



Condensed Interim Consolidated Financial Statements of

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

For the three and six months ended June 30, 2022 (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 condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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
August 24, 2022

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

Condensed Interim Consolidated Statement of Financial Position (unaudited)

| As at | June 30, 2022 | December 31, 2021 |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,636,716 | \$ 133,465 |
| Accounts receivable | 42,982 | 23,738 |
| Subscription receivable | - | 2,499,951 |
| Prepaid expenses | 73,671 | 148,103 |
| | 2,753,369 | 2,805,257 |
| Restricted deposits (Note 3) | 68,568 | 68,568 |
| Property and equipment (Note 4) | 7,548 | 15,321 |
| Exploration and evaluation – mineral property (Note 5) | 1,508,364 | 1,508,364 |
| Total Assets | \$ 4,337,849 | \$ 4,397,510 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 1,887,080 | \$ 2,201,053 |
| Flow-through premium liabilities | 416,659 | 416,659 |
| Lease liabilities | 1,584 | 6,212 |
| Liabilities due to related parties (Note 9) | 3,639,434 | 3,531,438 |
| | 5,944,757 | 6,155,362 |
| Long Term Liabilities: | | |
| Long term debt (Note 7) | - | 1,801,705 |
| Total Liabilities | \$ 5,944,757 | \$ 7,957,067 |
| Shareholders' Equity | | |
| Common shares (Note 8(b)) | 19,276,637 | 16,403,581 |
| Warrants (Note 8c) | 1,319,210 | 705,938 |
| Contributed surplus | 8,504,126 | 8,502,911 |
| Deficit | (30,700,525) | (29,165,631) |
| Total shareholders' equity | (1,600,553) | (3,553,201) |
| Non-controlling interest | (6,356) | (6,356) |
| Total Liabilities and Shareholders' equity | 4,337,849 | 4,397,510 |

Going concern (Note 1)
 Commitments and contingencies Note 12)
 Subsequent events (Note 13)

See accompanying notes to condensed interim consolidated financial statements.

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

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

| | Three months ended | | Six months ended | |
|--|--------------------|---------------|----------------------|---------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Expenses | | | | |
| Head office expense | \$376,453 | \$289,800 | \$655,506 | \$456,014 |
| Exploration expense (Note 5) | 444,494 | 121,248 | 680,609 | 122,004 |
| Interest and bank charges (Note 9) | 54,416 | 54,304 | 108,769 | 89,923 |
| Interest on long term debt (Note 7) | 29,622 | 47,993 | 81,916 | 94,632 |
| Foreign exchange (gain) or loss | 320 | - | 320 | 1,488 |
| Stock based compensation (Note 8) | - | 253,298 | - | 253,298 |
| Depreciation and amortization (Note 4) | 3,180 | 2,299 | 7,774 | 5,444 |
| | \$908,485 | \$768,942 | \$1,534,894 | \$1,022,803 |
| Net loss and comprehensive loss | \$(908,485) | \$(768,942) | \$(1,534,894) | \$(1,022,803) |
| Loss per common shares | | | | |
| Basic and diluted | \$(0.01) | \$(0.01) | \$(0.02) | \$(0.01) |
| Weighted average number of shares outstanding | | | | |
| Basic and diluted | 77,380,721 | 68,576,186 | 76,863,152 | 68,685,654 |

See accompanying notes to condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

| | Three months ended | | Six months ended | |
|---|--------------------|---------------|----------------------|---------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Cash Flow From (Used in) Operating Activities | | | | |
| Net loss | \$(908,485) | \$(768,942) | \$(1,534,894) | \$(1,022,803) |
| Add (deduct) non-cash items: | | | | |
| Interest accrued - related party loan (Note 9) | 53,998 | 54,051 | 107,997 | 89,351 |
| Interest accrued - long term loan (Note 6) | 29,622 | 47,993 | 81,916 | 94,632 |
| Stock based compensation (Note 8 (d)) | - | 253,298 | - | 253,298 |
| Depreciation and amortization (Note 4) | 3,180 | 2,299 | 7,774 | 5,444 |
| | (821,685) | (411,301) | (1,337,207) | (580,078) |
| Net change in non-cash working capital (Note 9) | 97,435 | (494,545) | 2,241,165 | (322,600) |
| | \$(724,250) | \$(905,846) | \$903,958 | \$(902,678) |
| Cash Flow From Financing Activities | | | | |
| Proceeds from related party loan (Note 9) | - | 750,000 | - | 774,000 |
| Repayment of long-term debt (Note 6) | (1,883,622) | - | (1,883,622) | - |
| Repayment of related party loan | - | - | - | (155,260) |
| Issue of shares and warrants (Note 8) | 2,419,938 | 265,000 | 3,500,188 | 378,946 |
| Share issue costs | (4,215) | - | (12,645) | - |
| Payment of lease liabilities (Note 9) | (2,337) | (2,337) | (4,628) | (4,628) |
| | 529,764 | 1,012,663 | 1,599,293 | 993,058 |
| Cash Flow (Used in) Investing Activities | | | | |
| Purchase of equipment and software | - | - | - | - |
| | \$(194,486) | \$106,817 | \$2,503,251 | \$90,380 |
| Cash and cash equivalents, beginning of period | 2,831,202 | 1,578 | 133,465 | 18,015 |
| Cash and cash equivalents, end of period | \$2,636,716 | \$108,395 | \$2,636,716 | \$108,395 |
| Interest paid | \$418 | \$254 | \$772 | \$572 |

See accompanying notes to condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)

| | Three months ended | |
|-----------------------------------|-----------------------|-----------------------|
| | June 30, 2022 | June 30, 2021 |
| Common shares (Note 8(b)) | | |
| Balance, beginning of year | 16,403,581 | \$13,960,001 |
| Private placement | 2,644,231 | 342,509 |
| Warrants exercised | 241,470 | - |
| Share issue costs | (12,645) | - |
| Balance, end of period | 19,276,637 | 14,302,510 |
| Warrants (Note 8(c)) | | |
| Balance, beginning of year | 705,938 | 49,458 |
| Issued on private placement | 649,709 | 36,438 |
| Warrants exercised | (35,222) | - |
| Warrants expired unexercised | (1,215) | - |
| Balance, end of period | 1,319,210 | 85,896 |
| Contributed surplus | | |
| Balance, beginning of year | 8,502,911 | 7,514,393 |
| Transfer on expired warrants | 1,215 | - |
| Stock based compensation | - | 253,298 |
| Balance, end of period | 8,504,126 | 7,767,691 |
| Deficit | | |
| Balance, beginning of year | (29,165,631) | (26,602,166) |
| Net loss | (1,534,894) | (1,022,803) |
| Balance, end of period | (30,700,525) | (27,624,969) |
| Non-Controlling Interest | (6,356) | - |
| Balance, end of period | (30,706,881) | (27,624,969) |
| Total Shareholder's equity | \$ (1,604,609) | \$ (5,468,872) |

See accompanying notes to condensed interim consolidated financial statements.

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2022

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 condensed interim consolidated 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 six months ended June 30, 2022, the Company had incurred a net loss of \$1,534,894 and used cash in operations of \$903,958. As at June 30, 2022, the Company had a working capital deficiency of \$3,191,389.

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.

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

Basis of presentation and measurement

Statement of compliance:

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” and using the accounting policies outlined by the Company in its annual consolidated financial statements for the year ending December 31, 2021. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ending December 31, 2021.

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary, MG Innovations Inc., after the elimination of intercompany transactions and balances.

These condensed consolidated interim financial statements were authorized for issue by the Company’s board of directors on August 24, 2022.

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022

the timing of raising additional capital at this time.

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

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 exploration and 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.

These condensed interim consolidated financial statements at June 30, 2022 have been prepared following the same accounting policies as the consolidated financial statements as at December 31, 2021.

3. Restricted deposits

As at June 30, 2022, the Company has \$68,568 in deposits in restricted accounts as required by the British Columbia Ministry of Mining (as at December 31, 2021, this amount was \$68,568)

4. Property and Equipment:

| June 30, 2022 | Cost | Accumulated amortization | Net book value |
|----------------------|-------------------|-------------------------------------|---------------------------|
| Buildings | \$ 29,692 | \$ 29,692 | \$ - |
| Office equipment | 85,412 | 79,397 | 6,015 |
| Automotive equipment | 135,962 | 135,962 | - |
| Field equipment | 82,449 | 82,449 | - |
| Right of use asset | 56,955 | 55,422 | 1,533 |
| | <u>\$ 390,470</u> | <u>\$ 382,921</u> | <u>\$ 7,548</u> |

| December 31, 2021 | Cost | Accumulated amortization | Net book value |
|--------------------------|-------------------|-------------------------------------|---------------------------|
| Buildings | \$ 29,692 | \$ 29,692 | \$ - |
| Office equipment | 85,412 | 76,222 | 9,190 |
| Automotive equipment | 135,962 | 135,962 | - |
| Field equipment | 82,449 | 82,449 | - |
| Right of use asset | 56,955 | 50,824 | 6,131 |
| | <u>\$ 390,470</u> | <u>\$ 375,149</u> | <u>\$ 15,321</u> |

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022

5. Exploration and Evaluation assets - Mineral property:

In September 2003, the Company 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**") for a total cost of \$1,258,509. The Mineral Property consists 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.

During 2021, the Company acquired additional mineral claims for a total cost of \$27,381.

| | Amount |
|---|--------------------|
| Balance as at December 31, 2020: | \$1,480,983 |
| Additions: | 27,381 |
| Balance as at December 31, 2021: | 1,508,364 |
| Additions: | - |
| Balance as at June 30, 2022 | \$1,508,364 |

6. Exploration and evaluation costs

Exploration costs expensed by the Company on the Mineral Property are detailed in the following table.

| | Three months ended | | Six months ended | |
|---------------------------------|---------------------------|---------------|-------------------------|---------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Consulting and labour | \$133,234 | \$58,959 | \$160,636 | \$58,961 |
| Assay | 27,221 | 58,535 | 114,781 | 58,535 |
| Drilling | 230,401 | - | 230,400 | - |
| Field equipment and supplies | 18,112 | - | 76,588 | - |
| Miscellaneous field costs | 7,675 | 384 | 69,877 | 765 |
| Accommodation and meals | 10,279 | - | 10,279 | - |
| Travel and transportation | 7,776 | - | 7,776 | - |
| Freight and equipment transport | 6,585 | - | 7,061 | 373 |
| Property and mineral taxes | 3,211 | 3,370 | 3,211 | 3,370 |
| Total: | \$444,494 | \$121,248 | \$680,609 | \$122,004 |

During the six months ended June 30, 2022, the Company continued to work on the environmental study, stakeholder engagement, and mine plan development as required by the Environmental Assessment Certification and Mine Permit application processes. The Company also engaged service firms to perform a series of hydrometallurgical tests on the Company's magnesium ore to evaluate magnesium and recovery alternatives. As of June 30, 2022, the company has incurred \$451,478 of qualifying expenditures in the gold drilling program.

During the year ended December 31, 2021, the Company closed on a brokered flow-through private placement (the "**FT Private Placement**") for gross proceeds of \$2,499,951. The terms underlying the FT Private Placement requires the Company to incur \$2,499,951 of qualifying CEE and renounce the CEE to the shareholders who subscriber for units under the FT Private Placement with the effective date of December 31, 2021.

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022

7. 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.

On May 20, 2022, the Company entered into a debt settlement agreement with an arm's length creditor of the Company whereby it agreed to convert \$1,883,822 in debt to said creditor by issuing 3,139,370 common shares (the "**Settlement Shares**") at a deemed price of \$0.60 per Settlement Share in full and final satisfaction of the debt owing to the creditor (the "**Debt Settlement Transaction**"). The Settlement Shares were issued in reliance of certain prospectus exemptions available under Canadian securities legislation and were subject to the four month and one day hold period from their date of issuance.

| | Six months ended | |
|----------------------------|------------------|---------------------|
| | June 30, 2022 | June 30, 2021 |
| Loan due April 27, 2026 | \$ 1,000,000 | \$ 1,000,000 |
| Repayment of debt | (1,883,622) | - |
| Cumulative unpaid interest | 883,622 | 701,499 |
| Total: | \$ - | \$ 1,701,499 |

Financing costs comprised of the following:

| | Three months ended | | Six months ended | |
|---|--------------------|----------------|------------------|------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | Jun 30, 2021 |
| Interest on long-term debt | \$29,622 | 47,993 | \$81,916 | \$94,632 |
| Interest on related party loans (<i>Note 9</i>) | 53,998 | 54,050 | 107,997 | 89,351 |
| Other interest and bank charges | 418 | 254 | 772 | 572 |
| Total | \$84,038 | 102,297 | \$190,685 | \$184,555 |

8. Equity Instruments

(a) Authorized

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

(b) Common Shares issued and outstanding:

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

| | Number of Shares | Amount |
|------------------------------------|-------------------|----------------------|
| Balance as at December 31, 2021 | 74,287,307 | \$ 16,403,581 |
| Private Placement | 2,943,419 | \$ 760,609 |
| Shares for Debt | 3,139,370 | 1,883,622 |
| Warrants exercised | 687,500 | 241,470 |
| Share issue costs | - | (12,645) |
| Balance as at June 30, 2022 | 81,057,596 | \$ 19,276,637 |

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022

- (i) On February 10, 2021, the Company completed an initial tranche closing of a new private placement ("**Private Placement #1**") 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.
- (ii) On April 29, 2021, the Company completed the final tranche closing of Private Placement #1 totaling of 1,325,000 units for gross proceeds of \$265,000. 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 January 19, 2022, the Company completed a second tranche closing (the "**Second Tranche Closing**") of the drawdown equity financing facility (the "**ELOC Facility**") of up to a total of CAD\$12,000,000 (the "**Total ELOC Amount**") with Alumina Partners (Ontario) Ltd. ("**Alumina**"), totaling 925,925 units issued to Alumina at a price of \$0.54 per unit for total gross proceeds of \$500,000. Each unit issued under the Second Tranche Closing consisted of one common share and one common share purchase warrant exercisable into one additional common share at a price of \$0.8375 per common share for 36 months from the date of the Second Tranche Closing. Further details of the ELOC Facility are described under the heading "Liquidity and Capital Resources" of the Company's Management's Discussion and Analysis for the period ended June 30, 2022 and were disclosed in the Company's 2021 annual financial statements.
- (iv) On February 14, 2022, the Company issued 200,000 common shares upon the exercise of outstanding stock options of the Company by a single option holder for total gross proceeds of \$24,000.
- (v) On March 11, 2022, the Company completed a third tranche closing (the "**Third Tranche Closing**") of the ELOC Facility, totaling 892,857 units issued to Alumina at a price of \$0.56 per unit for total gross proceeds of \$500,000. Each unit issued under the Third Tranche Closing consisted of one common share and one common share purchase warrant exercisable into one additional common share at a price of \$0.875 per share for 36 months from the date of the Third Tranche Closing.
- (vi) On April 25, 2022, the Company completed a fourth tranche closing (the "**Fourth Tranche Closing**") of the ELOC Facility totaling 724,637 units issued to Alumina at a price of \$0.50 per unit for total gross proceeds of \$362,318.50. Each unit issued under the Fourth Tranche Closing consisted of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.775 per share for 36 months from the date of the Fourth Tranche Closing.
- (vii) During the six months ended June 30, 2022, the Company issued 500,000 common shares upon the exercise of outstanding common share purchase warrants of the Company by a single warrant holder for total gross proceeds of \$150,000 and the Company issued 200,000 common shares upon exercise of outstanding stock options of the Company by a single option holder for total gross proceeds of \$24,000 in proceeds.
- (viii) On May 20, 2022, the Company completed the Debt Settlement Transaction (as further described under *Section 7 – Long Term Debt* above).

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022

(c) Warrants:

| | Number of Warrants | Amount |
|---------------------------------|--------------------|---------------------|
| Balance at December 31, 2021 | 3,349,454 | \$ 705,938 |
| Private Placement | 2,543,417 | 649,708 |
| Warrants exercised | (875,000) | (35,222) |
| Warrants expired (unexercised) | (37,500) | (1,215) |
| Balance at June 30, 2022 | 5,017,871 | \$ 1,319,210 |

(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.

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, 2021 | 7,002,000 | \$0.32 | 3.32 |
| Options exercised, Feb. 08, 2022 | (200,000) | 0.12 | - |
| Options exercised, May 19, 2022 | (200,000) | 0.12 | - |
| Balance as at June 30, 2021 | 6,602,000 | \$0.30 | 2.83 |

9. 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.

| | June 30, 2022 | December 31, 2021 |
|---|---------------------|---------------------|
| Big Mountain loan: | \$ 1,700,000 | \$ 1,700,000 |
| Loan due December 31, 2021 (bears interest at 8%) | | |
| Advance on loan (8%) | 65,788 | 65,788 |
| Advance on loan (10%) | 750,000 | 750,000 |
| Accrued interest at end of year: | 1,123,646 | 1,015,650 |
| | \$ 3,639,434 | \$ 3,531,438 |
| Directors' loans | | |
| Loans, non-interest bearing | \$ - | \$ 193,260 |
| Loan repayment | - | (193,260) |
| | \$ - | \$ - |
| Balance, end of period | \$ 3,639,434 | \$ 3,531,438 |

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022

Interest and bank charges expense is comprised of the following:

| | Three months ended | | Six Months Ended | |
|---------------------------------|--------------------|-----------------|------------------|-----------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Interest on related party loans | \$53,998 | \$54,050 | \$107,997 | \$89,351 |
| Other interest and bank charges | 418 | 254 | 772 | 572 |
| Balance, end of period | \$54,416 | \$54,304 | \$108,769 | \$89,923 |

10. Lease liability

| | Six months ended | Year ended |
|------------------------|------------------|-------------------|
| | June 30, 2022 | December 31, 2021 |
| Opening balance, | \$ 6,212 | \$ 6,212 |
| Additions | - | 9,197 |
| Lease interest expense | 172 | 403 |
| Lease payments | (4,800) | (9,600) |
| | \$ 1,584 | \$ 6,212 |

11. Supplemental cash flow information

| | Six months ended | |
|--|---------------------|---------------------|
| | June 30, 2022 | June 30, 2021 |
| Accounts receivable | \$ 2,480,707 | \$ (16,313) |
| Prepaid expenses | 74,432 | 49,875 |
| Accounts payable and accrued liabilities | (313,974) | (356,162) |
| Balance, end of period | \$ 2,241,165 | \$ (322,600) |

12. 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, 2022. At any time during the term the Company has the option to purchase the lands for \$340,000.

13. Subsequent events

Subsequent to the quarter end, the Company announced issuance of 80,000 stock options to consultants of the Company effective August 17, 2022. The Options were granted in accordance with the terms of the stock option plan of the Company. All of the options vested on their date of the grant.