WESTMINSTER RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MAY 31, 2016 AND 2015

(Expressed in Canadian dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTMINSTER RESOURCES LTD.

We have audited the accompanying consolidated financial statements of Westminster Resources Ltd., which comprise the consolidated statements of financial position as at May 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Westminster Resources Ltd. as at May 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
September 28, 2016

Vancouver
7th Floor 355 Burrard St
Vancouver, BC V6C 2G8
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 888 9807

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 751 3384

WESTMINSTER RESOURCES LTD.
Consolidated Statements of Financial Position
May 31
(Expressed in Canadian dollars)

	2016 - $ -	2015 - $ -
ASSETS		
Current assets		
Cash	156,427	29,598
Amounts receivable	35,030	10,962
Marketable securities (Note 5)	-	42,153
Prepaid expenses	4,584	5,224
	196,041	87,937
Deposits (Note 6)	66,561	58,359
Equipment and leaseholds (Note 7)	32,288	39,890
Amounts receivable (Note 11)	146,936	166,669
Exploration and evaluation assets (Note 8)	2,276,346	2,067,749
	2,718,172	2,420,604
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	1,445,709	1,067,887
Loans payable (Note 9)	-	84,631
	1,445,709	1,152,518
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	16,412,005	15,600,705
Reserves (Note 10)	1,911,454	1,789,826
Deficit	(17,050,996)	(16,122,445)
	1,272,463	1,268,086
	2,718,172	2,420,604

Approved on behalf of the Board of Directors:

"Glen Indra"	*"Glen MacDonald"*
Glen Indra,	Glen MacDonald,
Director	Director

The accompanying notes are an integral part of these consolidated financial statements.

WESTMINSTER RESOURCES LTD.
Consolidated Statements of Comprehensive Loss
Years Ended May 31
(Expressed in Canadian dollars)

	2016	2015
	- $ -	- $ -
Expenses		
Conferences and investor relations	265,019	76,280
Accounting, audit, and legal	199,050	218,775
Consulting fees	163,470	56,714
Share-based payments	121,628	-
Management fees	120,000	210,000
Office	97,550	149,051
Regulatory and filing fees	22,899	36,058
Interest and finance costs on loan	19,338	11,531
Bank charges and interest	3,629	1,342
Travel and entertainment	1,971	4,141
Amortization	7,602	12,545
	1,022,156	776,437
Other items		
Fair value adjustment on marketable securities (Note 5)	-	40,309
Loss on sale of marketable securities (Note 5)	27,526	63,368
Gain on settlement of accounts payable	(70,875)	-
Foreign exchange loss	23,711	36,146
Interest income	(1,353)	(160)
(Recovery) write-off of exploration and evaluation assets (Note 8)	(72,614)	946,399
Net loss and comprehensive loss	928,551	1,862,499
Basic and diluted loss per share	0.03	0.12
Weighted average common shares outstanding - basic and diluted	27,416,745	15,723,716

The accompanying notes are an integral part of these consolidated financial statements.

WESTMINSTER RESOURCES LTD.
Consolidated Statements of Changes in Equity
Years ended May 31
(Expressed in Canadian dollars)

	Share capital		Reserves		Sub-scription funds received	Deficit	Total shareholder's equity
	Number of shares	- $ -	Share-based payments reserve - $ -	Warrants reserve - $ -	- $ -	- $ -	- $ -
Balance, May 31, 2014	10,692,292	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	15,235,000	963,660	-	34,550	(284,010)	-	714,200
Net loss	-	-	-	-	-	(1,862,499)	(1,862,499)
Balance, May 31, 2015	25,927,292	15,600,705	1,116,906	672,920	-	(16,122,445)	1,268,086
Share issuances for cash, net of share issuance costs	14,026,000	811,300	-	-	-	-	811,300
Share-based payments	-	-	121,628	-	-	-	121,628
Net loss	-	-	-	-	-	(928,551)	(928,551)
Balance, May 31, 2016	39,953,292	16,412,005	1,238,534	672,920	-	(17,050,996)	1,272,463

The accompanying notes are an integral part of these consolidated financial statements.

WESTMINSTER RESOURCES LTD.
Consolidated Statements of Cash Flows
Years Ended May 31
(Expressed in Canadian dollars)

	2016	2015
	- $ -	- $ -
Cash from (used in):		
Operating Activities		
Net loss	(928,551)	(1,862,499)
Items not involving cash:		
Fair value adjustment on marketable securities	-	40,309
Loss on sale of marketable securities	27,526	63,368
Accrued interest and finance costs	-	19,794
Amortization	7,602	12,545
Unrealized foreign exchange loss	(5,513)	(1,843)
Share-based payments	121,628	-
Write-off of exploration and evaluation assets	(72,614)	946,399
Gain on settlement of accounts payable	70,875	-
Change in non-cash working capital items:		
Amounts receivable	(4,335)	4,602
Prepaid expenses and deposits	(7,562)	220
Accounts payable and accrued liabilities	407,916	289,942
Net cash used in operating activities	(383,028)	(487,163)
Investing Activities		
Proceeds from sale of marketable securities	15,968	216,644
Expenditures on exploration and evaluation assets	(231,439)	(323,061)
Cash used in investing activities	(215,471)	(106,417)
Financing Activities		
Issuance of common shares, net of share issuance costs	811,300	714,200
Receipt of loans	99,600	78,225
Repayment of loans	(184,231)	(217,383)
Cash provided by financing activities	726,669	575,042
Increase (decrease) in cash and cash equivalents	128,170	(18,538)
Foreign exchange effect on cash	(1,341)	-
Cash, beginning of year	29,598	48,136
Cash, ending of year	156,427	29,598
Supplemental cash flow information:		
Exploration and evaluation expenditures accrued in accounts payable	243,028	338,484
Interest paid	19,338	-

The accompanying notes are an integral part of these consolidated financial statements.

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 701 - 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5.

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 entity's ability to continue as a going concern.

For the year ended May 31, 2016, the Company reported a net loss and comprehensive loss of $928,551 (2015 - $1,862,499) and a deficit of $17,050,996 (2015 - $16,122,445). As at May 31, 2016, the Company had a working capital deficiency of $1,249,668 (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 matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

These audited consolidated 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 annual consolidated financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issue by the Board of Directors on September 28, 2016.

2. Basis of Presentation (continued)

b) Basis of Consolidation

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

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or had rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

c) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL") or available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries functional currency.

d) Sources of Estimation Uncertainty

Significant assumptions about the future and the other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, relate to, but are not limited to, the following:

(i) Realization of mineral property interests

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

(ii) Site restoration obligations

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Restoration liabilities include an estimate of the future cost associated with the reclamation of the property and equipment, discounted to its present value, and capitalized as part of the cost of assets. The estimated costs are based on the present value of the expenditure expected to be incurred. Changes in the discount rate, estimated timing of reclamation costs, or cost estimates are dealt with prospectively by recording a change in estimate, and corresponding adjustment to equipment. The accretion on the reclamation provision is included in the reclamation liability.

As at May 31, 2016, the Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

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

d) Sources of Estimation Uncertainty (continued)

(iii) Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions could materially affect the fair value estimate and the Company's earnings and equity reserves, and therefore the existing models do not necessarily provide an accurate single measure of the actual fair value of the Company's stock options granted and warrants.

(iv) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing losses.

e) Critical Accounting Judgments

Significant judgments about the future and other sources of judgment uncertainty that management has made at the consolidated statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from judgments made, relate to, but are not limited to, the following:

(i) 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.

(ii) Fair value of marketable securities

The fair value of marketable securities is determined with reference to quoted market 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.

(iii) 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 May 31, 2016, there are no indicators that suggest that the Company's Mexican value added tax is not recoverable.

2. Basis of Presentation (continued)

e) Critical Accounting Judgments (continued)

(iv) Assessment of going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(v) Assessment of functional currency

The Company uses judgment in determining its functional currency. International Accounting Standards ("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.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The consolidated financial statements, in management's opinion, have been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

a) Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or FVTPL. Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date. The Company has classified its cash and cash equivalents and marketable securities as FVTPL.

Financial assets classified as held-to-maturity are initially recognized at fair value and subsequently are measured at amortized cost using the effective interest rate method. Any changes to the carrying amount, including impairment losses, are recognized through profit or loss. The Company has classified its deposits as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income/loss, except for losses in value that are considered other than temporary. The Company has no assets classified as available-for-sale.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

a) Financial Instruments (continued)

Financial Liabilities (continued)

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. The Company has not classified any financial liabilities as FVTPL.

Fair Value Hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The Company's measurement of fair value of financial instruments as at May 31, 2016 in accordance with the fair value hierarchy is as follows:

	Total - $ -	Level 1 - $ -	Level 2 - $ -	Level 3 - $ -
Assets				
Cash	156,427	156,427	-	-

The Company's measurement of fair value of financial instruments as at May 31, 2015 in accordance with the fair value hierarchy is as follows:

	Total - $ -	Level 1 - $ -	Level 2 - $ -	Level 3 - $ -
Assets				
Cash	29,598	29,598	-	-
Marketable securities	42,153	42,153	-	-

b) Cash Equivalents

Cash equivalents consist of bank deposits or highly liquid investments that are readily convertible to known amounts of cash with original maturities of 90 days or less and which are subject to an insignificant risk of change in value.

3. Significant Accounting Policies (continued)

c) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated by exploration area and are not depleted pending determination of technical feasibility and commercial viability.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as E&E assets or recoveries when the payments are made or received.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to profit or loss. The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

d) Equipment and Leaseholds

Equipment and leaseholds are recorded at cost, less accumulated amortization and accumulated impairment losses. These assets are amortized using the following annual rates:

Office furniture and equipment	15% - 45% declining-balance
Leasehold improvements	5 years straight-line over term of the lease

e) Impairment of Non-Financial Assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Reclamation Obligations

The Company recognizes the fair value of a legal or constructive liability for a reclamation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a reclamation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and a financing expense in the consolidated statement of comprehensive income/loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

3. Significant Accounting Policies (continued)

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

h) Valuation of Equity Units Issued in Private Placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to the fair value of the common shares with any residual value then allocated to warrants. The fair value of the common shares is determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants and recorded in reserves.

i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized in profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Loss per Share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of common shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

3. Significant Accounting Policies (continued)

k) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused loss carry-forwards, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Foreign Currency Translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the consolidated statement of financial position date. Non-monetary items are translated at the rate of exchange in effect when the amounts were acquired or obligations incurred. Non-monetary items measured at fair value are reported at the exchange rates in effect at the time of the transaction. Exchange differences arising from the translations are recorded as a gain or loss on foreign currency translation in profit or loss.

m) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

n) New Standards and Interpretations

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

IFRS 9 *Financial Instruments* addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments; Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at FVTPL are generally recorded in other comprehensive income/loss. The effective date of this new standard will be for periods beginning on or after January 18, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

IFRS 16 *Leases* specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

(Expressed in Canadian dollars)

4. Financial Instruments

The Company has designated its cash and marketable securities as FVTPL; deposits, as held-to-maturity; and accounts payable and loans 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, amounts receivable and deposits. The Company limits exposure to credit risk by maintaining its cash 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, loans 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:

			2016			2015
	Great Britian pounds	Mexican pesos	Canadian dollars equivalent	Great Britian pounds	Mexican pesos	Canadian dollars equivalent
Cash	-	34,174	2,431	-	49,600	4,032
Amounts receivable	-	2,065,454	146,936	-	2,399,474	166,669
Marketable securities	-	-	-	25,078	-	42,153
Accounts payable	-	(8,407,232)	(598,090)	-	(10,855,854)	(659,928)
Net	-	(6,307,604)	(448,723)	25,078	(8,406,780)	(447,074)

(Expressed in Canadian dollars)

4. Financial Instruments (continued)

b) Market Risk (continued)

(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 (Note 5) that are traded on the 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.

As at May 31, 2016, the cash balance of $156,427 (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 May 31, 2016:

	Within 60 days -$-	Between 61-90 days -$-	More than 90 days -$-
Accounts payable and accrued liabilities	1,445,709	-	-

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2015:

	Within 60 days -$-	Between 61-90 days -$-	More than 90 days -$-
Accounts payable and accrued liabilities	1,067,887	-	-
Loans payable	84,631	-	-
	1,152,518		

(Expressed in Canadian dollars)

5. Marketable Securities

The Company's marketable securities consist of:

	Number	Fair value - $ -	Cost - $ -
Balance - May 31, 2014	659,880	360,631	1,200,000
Proceeds of disposition	(512,365)	(216,644)	(931,742)
Loss on disposition	-	(63,368)	-
Write-down	-	(40,309)	-
Foreign currency exchange gain	-	1,843	-
Balance - May 31, 2015	147,515	42,153	268,258
Proceeds of disposition	(147,515)	(15,968)	(268,258)
Loss on disposition	-	(27,526)	-
Foreign currency exchange gain	-	1,341	-
Balance - May 31, 2016	-	-	-

On March 7, 2014, the Company closed the securities exchange with Global Resources Investment Trust plc ("GRIT") and issued its 2,000,000 common shares at deemed 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 classified as FVTPL.

For fiscal 2015, the valuation of the shares has been determined by reference of the closing price of the shares on the London Stock Exchange on May 31, 2015. At that date, the closing price of GRIT Shares was £0.15 per share, or $0.29.

During the fiscal year 2016, the Company sold the remaining 147,515 GRIT Shares at an average price of £0.05, or $0.105 per share, totaling $15,968 on the London Stock Exchange, recorded a loss on disposition of $27,526 and a gain in foreign exchange of $1,341.

6. Deposits

The Company has pledged a $17,722 (2015 - $16,530) guaranteed investment certificate ("GIC") as site reclamation deposit pursuant to a condition of receiving consent from a government agency to explore its mineral property interest. The GIC earns interest at a rate of 1.35% per annum and was due June 30, 2016. The deposit is refundable if there is no environmental disturbance to the property. The carrying value approximates the fair value of the GIC. It is management's opinion that there is minimal disturbance to the property to date, and accordingly, has not recorded an asset retirement obligation.

The Company has also pledged a $20,000 (2015 - $20,000) GIC as collateral for one corporate Visa credit card issued by a major Canadian bank. The GIC earns interest at a rate of 0.75% per annum and is due October 1, 2016. The carrying value approximates the fair value of the GIC.

The Company has an office premises lease agreement, which requires a security deposit of $28,839 (2015 - $21,829).

(Expressed in Canadian dollars)

7. Equipment and Leaseholds

	Office furniture and equipment	Field equipment	Computer equipment	Leasehold improvements	Total
Cost	- $ -	- $ -	- $ -	- $ -	- $ -
Balance, May 31, 2014	94,962	74,353	23,404	12,173	204,892
Additions	-	-	-	-	-
Balance, May 31, 2015	94,962	74,353	23,404	12,173	204,892
Additions	-	-	-	-	-
Balance, May 31, 2016	94,962	74,353	23,404	12,173	204,892
Accumulated amortization					
Balance, May 31, 2014	80,983	39,527	22,491	9,456	152,457
Charge for year	4,193	5,224	411	2,717	12,545
Balance, May 31, 2015	85,176	44,751	22,902	12,173	165,002
Charge for year	2,936	4,440	226	-	7,602
Balance, May 31, 2016	88,112	49,191	23,128	12,173	172,604
Net book value					
At May 31, 2015	9,786	29,602	502	-	39,890
At May 31, 2016	6,850	25,162	276	-	32,288

(Expressed in Canadian dollars)

8. Exploration and Evaluation Assets

	May 31, 2014 -$-	Addition (disposal) -$-	May 31, 2015 -$-	Addition (disposal) -$-	May 31, 2016 -$-
Navojoa Project, Sonora, Mexico:					
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	6,029	-	6,029	-	6,029
Write-down	-	(946,399)	(946,399)	-	(946,399)
	767,626	(767,626)	-	-	-
El Cobre Project, Sonora, Mexico:					
Acquisition costs	151,731	-	151,731	-	151,731
Exploration expenditures					
Property maintenance	280,836	80,298	361,134	9,533	370,667
Assays and reports	98,253	2,041	100,294	-	100,294
Consulting and engineering	229,323	94,309	323,632	-	323,632
Drilling	329,151	491	329,642	-	329,642
Field expenses	592,258	5,508	597,766	1,304	599,070
Geology and geophysics	121,969	-	121,969	197,760	319,729
Travel	54,868	26,713	81,581	-	81,581
	1,858,389	209,360	2,067,749	208,597	2,276,346
	2,626,015	(558,266)	2,067,749	208,597	2,276,346

8. Exploration and Evaluation Assets (continued)

Navojoa Project, Sonora, Mexico

The Company, through its wholly owned Mexican subsidiary, Minera Westminster, has acquired a number of mineral concessions through option agreements and by staking.

During the year ended May 31, 2015, the Company decided not to pursue the Navojoa Project and has written down the property to $nil, in line with Level 3 of the fair value hierarchy.

El Cobre Project, Sonora, Mexico

The Company has assembled the El Cobre Project, which is located near Obregon in Sonora state, Mexico.

a) El Cobre concession

On March 17, 2010, an assignment, exploration and exploitation agreement with purchase option to acquire a 100% interest in the above concession was entered into with Manuel Coronel Beltran whereby Minera Westminster has the right to explore the El Cobre concessions by completing cash payments. During the year ended May 31, 2012, the Company formally terminated the purchase option and recognized a $2,400,000 property write-down, in line with Level 3 of the fair value hierarchy.

There is a 2% net smelter return royalty on this concession with a 1% buy-back option for US $1,000,000.

b) Douglas, Douglas 2, Douglas 3, Douglas 4, Douglas 5, Douglas 6, El Guayacan 2, San Bartolo 1, and San Bartolo 2 concessions were staked by Minera Westminster and are owned 100%.

c) San Bartolo, El Guayacan, Los Alamos and El As3 were purchased outright for cash, for a total of US $70,000. The Lya 2 concession has a 1% net smelter return royalty, which can be purchased for US $500,000.

Cumbral – San Bartolo Option Project

On April 17, 2012 the Company signed an option agreement with Capstone Mining Corp. (“Capstone”) (TSX:CS) granting Capstone the right to acquire up to a 70% interest in the Cumbral – San Bartolo prospect area of the El Cobre Project through staged exploration expenditures totaling $9,300,000 by December 31, 2015, and delivering a scoping study by June 30, 2016. Capstone is required to finance a total of $3,300,000 by December 31, 2013 (completed - $3,509,947 was funded at May 31, 2014) to earn a 49% interest with Westminster to be the operator (Stage One); it can then earn a further 11% interest by expending an additional $3,000,000 on or before December 31, 2014 and a further additional 10% interest by expending $3,000,000 on or before December 31, 2015. Following completion of the $9,300,000 in expenditures each party will be responsible for their portion of funding going forward on a proportionate basis. Should the Company elect not to participate beyond the $9,300,000, Capstone will have the exclusive right and option to earn an additional 5% (for a total of 75%) undivided interest in the property by delivering a preliminary economic assessment on the property. On July 8, 2014, Capstone terminated the option agreement and at May 31, 2016 holds a 49% interest on the property.

On February 12, 2015, the Capstone sold its 49% interest in the property back to the Company in exchange for a 2% net smelter return royalty. The Company has the right to purchase 1.7% of the 2% for $14,000,000.

8. Exploration and Evaluation Assets (continued)

Realization of Assets

The investment in and expenditures on E&E assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

Title to Mineral Property Interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is unaware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

9. Loans Payable

On November 1, 2013, the Company received a loan from an arm's length party in the principal amount of $177,569. The loan bears interest at 10% calculated on the outstanding daily principal amounts and is to be used for working capital of the Company. Under the terms of the loan, finance costs of 10% of the principal amount advanced are payable by the Company. The Company received an additional principal amount of $78,600 during the year ended May 31, 2016 (2015 - $78,225) and accrued $11,730 (2015 - $11,971) and $6,360 (2015 - $7,823) in interest and finance costs, respectively, on the loan. The Company also made repayments of the loan and interest and finance costs of $181,321 (2015 - $217,383) during the year ended May 31, 2016 with a balance of $nil (2015 - $84,631).

During the fiscal year ended May 31, 2016, the Company received loan from an arm's length party in the principal amount of $21,000. The loan bears interest at 10% calculated on the outstanding daily principal amounts and is to be used for working capital of the Company. The Company made repayments of $21,000 in principal and $1,248 for a total of $22,248 to end at May 31, 2016 with a $nil balance.

(Expressed in Canadian dollars)

9. **Loans Payable** (continued)

The loans payable are unsecured and have no repayment terms.

	- $ -
Balance - May 31, 2014	203,995
Receipt of loans	78,225
Accrued interest and finance costs	19,794
Repayment of loans and interest and finance costs	(217,383)
Balance - May 31, 2015	84,631
Receipt of loans	99,600
Accrued interest and finance costs	19,338
Repayment of loans and interest and finance costs	(203,569)
Balance - May 31, 2016	-

10. 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. 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 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, 2018. Using the residual method, $nil was allocated to the value of the warrants.

(ii) During 2016, 2,200,000 share purchase warrants with an exercise price of $0.10 per unit were exercised for gross proceeds of $220,000.

(iii) 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 $29,690 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.

(iv) 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 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.

(Expressed in Canadian dollars)

10. Share Capital and Reserves (continued)

c) Stock Options

The Company has a stock option plan (the "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 years ended May 31, 2016 and 2015 are as follows:

	Number of options	Weighted average exercise price
Outstanding, May 31, 2014 and 2015	430,000	$2.05
Expired	(430,000)	$2.05
Granted	2,500,000	$0.05
Outstanding, May 31, 2016	2,500,000	$0.05

Continuity of the stock options outstanding as at May 31 is as follows:

		2016		2015	
Expiry date	Exercise price	Options outstanding	Options exercisable	Options outstanding	Options exercisable
September 20, 2015	$2.50	-	-	151,000	151,000
November 18, 2015	$4.00	-	-	35,000	35,000
June 8, 2017	$1.50	-	-	244,000	244,000
March 31, 2019	$0.05	2,500,000	2,500,000	-	-
Outstanding, end of year		2,500,000	2,500,000	430,000	430,000
Weighted average remaining contractual life of options			2.83 years		2.3 years

d) Share Purchase Warrants

Continuity of the warrants outstanding is as follows:

	Number of warrants	Weighted average exercise price
Outstanding, May 31, 2014	-	-
Issued	7,681,500	$0.10
Outstanding, May 31, 2015	7,681,500	$0.10
Issued	11,826,000	$0.10
Exercised	(2,200,000)	($0.10)
Outstanding, May 31, 2016	17,307,500	$0.10

(Expressed in Canadian dollars)

10. Share Capital and Reserves (continued)

d) Share Purchase Warrants (continued)

Continuity of the warrants outstanding as at May 31 is as follows:

		2016	2015
Expiry date	Exercise price	Number of warrants	Number of warrants
June 6, 2016	$0.10	317,500	317,500
February 2, 2017	$0.10	5,164,000	7,364,000
April 21, 2017	$0.10	11,826,000	-
Outstanding, end of year		17,307,500	7,681,500
Weighted average remaining contractual life of options		1.58	1.65

11. Amounts Receivable

The Company is corresponding with the Mexican government to recover the Mexican value added tax. During the year ended May 31, 2016, the Company recovered $nil (2015 - approximately $nil) of the Mexican value added tax. At May 31, 2016, there are no indications that suggest that the Company's Mexican value added tax is not recoverable.

12. Related Party Transactions

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 years ended May 31, 2016 and 2015 were as follows:

	2016	2015
	-$-	-$-
Short-term benefits (1)	276,000	238,000
Share-based payments	99,734	-
Total	375,734	238,000

(1) Included in short-term benefits are the following:

(i) $120,000 (2015 - $120,000) paid to Floralynn Investments Inc., a company controlled by Glen Indra (CEO).

(ii) $36,000 (2015 - $36,000) paid to Diversity Clues Consulting, a company controlled by Oleg Scherbina (CFO).

(iii) $120,000 (2015 - $70,000) paid to S. B. Ballantyne Holdings, a company controlled by Bruce Ballantyne (project manager).

Included in accounts payable is $435,700 (2015 - $165,900) in key management compensation payable to directors and officers.

Other related party transactions:

During the year, the Company received $47,600 (2015 - $nil) from Jaxon Mineral Inc., a Company with common management, for shared office space.

(Expressed in Canadian dollars)

13. Income Taxes

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2016 -$-	2015 -$-
Net loss for the year	(928,551)	(1,862,499)
Canadian statutory tax rate	26%	26.00%
Income tax benefit computed at statutory rates	(241,423)	(484,250)
Foreign tax rates different from statutory rates	(3,295)	(2,294)
Items non-deductible for income tax purposes	31,623	38
Change in timing differences	(49,278)	(34,649)
Foreign exchange effect on tax assets and liabilities	120,690	(24,328)
Unused tax losses and tax offsets not recognized in tax asset	141,683	545,483
	-	-

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2016 -$-	2015 -$-
Tax value over book value of equipment	190,243	142,347
Tax value over book value of E&E assets	1,262,543	1,262,543
Non-refundable mining credit	66,837	66,837
marketable securities	-	226,105
Share issue costs	59,947	108,626
Non-capital losses	9,295,039	8,213,594
Capital losses	378,222	359,818
Unrecognized deferred tax amounts	11,252,831	10,379,870

(Expressed in Canadian dollars)

13. Income Taxes (continued)

The Company's unrecognized unused non-capital losses have the following expiry dates:

	Canada -$-		Mexico -$-		Total -$-
2026	56,000		-		56,000
2027	228,000		-		228,000
2028	507,000		-		507,000
2029	692,000		2,000		694,000
2030	871,000		24,000		895,000
2031	1,523,000		289,000		1,812,000
2032	1,162,000		40,000		1,202,000
2033	1,152,000		22,000		1,174,000
2034	934,000		30,000		964,000
2035	838,000		57,000		895,000
2036	787,000		82,000		869,000
	8,750,000	$	546,000	$	9,296,000

14. Segmented Information

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

			2016			2015
	Canada -$-	Mexico -$-	Total -$-	Canada -$-	Mexico -$-	Total -$-
Total assets	32,288	2,276,346	2,308,634	39,890	2,067,749	2,107,639

15. Commitment

The Company is committed to pay monthly office lease payments of $11,980 per month until July 31, 2016. On July 1, 2016 the Company entered into a new lease agreement for a period of three years, ending June 30, 2019, for a monthly lease payment of $3,823. The lease commitments for the next four fiscal years are:

	- $ -
2017	65,848
2018	45,876
2019	45,876
2020	45,876
	203,476

16. Capital Management

The Company defines its capital as shareholders' equity and loan payable. It manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent upon external financing or the sale of assets to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subject to externally imposed capital requirements.

17. Subsequent Events

On June 6, 2016, a total of 317,500 unexercised warrants with an exercise price of $0.10 expired.

On July 12, 2016 the Company announced that it has signed an agreement to acquire a 100% interest in four lithium prospective mineral claims located east of Yellowknife in the Northwest Territories. The agreement calls for a payment of $25,000 (paid $15,000 on June 16, 2016 and $10,000 on July 13, 2016) and the issuance of 500,000 common shares (issued July 12, 2016).

On September 8, 2016, 2,050,000 stock options with an exercise price of $0.05 per option were exercised for gross proceeds of $102,500.

On September 12, 2016, 2,000,000 warrants with an exercise price of $0.10 per warrant were exercised for gross proceeds of $100,000. Each warrant allows the holder to purchase one-half of one common share.

On September 19, 2016, 1,000,000 warrants with an exercise price of $0.10 per warrant were exercised for gross proceeds of $50,000. Each warrant allows the holder to purchase one-half of one common share.

On September 21, 2016, 570,000 warrants with an exercise price of $0.10 per warrant were exercised for gross proceeds of $28,500. Each warrant allows the holder to purchase one-half of one common share.