

# **WESTMINSTER RESOURCES LTD.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NINE MONTHS ENDED FEBRUARY 29, 2016**

(Unaudited)

(Expressed in Canadian dollars)

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

	February 29, 2016 (unaudited) - \$ -	May 31, 2015 (audited) - \$ -
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	3,856	29,598
Accounts receivable	28,023	10,962
Marketable securities (Note 3)	-	42,153
Prepays	4,822	5,224
	36,701	87,937
Deposits		
Equipment and leaseholds	58,359	58,359
Accounts receivable	30,172	39,890
Mineral property interests (Note 4)	154,178	166,669
	2,173,799	2,067,749
	2,453,209	2,420,604
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,452,776	1,067,887
Loan payable	203,831	84,631
	1,656,607	1,152,518
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	15,600,705	15,600,705
Reserves (Note 5)	1,789,826	1,789,826
Deficit	(16,593,929)	(16,122,445)
	796,602	1,268,086
	2,453,209	2,420,604

Approved on Behalf of the Board of Directors:

"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 INCOME**  
(Expressed in Canadian dollars)

	Three months ended February 29,		Nine months ended February 29,	
	2016	2015	2016	2015
	- \$ -	- \$ -	- \$ -	- \$ -
<b>Expenses</b>				
Consulting fees	42,827	(106,390)	110,701	8,672
Office	10,846	8,376	70,995	88,453
Accounting, audit, and legal	25,440	52,012	104,577	125,452
Management fees	30,000	30,000	90,000	90,000
Conferences and investor relations	18,800	(7,000)	55,280	29,480
Regulatory and filing fees	1,527	(5,273)	6,815	24,567
Amortization	3,183	-	9,718	6,740
Travel and entertainment	-	4,196	-	4,196
Bank charges and interest	2,279	-	2,764	689
	134,902	(24,079)	450,850	378,249
<b>Other items</b>				
Fair value adjustment on marketable securities (Note 3)	7,089	-	25,547	-
Foreign exchange gain	(91,510)	23,919	(4,754)	-
Interest income	-	-	(160)	(160)
<b>Net loss and comprehensive loss</b>	50,481	(160)	471,483	378,089
<b>Basic and diluted loss per share</b>	0.00	(0.00)	0.02	0.01
<b>Weighted average common shares outstanding - basic and diluted</b>	25,927,293	25,927,293	25,927,293	25,927,293

See Notes to Consolidated Financial Statements

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

	Number of shares	Share capital	Share- based payments reserve	Reserves Warrants reserve	Sub- scription funds received	Deficit	Total share- holder's equity
		- \$ -	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
Balance, May 31, 2014	10,692,293	14,637,045	1,116,906	638,370	284,010	(14,259,946)	2,416,385
Share issuances for cash, net of share issuance costs	635,000	299,010	-	-	(284,010)	-	15,000
Comprehensive loss	-	-	-	-	-	(378,249)	(378,249)
Balance, February 29, 2014	11,327,293	14,936,055	1,116,906	638,370	-	(14,638,195)	2,053,136
Balance, May 31, 2015	25,927,292	15,600,705	1,116,906	672,920	-	(16,122,445)	1,268,086
Comprehensive loss	-	-	-	-	-	(471,484)	(471,484)
Balance, February 29, 2016	25,927,292	15,600,705	1,116,906	672,920	-	(16,593,929)	796,602

See Notes to Consolidated Financial Statements

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

	Nine months ended February 29,	
	2016	2015
	- \$ -	- \$ -
Cash from (used in):		
Operating Activities		
Net loss	(471,483)	(378,089)
Items not involving cash:		
Fair value adjustment on marketable securities	25,547	-
Amortization	9,718	6,740
Change in non-cash working capital items:		
Accounts receivable	(4,570)	6,528
Prepaid expenses and deposits	402	155
Accounts payable and accrued liabilities	384,888	(520,279)
Net cash used in operating activities	(55,498)	(884,945)
Investing Activities		
Proceeds from sale of marketable securities	16,606	167,549
Expenditures (recovery) on exploration and evaluation assets	(106,050)	(88,195)
Cash provided by (used in) investing activities	(89,444)	79,354
Financing activities		
Issuance of common shares, net of share issuance costs	-	745,000
Receipt of loans	155,200	53,000
Repayment of loans	(36,000)	-
Cash provided by financing activities	119,200	798,000
Increase (decrease) in cash and cash equivalents	(25,742)	(7,591)
Cash and cash equivalents, beginning	29,598	48,136
Cash and cash equivalents, ending	3,856	40,545
<b>Supplemental cash flow information:</b>	<b>- \$ -</b>	<b>- \$ -</b>
Exploration and evaluation assets accrued in accounts payable	641,634	412,118

See Notes to Consolidated Financial Statements

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**WESTMINSTER RESOURCES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****Nine Months Ended February 29, 2016 and 2015**(Expressed in Canadian dollars)

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**1. Nature and Continuance of Operations**

Westminster Resources Ltd. (the "Company" or "Westminster") 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, British Columbia, 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. However, there are factors that management has identified that may cast significant doubt on the entities ability to continue as a going concern.

For the nine months ended February 29, 2016, the Company reported a net loss of \$471,483 (2015 – \$378,089) and a deficit of \$16,593,929 (May 31, 2015 - \$16,122,445). As at February 29, 2016, the Company had a working capital deficiency of \$1,619,906 (May 31, 2015 - \$1,064,581). The Company has no source of operating cash flow and relies on issuances of equity to finance operations, including exploration of its exploration and evaluation ("E&E") assets.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its E&E assets, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth, if necessary, or alternatively to dispose of its interests in certain properties. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, the Company may be unable to continue as a going concern.

The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its E&E assets. The recoverability of amounts shown for E&E assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production or proceeds from disposition of E&E assets.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that may be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business.

**2. Basis of Presentation****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, 2015.

These condensed 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 interim financial statements should be read in conjunction with the audited financial statements for the year ended May 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB. These condensed interim financial statements were authorized for issue by the Board of Directors on April 29, 2016.

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**WESTMINSTER RESOURCES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****Nine Months Ended February 29, 2016 and 2015**(Expressed in Canadian dollars)

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**2. Basis of Presentation** (continued)

## 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.

**3. Marketable Securities**

The Company's marketable securities consist of:

	Number	Fair value - \$ -	Cost - \$ -
Balance - May 31, 2015	147,515	42,153	268,258
Disposition	(147,515)	(15,527)	(268,258)
Fair value adjustment	-	(25,549)	-
Foreign currency exchange adjustment	-	(1,077)	-
Balance - February 29, 2016	-	-	-

On March 7, 2014, the Company closed the securities exchange with Global Resources Investment Trust plc ("GRIT") and issued 2,000,000 common shares at a price of \$0.60 per share to GRIT, in exchange for 659,880 ordinary shares of GRIT (the "GRIT Shares"), at the deemed price of £1.00 per GRIT Share, with fair value of \$1,200,000. The GRIT shares are considered held-for-trading marketable securities and are classified as FVTPL.

During the nine months of fiscal 2016, the Company sold remaining 147,515 GRIT shares at an average price of £0.05, or \$0.105, per share on the London Stock Exchange.



**WESTMINSTER RESOURCES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine Months Ended February 29, 2016 and 2015

(Expressed in Canadian dollars)

**4. Exploration and Evaluation Assets**

At February 29, 2016 and May 31, 2015 and 2014, the Company's interests in exploration and evaluation assets are located in Sonora, Mexico. Cumulative expenditures incurred are as follows:

	May 31, 2014	Addition (disposal)	May 31, 2015	Addition (disposal)	February 29, 2016
	-\$-	-\$-	-\$-	-\$-	-\$-
<b>Navojoa Project, Sonora, Mexico</b>					
Acquisition costs	600,472	-	600,472	-	600,472
Exploration expenditures:					
Property maintenance	83,225	178,573	261,798	-	261,798
Assays and reports	3,123	-	3,123	-	3,123
Consulting and engineering	38,424	200	38,624	-	38,624
Drilling	1,791	-	1,791	-	1,791
Field expenses	24,316	-	24,316	-	24,316
Geology and geophysics	10,246	-	10,246	-	10,246
Travel	6,030	-	6,030	-	6,030
Write-down	-	(946,399)	(946,399)	-	(946,399)
	767,626	(767,626)	-	-	-
<b>El Cobre Project, Sonora, Mexico</b>					
Acquisition costs	151,731	-	151,731	-	151,731
Exploration expenditures:					
Property maintenance	280,836	80,298	361,134	-	361,134
Assays and reports	98,253	2,041	100,294	-	100,294
Consulting and engineering	229,323	94,309	323,632	90,000	413,632
Drilling	329,151	491	329,642	-	329,642
Field expenses	592,258	5,508	597,766	1,987	599,753
Geology and geophysics	121,969	-	121,969	-	121,969
Travel	54,868	26,713	81,581	14,062	95,644
	1,858,389	209,360	2,067,749	106,050	2,173,799
<b>Cumbral Project, Sonora, Mexico</b>					
Exploration expenditures:					
Assays and reports	310,049	-	310,049	-	310,049
Consulting and engineering	821,720	-	821,720	-	821,720
Drilling	790,213	-	790,213	-	790,213
Field expenses	687,114	-	687,113	-	687,113
Geology and geophysics	689,469	-	689,469	-	689,469
Project management	65,024	-	65,024	-	65,024
Property maintenance	11,198	-	11,198	-	11,198
Travel	135,161	-	135,161	-	135,161
Recovery of exploration costs (funds received from Capstone)	(3,509,947)	-	(3,509,947)	-	(3,509,947)
	-	-	-	-	-
	2,860,922	(558,266)	2,067,749	106,050	2,173,799

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**WESTMINSTER RESOURCES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****Nine Months Ended February 29, 2016 and 2015**(Expressed in Canadian dollars)

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**5. Share Capital and Reserves**

- a) Authorized – Unlimited number of common shares without par value.

The Company filed for the consolidation of the Company's issued and outstanding share capital with the TSX Venture Exchange. The TSX Venture Exchange approved this consolidation on November 7, 2014, and on November 10, 2014 the Company's common shares began trading on the basis of 1 post-consolidation common share for every 10 pre-consolidation common shares. This consolidation reduced the issued and outstanding shares of the Company from 113,272,926 to 11,327,292 shares. The Company's outstanding options and warrants were adjusted on the same basis (1 for 10) as the common shares, with proportionate adjustments being made to the exercise prices. All shares, options and warrants have been retrospectively adjusted to reflect the share consolidation.

b) Issued

- (i) On February 2, 2015, the Company closed a non-brokered private placement of 14,600,000 units at \$0.05 per unit to raise gross proceeds of \$730,000. Each unit comprises one common share and one-half of one common share purchase warrant. Each full common share warrant entitles the holder to purchase one common share at \$0.10 until February 2, 2017. Using the residual method, \$nil was allocated to the value of the warrants. A finder's fee of \$32,490 was paid and 64,000 finder's fee warrants valued at \$2,800 were issued in connection with this transaction. Each finder's fee warrant entitles the holder to purchase one common share at \$0.10 until February 2, 2017.
- (ii) On June 6, 2014, the Company closed a non-brokered private placement of 635,000 units at \$0.50 per unit to raise gross proceeds of \$317,500. Each unit comprises one common share and one-half of one common share purchase warrant. Each full common share warrant entitles the holder to purchase one common share at \$0.10 until June 6, 2016. Using the residual value, \$31,750 was allocated to the warrants. A finder's fee of \$19,600 was paid in connection with this transaction.

b) 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 year ended May 31, 2014 and 2015, and nine months ended February 29, 2016 are as follows:

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	Number of Options	Weighted Average Exercise Price
Outstanding, May 31, 2014 and 2015	430,000	\$2.05
Expired	(186,000)	\$2.78
Outstanding, February 29, 2016	244,000	\$1.5

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**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Nine Months Ended February 29, 2016 and 2015**  
(Expressed in Canadian dollars)

**5. Share Capital and Reserves (continued)**

Continuity of the stock options outstanding as at May 31, 2015 and February 29, 2016 is as follows:

Expiry Date	Exercise Price	February 29, 2016		May 31, 2015	
		Options Outstanding	Options Exercisable	Options Outstanding	Options Exercisable
20-Sep-15	\$2.50	-	-	151,000	151,000
18-Nov-15	\$4.00	-	-	35,000	35,000
08-Jun-17	\$1.50	244,000	244,000	244,000	244,000
<b>Outstanding</b>		<b>244,000</b>	<b>244,000</b>	<b>430,000</b>	<b>430,000</b>
Weighted average remaining contractual life of options			1.3 year		1.3 year

d) Share Purchase Warrants

Details of the status of the Company's warrants and changes during the year ended May 31, 2014 and 2015, and nine months ended February 29, 2016 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, May 31, 2014	-	-
Issued	7,681,500	\$0.10
<b>Outstanding, May 31, 2015 and February 29, 2016</b>	<b>7,681,500</b>	<b>\$0.10</b>

Continuity of the stock options outstanding as at May 31, 2015 and February 29, 2016 is as follows:

Expiry Date	Exercise Price	February 29, 2016		May 31, 2015	
		Options Outstanding	Options Exercisable	Options Outstanding	Options Exercisable
6-Jun-16	\$0.10	317,500	-	-	-
02-Feb-17	\$0.10	7,300,000	-	-	-
02-Feb-17	\$0.10	64,000	-	-	-
<b>Outstanding</b>		<b>7,681,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Weighted average remaining contractual life of warrants			1 year		-

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**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Nine Months Ended February 29, 2016 and 2015**  
(Expressed in Canadian dollars)

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**6. Key Management Compensation**

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 nine months ended February 29, 2016 and 2015 were as follows:

	2016	2015
	-\$-	-\$-
Short-term benefits	117,000	117,000
Share-based payments	-	-
Total	117,000	117,000

**7. Subsequent Events**

On April 21, 2016, the Company closed a non-brokered private placement of 11,826,000 units at \$0.05 per unit to raise gross proceeds of \$591,300. Each unit comprises one common share and one common share purchase warrant. Each full common share warrant entitles the holder to purchase one common share at \$0.10 until April 21, 2019.