



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

**Management Discussion and Analysis  
For the nine months ended  
September 30, 2018**

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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, 2018, in comparison with the same period of last year. This MD&A has been prepared by management as of November 29, 2018 and has been approved by the Company's Audit Committee. This MD&A should be read in conjunction with the Company's accompanying audited financial statements for the year ended December 31, 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, 2017 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](http://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.

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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.

### **Overview**

The Company is a publicly traded junior mining exploration company listed on the TSX Venture Exchange (TSXV:WHY), was founded in 2003 and has its head office in Calgary, Alberta. It is focused on the acquisition, exploration and development of mineral properties in Canada with its primary objective to develop its intermediate-advanced stage exploration Record Ridge South Magnesium Property located 10.5 km west to southwest of the City of Rossland, British Columbia. It is 5 km north of the US-Canada border, in the BC Trail Creek Mining Division. The Company issued its Preliminary Economic Assessment ("PEA") on the Record Ridge South Magnesium Project 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](http://www.sedar.com). Highlights of the PEA are included below.

The Record Ridge South Magnesium Property consists of 29 contiguous mineral claims, nine crown granted claims, and one privately owned claim totaling 8,972 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**

The Company is focused on Environmental study and preliminary mine pit development plan as required by the Environmental Assessment Certification, Industrial Mineral Mine Permit application, and Mine Permit application processes as well as Magnesium Hydrometallurgical testing.

Year to date, November 29, 2018 the Company completed private placements totaling 5,894,798 units for gross proceeds of \$2,063,180. 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. In connection with a private placements, the Company issued 98,683 finder's fee warrants to an eligible arm's length party. Each finder's fee warrant is exercisable to acquire a Common Share at a price of \$0.55 per share for a period of one year from the date of issuance.

Surface Land Lease to Purchase -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 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 and during the third quarter of 2018 recorded a recovery of approximately \$140,000.

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**Industrial Mineral Mine Permit Application**

The Mines Act of British Columbia (the “Act”) and the accompanying Health, Safety and Reclamation Code for Mines in British Columbia (the “Code”) protect workers and the public through provisions for minimizing the health, safety and environmental risks related to mining activities. The Act and the Code set out the regulatory framework for an applicant applying for a permit and authorization to mine in the province.

A foundational element in this permitting framework is gathering the baseline environmental data to identify the existing environmental conditions of the proposed project. The Company began this process of collection and assessment of environmental conditions in 2016 and will continue this for the foreseeable future. This information will allow the Company to plan for the protection and reclamation of the land, watercourses and conservation of the cultural heritage resources affected by its planned mine.

With a background of project environmental baseline studies, the submission of detailed Project Description to the British Columbia Ministry of Energy, Mines and Petroleum Resources (“MEMPR”) initiates the permitting engagement and review process. The Company submitted the Record Ridge Magnesium Project Description to the MEMPR on May 23, 2018.

The review process is led by the MEMPR but includes many other government agencies including the British Columbia Ministry of Environment and Climate Change Strategy and Ministry of Forests, Lands, Natural Resource Operations and Rural Development, together with First Nations. Since the Magnesium at Record Ridge is found in the industrial mineral serpentinite, the permitting Application is for the construction, operation, closure and reclamation of an Industrial Mineral Mine with annual extraction of up to 249,000 tonnes per year of Magnesium-rich serpentinite for a two-year period. The Magnesium-rich material would be transported off-site to a processing facility to produce Magnesium Oxide.

During the summer, the Company and its consultants have been engaged in gathering and completing the extensive information required by the Ministry of Energy and Mines for an Industrial Mineral Mine Application and an effluent discharge permit application under the Environmental Management Act by the Ministry of Environment. The Company has met formally with the reviewers and regulators on several occasions to assess its progress and seek guidance in providing the information required. The Company expects to submit its Permit Application in early December, 2018 and the Permit Application screening and review process is expected to take until the spring of 2019.

In late August, 2018, the MEMPR authorized the first year exploration of a multi-year, area based program of mineral exploration on certain Record Ridge claims. Recently, the Company successfully completed a three diamond drill hole program completing two water monitoring wells for geotechnical and ground water quality information for the Permit Application and one exploration step-out drill hole. Core samples will be sent to a certified laboratory for analysis and will be reported in due course.

**British Columbia Environmental Assessment Application and Mine Permit Application**

The Company continues to prepare a Mine Permit Application and British Columbia Environmental Assessment Application requesting the extraction and processing on site of up to 1,000,000 tonnes per annum of ore. It is expected this application will be submitted in 2019.

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.

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**Magnesium Hydrometallurgical Testing**

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](http://www.sedar.com) and is also available on the Company’s website [www.whyresources.com](http://www.whyresources.com).

In late 2017, the Company engaged Kingston Process Metallurgy Inc. (“KPM”) of Kingston, Ontario to evaluate Magnesium processing and recovery alternatives and to conduct metallurgical testing on the Company’s Magnesium bearing serpentine, with the objective of producing high value commercial grade magnesia (MgO) and Mg(OH)<sub>2</sub> products from the Record Ridge serpentine.

The Company’s PEA utilized a sulfuric acid leach process with a 60% recovery rate and no recycling of the leachate. After reviewing the extraction using hydrochloric, sulphuric and nitric acid processes, KPM recommended that the Company return to its initial metallurgical processing initiative using hydrochloric acid. Subsequent metallurgical testing directed by KPM utilized a commercial hydrochloric acid processing circuit that has a higher recovery rate and full leachate acid recovery. KPM is working closely with a European process engineering, design and equipment manufacturer that has had this process and equipment installed in an operating serpentine magnesium processing facility since 1992. The test results have been encouraging and the Company expects to begin the prefeasibility studies shortly on this process.

**Related party transaction**

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 term has been renewed and now due July 23, 2019.

**Results of Operations**

During the nine months ended September 30, 2018, the Company incurred a loss of \$2,461,504 (nine months ended September 30, 2017 loss of \$1,096,350). The Company had a loss of \$755,905 for three months ended September 30, 2018 (\$404,287 for three months ended September 30, 2017). The Company has no commercial production at this time; therefore, it has no revenue from operations or sales.

During the nine months ended September 30, 2018, the Company incurred the following costs:

\$1,673,881 for nine months ended September 30, 2018 in Exploration Expenses - Consulting are Labour costs associated with the British Columbia Industrial Quarry Permit, 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. This amount is net of an approximate \$142,000 recovery of costs for Drinkard testing work of 2016 and 2017 discussed above.

\$192,297 for nine months ended September 30, 2018 in legal costs associated with the October 2017 proposed sale of mining assets. \$64,902 of these costs have been recovered from insurance.

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	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
<b>Head Office Expenses</b>				
Office salaries and benefits	\$ 39,600	\$ 46,800	\$ 119,795	\$ 143,071
Legal, audit and accounting	107,755	83,042	356,267	131,498
Promotion and investor relations	10,056	4,162	82,874	30,955
Travel	4,320	1,206	23,767	4,023
Other office costs	17,329	13,829	48,550	35,590
<b>Total Head Office Costs</b>	<b>179,060</b>	<b>149,039</b>	<b>631,253</b>	<b>345,137</b>
Recovery of Insurance (legal)	(64,902)	-	(64,902)	
Exploration Costs, net	\$ 114,158	\$ 149,039	\$ 566,351	\$ 345,137
<b>Exploration Expenses</b>				
Accommodation and meals	\$ 13,724	\$ 1,557	\$ 25,444	\$ 5,528
Assay	78,083	19,291	188,825	81,044
Consulting and labour	441,439	126,426	1,342,301	373,818
Freight and equipment transport	-	198	690	466
Miscellaneous field office	17,193	3,823	34,318	7,594
Project costs	21,669	10,459	66,404	12,319
Property and mineral taxes	-	-	2,419	4,190
Travel and transportation	12,652	-	13,480	107
<b>Total Exploration Costs</b>	<b>584,760</b>	<b>161,754</b>	<b>1,673,881</b>	<b>485,066</b>
Short term lending and bank charges	34,353	34,312	102,775	99,332
Long term debt interest	34,211	32,940	100,503	96,305
<b>Interest and Bank Charges</b>	<b>\$ 68,564</b>	<b>67,252</b>	<b>203,278</b>	<b>195,637</b>
<b>Non cash expenses</b>				
Depreciation and amortization	3,730	-	9,947	-
Stock based compensation	-	43,474	-	100,996
Foreign exchange (gain) loss	-	(17,233)	8,047	(30,486)
	<b>3,730</b>	<b>26,241</b>	<b>17,994</b>	<b>70,510</b>
<b>Total expenses</b>	<b>\$ 771,212</b>	<b>\$ 404,286</b>	<b>\$ 2,461,504</b>	<b>\$ 1,096,350</b>

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Summary of Quarterly Results

	Sep. 30, 2018 \$	Jun. 30, 2018 \$	Mar. 31, 2018 \$	Dec. 31, 2017 \$	Sept. 30, 2017 \$	June 30, 2017 \$	Mar. 31, 2017 \$	Dec. 31, 2016 \$
Total revenue	-	-	-	-	-	-	-	-
Total assets	1,679,727	1,754,456	1,691,585	1,651,552	2,030,981	1,700,407	1,563,932	1,593,006
Total long term liabilities	1,248,143	1,213,933	1,180,588	1,210,640	1,176,828	1,143,888	1,111,795	1,080,524
Cash dividend per share	-	-	-	-	-	-	-	-
Head office expense	114,158	171,857	280,336	292,857	149,039	97,325	98,773	125,715
Exploration expense	584,759	625,845	463,276	508,455	161,754	256,686	66,626	549,929
Non-cash expense	(11,576)	14,915	14,655	(9,974)	26,241	46,244	(1,975)	1,071
Net loss	(755,905)	(880,198)	(825,400)	(859,301)	(404,286)	(465,702)	(226,362)	(737,384)
Net loss per share <sup>(1)</sup>	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)

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

All costs of exploratory work conducted on the Company's properties are expensed as incurred.

### 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 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.

As at September 30, 2018 the Company owes \$2,212,198 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 2018.

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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 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.

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, 2019.

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, 2018, the Company had a working capital deficit of \$3,688,787 compared to a working capital deficit of \$3,250,314 at December 31, 2017.

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.

Big Mountain Loan

		<b>Sept 30, 2018</b>		<b>Dec. 31, 2017</b>
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

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

	Period ended Sept. 30, 2018	Year ended Dec. 31, 2017
Interest on related party loans	\$ 102,000	\$ 132,707

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.

### **Proposed Transactions**

The Company proposes to complete a non-brokered private placement of units. There is no minimum subscription for this offering and a maximum of 5,000,000 units will be issued at a price of \$0.30 per unit for gross proceeds of up to \$1,500,000. Each unit will consist of one common share in the capital of the Company and one-third of one common share purchase warrant. Each whole warrant would entitle the holder to purchase one additional common share at an exercise price of \$0.50 for a period of one year from the date of issuance of the warrant.

### **Changes in Accounting Policies**

IFRS 15, "Revenue from Contracts with Customers", the new revenue standard, effective January 1, 2018 introduces a single principles-based five-step model for the recognition of revenue when control of a good or service is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine transaction price, allocate the transaction price, and recognize revenue when a performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers. There is no significant impact on adoption of this standard.

IFRS 9 Financial Instruments ("IFRS 9") replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition: financial assets measured at amortized cost; or financial assets measured at fair value. IFRS 9 will also align hedge accounting more closely with risk management. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted for annual periods beginning before January 1, 2018. There is no significant impact on adoption of this standard.

In January 2016, the IASB issued IFRS 16 Leases, which replaces the current IFRS guidance on leases. Under the current guidance, lessees are required to determine if the lease is a finance or operating lease, based on specified criteria. Finance leases are recognized on the balance sheet, while operating leases are recognized in the statement of operations when the expense is incurred. Under IFRS 16, lessees must recognize a lease liability and a right-of-use asset for virtually all lease contracts. The recognition of the present value of minimum lease payments for certain contracts currently classified as operating leases will result in increases to assets, liabilities, depletion, depreciation and amortization, and finance expense, and a decrease to production, operating and transportation expense upon implementation. An optional exemption to not recognize certain short-term leases and leases of low value can be applied by lessees. For lessors, the accounting remains essentially unchanged. The standard will be effective for annual

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periods beginning on or after January 1, 2019. The extent of the impact of IFRS 16 has not yet been determined.

**Financial Instruments**

Non-derivative financial instruments are comprised of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, due to related party and long term debt. Non-derivative financial instruments are initially measured at fair value, then at amortized cost using the effective interest rate method.

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, 2018 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.

***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 at November 29, 2018:

	<b>Nov. 29, 2018</b>	<b>Sep. 30, 2018</b>	<b>Dec.31, 2017</b>
Common shares	63,003,421	63,003,421	57,091,957
Warrants*	2,063,616	2,063,616	1,164,441
Stock Options	4,108,334	4,108,334	4,108,334
Fully diluted	69,175,371	69,175,371	62,364,732

\*Convertible to common shares

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**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. 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 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.

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***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.

***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.

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***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](http://www.sedar.com) and on the Company's website at [www.whyresources.com](http://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](mailto:frank@whyresources.com).

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for the nine months ended September 30, 2018**

**Corporate Information**

**BOARD OF DIRECTORS:**

Ian F.T. Kennedy <sup>(1)</sup>

Frank Marasco Jr.

Maria Marasco

Patricia L. Nelson <sup>(1)</sup> <sup>(2)</sup>

Dwayne A. Vinck <sup>(1)</sup>

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

Calgary, Alberta

**REGISTRAR AND TRANSFER AGENT:**

TSX Trust Company,

Calgary, Alberta