



Consolidated Financial Statements of

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

For the years ended December 31, 2025 and 2024

To the Shareholders of West High Yield (W.H.Y.) Resources Ltd.:

Opinion

We have audited the consolidated financial statements of West High Yield (W.H.Y.) Resources Ltd. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of operations and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and used cash in operations during the year ended December 31, 2025 and, as of that date, the Company had a working capital deficiency. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brad Frampton.

Calgary, Alberta

April 17, 2026

MNP LLP

Chartered Professional Accountants

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

Consolidated Statements of Financial Position
Stated in Canadian dollars

	As at	
	December 31, 2025	December 31, 2024
Assets		
Current Assets:		
Cash	431,406	245,393
GST receivable	79,864	46,415
Prepaid and deposits	217,961	49,000
	729,231	340,808
Restricted deposits (Note 3)	1,085,068	68,568
Property and equipment (Note 4)	11,034	18,991
Exploration and evaluation assets (Note 5)	1,508,364	1,508,364
Total Assets	3,333,697	1,936,731
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	1,822,967	2,066,674
Flow-through premium liabilities (Note 13)	450,000	283,604
Due to related parties (Note 8)	7,163,879	5,826,597
Total Liabilities	9,436,846	8,176,875
Shareholders' Deficiency		
Common shares (Note 7(b))	27,308,925	22,736,295
Warrants (Note 7(c))	590,725	1,819,736
Contributed surplus	10,953,144	9,627,455
Deficit	(44,945,539)	(40,415,568)
Deficiency attributable to equity holders	(6,092,745)	(6,232,082)
Non-controlling interest	(10,404)	(8,062)
Total Shareholders' Deficiency	(6,103,149)	(6,240,144)
Total Liabilities and Shareholders' Deficiency	3,333,697	1,936,731

Going concern (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Board of Directors

signed "Frank Marasco Jr."

Frank Marasco Jr., CEO and Director

signed "Barry Baim"

Barry Baim, Corporate Secretary and Director

See accompanying notes to the consolidated financial statements.

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

Consolidated Statements of Operations and Comprehensive Loss
Stated in Canadian dollars

	Years ended	
	December 31, 2025	December 31, 2024
Expenses (income)		
Office salaries and benefits	441,618	371,837
Legal, audit, and accounting	651,735	670,076
Promotion and investor relations	218,249	295,978
Travel	-	5,451
Other office costs	183,449	117,538
Exploration expense (<i>Note 6</i>)	755,236	1,023,320
Interest and bank charges (<i>Note 8</i>)	614,613	670,037
Stock based compensation (<i>Note 7</i>)	157,239	358,512
Accretion (<i>Note 8</i>)	892,216	853,581
Depreciation (<i>Note 4</i>)	9,958	12,010
Loss (Gain) on debt settlement (<i>Note 7</i>)	608,000	(75,000)
Net loss and comprehensive loss	(4,532,313)	(4,303,340)
Net loss attributable to:		
Equity holders of the Company	(4,529,971)	(4,302,113)
Non-controlling interest	(2,342)	(1,227)
	(4,532,313)	(4,303,340)
Loss per share		
Basic and diluted	(0.04)	(0.05)
Weighted average number of shares outstanding (Note 7(e))		
Basic and diluted	107,552,354	93,756,714

See accompanying notes to the consolidated financial statements.

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

Consolidated Statements of Shareholders' Deficiency
Stated in Canadian dollars

	Years ended	
	December 31, 2025	December 31, 2024
Common shares (Note 7(b))		
Balance, beginning of year	22,736,295	20,509,460
Private placement	763,793	2,228,835
Warrants exercised	2,542,133	-
Options exercised	896,000	-
Reallocation of warrant fair value on exercise	370,704	-
Share issue costs	-	(2,000)
Balance, end of year	27,308,925	22,736,295
Warrants (Note 7(c))		
Balance, beginning of year	1,819,736	1,998,346
Issued on private placement	310,145	296,927
Reallocation of warrant fair value on exercise	(370,704)	-
Warrants expired unexercised	(1,168,452)	(475,537)
Balance, end of year	590,725	1,819,736
Contributed surplus		
Balance, beginning of year	9,627,455	9,427,339
Extinguishment of debt (Note 8)	-	(633,933)
Warrants expired unexercised	1,168,450	475,537
Stock based compensation	157,239	358,512
Balance, end of year	10,953,144	9,627,455
Deficit		
Balance, beginning of year	(40,415,568)	(36,113,455)
Net loss and comprehensive loss	(4,529,971)	(4,302,113)
Balance, end of year	(44,945,539)	(40,415,568)
Total Shareholder's deficiency	(6,092,745)	(6,232,082)

See accompanying notes to the consolidated financial statements.

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

Consolidated Statements of Cash Flow
Stated in Canadian Dollars

	Years ended	
	December 31, 2025	December 31, 2024
Cash provided by (used in)		
Operating		
Net loss	(4,532,313)	(4,303,340)
Add (deduct) non-cash items:		
Interest accrued - related party loan (Note 8)	445,066	375,451
Change in flow-through premium liabilities	166,396	170,000
Stock based compensation (Note 7)	157,239	358,512
Loss (Gain) on debt settlement (Note 7)	608,000	(75,000)
Accretion (Note 8)	892,216	853,581
Depreciation (Note 4)	9,958	12,010
	(2,253,438)	(2,608,786)
Net change in non-cash working capital (Note 14)	(446,117)	89,372
Cash Flow used in operating activities	(2,699,555)	(2,519,414)
Financing		
Issue of shares and warrants (Note 7)	3,904,069	2,600,763
Shares issue costs (Note 7)	-	(2,000)
Cash Flow from financing activities	3,904,069	2,598,763
Investing		
Mineral Property Bond (Note 3)	(1,016,500)	-
Purchase of property and equipment (Note 4)	(2,001)	(2,500)
Cash flow used in investing activities	(1,018,501)	(2,500)
Increase in cash	186,013	76,849
Cash, beginning of year	245,393	168,544
Cash, end of year	\$ 431,406	\$ 245,393
Supplemental information		
Interest paid	\$ 3,149	\$ 2,586

See accompanying notes to the consolidated financial statements.

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

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

1. Nature of operations and going concern

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 in British Columbia, Canada. The Company's shares trade on the TSX Venture Exchange under the trading symbol WHY as well as the Frankfurt exchange under the symbol WOH. The Company's registered head office is P.O. Box 68121, Calgary, AB, T3G 3N8.

These consolidated 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.

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 continued forbearance of the amounts due to related parties and the Company's ability to obtain financing to continue exploration and development of the mineral property. There is no certainty that the Company will be able to obtain the financing required to continue exploration and 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. For the year ended December 31, 2025, the Company had incurred a net loss of \$4,532,313 and used cash in operations of \$2,699,555. As at December 31, 2025, the Company had a working capital deficiency of \$8,707,615. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amount and classification of assets and liabilities and the amount of reported expenses. Such adjustments could be material.

2. Material accounting policy information

(a) Basis of presentation and measurement

Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements were authorized for issue by the Board of Directors on April 17, 2026.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain equity instruments measured at fair value.

These consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

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

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

(b) Use of judgments and estimates

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to fair values of financial instruments, recoverability of assets and income taxes. Actual results may differ from these estimates.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Judgements

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Property Title

Although the Company takes steps to verify title of exploration and evaluation assets in which it has an interest, however, 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 agreements.

Taxes

The Company applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to interpretations of complex tax regulations, changes in tax laws, and the amounts and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses already recorded.

Provisions

Management's determination of no material restoration, rehabilitation and environmental exposure is based on the facts and circumstances that existed during the year.

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

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

Mineral Properties

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely to arise from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Exploration and evaluation assets are reviewed for changes in facts and circumstances suggesting the carrying amount exceeds the recoverable amount at each consolidated statement of financial position date. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and interruptions in exploration activities. The Company's review considers the following:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Determination of control over subsidiary

The Company applies judgment in assessing whether it controls an investee in accordance with IFRS 10 Consolidated Financial Statements, particularly in cases where the Company holds less than a majority of the voting rights. Control is assessed based on the Company's power over the investee, exposure or rights to variable returns, and the ability to use its power to affect those returns. In making this assessment, management considers, among other factors, the purpose and design of the investee, the relevant activities and how decisions about those activities are made, substantive rights held by the Company and other investors, voting patterns at previous shareholders' meetings, and the existence of any contractual arrangements. Changes in facts and circumstances may require a reassessment of whether control exists.

Modification versus extinguishment of financial liability

Judgement is required in applying IFRS 9 Financial Instruments ("IFRS 9") to determine the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

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

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

Estimates

Share-based compensation

The recognition of expenses associated with the Company's stock option plan requires estimates of the fair value of stock options and warrants granted. Determining most of the inputs to the valuation model requires assumptions which include share trading volatility and the expected life of the options and warrants.

Deferred taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

(c) Cash and Cash Equivalents

Cash includes cash balances with banks. Cash equivalents include cash balances with banks and short term investments with maturities of three months or less.

(d) Restricted deposits

Restricted deposits consist of cash balances that are subject to contractual or regulatory restrictions on use and are therefore not available for general operating purposes. Restrictions may arise from requirements under letters of credit, environmental obligations, or other contractual arrangements.

(e) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. Subsidiaries are entities which the Company controls by having the power to govern the entity's financial and operating policies. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. All intercompany balances, transactions and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

The consolidated financial statements of the Company include MG Innovations Inc., a private Alberta company of which the Company holds 40% ownership.

(f) Property and equipment:

Property and equipment are recorded at historical cost. Depreciation is recognized on a straight-line basis over three to ten years, which represents the estimated useful lives of the assets. Depreciation rates, estimated lives and salvage values are reassessed annually.

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

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

(g) Exploration and evaluation assets:

Pre-permit costs are recognized in profit or loss as incurred. Exploration expenditures incurred prior to the determination of the feasibility of mining operations are expensed as incurred, with the exception of costs to acquire and maintain the mineral leases. The amounts shown for exploration and evaluation assets represents costs incurred to date and are not intended to reflect present or future values. Mineral property acquisition costs and exploration and development expenditures incurred subsequent to the determination of feasibility of mining operations, are capitalized following commencement of commercial production. Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount or if sufficient data exists to determine technical feasibility and commercial viability. For purposes of impairment testing, mineral exploration and development assets are allocated to cash generating units ("CGUs" or individually, a "CGU"). Impairment indicators may include a decision to abandon, curtail activity, negative exploration results or anticipated future mineral prices, anticipated costs of developing and operating a producing mine are not economical or the general likelihood that the Company will not continue exploration on the exploration and evaluation assets. 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 exploration and evaluation assets are written down to their estimated recoverable amount.

To determine if an exploration and evaluation asset is technically feasible and commercially viable, a review of each exploration permit is carried out, at least annually, to ascertain whether a mineral resource has been identified in sufficient quantities and certainty and can be mined economically. When an exploration and evaluation asset is determined to be commercially viable, it is first assessed for impairment and then, the related carrying amounts are transferred to property and equipment. The costs related to exploration and evaluation assets 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. If the exploration and evaluation assets are abandoned or it is determined that its carrying amount cannot be supported by future production or sales, the related costs will be recorded in earnings in the year of abandonment or determination of an impairment.

(h) Impairment:

(A) *Financial assets:*

The Company has elected to measure loss allowances for receivables at an amount equal to lifetime expected credit losses ("ECLs"). Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Impairment losses on financial assets are recorded in earnings. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses on financial assets carried at amortized cost are recorded in earnings.

(B) *Non-financial assets:*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

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

Notes to the Consolidated Financial Statements
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In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

Exploration and evaluation assets will be allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to producing assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to carrying amounts of the assets in the CGU on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(i) Leased assets:

When the Company is party to a lease arrangement as the lessee, it recognizes a right-of-use (a "ROU asset") and a corresponding lease obligation on the statement of financial position on the date that a leased asset becomes available for use. Interest associated with the lease obligation is recognized over the lease period with a corresponding increase to the underlying lease obligation. ROU assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Depreciation on ROU assets is recognized in depreciation and amortization. Lease obligations are initially measured as the net present value of the lease payments which may include: fixed leased payments, variable lease payments based on an index or a rate, and amounts expected to be payable under residual value guarantees and payments to exercise an extension or termination option, if the Company is reasonably certain to exercise either of those options. ROU assets are initially measured at cost which is composed of the amount of the initial measurement of the lease obligation, less any incentives received, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any. The rate implicit in the lease is used to determine the present value of the liability and ROU asset arising from a lease, unless this rate is not readily determinable, in which case the Company's incremental borrowing rate is used.

Low-value asset leases are not recognized on the consolidated statement of financial position and lease payments are instead recognized in the consolidated financial statements as incurred. For certain classes of leases, the Company does not separate lease and non-lease components, accounting for these leases as a single lease component.

(j) Foreign currency translation:

Foreign currency amounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars using the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are recorded in earnings.

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

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

Monetary assets and liabilities denominated in currencies other than functional currencies are translated into functional currencies at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net loss and comprehensive loss for the year.

(k) Decommissioning obligations:

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the consolidated statement of financial position date. Subsequent to the initial measurement, the obligations are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recognized in accordance with the Company's policy for the related asset. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

The Company's estimates of future decommissioning obligations are based on reclamation standards that meet current regulatory requirements. The estimate of the total liability of future site restoration costs may be subject to change based on amendments to laws and regulations and as new information concerning the Company's operations becomes available. Accordingly, the amount of the liability will be subject to re-measurement at each reporting period.

(l) Taxes:

Tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable earnings will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable earnings will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(m) Share based payments:

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The grant date fair value of options granted to employees, officers, consultants and directors is recognized as share-based compensation expense with a corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. A Black-Scholes option pricing model was used to estimate the fair value of share-based payments.

(n) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached. Share purchase warrants issued in connection with share capital are fair valued and recorded separately from share capital. A Black-Scholes option pricing model was used to estimate the fair value of warrants.

(o) Flow-through shares:

The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares at the date of issuance of the flow-through shares is initially recognized as a liability on the statement of financial position. When the expenditures are incurred, the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation, and the difference is recognized in profit or loss. In instances where the Company has sufficient available tax loss carry forwards or other deductible temporary differences available to offset the renounced tax deductions, the realization of the deductible taxable differences will be credited to income in the period of renunciation.

The Company may also be subject to a Part XII.6 tax of the *Income Tax Act* (Canada) on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an interest charge until paid.

(p) Loss per share:

Loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted per share calculations reflect the exercise or conversion of potentially dilutive securities or other contracts to issue shares at the later of the date of grant of such securities or the beginning of the period.

(q) Financial Instruments:

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income ("FVTOCI"), and
- Fair value through profit or loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments.

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Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are de-recognized when the contractual rights to receive cash flows from the financial asset expire and financial liabilities are de-recognized when obligations under the contract expire, are discharged or cancelled. The Company's financial assets, which include cash and restricted deposits are classified as amortized cost. The Company's financial liabilities, which include accounts payable and accrued liabilities, and due to related parties are classified as amortized cost.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit and loss, then the initial measurement includes transactions costs that are directly attributed to the asset's acquisition or origination. Financial assets subsequently measured at amortized cost using the effective interest method if both of the following conditions are met and they are not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets not classified as amortized cost as described above are measured at FVTPL.

Financial liabilities are initially measured at fair value, less any directly attributable transaction costs, and subsequently measured at amortized cost.

Financial assets and financial liabilities are measured at fair value using a valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs based on a company's own assumptions about market participant assumptions using the best information available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.
- Level 2 - Valuations based on quoted inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the Company's financial assets and financial liabilities:

- Cash and cash equivalents, accounts receivable, restricted deposits, accounts payable and accrued liabilities, and due to related parties have been measured at amortized cost using the effective interest rate method

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(r) Future accounting pronouncements

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instrument: Disclosures

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, but are not expected to have a material impact on the Company's financial statements. The Company reviewed new and amended accounting pronouncements that have been issued but are not yet effective and determined that the following amendments are applicable to the Company but are not expected to have a material impact:

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which will replace IAS 1 and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals, and categories for income and expenses in the statement of income, as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. It will be effective on January 1, 2027, with earlier adoption permitted, and it must be adopted on a retrospective basis. The Company is currently evaluating the impact on its financial statements.

3. Restricted deposits

As at December 31, 2025, the Company has \$1,085,068 (2024 - \$68,568) in deposits in restricted accounts as required by the British Columbia Ministry of Mining.

The Company has provided reclamation security deposits in the form of a letter of credit in favour of the Government of British Columbia and the Province Record Ridge, in the amount of \$1,085,068.

Reclamation security deposits consist of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Record Ridge project	1,085,068	-
Total net book value	1,085,068	68,568

The security held for the Record Ridge reclamation security deposits consist of highly liquid money market funds in investment accounts with a large Canadian financial institution.

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4. Property and equipment

December 31, 2025	Cost	Accumulated amortization	Net book value
Buildings	29,692	29,692	-
Office equipment	89,912	88,486	1,426
Automotive equipment	181,435	171,827	9,608
Field equipment	82,449	82,449	-
	383,488	372,454	11,034

December 31, 2024	Cost	Accumulated amortization	Net book value
Buildings	29,692	29,692	-
Office equipment	87,911	87,612	299
Automotive equipment	181,435	162,743	18,692
Field equipment	82,449	82,449	-
	381,487	362,496	18,991

5. Exploration and evaluation assets

In September 2003, the Company acquired a mineral property for a total cost of \$1,258,509. 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.

There were no impairment indicators for the exploration and evaluation assets as of December 31, 2025 or 2024.

On October 1, 2023, the Company entered into a lease agreement (the "Lease") with Big Mountain Development Corp. Ltd. ("Big Mountain"), a related party of the Company (Note 8), whereby the Company agreed to lease lands from Big Mountain located in Rossland, British Columbia that are adjacent to its Record Ridge magnesium deposit and Midnight gold claim for the purposes of asset storage and a staging location for its Record Ridge claims. The Lease is for a term of five (5) years, with an option to renew said lease term for an additional five (5) years after the expiration of the initial term. The rent payable by the Company to Big Mountain under the Lease is CAD\$65,000 per annum. The Company shall, during the initial term and any renewal term, have the option to purchase from Big Mountain the lands it is leasing under the Lease for the purchase price of CAD\$745,000 (if such option is exercised in the first year of the initial term) and the purchase price shall increase by fifteen (15%) percent for every year after the first (1st) year of the initial term and any renewal term should the option to purchase not be exercised by the Company during the first (1st) year of the initial term.

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6. Exploration and evaluation costs

Exploration costs expended by the Company on its mineral property are as follows:

	Years ended	
	December 31, 2025	December 31, 2024
Consulting and labor	560,865	838,383
Indigenous and First Nations	14,596	90
Legal	38,624	76,870
Assay	7,947	-
Drilling	4,196	1,933
Permitting	12,371	13,000
Reporting	43,772	58,508
Geophysical surveys	29,046	-
Geochemical sampling surveys	31,678	19,770
Field equipment and supplies	3,338	1,453
Miscellaneous field office	2,152	3,176
Project management	-	513
Accommodation and meals	-	923
Freight and equipment transport	122	602
Utilities	2,307	1,454
Property and mineral taxes	4,222	6,645
Total	755,236	1,023,320

During 2025, and 2024, the Company continued to work on the environmental study, stakeholder engagement, and mine plan development as required by the Environmental Assessment Certification and permit processes set out by the British Columbia Ministry of Mines.

7. Equity instruments

(a) Share capital:

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

(b) Common shares issued and outstanding:

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

	Number of Shares	Amount
<i>Balance as at December 31, 2023</i>	89,477,621	20,509,460
Share issue costs	-	(2,000)
Private placements ((i)-(viii))	11,762,011	2,228,835
<i>Balance as at December 31, 2024</i>	101,239,632	22,736,295
Options exercised (xiii)	2,400,000	896,000
Warrants exercised ((xi)-(xxv))	8,001,117	2,542,133
Fair value reclass pursuant to warrant exercises	-	370,704
Private placements ((ix)-(xvii))	4,669,290	763,793
Balance as at December 31, 2025	116,310,039	27,308,925

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Notes:

- (i) On March 14, 2024, the Company completed its first tranche closing of a non-brokered private placement offering ("PP # 1") of units by issuing 2,114,000 units at a price of \$0.25 per unit for total gross proceeds of \$528,500. Each unit issued under the first tranche closing consisted of one common share and one share purchase warrant exercisable into one additional common share at a price of \$0.35 per common share until March 14, 2025.
- (ii) On April 18, 2024, the Company completed its second tranche closing of PP #1 by issuing 1,210,000 units at a price of \$0.25 per unit for total gross proceeds of \$302,500. Each unit issued under the second tranche closing consisted of one common share and one share purchase warrant exercisable into one additional common share at a price of \$0.35 per common share until April 18, 2025.
- (iii) On May 10, 2024, the Company completed its final tranche closing of PP #1 by issuing 612,000 units at a price of \$0.25 per unit for total gross proceeds of \$153,000. Each unit issued under the final tranche closing consisted of one common share and one share purchase warrant exercisable into one additional common share at a price of \$0.35 per common share until May 10, 2025.
- (iv) On August 9, 2024, the Company completed the only tranche closing of a new non-brokered private placement offering of units by issuing 435,076 units at a price of \$0.33 per unit for total gross proceeds of \$143,575. Each unit issued under PP#2 consisted of one common share and one half of one share purchase warrant exercisable into one additional common share at a price of \$0.45 per common share for eighteen months from the date of the closing.
- (v) On September 26, 2024, the Company completed the first tranche closing of a new non-brokered private placement offering of units ("PP #3") by issuing 905,000 units at a price of \$0.20 per unit for total gross proceeds of \$181,000. Each unit issued consisted of one common share and one half of one share purchase warrant exercisable into one additional common share at a price of \$0.30 per common share for twelve months from the date of the closing.
- (vi) On October 9, 2024, the Company completed the second tranche closing of PP#3 by issuing 1,125,000 units at a price of \$0.20 per unit for total gross proceeds of \$225,000. Each unit issued consisted of one common share and one half of one share purchase warrant exercisable into one additional common share at a price of \$0.30 per common share for twelve months from the date of the closing. Additionally, the Company also agreed to convert an aggregate of \$320,000 in debt into 1,600,000 common shares having a market value of \$245,000, resulting in a gain on debt settlement of \$75,000.
- (vii) On November 14, 2024, the Company completed the final tranche closing of PP#3 by issuing 3,660,935 units at a price of \$0.20 per unit for total gross proceeds of \$732,187. Each unit issued consisted of one common share and one half of one share purchase warrant exercisable into one additional common share at a price of \$0.30 per common share for twelve months from the date of the closing. In connection with the final tranche closing, the Company issued 10,000 non-transferable share purchase warrants (the "Broker Warrants") to one (1) arm's length broker (the "Broker"), equal to 2% of the number of Units issued under the Closing to subscribers introduced by the Broker, and paid the Broker a cash commission of \$2,000, equal to 2% of the aggregate proceeds from the number of Units issued under the Offerings to subscribers introduced by the Broker. The value of the Broker Warrants was \$Nominal.

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- (viii) On November 22, 2024, the Company issued 100,000 common shares from the exercise of 100,000 options at \$0.15 per option for an aggregate amount of \$15,000.
- (ix) On March 10, 2025, the Company completed the first tranche closing of a new non-brokered private placement offering of units ("PP #4") by issuing 2,931,391 units at a price of \$0.23 per unit for total gross proceeds of \$674,220. Each unit issued consisted of one common share and one share purchase warrant exercisable into one additional common share at a price of \$0.35 per common share until March 10, 2026.
- (x) On March 25, 2025, the Company completed the final tranche closing of PP #4 by issuing 1,737,899 units at a price of \$0.23 per unit for total gross proceeds of \$399,717. Each unit issued consisted of one common share and one share purchase warrant exercisable into one additional common share at a price of \$0.35 per common share until March 25, 2026.
- (xi) On June 2, 2025, the Company issued 50,000 common shares from the exercise of 50,000 share purchase warrants at \$0.30 per share purchase warrant for total gross proceeds of \$15,000.
- (xii) On June 9, 2025, the Company issued 280,000 common shares from the exercise of 280,000 share purchase warrants at \$0.30 per share purchase warrant for total gross proceeds of \$84,000.
- (xiii) On August 21, 2025, the Company issued 2,400,000 common shares from the exercise of 2,400,000 options at \$0.12 per share for total gross proceeds of \$288,000 and issued 100,000 common shares from exercise of 100,000 share purchase warrants at \$0.30 per share purchase warrant for total gross proceeds of \$30,000. A loss of \$608,000 was recognized on the settlement of \$228,000 of debt relating to 1,900,000 of the options exercised.
- (xiv) On September 5, 2025, the Company issued 50,000 common shares from the exercise of 50,000 share purchase warrants at \$0.30 per share purchase warrant and 112,000 common shares from the exercise of 112,000 share purchase warrants at \$0.35 per share purchase warrant for total gross proceeds of \$54,200.
- (xv) On September 19, 2025, the Company issued 73,478 common shares from the exercise of 73,478 share purchase warrants at \$0.35 per warrant and 525,000 common shares from the exercise of 525,000 share purchase warrants at \$0.30 per share purchase warrant for total gross proceeds of \$183,217.
- (xvi) On September 26, 2025, the Company issued 570,000 common shares from the exercise of 570,000 share purchase warrants at \$0.30 per share purchase warrant and 43,478 common shares from the exercise of 43,478 share purchase warrants at \$0.35 per share purchase warrant for total gross proceeds of \$186,222.
- (xvii) On October 3, 2025, the Company issued 225,000 common shares from the exercise of 225,000 share purchase warrants at \$0.30 per share purchase warrant for the total gross proceeds of \$67,500.
- (xviii) On October 9, 2025, the Company issued 725,000 common shares from the exercise of 725,000 share purchase warrants at \$0.30 per share purchase warrant and 583,304 common shares from the exercise of 583,304 share purchase warrants at \$0.35 per share purchase warrant for total gross proceeds of \$421,656.

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- (xix) On October 15, 2025, the Company issued 415,435 common shares from the exercise of 415,435 share purchase warrants at \$0.35 per share purchase warrant for the total proceeds of \$145,402.
- (xx) On October 24, 2025, the Company issued 134,000 common shares from the exercise of 134,000 share purchase warrants at \$0.35 per share purchase warrant and 660,935 common shares from the exercise of 583,304 share purchase warrants at \$0.30 per share purchase warrant for total gross proceeds of \$245,181.
- (xxi) On October 29, 2025, the Company issued 525,000 common shares from the exercise of 525,000 share purchase warrants at \$0.30 per share purchase warrant and 1,080,000 common shares from the exercise of 1,080,000 share purchase warrants at \$0.35 per share purchase warrant for total gross proceeds of \$535,500.
- (xxii) On October 31, 2025, the Company issued 75,000 common shares from the exercise of 75,000 share purchase warrants at \$0.30 per share purchase warrant and 143,487 common shares from the exercise of 143,487 share purchase warrants at \$0.35 per share purchase warrant for total gross proceeds of \$72,720.
- (xxiii) On November 7, 2025, the Company issued 1,200,000 common shares from the exercise of 1,200,000 share purchase warrants at \$0.30 per share purchase warrant for the total gross proceeds of \$360,000.
- (xxiv) On November 14, 2025, the Company issued 180,000 common shares from the exercise of 180,000 share purchase warrants at \$0.30 per share purchase warrant for the total gross proceeds of \$54,000.
- (xxv) On November 28, 2025, the Company issued 250,000 common shares from the exercise of 250,000 share purchase warrants at \$0.35 per share purchase warrant for the total gross proceeds of \$87,500.

(c) Share Purchase Warrants

The number of share purchase warrants in the table below have been adjusted to reflect the number of common shares that would be issued upon exercise of the share purchase warrants based on their conversion factor.

	Number of Warrants	Amount
Balance at December 31, 2023	11,028,819	1,998,346
Private placement	9,854,473	296,927
Share purchase warrants expired unexercised	(2,022,378)	(475,537)
Share purchase warrants exercised	-	-
Balance at December 31, 2024	18,860,914	1,819,736
Private placement	4,669,290	310,145
Share purchase warrants expired unexercised	(9,785,745)	(1,168,452)
Share purchase warrants exercised	(8,001,118)	(370,704)
Balance at December 31, 2025	5,743,341	590,725

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The value assigned to the share purchase warrants included in the unit offerings is based on the Black-Scholes option pricing model using the following assumptions:

	2025	2024
Risk free rate	2.54% - 2.57%	2.53% - 4.37%
Share price	\$0.26	\$0.15 to \$0.23
Expected life	1 Year	1 to 2 Years
Volatility	88% - 91%	61% - 95%

(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. Under the Plan, all options expire no later than five (5) years from the grant date and vest immediately upon the grant.

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, 2023	8,730,000	0.30	1.82
Options granted, March 25, 2024	1,578,000	0.23	9.24
Options expired, March 25, 2024	(1,150,000)	0.23	-
Options exercised, November 21, 2024	(100,000)	0.15	-
Balance, December 31, 2024	9,058,000	\$ 0.32	2.50
Options granted, June 3, 2025	50,000	0.48	9.43
Options exercised, August 21, 2025	(2,400,000)	0.12	-
Options expired, September 4, 2025	(150,000)	0.12	-
Options granted, October 25, 2025	385,000	0.40	9.77
Balance, December 31, 2025	6,943,000	\$ 0.32	2.94
Exercisable options as at December 31, 2025	6,943,000	\$ 0.57	2.94

The fair value of the stock options granted were calculated at the grant date using the Black-Scholes option pricing model using the following assumptions:

	2025	2024
Risk free rate	3.12%	3.29%
Share price	\$0.40 to \$0.43	\$0.17 to \$0.35
Expected life	5 Years	5 years
Volatility	142% - 145%	173% - 175%

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The range of exercise prices for stock options outstanding and exercisable under the plan at December 31, 2025 is as follows:

Exercise Price	Awards Outstanding and Exercisable	Remaining contractual life (years)	Weighted Average Exercise Price(\$)
\$0.12-\$0.35	3,953,000	2.21	0.28
\$0.43-\$0.45	2,263,000	5.73	0.44
\$1.05	727,000	0.88	1.05
	6,943,000	2.94	0.33

(e) Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the year ended December 31, 2025 and 2024. The calculation of diluted loss per share equals basic loss per share as the effect of outstanding options are anti-dilutive.

8. Related party transactions

The Company received loans from Big Mountain, a related party by nature of being a significant shareholder of the Company, as detailed in the table below. The loans are due on demand, bear annual interest at the below noted rates and secured by promissory notes and a general security agreement over all the assets of the Company.

	8% loan	10% loan	Total
Balance, December 31, 2023	3,013,495	950,136	3,963,631
Debt extinguishment	(3,013,495)	(950,136)	(3,963,631)
Re-issuance	3,239,466	1,358,099	4,597,565
Accrued Interest	245,640	129,811	375,451
Accretion	582,533	271,048	853,581
Balance, December 31, 2024	4,067,639	1,758,958	5,826,597
Accrued interest	289,262	155,804	445,066
Accretion	605,187	287,029	892,216
Balance, December 31, 2025	4,962,088	2,201,791	7,163,879

During the year ended December 31, 2024, the maturity date of the 8% and 10% loans were amended to extend the maturity date to December 31, 2024. The amendment was assessed under IFRS 9 and was accounted for as an extinguishment of the original loans and recognition of the amended loans at their respective fair values resulting in a loss on extinguishment of \$633,933 which is recorded to contributed surplus as a capital transaction with the related party. During the year ended December 31, 2025, the maturity dates were further amended to extend the date to December 31, 2026. The amendment was assessed under IFRS 9 and was accounted for as a modification.

Transactions with related parties are incurred in the normal course of operations and initially recorded at fair value.

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9. Key management personnel

The Company has determined that the key management personnel of the Company consist of its officers and directors. The following table provides information on compensation expense related to officers and directors.

	2025	2024
Wages, consulting fees and benefits	1,457,980	1,260,316
Stock based compensation expense	-	343,870
Total	1,457,980	1,604,186

As at December 31, 2025, \$1,457,980 (2024 – \$906,063) of wages and consulting fees is included in accounts payable and accrued liabilities.

10. Taxes

- (a) The tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate income tax rate of 23% (2024 – 23%) to net loss. The major components of these differences are as follows:

	2025	2024
Net loss	(4,532,313)	(4,303,340)
Statutory tax rate	23%	23%
Computed expected income tax (recovery)	(1,042,432)	(989,768)
Non-deductible expenses	221,156	100,317
Change in unrecognized deferred tax asset	821,276	1,035,256
Other	-	(145,805)
Deferred tax recovery	-	-

- (b) The components of the Company's unrecognized deductible temporary differences are as follows:

	2025	2024
Property, equipment and mineral property	6,433,109	5,485,529
Non-capital losses	23,991,528	22,193,546
Share issue costs	26,743	82,208
SR&ED tax pools	-	750,663
SR&ED investment tax credits	159,522	266,967
Other	2,548,451	1,487,514
	33,159,353	30,266,427

The Company's non-capital losses are available to reduce taxable income in future periods and will expire between 2026 and 2045. The future tax benefit of the non-capital losses has not been recognized in these consolidated financial statements.

The Company's SR&ED pool is available to reduce taxable income in future periods and does not expire. The Company's SR&ED ITC pool is available to reduce taxes in future periods and does not expire. The future tax benefit of the SR&ED pool and ITC pool have not been recognized in these consolidated financial statements.

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11. Financial risk exposure, risk management and financial instruments

(a) Fair value:

Financial instruments of the Company consist primarily of cash, restricted deposits, accounts payable and accrued liabilities, flow-through liability, and due to related party. As at December 31, 2025, and 2024, there were no significant differences between the carrying amounts reported on the consolidated statement of financial position and their estimated fair values as the amounts are short term in nature, or bear interest at market rates.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due.

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. Alternatively, the Company seeks capital through the offering of common shares or loans from related parties to fund general and administrative costs and exploration activities. As discussed in note 1, the Company will have to raise additional capital through the issue of shares or other means to discharge its current liabilities and the amount due to the related party or seek forbearance of the related party and other creditors. All financial liabilities are due within one year.

(c) Interest rate risk:

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The related party loans payable for a fixed annual interest rate and therefore exposes the Company to the risk of fair value variation due to interest rate variation because this financial asset is recognized at amortized cost. The other financial assets and liabilities of the Company do not represent interest risk because they do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Related party loans are at fixed rates therefore the Company is not exposed to interest rate fluctuations thereon except if the loans are refinanced at maturity versus settled.

(d) Credit risk:

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposure as at December 31, 2025, and 2024, relates to the carrying amount of cash. To reduce credit risk, all significant cash balances are placed with major financial institutions, therefore credit risk is low.

(e) Commodity price risk:

The Company is not currently exposed to commodity price risk, as the Company is in the pre-production phase. The overall development of the Company's properties is exposed to mineral price risks as a significant decrease in relevant prices would affect the economic returns of the mineral property.

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For the years ended December 31, 2025 and 2024

12. Capital disclosures

The Company's capital historically has been derived from the issuance of equity and more recently from advances from a related party. Management monitors its financial position on an ongoing basis. Equity is issued or debt from related parties is obtained to finance drilling programs and Company's operations. Significant capital will be required for full development of commercial mining production if the properties are proven to be economic.

13. Commitments

During the year ended December 31, 2022, the Company completed a brokered flow-through private placement offering (the "2022 FT Private Placement") for gross proceeds of \$785,000. The terms underlying the 2022 FT Private Placement require the Company to incur \$785,000 of qualifying Canadian exploration expenses (the "CEEs") and Canadian Development Expenses ("CDEs") and to renounce the CEEs and CDEs to the Company's shareholders who subscribed for securities under the 2022 FT Private Placement, on or before December 31, 2024. As at December 31, 2024, the Company had unfilled CDE and CEE expenditures of approximately \$650,000. During the year ended December 31, 2025, the Company recorded an estimated provision for the Part XII.6 taxes and related penalties to the Canada Revenue Agency of \$122,000 (2024 - \$122,000) and for the estimated indemnification to the subscribers of the flow-through shares of \$328,000 (2024 - \$170,000) for the additional taxes payable related to the renunciation shortfall.

14. Supplemental cash flow information

	Years ended	
	December 31, 2025	December 31, 2024
GST receivable	(32,960)	(45,900)
Prepaid and deposits	(169,500)	30,411
Accounts payable and accrued liabilities	(243,657)	104,861
Net change in non-cash working capital	(446,117)	89,372

15. Subsequent events

On January 7, 2026, the Company completed a new non-brokered private placement offering of units by issuing 1,000,000 units at a price of \$0.50 per unit for total gross proceeds of \$500,000. Each unit issued consisted of one common share and one share purchase warrant exercisable into one additional common share at a price of \$0.65 per common share for twelve months from the date of the closing.

On January 26, 2026, the Company completed another non-brokered private placement offering of units by issuing 1,000,000 units at a price of \$0.50 per unit for total gross proceeds of \$500,000. Each unit issued consisted of one common share and one-half share purchase warrant exercisable into one additional common share at a price of \$0.65 per common share for twelve months from the date of the closing.

On March 11, 2026, the Company issued 785,750 common shares from the exercise of 785,750 share purchase warrants at \$0.35 per share purchase warrant for total gross proceeds of \$275,012.50.

On March 26, 2026, the Company issued 93,000 common shares from the exercise of 93,000 share purchase warrants at \$0.35 per share purchase warrant for total gross proceeds of \$32,550.

On April 15, 2026, Company issued 500,000 common shares from the exercise of 500,000 options at \$0.18 per option for total gross proceeds of \$90,000.