		Amount (US\$)	Amount (CAD)
Interest expense		\$ 1,630	\$ 2,294
Interest payment		(1,630)	(2,294)
Balance, June 30, 2025		\$ -	\$ -

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	US\$7,632	US\$7,650	US\$8,824	US\$27,166

The corresponding Canadian dollar amounts, including scheduled interest payments, are disclosed in Note 18.

10. CREDIT FACILITY

On December 31, 2024, the Company entered into a credit agreement (the "Loan Agreement") with Nebari Natural Resources Credit Fund II, LP ("Nebari"), an arm's length party, pursuant to which the Company has borrowed up to the maximum principal amount of US\$35 million (the "Credit Facility") issued in three tranches of: (i) US\$15 million ("Tranche 1"), (ii) US\$15 million ("Tranche 2"), and (iii) US\$5 million ("Tranche 3"). The maturity date of the Credit Facility is 42 months following the closing of Tranche 1. Tranche 1 was drawn down on December 31, 2024 for US\$15 million (\$21.6

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million). The Company drew down US\$7.5 million (\$10.1 million) of the US\$15 million Tranche 2 on March 19, 2025. The Company drew down US\$12.5 million (\$17.3 million) made up of the remaining US\$7.5 million (\$10.4 million) in Tranche 2 and the US\$5 million (\$6.9 million) of Tranche 3 on May 14, 2025.

Repayment of 50% of principal outstanding via fixed straight-line amortization commences on the 15th month following the draw-down of Tranche 1. The remaining 50% of borrowed funds are due on the maturity date. The Credit Facility may be repaid prior to maturity at any time subject to the additional payment of a make-whole threshold.

Interest will accrue on the advanced outstanding principal amount of the loan based on a floating rate per annum equal to the sum of: (i) the three-month term SOFR reference rate administered by CME Loan Party Benchmark Administration Limited (CBA) (the "Term SOFR"), as determined on the first date of each calendar month; and (ii) 8.0% per annum, provided that, if the Term SOFR is less than 4.0%, it shall be deemed to be 4.0%.

In addition, the Company pays Nebari an administration fee of \$30 per annum and is to pay an arrangement fee in the amount of 1.5% of the funded amount for each Tranche.

The Company issued on the closing of each Tranche a number of non-transferable common share purchase warrants (the "Loan Bonus Warrants") equal to:

- a) Tranche 1: For the US\$15 million draw-down, the Company issued 5,867,376 Loan Bonus Warrants at an exercise price of \$0.73 per common share with a value of \$1,739 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.87%; an expected volatility of 75%; an expected life of three and a half years; a forfeiture rate of zero; and an expected dividend of zero; and
- b) Tranche 2a: For the US\$7.5 million draw-down, the Company issued 2,691,934 Loan Bonus Warrants at an exercise price of \$0.7969 per common share with a value of \$679 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.61%; an expected volatility of 73%; an expected life of three and a quarter years; a forfeiture rate of zero; and an expected dividend of zero; and
- c) Tranche 2b: For the US\$7.5 million draw-down, the Company issued 2,495,325 Loan Bonus Warrants at an exercise price of \$0.85 per common share with a value of \$1,065 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.68%; an expected volatility of 73%; an expected life of three and a quarter years; a forfeiture rate of zero; and an expected dividend of zero; and
- d) Tranche 3: For the US\$5 million draw-down, the Company issued 1,663,550 Loan Bonus Warrants at an exercise price of \$0.85 per common share with a value of \$710 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.68%; an expected volatility of 73%; an expected life of three and a quarter years; a forfeiture rate of zero; and an expected dividend of zero.

Each Loan Bonus Warrant will entitle the holder to purchase one common share of the Company until June 30, 2028, with such term subject to a pro-rata reduction if the funded amount is prepaid in whole or in part, then a pro rata number of the total Loan Bonus Warrants issued in relation to such Tranche will have their term reduced to the later of one year from the date of issuance of the Warrants and 30 days from the reduction.

The Credit Facility is also guaranteed by the Company's wholly-owned subsidiaries, West Red Lake Gold Mines (Ontario) Ltd. and Red Lake Madsen Mine Ltd. (collectively, the "Guarantors"). The Guarantors and the Company have entered into security arrangements with the Lender while also initially securing the Loan by way of: (i) a pledge of 100% of all shares of the Guarantors (the "Share Pledges"); and (ii) a registered, perfected first priority senior security interest in, lien on and pledge of all intercorporate debt between the Company and the Guarantors.

The Credit Facility is subject to standard events of default, as well as certain covenants. As of June 30, 2025, the Company is in compliance with all the covenants. During the three months ended June 30, 2025, the Company paid \$1,337 in interest to Nebari (May 31, 2024 – nil). During the six months ended June 30, 2025, the Company paid \$2,106 in interest to Nebari (May 31, 2024 – nil). No interest was outstanding as at June 30, 2025 (December 31, 2024 – nil).

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		Amount
Balance, December 31, 2024	\$	18,913
Tranche 2a – US \$7.5 million		10,065
Tranches 2b and 3 – US\$12.5 million		15,680
Interest expense accrued		2,106
Accretion of discount		884
Interest expense paid		(2,106)
Amortized deferred transaction costs to Credit Facility		(1,285)
Foreign exchange gain		(1,799)
Balance, June 30, 2025	\$	42,458

	As at June 30, 2025	As at December 31, 2024
Current Portion	\$ 3,803	\$ -
Non-current portion	38,655	18,913
Balance, end of period	\$ 42,458	\$ 18,913

Transaction costs of the Credit facility to date totalled \$2,420 consisting of legal fees and other transaction costs which were recorded as deferred financing costs in the consolidated statement of financial position. During the six months ended June 30, 2025, \$1,285 and \$122 of the deferred financing costs were amortized and allocated to the debt and warrant components, respectively.

		Amount
Balance, November 30, 2023		-
Additions		1,764
Amortized deferred transaction costs to Credit Facility		(1,013)
Balance, December 31, 2024	\$	751
Additions		656
Amortized deferred transaction costs to Credit Facility		(1,407)
Balance, June 30, 2025	\$	-

11. PROVISION FOR RECLAMATION AND CLOSURE

The Company recognized a liability relating to its Madsen Mine 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 June 30, 2025, using a pre-tax discount rate of 3.15% and an inflation rate of 2.00%. The estimated total undiscounted cash flows to settle the provision for reclamation and closure as of June 30, 2025 is \$33,334 (December 31, 2024 - \$33,334).

The Company has estimated that payments will commence in 2032.

		Amount
Balance, November 30, 2023	\$	18,913
Reclamation accretion expense		661
Change in assumptions		2,255
Balance, December 31, 2024		21,829
Reclamation accretion expense		321
Change in assumptions		(324)
Balance, June 30, 2025	\$	21,826

12. SHARE CAPITAL**(a) Authorized**

Unlimited number of common and preferred shares without par value.

(b) Issued and fully paid**For the six months ended June 30, 2025**

On February 25, 2025, pursuant to a public offering, the Company issued 23,628,000 charity flow-through units at a price of \$0.8487 per unit (the "February 2025 FTS Offering"). Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share

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exercisable at \$0.90 until February 25, 2028. The total gross proceeds of the February 2025 FTS Offering was \$20,053. The total cash share issuance costs related to the February 2025 FTS Offering was \$1,643 consisting of cash commissions and finders' fees of \$1,087 and \$556 in other costs. A value of \$3,308 was assigned to the warrants issued with this offering. There was a flow-through premium liability of \$2,096 recorded on issuance of the flow-through shares as there was a difference in the price per unit between the February 25 FTS Offering and the closing share price on the same date. As at June 30, 2025, the flow-through premium liability was \$1,390 (Note 15).

During the six months ended June 30, 2025, 655,000 common shares were issued on the exercise of stock options for gross proceeds of \$328, 3,623,989 common shares were issued on the exercise of warrants for gross proceeds of \$2,062 and 1,225,663 common shares were issued on the exercise of DSUs and RSUs for gross proceeds of \$nil.

For the 13 months ended December 31, 2024

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 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. Total costs and expenses related to the October 2024 Offering totaled \$2,348.

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 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 and \$10,000, respectively. The Company paid cash commissions and finders fees of \$1,889 in relation to the financing and paid \$1,117 in other costs related to the financing. Total cash share issue costs related to the financing totalled \$3,007. The transaction costs were allocated on a pro-rata basis between the May 2024 Offering and the May 2024 FTS Offering totalling \$2,096 and \$911, respectively. The net proceeds on the May 2024 Offering and May 2024 FTS Offering were \$20,905 and \$9,089, respectively. There was a flow-through premium liability of \$1,910 recorded on issuance of the flow-through shares as there was a difference in the price per unit between the May 2024 Offering and May 2024 FTS Offering. As at December 31, 2024, the flow-through premium liability was \$615 (Notes 15 and 19).

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 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 (US\$2,631) of the obligations under the promissory note at a price of \$0.52 per unit. 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 13 months ended December 31, 2024, 851,200 common shares were issued on the exercise of stock options for gross proceeds of \$475. 740,332 common shares were issued on exercise of RSUs and DSUs for gross proceeds of \$nil and 10,315,911 common shares were issued on the exercise of warrants for gross proceeds of \$6,163.

(c) Stock options

The Company has established a rolling Stock Option Plan (the "Plan"). Under the Plan, the number of stock 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 stock option shall not be greater than 10 years. The exercise price of each stock option shall not be less than the market price of the Company's shares at the date of grant. Stock options vest as per the Plan at the discretion of the Board of Directors.

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A summary of the changes in stock options follows:

	Number of stock options		Weighted average exercise price
Balance, November 30, 2023	13,107,550	\$	0.59
Granted	7,414,400		0.89
Exercised	(851,200)		0.56
Forfeited	(1,370,125)		0.64
Expired	(206,550)		0.83
Balance, December 31, 2024	18,094,075	\$	0.70
Granted	3,916,500		0.63
Exercised	(655,000)		0.50
Expired	(18,225)		0.83
Balance, June 30, 2025	21,337,350	\$	0.70

As of June 30, 2025, the following stock options were outstanding:

Outstanding	Exercisable		Exercise Price	Remaining Contractual life (years)	Expiry Date
36,450	36,450	\$	0.83	1.52	January 4, 2027
5,910,000	4,432,500		0.62	2.99	June 26, 2028
420,000	210,000		0.69	3.07	July 26, 2028
785,000	392,500		0.60	3.21	September 14, 2028
6,989,400	3,494,700		0.90	3.78	April 11, 2029
250,000	125,000		0.56	3.99	June 24, 2029
3,916,500	979,125		0.63	4.59	January 29, 2030
2,780,000	2,780,000		0.50	7.51	December 30, 2032
250,000	187,500		0.50	7.63	February 13, 2033
21,337,350	12,637,775	\$	0.67	4.21	

The following weighted-average assumptions were used in the Black-Scholes valuation of stock options granted during the six months ended June 30, 2025.

	Six months ended June 30, 2025
Risk free interest rate	2.87%
Expected life of option	5.0 years
Annualized volatility	73%
Dividend rate	0.0%
Forfeiture rate	0.0%

Share-based compensation of \$680 was recognized for stock options on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) during the three months ended June 30, 2025 (May 31, 2024: \$1,193).

Share-based compensation of \$1,655 was recognized for stock options on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) during the six months ended June 30, 2025 (May 31, 2024: \$1,571).

(d) Restricted Share Unit, Performance 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 RSUs, DSUs, and PSUs (together the “Awards”) that may be reserved is 26,995,675 Awards.

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A summary of the changes in RSUs:

	Number of RSUs	Weighted average grant date fair value
Balance, November 30, 2023	2,135,000	\$ 0.62
Granted	2,397,000	0.88
Converted	(640,332)	0.62
Forfeited	(254,000)	0.64
Balance, December 31, 2024	3,637,668	0.79
Granted	3,988,000	0.63
Converted	(1,225,663)	0.77
Forfeited	(100,000)	0.68
Balance, June 30, 2025	6,300,005	\$ 0.69

Share-based compensation of \$657 was recognized for RSUs on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) during the three months ended June 30, 2025 (May 31, 2024: \$332).

Share-based compensation of \$1,309 was recognized for RSUs on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) during the six months ended June 30, 2025 (May 31, 2024: \$485).

A summary of the changes in DSUs:

	Number of DSUs	Weighted average grant date fair value
Balance, November 30, 2023	700,000	\$ 0.63
Granted	600,000	0.90
Converted	(100,000)	0.62
Balance, December 31, 2024	1,200,000	0.77
Granted	1,197,000	0.63
Balance, June 30, 2025	2,397,000	\$ 0.70

Share-based compensation of \$172 was recognized for DSUs on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) during the three months ended June 30, 2025 (May 31, 2024: \$186).

Share-based compensation of \$533 was recognized for DSUs on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) during the six months ended June 30, 2025 (May 31, 2024: \$298).

No PSUs have been granted in the six months ended June 30, 2025 or May 31, 2024.

(e) Warrants

A summary of the changes in warrants:

	Number of Warrants	Weighted average exercise price
Balance, November 30, 2023	36,301,703	\$ 0.63
Issued	116,902,474	0.92
Exercised	(10,315,911)	0.60
Expired	(538,603)	0.82
Balance, December 31, 2024	142,349,663	0.87
Issued	30,478,809	0.88
Exercised	(3,623,989)	0.57
Balance, June 30, 2025	169,204,483	\$ 0.88

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As of June 30, 2025, the following warrants were outstanding:

Outstanding and exercisable	Exercise price	Expiry date
43,180,700 \$	1.00	May 16, 2026
19,923,200	0.68	November 28, 2026
6,900,000	0.68	November 28, 2026
41,666,800	0.90	October 24, 2027
23,628,000	0.90	February 25, 2028
1,900,000	0.42	June 16, 2028
5,867,376	0.73	June 30, 2028
2,691,934	0.80	June 30, 2028
19,287,598	0.95	March 19, 2029
4,158,875	0.85	June 30, 2028
169,204,483 \$	0.88	

13. GENERAL AND ADMINISTRATIVE EXPENSES

General and administration expense consists of the following expenses by nature:

	Three months ended June 30, 2025	Three months ended May 31, 2024	Six months ended June 30, 2025	Six months ended May 31, 2024
Marketing, investor relations and travel	\$ 976	\$ 829	\$ 2,558	\$ 1,197
Salaries, benefits and director's fees	767	573	1,586	1,591
Consulting	108	528	380	749
Office and administration	93	86	350	147
Professional fees	300	384	491	574
Regulatory and filing	60	53	137	113
Depreciation	-	363	-	684
Total	\$ 2,304	\$ 2,816	\$ 5,502	\$ 5,055

14. FINANCE EXPENSE

	Three months ended June 30, 2025	Three months ended May 31, 2024	Six months ended June 30, 2025	Six months ended May 31, 2024
Credit facility accretion expense (Note 10)	\$ 588	\$ -	\$ 884	\$ -
Financing costs – gold-linked notes	-	2,189	-	2,190
Interest expense – gold-linked notes ¹	-	870	-	870
Loss on debt conversion	-	126	-	126
Reclamation accretion expense (Note 11)	163	156	321	315
Interest expense lease liabilities (Note 8)	262	39	394	72
Total	\$ 1,013	\$ 3,380	\$ 1,599	\$ 3,573

¹ Interest expenses related to the gold-linked notes and the Credit facility in 2025 were capitalized to mineral properties. For the three months ended June 30, 2025, the amount capitalized was \$2,419 and six months ended June 30, 2025 was \$4,400.

15. OTHER INCOME

During the three months ended June 30, 2025, flow-through premium liability of \$515 was amortized from the February 2025 FTS Offering. During the three months ended May 31, 2024, flow-through premium liability of \$nil was amortized. During the six months ended June 30, 2025, flow-through premium liability of \$1,321 was amortized of which \$705 was from the February 2025 FTS Offering and \$615 was from the May 2024 FTS Offering. During the six months ended May 31, 2024, flow-through premium liability of \$nil was amortized.

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16. 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 three and six months ended June 30, 2025 and May 31, 2024, remuneration to officers and directors of the Company was as follows:

	Three months ended June 30, 2025	Three months ended May 31, 2024	Six Months ended June 30, 2025	Six months ended May 31, 2024
Salaries, benefits and director's fees	\$ 454	\$ 351	\$ 918	\$ 984
Share based compensation	\$ 1,279	\$ 1,163	\$ 3,088	\$ 1,611

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

As of June 30, 2025 and December 31, 2024, \$nil amounts were owing to officer and directors, or companies controlled by officers and directors of the Company.

17. 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 as well as revenue being generated during the production ramp up stage. Although, the Company currently is producing revenue during the ramp up phase there is a risk that the estimated revenue will be lower than what is needed to operate. 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 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 and debt 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, credit facility, net of cash, during.

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

	As at June 30, 2025	As at December 31, 2024
Equity	\$ 47,758	\$ 29,463
Gold-linked notes (Note 9)	44,744	37,573
Credit facility (Note 10)	42,458	18,913
Less: Cash and cash equivalents	(23,697)	(36,880)
Less: Restricted cash	(170)	(170)
	\$ 111,093	\$ 48,899

18. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

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

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.

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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, trade accounts receivable, 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 approximate their carrying values due to their short-term nature. The fair value of the gold-linked notes have 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 fair value of the credit facility has been determined based on using Level 3 inputs, including current market conditions and is materially consistent with its carrying value.

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, restricted cash, and accounts receivable. Credit risk associated with trade accounts receivable arises from the Company's transfer of its production to customers from whom it receives 95% of the sales proceeds, shortly after delivery of its production to an agreed upon transfer point. The balance is received within a short settlement period thereafter, once final metal content has been agreed between the Company and the customer. 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:

	As at June 30, 2025		As at December 31, 2024
Cash and cash equivalents	\$ 23,697	\$	36,880
Trade receivables (Note 5)	401		-
Restricted cash	170		170
	\$ 24,268	\$	37,050

Interest Rate Risk

Interest rate risk consists of the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Nebari credit facility interest is subject to the three-month Term SOFR rate, with a minimum value of 4%, in addition to the fixed 8% rate. The Term SOFR rate is published by the CBA on a public platform. The SOFR term is consistent with the credit facility interest period of three months. An increase in the three-month Term SOFR rate by 1% will increase the Company's interest expense by \$0.4 million per annum.

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 June 30, 2025, the Company had a working capital balance (current assets less current liabilities) of \$1,658. The Company recorded a loss of \$6,632 and a cash outflow from operating activities of \$24,486 for the six months ended June 30, 2025 and had an accumulated deficit of \$174,044 as of June 30, 2025. The Company has not achieved commercial production to date and although the Company currently is producing revenue during the ramp up phase there is a risk that the estimated revenue will be lower than what is needed to operate. 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.

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The Company's significant undiscounted commitments at June 30, 2025 are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Trade & other payables	\$ 25,695	\$ -	\$ -	\$ -	25,695
Lease payments (Note 8)	3,468	4,962	2,020	2,619	13,069
Credit facility (Note 10)	10,569	59,070	-	-	69,639
Gold-linked notes ¹ (Note 9)	6,504	23,938	19,712	-	50,154
Provision for reclamation and closure (Note 11)	-	-	-	33,334	33,334
	\$ 46,236	\$ 87,970	\$ 21,732	\$ 35,953	\$ 191,891

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

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 trade receivables, the credit facility, and the gold-linked notes. The Company maintains Canadian and US dollar bank accounts in Canada.

As at June 30, 2025, a 10% change in the Canadian dollar versus the US dollar exchange rates would give rise to a \$8,222 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.

19. COMMITMENTS AND CONTINGENCIES

During the 13 months ended December 31, 2024, the Company raised \$10,000 in flow-through financing (Note 12). As of June 30, 2025, the balance of the obligation was \$nil (December 31, 2024: \$615).

During the six months ended June 30, 2025, the Company raised \$20,053 in flow-through financing (Note 12) and is required to incur flow-through expenditures of \$18,853 by December 31, 2025, and \$1,200 by February 20, 2026. As of June 30, 2025, the balance of the obligation was \$13,303.

If the Company does not incur the amount of the eligible flow-through expenditures by December 31, 2025 and/or February 20, 2026 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.

20. 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.

West Red Lake Gold Mines Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and May 31, 2024

(Expressed in Thousands of Canadian dollars unless otherwise stated) – Unaudited

21. SUBSEQUENT EVENTS

Subsequent to June 30, 2025, 750,000 shares were issued on exercise of warrants for gross proceeds of \$315,000.