

## West High Yield Resources Ltd.

(TSXV: WHY / OTCQB: WHYRF / FSE: W0H)

### B.C. Critical Minerals Project Gets Green Light

**BUY**

Current Price: C\$0.38

Fair Value: C\$1.56

Risk\*: 5

Sector: Junior Resource

[Click here for more research on the company](#)

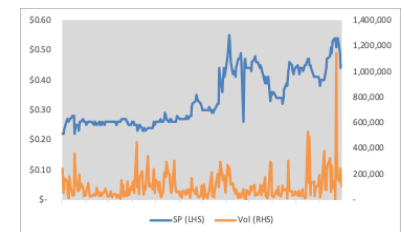
#### Highlights

- West High Yield has **received permit approval** from the B.C. Ministry of Mines and Critical Minerals to develop and operate an **open-pit mine** at its Record Ridge **magnesium project in B.C.**
- Obtaining mining permits in B.C. is typically challenging, making WHY's approval a significant milestone. We view this as a key step in de-risking the project. Management plans to begin site preparation and small-scale test mining next year.
- Magnesium-rich materials will be shipped to U.S.-based Galaxy Magnesium, a supplier of high-purity magnesium and custom alloys. This arrangement not only offers **potential for some early cash flows**, but also allows WHY to test its material and establish long-term off-take agreements with buyers.
- The company is currently **finalizing construction contracts** and mobilizing for site preparation, while simultaneously working on **project financing**. Its goal is to develop a magnesia (MgO) plant by 2030, which we believe is a realistic timeline.
- Magnesium is designated by the U.S., EU, and Canada as a critical mineral, with North America relying heavily on imports. China accounts for 95% of global production, underscoring the strategic importance of developing **North American sources** like WHY's Record Ridge project.
- Record Ridge's large resource could support a 170+ year mine life, producing high purity MgO products, with a 2022 PFS showing an **After Tax-NPV5% of US\$872M**, and a highly attractive AT-IRR of 72%, at US\$1,500/t MgO-98% (in line with spot prices). **WHY is trading at just 4% of its NPV.**
- WHY also owns two **100% gold projects in B.C.**, and is exploring joint venture options to advance their development.
- **Key upcoming catalysts** include the start of ore extraction and shipments to Galaxy Magnesium, along with progress on project financing.

Sid Rajeev, B.Tech, MBA, CFA  
Head of Research

Nina Rose Coderis, B.Sc (Geology)  
Equity Analyst

#### Price and Volume (1-year)



	YTD	12M
WHY	48%	48%
TSXV	50%	52%

#### Company Data

52 Week Range	\$0.22 - \$0.86
Shares O/S	116M
Market Cap.	\$44M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	N/A

#### Key Financial Data (FYE - Dec 31)

(C\$)	2025 (9M)
Cash	\$424,514
Working Capital	-\$8,357,225
Mineral Assets	\$1,508,364
Total Assets	\$2,119,368
Net Income (Loss)	-\$2,465,700
EPS	-\$0.02

\* Subsequent to Q3-2025, the company raised \$1.90M from the exercise of warrants

\* Qualified Person: Rick Walker B.Sc., M.Sc., P.Geo, Geologist of WHY Resources.

\* **WHY Resources Ltd. has paid FRC a fee for research coverage and distribution of reports. See last page for other important disclosures, rating, and risk definitions.**

## Magnesium Market Overview

Magnesium is one of the lightest metals and can withstand high temperatures. Its high strength-to-weight ratio, durability, impact resistance, and strong casting characteristics allow it to be used across automotive, aerospace, cement, and agriculture sectors. Magnesium is the **third most commonly used metal** in construction, after iron and aluminium. Although still in early stages, we note ongoing research into magnesium-ion batteries and their potential viability as a replacement for lithium-ion batteries.

*Magnesium is designated as a critical mineral by the U.S., EU, and Canada*

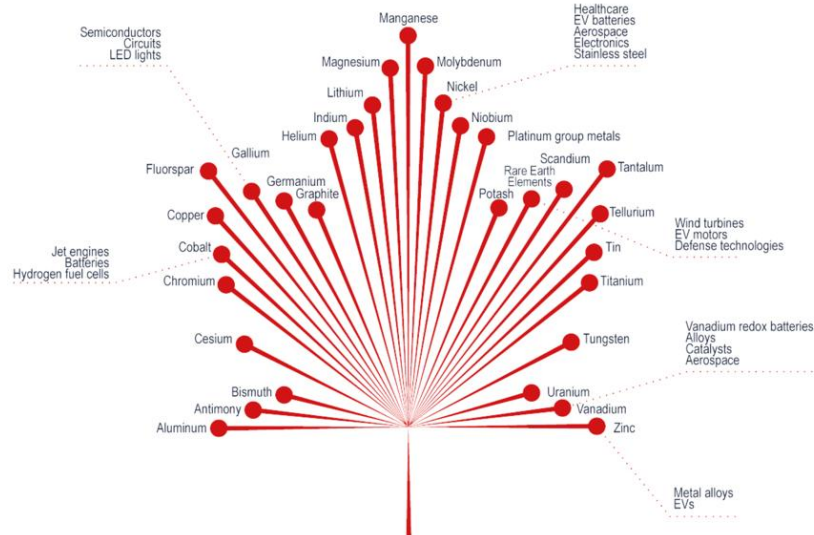
*The Western world is making a strong push to increase domestic production of critical minerals to reduce reliance on China, which dominates the supply of most critical minerals*

*North America has only one primary magnesium-producing mine and imports most of its consumption, highlighting the need for additional domestic producers*

*Russia and China account for 70% of global reserves*

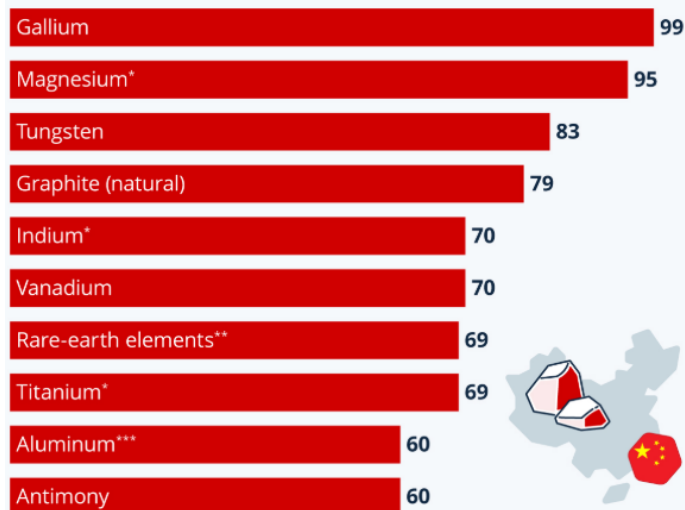
*China accounts for 95% of global magnesium production, highlighting the strategic importance of developing new North American sources, such as WHY's Record Ridge project*

### Canada's Critical Minerals List



Source: National Resources of Canada

### China's Dominance in Critical Minerals (% of Global Production)



\* Refinery production  
\*\* Group of 17 elements. Data include the 15 lanthanides & yttrium, but exclude most scandium  
\*\*\* Smelter production  
Source: USGS Mineral Commodity Summaries 2025

Source: Statista

### Magnesium Ingot (99.9%) Prices – China (CNY/T)

Prices have fallen from their late-2021 peaks and have remained relatively flat over the past few years



Source: Trading Economics

Although we are not expecting a global deficit in magnesium supply (as global production capacity is higher than demand), we believe North American projects, such as Record Ridge, have significant upside potential, as **magnesium commands a premium in North America** due to limited domestic production and import costs from China. Also, we believe Western users will favor Western suppliers over Chinese ones.

### Record Ridge Magnesium Project, B.C.

The project hosts a large, high-grade magnesium deposit in B.C.

Located 5 km north of the U.S.- Canada border

Excellent infrastructure in place, including rail access, power, water, and natural gas

We see WHY's projected OPEX as lower than peers, supported by its open-pit deposit, and B.C.'s inexpensive energy

### Location Map



Source: Company

### 2013 Resource Estimate

#### Updated Resource Estimate (2013)

Resource Category	%Mg Cut-off	Total Mt	%Mg Grade	Contained Mg (Mt)
Measured	21.9	28.4	24.82	7.05
Indicated		14.6	24.21	3.54
M&I		43.0	24.61	10.59
Inferred		1.07	24.37	0.26

A large, high-grade open-pit resource

The current resource estimate accounts for just 8% of identified mineralization

The PFS returned robust economics, including an AT-NPV5% of US\$872M, a very high AT-IRR of 72%, and a quick payback period of 1.5 years, using US\$1,500/t MgO (in line with spot prices)

The PFS was based on a 20-year mine life, but we believe the mine could operate for over 170 years if 100% of M&I resources are utilized

Relatively low initial CAPEX of US\$205M, and OPEX of US\$375/t

AT-NPV5% decreases to US\$445M, if MgO prices are lowered by 30%, and increases to US\$1.3B, if MgO prices are increased by 30%

### 2022 PFS

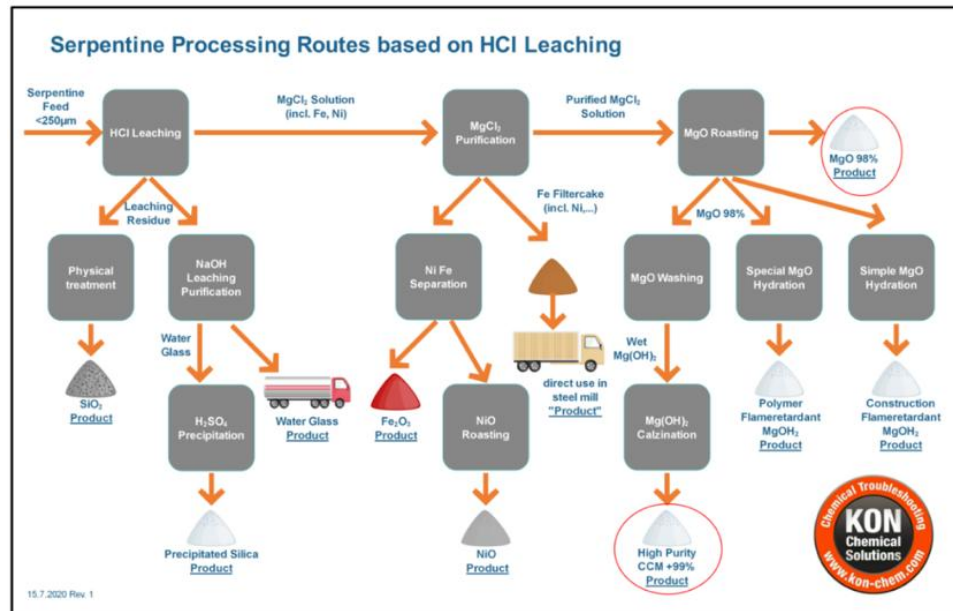
Project Parameters	2022 PFS
After Tax NPV5%	US\$872M
After Tax IRR	72%
Initial CAPEX (50% debt: 50% equity)	US\$205 M
LOM Annual Production MgO Production (98% purity)	86.5 Kt
LOM Ore Production	250 Kt
Recovery Rate	85%
Project Life	20 years
Payback	1.5 years
OPEX	US\$375/t
MgO Price	US\$1,500/t

### Sensitivity Analysis

Product		>99% MgO	>98% MgO	Mg Ingot
	Unit	US\$	US\$	US\$
Product Price		\$2,200	\$1,500	\$6,000
NPV 5% Pre-tax	\$ Million	\$1,417	\$994	\$1,636
IRR Pre Tax	%	73.5	80	53
NPV 5% Post Tax	\$ Million	\$1,254	872	1,139
IRR Post Tax	%	64.5	72	41
Initial Capex	\$ Million	325	250	275
LOM Average Annual Production	Mt	90K	90K	50K
LOM Average Mineralization Mined	MT	300	300	
LOM Strip Ratio	Waste/Ore	0.8	0.8	
Mine Life	years	172	172	172
Payback	Years	<2	<2	<2
Net After Tax Income Year 1	\$ Million	90	74	160

(QP: Rick Walker B.Sc., M.Sc., P.Geo, Geologist of WHY Resources)  
Source: Company / Technical Reports

### Proprietary Hydrometallurgical Process



Source: Company

WHY's proprietary technology (developed in 2019) has the potential to produce premium (>99%) magnesium products, with nickel and silica as by-products

A closed-loop process with zero CO<sub>2</sub> emissions, and low energy consumption

Obtains mining permit; small-scale test mining planned for next year

WHY's long-term goal is to develop a MgO plant by 2030, which we believe is a realistic timeline

In October 2025, West High Yield **received approval** from the B.C. Ministry of Mines and Critical Minerals to develop and operate an open-pit mine, allowing extraction of up to 63,500 tonnes per year. The permit approval follows rigorous provincial and Indigenous review, and **reflects strong support from the Osoyoos Indian Band**, which has signed a cooperation agreement covering construction, operations, and environmental monitoring. We note that a positive relationship with local Indigenous communities is **critical to the success of a mining project**. Management plans to commence site preparation, small-scale mining, and preliminary ore sales, potentially generating early cash flow in 2026.

#	Milestones	Mths	2026				2027				2028				2029				2030			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Pilot Plant	6																				
M1	Development and operation	6																				
	Mine*	51																				
M1	Mine Development	9																				
M2	Operation	42+																				
	Commercial MgO Plant	51+																				
M1	Commercialization	18																				
	Feasibility Study	9																				
	FEED and Eng. Studies	9																				
M2	Execution	24																				
	Construction	21																				
	Comissioning	3																				
M3	Operation	9+																				
	Ramp Up	3																				
	Operation	6+																				

\* Expected

Source: Company

*Owns two 100% gold projects in B.C.; seeking JV partner to advance development*

*At the end of Q3-2025, WHY had a working capital deficit of \$8.36M, due to a \$6.81M loan from the largest shareholder (the CEO's family)*

*Subsequently, the company raised \$1.90M through the exercise of warrants, and can potentially raise another \$1.46M from in-the-money options and warrants*

## Gold Projects

WHY also owns two 100% gold projects in B.C.: the **Gold Mine Rejects** project (hosting non-compliant resources of 30 Koz gold in stockpiles), and the past-producing **Midnight** project, located in the historic Rossland gold camp. Drilling at Midnight has returned several bonanza-grade gold intercepts, highlighting strong exploration potential. With gold trading at record highs, we anticipate robust M&A activity over the next 12 months, as larger companies target juniors to expand their portfolios. We remain positive on gold prices, supported by US\$ weakness, strong safe-haven demand amid economic and geopolitical uncertainty, and potential global GDP pressures.

## Financials

(in C\$) (FYE - Dec 31)	2025 (9M)
Cash	\$424,514
Working Capital	-\$8,357,225
Current Ratio	0.06
Monthly Burn Rate (G&A)	-\$117,342
Cash Spent on Properties	-\$397,331
Cash from Financing Activities	\$1,914,571

Options	#	Exercise Price	Amount
Total	6,943,000	\$0.37	\$2,592,580
In-the-Money	3,953,000	\$0.21	830,130

Warrants	#	Exercise Price	Amount
Total	6,317,280	\$0.10	\$631,728
In-the-Money	6,317,280	\$0.10	\$631,728

Source: FRC / Company

## FRC Projections and Valuation

### DCF Valuation Summary

Production	250 Kt ore / 86.5 Kt MgO
Mine Life (in years)	20
Average Product Price (US\$/t)	\$1,500
Average Operating Costs (US\$/t)	\$375
Initial CAPEX (in US\$M)	\$205
C\$:US\$	1.4
<b>Fair Value - C\$ @ 11.6%</b>	<b>\$394,715,310</b>
Discount	50%
<b>Discounted Fair Value - C\$</b>	<b>\$197,357,655</b>
Working Capital (C\$)	-\$6,641,909
Number of Shares*	122,303,324

**Value Per Share (C\$) \$1.56**

\*calculated based on the treasury stock method

Valuation Sensitivity	Discount Rate (%)				
	7.5%	10.0%	11.6%	14.5%	17.5%
\$1,200	\$1.72	\$1.14	\$0.85	\$0.47	\$0.18
\$1,300	\$2.07	\$1.41	\$1.09	\$0.65	\$0.33
\$1,400	\$2.41	\$1.68	\$1.32	\$0.84	\$0.48
<b>Product Price (US\$/t)</b>					
\$1,500	\$2.76	\$1.96	<b>\$1.56</b>	\$1.03	\$0.63
\$1,600	\$3.10	\$2.23	\$1.80	\$1.21	\$0.78
\$1,700	\$3.45	\$2.50	\$2.03	\$1.40	\$0.93
\$1,800	\$3.80	\$2.78	\$2.27	\$1.59	\$1.08

Source: FRC

**We reiterate our BUY rating, and lower our fair value from \$1.95 to \$1.56/share.** Despite **improved fundamentals**, the decline in valuation stems entirely from share dilution since 2023. With the mine permit in hand, Record Ridge is set to advance toward site preparation and test mining. Early shipments offer potential cash flow, and help establish long-term off-take agreements. With a large resource, strong project economics, and North America's strategic need for magnesium, we believe the project remains well-positioned for development

### Risks

We believe the company is exposed to the following key risks (not exhaustive):

- Commodity prices
- **Project financing**
- Potential for delays in development
- Potential for **share dilution**

With the mining permit now granted, we have reduced our discount rate assumption from 15.0% to 11.6%, consistent with advanced-stage Canadian projects

However, our valuation declined from \$1.95 to \$1.56/share due to share dilution since our previous report

We maintain our Highly Speculative risk rating (5), though regulatory and permitting risks have eased

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