

# **WESTMINSTER RESOURCES LTD.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THREE MONTHS ENDED AUGUST 31, 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)

	<b>August 31,</b> <b>2016</b> (unaudited) <b>- \$ -</b>	<b>May 31,</b> <b>2016</b> (audited) <b>- \$ -</b>
<b>ASSETS</b>		
Current assets		
Cash	47,761	156,427
Amounts receivable	41,531	35,030
Prepaid expenses	4,584	4,584
	93,876	196,041
Deposits (Note 6)	43,641	66,561
Equipment and leaseholds (Note 7)	28,937	32,288
Amounts receivable (Note 11)	146,936	146,936
Exploration and evaluation assets (Note 8)	2,398,798	2,276,346
	2,712,188	2,718,172
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	1,540,952	1,445,709
Loans payable (Note 9)	-	-
	1,540,952	1,445,709
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	16,447,005	16,412,005
Reserves (Note 10)	1,911,454	1,911,454
Deficit	(17,187,223)	(17,050,996)
	1,171,236	1,272,463
	2,712,188	2,718,172

**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 August 31,	
	2016	2015
	- \$ -	- \$ -
<b>Expenses</b>		
Consulting fees	18,500	36,643
Management fees	30,000	30,000
Office	18,603	31,335
Accounting, audit, and legal	14,190	40,137
Regulatory and filing fees	2,759	2,624
Travel and entertainment	5,491	-
Bank charges and interest	150	427
Conferences and investor relations	43,184	18,240
Amortization	3,351	3,351
	136,227	162,757
<b>Other items</b>		
Fair value adjustment on marketable securities (Note 5)	-	7,233
Foreign exchange loss	-	74,967
<b>Net loss and comprehensive loss</b>	136,227	244,957
<b>Basic and diluted loss per share</b>	0.00	0.01
<b>Weighted average common shares outstanding - basic and diluted</b>	39,953,292	25,927,292

See Notes to Consolidated Financial Statements

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

	Share capital		Share-based payments reserve	Reserves		Total shareholder's equity
	Number of shares	- \$ -		Warrants reserve	Deficit	
		- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
Balance, May 31, 2015	25,927,292	15,600,705	1,116,906	672,920	(16,122,445)	1,268,086
Net loss	-	-	-	-	(244,957)	(244,957)
Balance, August 31, 2015	25,927,292	15,600,705	1,116,906	672,920	(16,367,402)	1,023,129
Balance, May 31, 2016	39,953,292	16,412,005	1,238,534	672,920	(17,050,996)	1,272,463
Share issued for acquisition of exploration assets	500,000	35,000	-	-	-	35,000
Net loss	-	-	-	-	(136,227)	(136,227)
Balance, August 31, 2016	40,453,292	16,447,005	1,238,534	672,920	(17,187,223)	1,171,236

See Notes to Consolidated Financial Statements

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

	<b>Three months ended August 31,</b>	
	<b>2016</b>	<b>2015</b>
	- \$ -	- \$ -
Cash from (used in):		
Operating Activities		
Net loss	(136,227)	(244,957)
Items not involving cash:		
Fair value adjustment on marketable securities	-	7,233
Amortization	3,351	3,351
Change in non-cash working capital items:		
Amounts receivable	(6,501)	4,041
Prepaid expenses and deposits	22,920	133
Accounts payable and accrued liabilities	95,243	202,479
Net cash used in operating activities	(21,214)	(27,720)
Investing Activities		
Proceeds from sale of marketable securities	-	13,131
Expenditures on exploration and evaluation assets	(122,452)	(31,996)
Cash used in investing activities	(122,452)	(18,865)
Financing Activities		
Shares issued for acquisition of exploration assets	35,000	-
Receipt of loans	-	28,600
Repayment of loans	-	(4,000)
Cash provided by financing activities	35,000	24,600
Increase (decrease) in cash and cash equivalents	(108,666)	(21,985)
Cash, beginning of year	156,427	29,598
Cash, ending of year	47,761	7,613
<b>Supplemental cash flow information:</b>	- \$ -	- \$ -
Exploration and evaluation expenditures accrued in accounts payable	-	732,946

See Notes to Consolidated Financial Statements

---

**WESTMINSTER RESOURCES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****Three Months Ended August 31, 2016 and 2015**(Expressed in Canadian dollars)

---

**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 entities ability to continue as a going concern.

For the three months ended August 31, 2016, the Company reported a net loss of \$136,227 (2015 – \$244,957) and a deficit of \$17,187,223 (May 31, 2016 - \$17,050,996). As at August 31, 2016, the Company had a working capital deficiency of \$1,447,076 (May 31, 2016 - \$1,249,668). 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, 2016.

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, 2016, 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 October 28, 2016.

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

Three Months Ended August 31, 2016 and 2015

(Expressed in Canadian dollars)

**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. Exploration and Evaluation Assets**

On June 29, 2016 the Company signed an agreement to acquire a 100% interest in four Lithium prospective mineral claims located east of Yellowknife in the North West Territories (the "MER property"). 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).

At August 31, 2016 and May 31, 2016 and 2015, the Company's interests in exploration and evaluation assets are located in Sonora, Mexico and in the Northwest Territories, Canada. Cumulative expenditures incurred are as follows:

	May 31, 2014	Addition (disposal)	May 31, 2015	Addition (disposal)	May 31, 2016	Addition (disposal)	August 31, 2016
	-\$-	-\$-	-\$-	-\$-	-\$-	-\$-	-\$-
<b>Navojoa Project, Sonora, Mexico:</b>							
Acquisition costs	600,472	-	600,472	-	600,472	-	600,472
Exploration expenditures							
Property maintenance	83,225	178,573	261,798	-	261,798	-	261,798
Assays and reports	3,123	-	3,123	-	3,123	-	3,123
Consulting and engineering	38,424	200	38,624	-	38,624	-	38,624
Drilling	1,791	-	1,791	-	1,791	-	1,791
Field expenses	24,316	-	24,316	-	24,316	-	24,316
Geology and geophysics	10,246	-	10,246	-	10,246	-	10,246
Travel	6,029	-	6,029	-	6,029	-	6,029
Write-down	-	(946,399)	(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	-	151,731
Exploration expenditures							
Property maintenance	280,836	80,298	361,134	9,533	370,667	-	370,667
Assays and reports	98,253	2,041	100,294	-	100,294	8,361	108,655
Consulting and engineering	229,323	94,309	323,632	-	323,632	5,000	328,632
Drilling	329,151	491	329,642	-	329,642	-	329,642
Field expenses	592,258	5,508	597,766	1,304	599,070	13,775	612,845
Geology and geophysics	121,969	-	121,969	197,760	319,729	30,000	349,729
Travel	54,868	26,713	81,581	-	81,581	1,366	82,947
	1,858,389	209,360	2,067,749	208,597	2,276,346	58,502	2,334,848
<b>MER Project, NW Territories</b>							
Acquisition costs	-	-	-	-	-	60,000	60,000
Assays and reports	-	-	-	-	-	3,950	3,950
	-	-	-	-	-	63,950	63,950
	2,626,015	(558,266)	2,067,749	208,597	2,276,346	122,452	2,398,798



---

**WESTMINSTER RESOURCES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****Three Months Ended August 31, 2016 and 2015**(Expressed in Canadian dollars)

---

**4. 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 July 12, 2016, the Company issued 500,000 common shares as part of the agreement to acquire the MER property in the Northwest Territories.
- (ii) 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, 2017. Using the residual method, \$nil was allocated to the value of the warrants.
- (iii) During 2016, 2,200,000 share purchase warrants with an exercise price of \$0.10 were exercised for gross proceeds of \$220,000.
- (iv) 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.
- (v) 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.

- b) 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 three months ended August 31, 2016 and years ended May 31, 2015 and 2014 are as follows:

**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three Months Ended August 31, 2016 and 2015**  
(Expressed in Canadian dollars)

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

	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 and August 31, 2016	2,500,000	\$0.05

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

Expiry Date	Exercise Price	August 31, 2016		May 31, 2016	
		Options Outstanding	Options Exercisable	Options Outstanding	Options Exercisable
March 31, 2019	\$0.05	2,500,000	2,500,000	2,500,000	2,500,000
Outstanding, end of year		2,500,000	2,500,000	2,500,000	2,500,000
Weighted average remaining contractual life of options			2.83 years		2.83 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
Expired	317,500	(\$0.10)
Outstanding, August 31, 2016	16,990,000	\$0.10

Continuity of the warrants outstanding as at May 31 and August 31, 2016 is as follows:

**WESTMINSTER RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three Months Ended August 31, 2016 and 2015**  
(Expressed in Canadian dollars)

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

Expiry Date	Exercise Price	August 31, 2016	May 31, 2016
		Number of Warrants	Number of Warrants
June 6, 2016	\$0.10	-	317,500
February 2, 2017	\$0.10	5,164,000	7,364,000
April 21, 2017	\$0.10	11,826,000	11,826,000
Outstanding, end of year		16,990,000	17,307,500
Weighted average remaining contractual life of options		1.06 yrs	1.58 yrs

**5. 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 three months ended August 31, 2016 and 2015 were as follows:

	2016	2015
	-\$-	-\$-
Short-term benefits	69,000	69,000
Share-based payments	-	-
Total	69,000	69,000

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

- (i) \$30,000 (2015 - \$30,000) paid to Floralynn Investments Inc., a company controlled by Glen Indra (CEO).
- (ii) \$9,000 (2015 - \$9,000) paid to Diversity Clues Consulting, a company controlled by Oleg Scherbina (CFO).
- (iii) \$30,000 (2015 - \$30,000) paid to S. B. Ballantyne Holdings, a company controlled by Bruce Ballantyne (project manager).

Included in accounts payable is \$498,150 (2015 - \$234,350) in key management compensation payable to directors and officers.

**6. Subsequent Events**

On September 12, 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 14, 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 half of a 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 half of a common share.

On September 21, 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 half of a common share.