

WESTERN EXPLORATION, INC.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in U.S. dollars)

To the Shareholders of Western Exploration, Inc.:

Opinion

We have audited the consolidated financial statements of Western Exploration, Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2025, and as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario
April 14, 2026

MNP **LLP**
Chartered Professional Accountants
Licensed Public Accountants

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Western Exploration, Inc.
Consolidated Statements of Financial Position
(Expressed in U.S. dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalent		\$ 460,769	\$ 990,599
Receivables		22,013	-
Prepaid expenses		80,529	100,905
		563,311	1,091,504
Non-current Assets			
Mineral properties	6	7,865,000	7,865,000
Property and equipment	7	86,509	85,858
Restricted cash	5	610,950	610,950
Deposits		7,107	7,107
Total Assets		\$ 9,132,877	\$ 9,660,419
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8	\$ 154,021	\$ 125,526
Due to related party - current	11	61,507	-
		215,528	125,526
Non-current Liabilities			
Reclamation provision	9	270,317	595,553
Due to related party	11	440,095	440,095
Total Liabilities		925,940	1,161,174
SHAREHOLDERS' EQUITY			
Share capital	10	55,154,443	52,701,189
Contributed surplus		22,546,638	21,597,319
Accumulated deficit		(69,290,443)	(65,613,754)
Accumulated other comprehensive loss		(203,701)	(185,509)
Total Shareholders' Equity		8,206,937	8,499,245
Total Liabilities and Shareholders' Equity		\$ 9,132,877	\$ 9,660,419

Nature of operations and going concern (Note 1)
Subsequent event (Note 18)

(Signed) "Brian Kennedy"

Director

(Signed) "Marceau Schlumberger"

Director

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

Western Exploration, Inc.**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in U.S. dollars, except per share amount and number of shares)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Operating expenses:			
Exploration and evaluation expenditures	12	\$ 2,108,430	\$ 3,772,142
General and administrative expenses	13	1,605,176	2,090,343
		3,713,606	5,862,485
Other income:			
Foreign exchange gain		(16,850)	(40,285)
Interest income		(20,067)	(105,297)
		(36,917)	(145,582)
Net loss for the year		\$ (3,676,689)	\$ (5,716,903)
Cumulative translation adjustment		(18,192)	(135,148)
Net loss and comprehensive loss		\$ (3,694,881)	\$ (5,852,051)
Net loss per share:			
Basic and diluted	14	\$ (0.07)	\$ (0.14)
Weighted average number of common shares:			
Basic and diluted		49,526,908	41,997,162

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

Western Exploration, Inc.
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

	For the year ended December 31, 2025	For the year ended December 31, 2024
Operating activities		
Net loss	\$ (3,676,689)	\$ (5,716,903)
Adjustments for:		
Depreciation expense	7,246	6,370
Foreign exchange	5,960	(134,125)
Stock-based compensation	166,894	508,899
Reclamation obligation	(325,236)	(40,962)
Changes in operating assets and liabilities:		
Receivables	(22,013)	-
Prepaid expenses	20,376	100,513
Accounts payable and accrued liabilities	28,495	(123,548)
Cash used in operating activities	(3,794,967)	(5,399,756)
Investing activities		
Purchases of property and equipment	(7,897)	-
Cash used in investing activities	(7,897)	-
Financing activities		
Net proceeds from private placements	3,235,679	5,870,654
Proceeds from due to related party	61,507	-
Cash provided by financing activities	3,297,186	5,870,654
Effect of foreign exchange on cash	(24,152)	-
Net change in cash	(529,830)	470,898
Cash, beginning of year	1,601,549	1,130,651
Cash, end of year	1,071,719	1,601,549
Reconciliation of cash and cash equivalent and restricted cash:		
Cash and cash equivalent	\$ 460,769	\$ 990,599
Restricted cash	610,950	610,950
	\$ 1,071,719	\$ 1,601,549

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

Western Exploration, Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in U.S. dollars)

	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance as at December 31, 2023	\$ 49,290,918	\$ 18,628,037	\$ (59,896,851)	\$ (50,361)	\$ 7,971,743
Units issued for cash	3,369,155	2,501,499	-	-	5,870,654
Vesting of restricted stock units	41,116	(41,116)	-	-	-
Stock-based compensation	-	508,899	-	-	508,899
Net loss for the year	-	-	(5,716,903)	-	(5,716,903)
Cumulative translation adjustment	-	-	-	(135,148)	(135,148)
Balance as at December 31, 2024	\$ 52,701,189	\$ 21,597,319	\$ (65,613,754)	\$ (185,509)	\$ 8,499,245
Units issued for cash (net of cash issuance costs)	2,568,422	667,257	-	-	3,235,679
Issuance of finder and broker warrants	(115,168)	115,168	-	-	-
Stock-based compensation	-	166,894	-	-	166,894
Net loss for the year	-	-	(3,676,689)	-	(3,676,689)
Cumulative translation adjustment	-	-	-	(18,192)	(18,192)
Balance as at December 31, 2025	\$ 55,154,443	\$ 22,546,638	\$ (69,290,443)	\$ (203,701)	\$ 8,206,937

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

Western Exploration, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in U.S. dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Western Exploration, Inc., formerly Crystal Peak Minerals Inc. (an exploration stage company referred to as the “Company” or “Western” or “WEX” was originally incorporated in the Yukon territory, Canada on June 25, 2015. The Company commenced trading on the TSX Venture Exchange (the “TSXV”) under the symbol “CPM”. Effective November 13, 2020, the listing of the Company’s common shares was transferred from the TSXV to the TSX NEX Board as a result of the corporate restructuring in connection with the reverse takeover transaction (the “RTO”). The Company’s registered and records office is located at Suite 2500, Park Place, 666 Burrard Street, Vancouver, British Columbia. The Company has an operations and project office in the United States at Suite 140, 121 Woodland Avenue in Reno, Nevada.

On December 22, 2021, the Company changed its name from Crystal Peak Minerals Inc. to Western Exploration Inc. in conjunction with the RTO and resumed trading on the TSXV at the opening of the market under the new symbol “WEX” on January 19, 2022.

The Company is engaged in the business of exploration, acquisition, development, and mining (if warranted) of precious metal and other mineral deposits in the State of Nevada. All the Company’s projects are conducted pursuant to claims, leases, permits, and licenses granted by appropriate authorities or on fee land controlled by the Company. In the future, when deemed appropriate certain projects may be pursued on a joint venture basis to share the associated risk and to assist in the project funding.

Going concern

These consolidated financial statements for the years ended December 31, 2025 and 2024 (the “financial statements”) have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. Several adverse conditions indicate the existence of material uncertainty that may cast significant doubt on the validity of this assumption. As at December 31, 2025, the Company had working capital of \$347,783 (December 31, 2024 - \$965,978) and an accumulated deficit of \$69,290,443 (December 31, 2024 - \$65,613,754). During the year ended December 31, 2025, the Company produced a net loss of \$3,676,689 (2024 - \$5,716,903) and used funds in operations of \$3,794,967 (2024 - \$5,399,756). The Company has incurred operating losses to date and is currently unable to self-finance any future operations. The Company’s ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. Should the Company be unable to continue as a going concern, the financial position, results of operations, and cash flows reported in these financial statements may be subject to material adjustments.

Western Exploration, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in U.S. dollars, except where noted)

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on April 14, 2026.

The consolidated financial statements have been prepared in accordance with accounting policies as prescribed under IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS[®] Accounting Standards. These financial statements have been prepared on an accrual basis, except for information presented in the condensed interim consolidated statements of cash flows.

c) Basis of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiary, Western Exploration LLC, incorporated under the laws of the State of Nevada in the United States of America. All intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

d) Presentation and functional currency

These financial statements have been prepared in U.S. dollars (“USD”), which is the Company's presentation currency. The functional currency is determined to be USD for the Western Exploration LLC and Canadian dollars (“CAD”) for Western Exploration Inc.

3. MATERIAL ACCOUNTING POLICIES

a) Foreign currency transactions

For foreign currency transactions, the Company translates each transaction by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are restated using the closing exchange rate at the reporting date, and non-monetary assets and liabilities measured at fair value are translated using the exchange rate at the date when fair value was measured. Exchange differences are recognized in profit or loss for the period in which they arise. However, if fair value changes for a non-monetary item measured at fair value are recognized in other comprehensive income, the exchange difference component of the change in fair value is also recognized in other comprehensive income.

For the presentation of the consolidated financial statement, assets and liabilities of the Company's foreign operations whose functional currency is different from the presentation currency are translated at the closing exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions. Exchange differences arising from translation of foreign operations are recognized in other comprehensive loss in the period.

3. MATERIAL ACCOUNTING POLICIES

b) Mineral properties

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when receivable, until these mineral properties are placed into commercial production, sold or abandoned. If the technical and economic feasibility of the mineral property is established and a decision is made to commence development of the project, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when receivable, are expensed to net loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

c) Restricted cash

Reclamation bonds are required by various U.S. and local government agencies as part of the permitting process and to secure clean-up costs if the projects are abandoned or closed. The bonds are recorded at amortized cost and restricted as amounts are on deposit. See Note 5 for further details.

d) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

e) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred income tax

Deferred income tax is measured based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

3. MATERIAL ACCOUNTING POLICIES (continued)

e) Income taxes (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current income and deferred tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

f) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. The proceeds from the issuance of units are allocated between common shares and warrants based on the proportionate fair value of both the common share and warrant on the date of issuance. Consideration received for the exercise of warrants is recorded in capital stock, and any related amount recorded in contributed surplus is transferred to share capital.

Repurchases by the Company of its own common shares are accounted for as a charge to share capital to the extent of the average carrying value of the Company's common shares on the date of repurchase. Any amount of the fair value of consideration given up on the date of repurchase that are in excess or shortfall of the average carrying value of the common shares repurchased are recognized as a direct charge to accumulated deficit.

The fair value of warrants is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions.

g) Loss per share

The Company presents basic and diluted loss per share data for its shares, calculated by dividing the loss attributable to subordinate shareholders of the Company by the weighted average number of subordinate shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to subordinate shareholders and the weighted average number of subordinate shares outstanding for the effects of other equity instruments such as warrants and options that may add to the total number of subordinate shares.

h) Share-based compensation

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

3. MATERIAL ACCOUNTING POLICIES (continued)

h) Share-based compensation (continued)

The corresponding amount is recorded to contributed surplus. The Company records stock-based compensation expense for service-based stock options and restricted share units ("RSU's") on a graded method over the requisite service period. The Company records stock-based compensation expense for non-market performance-based stock options on a graded method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied.

i) Financial instruments

IFRS 9 includes guidance on the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below- market interest rate, or contingent consideration recognized by an acquirer in a business combination.

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

Western Exploration, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in U.S. dollars, except where noted)

3. MATERIAL ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The Company writes off a financial asset, either in full or in part, when it determines that there is no reasonable expectation of recovery, generally because the debtor lacks sufficient assets or income to repay the amount.

The following table summarizes the classification and measurement under IFRS 9 for each financial instrument:

Classification	IFRS 9
Cash	Amortized cost
Restricted cash	Amortized cost
Due to related party	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

j) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

k) Property and equipment

Items of property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and fair value of any other consideration given to acquire the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed each reporting period and adjusted prospectively if appropriate.

l) Cash

Cash in the consolidated statements of financial position comprise cash at banks, cash held in trust and short-term bank deposits with original maturity of three months or less. The Company's cash is invested with two major financial institutions in business accounts and in trust with a law firm that are available on demand by the Company for its programs.

m) Reclamation obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work are discounted to their net present value and expensed to loss and comprehensive loss, to the extent that the disturbances relate to the exploration and evaluation of mineral properties as soon as the obligation to incur such costs arises.

The use of a discount rate to reflect the time value of money are used to calculate the net present value of the reclamation obligation. The related liability is adjusted for at each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Such amounts are included in loss and comprehensive loss.

n) Recent accounting pronouncements

Foreign Currency Translation – Lack of Exchangeability

In August 2023, the IASB amended IAS 21 *The Effects of Changes in Foreign Exchange Rates*, to address currencies that cannot be exchanged (lack of exchangeability). The Company assesses exchangeability at the reporting date and, if a currency is not exchangeable, estimates a spot rate reflecting an orderly transaction between market participants. The amendments also require disclosure of the limitation and effects of the estimated rate. These amendments are effective for annual periods beginning on or after 1 January 2025 and have no impact on the Company's financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

n) Recent accounting pronouncements (continued)

Issuance of IFRS 18 Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements, which replaces IAS 1 while retaining many of its existing principles with limited changes. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, including comparative information. It does not affect the recognition or measurement of financial statement items but may impact the presentation of “operating profit or loss”. Key changes introduced by IFRS 18 include:

- a revised structure for the statement of profit or loss;
- new disclosure requirements for management-defined performance measures reported outside the financial statements; and
- enhanced principles for aggregation and disaggregation across the primary financial statements and notes.

The Company is currently assessing the impact of IFRS 18 on its financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

a) Determination of, and provision for, reclamation and remediation obligations

The Company assesses its provision for reclamation obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

b) Going concern

The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

c) Impairment of long-lived assets

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of impairment involves the application of several significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

d) The recoverability of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure has been capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

e) Fair value of equity instruments and warrant liability

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

5. RESTRICTED CASH

The Company held restricted cash outstanding in the amounts of \$610,950 (December 31, 2024 - \$610,950) as of December 31, 2025, for the Wood Gulch and Doby George Projects as required by the U.S. Forest Service and Bureau of Land Management.

These amounts are held in a restricted fund to be held as collateral for surety bonds in place to cover current and future reclamation obligations.

6. MINERAL PROPERTIES

Total mineral property acquisition costs as at December 31, 2025 and December 31, 2024 were \$7,865,000.

Aura Project

The Aura project consists of 709 unpatented lode mining claims, totaling 12,848 acres, and mineral leases on 2,296 acres of fee land in nine different parcels. The Aura project is an amalgamation of three projects, Doby George, IL Ranch and Wood Gulch.

The current mineral lease agreement has an expiration date of December 31, 2031.

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6. MINERAL PROPERTIES (continued)

The Aura project is subject to a 2% Net Smelter Royalty (NSR) on precious metals and a 1.4% NSR on base metals payable to IL Minerals LLC. RG Royalties holds a 2% NSR after the first 400,000 ounces of gold production at Doby George. When the RG Royalties royalty becomes effective the IL Minerals NSR decreases to 1% on the RG Royalties area. There is also additional 1% NSR and production royalties ranging from 0.1% to 1% payable to Tyler Shepard on claims overlying the Wood Gulch.

On December 22, 2021, the Company granted a 1% royalty on the entire Aura project to Agnico Eagle in exchange for the redemption of 2,358,490 Western shares. The royalty has a \$5,000,000 buyback option for 2 years and thereafter the buyback escalates by \$500,000 per year up to a maximum of \$9,000,000 on the tenth anniversary date, thereafter, increasing to \$10,000,000 up until the eleventh anniversary and expiring thereafter. As of the date of grant, the fair value of the royalty was deemed to be \$nil as it was undetermined at the time of grant whether the Company will achieve commercial production with its property.

7. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

Cost	
Balance, December 31, 2023 and December 31, 2024	\$ 398,822
Additions	7,897
Balance, December 31, 2025	\$ 406,719
Accumulated Depreciation	
Balance, December 31, 2023	\$ 306,594
Depreciation	6,370
Balance, December 31, 2024	\$ 312,964
Depreciation	7,246
Balance, December 31, 2025	320,210
Carrying amount	
Balance, December 31, 2024	\$ 85,858
Balance, December 31, 2025	\$ 86,509

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	December 31, 2025	December 31, 2024
Trade payables	\$ 94,869	\$ 125,085
Accrued liabilities	59,152	441
	\$ 154,021	\$ 125,526

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9. RECLAMATION PROVISION

The provision for environmental rehabilitation consists of land rehabilitation and related costs. Although the ultimate amount of the environmental rehabilitation provision is uncertain, the amount of these obligations is based on information currently available, including closure plans and the Company’s interpretation of current regulatory requirements.

The provision for environmental rehabilitation relates to reclamation and closure costs of the Company’s Aura Project. As at December 31, 2025, the undiscounted provision for environmental rehabilitation is estimated at \$278,693 (December 31, 2024 - \$612,800), over a period of 3-4 years, inflated using rate of 2.7% per annum and discounted using a risk-free rate of 3.6% per annum.

A summary of the Company’s reclamation provision is as follows:

Balance at December 31, 2023	\$	636,515
Accretion		25,524
(Gain) on change in economic assumptions		(66,486)
Balance at December 31, 2024		595,553
Accretion		25,353
Loss on change in economic assumptions		4,943
(Gain) on change in cash flow estimates		(355,532)
Balance at December 31, 2025	\$	270,317

10. SHARE CAPITAL AUTHORIZED

a) Authorized share capital

The Company’s authorized capital consisted solely of voting common shares without par value.

On October 24, 2022, the Company amended its notice of articles to change the identifying name of its outstanding class of shares from “Common Shares” to “Variable Voting Shares” to reflect that the outstanding class of listed shares of the Company are subject to a voting reduction to the shares held by residents of the United States to ensure that not more than 50% of the outstanding voting securities of the Company are held, directly, or indirectly, by residents of the United States.

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10. SHARE CAPITAL AUTHORIZED (continued)

b) Issued share capital

A summary of the Company's issued share capital is as follows:

	Number of units/shares	\$ Value of units/shares
	Common Shares	Amount
Balance at December 31, 2023	34,449,689	\$ 49,290,918
Units issued for cash	10,951,859	3,369,155
Exercise of restricted stock units	31,250	41,116
Balance at December 31, 2024	45,432,798	52,701,189
Units issued for cash	7,150,000	2,453,254
Balance at December 31, 2025	52,582,798	\$ 55,154,443

During the year ended December 31, 2025, the Company had the following transactions:

- On June 6, 2025, the Company completed a private placement of 7,150,000 units at a price of C\$0.70 per unit, for aggregate gross proceeds of \$3,646,500 (C\$5,005,000). Each unit consisted of one variable voting share and one-half of a variable voting share purchase warrant. Each whole warrant entitles the holder to purchase one variable voting share at an exercise price of C\$0.95 until June 6, 2028.

In connection with the offering, the Company paid commissions, advisory fees, legal fees and transaction costs totaling \$410,821 (C\$566,492), resulting in net proceeds received of \$3,235,679. The net proceeds were allocated between shares and warrants using the relative fair value method. The fair value of warrants was estimated using the Black-Scholes pricing model with the following assumptions: share price of C\$0.64, risk-free interest rate of 2.92%, dividend yield of 0%, volatility of 89.14%, based on historical share prices of comparable companies, and expected life of 3 years. Based on this allocation, \$2,568,422 was attributed to common shares and \$667,257 to warrants.

The Company also issued 441,519 finders' warrants, each exercisable at C\$0.70 per share until June 6, 2028. The fair value of these warrants was estimated at \$115,168 (C\$158,074) using the Black-Scholes pricing model with assumptions consistent with those applied to the warrants issued in the placement and was recorded as a share issuance cost.

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10. SHARE CAPITAL AUTHORIZED (continued)

b) Issued share capital (continued)

During the year ended December 31, 2024, the Company had the following transactions:

- On March 28, 2024, the Company closed its non-brokered private placement of units in the capital of the Company. The private placement consisted of the issuance of 9,348,086 units at a price of CAD\$0.70 per unit, for aggregate gross proceeds of approximately \$4,829,270 (CAD\$6,543,659). Each unit consists of one variable voting share of the Company and one variable voting share purchase warrant of the Company. Each warrant will entitle the holder to purchase one variable voting share of the Company at a price of CAD\$1.00 per share at any time on or before the date which is 36 months after the closing date of the private placement, subject to adjustment in certain events. Proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of the warrants was determined to be \$2,140,169 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$1.10, risk free interest rate of 3.87%, an expected dividend yield of 0%, volatility rate of 139% based on historical share prices of comparable companies and an expected life of 3 years.

In connection with the private placement, the Company paid certain parties finder's fees in the form of an aggregate of \$81,953 (CAD\$119,947) in cash and has issued 158,495 variable voting share purchase warrants (each a "Finder's Warrant"). Each Finder's Warrant entitles the holder to purchase one variable voting share at CAD\$1.00 for 36 months. The fair value of the Finder's Warrants was determined to be \$102,403 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$1.10, risk free interest rate of 3.87%, an expected dividend yield of 0%, volatility rate of 139% based on historical share prices of comparable companies and an expected life of 3 years. The Company also incurred share issuance costs of \$105,071 for this financing.

- On September 24, 2024, the Company closed a non-brokered private placement of units of the Company in which the Company issued an aggregate of 1,603,773 units at a price of CAD\$1.06 per unit for gross proceeds of approximately \$1,262,767 (CAD\$1,700,695). Each unit consists of one variable voting share of the Company and one-half of one variable voting share purchase warrant of the Company. Each whole warrant entitles the holder thereof to purchase one variable voting share of the Company at a price of CAD\$1.36 per share at any time on or before the date which is 24 months after the closing date of the private placement, subject to adjustment in certain events. Proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of the warrants was determined to be \$258,927 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$1.17, risk free interest rate of 2.90%, an expected dividend yield of 0%, volatility rate of 91% and an expected life of 2 years. The Company incurred share issuance costs of \$34,323 in connection with this private placement.
- During the year ended December 31, 2024, the Company issued 31,250 common shares upon the conversion of 31,250 restricted stock units ("RSUs"). As a result, \$41,116 was reclassified from contributed surplus to share capital.

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10. SHARE CAPITAL AUTHORIZED (continued)

c) Share purchase warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price (CAD)
Balance at December 31, 2023	2,045,009	2.26
Issued	10,308,467	1.03
Expired	(576,343)	2.55
Balance at December 31, 2024	11,777,133	1.17
Issued	4,016,519	0.92
Balance at December 31, 2025	15,793,652	1.11

As at December 31, 2025, the following share purchase warrants of the Company were outstanding:

Total Warrants	Exercise Price (CAD)	Grant Date	Expiration Date	Weighted average remaining life (years)
1,468,666	\$2.15	2023-06-14	2026-06-14	0.45
9,506,581	\$1.00	2024-03-28	2027-03-28	1.24
801,886	\$1.36	2024-09-24	2026-09-24	0.73
3,575,000	\$0.95	2025-06-06	2028-06-06	2.43
441,519	\$0.70	2025-06-06	2028-06-06	2.43
15,793,652	\$1.11			1.44

d) Restricted stock units

The Company has established a Restricted Share Unit Plan (the "RSU Plan"). Under the RSU Plan, together with any other share compensation arrangement. The Board may in its own discretion, at any time, and from time to time, grant RSUs to any employee, director or consultant of the Company or its subsidiaries, other than persons conducting investor relations activities, from time to time by the Board, subject to the limitations set forth in the RSU Plan. The Board may designate one or more performance periods under the RSU Plan.

On June 8, 2022, the Company granted a total of 125,000 RSU's, of which 62,500 RSU's vested immediately, with the remaining 62,500 vesting equally on the first and second anniversary from the date of grant. Each RSU is exercisable into one common share of the Company at no additional cost. On the date of grant, the fair value of RSU's granted was determined to be \$164,464 based on the fair market trading price of the Company's common shares. During the year ended December 31, 2025, stock-based compensation expense of \$nil (2024 - \$8,999), was recognized in the relation to the vesting of RSUs.

During the year ended December 31, 2024, 31,250 RSUs were settled through the issuance of common shares of the Company. As at December 31, 2025 and 2024, no RSUs were outstanding.

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10. SHARE CAPITAL AUTHORIZED (continued)

e) Stock options

The Company has established a rolling Stock Option Plan (the “Plan”). Under the Plan, the number of shares 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 5 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 at the discretion of the Board of Directors.

A summary of the Company’s stock option activity is as follows:

	Number of options	Weighted average exercise price (CAD)
Balance at December 31, 2023	1,596,025	2.65
Granted	1,415,000	1.10
Balance at December 31, 2024 and 2025	3,011,025	1.92

On August 5, 2024 the Company granted a total of 1,415,000 options to directors, officers, employees and consultants of the Company. The options expire on August 5, 2027 and have an exercise price of CAD\$1.10. Included in the option grant are 150,000 options issued to Peak Investor Marketing (“Peak”). The options issued to Peak were granted with ½ vesting on the 6 month anniversary, ¼ on the 12 month anniversary ¼ on the 18 month anniversary of the grant date. For the remaining 1,265,000 options, 50% of these options are to vest immediately, 25% vesting on August 5, 2025 and the remaining vesting on August 5, 2026. The fair value of the options was determined to be \$605,133 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$0.97, risk free interest rate of 3.09%, an expected dividend yield of 0%, and volatility rate of 101%.

During the year ended December 31, 2025, the Company recognized stock-based compensation expense of \$166,894 (2024 - \$499,900), respectively, related to vesting of stock options.

A summary of the Company’s outstanding stock options as at December 31, 2025 is as follows:

Outstanding Options	Exercisable	Exercise Price (CAD)	Grant Date	Expiration Date	Weighted average remaining life (years)
1,596,025	1,596,025	2.65	2022-06-08	2027-06-08	1.44
1,415,000	1,061,250	1.10	2024-08-05	2027-08-05	1.59
3,011,025	2,657,275	1.92			1.51

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10. SHARE CAPITAL AUTHORIZED (continued)

f) Compensation Options

In connection to a private placement on June 14, 2023, the Company issued 126,839 Compensation Options. Each Compensation Option is exercisable to acquire one unit of the Company (each, a "Compensation Option Unit") at a price of CAD\$1.55 per Compensation Option Unit, until June 14, 2026. Each Compensation Option Unit consists of one variable voting share of the Company and one-half of one variable voting share purchase warrant of the Company, each whole warrant entitling the holder to purchase one variable voting share of the Company at a price of CAD\$2.15 per share at any time until June 14, 2026. In addition, the Company also issued 22,493 Finder's Options. The Finder's Options were issued on substantially the same terms as the Compensation Options. The fair value of the Compensation Options and Finder's Options was determined to be \$96,866 on the date of issuance, estimated using the Black Scholes pricing model using a fair value share price of CAD\$1.50, risk free interest rate of 4.15%, an expected dividend yield of 0%, volatility rate of 88% based on historical share prices of comparable companies and an expected life of 3 years.

As at December 31, 2025, these Compensation Options and Finder's Options are still outstanding.

11. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers and enterprises that are controlled by these individuals as well as certain people performing similar functions. The below noted transactions are in the normal course of business and are measured at the amount as agreed to by the parties and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations. The Company considers key management to be officers and directors of the Company.

A summary of the Company's related party transactions is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Salaries and fees	\$ 210,000	\$210,000
Stock-based compensation	\$ 69,627	\$239,567
	\$ 279,627	\$ 449,567

As at December 31, 2025, amounts totaling \$440,095 (December 31, 2024 - \$440,095) were due to a corporation controlled by a director of the Company. During the year ended December 31, 2025, the repayment terms of the payable were extended to January 1, 2027, bearing no interest.

Included in the funds received from the June 2025 private placement is a subscription from an officer of the Company. A portion of the funds, totaling \$61,507, was not applied to issued units and is recorded as a subscription liability payable to related party. This amount remained outstanding as at December 31, 2025.

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11. RELATED PARTY TRANSACTIONS (continued)

Major shareholders:

To the knowledge of the directors and senior officers of the Company, as at December 31, 2025, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

	Number of common Shares	Percentage of outstanding
Golkonda LLC	19,969,391	38.0%
Agnico Eagle (USA) Ltd	6,299,334	12.0%

12. EXPLORATION AND EVALUATION EXPENDITURES

A summary of the Company's exploration and evaluation expenditures is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
Drilling	\$	1,240,804	\$	2,830,508
Geological		905,638		702,201
Land maintenance		152,443		150,428
Metallurgy		2,592		39,718
Permitting		132,189		90,249
Reclamation obligation		(325,236)		(40,962)
	\$	2,108,430	\$	3,772,142

13. GENERAL AND ADMINISTRATIVE EXPENSES

A summary of the Company's general and administrative expenses is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
Audit and accounting fees	\$	108,031	\$	62,133
Depreciation		7,246		6,370
Legal and regulatory fees		184,872		209,046
Office and general		775,769		941,056
Salaries		362,364		362,839
Stock-based compensation		166,894		508,899
	\$	1,605,176	\$	2,090,343

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14. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2025 was based on losses attributable to common shareholders of \$3,676,689 (2024 - \$5,716,903) and the basic weighted average number of common shares outstanding of 49,526,908 (2024 - 41,997,162), respectively. Diluted loss per share did not include the effect of outstanding warrants, options and RSU's as they are anti-dilutive.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measurement of financial assets and liabilities

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 classification of each measurement within this hierarchy is based on the lowest-level significant input used in valuation. 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
- Level 3 - Inputs that are not based on observable market data

The Company's financial assets and liabilities consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, and due to related party.

All financial assets and liabilities of the Company are measured at amortized cost and their fair values approximate carrying values because of their short-term nature or are subject to insignificant movements in fair value.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is mainly exposed to credit risk with respect to managing its cash and restricted cash. The Company's risk management policies require that significant cash deposits are held with U.S. FDIC insured banks. All investments must be less than one year in duration.

c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they become due. The Company manages this risk by monitoring and forecasting cash flows related to operations, investment activities, and financing requirements, and by managing its capital structure. The Company does not yet have a source of revenue and its continuation as a going-concern is dependent upon the successful results of its mineral property exploration. The Company has a history of raising equity financing (Note 10). As at December 31, 2025, the Company had cash and cash equivalent of \$460,769 (December 31, 2024 - \$990,599), which management considers sufficient to meet current obligations. Future funding needs will depend on the Company's exploration results and the availability of additional financing under acceptable terms (Note 1).

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16. CAPITAL RISK MANAGEMENT

The Company's capital is the shareholders' equity balance. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its shareholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments, and exploration activities. As the Company is in the exploration stage, its operations have been substantially funded by the issuance of common stock and mineral property earn-in agreements. The Company is not subject to any externally imposed credit or capital requirements. However, the Company will continue to rely on such funding depending upon market and economic conditions at the time. There have been no changes in the Company's approach to capital management during the year ended December 31, 2025.

17. INCOME TAXES

The Company is treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "ITA") for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the United States

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Net loss before income taxes	\$ (3,676,689)	\$ (5,716,903)
Statutory income tax rate	21%	21%
Expected income tax recovery at statutory rate	(772,105)	(1,200,550)
Tax effect of:		
Difference in foreign tax rates	(42,551)	(62,030)
Permanent differences and others	(81,038)	33,248
Share issuance costs booked through equity	(110,922)	(59,774)
Change in unrecognized deferred income tax assets	1,006,615	1,289,106
Income tax recovery	-	-

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17. INCOME TAXES (continued)

The approximate tax effect of each type of temporary difference that gives rise to the Company's deferred income tax assets and liabilities are as follows:

	December 31, 2025	December 31, 2024
Non-capital loss carry forwards - Canada	\$ 844,198	\$ 637,601
Non-capital loss carry forwards - US	3,162,494	2,488,528
Mineral properties	409,061	270,468
Property and equipment	(3,358)	(3,784)
Reclamation provision	(48,477)	19,823
Financing costs	182,010	126,677
Net unrecognized deferred income tax asset	\$ 4,545,928	\$ 3,539,313

The Company has non-capital loss carryforwards in Canada of \$3,126,658 (2024 - \$2,361,486) expiring in 2041-2045 and net operating loss carryforwards in the US of \$15,059,496 (2024 - \$11,850,133) with no fixed date of expiry which are available to reduce taxable income in Canada and the US, respectively.

18. SUBSEQUENT EVENTS

In January 2026, the Company completed a best-efforts private placement issuing 9,780,000 units at C\$0.92 per unit for gross proceeds of C\$9.0 million. Each unit consists of one variable voting share and one-half of one warrant, with each whole warrant exercisable at C\$1.35 until February 3, 2028. The warrants are callable at the option of the Company if the volume-weighted average trading price of the Company's variable voting shares on the TSX Venture Exchange exceeds C\$1.70 for 20 consecutive trading days, commencing six months after issuance, in which case unexercised warrants expire 30 days following notice. The Company paid approximately C\$0.5 million in cash commissions and issued 557,127 broker warrants, exercisable at C\$0.92 until February 3, 2028.

On February 10, 2026, the Company granted 70,000 stock options to a consultant. The options are exercisable at C\$1.10 per share and expire on February 10, 2029. The options vest over a two-year period, with 50% vesting immediately on the grant date, 25% vesting on the first anniversary of the grant date, and the remaining 25% vesting on the second anniversary of the grant date.

In March 2026, the Company refunded \$61,507 to an officer of the Company in settlement of a subscription liability related to the June 2025 private placement.

Subsequent to December 31, 2025, a total of 65,000 warrants with an exercise price of C\$0.95 and an expiry date of June 6, 2028 were exercised for gross proceeds of C\$61,750.