

# **WESTMINSTER RESOURCES LTD.**

**(An Exploration Stage Company)**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THREE AND SIX MONTHS ENDED NOVEMBER 30,  
2012 AND 2011**

**(Unaudited)**

**WESTMINSTER RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars - unaudited)

	November 30, 2012	May 31, 2012
	- \$ -	- \$ -
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	664,854	562,201
Accounts receivable	387,954	340,326
Prepaid	9,307	6,274
Deposits	38,760	36,530
	1,100,875	945,331
<b>Deposits</b>	21,829	21,829
<b>Equipment and leaseholds</b>	79,095	81,315
<b>Mineral property interests (Note 3)</b>	2,367,806	2,339,614
	3,569,605	3,388,089
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	431,770	624,802
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital (Note 4)</b>	13,488,190	12,473,182
<b>Reserves (Note 5)</b>	1,764,131	1,661,729
<b>Deficit</b>	(12,114,486)	(11,371,624)
	3,137,835	2,763,287
	3,569,605	3,388,089

"Glen Indra"  
Glen Indra  
Director

"Glen MacDonald"  
Glen MacDonald  
Director

See Notes to Consolidated Financial Statements

**WESTMINSTER RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**(Expressed in Canadian dollars)**

	Three months ended November 30,		Six months ended November 30,	
	2012	2011	2012	2011
	- \$ -	- \$ -	- \$ -	- \$ -
<b>Expenses</b>				
Office	81,911	69,174	126,172	150,556
Conferences and investor relations	45,900	57,836	126,086	113,797
Management fees (Note 6)	52,500	37,500	105,000	82,500
Share-based payments	-	3,820	102,401	7,640
Accounting and audit fees (Note 6)	57,860	68,430	96,860	89,430
Travel and entertainment	12,437	29,003	41,456	55,064
Regulatory and filing fees	26,851	12,831	34,910	23,447
Consulting fees	10,500	9,000	31,198	12,000
Amortization	8,129	8,129	16,258	16,258
Legal fees	59	430	6,345	9,937
Bank charges and interest	356	7,620	1,189	7,919
Financing charges	-	-	-	20,400
	296,503	303,774	687,875	588,949
<b>Other items</b>				
Foreign exchange loss (gain)	324,664	(280,482)	56,711	(371,305)
Interest income	(881)	(179)	(1,725)	(4,228)
<b>Net loss and comprehensive loss for year</b>	<b>620,286</b>	<b>23,114</b>	<b>742,861</b>	<b>213,416</b>
<b>Loss per share - basic and diluted</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>
<b>Weighted average number of common shares outstanding</b>	<b>80,212,466</b>	<b>50,953,007</b>	<b>78,436,794</b>	<b>50,953,007</b>

See Notes to Consolidated Financial Statements

**WESTMINSTER RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF**  
**CHANGES IN SHAREHOLDER'S EQUITY**  
**(Expressed in Canadian dollars)**

	Share capital		Reserves			Total shareholder's equity -\$ -
	Number of shares	Amount -\$ -	Share-based payments reserve -\$ -	Warrants reserve -\$ -	Deficit -\$ -	
Balance, May 31, 2011	58,902,846	10,506,468	1,019,539	610,664	(6,471,630)	5,665,041
Share issuances for cash, net of share issuance costs	16,370,000	1,844,420	-	-	-	1,844,420
Share issuances for repayment of loans payable	1,500,000	150,000	-	-	-	150,000
Share-based payments	-	-	3,820	-	-	3,820
Agent's warrants issued with financings	-	(27,706)	-	27,706	-	-
Comprehensive loss	-	-	-	-	(4,899,994)	(4,899,994)
Balance, May 31, 2012	76,772,846	12,473,182	1,023,359	638,370	(11,371,624)	2,763,287
Share issuances for agent's warrants exercise	150,080	15,008	-	-	-	15,008
Share issuances for cash, net of share issuance costs	10,000,000	1,000,000	-	-	-	1,000,000
Stock options valuation	-	-	102,401	-	-	102,401
Comprehensive loss	-	-	-	-	(742,861)	(742,861)
Balance, November 30, 2012	86,922,926	13,488,190	1,125,760	638,370	(12,114,485)	3,137,835

See Notes to Consolidated Financial Statements

**WESTMINSTER RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	Six months ended	
	November 30,	
	2012	2011
	- \$ -	- \$ -
<b>Cash flows from operating activities</b>		
Net and comprehensive loss	(742,861)	(213,416)
Items not involving cash:		
Share-based payments	102,402	7,640
Amortization	16,258	16,258
Net change in non-cash working capital		
Accounts receivable	(47,628)	(3,538)
Prepaid expenses and deposits	(5,263)	(359,511)
Accounts payable and accrued liabilities	(193,033)	(334,276)
<b>Cash used in operating activities</b>	<b>(870,125)</b>	<b>(886,843)</b>
<b>Cash flows from investing activities</b>		
Purchase of equipment and leaseholds	(14,038)	-
Investment in and expenditures on exploration and evaluation assets	(28,192)	(1,150,243)
<b>Cash used in investing activities</b>	<b>(42,230)</b>	<b>(1,150,243)</b>
<b>Cash flows from financing activities</b>		
Share capital issued for cash, net of costs	1,015,008	1,119,920
Subscriptions received	-	-
<b>Cash provided by financing activities</b>	<b>1,015,008</b>	<b>1,119,920</b>
<b>Decrease in cash and cash equivalents</b>	<b>102,653</b>	<b>(917,166)</b>
<b>Cash and cash equivalents, beginning</b>	<b>562,201</b>	<b>1,265,500</b>
<b>Cash and cash equivalents, ending</b>	<b>664,854</b>	<b>348,334</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	164,854	348,334
Guaranteed investment certificates	500,000	-
	664,854	348,334
<b>Supplemental cash flow information:</b>		
Interest	-	-

See Notes to Consolidated Financial Statements

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**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three and Six Months Ended November 30, 2012 and 2011**  
(Expressed in Canadian dollars)

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**1. Nature and Continuance of Operations**

Westminster Resources Ltd. (the "Company") was incorporated under the Business Corporations Act of British Columbia on December 1, 2005. The Company is involved in the acquisition, exploration and development of mineral properties.

The head office, registered address and records office of the Company are located at Suite 488-625 Howe Street, Vancouver BC, Canada V6C 2T6.

These consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

**2. Basis of Preparation**

a) Statement of Compliance

The Company is following the same accounting policies and methods of computation in these condensed consolidated interim financial statements as it did in the audited consolidated financial statements for the year ended May 31, 2012.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 29, 2013.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Minera Westminster, S.A. de C.V. ("Minera Westminster") and Servicios Westminster, S.A. de C.V. ("Servicios Westminster"). All significant inter-company balances and transactions have been eliminated upon consolidation.

**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three and Six Months Ended November 30, 2012 and 2011**  
(Expressed in Canadian dollars)

**3. Exploration and Evaluation Assets**

At November 30, 2012 and May 31, 2012 and 2011, the Company's interests in exploration and evaluation assets are located in Sonora, Mexico. Cumulative expenditures incurred are as follows:

	May 31, 2011 -\$-	Addition (write-downs) -\$-	May 31, 2012 -\$-	Addition (write-downs) -\$-	November 30, 2012 -\$-
<b>Navojoa Project, Sonora, Mexico:</b>					
Acquisition costs	494,849	110,655	605,504	(5,000)	600,504
Exploration expenditures					
Assays and reports	63,216	5,331	68,547	358	68,905
Consulting and engineering	154,411	-	154,411	-	154,411
Drilling	160,985	-	160,985	-	160,985
Field expenses	699,707	34,830	734,537	-	734,537
Geology and geophysics	22,082	-	22,082	-	22,082
Travel	12,263	-	12,263	-	12,263
Write-down	-	(1,140,000)	(1,140,000)	-	(1,140,000)
	1,607,513	(989,183)	618,330	(4,642)	613,688
<b>El Cobre Project, Sonora, Mexico:</b>					
Acquisition costs	151,731	-	151,731	-	151,731
Exploration expenditures					
Property maintenance	255,517	157,167	412,684	-	412,684
Assays and reports	145,731	99,825	245,556	-	245,556
Consulting and engineering	230,197	219,307	449,504	-	449,504
Drilling	445,888	406,666	852,554	-	852,554
Field expenses	1,252,518	153,692	1,406,210	-	1,406,210
Geology and geophysics	274,740	41,180	315,920	-	315,920
Travel	80,037	46,812	126,849	-	126,849
Write-down	-	(2,400,000)	(2,400,000)	-	(2,400,000)
	2,836,359	(1,275,350)	1,561,009	-	1,561,009
<b>Cumbral Project, Sonora, Mexico:</b>					
Exploration expenditures					
Property maintenance	-	100,000	100,000	-	100,000
Assays and reports	-	67,127	67,127	113,271	180,398
Consulting and engineering	-	120,954	120,954	79,942	200,896
Drilling	-	-	-	329,114	329,114
Field expenses	-	189,769	189,769	395,117	584,887
Geology and geophysics	-	152,386	152,386	191,280	343,666
Travel	-	30,038	30,038	24,110	54,147
Recovery of exploration costs (funds received from Capstone)	-	(500,000)	(500,000)	(1,100,000)	(1,600,000)
	-	160,274	160,274	32,834	193,108
	4,443,872	(2,104,258)	2,339,614	28,192	2,367,806

**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three and Six Months Ended November 30, 2012 and 2011**  
(Expressed in Canadian dollars)

**4. Share Capital**

- a) Authorized – Unlimited number of common shares without par value
- b) Issued:
- (i) On November 19, 2012, the Company issued 56,640 common shares for the exercise of 56,640 warrants at \$0.10 per share for the proceeds of \$5,664.
  - (ii) On October 31, 2012 the Company completed a non-brokered private placement with Capstone Mining Corp. of 10,000,000 common shares at \$0.10 per share to net the Company \$1,000,000. The shares issued pursuant to the private placement will be legended with a hold period to expire on March 4, 2013.
  - (iii) On August 21, 2012, the Company issued 93,440 common shares for the exercise of 93,440 warrants at \$0.10 per share for the proceeds of \$9,344.
  - (iv) During the year ended May 31, 2012, the Company issued 1,500,000 common shares at \$0.10 per share and made cash payments of \$343,000 to repay loans payable of \$493,000.
  - (v) On April 13, 2012, the Company completed a non-brokered private placement by issuing 5,830,000 common shares at \$0.15 per share for gross proceeds of \$874,500.
  - (vi) On April 13, 2012, the Company completed a non-brokered private placement by issuing 5,830,000 common shares at \$0.15 per share for gross proceeds of \$874,500.
  - (vii) On November 17, 2011, the Company completed a non-brokered private placement by issuing 10,540,000 common shares at \$0.10 per share for gross proceeds of \$1,054,000. Finders' fees totaling \$84,080 were paid and 469,600 agent warrants with a fair value of \$27,706 were issued by the Company. Each agent warrant entitles the holder to acquire one common share at \$0.10 until November 17, 2012.

**5. Reserves**

a) Stock Options

The Company has a stock option plan in place that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price of any stock option granted under the plan may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant.

Details of the status of the Company's stock options and changes during the periods then ended are as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, May 31, 2011 and 2012	4,720,000	\$ 0.30
Granted	2,440,000	\$ 0.15
Cancelled	(1,840,000)	\$ 0.33
Outstanding, November 30, 2012	5,320,000	\$ 0.22



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three and Six Months Ended November 30, 2012 and 2011**  
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**5. Reserves (continued)**

a) Stock Options (continued)

On June 8, 2012, the Company granted 2,440,000 share purchase options with an exercise price of \$0.15 per share to directors, consultants and employees of the Company, with the options vesting on the grant date. The options will expire on June 8, 2017.

Stock options outstanding are as follows:

Expiry Date	Exercise Price	November 30, 2012		May 31, 2012	
		Options Outstanding	Options Exercisable	Options Outstanding	Options Exercisable
12-Oct-12	\$0.25	-	-	1,090,000	1,090,000
08-Apr-13	\$0.40	-	-	200,000	200,000
14-May-14	\$0.35	1,020,000	1,020,000	1,120,000	1,120,000
20-Sep-15	\$0.25	1,510,000	1,510,000	1,560,000	1,560,000
18-Nov-15	\$0.40	350,000	350,000	350,000	350,000
01-Feb-16	\$0.50	-	-	400,000	400,000
08-Jun-17	\$0.15	2,440,000	2,440,000	-	-
Outstanding, end of year		5,320,000	5,320,000	4,720,000	4,720,000
Weighted average remaining contractual life of options		3.77 years		3.22 years	

b) Share-based Payments

During the six months ended November 30, 2012, the Company granted 2,440,000 stock options (2011 - Nil). The fair value of stock options granted in the period was \$102,401 (2011 - \$Nil).

The Company recognized \$Nil (2011 - \$3,820) in share-based payments from vesting of prior year stock options.

The fair value of stock options granted was estimated at the grant date using the Black-Scholes option pricing model, with the following weighted average assumptions for the six months ended November 30:

	2012	2011
Weighted-average grant date fair value	\$0.04	\$0.28
Expected annual volatility	66.00%	56.66%
Risk-free interest rate	0.89%	1.29%
Expected life	5 years	3.78 years
Expected dividend yield	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

Expected volatility was determined based on the historical movements in the closing price of the Company's stock for a length of time equal to the expected life of each option.

**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three and Six Months Ended November 30, 2012 and 2011**  
(Expressed in Canadian dollars)

**5. Reserves (continued)**

c) Warrants

Details of the status of the warrants outstanding are as follows:

Expiry Date	November 30, 2012			May 31, 2012		
	Number of Warrants	Exercise Price	Weighted Average Years to Expire	Number of Warrants	Exercise Price	Weighted Average Years to Expire
29-Jun-12	-	-	-	10,311,103	\$0.35	0.08
09-Nov-12	-	-	-	2,578,199	\$0.45	0.44
17-Nov-12	-	-	-	469,600	\$0.10	0.47
18-Nov-12	-	-	-	6,803,200	\$0.45	0.47
03-Dec-12	757,243	\$0.47	0.01	757,243	\$0.47	0.51
14-Dec-12	2,525,280	\$0.56	0.04	2,525,280	\$0.56	0.54
	3,282,523	\$0.54	0.03	23,444,625	\$0.41	0.30

Continuity of the warrants outstanding is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, May 31, 2011	26,342,525	\$0.40
Issued	469,600	\$0.10
Expired	(3,367,500)	\$0.25
Outstanding, May 31, 2012	23,444,625	\$0.41
Exercised	(150,080)	\$0.10
Expired	(20,012,022)	\$0.39
Outstanding, November 30, 2012	3,282,523	\$0.54

**6. Related Party Transactions**

During the six months ended November 30, 2012, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include certain directors and officers.

Compensation to key management personnel and directors include:

	2012	2011
	-\$-	-\$-
Management fees paid to a company controlled by a director	60,000	45,000
Consulting fees (included in accounting fees) paid to an officer	9,000	3,000
	69,000	48,000

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**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three and Six Months Ended November 30, 2012 and 2011**  
(Expressed in Canadian dollars)

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**7. Segmented Information**

The Company has one operating segment, the exploration of mineral properties and two geographical segments, with all current exploration activities being conducted in Mexico:

	<b>2012</b>			<b>2011</b>		
	Canada	Mexico	Total	Canada	Mexico	Total
Non-current assets	(\$320,623)	\$2,789,353	\$2,468,730	\$2,969,548	\$2,734,954	\$5,704,502
Total assets	\$346,691	\$3,222,914	\$3,569,605	\$3,369,902	\$3,425,542	\$6,795,444

**8. Subsequent Events**

Subsequent to November 30, 2012, 3,282,523 share purchase warrants expired unexercised.