



Interim Condensed Financial Statements of

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

For the nine months ended September 30, 2018 (unaudited)

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

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 29, 2018

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

Interim Condensed Balance Sheets (unaudited)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 45,094	\$ 76,436
Accounts receivable	37,780	36,074
Prepaid expenses	25,987	10,990
	<u>108,861</u>	<u>123,500</u>
Restricted cash and deposits	55,068	47,068
Property and equipment (note 3)	34,814	-
Exploration and evaluation – mineral property (note 4)	1,480,984	1,480,984
	<u>\$ 1,679,727</u>	<u>\$ 1,651,552</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,585,450	\$ 1,263,616
Due to related party (note 8)	2,212,198	2,110,198
	<u>3,797,648</u>	<u>3,373,814</u>
Long term liabilities:		
Long term debt (note 6)	1,248,143	1,210,639
	<u>1,248,143</u>	<u>1,210,639</u>
Total liabilities	5,045,791	4,584,453
Shareholders' equity:(note 7)		
Common shares	12,772,370	11,209,329
Warrants	465,300	124,597
Contributed surplus	6,109,947	5,985,350
Deficit	(22,713,681)	(20,252,177)
	<u>(3,366,064)</u>	<u>(2,932,901)</u>
Going concern (note 1)		
Commitments and contingencies (note 10)		
	<u>\$ 1,679,727</u>	<u>\$ 1,651,552</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, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Expenses				
Head office expense	\$ 114,158	\$ 149,040	\$ 566,351	\$ 345,137
Exploration expense (note 5)	584,759	161,754	1,673,881	485,066
Interest and bank charges (note 8)	34,353	35,981	102,775	99,332
Interest on long term debt (note 6, 8)	34,211	31,271	100,503	96,305
Foreign exchange (gain) or loss	(15,306)	(17,233)	8,047	(30,486)
Stock based compensation	-	43,474	-	100,996
Depreciation and amortization (note 3)	3,730	-	9,947	-
	755,905	404,287	2,461,504	1,096,350
Net loss and comprehensive loss	\$ (755,905)	\$ (404,287)	\$ (2,461,504)	\$ (1,096,350)
Loss per common share:				
Basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.02)
Weighted average number of shares				
outstanding, basic and diluted:	62,568,973	55,260,363	60,809,269	54,302,946

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, 2018	September 30, 2017
Cash Flow From (Used in) Operating Activities		
Net loss	\$ (2,461,504)	\$ (1,096,350)
Add (deduct) non-cash items:		
Interest accrued - related party loan (note 8)	102,000	98,707
Interest accrued - long term loan (note 8)	100,504	96,305
Unrealized (loss) on foreign exchange	(10,124)	-
Stock based compensation	-	100,996
Depreciation and amortization (note 3)	9,947	-
	<u>(2,259,177)</u>	<u>(800,342)</u>
Net change in non-cash working capital (note 9)	315,255	15,513
	<u>(1,943,922)</u>	<u>(784,829)</u>
Cash Flow From Financing Activities		
Proceeds from related party loan (note 8)	-	200,000
Issue of shares and warrants (note 7)	2,070,679	1,048,000
Share and warrant issue costs	(42,338)	(12,400)
Repayment of long term loan (note 6)	(63,000)	-
	<u>1,965,341</u>	<u>1,235,600</u>
Cash Flow From Investing Activities		
Payment held in restricted funds	(8,000)	-
Purchase of equipment and software (note 3)	(44,761)	-
	<u>(52,761)</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	(31,342)	450,771
Cash and cash equivalents, beginning of year	76,436	22,714
Cash and cash equivalents, end of period	<u>\$ 45,094</u>	<u>\$ 473,485</u>
Interest paid	<u>\$ 774</u>	<u>\$ 625</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' Deficit (unaudited)

	Nine months ended	
	September 30, 2018	September 30, 2017
Shareholders' equity: (note 7)		
Common shares		
Balance, beginning of year	\$ 11,209,329	\$ 10,298,326
Private placement	1,605,379	857,669
Share issue costs	(42,338)	(12,400)
Balance, end of period	12,772,370	11,143,595
Warrants		
Balance, beginning of year	124,597	-
Issued on private placement	465,300	190,331
Warrants exercised	(1,691)	-
Warrants expired unexercised	(122,906)	-
Balance, end of period	465,300	190,331
Contributed surplus		
Balance, beginning of year	5,985,350	5,896,950
Stock based compensation	-	100,996
Transfer on expiry of warrants	122,906	-
Warrants exercised	1,691	-
Balance, end of period	6,109,947	5,997,946
Deficit		
Balance, beginning of year	(20,252,177)	(18,296,526)
Net loss	(2,461,504)	(1,096,350)
Balance, end of period	(22,713,681)	(19,392,876)
	\$ (3,366,064)	\$ (2,061,004)

See accompanying notes to interim condensed financial statements.

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

Notes to Financial Statements

For the nine months ended September 30, 2018

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, 2018, the Company had incurred a net loss of \$2,461,504 and used cash from operations of \$1,943,922. At September 30, 2018, the Company had a working capital deficiency of \$3,688,787 and a deficit of \$22,713,681.

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, 2018, 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, 2018

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		993,521
2018		1,673,881
Cumulative exploration costs	\$	11,222,100
Recovery of exploration costs		(547,074)
Cumulative exploration costs, net of recoveries	\$	10,675,026

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, 2018 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, 2017.

These financial statements were authorized for issue by the Board of Directors on November 29, 2018.

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, 2018

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, 2018	Cost	Accumulated amortization	Net book value
Buildings	\$ 29,692	\$ 29,692	\$ -
Office equipment	74,799	39,985	34,814
Automotive equipment	135,962	135,962	-
Field equipment	82,449	82,449	-
	<u>\$ 322,902</u>	<u>\$ 288,088</u>	<u>\$ 34,814</u>

4. 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.

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

Notes to Financial Statements

For the nine months ended September 30, 2018

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

5. 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, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Consulting and labour	\$ 441,438	\$ 126,426	\$ 1,342,301	\$ 373,818
Assay	78,083	19,291	188,825	81,044
Miscellaneous field office	17,193	3,824	34,318	7,593
Project costs	21,669	10,459	66,404	12,319
Accommodation and meals	13,724	1,556	25,444	5,529
Travel and transportation	12,652	-	13,480	107
Freight and equipment transport	-	198	690	466
Property and mineral taxes	-	-	2,419	4,190
Total	\$ 584,759	\$ 161,754	\$ 1,673,881	\$ 485,066

The Company has during 2016 and 2017 engaged Drinkard Metalox, Inc. ('Drinkard') for magnesium hydrometallurgical testing. Drinkard has filed a Statement of Claim in Alberta claiming approximately \$297,000 USD for alleged outstanding invoices owing by the Company to it relating to the magnesium hydrometallurgical testing. The Company has filed a Statement of Defense in response on the basis that the work provided by Drinkard was deficient and failed to comply with the contractual requirements and has filed a counterclaim seeking damages of approximately \$228,000 CAD relating to the negligent work and various breaches of contract committed by Drinkard. The action is in the preliminary stages. The Company has included in its financial statements for the year ended December 31, 2017 and six months ended June 30, 2018 an amount of approximately \$408,000 USD. During the quarter ended September 2018 the Company recorded a recovery of Consulting and labour costs of approximately \$142,000 related to the above.

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. On January 12, 2018 \$63,000 was paid. Should an event such as an amalgamation, merger, or other consolidation occur, the Company would be responsible for principle and interest of \$2,844,058.

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

Notes to Financial Statements

For the nine months ended September 30, 2018

	Nine months ended	
	September 30, 2018	September 30, 2017
Loan due April 27, 2026	\$ 1,000,000	\$ 1,000,000
Payments	(63,000)	-
Cummulative interest costs	311,143	176,828
	<u>\$ 1,248,143</u>	<u>\$ 1,176,828</u>

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, December 31, 2017	57,091,957	\$ 11,209,329
Private placement	5,894,798	1,597,879
Share issue costs	-	(42,338)
Warrants exercised	16,666	7,500
Balance September 30, 2018	63,003,421	12,772,370

On January 31, 2018, the Company completed a private placement totaling 2,721,581 units for gross proceeds of \$952,553. On April 25, 2018, the Company completed a private placement totaling 1,409,750 units for gross proceeds of \$493,413. On May 14, 2018, the Company completed a private placement totaling 194,898 units for gross proceeds of \$68,214. On July 5, 2018, the Company completed a private placement totaling 784,999 units for gross proceeds of \$274,750. On August 15, 2018, the Company completed a private placement totaling 783,570 units for gross proceeds of \$274,250. Each unit priced at \$0.35 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 \$0.55 for a period of one year from the date of issuance of the warrant.

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

Notes to Financial Statements

For the nine months ended September 30, 2018

(c) Warrants:

	Number of warrants*	Amount
Balance, December 31, 2017	1,164,441	\$ 124,597
Private placement	1,964,933	443,200
Finders fee warrants issued	98,683	22,100
Exercised	(16,666)	(1,691)
Expired unexercised	(1,147,775)	(122,906)
Balance, September 30, 2018	2,063,616	\$ 465,300

*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.

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, 2017	4,108,334	\$0.30	2.75
Balance, Exercisable September 30, 2018	4,108,334	\$0.30	2.00

(e) Contributed Surplus:

The following table presents changes in contributed surplus:

	September 30, 2018	September 30, 2017
Balance, beginning of period	\$ 5,985,350	\$ 5,896,950
Stock based compensation	-	100,996
Transfer on expiry of warrants	124,597	-
Balance, September 30, 2018	6,109,947	5,997,946

8. 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.

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For the nine months ended September 30, 2018

Big Mountain loan		Sept. 30, 2018		December 31, 2017
Loan due July 23, 2019, bears interest at 8%	\$	1,700,000	\$	1,700,000
Accrued interest at end of period		512,198		410,198
	\$	2,212,198	\$	2,110,198

Interest and bank charges expense is comprised of the following:

	Nine months ended	
	September 30, 2018	September 30, 2017
Interest on related party loans	\$ 102,000	\$ 98,707
Interest long term loan	100,504	96,305
Other interest and bank charges	774	625
	\$ 203,278	\$ 195,637

9. Supplemental cash flow information

Changes in Non-Cash Working Capital

	Nine months ended	
	September 30, 2018	September 30, 2017
Accounts receivables	\$ (1,706)	12,612
Prepaid expenses	(14,997)	184
Accounts payable and accrued liabilities	331,958	2,717
	\$ 315,255	\$ 15,513

10. Commitments and contingencies

The Company has committed to a 10.5 hectare surface land lease to purchase agreement where rent is \$1,500 per month for a one year term ending August 31, 2019. At any time during the term the Company will purchase the lands for \$340,000.

The Company is the defendant in a Class action claim in the amount of approximately \$115,000 as the result of the proposed sale of assets of October 5, 2017. The outcome of the claim is unknown and it is being defended by the Company.