



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

**Management Discussion and Analysis  
For the three and nine months ended  
September 30, 2020**

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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 three and nine months ended September 30, 2020, in comparison with the same period of the prior year. This MD&A has been prepared by management as of November 20, 2020 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, 2019 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, 2019 and 2018 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 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. The property 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 Company retains 100% of the mineral rights to the Record Ridge 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**

#### **Industrial Quarry Permit**

On February 14, 2019, the Company submitted a joint Permit Application for a Mines Act permit and Environmental Management Act permit (the "Permit Application") proposing to develop and operate its Record Ridge Industrial Mineral Mine Magnesium Project (the "RRIMM Project") near Rossland, British Columbia. 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 an extensive program of collecting environmental data in 2016 under the guidance and direction of Greenwood Environmental Inc., ("Greenwood") and in close coordination with SRK Consulting (Canada) Inc. ("SRK") 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 now be screened against the information required in its unique IRT and any changes or additional information requested will be considered by the Company. The Industrial Quarry Permit sought under the Mines Act (British Columbia) will allow for the extraction and sale of up to 249,999 tonnes per annum of industrial rock. The 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

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recovery rate; and, capable of producing a high value commercial grade magnesia (MgO) and Mg(OH)<sub>2</sub> 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 (“MgCl<sub>2</sub>”) 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)<sub>2</sub>”) 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 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.

### **BC Gold Drilling Permit**

The BC Ministry of Mines on September 24, 2020, has granted on the Company a drilling permit for the drilling of 22 - 600 meter/holes up to 20,000 meters in the aggregate at on the Company’s Midnight Gold Claim, located in the Rossland Gold Camp. The Rossland Gold Camp historically produced over 2.76 million ounces of recovered Gold and 3.52 million ounces of recovered Silver. Historical gold production, geological work, and 2009 drill hole results reinforce the high potential of the Midnight claim and the planned 22-hole drill program.

The Company using the analysis from the 26-hole 2009 gold drill program, noted that except for two holes (MN09-19 and MN09-26), all holes intersected a series of quartz veins and gold bearing serpentinites with significant gold values, notably hole MN09-15, which returned weighted average of 40.1 g/tonne over a true width of 2.3 m including 198 g/tonne Au for a true width of 0.8 m near surface (13.9 m in drill depth); and hole MN09-24, which returned a weighted average of 25.16 g/tonne over a true width of 3.6 m including 73.23 g/tonne Au for a true width of 1.2 m. Highlights of the 2009 Drill Program are depicted below.

Hole	Depth (m)	From	To	Width (m)	Grade Au (g/t)	Comments
MN 09-4	123	31.3	39.4	8.1	12.2	Listwanized serpentinite 8 g/t Ag including 85.48 g/t Au and 58.2 g/t over 1 m
MN 09-6	121	13.6	26.8	13.2	7.40	Mixed Qtz + listwanized serp. 4.4 g/t Ag including 38.21 g/tonne Au & 53.3 g/tonne Au over 0.6 m & 0.5 m, respectively

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MN 09 - 15	106	13.9	18	4.1	40.11	Green serp. & soapstone (19.7 g/tonne Ag including 198 g/t Au over 0.8 m
MN 09-24	82	28.9	33.5	4.6	25.16	Mixed Qtz veins & serpentinite including 73.23 g/t Au over 1.5 m

Based on previously released drill core results, the Company plans to further define the gold mineralization on its Midnight property in order to allow the Company to proceed with a mineral resource estimate pursuant to National Instrument 43-101.

Recorded past production from the combined WHY Resource's properties up to 1941

CLAIM	TONNES	GRAMS AU	GRADE Au g/t	OUNCES Au	Grade Au OPT
IXL	5248	809766	154	25912.5	4.49
MIDNIGHT	4760	218346	46	6987.1	1.34
OK	293	17916	61	573.3	1.78
TOTAL	10301	1046028	101.5	33472.9	2.96

### Legal Settlements

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 which was settled in 2018 and included in accounts payable and accrued liabilities as at December 31, 2018. On February 19, 2019, pursuant to the settlement, the Company paid cash of \$25,000, issued 416,667 common shares and 138,869 warrants that entitled Drinkard to purchase one additional common share at an exercise price of \$0.50 until February 18, 2020, which expired unexercised.

The Company also resolved 2 other minor legal disputes, one class action lawsuit which was settled for \$99,000 and one other legal claim which was settled for \$14,000.

### Related party transactions

The Company has received various 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 a Promissory Note and a first mortgage which is secured over all of the assets of the Company. The loan term has been renewed and is now due on December 31, 2020. The Director loan from Patricia Nelson of \$50,000 has been reduced to \$25,000 through a \$25,000 payment during 2019, and Frank Marasco's director loan remains at \$130,660. Both loans are secured by subordinated Promissory Note without any interest accruing.

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**Results of Operations**

The Company had net loss after taxes of \$524,308 for the three months ended September 30, 2020 (net loss \$247,727 for three months ended September 30, 2019) and a net loss of \$ 953,842 for the nine months ended September 30, 2020(net loss of \$1,310,302 for the nine months ended September 30, 2019).. 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, 2020, the Company incurred the following costs:

\$ 15,262 for nine months ended September 30, 2020 in exploration expenses included \$10,576 in consulting and labour associated with the submission of the joint Permit Application for a Mines Act permit, Environmental Management Act permit proposing to develop and operate its Record Ridge Industrial Mineral Mine Magnesium and Gold Project. During 2019, \$155,581 was incurred during the first nine months as there was increased activities on permitting applications.

\$349,713 for nine months ended September 30, 2020 in Stock based compensation – 500,000 options were originally granted on March 25,2019 with only half vesting in 2019, and the remainder vesting on Mar 25,2020 with exercise price \$0.35 and a 5-year term. The Corporation granted 2,950,000 options on September 4, 2020 for a total compensation in the amount of \$334,315.

\$331,826 for nine months ended September 30, 2020 in head office expense included \$117,000 in salaries and expenses and \$165,163 in legal costs associated to general corporate matters.

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	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Head Office Expenses</b>				
Office salaries and benefits	\$ 39,000	\$ 39,000	\$ 117,000	\$ 117,205
Legal, audit and accounting	51,845	67,572	165,163	237,491
Promotion and investor relations	3,099	26,346	23,697	68,137
Travel	599	7,040	600	12,616
Provision for contingencies	-	-	-	-
Other office costs	3,729	29,616	25,366	70,622
Total Head Office Costs	98,272	169,574	331,826	506,071
Recovery of Insurance (legal)	-	-	-	(107,584)
Head Office expenses, net	\$ 98,272	\$ 169,574	\$ 331,826	\$ 398,487
<b>Exploration Expenses</b>				
Accommodation and meals	\$ 722	\$ 13	\$ 1,299	\$ 6,237
Assay	-	-	-	3,150
Consulting and labour	3,760	353	10,576	155,581
Permits and Licenses	-	-	-	-
Freight and equipment transport	-	-	-	3,603
Miscellaneous field office	1,190	1,530	1,190	2,982
Project costs	-	-	-	3,371
Property and mineral taxes	-	-	2,046	2,258
Travel and transportation	-	-	152	146
Total Exploration Costs	5,672	1,896	15,263	177,328
Short term lending and bank charges	36,664	34,127	109,207	102,040
Long term debt interest	42,113	37,935	123,097	110,918
<b>Interest and Bank Charges</b>	\$ 78,777	\$ 72,062	\$ 232,304	\$ 212,958
<b>Non cash expenses</b>				
Depreciation and amortization	7,438	3,797	24,328	11,267
Stock based compensation	334,135	-	349,713	510,554
Foreign exchange (gain) loss	14	398	408	(292)
	341,587	4,195	374,449	521,529
<b>Total expenses</b>	\$ 524,308	\$ 247,727	\$ 953,842	\$ 1,310,302

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Summary of Quarterly Results

	Sept. 30, 2020	June. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept 30, 2019	June. 30, 2019	Mar. 31, 2019	Dec.31 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	-	-
Total assets	1,577,686	1,566,519	1,606,452	1,623,192	1,588,855	1,603,840	1,677,081	1,682,599
Total long-term liabilities	1,556,196	1,514,084	1,473,063	1,433,099	1,394,164	1,356,228	1,319,264	1,283,245
Working capital surplus(deficiency)	(4,861,554)	(4,695,220)	(4,552,365)	(4,382,154)	(3,986,938)	(3,845,444)	(4,128,134)	(4,220,341)
Head office expense	98,272	104,414	128,475	348,245	169,574	47,010	181,903	542,634
Exploration expense	5,672	4,166	5,426	(28,074)	1,896	26,864	148,567	214,851
Non-cash expense	341,587	8,435	24,429	14,528	4,195	3,065	514,269	28,527
Net loss	(524,308)	(194,299)	(234,577)	(427,440)	(247,727)	(148,070)	(914,505)	(855,704)
Net loss per share <sup>(1)</sup>	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.02)	(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. During the nine months ended September 30, 2020, Big Mountain added \$ 40,000 to its loan outstanding. 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.

As at September 30, 2020, the Company owes \$155,260 to Directors and \$ 2,551,196 to Big Mountain, which is a related party as Frank Marasco, the Company's Chief Executive Officer and Maria Marasco, a Director and/or the Marasco family members own 100% of Big Mountain. The Company's objective is to maintain a 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 including issuing new shares through a public offering or private placement, issuing convertible debt; or raising fixed or floating rate debt.

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The Company is not subject to externally imposed capital requirements and no changes in approach to capital management have occurred during the period ended September 30, 2020.

These 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 evaluating 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 exploration and evaluation 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. In addition, there is no certainty that the mineral property will contain economically recoverable reserves.

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 additional 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 received various loans from Big Mountain, pursuant to which Big Mountain has a Promissory Note and first mortgage over all of the existing and future assets of the Company (the "Security"). Pursuant to the security, 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, 2020, the Company had a working capital deficit of \$4,861,554 compared to a working capital deficit of \$4,382,154 at December 31, 2019.

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

#### **Off Balance Sheet Arrangements**

During 2020 and 2019, the Company had no off-balance sheet arrangements other than short-term leases.

#### **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 Security. The loans have been consolidated pursuant to one Promissory Note dated as at December 31, 2019 and maturity date of December 31, 2020. During the nine months ended September 30, 2020, Big Mountain advanced additional \$40,000, which is also secured by the Security.

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Big Mountain Loan

	<b>Sept. 30, 2020</b>	<b>Dec. 31, 2019</b>
Loan due July 23, 2019, bears interest at 8%	\$ 1,700,000	\$ 1,700,000
Advance	65,000	25,000
Accrued interest at end of period	786,196	682,698
	<b>\$ 2,551,196</b>	<b>\$ 2,407,698</b>

Directors Loan

	<b>Sept. 30, 2020</b>	<b>Dec. 31, 2019</b>
Loan due July 23, 2019, bears interest at 8%	\$ 200,000	\$ 200,000
Loan repayment	(44,740)	(19,740)
	<b>\$ 155,260</b>	<b>\$ 180,260</b>
	<b>\$ 2,706,456</b>	<b>\$ 2,562,958</b>

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

	Nine Months ended Sept.30, 2020	Year ended Dec. 31, 2019
Interest on related party loans	\$ 103,500	\$ 136,066

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**

On November 10, 2020, announced that it entered a joint venture with EnviroGold Global for the development, operation, and reclamation of its precious mineral (Au/Ag) rock rejects located on its gold claims in Rossland, BC. The venture is conditional upon the parties receiving approval from the Ministry of Mines in British Columbia and when approved, will help West High Yield in unlocking the tremendous value of the mine reject rocks that were stockpiled on the Company's claims from historic mining operations on its Rossland property. The reject rock averaged 2.5 gpt Au based on independently assayed random 99 bulk samples at Metsolve Laboratories, BC. All recoverable saleable minerals and metals will be extracted and marketed including but not limited to recoverable gold and silver. Proceeds from this project will be used by the Company to support advancement of its strategic vision to develop its mineral resource properties in British Columbia. The agreement with EnviroGold supersedes a prior agreement of the Company to mine the reject rocks, which will terminate on November 20, 2020.

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**Proposed Transactions**

The Company has a 10.5 hectare surface land lease to purchase agreement where rent is renegotiated at \$800 per month for a one year term ending August 31, 2021. At any time during the term the Company has the option to purchase the lands for \$ 340,000.

**Changes in Accounting Policy**

On January 1, 2019, the Company adopted IFRS 16 Leases, which replaces IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. IFRS 16 uses a single lease accounting model for lessees, which requires the Company to recognize a ROU asset and lease liability on the statement of financial position, for all contract that contain a lease.

The Company adopted IFRS 16 using the modified retrospective approach, and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The cumulative effect of initially applying the standard was recognized through \$38,562 in ROU assets (included in "Property, plant and equipment") and \$38,562 in lease obligations. The weighted average incremental borrowing rate used to calculate the lease obligation at adoption was 10%. The ROU assets and lease obligations relate primarily to the Company's office and shop leases.

The Company applied the following practical expedients as permitted under the standard. Some of these expedients are on a lease-by-lease basis and others are applicable by class of underlying assets:

- Account for leases with a remaining term of less than 12 months at January 1, 2019 as short-term leases;
- Apply a single discount rate to a portfolio of leases with similar characteristics; and
- Recognize lease liabilities at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate as at January 1, 2019. The associated ROU assets will be measured at the amount equal to the lease liability on the date of transition, with no impact to opening deficit.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018, to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

**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.

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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, 2020 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 2020	Sept .30 2020	Dec.31 2019
Common shares	66,892,820	66,892,820	66,892,820
Warrants*	-	-	890,911
Stock Options	5,425,000	5,425,000	4,975,000
Fully diluted	72,317,820	72,317,820	72,758,731

**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.

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***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.

***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.

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***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 involve 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***

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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.

***Industry conditions***

The dual shocks of the COVID-19 pandemic and collapse in oil prices have contributed to extremely negative industry conditions for the global. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and the ability to raise capital. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effect on our business at this time.

**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).

**Corporate Information**

**BOARD OF DIRECTORS:**

Frank Marasco Jr., President and Chief Executive Officer

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

Barry Baim, <sup>(1)</sup> <sup>(2)</sup>

Maria Marasco

1) Member of Audit Committee

2) Member of Compensation and Governance Committee

**OFFICER**

Frank Marasco Jr.-President and Chief Executive Officer

**STOCK EXCHANGE LISTING:**

TSX Venture Exchange

Trading Symbol: WHY

**AUDITORS:**

KPMG LLP

Calgary, Alberta

**REGISTRAR AND TRANSFER AGENT:**

TSX Trust Company,

Calgary, Alberta