



Interim Condensed Financial Statements of

**WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.**

For the three months ended March 31, 2021 (unaudited)

## **NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of West High Yield (W.H.Y.) Resources Ltd. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

Calgary, Alberta  
May 27, 2021

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

## Interim Condensed Balance Sheets (unaudited)

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,578	\$ 18,015
Accounts receivable	17,018	7,810
Prepaid expenses	51,445	55,130
	<u>70,041</u>	<u>80,955</u>
Restricted deposits	68,568	68,568
Property and equipment (Note 4)	3,832	6,976
Exploration and evaluation – mineral property (Note 5)	1,480,983	1,480,983
<b>Total Assets</b>	<u>\$ 1,623,424</u>	<u>\$ 1,637,482</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 2,366,581	\$ 2,344,373
Lease liabilities	3,921	6,212
Liabilities due to related parties (Note 8)	2,817,644	2,758,344
	<u>5,188,146</u>	<u>5,108,929</u>
Long Term Liabilities:		
Long term debt (Note 6)	1,653,507	1,606,867
<b>Total Liabilities</b>	<u>\$ 6,841,653</u>	<u>\$ 6,715,796</u>
<b>Shareholders' Equity</b>		
Common shares (Note 7(b))	14,060,785	13,960,001
Warrants (Note 7©)	62,621	49,458
Contributed surplus	7,514,393	7,514,393
Deficit	(26,856,027)	(26,602,166)
	<u>(5,218,228)</u>	<u>(5,078,314)</u>
Going concern (Note 1)		
Commitments and contingencies Note 10)		
Subsequent events (Note 11)		
	<u>\$ 1,623,425</u>	<u>\$ 1,637,482</u>

See accompanying notes to interim condensed financial statements.

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

## Interim Condensed Statements of Operations and Comprehensive Loss (unaudited)

	Three months ended	
	March 31, 2021	March 31, 2020
<b>Expenses</b>		
Head office expense	\$ 166,214	\$ 128,475
Exploration expense (Note 5)	756	5,5426
Interest and bank charges (Note 8)	35,619	36,283
Interest on long term debt (Note 6)	46,639	39,964
Foreign exchange (gain) or loss	1,488	27
Stock based compensation (Note 7)	-	15,578
Depreciation and amortization (Note 3)	3,145	8,824
	<b>\$ 253,861</b>	<b>\$ 234,577</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (253,861)</b>	<b>\$ (234,577)</b>
<b>Loss per common shares</b>		
Basic and diluted	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of shares outstanding</b>		
Basic and diluted	<b>68,122,319</b>	<b>66,892,820</b>

See accompanying notes to interim condensed financial statements.

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

## Interim Condensed Statements of Cash Flows (unaudited)

	Three months ended	
	March 31, 2021	March 31, 2020
<b>Cash Flow From (Used in) Operating Activities</b>		
Net loss	\$ (253,861)	\$ (234,577)
Add (deduct) non-cash items:		
Interest accrued - related party loan <i>(Note 9)</i>	35,300	34,500
Interest accrued - long term loan <i>(Note 6)</i>	46,639	39,964
Stock based compensation	-	15,578
Depreciation and amortization <i>(Note 3)</i>	3,145	8,824
	<u>(168,777)</u>	<u>(135,711)</u>
Net change in non-cash working capital <i>(Note 9)</i>	16,684	135,827
	<u>\$ (152,093)</u>	<u>\$ 116</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds from related party loan <i>(Note 9)</i>	24,000	25,000
Issue of shares and warrants <i>(Note 8)</i>	113,946	-
Payment of lease liabilities	(2,291)	(5,390)
	<u>135,655</u>	<u>19,610</u>
<b>Cash Flow (Used in) Investing Activities</b>		
Transfers to restricted deposits	-	-
Purchase of equipment and software	-	-
	<u>-</u>	<u>-</u>
Decrease in cash and cash equivalents	\$ (16,438)	\$ 19,726
<b>Cash and cash equivalents, beginning of period</b>	<u>18,015</u>	<u>8,857</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 1,578</u>	<u>\$ 28,584</u>
<b>Interest paid</b>	<u>\$ 318</u>	<u>\$ 1,783</u>

See accompanying notes to interim condensed financial statements.

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

## Interim Condensed Statements of Shareholders' Deficit (unaudited)

	Three months ended	
	March 31, 2021	March 31, 2020
<b>Shareholders' deficit:</b>		
Common shares (Note 7(b))		
Balance, beginning of year	13,960,001	\$13,833,959
Private placement	100,785	-
<b>Balance, end of period</b>	<b>14,060,783</b>	<b>13,833,959</b>
<b>Warrants (Note 7(c))</b>		
Balance, beginning of year	49,458	76,361
Issued on private placement	13,164	-
Warrants expired unexercised	-	(38,234)
<b>Balance, end of period</b>	<b>62,622</b>	<b>38,127</b>
<b>Contributed surplus</b>		
Balance, beginning of year	7,514,393	7,088,319
Transfer on expiry of warrants	-	38,234
Stock based compensation	-	15,578
<b>Balance, end of period</b>	<b>7,514,393</b>	<b>7,142,131</b>
<b>Deficit</b>		
Balance, beginning of year	(26,602,166)	(25,249,636)
Net loss	(253,861)	(234,577)
Balance, end of period	(26,856,027)	(25,484,213)
	<b>\$ (5,218,229)</b>	<b>\$ (4,469,996)</b>

See accompanying notes to interim condensed financial statements.

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

Notes to Financial Statements

For the three months ended March 31, 2021

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West High Yield (W.H.Y.) Resources Ltd. (the “**Company**”) was incorporated on August 29, 2003 under the laws of the Province of Alberta and its principal business activities are the acquisition, exploration and development of mineral properties.

## 1. Going Concern and Nature of Operations

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used. Such adjustments could be material.

For the three months ended March 31, 2021, the Company had incurred a net loss of \$253,861 and used cash in operations of \$152,093. As at March 31, 2021, the Company had a working capital deficiency of \$5,118,105.

The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. The ability of the Company to continue as a going concern is dependent on continued forbearance of the amounts due to related parties and the Company’s ability to obtain financing to continue exploration and development of the mineral property. There is no certainty that the Company will be able to obtain the financing required to continue exploration and development activities or of the ongoing forbearance of related parties and other creditors. In addition, there is no certainty that the mineral property will contain economically recoverable reserves. These conditions create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

As at March 31, 2021, the Company was in the exploration stage based on the following considerations:

- (a) revenues have not been earned from the Company’s mineral properties and to date the Company has not been profitable and there is uncertainty of cost recovery;
- (b) available capital is directed towards mining exploration and resource development, not mining production or operating activities; and
- (c) although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title, and such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company commenced exploration in 2005 and on a cumulative basis has incurred the following exploration costs:

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

Notes to Financial Statements

For the three months ended March 31, 2021

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Prior to 2008	\$	2,704,173
2008		1,589,042
2009		764,414
2010		485,928
2011		762,566
2012		227,279
2013		313,814
2014		88,397
2015		61,100
2016		1,557,985
2017		993,521
2018		1,855,337
2019		181,648
2020		21,216
Cumulative exploration costs	\$	11,606,419
Recovery of exploration costs		(547,074)
<b>Cumulative recoveries exploration costs, net of</b>	<b>\$</b>	<b>11,059,345</b>

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## 2. Significant accounting policies, judgments and estimation uncertainty

### Basis of presentation and measurement

#### **Statement of compliance:**

The financial statements for the years ended December 31, 2020 and 2019 have been prepared using accounting policies in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”). The disclosures provided below are incremental to those included with the annual financial statements. These interim condensed financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2020.

These financial statements were authorized for issue by the Board of Directors on May 27, 2021.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business, results of operations and the timing of raising additional capital at this time.

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Financial results as determined by actual events may differ.

The significant area requiring the use of management estimates and judgment is the determination of stock-based compensation and impairment of exploration and evaluation assets and deferred income taxes (including related tax credits and incentives).



# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

Notes to Financial Statements

For the three months ended March 31, 2021

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The identification of impairment indicators requires judgment, and if identified, the determination of the recoverable amount of the related asset requires several estimates that are inherently subject to uncertainty. The recoverability of amounts for mineral properties is dependent upon the discovery of economically recoverable ore reserves, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production from its mineral properties.

The measurement of stock-based compensation requires management's estimate as to the valuation methodology and several inputs, including the estimated volatility of the Company's stock and the forfeiture rate.

Deferred income taxes are based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates, and the likelihood of future taxable profits permitting the realization of assets. Tax interpretations, regulations and legislation in the jurisdictions in which the Company operates, and the interpretations of such matters by the Company, are subject to change.

The Company is entitled to certain income tax credits pertaining to qualifying drilling expenditures, which may be refunded by the British Columbia government. Determination of qualifying expenditures is a matter of judgement and assessing the Company's ability to recover such credits requires estimation and is subject to audit by the taxation authorities. In addition, and in conjunction with past issuances of flow through share issuances, the Company is required to renounce qualifying exploration expenditures to flow through investors and the determination of qualifying expenditures requires judgment.

### 3. Property and Equipment:

March 31, 2021	Cost	Accumulated amortization	Net book value
Buildings	\$ 29,692	\$ 29,692	\$ -
Office equipment	74,799	74,799	-
Automotive equipment	135,962	135,962	-
Field equipment	82,449	82,449	-
Right of use asset ( <i>Note 2(e)</i> )	47,758	43,926	-
	\$ 370,660	\$ 366,827	\$ 3,832

### 4. Exploration and Evaluation assets - Mineral property:

In September 2003, the Company acquired a mineral property consisting of eight crown granted mineral claims, three modified grid claims and six staked claims in the Rossland Mining Camp located in the Trail Creek Mining district in southeastern British Columbia, Canada (the "**Mineral Property**"). The total cost of the Mineral Property at the time of acquisition was \$1,258,509.

During 2007, the Company acquired additional adjacent mineral claims for a total cost of \$148,350. During 2008, the Company acquired additional adjacent mineral claims for a total cost of \$19,857 and incurred mineral property lease maintenance costs of \$12,254. During 2012 and 2013, the Company acquired additional adjacent mineral claims for a total cost of \$15,000 and \$22,201, respectively. During the year 2014 and 2015, the Company incurred additional lease maintenance costs.

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

Notes to Financial Statements

For the three months ended March 31, 2021

Exploration and Evaluation Assets – Mineral Property	Cost
2003	\$ 1,258,509
2007	148,350
2008	32,111
2012	15,000
2013	22,201
2014	4,312
2015	500
<b>Total:</b>	<b>\$ 1,480,983</b>

## 5. Exploration and evaluation costs

Exploration costs expended by the Company on its mineral property are detailed in the following table.

Exploration Costs:	Three months ended	
	March 31, 2021	March 31, 2020
Consulting and labour	\$ -	\$ 4,694
Miscellaneous field office	383	-
Accommodation and meals	-	579
Travel and transportation	-	153
Freight and equipment transport	373	-
Property and mineral taxes	-	-
<b>Total:</b>	<b>\$ 756</b>	<b>\$ 5,426</b>

## 6. Long Term Debt

On April 27, 2016, the Company received a \$1,000,000 unsecured loan with a 10-year repayment term, which bears interest at 11.61% payable at end of term. Loan repayment terms advance in the event the Company achieves cumulative net cash flow from operations of greater than \$5,000,000 subsequent to April 27, 2016.

Should an event such as an amalgamation, merger, or other consolidation occur, the Company would be responsible for principal and interest of \$2,844,058. On January 12, 2018 \$63,000 of the loan was repaid in full. No further payment has been made on the outstanding debt balance in the period ended March 31, 2021.

	Three months ended	
	March 31, 2021	March 31, 2020
Loan due April 27, 2026	\$ 1,000,000	\$ 1,000,000
Cumulative unpaid interest	643,816	473,063
<b>Total:</b>	<b>\$ 1,643,816</b>	<b>\$ 1,473,063</b>

## 7. Equity Instruments

### (a) Authorized

The Company's authorized share capital consists of an unlimited number of common shares without par value.

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

Notes to Financial Statements

For the three months ended March 31, 2021

## (b) Common Shares issued and outstanding:

The continuity of the Company's issued common share capital is as follows:

	<b>Number of Shares</b>	<b>Amount</b>
Balance as at December 31, 2020	67,770,320	\$ 13,960,001
Private Placement	569,732	\$ 100,783
Shares for Debt		
Stock Options exercised	-	-
Share issue costs	-	-
<b>Balance as at March 31, 2021</b>	<b>68,340,052</b>	<b>\$ 14,060,784</b>

- (i) On November 25, 2020, the Company completed a tranche closing of its then current private placement ("**Private Placement #1**") totaling 552,500 units for gross proceeds of \$110,500. Each unit was priced at \$0.20 per unit and included one common share and one share purchase warrant, where two full share purchase warrants entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.30 per common share for a period of one year from the date of closing.
- (ii) On December 2, 2020, the Company completed the final tranche closing of Private Placement #1 totaling 325,000 units for gross proceeds of \$65,000. Each unit was priced at \$0.20 per unit and included one common share and one share purchase warrant, where two full share purchase warrants entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.30 per common share for a period of one year from the date of closing.
- (iii) On February 10, 2021, the Company completed an initial tranche closing of a new private placement totaling of 569,732 units for gross proceeds of \$113,946. Each unit was priced at \$0.20 per unit and included one common share and one share purchase warrant, where two full share purchase warrants entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.30 per common share for a period of one year from the date of closing.

## (c) Warrants:

	<b>Number of Warrants</b>	<b>Amount</b>
Balance at December 31, 2020	877,500	\$ 49,458
Private Placement	212,500	13,164
Warrants expired (unexercised)	-	-
<b>Balance at March 31, 2021</b>	<b>1,090,000</b>	<b>\$ 62,622</b>

## (d) Stock Options:

The Company has a rolling stock option plan (the "**Plan**") for its officers, directors, employees and consultants. The maximum number of common shares issuable under the Plan cannot exceed 10% of the Company's issued and outstanding common shares.

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

Notes to Financial Statements

For the three months ended March 31, 2021

The following table summarizes the status of the options issued pursuant to the Plan.

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance as at December 31, 2020	5,425,000	\$0.20	2.81
Options granted	-	-	-
Options exercised	-	-	-
<b>Balance as at March 31, 2021</b>	<b>5,425,000</b>	<b>\$0.20</b>	<b>2.20</b>

The fair value of the 2,950,000 stock options granted to officers, directors and consultants on September 4, 2020 of \$0.12 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk-free interest rate of 0.34%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 171%.

## 8. Related party transactions

The Company has received loans from Big Mountain Development Corp. Ltd. ("**Big Mountain**"), a related party and significant shareholder of the Company, as detailed in the table below. The loans received from Big Mountain are secured by promissory notes and a general security agreement over all the assets of the Company.

	March 31, 2021	December 31, 2020
<b>Big Mountain loan:</b>	\$ 1,700,000	\$ 1,700,000
Loan due December 31, 2021 (bears interest at 8%)		
Advance	65,788	65,788
Accrued interest at end of year:	858,597	823,296
	\$ 2,624,384	\$ 2,589,084
<b>Directors' loans</b>		
Loans, non-interest bearing	\$ 169,260	\$ 169,260
Loan advance	24,000	-
	\$ 193,260	\$ 169,260
<b>Balance, end of period</b>	<b>\$ 2,817,644</b>	<b>\$ 2,758,344</b>

Interest and bank charges expense is comprised of the following:

	Three months ended	
	March 31, 2021	March 31, 2020
Interest on related party loans	\$ 35,300	\$ 34,500
Other interest and bank charges	319	1,784
<b>Balance, end of period</b>	<b>\$ 35,619</b>	<b>\$ 36,284</b>

## 9. Supplemental cash flow information

	Three months ended	
	March 31, 2021	March 31, 2020
Accounts receivable	\$ (9,208)	\$ 26,093
Prepaid expenses	3,685	1,550
Accounts payable and accrued liabilities	22,207	108,184
<b>Balance, end of period</b>	<b>\$ 16,684</b>	<b>\$ 135,827</b>

# WEST HIGH YIELD (W.H.Y.) RESOURCES LTD.

Notes to Financial Statements

For the three months ended March 31, 2021

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## 10. Commitments and contingencies

The Company has a 10.5-hectare surface land lease to purchase agreement where rent is \$800 per month for a one year term ending August 31, 2021. At any time during the term the Company has the option to purchase the lands for \$340,000. The Company has a short-term lease commitment payable by August 31, 2021 in the amount of \$12,000 which are included in the lease liability.

## 11. Subsequent events

- (a) On April 19, 2021, the Company announced its intention to extend the expiry of an aggregate of 1,150,000 stock options (the “**Old Options**”) granted on April 15, 2016 to the date that is 10 years from the grant date of each of the Old Options. The Old Options each had an exercise price of \$0.25 per Old Option. After consulting with its advisors, the Company later decided to allow the Old Options to expire instead of seeking TSX Venture Exchange approval for an extension of such expiry date. The Old Options expired on April 15, 2021.
- (b) On April 19, 2021, the Company announced and approved the grant of 500,000 new stock options to consultants of the Company effective April 15, 2021. All of the new stock options granted vest on their date of grant and each option entitles the holder thereof to purchase one common share of the Company at a price of \$0.18 per common share for a period of five years from their date of the grant.
- (c) On April 29, 2021, the Company announced that it accepted a new loan from Big Mountain in the principal amount of \$750,000. The loan has a term of 12 months and will bear interest at the rate of 10% per annum. The loan will be secured by the previously executed first charge general security agreement on all the present and after-required property of the Company.
- (d) On May 7, 2021, the Company announced and approved the grant of 1,150,000 new stock options to directors of the Company effective May 7, 2021. All of the new stock options granted vest on their date of grant and each option entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share for a period of five years from their date of grant.