



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

**Management Discussion and Analysis
For the three and nine months ended
September 30, 2019**

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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, 2019, in comparison with the same period of the prior year. This MD&A has been prepared by management as of November 20, 2019 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 years ended December 31, 2018 and notes thereto, and unaudited interim condensed financial statements for the three and nine months ended September 30, 2019 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, 2018 and 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.

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 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. Highlights of the PEA are included below.

The Company retains 100% of the mineral rights to the Record Ridge South Magnesium Property which consists of 29 contiguous mineral claims, eight crown granted claims, and one privately owned claim totaling 8,972 hectares. The known magnesium mineralization is located within two of the mineral claims. Infrastructure for the proposed development Project is located on mineral tenures controlled by the Company.

Current Highlights

Non-brokered Private Placements

On July 19, 2019, the Company completed a private placement totaling 258,000 units for gross proceeds of \$64,500. Each unit was priced at \$0.25 per unit and included one common share and 1/3 purchase warrant wherein each full warrant entitled 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.

On August 12, 2019, as reported on SEDAR, the Company announced a private placement for 11,200,000 units on similar terms as the offering completed on July 19, 2019 noted above. This private placement offering was extended upon approval of the TSXV on October 1, 2019. On November 1, 2019 the Company announced the private placement had expired and that the Company had not closed any subscriptions thereunder. While not being successful in closing the financing during the late summer-fall period, the Company continues to pursue means of continued financial support in order to settle outstanding accounts payable; advance its Permit Application; and, further its Magnesium Hydrometallurgical Prefeasibility Test work as discussed below.

Year-to-date September 30, 2019 the Company has completed private placements totaling 2,256,066 units for gross proceeds of \$667,440. Each unit priced at \$0.25 to \$0.35 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 to \$0.55 for a period of one year from the date of issuance of the warrant.

Industrial Quarry Permit

On February 14, 2019 the Company submitted a joint Application for an Industrial Quarry Permit under the Mines Act (British Columbia) and Environmental Management Act (the "Permit Application") proposing to develop and operate its Record Ridge Industrial Mineral Mine Magnesium Project (the "RRIMM Project") near Rossland, British Columbia.

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This Permit Application's structure and content follows the guidance provided in the "Joint Application Information Requirements for Mines Act and Environmental Management Act Permits" (dated February 2016) prepared by the BC Ministry of Energy and Mines and the BC Ministry of Environment (together, the "Ministries") and associated draft Section 4 revision (dated March 22, 2018). In addition, the Permit Application addresses the list of information requirements as per the Joint Information Requirements Table ("IRT") that was developed and reviewed by the Mine Development Review Committee of the Major Mines Permitting Office, specifically for the RRIMM Project.

The Company began its extensive assessment and collection of environmental data as required by the "Joint Application Information Requirement" for the Permit Application in 2016 under the guidance and direction of Greenwood Environmental Inc. and in close coordination with SRK Consulting (Canada) Inc. who provided engineering oversight and mine planning. The Company's RRIMM Project team has participated with the reviewers from the Ministries in the pre-application phase to determine the requirements and any specifics and methodologies that were or may be required for the Permit Application.

The Permit Application will first be screened against the unique IRT information required and then proceed to the full Review Process by the Ministries. The Permit Application sought would allow for the extraction and sale of up to 249,999 tonnes per annum of industrial rock. The proposed rock quarry is not subject to the Environmental Assessment Act (British Columbia) or the Canadian Environmental Assessment Act.

Magnesium Hydrometallurgical Testing

In late 2017, the Company engaged Kingston Process Metallurgy Inc. ("KPM") of Kingston, Ontario to review the efficacies of potential magnesium extraction process using hydrochloric, sulphuric and nitric acid leachates and to recommend a metallurgical process with a high magnesium recovery rate; a high leachate recovery rate; and, capable of producing a high value commercial grade magnesia (MgO) and Mg(OH)₂ products from the Record Ridge serpentine. Based on their review, KPM recommended Hydrometallurgy based on hydrochloric acid.

May 1, 2019 KPM reported their conclusions of their Stage 1 Pre-Feasibility Study ("PFS") report.

The PFS Stage 1 testing focused on leaching and purification tests and development of basic process data required to complete engineering design and economic analysis. Their report stated: "overall, the work has clearly demonstrated that it is possible to produce a high purity (>99%) Magnesium chloride ("MgCl₂") solution from Record Ridge material using a commercially proven Hydrochloric acid ("HCl") based treatment process. This solution would be suitable for the production of high value, high purity Magnesium Oxide ("MgO") and flame retardant quality Magnesium hydroxide ("Mg(OH)₂") using a commercially proven pyrohydrolysis." KPM recommended the Company proceed to Stage 2 of the PFS involving completion of the engineering design and costing.

KPM conducted this metallurgical PFS work in close coordination with a European process engineering, design and equipment manufacturer that has had its process and equipment installed in an operating serpentine magnesium processing facility since 1992.

This test work also indicated that a magnesium recovery rate in excess of 90% from the leachate was achievable. Also, a key feature of the HCl acid based process is efficient recycling of the principal reagent, HCl, using commercially proven technology. This reduces the overall level waste products from the process and the remaining waste streams could be treated using standard chloride processing industry practice.

The Company is encouraged by these results. The next step is to conduct the KPM Stage 2 PFS.

Drinkard Settlement

Pursuant to a settlement agreement, the terms of which were finalized in 2018, the Company and Drinkard Metalox, Inc. ('Drinkard') settled a dispute for \$150,000 included in accounts payable and accrued liabilities

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as at December 31, 2018. On February 19, 2019, the Company paid cash of \$25,000, issued 416,667 common shares, and 138,869 warrants that entitle Drinkard to purchase one additional common share at an exercise price of \$0.50 until February 18, 2020.

Results of Operations

The Company had net loss after taxes of \$247,727 for the three months ended September 30, 2019 (net loss \$755,905 for three months ended September 30, 2018). 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, 2019, the Company incurred the following costs:

\$177,328 for the nine months ended September 30, 2019 in exploration expenses included \$155,581 in consulting and labour associated with the submission of the joint Permit Application for a Mines Act permit and Environmental Management Act permit proposing to develop and operate its Record Ridge Industrial Mineral Mine Magnesium Project. During 2018 \$1,342,301 was incurred during the first nine months as there was considerable increased activities on permitting applications.

Year to date net Head Office expenses of \$398,487 (compared to \$566,351 for year to date September 2018) includes \$107,584 of insurance claim cost recoveries for claims and legal costs incurred. Year to date legal costs of \$146,736 included legal costs associated with the Drinkard dispute settlement and the class action claim settlement. Certain legal costs may be recovered from insurance and such recoveries will be recorded once funds are received. On May 1, 2019 the Company reached a settlement of a class action claim for \$99,000. The Company adjusted the provision for settlement to \$99,000 as at March 31, 2019 from \$116,000 as at December 31, 2018 and recorded a recovery of provision for contingencies of \$17,000 adjusting management's estimate of settlement costs. As at September 30, 2019 there is no remaining balance in accrued liabilities for provision of contingencies.

In the third quarter the Company incurred \$23,595 related to promotional activities and travel as well as \$5,860 in market making activities that have since been terminated.

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	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Head Office Expenses				
Office salaries and benefits	\$ 39,000	\$ 39,600	\$ 117,205	\$ 119,795
Legal, audit and accounting	67,572	107,755	237,491	356,267
Promotion and investor relations	26,346	10,056	68,137	82,874
Travel	7,040	4,320	12,616	23,767
Other office costs	29,616	17,329	70,622	48,550
Total Head Office Costs	169,574	179,060	506,071	631,253
Recovery of Insurance (legal)	-	(64,902)	(107,584)	(64,902)
Head Office, net	\$ 169,574	\$ 114,158	\$ 398,487	\$ 566,351
Exploration Expenses				
Accommodation and meals	\$ 13	\$ 13,724	\$ 6,237	\$ 25,444
Assay	-	78,083	3,150	188,825
Consulting and labour	353	441,438	155,581	1,342,301
Freight and equipment transport	-	-	3,603	690
Miscellaneous field office	1,530	17,193	2,982	34,318
Project costs	-	21,669	3,371	66,404
Property and mineral taxes	-	-	2,258	2,419
Travel and transportation	-	12,652	146	13,480
Total Exploration Costs	\$ 1,896	\$ 584,759	\$ 177,328	\$ 1,673,881
Short term lending and bank charges	34,127	34,353	102,040	102,775
Long term debt interest	37,935	34,211	110,918	100,503
Interest and Bank Charges	\$ 72,062	\$ 68,564	\$ 212,958	\$ 203,278
Non cash expenses				
Depreciation and amortization	3,797	3,730	11,267	9,947
Stock based compensation	-	-	510,554	-
Foreign exchange (gain) loss	398	(15,306)	(292)	8,047
	4,195	(11,576)	521,529	17,994
Total expenses	\$ 247,727	\$ 755,905	\$ 1,310,302	\$ 2,461,504

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Summary of Quarterly Results

	Sep 30, 2019	Jun 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	-	-
Total assets	1,588,855	1,603,840	1,677,081	1,682,599	1,679,727	1,754,456	1,691,585	1,651,552
Total long term liabilities	1,394,164	1,356,228	1,319,264	1,283,245	1,248,143	1,213,933	1,180,588	1,210,639
Cash dividend per share	-	-	-	-	-	-	-	-
Head office expense	169,574	47,010	181,903	524,553	114,158	171,857	280,336	292,857
Exploration expense	1,896	26,865	148,567	181,456	584,759	625,845	463,276	508,455
Non-cash expense	4,195	3,065	514,269	28,527	(11,576)	14,915	14,655	(9,974)
Net loss	(247,727)	(148,070)	(914,505)	(804,229)	(755,905)	(880,198)	(825,400)	(859,301)
Net loss per share ⁽¹⁾	(0.00)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(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' deficit and working capital deficit. On April 27, 2016 the Company received a \$1 million dollar 10 year unsecured loan. Directors added an additional \$200,000 in loans during the year ended December 31, 2018 and Big Mountain added \$200,000 in 2017.

As at September 30, 2019 the Company owes \$155,260 to Directors and \$2,348,198 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 the quarter ended September 30, 2019.

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

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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.

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 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, 2019, the Company had a working capital deficit of \$3,986,938 compared to a working capital deficit of \$4,168,866 at December 31, 2018.

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

	Sep. 31, 2019	Dec. 31, 2018
Loan due July 23, 2020, bears interest at 8%	\$ 1,700,000	\$ 1,700,000
Accrued interest at end of period	648,198	546,632
	\$ 2,348,198	\$ 2,246,632

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

	Year to date Sep. 30, 2019	Year ended Dec. 31, 2018
Interest on related party loans	\$ 102,040	\$ 136,434

Directors provided loans of \$200,000 during 2018 with \$19,740 repaid during the year and another \$25,000 repaid during the first quarter 2019. 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

Related Party Loan

On October 23, 2019, Big Mountain added an additional \$25,000 to its loan to the Company.

Proposed Transactions

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 and thereafter on a month to month basis. At any time during the term the Company will has the option to purchase the lands for \$340,000.

Changes in Accounting Policies

On January 1, 2019, the Company adopted IFRS 16 Leases, which replaces the current IFRS guidance on leases. 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 adoption of IFRS 16 has not had a significant impact on the Company.

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.

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Other MD&A Requirements

Record Ridge South Property

As at March 31, 2019 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:

	Nov 20, 2019	Sep. 30, 2019	Dec.31, 2018
Common shares	66,892,820	66,892,820	63,970,087
Warrants*	1,474,323	1,474,323	2,385,838
Stock Options	5,483,334	5,483,334	4,108,334
Fully diluted	73,850,477	73,850,477	70,464,259

*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

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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.

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

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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.

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.

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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⁾⁽²⁾

Frank Marasco Jr.

Maria Marasco

Patricia L. Nelson ⁽¹⁾⁽²⁾

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

Barry Baim - Vice President, Corporate Development

STOCK EXCHANGE LISTING:

TSX Venture Exchange

Trading Symbol: WHY

AUDITORS:

KPMG LLP

Calgary, Alberta

LEGAL COUNSEL:

Bennett Jones LLP

Calgary, Alberta

REGISTRAR AND TRANSFER AGENT:

TSX Trust Company,

Calgary, Alberta