

Interim Condensed Financial Statements of

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

For the nine months ended September 30, 2017 (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 28, 2017

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

Interim Condensed Balance Sheets (unaudited)

	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 473,485	\$ 22,714
Accounts receivable	11,153	23,765
Prepaid expenses	18,291	18,475
	<u>502,929</u>	<u>64,954</u>
Restricted cash and deposits	47,068	47,068
Exploration and evaluation – mineral property (note 3)	1,480,984	1,480,984
	<u>\$ 2,030,981</u>	<u>\$ 1,593,006</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 838,959	\$ 836,241
Due to related party (note7)	2,076,198	1,777,491
	<u>2,915,157</u>	<u>2,613,732</u>
Long term liabilities:		
Long term debt (note 5)	1,176,828	1,080,524
	<u>1,176,828</u>	<u>1,080,524</u>
Total liabilities	4,091,985	3,694,256
Shareholders' equity:(note 6)		
Common shares	11,143,595	10,298,326
Warrants	190,331	-
Contributed surplus	5,997,946	5,896,950
Deficit	(19,392,876)	(18,296,526)
	<u>(2,061,004)</u>	<u>(2,101,250)</u>
Going concern (note 1)		
	<u>\$ 2,030,981</u>	<u>\$ 1,593,006</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, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Expenses				
Head office expense	\$ 149,039	\$ 88,670	\$ 345,137	\$ 286,317
Exploration expense (note 4)	161,754	709,249	485,066	1,108,056
Interest and bank charges (note 7)	34,312	31,849	99,332	95,303
Interest on long term debt (note 5 and 7)	32,940	29,695	96,305	50,052
Foreign exchange (gain) or loss	(17,233)	1,275	(30,486)	(432)
Stock based compensation	43,474	-	100,996	290,000
Depreciation and amortization	-	-	-	661
	404,286	860,738	1,096,350	1,829,957
Net loss and comprehensive loss	\$ (404,286)	\$ (860,738)	\$ (1,096,350)	\$ (1,829,957)
Loss per common share:				
Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.03)
Weighted average number of shares				
outstanding, basic and diluted:	55,260,363	53,598,624	54,302,946	52,946,114

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, 2017	September 30, 2016
Cash Flow From (Used in) Operating Activities		
Net loss	\$ (1,096,350)	\$ (1,829,957)
Add (deduct) non-cash items:		
Interest accrued - related party loan	98,707	90,000
Interest accrued - long term loan	96,305	50,052
Interest - promissory note	-	4,318
Loss on convertible financial devirative	-	(365)
Foreign exchange gain	-	(432)
Stock based compensation	100,996	290,000
Depreciation and amortization	-	661
	<u>(800,342)</u>	<u>(1,395,723)</u>
Net change in non-cash working capital (note 8)	15,513	143,976
	<u>(784,829)</u>	<u>(1,251,747)</u>
Cash Flow From Financing Activities		
Issue (repayment) of convertible debt	-	(36,943)
Proceeds from related party loan	200,000	-
Issue of shares and warrants	1,048,000	500,000
Share and warrants issue costs	(12,400)	(6,176)
Proceeds from long term loan	-	1,000,000
	<u>1,235,600</u>	<u>1,456,881</u>
Increase in cash and cash equivalents	450,771	205,134
Cash and cash equivalents, beginning of period	22,714	52,825
Cash and cash equivalents, end of period	<u>\$ 473,485</u>	<u>\$ 257,959</u>
Interest paid	<u>\$ 625</u>	<u>\$ 5,668</u>

Cash and cash equivalents is comprised of cash deposits at the bank.

See accompanying notes to interim condensed financial statements

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

Interim Condensed Statements of Shareholders' Equity (unaudited)

	Nine months ended	
	September 30, 2017	September 30, 2016
Shareholders' equity: (note 6)		
Common shares		
Balance, beginning of period	\$ 10,298,326	\$ 9,804,491
Private placement	857,669	493,835
Share issue costs	(12,400)	-
Balance, end of period	11,143,595	10,298,326
Warrants		
Balance, beginning of period	-	23,936
Issued on private placement	190,331	-
Warrants expired unexercised	-	(23,936)
Balance, end of period	190,331	-
Contributed surplus		
Balance, beginning of period	5,896,950	5,583,014
Stock based compensation	100,996	290,000
Transfer on expiry of warrants	-	23,936
Balance, end of period	5,997,946	5,896,950
Deficit		
Balance, beginning of period	(18,296,526)	(15,729,185)
Net loss	(1,096,350)	(1,829,957)
Balance, end of period	(19,392,876)	(17,559,142)
	\$ (2,061,004)	\$ (1,363,866)

See accompanying notes to interim condensed financial statements.

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

Notes to Financial Statements

For the six months ended June 30, 2017

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

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. 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 properties and has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable.

For the nine months ended September 30, 2017, the Company had incurred a net loss of \$1,096,350 and used cash from operations of \$748,829. At September 30, 2017, the Company had a working capital deficiency of \$2,412,228 and a deficit of \$19,392,876.

The ability of the Company to continue as a going concern is dependent on 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 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.

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 revenues and expenses, and the balance sheet classifications used.

As at September 30, 2017, 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

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

Notes to Financial Statements

For the nine months ended September 30, 2017

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

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		485,066
Cumulative exploration costs	\$	9,039,764
Recovery of exploration costs		(547,074)
Cumulative exploration costs, net of recoveries	\$	8,482,690

c) A significant percentage of employees are involved in mining exploration and resource development, not mining production operating activities.

2. Significant accounting policies, judgments and estimation uncertainty

(a) Basis of presentation and measurement

These interim financial statements for the nine months ended September 30, 2017 are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent 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, 2016.

These financial statements were authorized for issue by the Board of Directors on November 28, 2017.

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 nine months ended September 30, 2017

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. Exploration and Evaluation assets - Mineral property:

In September 2003 the Company acquired the mineral property for a total cost of \$1,258,509 including direct legal costs of \$33,509. The 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 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.

Exploration and Evaluation assets - Mineral property	Cost
2003	\$ 1,258,509
2007	148,350
2008	32,111
2012	15,000
2013	22,201
2014	4,313
2015	500
Total	\$ 1,480,984

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

Notes to Financial Statements

For the nine months ended September 30, 2017

4. Exploration and evaluation costs

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

Exploration costs	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Consulting and labour	\$ 126,426	\$ 591,204	\$ 373,818	\$ 856,525
Assay	19,291	75,748	81,044	90,178
Miscellaneous field office	4,215	2,994	7,128	4,518
Project costs	10,459	29,340	12,319	40,400
Accommodation and meals	1,165	5,242	5,042	7,842
Travel and transportation	-	997	1,059	1,547
Freight and equipment transport	198	3,724	466	3,793
Property and mineral taxes	-	-	4,190	3,253
Total	\$ 161,754	\$ 709,249	\$ 485,066	\$ 1,008,056
Recovery of Exploration Costs	-	-	-	100,000
Total	\$ 161,754	\$ 709,249	\$ 485,066	\$ 1,108,056

Up to 30 percent of certain exploration costs are recoverable from British Columbia Mining Exploration Tax Credit program, excluding those amounts that have been renounced to flow-through shareholders.

5. 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 principle and interest of \$3,000,000.

	Nine months ended	
	September 30, 2017	September 30, 2016
Loan due April 27, 2026	\$ 1,000,000	\$ 1,000,000
Accrued interest at end of period	176,828	50,052
Total	\$ 1,176,828	\$ 1,050,052

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

Notes to Financial Statements

For the nine months ended September 30, 2017

6. 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, December 31, 2016	53,598,624	\$ 10,298,326
Private placement	3,493,333	857,669
Share issue costs	-	(12,400)
Balance September 30, 2017	57,091,957	11,143,595

On May 29, 2017 and May 31, 2017, the Company completed two tranches of a private placement totaling 1,170,000 units for gross proceeds of \$351,000. On June 20, 2017, the Company completed the third tranche of a private placement totaling 430,000 units for gross proceeds of \$129,000. The fourth and final tranche of a private placement totaling 1,893,333 units for gross proceeds of \$568,000 was completed on September 27, 2017. Each unit priced at \$0.30 per unit, includes a one common share and 1/3 warrant where 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.

(c) Warrants:

	Number of warrants*	Amount
Balance, December 31, 2016	-	\$ -
Private placement	1,164,441	190,331
Balance, September 30, 2017	1,164,441	\$ 190,331

*represents the number of shares warrant holders are eligible to purchase.

(d) Stock Options:

The Company has a 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.

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Notes to Financial Statements

For the nine months ended September 30, 2017

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

Stock Options	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2016	3,958,334	\$0.31	3.40
Options granted	350,000	\$0.30	
Options expired unexercised	(200,000)	\$0.50	
Balance, Exercisable September 30, 2017	4,108,334	\$0.30	2.98

The fair value of the 200,000 stock options granted to a Director on June 1, 2017 of \$0.29 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 0.86%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 135%. The 200,000 stock options vested on June 1, 2017 and expire in 5 years.

The fair value of the 150,000 stock options granted to consultants on August 8, 2017 of \$0.29 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 1.46%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 137%. The 150,000 stock options vested on August 8, 2017 and expire in 5 years.

(e) Contributed Surplus:

The following table presents changes in contributed surplus:

	September 30,	
	2017	2016
Balance, beginning of period	\$ 5,896,950	\$ 5,583,014
Stock based compensation	100,996	290,000
Transferred on expiry of warrants	-	23,936
Balance, end of period	\$ 5,997,946	\$ 5,896,950

7. Related party transactions

The Company has received loans from Big Mountain Development Corp. Ltd. ('Big Mountain'), a significant shareholder of the Company as detailed in the table below which are secured by promissory notes and a general security agreement over all the assets of the Company. The loan was renegotiated from a July 23, 2017 due date to July 23, 2018. 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.

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

Notes to Financial Statements

For the nine months ended September 30, 2017

Big Mountain loan	September 30,		December 31,	
	2017		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

Interest and bank charges expense is comprised of the following:

	Nine months ended	
	September 30,	September 30,
	2017	2016
Interest on related party loans	\$ 98,707	\$ 90,000
Interest long term loan	96,305	50,052
Interest on convertible promissory notes	-	4,226
Unrealized gain on financial derivatives	-	(365)
Other interest and bank charges	625	1,442
	\$ 195,637	\$ 145,355

8. Supplemental cash flow information

Changes in Non-Cash Working Capital

	Nine months ended	
	September 30,	September 30,
	2017	2016
Accounts receivables	\$ 12,612	\$ (39,073)
Prepaid expenses	184	(4,415)
Accounts payable and accrued	2,717	187,464
	\$ 15,513	\$ 143,976