



Interim Condensed Financial Statements of

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

For the three and nine months ended September 30, 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
November 26, 2021

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

Interim Condensed Balance Sheets (unaudited)

	September 30, 2021	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 201,986	\$ 18,015
Accounts receivable	4,796	7,810
Prepaid expenses	27,443	55,130
	<u>234,225</u>	<u>80,955</u>
Restricted deposits	68,568	68,568
Property and equipment (Note 3)	19,043	6,976
Exploration and evaluation – mineral property (Note 4)	1,480,983	1,480,983
Total Assets	<u>\$ 1,802,819</u>	<u>\$ 1,637,482</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 2,147,085	\$ 2,344,373
Lease liabilities	8,458	6,212
Liabilities due to related parties (Note 8)	3,520,484	2,758,344
	<u>5,676,027</u>	<u>5,108,929</u>
Long Term Liabilities:		
Long term debt (Note 6)	1,750,886	1,606,867
Total Liabilities	<u>\$ 7,426,913</u>	<u>\$ 6,715,796</u>
Shareholders' Equity		
Common shares (Note 7(b))	14,412,871	13,960,001
Warrants (Note 7c)	91,992	49,458
Contributed surplus	7,767,691	7,514,393
Deficit	<u>(27,896,648)</u>	<u>(26,602,166)</u>
	<u>(5,624,094)</u>	<u>(5,078,314)</u>
Going concern (Note 1)		
Commitments and contingencies Note 10)		
Subsequent events (Note 11)		
	<u>\$ 1,802,819</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		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Expenses				
Head office expense	\$156,737	\$98,274	\$612,751	\$331,826
Exploration expense (Note 5)	8,812	5,672	130,816	15,262
Interest and bank charges (Note 8)	54,444	36,664	144,367	109,207
Interest on long term debt (Note 6)	49,386	42,113	144,018	123,097
Foreign exchange (gain) or loss	-	12	1,488	409
Stock based compensation (Note 7)	-	334,135	253,298	349,713
Depreciation and amortization (Note 3)	2,299	7,438	7,743	24,328
	\$271,678	\$524,308	\$1,294,482	\$953,842
Net loss and comprehensive loss	\$(271,678)	\$(524,308)	\$(1,294,482)	\$(953,842)
Loss per common shares				
Basic and diluted	\$(0.00)	\$(0.01)	\$(0.02)	\$(0.01)
Weighted average number of shares outstanding				
Basic and diluted	69,667,490	66,892,820	69,018,145	66,892,820

See accompanying notes to interim condensed financial statements.

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

Interim Condensed Statements of Cash Flows (unaudited)

	Nine months ended	
	September 30, 2021	September 30, 2020
Cash Flow From (Used in) Operating Activities		
Net loss	\$ (1,294,482)	\$ (953,842)
Add (deduct) non-cash items:		
Interest accrued - related party loan (Note 8)	143,401	103,501
Interest accrued - long term loan (Note 6)	144,018	123,097
Unrealized loss on Foreign exchange		(12)
Stock based compensation (Note 7 (d))	253,298	349,713
Depreciation and amortization (Note 3)	7,743	24,328
	<u>(746,022)</u>	<u>(353,215)</u>
Net change in non-cash working capital (Note 9)	<u>(166,585)</u>	<u>333,611</u>
	<u>\$ (912,607)</u>	<u>\$ (19,604)</u>
Cash Flow From Financing Activities		
Proceeds from related party loan (Note 8)	774,000	40,000
Repayment of related party loan (Note 8)	(155,259)	-
Issue of shares and warrants (Note 7)	495,404	-
Payment of lease liabilities	(6,951)	(13,690)
	<u>1,107,194</u>	<u>26,310</u>
Cash Flow (Used in) Investing Activities		
Transfers to restricted deposits	-	(13,500)
Purchase of equipment and software	(10,614)	-
	<u>(10,614)</u>	<u>(13,500)</u>
	<u>\$ 183,972</u>	<u>\$ (6,794)</u>
Cash and cash equivalents, beginning of period	<u>18,015</u>	<u>8,857</u>
Cash and cash equivalents, end of period	<u>\$ 201,987</u>	<u>\$ 2,063</u>
Interest paid	<u>\$ 966</u>	<u>\$ 5,706</u>

See accompanying notes to interim condensed financial statements.

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

Interim Condensed Statements of Shareholders' Deficit (unaudited)

	Nine months ended	
	September 30, 2021	September 30, 2020
Shareholders' deficit:		
Common shares (<i>Note 7(b)</i>)		
Balance, beginning of year	\$13,960,001	\$13,833,959
Private placement	452,870	-
Balance, end of period	14,412,871	13,833,959
Warrants (<i>Note 7(c)</i>)		
Balance, beginning of year	49,458	76,361
Issued on private placement	42,534	-
Warrants expired unexercised	-	(76,361)
Balance, end of period	91,992	-
Contributed surplus		
Balance, beginning of year	7,514,393	7,088,319
Transfer on expiry of warrants	-	76,361
Stock based compensation	253,298	349,713
Balance, end of period	7,767,691	7,514,393
Deficit		
Balance, beginning of year	(26,602,166)	(25,249,636)
Net loss	(1,294,482)	(953,842)
Balance, end of period	(27,896,648)	(26,203,478)
	\$(5,624,094)	\$(4,855,126)

See accompanying notes to interim condensed financial statements.

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

Notes to Financial Statements

For the three and nine months ended September 30, 2021

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 September 30, 2021, the Company had incurred a net loss of \$271,678, and used cash in operations of \$166,585. As at September 30, 2021, the Company had a working capital deficiency of \$5,441,802.

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 September 30, 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 and nine months ended September 30, 2021

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)
Cumulative recoveries exploration costs, net of	\$11,059,345

2. Significant accounting policies, judgments and estimation uncertainty

Basis of presentation and measurement

Statement of compliance:

These interim financial statements for the three and six months ended June 30, 2021 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 November 26, 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 and nine months ended September 30, 2021

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:

September 30, 2021	Cost	Accumulated amortization	Net book value
Buildings	\$ 29,692	\$ 29,692	\$ -
Office equipment	85,412	74,799	10,613
Automotive equipment	135,962	135,962	-
Field equipment	82,449	82,449	-
Right of use asset (note 2e)	56,955	48,525	8,430
	<u>\$ 390,469</u>	<u>\$ 371,426</u>	<u>\$ 19,043</u>

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.

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Notes to Financial Statements

For the three and nine months ended September 30, 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
Total:	\$ 1,480,983

5. Exploration and evaluation costs

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

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Exploration costs				
Consulting and labour	\$ 5,920	\$ 3,760	\$ 64,881	\$ 10,576
Assay	-	-	58,535	-
Miscellaneous field office	1,806	1,190	2,571	1,189
Project costs	-	-	-	-
Accommodation and meals	-	722	-	1,299
Travel and transportation	1,086	-	1,086	152
Freight and equipment transport	-	-	372	-
Property and mineral taxes	-	-	3,371	2,046
Total	\$ 8,812	\$ 5,672	\$ 130,816	\$ 15,262

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 September 30, 2021.

	Nine months ended	
	September 30, 2021	September 30, 2020
Loan due April 27, 2026	\$ 1,000,000	\$ 1,000,000
Cumulative unpaid interest	750,886	556,196
Total:	\$ 1,750,886	\$ 1,556,196

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

Notes to Financial Statements

For the three and nine months ended September 30, 2021

7. 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, 2020	67,770,320	\$ 13,960,001
Private Placement	2,227,467	\$ 452,870
Shares for Debt		
Stock Options exercised	-	-
Share issue costs	-	-
Balance as at September 30, 2021	69,997,787	\$ 14,412,871

- (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 ("**Private Placement #1**") totaling 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.
- (iv) On April 29, 2021, the Company completed the final tranche closing of Private Placement #2 totaling 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.
- (v) On August 4, 2021, the Company completed an initial and only tranche closing of a new private placement totaling 332,735 units for gross proceeds of \$116,457. Each unit was priced at \$0.35 per unit and included one common share and one-quarter of one share purchase warrant, where one full share purchase warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.45 per common share for a period of one year from the date of closing.

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Notes to Financial Statements

For the three and nine months ended September 30, 2021

(c) Warrants:

	Number of Warrants	Amount
Balance at December 31, 2020	877,500	\$ 49,458
Private Placement	958,183	42,534
Warrants expired (unexercised)	-	-
Balance at September 30, 2021	1,835,683	\$ 91,992

(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, 2020	5,425,000	\$0.20	2.70
Options granted	1,650,000	0.19	-
Options exercised	-	-	-
Balance as at September 30, 2021	5,925,000	\$0.19	2.70

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%.

The fair value of the 500,000 stock options granted to officers and consultants on April 15, 2021 of \$0.18 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 0.27%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 115%.

The fair value of the 1,325,000 stock options granted to officers and consultants on May 7, 2021 of \$0.20 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 0.28%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 110%.

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.

The Company received a loan from its directors in 2018, which is non-interest bearing, in the amount of \$200,000 (the "**Directors' Loans**"). During the nine months ended September 30, 2021, the Company received an additional Directors' Loan one of its directors of in the amount of \$38,000 (for the nine months ended September 30, 2020, there were no director loans provided to the Company). Furthermore, during the nine months ended September 30, 2021 the Company made repayment on the Directors' Loans in the amount of \$155,259 (for the nine months ended September 30, 2020, the Company made repayment on

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For the three and nine months ended September 30, 2021

the Directors' Loans in the amount of \$44,740).

	September 30, 2021	December 31, 2020
Big Mountain loan:	\$ 1,700,000	\$ 1,700,000
Loan due December 31, 2021 (bears interest at 8%)		
Advance	790,788	65,788
Accrued interest at end of year:	991,698	823,296
	\$ 3,482,485	\$ 2,589,084
Directors' loans		
Loans, non-interest bearing	\$ 193,259	\$ 169,260
Loan repayment	(155,259)	-
	\$ 38,000	\$ 169,260
Balance, end of period	\$ 3,520,484	\$ 2,758,344

Interest and bank charges expense is comprised of the following:

	Nine months ended	
	September 30, 2021	September 30, 2020
Interest on related party loans	\$ 143,401	\$ 103,501
Other interest and bank charges	966	5,706
Balance, end of period	\$ 144,367	\$ 109,207

9. Supplemental cash flow information

	Nine months ended	
	September 30, 2021	September 30, 2020
Accounts receivable	\$ 3,014	\$ 39,377
Prepaid expenses	27,687	(2,297)
Accounts payable and accrued liabilities	(197,286)	296,531
Balance, end of period	\$ (166,585)	\$ 333,611

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, 2022. 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, 2022 in the amount of \$9,600 which are included in the lease liability.

11. Subsequent events

- On October 21, 2021, the Company announced and approved the grant of 350,000 additional stock options to a consultant of the Company. All of these additional options vested on their date of grant, have an exercise price per option of \$0.34 and expire on October 21, 2026.
- On October 27, 2021, the Company engaged Independent Trading Group ("ITG") to initiate and provide market making services on behalf of the Company pursuant to a Market Making Service Agreement (the "Market Making Agreement"). For the provision of the Services by ITG under the

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For the three and nine months ended September 30, 2021

- (c) Market Making Agreement, the Company agreed to pay ITG a service fee equal to \$4,000 per month for a period of six (6) months, with automatic one (1) month renewals thereafter until the Market Making Agreement is terminated.
- (d) On November 8, 2021, certain holders (the "**Warrantholders**") of common share purchase warrants (the "**Warrants**") exercised an aggregate of 380,000 Warrants resulting in gross proceeds to the Company equal to \$57,000. The Warrants were issued in connection with a private placement financing of the Company which has the closing dates in November and December of 2020. Two (2) Warrants permitted each Warrantholder to acquire (1) Share (each, a "**Warrant Share**") at an exercise price of \$0.30 per Warrant Share.
- (e) On November 15, 2021, an additional 50,000 Warrants were exercised resulting in gross proceeds to the Company equal to \$7,500.
- (f) On November 18, 2021, an additional 125,000 Warrants were exercised resulting in gross proceeds to the Company equal to \$18,750.
- (g) On November 22, 2021, the Company announced that it has approved the grant of 727,000 additional stock options to various directors and consultants of the Company effective as of November 18, 2021. All of these additional options vested on their date of grant, have an exercise price per option of \$1.05 and expire on November 18, 2026.
- (h) On November 23, 2021, an additional 186,250 Warrants were exercised resulting in gross proceeds to the Company equal to \$55,875.