



Interim Condensed Financial Statements of

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

For the three and nine months ended September 30, 2020 (unaudited)

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of West High Yield (W.H.Y.) Resources Ltd. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

Calgary, Alberta
November 20, 2020

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

Interim Condensed Balance Sheets (unaudited)

	September 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,063	\$ 8,857
Accounts receivable	2,723	42,100
Prepaid expenses	10,276	7,979
	<u>15,062</u>	<u>58,936</u>
Restricted deposits (note 3)	68,568	55,068
Property and equipment (note 4)	13,073	28,205
Exploration and evaluation – mineral property (note 5)	1,480,983	1,480,983
	<u>\$ 1,577,686</u>	<u>\$ 1,623,192</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	2,162,121	\$ 1,865,600
Lease liabilities	8,039	12,532
Due to related party (note 9)	2,706,456	2,562,958
	<u>4,876,616</u>	<u>4,441,090</u>
Long term liabilities:		
Long term debt (note 7)	1,556,196	1,433,099
	<u>1,556,196</u>	<u>1,433,099</u>
Total liabilities	6,432,812	5,874,189
Shareholders' equity:(note 8)		
Common shares	13,833,959	13,833,959
Warrants	-	76,361
Contributed surplus	7,514,393	7,088,319
Deficit	(26,203,478)	(25,249,636)
	<u>(4,855,126)</u>	<u>(4,250,997)</u>
Going concern (note 1)		
Commitments and contingencies (note 11)		
Subsequent events (note 12)		
	<u>\$ 1,577,686</u>	<u>\$ 1,623,192</u>

See accompanying notes to interim condensed financial statements.

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

Interim Condensed Statements of Operations and Comprehensive Loss (unaudited)

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Expenses				
Head office expense	\$ 98,274	\$ 169,574	\$ 331,826	\$ 398,487
Exploration expense (note 6)	5,672	1,896	15,262	177,328
Interest and bank charges (note 9)	36,664	34,127	109,207	102,040
Interest on long term debt (note 7 and 9)	42,113	37,935	123,097	110,918
Foreign exchange (gain) or loss	12	398	409	(292)
Stock based compensation (note 8)	334,135	-	349,713	510,554
Depreciation and amortization (note 4)	7,438	3,797	24,328	11,267
	524,308	247,727	953,842	1,310,302
Net loss and comprehensive loss	\$ (524,308)	\$ (247,727)	\$ (953,842)	\$ (1,310,302)
Loss per common share:				
Basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding, basic and diluted:				
	66,892,820	66,099,165	66,892,820	59,914,835

See accompanying notes to interim condensed financial statements.

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

Interim Condensed Statements of Cash Flows (unaudited)

	Nine months ended	
	September 30, 2020	September 30, 2019
Cash Flow From (Used in) Operating Activities		
Net loss	\$ (953,842)	\$ (1,310,302)
Add (deduct) non-cash items:		
Interest accrued - related party loan (note 9)	103,501	101,566
Interest accrued - long term loan (note 9)	123,097	110,918
Unrealized loss on Foreign exchange	(12)	-
Stock based compensation (note 8)	349,713	510,554
Depreciation and amortization (note 4)	24,328	11,267
	(353,215)	(575,997)
Net change in non-cash working capital (note 10)	333,611	(279,782)
	(19,604)	(855,779)
Cash Flow From Financing Activities		
Proceeds from related party loan (Note 9)	40,000	(25,000)
Issue of shares and warrants (note 8)	-	867,440
Share and warrant issue costs (note 8)	-	(7,950)
Payment of lease liabilities	(13,690)	-
	26,310	834,490
Cash Flow From Investing Activities		
Transfer to restricted deposit (note 3)	(13,500)	-
Purchase of property and equipment (note 4)	-	-
	(13,500)	-
Increase (decrease) in cash and cash equivalents	(6,794)	(21,289)
Cash and cash equivalents, beginning of year	8,857	36,010
Cash and cash equivalents, end of year	\$ 2,063	\$ 14,721
Interest paid	\$ 5,706	\$ 474

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

See accompanying notes to interim condensed financial statements

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

Interim Condensed Statements of Shareholders' Deficit (unaudited)

	Nine months ended	
	September 30, 2020	September 30, 2019
Shareholders' equity: (note 8)		
Common shares		
Balance, beginning of year	\$ 13,833,959	\$ 13,033,330
Private placements	-	805,977
Stock options exercised	-	-
Share issue costs	-	(7,950)
Balance, end of period	<u>13,833,959</u>	<u>13,831,357</u>
Warrants		
Balance, beginning of year	76,361	489,590
Issued on private placement	-	78,963
Warrants exercised	-	-
Warrants expired unexercised	(76,361)	(462,057)
Balance, end of period	<u>-</u>	<u>106,496</u>
Contributed surplus		
Balance, beginning of year	7,088,319	6,109,947
Transfer on expired of warrants	76,361	462,057
Stock based compensation	349,713	510,554
Stock options exercised	-	(17,500)
Balance, end of period	<u>7,514,393</u>	<u>7,065,058</u>
Deficit		
Balance, beginning of year	(25,249,636)	(23,517,910)
Net loss	(953,842)	(1,310,302)
Balance, end of period	<u>(26,203,478)</u>	<u>(24,828,212)</u>
	<u>\$ (4,855,126)</u>	<u>\$ (3,825,301)</u>

See accompanying notes to interim condensed financial statements.

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

West High Yield (W.H.Y.) Resources Ltd. (the “Company”) was incorporated on August 29, 2003 under the laws of the Province of Alberta and its principal business activities are the acquisition, exploration and development of mineral properties.

1. Going Concern

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company is in the process of exploring and developing its mineral properties and has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable.

For the nine months ended September 30, 2020, the Company had incurred a net loss of \$ 953,842 and used cash from operations of \$ 19,604. At September 30, 2020, the Company had a working capital deficiency of \$4,861,554.

The ability of the Company to continue as a going concern is dependent on forbearance of the amounts due to related parties and the Company’s ability to obtain financing to continue development of the mineral property and commercialize the mineral property. There is no certainty that the Company will be able to obtain the financing required to continue development activities or of the ongoing forbearance of related parties and other creditors. In addition, there is no certainty that the mineral property will contain economically recoverable reserves.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

As at September 30, 2020, the Company was in the exploration stage based on the following considerations:

- a) Revenues have not been earned from the Company’s mineral properties and to date the Company has not been profitable and there is uncertainty of cost recovery;
- b) Available capital is directed towards mining exploration and resource development, not mining production or operating activities;
- c) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects; and

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

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

Prior to 2008	\$	2,704,173
2008		1,589,042
2009		764,414
2010		485,928
2011		762,566
2012		227,279
2013		313,814
2014		88,397
2015		61,100
2016		1,557,985
2017		993,521
2018		1,855,337
2019		181,648
Cumulative exploration costs	\$	11,585,204
Recovery of exploration costs		(547,074)
Cumulative exploration costs, net of recoveries	\$	11,038,130

2. Significant accounting policies, judgments and estimation uncertainty

(a) Basis of presentation and measurement

Statement of compliance:

These interim financial statements for the three and six months ended September 30, 2020 have been prepared using accounting policies in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”). The disclosures provided below are incremental to those included with the annual financial statements. These interim condensed financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2019.

These financial statements were authorized for issue by the Board of Directors on November 20, 2020.

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Financial results as determined by actual events may differ.

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

The significant area requiring the use of management estimates and judgment is the determination of stock based compensation and impairment of exploration and evaluation assets and deferred income taxes (including related tax credits and incentives).

The identification of impairment indicators requires judgment, and if identified, the determination of the recoverable amount of the related asset requires several estimates that are inherently subject to uncertainty. The recoverability of amounts for mineral properties is dependent upon the discovery of economically recoverable ore reserves, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production from its mineral properties.

The measurement of stock-based compensation requires management's estimate as to the valuation methodology and several inputs, including the estimated volatility of the Company's stock and the forfeiture rate.

Deferred income taxes are based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates, and the likelihood of future taxable profits permitting the realization of assets. Tax interpretations, regulations and legislation in the jurisdictions in which the Company operates, and the interpretations of such matters by the Company, are subject to change.

The Company is entitled to certain income tax credits pertaining to qualifying drilling expenditures, which may be refunded by the British Columbia government. Determination of qualifying expenditures is a matter of judgement and assessing the Company's ability to recover such credits requires estimation and is subject to audit by the taxation authorities. In addition, and in conjunction with past issuances of flow through share issuances, the Company is required to renounce qualifying exploration expenditures to flow through investors and the determination of qualifying expenditures requires judgment.

3. Restricted deposits

On September 24, 2020, a drilling permit was granted by the BC Ministry of Mines for a drilling permit allowing 22-600 meter/holes up to 20,000 meters on the Company Midnight Gold property. A reclamation deposit in the amount of \$13,500 was required in conjunction with this permit was submitted. For the nine months ended September 30, 2020, the Company has \$68,568 (September 30, 2019 \$55,068) in restricted deposit. As at December 31, 2019, the Company has \$55,068 (December 31, 2018 - \$55,068) in deposits in restricted accounts as required by the British Columbia Ministry of Mining.

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

4. Property and Equipment:

September 30, 2020	Cost	Accumulated amortization	Net book value
Buildings	\$ 29,692	\$ 29,692	\$ -
Office equipment	74,799	70,155	4,643
Automotive equipment	135,962	135,962	-
Field equipment	82,449	82,449	
Right of use asset	47,758	39,328	8,430
	\$ 370,659	\$ 357,586	\$ 13,073

5. Exploration and Evaluation assets - Mineral property:

In September 2003 the Company acquired the mineral property for a total cost of \$1,258,509 including direct legal costs of \$33,509. The property consists of eight crown granted mineral claims, three modified grid claims and six staked claims in the Rossland Mining Camp located in the Trail Creek Mining district in southeastern British Columbia, Canada.

During 2007, the Company acquired additional adjacent mineral claims for a total cost of \$148,350. During 2008, the Company acquired additional adjacent mineral claims for a total cost of \$19,857 and incurred mineral property lease maintenance costs of \$12,254. During 2012 and 2013 the Company acquired additional adjacent mineral claims for a total cost of \$15,000 and \$22,201 respectively.

Exploration and Evaluation assets - Mineral property	Cost
2003	\$ 1,258,509
2007	148,350
2008	32,111
2012	15,000
2013	22,201
2014	4,313
2015	500
Total	\$ 1,480,983

6. Exploration and evaluation costs

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

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Exploration costs				
Consulting and labour	\$ 3,760	\$ 353	\$ 10,576	\$ 155,581
Assay	-	-	-	3,150
Permits and Licenses	-	-	-	-
Miscellaneous field office	1,190	1,530	1,189	2,982
Project costs	-	-	-	3,371
Accommodation and meals	722	13	1,299	6,237
Travel and transportation	-	-	152	146
Freight and equipment transport	-	-	-	3,603
Property and mineral taxes	-	-	2,046	2,258
Total	\$ 5,672	\$ 1,896	\$ 15,262	\$ 177,328

7. Long Term Debt

On April 27, 2016, the Company received a \$1,000,000 unsecured loan with a 10 year repayment term, which bears interest at 11.61% payable at end of term. Loan repayment terms advance in the event the Company achieves cumulative net cash flow from operations of greater than \$5,000,000 subsequent to April 27, 2016. On January 12, 2018 \$63,000 was paid. Should an event such as an amalgamation, merger, or other consolidation occur, the Company would be responsible for principle and interest of \$2,844,058.

	Nine months ended	
	September 30, 2020	September 30, 2019
Loan due April 27, 2026	\$ 1,000,000	\$ 1,000,000
Payments	-	-
Cummulative interest costs	556,196	394,164
	\$ 1,556,196	\$ 1,394,164

8. Equity Instruments

(a) Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par value.

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

(b) Common Shares issued and outstanding:

The continuity of the Company's issued common share capital is as follows:

	Number of shares	Amount
Balance, December 31, 2019	66,892,820	\$ 13,833,959
Private placement	-	-
Shares for debt	-	-
Stock Options exercised	-	-
Share issue costs	-	-
Balance September 30, 2020	66,892,820	\$ 13,833,959

- i. On January 23, 2019, the Company completed a private placement totaling 709,666 units for gross proceeds of \$212,900. Each unit priced at \$0.30 per unit, includes a one common share and 1/3 warrant where each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.50 for a period of one year from the date of issuance of the warrant.
- ii. On April 9, 2019, the Company completed a private placement totaling 679,400 units for gross proceeds of \$237,790. 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.
- iii. On June 7, 2019, the Company completed a private placement totaling 609,000 units for gross proceeds of \$152,250. Each unit priced at \$0.25 per unit, includes a one common share and 1/3 warrant where each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.45 for a period of one year from the date of issuance of the warrant.
- iv. On July 19, 2019, the Company completed a private placement totaling 258,000 units for gross proceeds of \$64,500. Each unit priced at \$0.25 per unit, includes a one common share and 1/3 warrant where each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.45 for a period of one year from the date of issuance of the warrant.
- v. On Mar 4, 2019, 250,000 stock options were exercised with a strike price of \$0.30 per option as non-cash compensation for services provided.

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

(c) Warrants:

	Number of warrants*	Amount
Balance, December 31, 2019	890,911	\$ 76,361
Private placement	-	-
Warrants for debt	-	-
Warrants expire unexercised	(890,911)	76,361
Balance, September 30, 2020	-	\$ -

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

(d) Stock Options:

The Company has a stock option plan (the "Plan") for its officers, directors, employees and consultants. The maximum number of common shares issuable under the Plan cannot exceed 10% of the Company's issued and outstanding common shares.

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

	Stock Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2019	4,975,000	\$	0.31	2.30
Options granted	2,950,000		0.12	
Options expired unexercised	(2,500,000)		-	
Options exercised	-		-	
Balance, September 30, 2020	5,425,000	\$	0.20	3.07
Exercisable options September 30, 2020	5,425,000	\$	0.20	3.07

The fair value of the 550,000 stock options granted to officers, directors and consultants on March 4, 2019 of \$0.28 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk-free interest rate of 1.76%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 104%. The 550,000 stock options vested immediately and expire in 5 years.

The fair value of the 1,325,000 stock options granted to officers, directors and consultants on March 29, 2019 of \$0.27 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk-free interest rate of 1.53%, expected life of 5 years and historical

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

volatility of 104%. 1,075,000 stock options vested on March 29, 2019 and 250,000 vest one year later. All stock options expire in 5 years from date of grant.

The fair value of the 100,000 stock options granted to officers, directors and consultants on November 27, 2019 of \$0.11 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk-free interest rate of 1.62%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 116%. The 100,000 stock options vested immediately and expire in 5 years.

The fair value of the 2,950,000 stock options granted to officers, directors and consultants on September 04, 2020 of \$0.11 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk-free interest rate of 0.34%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 171%.

(e) Contributed Surplus:

The following table presents changes in contributed surplus:

	September 30, 2020	September 30, 2019
Balance, beginning of year	\$ 7,088,319	\$ 6,109,947
Transfer on expired of warrants	76,361	462,057
Stock based compensation	349,713	510,554
Stock options exercised	-	(17,500)
Balance, September 30, 2020	\$ 7,514,393	\$ 7,065,058

9. 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. During the nine months ended September 30, 2020, Big Mountain advanced total of \$40,000 to the Company which is also secured by the Promissory Note. The Director loan from Patricia Nelson of \$50,000 has been reduced to \$25,000 through a \$25,000 payment in the year, and Frank Marasco's director loan remains at \$130,660. Both loans are secured by subordinated Promissory Note without any interest accruing.

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

Big Mountain loan	September 30,		December 31,	
	2020		2019	
Loan due December 31, 2020, bears interest at 8%	\$	1,700,000	\$	1,700,000
Advance		65,000		25,000
Accrued interest at end of year		786,196		682,698
	\$	2,551,196	\$	2,407,698

Directors loan

Loans, non-interest bearing,	\$	200,000	\$	200,000
Loan repayment		(44,740)		(44,740)
	\$	155,260	\$	155,260
	\$	2,706,456	\$	2,562,958

Interest and bank charges expense is comprised of the following:

	Nine months ended			
	September 30,		September 30,	
	2020		2019	
Interest on related party loans	\$	103,501	\$	101,566
Other interest and bank charges		5,706		474
	\$	109,207	\$	102,040

10. Supplemental cash flow information

	Nine months ended			
	September 30,		September 30,	
	2020		2019	
Accounts receivables	\$	39,377		60,346
Prepaid expenses		(2,297)		842
Accounts payable and accrued liabilities		296,531		(340,970)
	\$	333,611	\$	(279,782)

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

Notes to Financial Statements

For the three and nine months ended September 30, 2020

11. Commitments and contingencies

The Company has a 10.5 hectare surface land lease to purchase agreement where Company has renegotiated rent of \$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.

The Company was the defendant in a Class action claim in the amount of approximately \$116,000 as the result of the proposed sale of assets on October 5, 2017. The outcome of the claim was unknown and as at December 31, 2019, the Company had included a provision of \$116,000 for settlement of this contingency.

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. 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 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.

12. 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.