



West High Yield (W.H.Y.) Resources Ltd.

**Management Discussion and Analysis
For the nine months ended
September 30, 2017**

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Management Discussion and Analysis
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Notice to Reader

This management's discussion and analysis ("**MD&A**") of West High Yield (W.H.Y.) Resources Ltd. (the "**Company**") contains an analysis of the Company's operational and financial results for the nine months ended September 30, 2017, in comparison with the same period of last year. This MD&A has been prepared by management as of November 28, 2017 and has been approved by the Company's Audit Committee. This MD&A should be read in conjunction with the Company's accompanying interim condensed unaudited financial statements for the nine months ended September 30, 2017 and notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise. The Company's common shares trade on the TSX Venture Exchange under the symbol WHY. The Company's most recent filings, including its audited financial statements and notes thereto for the years ended December 31, 2016 and 2015 are available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed through the internet at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of Canadian securities legislation concerning the business, operations and financial performance and condition of the Company. Statements containing forward-looking information include, but are not limited to, statements with respect to anticipated developments in the Company's operations in future periods; planned exploration activities; the adequacy of the Company's financial resources and other events or conditions that may occur in the future; estimated mineral resources; the ability of the Company to create value for its shareholders; the ability of the Company to meet expected financing requirements; the future price of magnesium; the potential gold existing on the Company's properties; the drill results and related outlooks; the estimation of mineral resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; capital expenditures; permitting time lines and permitting, mining or processing issues; information concerning the interpretation of drill results; success of exploration activities; environmental risks; methods to adjust the capital structure of the Company; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage. Generally, statements containing forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved". Statements containing forward-looking information are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such statements, including but not limited to risks related to: current global financial conditions; the need for additional financing and its availability on acceptable terms; the speculative nature of the mining industry; the ability to acquire and abide by necessary licenses, permits and government regulations; unforeseen title matters; environmental risks; competition for future acquisitions and investment; the significant influence of the principal shareholders; related party debt; economic viability of reserves; the ability to satisfy the financial needs required to maintain the Company's status as a going concern; the early stage of the Company's exploration and development operations; the Company's need to rely on technical experts, which may not be available; future dilution to existing shareholders; certain uninsured or uninsurable risks; future resource prices; adverse effects on share prices from factors beyond the Company's control; as well as other factors discussed herein. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those expected in statements containing forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information that is included herein, except in accordance with applicable securities laws.

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Overview

The Company is a publicly traded junior mining exploration company listed on the TSX Venture Exchange (TSXV:WHY). It is focused on the acquisition, exploration and development of mineral properties in Canada with its primary objective to develop its magnesium deposit. The Company has an intermediate-advanced stage exploration operation. The Company issued its Preliminary Economic Assessment ("PEA") on the Record Ridge South Magnesium Property in South Eastern British Columbia on June 4, 2013, which is available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed through the internet at www.sedar.com. Highlights of the PEA are included below.

The Company controls approximately 8,314 contiguous hectares of mineral and crown granted claims in British Columbia and is exploring for magnesium on the Company's Ivanhoe Ridge, Hidden Valley and Record Ridge properties. The Company was founded in 2003 and is head-quartered in Calgary, Alberta, Canada.

The Company's mineral exploration property is located on the outskirts of the town of Rossland, British Columbia (the "**Record Ridge South Property**"). The Record South Ridge Property consists of 25 contiguous mineral claims, nine crown granted claims, and one privately owned claim totaling 8,314 hectares. Historically, the Record Ridge South Property yielded gold production from narrow quartz veins with high grade gold content for previous owners of the Record Ridge South Property.

Current Highlights

During the third quarter of 2017, the Company completed a non-brokered private placement for \$568,000 for continuation of the Environmental study and mine plan development as required by the Environmental Assessment Certification and Mine Permit application processes as well as initiating an Industrial Quarry Permit and continued Magnesium Hydrometallurgical testing. On September 27, 2017, 1,893,333 units were issued at \$0.30 per unit, where each unit includes a one common share and 1/3 warrant. Each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.45 for a period of one year from the date of issuance of the warrant.

Industrial Quarry Permit

The Company has commissioned work on an Industrial Quarry Permit application for its Record Ridge deposit near Rossland, British Columbia. The Industrial Quarry Permit sought under the Mines Act (British Columbia) will allow for the extraction and sale of up to 249,999 tonnes per annum of industrial rock. The Company is also in the process of developing potential customers with processing facilities and the ability to process the industrial rock. It is anticipated that industrial rock sales will provide cash flows from operations while continued mine plan and permit application efforts are being made. The Industrial Quarry Permit application process will be led by Greenwood Environmental and SRK Consulting (Canada) both of Vancouver, British Columbia. The proposed rock quarry is not subject to the Environmental Assessment Act (British Columbia) or the Canadian Environmental Assessment Act.

British Columbia Environmental Assessment Application and Mine Permit Application

As required to meet and exceed regulatory requirements, the Company has focused on extensive environmental baseline studies for its Record South Ridge Properties and surroundings. These studies include Water Quality, Fisheries, Vegetation, Soil, and a comprehensive GIS Terrestrial Ecosystem Mapping. In addition to these studies the Company will be fully consulting with Community and First Nations Stakeholders. These studies and the Project Description and Environmental Work Planning is being conducted by Greenwood Environmental and SRK Consulting (Canada) both of Vancouver, BC. Considerable work has been completed by the Company and its consultants to advance the Company's proposed British Columbia Environmental Assessment Certification Application process. Work has commenced in all areas and project timelines have been achieved thus far.

Magnesium Hydrometallurgical Testing

The Company has engaged Drinkard Metalox, Inc. ('Drinkard') of Charlotte, North Carolina to perform a series of tests on the Company's magnesium resources to evaluate processing and recovery alternatives. The Company is encouraged with test results to date and Drinkard is engaged in micro-plant scale production

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simulation testing, at their facilities, to further evaluate the magnesium extraction processing to improve recovery and reduce plant capital and operating costs.

The Record Ridge South Property

2012 – 2013 Highlights – Magnesium Preliminary Economic Assessment (“PEA”)

On June 4, 2013 the Company released the results of a Preliminary Economic Assessment (“PEA”) on its 100% owned Record Ridge Project (the “Record Ridge Property” or the “Project”). The Record Ridge Property is an intermediate-advanced exploration-stage magnesium (“Mg”) project located in southern British Columbia (BC), Canada. The PEA was prepared by SRK Consulting (U.S.), Inc. (“SRK”) of Lakewood, Colorado and has been filed on the Company’s SEDAR profile at www.sedar.com and is also available on the Company’s website www.whyresources.com.

The PEA presumes a conventional open pit mine, a novel hydrometallurgical processing plant, a calcined magnesia intermediate product plant along with a fused magnesia production plant with pre-tax Net Present Value (“NPV”) using a 5% discount rate of US\$1.339 billion and Internal Rate of Return (“IRR”) of 21%, and a post-tax NPV of US\$830 million using a 5% discount and post-tax IRR of 17%.

PEA Highlights

Highlights of the PEA include the following:

- Pre-tax NPV 5% of US\$1.339 billion and IRR (pre-tax) of 21% (100% equity).
- Post-tax NPV 5% of US\$830 million and IRR (post-tax) of 17% (100% equity).
- Initial capital cost estimation of US\$608 million.
- Payback – Estimated before tax at end of fifth year of production.
- An estimated mine life of 42 years.
- Measured and Indicated Mineral Resources of approximately 43 million tonnes averaging 24.6% Mg, using a 21.9% cut-off. Approximately 10.6 million tonnes of contained Mg.
- Throughput – 3,000 tonnes per day.
- Market price - US\$1,100/tonne Fused Magnesium Oxide (“MgO”) and by-product credit of US\$75/tonne for Sodium Sulfate.
- An initial assumed overall average process recovery rate of 80% Mg based on laboratory scale metallurgical test work producing an intermediate calcined MgO product. This will be subject to additional test work to confirm the recovery into a fused MgO product, which has not been demonstrated to date.
- Low variation in grade throughout the deposit suggests that the need for detailed grade control and selective mining methods will be limited.

Results of Operations

The Company had net loss after taxes of \$404,286 for the three months ended September 30, 2017 (\$860,738 loss for three months ended September 30, 2016), and \$1,096,350 for the nine months ended September 30, 2017 (net loss \$1,829,957 for nine months ended September 30, 2016). The Company has no commercial production at this time; therefore, it has no revenue from operations or sales.

During the period ended September 30, 2017, the Company incurred the following costs:

- \$485,066 for nine months ended September 30, 2017 in Exploration Expenses - \$373,818 Consulting are Labour costs include costs associated with the proposed Industrial Quarry Permit and British Columbia Environmental Assessment Certification Application process. Baseline Project areas include Water Quality, Fisheries, Vegetation Survey, Soils, Terrestrial Ecosystem Mapping, First Nations, Community Stakeholders, Project Description & Environmental Work Plan. Work has

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commenced in all areas and project timelines have been achieved thus far as well as Drinkard testing on the Company's magnesium ore to evaluate processing and recovery alternatives.

- \$96,305 for nine months ended September 30, 2017 in long term interest costs associated with the long term loan of \$1 million received on April 27, 2016 and \$98,707 for nine months ended September 30, 2017 in interest on loans with Big Mountain a related party.
- \$100,996 stock based compensation associated with the grant of 350,000 stock options with a 5 year life and exercise price of \$0.30 per option. These options vest immediately on grant. 200,000 options with an exercise price of \$0.50 per option had expired unexercised.

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The following table outlines the details of these expenditures in the various reporting periods by category of expenditure.

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Head Office Expenses				
Office salaries and benefits	\$ 46,800	\$ 39,000	\$ 143,071	\$ 121,313
Legal, audit and accounting	83,042	19,642	131,498	91,309
Promotion and investor	4,162	14,203	30,955	35,929
Travel	1,206	544	4,023	1,194
Other office	13,829	15,281	35,590	36,572
	<u>\$ 149,039</u>	<u>\$ 88,670</u>	<u>\$ 345,137</u>	<u>\$ 286,317</u>
Exploration Expenses				
Accommodation and meals	\$ 4,215	\$ 2,994	\$ 7,128	\$ 4,518
Assay	19,291	75,748	81,044	90,178
Consulting and labour	126,426	591,204	373,818	856,525
Freight and equipment	198	3,724	466	3,793
Miscellaneous field office	1,165	5,242	5,042	7,842
Project costs	10,459	29,340	12,319	40,400
Property and mineral taxes	-	997	1,059	1,547
Travel and transportation	-	-	4,190	3,253
Total Exploration Costs	<u>161,754</u>	<u>709,249</u>	<u>485,066</u>	<u>1,008,056</u>
Recovery of Exploration Costs	-	-	-	100,000
Exploration Costs, net	<u>\$ 161,754</u>	<u>\$ 709,249</u>	<u>\$ 485,066</u>	<u>\$ 1,108,056</u>
Short term lending and bank	34,312	31,849	99,332	95,303
Long term debt interest	32,940	29,695	96,305	50,052
Interest and Bank Charges	<u>\$ 67,252</u>	<u>\$ 61,544</u>	<u>\$ 195,637</u>	<u>\$ 145,355</u>
Non cash expenses				
Depreciation and amortization	-	-	-	661
Stock based compensation	43,474	-	100,996	290,000
Foreign exchange (gain) loss	(17,233)	1,275	(30,486)	(432)
	<u>26,241</u>	<u>1,275</u>	<u>70,510</u>	<u>290,229</u>
Total expenses	<u>\$ 404,286</u>	<u>\$ 860,738</u>	<u>\$ 1,096,350</u>	<u>\$ 1,829,957</u>

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Summary of Quarterly Results

	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	99	-
Total assets	2,030,981	1,700,407	1,563,932	1,593,006	1,855,704	2,640,253	1,581,302	1,607,743
Total long term liabilities	1,176,828	1,143,888	1,111,795	1,080,524	1,050,052	1,020,357	-	-
Cash dividend per share	-	-	-	-	-	-	-	-
Head office expense	149,039	97,325	98,773	125,715	88,670	101,161	96,486	159,548
Exploration expense	161,754	256,698	66,626	549,929	709,249	397,026	1,781	91,796
Non-cash expense	26,241	46,244	(1,975)	1,071	1,275	290,144	(1,190)	(14,261)
Net loss	(404,286)	(465,702)	(226,362)	(737,384)	(860,738)	(840,885)	(128,334)	(265,512)
Net loss per share ⁽¹⁾	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)

(1) Basic net loss per share and net loss per share on a fully diluted basis.

All costs of exploratory work conducted on the Company's properties are expensed as incurred. There were no drilling exploration expenditures during 2017 and 2016.

Liquidity and Capital Resources

The Company's objective when managing capital is to maintain the confidence of shareholders and investors in the implementation of its business plans by maintaining sufficient levels of liquidity to fund and support its property exploration and development as well as other corporate activities. The Company's capital historically has been derived from the issuance of equity and from advances from a related party. Management monitors its financial position on an ongoing basis. Equity has been issued or debt from related and third parties has been obtained to finance the Company's operations, including its drilling programs. Significant capital will be required for the full development of commercial mining production if the Record Ridge South Property is proven to be an economically viable project.

The Company defines its capital as shareholders' equity and related party debt. On April 27, 2016 the Company received a \$1 million dollar 10 year unsecured loan. As at September 30, 2017 the Company owes \$2,076,198 to Big Mountain, which is a related party as Frank Marasco, the Company's chief executive officer, and Maria Marasco, Director and/or their family members own 100% of Big Mountain. The Company's objective is to maintain a strong capital position in order to execute its business plan and maximize value for shareholders. Availability of capital is key to the future success of the Company and, as such, the Company strives to maintain strong relationships with the capital investment community. Methods employed to adjust the Company's capital structure in the future could include any, all, or a combination of the following activities:

- i) issuing new shares through a public offering or private placement;
- ii) issuing convertible debt; or
- iii) raising fixed or floating rate debt.

The Company is not subject to externally imposed capital requirements and no changes in approach to capital management have occurred during 2017.

Financial statements have been prepared on a going concern basis which 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. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company is in the process of exploring and developing its mineral

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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 the forbearance of the amounts due to related parties and the Company's ability to obtain financing to continue development of the mineral property and commercialize the mineral property. There is no certainty that the Company will be able to obtain the financing required to continue development activities.

Cash forecasts are done to match spending on general and administration costs and exploration costs to available cash resources. Spending is increased or decreased to match available funds. The Company seeks capital through the offering of common shares or loans from related parties to fund general and administrative costs and exploration activities. The Company will have to raise capital through the issue of shares or other means to repay the amount due to Big Mountain or seek forbearance in connection with loans from Big Mountain. The Company has renewed Big Mountain related party debt terms, extending payment terms to July 23, 2018.

The Company has entered into a general security agreement (the "GSA") with Big Mountain, pursuant to which Big Mountain has a general security interest over all of the existing and future assets of the Company. Pursuant to the GSA, in the event of a default by the Company on the Big Mountain loans, Big Mountain may take actions to recover monies owing to it, which may include the seizure and sale of the Company's assets.

At September 30, 2017, the Company had a working capital deficit of \$2,412,228.

The Company is authorized to issue an unlimited number of common shares without par value.

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Transactions with Related Parties

The Company has received loans from Big Mountain, a significant shareholder of the Company as detailed in the table below, which are secured by the GSA. The loans generally have a one year term on inception, but have been negotiated at various times to extend the maturity dates to those noted in the table below.

On February 6, 2017 Big Mountain added an additional \$130,000 to the loan and on May 25, 2017 Big Mountain added an additional \$70,000 to the loan.

Big Mountain Loan	Sep. 30, 2017		Dec. 31, 2016	
Loan due July 23, 2018, bears interest at 8%	\$	1,700,000	\$	1,500,000
Accrued interest at end of period		376,198		277,491
	\$	2,076,198	\$	1,777,491

The Company's interest expense on Big Mountain loans were the following:

	Nine months ended Sept. 30, 2017	Nine months ended Sept. 30, 2016
Interest on related party loans	\$ 98,707	\$ 90,000

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The related party transactions described above were in the normal course of operations and were measured at the exchange amount. Related parties are also reimbursed for expenses incurred on behalf of the Company.

Subsequent Events

On October 5, 2017 and November 3, 2017 the Company issued press releases detailing a proposed conditional sale of its mining assets. On November 7, 2017 the Company issued a press release advising that the proposed conditional sale of its mining assets was terminated after the purchaser failed to pay the required deposit.

Proposed Transactions

The Company plans to complete additional financing to continue permitting and metallurgical testing programs and satisfy its working capital deficit. The Company is proposing to complete a non-brokered private placement of up to \$850,000 of units. Each Unit shall be issued at a price of \$0.35 and shall consist of one common share in the capital of the Company and one-third of one common share purchase warrant. Each whole warrant shall entitle the holder to purchase one additional common share at an exercise price of \$0.55 for a period of one year from the date of issuance of the warrant. The proposed private placement is subject to receipt of all necessary regulatory approvals including the approval of the TSX Venture Exchange.

Changes in Accounting Policies

None.

Financial Instruments

Financial instruments of the Company consist primarily of cash and cash equivalents, accounts receivable, restricted cash, accounts payable and accrued liabilities, long-term debt and loans due to related party. As at June 30, 2017 and December 31, 2016, there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values as the amounts are short term in nature. Accounts payable include US Dollar denominated amounts that are translated at the period end exchange rate.

The Company does not have significant exposure to interest rate risk. Accounts receivable is comprised predominantly of goods and services taxes and input tax credits.

Other MD&A Requirements

Record Ridge South Property

As at September 30, 2017 mineral properties were \$1,480,984. No amortization is taken on the mineral properties as production has not commenced.

Exploration expenditures incurred prior to the determination of the feasibility of mining operations are expensed as incurred, (see details provided in previous sections.) Mineral property acquisition costs and exploration and development expenditures incurred subsequent to such determination, and to increase or to extend the life of existing production, are capitalized and amortized over the estimated life of the property following commencement of commercial production. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized on the unit-of-production method based upon estimated reserves as determined by independent consulting engineers. When there is little prospect of further work on a property being carried out by the Company or other indicators of impairment, the capitalized costs associated with the property are written down to their estimated recoverable amount.

Costs to acquire mineral leases, include direct legal costs are capitalized and in mineral properties. The amounts shown for mineral properties represent costs incurred to date, less recoveries and write-downs, and are not intended to reflect present or future values.

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Outstanding Share Data

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

Equity instruments issued and outstanding as of November 28, 2017:

	Nov. 28, 2017	Sep 30, 2017	Dec.31, 2016
Common shares	57,091,957	57,091,957	53,598,624
Warrants*	1,164,441	1,164,441	-
Stock Options*	4,108,334	4,108,334	3,958,334
Fully diluted	62,364,732	62,364,732	57,556,958

*Convertible to common shares

Risk Factors

The Company's business is the exploration, development and production of mineral resources. As the Company's business is in an exploration phase, an investment in securities of the Company involves a high degree of risk.

Shareholders of the Company should carefully consider all of the information in this document, including the following risk factors, as well as the usual risks associated with an investment in a business at an exploration stage. The risk factors discussed below do not necessarily include all risks associated with the business, operations and affairs of the Company.

Exploration Stage Operations

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. Mineral exploration is a business of high inherent risk. All exploration and mining programs face a risk of unknown and unanticipated geological conditions, and promising indications from early results may not be borne out in further exploration work. Few properties which are explored are ever developed into producing mines. A mineral exploration program often requires substantial cash investment, which can be lost in its entirety if it does not result in the discovery of a commercially viable mineral resource.

The commercial viability of a mineral deposit is dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as mineral prices. Most of these factors are beyond the control of the Company. Mineral exploration involves risks which even a combination of careful evaluation, experience, and knowledge cannot eliminate. In addition, there is no assurance that the Company will be able to bring its magnesium mineral resource into commercial production. The Company has no assurance that current efforts to achieve mining permits will be achieved. Development of a producing mine generally requires large capital investment and numerous permits from government regulatory agencies. There is no assurance that the funds required to exploit mineral resources discovered by the Company will be obtained on a timely basis or at all. There is also no assurance that the Company will be able to obtain the required government permits required. The costs and time involved in the permitting process may also delay the commencement of mining operations, or make the development of a producing mine uneconomic.

Financial Needs to Maintain Going Concern Status

To date, the Company has not had any revenues from operations. The ability of the Company to continue as a going concern is dependent on the Company's ability to obtain financing to continue exploration, development and commercialize of the Record Ridge South Property. There is no certainty that the Company will be able to obtain the financing required to continue its exploration and development activities. Equity financing and related party loans have historically been the Company's source of financing its operations. There can be no assurance that additional financing will be available to the Company, or, if it is, that it will be available on terms acceptable

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to the Company. If the Company is unable to obtain the financing necessary to support its activities, it may be unable to continue as a going concern.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with other companies, some of which have greater technical and financing resources than itself with respect to the ability to acquire properties of merit, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities and for financing from third party investors. Competition in the mining industry could adversely affect the Company's prospects for mineral resource exploration in the future and cause the Company to fail to obtain appropriate personnel to pursue its objectives, the financing required to continue its exploration activities or further claims or properties to grow its business and operations.

Title to Properties

While the Company has investigated the title to the Record Ridge South Property and all of its claims, the Company cannot guarantee that title to such property and claims will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers are often complex. The Company does not carry title insurance on its Record Ridge South Property. A successful claim that the Company does not have title to its Record Ridge South Property (or any portion thereof) could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

Economic reserves development

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's continued viability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or from the proceeds from disposition of its mineral properties.

Related Party Debt

Related party debt is secured by the GSA and in event of default by the Company, Big Mountain would be in a position to act on its security to obtain payment of the debt owed to it. The Company anticipates Big Mountain's continued support and expects that it will be able to negotiate annual renewals of its related party loans with Big Mountain or obtain additional financing from Big Mountain; however, should Big Mountain take actions which are not favourable to the Company, it may result in a material adverse effect on the business, operations or future prospects of the Company.

Commodity Pricing Risk

The Company is not currently producing and selling any mineral resources; however, a decrease in the interest of investors in magnesium (which may be caused by decreased commodity prices) could have a material adverse effect on the Company's ability to obtain ongoing financing and future off-takers.

Environmental Risk

Environmental regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties, more stringent environmental assessments and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation will not adversely affect the Company's operations or inhibit the Company's ability to successfully act to develop its mineral resources.

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Reliance on Technical Experts

Exploration and development involves securing the services of and reliance on technical experts, particularly in the areas of drilling, assay testing and analysis, metallurgy, geology, resource analysis and reporting. The Company's inability to obtain the services of such technical experts may have a material adverse effect on the Company's ability to proceed with its exploration and development plans.

Dilution to the Company's existing shareholders

The Company will likely require additional equity financing to be raised in the future. The Company may issue securities at terms more favourable than those at which existing shareholders acquired common

shares of the Company to raise sufficient capital to fund the Company's business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial dilution, to present and prospective holders of common shares.

Uninsured or Uninsurable Risks

The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Additional Information

Additional information regarding the Company and its business and operations is available on the Company's profile at www.sedar.com and on the Company's website at www.whyresources.com. Copies of the information can also be obtained by contacting the Company at (403) 660-3488 or by email at frank@whyresources.com.

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Corporate Information

BOARD OF DIRECTORS:

Ian F.T. Kennedy ⁽¹⁾

Frank Marasco Jr.

Maria Marasco

Patricia L. Nelson ⁽¹⁾ ⁽²⁾

Dwayne A. Vinck ⁽¹⁾

1) Member of Audit Committee

2) Member of Compensation and Governance Committee

OFFICERS:

Frank Marasco Jr. - President and Chief Executive Officer

Dwayne A. Vinck - Chief Financial Officer

Jeff Helper - Corporate Secretary

STOCK EXCHANGE LISTING:

TSX Venture Exchange

Trading Symbol: WHY

AUDITORS:

KPMG LLP

Calgary, Alberta

LEGAL COUNSEL:

Tingle Merrett LLP

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REGISTRAR AND TRANSFER AGENT:

TSX Trust Company,

Calgary, Alberta