

# **WESTMINSTER RESOURCES LTD.**

(An Exploration Stage Company)

## **INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Six Months Ended November 30, 2019**

# **WESTMINSTER RESOURCES LTD.** *(An Exploration Stage Company)*

## **Interim Management's Discussion and Analysis – Quarterly Highlights**

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

---

### **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.

# **WESTMINSTER RESOURCES LTD.** *(An Exploration Stage Company)*

## **Interim Management's Discussion and Analysis – Quarterly Highlights**

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

---

### **1.1 Date**

The following management's discussion and analysis ("MD&A"), which is dated January 29, 2020 provides a review of the activities, results of operations and financial condition of Westminster Resources Ltd. ("the Company" or "Westminster"), as at November 30, 2019 as well as future prospects of the Company. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company as at and for the six months ended November 30, 2019 (the "Interim Financial Statements"), together with the audited consolidated financial statements of the Company as at and for the year ended May 31, 2019. 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 TSX Venture Exchange listed company (symbol – WMR). Westminster is a resource company that is conducting exploration in southern Peru, through its wholly-owned subsidiary, Westminster Peru S.A.C; and in the La Ronge District of northern Saskatchewan, Canada. The mineral concessions, which have been acquired by staking, option agreements and through outright purchases, are prospective for mostly copper and gold in Southern Peru; and copper, gold and zinc in Saskatchewan.

In Peru, Westminster is focused on the Ilo Norte and Ilo Este copper/gold projects in the highly-prospective coastal IOCG/Porphyry Copper belt of southern Peru, mostly in the districts of Moquegua and Tacna. Within 100 km of the Projects, the region is the source of around half of Peru's copper production (the world's third largest copper producing nation). Ilo Norte is an IOCG system, with a subsidiary high-grade copper-skarn target, while Ilo Este is a copper-gold-molybdenum porphyry system. Two less-advanced projects cover geophysical targets in the same area.

The Saskatchewan project covers 10,858 hectares in the La Ronge District. The package of claims is prospective for copper and other minerals, with numerous showings and occurrences from historical exploration.

The Company also continues to review and investigate other projects which may fit the Company's overall capabilities and goals.

#### **1.2.2 Financial condition**

At November 30, 2019, the Company had no long-term debt and its credit and interest rate risks are limited to interest bearing assets of cash. At November 30, 2019, the Company had \$18,636 in cash (May 31, 2019 - \$9,719) and negative working capital of \$1,303,598 (May 31, 2019 – \$881,631).

#### **1.2.3 Outlook and Recent Exploration Activity**

For the six months ended November 30, 2019, the Company's focus has been completing the Peru and Saskatchewan acquisitions and the continuing review of other mineral projects that may fit within the Company's portfolio, and the potential sourcing of other additional funding and/or pursuing industry partnerships. The following information presents details on the Company's properties and recent exploration and evaluation activities in Peru and Canada.

# WESTMINSTER RESOURCES LTD. *(An Exploration Stage Company)*

## Interim Management's Discussion and Analysis – Quarterly Highlights

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

---

### Exploration Highlights

#### Ilo Norte (Peru)

The Ilo Norte Project in southern Peru is an Iron Oxide Copper Gold (IOCG) exploration target with significant potential. The work to date has concentrated on a relatively small portion of the prospective part of the lease holding. Remote sensing and in-field mapping has demonstrated that the silica and potassic alteration halo that exists at the known mineralisation extends across the entire property. The initial recommendation is to complete a 3D induced polarisation survey, once all the data is properly centralised and compiled.

#### Ilo Este (Peru)

Ilo Este, also in southern Peru, is a copper-gold porphyry deposit that has been eroded down to the mid-level of the system. There remains the potential to discover an ore body within the remnants of the porphyry that has been the focus of the majority of work thus far, and for other centres to be discovered within the lease holding to the north across the river and on the southern side of the Chololo fault. The initial recommendation, after data centralisation and compilation, is for alteration logging of core and rock chips, along with an extension of the magnetic survey, geological mapping and geochemical survey to the north side of the river.

#### La Ronge (Saskatchewan)

The La Ronge project in central Saskatchewan, Canada covers numerous historical showings from regional exploration historically focused on nickel-PGE, orogenic gold and VMS deposit types. The property has numerous mineral occurrences which include copper, and recent exploration in the region by other companies has indicated some trends to be higher in copper than others. The Company continues to compile and re-interpret historical information as a precursor to sampling and mapping in the field.

### Qualified Person

Technical information in this MD&A has been reviewed and approved by Derrick Strickland, P. Geo, a qualified person as defined in National Instrument 43-101.

### 1.3 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 2018. 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").

Quarterly results are highly variable for exploration companies depending on whether the Company has any property write-downs, share-based payments expenses and gain or losses resulting from foreign exchange.

---

	Loss per quarter	Fully diluted loss per share
Dec. 1, 2017 – Feb. 28, 2018	\$ (295,045)	\$ (0.06)
Mar. 1, 2018 – May. 31, 2018	\$ (990,275)	\$ (0.20)
Jun. 1, 2018 – Aug. 31, 2018	\$ (259,112)	\$ (0.05)
Sept. 1, 2018 – Nov. 30, 2018	\$ (236,668)	\$ (0.01)
Dec. 1, 2018 – Feb. 28, 2019	\$ (273,782)	\$ (0.03)
Mar. 1, 2019 – May. 31, 2019	\$ (1,970,079)	\$ (0.21)
Jun. 1, 2019 – Aug. 31, 2019	\$ (164,013)	\$ (0.02)
Sept. 1, 2019 – Nov. 30, 2019	\$ (71,370)	\$ (0.01)

---

**WESTMINSTER RESOURCES LTD.** *(An Exploration Stage Company)***Interim Management's Discussion and Analysis – Quarterly Highlights**

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

**1.4 Results of Operations**

During the year ended May 31, 2019 and the six months ended November 30, 2019, exploration expenditures were as follows:

	Balance as at May 31, 2018	Additions	Balance as at May 31, 2019	Additions	Balance as at November 30, 2019
<b>El Cobre Project, Sonora, Mexico:</b>					
Acquisition costs	151,731	-	151,731	-	151,731
Exploration expenditures					
Property maintenance	396,562	24,273	420,835	-	420,835
Assays and reports	109,514	-	109,514	-	109,514
Consulting and engineering	339,644	15,000	354,644	-	354,644
Drilling	329,642	-	329,642	-	329,642
Field expenses	672,809	-	672,809	-	672,809
Geology and geophysics	349,729	-	349,729	-	349,729
Travel	82,946	-	82,946	-	82,946
Write-down	(794,070)	(1,677,780)	(2,471,850)	-	(2,471,850)
	1,638,507	(1,638,507)	-	-	-
<b>Ilo Norte/Ilo Este Project, Peru:</b>					
Acquisition costs	219,525	2,872,779	3,092,304	26,506	3,118,810
Exploration expenditures					
Consulting and engineering	19,470	62,160	81,630	-	81,630
Write-down	-	(84,101)	(84,101)	-	(84,101)
	238,995	2,850,838	3,089,833	26,506	3,116,339
<b>La Ronge, Saskatchewan:</b>					
Acquisition costs	-	70,000	70,000	-	70,000
	-	70,000	70,000	-	70,000
	\$ 1,877,502	\$ 1,282,331	\$ 3,159,833	\$ 26,506	\$ 3,186,339

# **WESTMINSTER RESOURCES LTD.** *(An Exploration Stage Company)*

## **Interim Management's Discussion and Analysis – Quarterly Highlights**

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

---

### **Six Months Ended November 30, 2019**

Total loss and comprehensive loss for the period ended November 30, 2019 was \$235,383 compared to \$495,780 for the period ended November 30, 2018. During the period ended November 30, 2019:

- i) Consulting fees decreased to \$147,122 (2018 – \$318,104) due to several consulting contracts ending in August 2019 which resulted in reduced consulting fees.
- ii) Management fees decreased to \$30,000 (2018 – \$60,000) due to a management contract with the CEO of the Company ending during the current period.
- iii) Office decreased to \$12,146 (2018 – \$36,391) due to a decrease in general activities in the current period.
- iv) Rent decreased to \$Nil (2018 – \$81,872) due to the adoption of IFRS 16 at the beginning of the current fiscal period. Rent expense was essentially replaced with a similar amount of amortization expense.
- v) Accounting, audit and legal decreased to \$8,791 (2018 – \$26,195) primarily due to the timing of accounting and audit fees accrued in the current period.
- vi) Regulatory and filing fees increased to \$14,240 (2018 – \$6,195) due to increased filings during the current period.
- vii) Travel and entertainment decreased to \$Nil (2018 – \$16,616) due to fewer trips taken by management in the current period.
- viii) Amortization of right-of-use asset increased to \$69,897 (2018 – \$Nil) due to the adoption of IFRS 16 at the beginning of the fiscal year.

### **Three Months Ended November 30, 2019**

Total loss and comprehensive loss for the period ended November 30, 2019 was \$71,370 compared to \$236,668 for the period ended November 30, 2018. During the period ended November 30, 2019:

- i) Consulting fees decreased to \$48,874 (2018 – \$156,356) due to the ending of several consulting contracts ending in August 2019 which resulted in reduced consulting fees.
- ii) Management fees decreased to \$Nil (2018 – \$30,000) due to a management contract with the CEO of the Company ending during the current period.
- iii) Office decreased to \$3,368 (2018 – \$18,565) due to a decrease in general activities in the current period.
- iv) Rent decreased to \$Nil (2018 – \$40,153) due to the adoption of IFRS 16 at the beginning of the current fiscal period. Rent expense was essentially replaced with a similar amount of amortization expense.
- v) Accounting, audit and legal decreased to \$7,191 (2018 – \$17,179) primarily due to the timing of accounting and audit fees accrued in the current period.
- vi) Regulatory and filing fees increased to \$5,296 (2018 – \$3,482) due to increased filings during the current period.
- vii) Amortization of right-of-use asset increased to \$34,949 (2018 – \$Nil) due to the adoption of IFRS 16 at the beginning of the fiscal year.

# **WESTMINSTER RESOURCES LTD.** *(An Exploration Stage Company)*

## **Interim Management's Discussion and Analysis – Quarterly Highlights**

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

---

### **1.5 Liquidity and Going Concern**

The recovery of the Company's investment in exploration and evaluation properties and the attainment of profitable operations are dependent upon the discovery and development of economic precious and base metal reserves and the ability to arrange sufficient financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations and continue the exploration and development of its mineral properties is dependent upon its ability to continue to raise adequate financing. Historically, operating capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly.

Other than those obligations disclosed in the notes to its condensed interim consolidated financial statements and discussed in this MD&A, the Company has no other long-term debt, capital lease obligations, operating leases, or any other long-term obligations. The Company has no outstanding debt facility upon which to draw.

The Company's cash position as at November 30, 2019 was \$18,636 (May 31, 2019 - \$9,719) and had negative working capital of \$1,303,598 (May 31, 2019 – negative working capital of \$881,631).

Historically, the Company's only source of funding has been the issuance of equity securities for cash. The Company has issued common share capital pursuant to private placement financings, and the exercise of warrants and options. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's ability to raise additional funds may be impacted by future exploration results and changes in metal prices or market conditions.

A detail of the Company's recently completed private placements are discussed in the section that follows.

### **1.6 Capital Resources**

No shares were issued during the six months ended November 30, 2019.

During the year ended May 31, 2019, the Company:

- i) issued 3,990,000 shares were issued with a fair value of \$2,539,500 in connection with the acquisition of the Ilo Norte and Ilo Este concessions in Peru.
- ii) issued 400,000 shares were issued with a fair value of \$70,000 in connection with the acquisition of the La Ronge, Saskatchewan claims.

### **1.7 Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

# **WESTMINSTER RESOURCES LTD.** *(An Exploration Stage Company)*

## **Interim Management's Discussion and Analysis – Quarterly Highlights**

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

### **1.8 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 six months ended November 30, 2019 and 2018 were as follows:

	Six months ended November 30, 2019	Six months ended November 30, 2018
Short-term benefits	\$ 90,000	\$ 166,897

Included in short term benefits are the following:

- (i) \$30,000 (2018 - \$60,000) in management fees paid or accrued to a company controlled by Jason Cubitt, a director of the Company.
- (ii) \$30,000 (2018 - \$24,750) in consulting fees paid or accrued to a company controlled by Alain Voisin, the Company's former Chief Financial Officer.
- (iii) \$Nil (2018 - \$59,647) in consulting fees recorded under E&E paid to Kerry Griffin, the former Vice President, Exploration.
- (iv) \$30,000 (2018-\$22,500) in consulting fees accrued to Chris Gale, a director of the Company.

Included in accounts receivable is \$138,955 (May 31, 2019 - \$148,955) receivable from Jaxon Mining Inc., a Company which formerly had a shared Chief Financial Officer and had shared common directors, for former shared office space and administrative expenses. During the six months ended November 30, 2019, the Company received \$10,000 (2018 - \$16,731) from Jaxon Mining Inc. for former shared office and administrative expenses.

Included in accounts payable and accrued liabilities is \$303,550 (May 31, 2019 - \$220,800) in key management compensation payable to directors, officers and a former officer.

### **1.9 Recent Accounting Pronouncements and new standards and interpretations**

Please refer to the condensed interim consolidated financial statements for the period ended November 30, 2019 on [www.sedar.com](http://www.sedar.com).

### **1.10 Other MD&A Requirements**

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

On August 29, 2019, the Company consolidated its shares on a one for five basis and The Company's outstanding options and warrants were adjusted on the same basis (1 for 5) 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.

At November 30, 2019 and January 29, 2020, there were 9,454,099 outstanding common shares, Nil outstanding stock options and 2,404,000 outstanding 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.



# **WESTMINSTER RESOURCES LTD.** *(An Exploration Stage Company)*

## **Interim Management's Discussion and Analysis – Quarterly Highlights**

For the six months ended November 30, 2019

(Expressed in Canadian Dollars – Unaudited)

---

For a detailed discussion on the various risks associated with the Company's industry, business, and other matters, please refer to the Company's annual MD&A for the year ended May 31, 2019, which is filed on the Company's profile on the SEDAR website, [www.sedar.com](http://www.sedar.com). The Company's management consider the risks disclosed 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.

### **Further Information**

Additional information about the Company is available at the Company's website at [www.westminsterres.com](http://www.westminsterres.com).

### **Commitments**

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims.

### **Changes in Management**

On December 4, 2019, Daniel Maarsman resigned as a director of the Company and Fred Tejada was appointed as a director of the Company.

On January 22, 2020, the Company appointed Rachel Chae as the Chief Financial Officer and Corporate Secretary of the Company to replace Alain Volsin who stepped down from these roles.