

**WESTMINSTER RESOURCES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTH ENDED**

**NOVEMBER 30, 2015**

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Certain information contained or incorporated by reference in this MD&A, including any information as to our future financial or operating performance, constitutes “forward-looking statements”. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or other commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada and in other countries; business opportunities that may be presented to, or pursued by, us; operating or technical difficulties in connection with mining or development activities; employee relations; litigation; the speculative nature of exploration and development, including the risks of obtaining necessary licenses and permits; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks. Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements.

We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

## **1.1 Date**

The following management's discussion and analysis ("MD&A"), which is dated January 29, 2016, provides a review of the activities, results of operations and financial condition of Westminster Resources Ltd. ("the Company" or "Westminster"), as at and the three months ended November 30, 2015, as well as future prospects of the Company. This MD&A should be read in conjunction with the unaudited interim condensed financial statements of the Company as at and for the six months ended November 30, 2015 (the "Interim Financial Statements"), together with the MD&A and audited financial statements of the Company as at and for the year ended May 31, 2015. All dollar amounts in this MD&A are expressed in Canadian dollars unless otherwise specified (the Company's financial statements are prepared in Canadian dollars). Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **1.2 Overall Performance**

### **1.2.1 Introduction**

Westminster is a resource company that is conducting exploration in Sonora state, Mexico through its wholly-owned integrated subsidiaries, Minera Westminster, S.A. de C.V. ("Minera Westminster") and Servicios Westminster, S.A. de C.V. ("Servicios Westminster"). The Company's active exploration interests are located in Sonora near Obregon. The mineral concessions, which have been acquired by staking, option agreements and through outright purchases, are prospective for gold, copper and silver.

Within the El Cobre property concession, which covers an area of approximately 20,000 hectares there are 3 projects; the Guayacan, the Cumbral-San Bartolo project and the Sierra. Mineralization in this area is characterized by high grade gold-copper-silver veins, breccias, and diatremes associated with porphyry deposit-style mineralized systems and hematite-magnetite-sericitized zones and structures containing copper-gold mineralization having similarities with iron oxide copper gold ("IOCG") deposit styles. The ground which comprises the El Cobre property, before the Company initiated its exploration program, had not been explored previously neither using modern exploration methodologies nor previously drill tested.

### **1.2.2 Financial conditions**

At November 30, 2015, the Company had no long-term debt and its credit and interest rate risks are limited to interest bearing assets of cash and cash equivalents.

At November 30, 2015, the Company had \$18,014 in cash (May 31, 2015 - \$29,598) and working capital deficiency of \$1,538,842 (May 31, 2015 - \$1,064,581).

### **1.2.3 Outlook**

For fiscal 2016, the Company will focus its priorities as follows:

- Raise additional funding and/or industry partnerships
- Continue exploration programs on the Guayacan and Sierra Projects in Sonora State, Mexico.

## Exploration Highlights – 2015

### *Cumbral-San Bartolo Project*

In 2014 Capstone Mining Corp. elected to manage and direct a diamond drill program on the project. Numerous targets were selected across the property and tested by 14 core diamond drill holes totalling 3,774 metres. The results of the drilling confirmed that the Montoso is a large porphyry system. Results overall were encouraging although no economic intercepts were encountered; consequently Capstone on June 27, 2014 notified the Company that it was terminating the option agreement. As at June 27, 2014, Capstone had earned a 49% interest in the Cumbral-San Bartolo Project and, in order for the Company to situate itself for future exploration and/or a potential joint venture partnering, it purchased Capstone's 49% interest on February 12, 2015. The February 12, 2015 agreement transferred Capstone's 49% interest to the Company in exchange for a 2% NSR. The Company has the right to purchase 1.7% of the 2% for \$14,000,000. Currently the Company is reviewing the data and analyzing undrilled targets.

### *Sierra Target*

During mid 2013, and reported in press release 13-05 on October 18, 2013, field crews discovered the "Sierra Target" on the Company's 100% owned El Cobre property Sonora, Mexico. The new Sierra Target consists of hydrothermal breccias, with diatreme characteristics and occurs in Miocene volcanic units at an elevation of some 700 metres above, and further to the West of Westminster's Montoso porphyry system. Seventeen grab samples were collected and assayed using various ore grade methods which determined an average grade of 4.8% copper, 101 g/t silver (400 g/t cutoff) and 4.4 g/t gold. The slabbed rock samples contained no obvious sulphides but were rich in barium and iron (hematite ranging from about 3% to 12% Fe). The accompanying table C shows the highest contents of silver assayed 1,479 g/t (47.4 oz/t), gold 21.79 g/t (0.69 oz/t) and copper 10.2% with these values reported from 3 different samples. These breccias also appear to be rich in bismuth, mercury and tungsten and represent a new deposit type for the Company's Sonora properties.

See [http://www.westminsterres.com/s/El\\_Cobre\\_Property.asp?ReportID=607894](http://www.westminsterres.com/s/El_Cobre_Property.asp?ReportID=607894)

The steeply dipping breccias appear to be in a fluidized zone where crackle, jigsaw and rock flour cemented matrix textures are present. The variable nature of the clasts is very evident as some are green colored with malachite or chrysocolla while other samples without significant copper oxides also contain high percentage grades of copper. Two separate exposures about 150 metres apart were likely explored in the 1950s by hand mining for the high-grade silver in brecciated material.

The company plans to further map and systematically sample the target area. The previously flown VTEM and MAGNETIC Surveys have identified conductive and high-low magnetic patterns, which may indicate hydrothermal activity in the area, associated with the breccia-hosted mineralization.

Sample	Unit MDL* Type	Ag	Ag	Au	Cu	Fe
		g/t	g/t	g/t	%	%
		2	2	0.2	0.001	0.01
518541	Rock	18.46	18.46	1.54	<b>0.72</b>	8.73
518542	Rock	129.16	129.16	13.02	<b>7.85</b>	6.41
518543	Rock	29.09	29.09	7.76	<b>6.10</b>	4.02
518544	Rock	53.48	53.48	3.92	<b>4.11</b>	7.08
518545	Rock	16.39	16.39	1.58	<b>4.01</b>	9.93
5017023	Rock	57.40	57.40	4.02	<b>1.18</b>	11.05
5017024	Rock	61.60	61.60	4.10	<b>1.00</b>	10.88
5017025	Rock	34.90	34.90	21.79	<b>6.96</b>	9.44
5017026	Rock	21.70	21.70	0.11	<b>1.42</b>	4.23
5017027	Rock	14.00	14.00	2.39	<b>4.46</b>	10.38
5017028	Rock	394.00	394.00	1.42	<b>8.53</b>	6.13
5017029	Rock	34.80	34.80	0.33	<b>8.56</b>	1.49
5017030	Rock	314.00	314.00	1.93	<b>4.08</b>	5.96
5017031	Rock	31.45	31.45	5.10	<b>10.17</b>	2.99
517020	Rock	1,479.00	400.00	5.42	<b>4.42</b>	12.44
517021	Rock	19.90	19.90	0.81	<b>2.67</b>	9.25
517022	Rock	88.10	88.10	0.06	<b>5.91</b>	3.06
		<b>2,797.43</b>	<b>1,718.43</b> (400 g/t cutoff)	<b>75.29</b>	<b>82.12</b>	<b>123.47</b>
<b>Averages</b>		<b>164.55 g/t</b>	<b>101.08 g/t</b>	<b>4.43 g/t</b>	<b>4.83%</b>	<b>7.26%</b>

Samples are high in Bi, Hg, W, minor base metals 0.1%, no As, Sb, Te pathfinders.

\*MDL: Minimum Detection Limit

The Sierra Target was revisited in the summer, 2014, where the breccia zone was traced for a length of approximately 200 metres in a series of four equally spaced historic (1950's) mined-out pits and trenches. The steeply-dipping zone has a vertical extent of 70 metres over the known length, and is hosted in a rhyolite sequence of Tertiary volcanic rocks (See November 20, 2014 press release).

Sierra Trench One is located at the lowest elevation of the four hand mined workings where due to the contour of the land the exposed high grade breccia material was peeled from the upslope footwall cliff face contact at all four trenches. The exposed footwall zone shows hematitic fractures and minor quartz stockwork development in argillic-hematitic altered rhyolite crystal-ash tuff adjacent to the mined out one to two metres wide breccia zone. The poorly exposed downslope hanging wall shows argillic and sericitic alteration of the crystal-ash tuff adjacent to the breccia zone. In Trench One the only exposure of remaining in situ breccia material assayed 147.9 g/t silver, 2.38 g/t gold and 1.4% copper and 15.5% iron across 0.4 metres. The only observed continuous exposure of footwall mineralization adjacent to the breccia was chip sampled in Trench One for an into the footwall upslope distance of 7.9 metres from the high grade breccia contact. This continuous zone sampling averaged 61.8 g/t silver, 0.895 g/t gold and 0.17% copper over the 7.9 metres. Also in Trench One the only in situ exposure of the hanging wall available to chip sample was a 1.2 metre width of sericitic-argillic altered rhyolite assaying 29.5 g/t silver, 0.09 g/t gold and 0.8% copper. At the other 3 higher elevation trenches,

cliff face footwall chip sampling of altered hematitic fractured rhyolite returned copper, gold and silver contents comparable to those sampled in intervals at Trench One over its 7.9 metre width.

However at Trenches 2, 3 and 4, width extent sampling of footwall mineralization is limited due to the near vertical cliff face footwall contour.

The highest grade grab sample of Sierra hydrothermal breccia was collected from the Trench Two area. Its contents of 6.0% copper, 87.2 g/t silver and 2.74 g/t gold compares well with results from the seventeen breccia grab samples as reported in 2013.

The results from the recent outcrop sampling along the mapped exposure of the Sierra breccia target confirm the high grades found in previously collected breccia grab samples. In addition, the new 2014 sampling of in situ hanging wall and footwall altered volcanics adjacent to the mapped breccia zone demonstrated that Sierra system mineralization contains copper, silver and gold and extends for at least 9.5 metres in width at Trench One.

A campaign of exploration along strike and to depth is warranted as the Sierra target hydrothermal breccias with diatreme characteristics and high-sulphidation system affinities make the potential at the Sierra system attractive.

### *Guayacan*

In the Northwest corner of the El Cobre property the Guayacan copper gold silver prospect has been expanded by extensive soil sampling and prospecting. Exposures of copper silver and gold mineralization related to pink granite intrusive bodies have been identified along a strike length of 4 kilometres. Highlights from the 2015 rock sampling program and a summary of work to date are disclosed in the Company's July 21, 2015 Press Release and are also discussed here.

- North Guyacan: 12.1 g/t gold and 16.8 g/t silver
- Red Soil and SGH soil geochemical target: 11.3 g/t gold and 212.0 g/t silver
- Middle Guyacan: 9.2 g/t gold and 9.9 g/t silver
- South Guyacan: 675 ppb gold and 126 g/t silver and 2.5 % copper
- South Guyacan-Far east: 18.0 g/t gold and 400 g/t silver

At this early stage, most samples are composite rock chip or selected grab samples.

The 2015 work program to date has consisted of prospecting and field geology. Previous exploration by the Company at Guyacan has included a helicopter airborne VTEM-MAG geophysical survey, an extensive soil geochemical survey (710 samples), a soil gas hydrocarbon geochemical survey (1074 SGH samples), and geological mapping and prospecting, all systematically completed during the 2011-2014 seasons. The exploration programs have followed-up on anomalous circular and linear magnetic low features obtained from the airborne VTEM-MAG geophysical helicopter survey. The recent positive results have expanded the number, and defined in more detail, zones of alteration and surface mineralization in subcrop-outcrop across the 3.5 kilometre wide expression of the airborne circular magnetic geophysical anomalous patterns. New discoveries included zones peripheral to precious metal bearing porphyry systems, skarns, unroofed porphyry system veins, stockworks and breccia vein mineralization.

The Guyacan target is situated in flat lying Sonora ranch lands with thin young volcanic cover rocks or sand and gravel material overlying much of the bedrock geophysical anomalies

expression. The significant ASTER IMAGERY patterns coincident with the disrupted airborne magnetic survey response of circular features and super-imposed linear magnetic lows have been mapped as epithermal and porphyry-style alteration. This is interpreted by the Company as the expression of multiple phase intrusive events related to this largely unroofed mineralized porphyry system.

#### *North Guayacan Target*

A 500 m long target area designated "North Guyacan" is exposed as a zone of intense clay and sericite intrusive alteration with red ochre iron oxides on fractures, and in quartz veinlets and breccia zones. Several historic hand dug workings are present in the partially exposed altered granite and granodiorite and on local structures. Free gold grains were panned from well developed, red, iron oxide, boxwork-textured material. The geochemical results and textures observed in these iron rich, oxidized-weathered rocks collected from numerous pits and their sorting dumps suggest derivation from copper sulphides such as chalcocite.

An example of results from a composite grab sample of this type of dump oxide material from one North Guyacan zone graded 15.4% iron, 12.1g/t gold, 16.8 g/t silver, 0.26 % lead and 675 ppm copper. Other composite quartz+ iron oxide- rich grab samples from scattered pits across the North Guyacan zone graded 17.9 g/t, 16.9g/t, 16.3g/t and 12.1 g/t gold. Some of the red iron oxide material hosts secondary copper minerals (chrysocolla) which enrich the copper contents to over 1% Cu. When accompanied with elevated precious metal pathfinder elements like bismuth, tellurium and mercury, the samples graded up to 22.3g/t silver.

The Company interprets these North Guyacan historic diggings as being at high levels in the peripheral halo of the main mineralizing system and considers this exposed precious metal high grade zone to be a high priority, drill-ready target.

At a site starting about 300 metres south from the North Guyacan historic workings area, a well-developed granular, glassy quartz breccia with a hematite-specularite matrix is intermittently exposed for about 100 metres. This breccia trends to the south adjacent to and parallel with the N-S strike of the granite-granodiorite intrusive bodies' contact before dipping under gravel overburden. Variations of this same type of grey quartz breccia are found adjacent to and in sericite alteration zones scattered across Guyacan's 3.5 kilometre wide geophysically anomalous magnetic target pattern. A typical occurrence in the magnetic lows is present at the South-South Guyacan target located 3.5 kilometres to the south on the southern edge of the main circular magnetic feature. At the North Guyacan target, these quartz breccia example samples graded 11.6 g/t, 7.0 g/t, 2.4 g/t silver with low levels of gold contents.

#### *Red Soil and SGH Geochemical anomalies target*

About 800 metres SE from the North Guyacan historic diggings a 50 metre by 200 metre area of intensely altered sericite-iron oxide bearing granite is exposed. Rusty hematite quartz veinlets and iron oxides in fractures are exposed in creek banks and flat areas. Intensely red coloured soils are found with sericite bordering quartz veinlets and iron oxide veins. Most of this area, underlain by anomalous SGH soil geochemistry, is flat lying and covered by debris. Results from a composite sample of float (iron oxide+ quartz stockwork and veinlets with strong sericitic borders) returned 105 ppm molybdenum, 10.1 g/t silver and 127 ppb gold. The Company interprets this mineralization as part of the porphyry systems stockwork development.

Importantly, the highest grade mineralization found at this Red Soil and SGH target appears to be overprinted on the main alteration zone. This is interpreted to be intermediate sulphidation

epithermal vein material from massive quartz-hematite-malachite vein-brecciation. The best composite grab sample graded 80.0 g/t silver, 13.5 g/t gold with a polymetallic content of 1.1% lead, 0.14% molybdenum, 0.3% zinc, 0.9% copper and 6.6% iron. The sample was well leached, contained secondary copper mineralization (malachite) and is strongly anomalous in content of the precious-metal pathfinder suite of elements mercury, bismuth, tellurium, tungsten, arsenic and antimony.

Another sample from the Red Soil and SGH target area was not totally weathered and leached of sulphur as it contained 0.19% sulphur. This vein sample graded 6.5% iron, 10.68% lead, 1.7% copper and again contained high grades of precious metals with gold at 11.3 g/t and silver at 212 g/t. This sample of intermediate sulphidation vein material again had a distinctive epithermal pathfinder element signature with high contents of mercury (7927 ppb), tellurium (11 g/t), bismuth (245 ppm), arsenic (224 ppm) and barium (859 ppm).

The Company considers this exposed zone to be a high priority, drill -ready target.

#### *Middle Guayacan Skarn - Hornfels and Felsic unit zone*

Approximately 1600 metres south-east from the North Guayacan old hand dug workings, the Company has made important discoveries during follow-up of precious metal soil survey geochemical anomalies. Several small exposures of mineralized underlying bedrock were located on a ridge as windows through a thin veneer of Tertiary andesitic volcanic rocks. This ridge area is adjacent to an extensive SGH soil anomaly target. The newly discovered Middle Guayacan Skarn - Hornfels and Felsic unit target is 400 metres south-east from the high grade intermediate sulphidation epithermal veins in the RED SOIL target previously described. The newly located zone consists of secondary copper mineralization in magnetite-epidote bearing skarn rocks and silicified, altered intrusive rocks (Hornfels) found in bedrock windows in the ridge and talus cover at anomalous soil survey sample sites.

Examples of precious metal results from composite rock material collected from sample sites in the Middle Guayacan anomalous soil zone are 3.7 g/t gold + 5.0 g/t silver; 2.1 g/t gold + 4.0 g/t silver; 5.7 g/t gold + 15.0 g/t silver; 1.2g/t gold + 1.3 g/t silver and 9.2 g/t gold + 9.9 g/t silver. The samples are generally low in base metals and pathfinder elements. However, a site with minor malachite staining contained very anomalous contents of tellurium (17.6 ppm Te).

About 100 metres south of the above Middle Guayacan gold in soil target, malachite stained magnetite and epidote bearing skarnoid bedrock material is found as a window in an historic hand dug shallow pit. Copper stained dump composites from two samples graded 0.5% and 1.86% copper, 10.0% and 13.0% iron, 189 ppb and 1127 ppb gold, and 490 ppb + 1127 ppb silver.

The Company interprets these Skarn-Hornfels-Felsic zones as halo styles of mineralization typically found peripheral to porphyry systems. The Company plans additional work to determine the extent of these as-yet undefined precious metal targets, in preparation for drill testing.

#### *Middle Guayacan Copper Soil and Old Hand Dug Pit Zones*

Approximately one kilometre west of the Middle Guayacan Skarn ridge zone in a flat area, some old shallow hand diggings in intensely altered sericitic and red ochre stained iron oxide rich rock debris were discovered.



This new 50 m by 300 m subcropping malachite and chrysocolla secondary copper mineral bearing zone lies about 300 m further west from the intermittent low ridge of altered granitic subcrop (dyke) which runs north to south joining the North Guayacan and South Guayacan – Copper Shaft mineralized zones. The soil geochemical survey has coincident anomalous base and precious metals and an elevated content pathfinder element suite approximating the area where iron-rich to red ochre bearing boxwork-textured, chrysocolla-quartz rich samples have been collected. Assays are pending but previously, a single quartz vein, prospector-collected float rock sample in the area contained 73 g/t silver and 238 ppb gold.

The Company considers this area to be a high priority target. This Middle Guayacan Copper Soil and Old Pit Zone surficial expression confirms the large scale of the mineralized porphyry system extending 3.5 kilometres north-south across the entire airborne geophysical anomaly.

### *South Guyacan Target*

This prospect area lies on a north to south linear trend of the altered granitic dyke which bisects the 3.5 kilometre wide magnetic low comprising the Guyacan airborne target anomaly. The variably sericitic-altered, low granitic ridge and adjacent flats contain anomalous geochemical soil survey multi element sample sites. Two east to west granite dykes and related structures cross cut the ridge.

The South Guyacan-Copper Shaft zone is located in the granitic dyke ridge about 2.7 kilometres directly south of the old North Guyacan diggings. It is characterized by an east-west crosscutting structure hosting quartz and iron oxides on fractures and in sericitic altered granite. The 20 metre deep, hand-dug, shaft-dump material is generally comprised of quartz breccia vein and hematitic-sericite granite with abundant secondary copper (chrysocolla and malachite) staining similar to that exposed in bedrock at the South Copper Shaft crosscutting structure.

A composite grab sample from the hand dug, shaft-dump rock material graded 2.5% copper, 126 g/t silver and 675 ppb gold with elevated content of the pathfinder elements tellurium and bismuth. About 175 metres further to the south from the Copper Shaft along the altered main Guyacan granitic north-south ridge (dyke) quartz veins and a crosscutting south dyke structure host chrysocolla in altered biotite to argillic altered granite. A quartz rich composite sample from this structure with chrysocolla staining graded 0.4% copper, 22.7g/t silver, 244 ppb gold, with high contents of the pathfinders tellurium (24 ppm) and bismuth (714 ppm).

The Company considers the South Guyacan-Copper Shaft area ready for drill testing.

*The Far South - South Guyacan Zone* is about a kilometre further south from the historic South Guyacan Shaft. This target lies in a flat lying area on the southern edge of the entire Guyacan circular pattern airborne magnetic anomaly. Precious metal soil survey geochemical anomalous sample sites are present in an 200 metre area where sericite altered granite occurring as subcrop is intruded by various styles and intensities of quartz breccia bodies and veins. These showings are similar to the quartz breccia found 3.5 kilometres north at the North Guyacan zone and at other zones scattered across the GUYACAN target. At the The Far South - South Guyacan Zone, the breccias are grey, glassy quartz and quartz-hematite matrix filled breccias containing low levels of base metals and minor elevated mercury, bismuth and tellurium contents. Quartz-hematite breccia samples from various locations along the 200 metres of the N to S strike graded: 1.4 g/t, 1.7 g/t, 4.6 g/t, 4.8 g/t, 3.1 g/t and 10.0 g/t silver with the two best gold content breccia rock composites grading 111 ppb and 306 ppb gold.

### *South Guyacan – Far East Epithermal Target*

In 2015 during follow-up of anomalous geochemical gold-in soil sample sites located about 1,000 to 1,200 metres directly east from the South Guyacan-Copper Shaft Target, some old surface prospect diggings were located on an east facing Tertiary volcanic cover ridge and slope. These diggings are adjacent to flat land to the east where an area of some hundreds of metres of clay-sericite and red soil altered material is exposed. The diggings and this area of intense alteration are positioned on the flank of the more intense low magnetic patterns present on the far eastern side of the 3.5 kilometre wide circular magnetic anomaly outlining the entire Guyacan mineralized system.

The Company has designated the zone epithermal (perhaps intermediate sulphidation) because of the presence of grey-blue silica and classic chalcedony plus an unusual suite of epithermal pathfinder and base metal elements contained in dominantly iron oxide material. Gold, silver and polymetallic mineralization are scattered over a 100-150 metre area in windows through the Tertiary andesite volcanic cover rocks on the ridge.

Highest values in composite and grab samples of leached iron oxide-rich (7.2 % to 8.7 % iron) with epithermal silica material assayed: 4.87%, 10.15%, and 9.35% lead; 0.24% to 0.39% copper; 0.17% to 0.26% zinc and up to 690 ppm molybdenum. Respectively to the lead content listed above, these samples assayed 7.2 g/t gold, 18.3 g/t gold and 4.6 g/t gold and respectively 310 g/t silver, 400 g/t silver, and 413 g/t silver.

Compared to the many other occurrences of enriched precious metals with epithermal pathfinder element anomalies found across the entire magnetic pattern Guyacan Target, the South Guyacan - Far East Epithermal Target is unique. Geochemical pathfinder element epithermal signatures such as high vanadium (as high as 4373 ppm V), high mercury (as high as 2272 ppb Hg), high arsenic (as high as 1409 ppm As) and enriched tellurium (1.9 ppm Te) accompanied by the high content of gold plus silver and base metals is interpreted by the Company to indicate that a well-developed, episodic, overprinting hydrothermal system was active during the emplacement of the epithermal to porphyry style portions of the Guyacan Target system.

The Company considers the South Guyacan – Far East Epithermal Target as a drill ready zone of possible intermediate epithermal style mineralization, perhaps overprinted and structurally controlled. This target is emplaced near the far eastern edge of the over burden covered 3.5 kilometre wide semi-circular Guyacan porphyry system magnetic signature.

### *Navojoa Project*

In view of the difficulties in accessing exploration funding the Company has relinquished its interests in the remaining claims, with the exception of one 30 hectare concession, that comprise the Navojoa Project. These relinquished claims include the La Kala, La Kala 2, Tres Hermanos, Encenada and the El Puerto concessions. As a result, the Company has written down the Navojoa Project to \$nil.

### 1.3 Selected Annual Financial Information

The following table presents selected financial information for the last three fiscal years ended May 31, 2015, 2014 and 2013.

	2015 -\$-	2014 -\$-	2013 -\$-
Revenue	-	-	-
Net and comprehensive loss	(1,862,499)	(1,722,261)	(1,166,062)
Basic and diluted loss per share	(0.09)	(0.19)	(0.13)
Total assets	2,420,604	3,333,253	3,551,300
Total long-term financial liabilities	-	-	-

### 1.4 Results of Operations

For the three months ended November 30, 2015 ("Second quarter of fiscal 2016"), the Company reported a net loss of \$176,045 or \$0.01 per share, compared to a net loss of \$216,654 or \$0.02 per share reported for the three months ended November 30, 2014 ("Second quarter of fiscal 2015"). During the second quarter of fiscal 2016, significant changes in expenses occurred in the expense categories described below as compared to the second quarter of fiscal 2015. Overall the expenses, excluding foreign exchange loss and fair value adjustment on marketable securities, decreased in the second quarter of fiscal 2016 compared fiscal 2015 in order to preserve the existing cash.

#### *Consulting fees*

Consulting fees decreased to \$31,231 in the second quarter of fiscal 2016 from \$46,564 in the second quarter of fiscal 2015 due to reduced corporate activity to preserve the existing cash..

### 1.5 Summary of Quarterly Results

The following table sets out certain unaudited financial information of the Company for each of the last eight quarters, beginning with the third quarter of fiscal 2014. This financial information has been prepared in accordance International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB").

	Q2 2016 -\$-	Q1 2016 -\$-	Q4 2015 -\$-	Q3 2015 -\$-
Net revenues	-	-	-	-
Net income (loss)	(176,045)	(244,957)	(1,348,741)	(135,509)
Per share	(0.01)	(0.01)	(0.06)	(0.01)
	Q2 2015 -\$-	Q1 2015 -\$-	Q4 2014 -\$-	Q3 2014 -\$-
Net revenues	-	-	-	-
Net income (loss)	(216,654)	(161,595)	(1,118,931)	(166,410)
Per share	(0.02)	(0.01)	(0.12)	(0.02)

Quarterly results are highly variable for exploration companies depending on whether the company has any property write-downs or share-based payments expenses.

## 1.6 Liquidity

The activities of the Company, principally the acquisition of mineral properties and exploration thereon, are financed through the completion of equity offerings involving the sale of equity securities. These equity offerings generally include private placements and the exercise of warrants and options.

At November 30, 2015, the Company had \$18,014 in cash and cash equivalents (May 31, 2015 - \$29,598).

## 1.7 Capital Resources

The Company's capital resource requirements are dependent on the development stages of its respective properties.

The Company's long-term contractual obligations include an office lease totalling \$5,597 per month starting from August 1, 2013 for a three-year term.

## 1.8 Off-Balance Sheet Arrangements

None.

## 1.9 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the three months ended November 30, 2015 and 2014 were as follows:

	2015	2014
	-\$-	-\$-
Short-term benefits	39,000	39,000
Share-based payments	-	-
Total	39,000	39,000

## 1.10 Fourth Quarter

Not applicable.

## 1.11 Proposed Transaction

To the best of Management's knowledge, there are no proposed transactions that will materially affect the performance or operation of the Company.

## 1.12 Critical Accounting Estimates

The Company's critical accounting judgements are contained in Note 2 to the audited financial statements for the year ended May 31, 2015. The preparation of the Annual financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates and underlying assumptions are reviewed on an ongoing basis. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Annual Financial Statements included the following:

### *Impairment assessment*

The Company assesses its exploration and evaluation assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period. The assessment of any impairment of equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows, and the useful lives of assets and their related salvage values.

### *Fair value of marketable securities*

The fair value of marketable securities is determined with reference to quoted bid prices. In situations where the quoted price is not considered reliable or when the security is thinly traded, management will consider other available information in determining the fair value, including on transactions both before and after the financial position reporting date.

### *Recoverability of amounts receivable*

The balance in amounts receivable includes value added taxes to be recovered in Mexico. At each financial position reporting date, the carrying amounts of the Company's amounts receivable are reviewed to determine whether there is any indication that those assets are impaired. The Company uses judgment in determining whether there are facts and circumstances suggesting that the carrying amounts of its amounts receivable may exceed the recoverable amount.

The Company is corresponding with the Mexican government to recover the Mexican value added tax. At November 30, 2015, there are no indicators that suggest that the Company's Mexican value added tax is not recoverable.

### *Assessment of going concern*

The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities by raising additional financing.

### *Assessment of functional currency*

The Company uses judgment in determining its functional currency. IAS 21 *The Effects of Changes in Foreign Exchange Rates* defines the functional currency as the currency of the primary economic environment in which an entity operates. IAS 21 requires the determination of

functional currency to be performed on an entity by entity basis, based on various primary and secondary factors. In identifying the functional currency of the parent and of its subsidiaries, management considered the currency that mainly influences the cost of undertaking the business activities in each jurisdiction in which the Company operates.

### 1.13 Recent Accounting Pronouncements

The following new standards and interpretations have been issued by the IASB, but are not yet effective:

#### *IFRS 9 Financial Instruments (2014)*

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to annual periods beginning on or after June 1, 2018.

#### *Accounting for Acquisition of Interests in Joint Operations (Amendments to IFRS 11)*

Amends IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11;
- disclose the information required by IFRS 3 and other IFRS for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Note: The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognized for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

Applicable to annual periods beginning on or after June 1, 2017.

#### *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)*

Amends IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Applicable to annual periods beginning on or after June 1, 2017.

## **1.14 Financial Instruments and Other Instruments**

The Company has designated its cash and marketable securities as FVTPL; deposits, as held-to-maturity; and accounts payable and loan payable, as other financial liabilities.

The carrying values of current deposits and accounts payable approximate their fair values due to the short-term maturity of these financial instruments. The fair value of the non-current deposits also approximates its carrying value.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents, amounts receivable and deposits. The Company limits exposure to credit risk by maintaining its cash and cash equivalents and deposits with major financial institutions. The Company is not exposed to significant credit risk on its amounts receivable as the entire balance is due from government agencies.

### b) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

#### (i) Interest rate risk

Interest rate is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The company has cash and cash equivalents and loans payable. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. In addition, loan payable is stated at fixed interest rates and therefore is not subject to fluctuations in the market interest rates.

#### (ii) Currency risk

The Company is exposed to currency risk to the extent that expenditures incurred by the Company are denominated in currencies other than the Canadian dollar (primarily Mexican pesos). The Company does not manage currency risk through hedging or other currency management tools.

The Company's net exposure to foreign currency risk is as follows:

	November 30, 2015			May 31, 2015		
	Great British Pounds	Mexican pesos	Canadian dollars equivalent	Great British Pounds	Mexican pesos	Canadian dollars equivalent
Cash	-	49,873	4,005	-	49,600	4,032
Amounts receivable	-	2,056,342	165,146	-	2,399,474	166,669
Marketable securities	5,851	-	11,735	25,078	-	42,153
Accounts payable	-	(9,276,600)	(745,007)	-	(10,855,854)	(659,928)
Net	5,851	(7,170,385)	(564,121)	25,078	(8,406,780)	(447,074)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company has held-for-trading marketable securities that (Note 5) that are traded on London Stock Exchange.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

As at November 30, 2015, the cash balance of \$18,014 (May 31, 2015 - \$29,598) would not be sufficient to meet the cash requirements for the Company's administrative overhead, maintaining its E&E assets and continuing with its exploration programs in the following twelve months. The Company will be required to raise additional capital in the future to fund its operations.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at November 30, 2015:

	Within 60 days	Between 61-90 days	More than 90 days
	-\$-	-\$-	-\$-
Accounts payable and accrued liabilities	1,406,903	-	-
Loan payable	186,231	-	-
	1,593,134	-	-



## **1.16 Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's capital is comprised of share capital and loans payable.

There were no changes in the Company's approach to capital management during the three months ended November 30, 2015.

The Company is not subject to any externally imposed capital requirements.

## **1.15 Other MD&A Requirements**

### **Disclosure of Outstanding Share Data**

At November 30, 2015, there were 25,927,292 outstanding common shares, 244,000 outstanding stock options and 7,681,500 share purchase warrants.

At January 29, 2016, there were 25,927,292 outstanding common shares, 244,000 outstanding stock options and 7,681,500 share purchase warrants.

### **Risks and uncertainties**

The Company is in the business of acquiring, exploring and, if warranted, developing mineral properties, which is a highly speculative endeavour, and the Company's future performance may be affected by events, risks or uncertainties that are outside of the Company's control.

The Company's management consider the risks set out below to be the most significant to potential investors of the Company, but not all risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

### **Foreign Operations**

The Company has beneficial ownership of mineral interests in Mexico, and thus is exposed to various degrees of political, economic and other risks and uncertainties. In particular, the Company's operations and investments if applicable, may be affected by the local and governing political and economic developments including and not limited to: expropriation, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitation on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws of Canada affecting foreign trade, investment and taxation.

### **Limited Operating History**

The Company is still in an early stage of development. The Company is engaged in the business of acquiring, exploring and, if warranted, developing mineral properties in the hope of locating economic deposits of minerals. The Company's mineral interests are in the early stages of

exploration and are without a known deposit of commercial ore. The Company has no history of earnings. There is no guarantee that economic quantities of mineral reserves will be discovered on the Company's property.

### **Exploration and Development Risks**

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market and mineral price fluctuations, particular attributes of any deposits (including size and grade), the proximity and capacity of milling facilities, mineral markets and processing equipment, and other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not having an adequate return on investment.

The Company's mineral properties are in the exploration stage only and are without proven bodies of commercial minerals. Development of any property would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration activities and, if warranted, its development activities will result in any discoveries of commercial bodies any minerals. The long-term profitability of the Corporation's operations will, in part, be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

### **Mineral Titles**

No assurances can be given that title defects to the Company's mineral interests do not exist. The Company's current mineral properties and other properties it may from time to time acquire an interest in, may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title and interest in and to the properties.

### **Loss of Interest in Properties**

The Company may acquire properties, which require the Company to make certain additional payments in order to maintain its interests. The Company's ability to acquire or maintain those interests will be dependent on its ability to raise additional funds by equity and/or debt financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required for the acquisition of its interests in certain properties and could result in delay or postponement of further exploration and the partial or total loss of the Company's interest in such properties.

### **Permits and Government Regulations**

The future operations of the Company will require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing exploration, development, mining, production, export, taxes, labour standards, occupational

health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of its properties.

### **Environmental and Safety Regulations and Risks**

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be temporarily withdrawn where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the acquired properties or non-compliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors, from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable standards. There is a risk that environmental laws and regulations may become more onerous, and thus raising the costs of operations.

### **Competition**

The resource industry is intensely competitive in all of its phases. The Company competes with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could adversely affect the Company's ability to acquire suitable properties or prospects for exploration in the future.

### **Management**

The success of the Company is currently dependant on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. At this date there are no indications that any change in management cannot be maintained at the current structure.

### **Conflicts of Interest**

Various of the Company's directors, officers and other members of management do, and may in the future, serve as directors, officers, promoters and members of management of other companies involved in the acquisition, exploration and development of mineral resource properties and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws governing accountability of directors and officers for corporate opportunity and the requirement of directors to disclose conflicts of interest. The Corporation will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

### **Fluctuating Mineral Prices**

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals. The price of those commodities has fluctuated widely, and is affected by numerous factors beyond the Company's control, including international economic

and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of the Company's exploration projects, cannot be accurately predicted.

### **Additional Funding Requirements**

From time to time, the Company will require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Company's cash flow from operations is not sufficient to satisfy its capital or resource expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favourable terms.

### **Price Volatility and Lack of Active Market**

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Any quoted market for the Company's securities may be subject to such market trends and that the value of such securities may be affected accordingly.

### **Further Information**

Additional information about the Company is available at the Company's website <http://www.westminsterres.com>.