

**WESTMINSTER RESOURCES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED**

**MAY 31, 2013**

## Table of Contents

<i>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION</i> .....	3
1.1 <i>Date</i> .....	4
1.2 <i>Overall Performance</i> .....	4
1.2.1 <i>Introduction</i> .....	4
1.2.2 <i>Financial conditions</i> .....	4
1.2.3 <i>Outlook</i> .....	5
1.2.4 <i>Property Activities</i> .....	5
1.3 <i>Selected Annual Financial Information</i> .....	13
1.4 <i>Results of Operations</i> .....	13
1.5 <i>Summary of Quarterly Results</i> .....	13
1.6 <i>Liquidity</i> .....	14
1.7 <i>Capital Resources</i> .....	14
1.8 <i>Off-Balance Sheet Arrangements</i> .....	14
1.9 <i>Transactions with Related Parties</i> .....	14
1.10 <i>Fourth Quarter</i> .....	15
1.11 <i>Proposed Transaction</i> .....	15
1.12 <i>Critical Accounting Estimates</i> .....	15
1.13 <i>Recent Accounting Pronouncements</i> .....	16
1.14 <i>Financial Instruments and Other Instruments</i> .....	17
1.15 <i>Other MD&amp;A Requirements</i> .....	19

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

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

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

## **1.1 Date**

The following management's discussion and analysis ("MD&A"), which is dated September 16, 2013, provides a review of the activities, results of operations and financial condition of Westminster Resources Ltd. ("the Company" or "Westminster"), as at and for the year ended May 31, 2013, as well as future prospects of the Company. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended May 31, 2013, (the "Annual Financial Statements"). All dollar amounts in this MD&A are expressed in Canadian dollars unless otherwise specified (the Company's financial statements are prepared in Canadian dollars). Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **1.2 Overall Performance**

### **1.2.1 Introduction**

Westminster is a resource company that is conducting exploration in Sonora state, Mexico through its wholly-owned integrated subsidiaries, Minera Westminster, S.A. de C.V. ("Minera Westminster") and Servicios Westminster, S.A. de C.V. ("Servicios Westminster"). The Company has active exploration interests in two distinct locations in Sonora; the El Cobre property near Obregon and the Navojoa area located to the South. These areas of mineral concessions, which have been acquired by staking, option agreements and through outright purchases, are prospective for gold, copper and silver.

Within the El Cobre property, which covers an area of 28,644 hectares, projects include North Guayacan, South Guayacan, and the 8,000 hectare Cumbal - San Bartolo option project with Capstone Mining Corp ("Capstone"). Mineralization in this area is characterized by high grade gold-copper-silver veins, breccias, and diatremes associated with porphyry deposit-style mineralized systems and hematite-magnetite-sericitized zones and structures containing copper-gold mineralization having similarities with iron oxide copper gold ("IOCG") deposit styles. The ground which comprises the El Cobre property, before the Company initiated its exploration program, had not been explored previously neither using modern exploration methodologies nor previously drill tested.

The Navojoa property (13,398 hectares), to the south of the El Cobre, has widespread mineralized skarns and surface alterations that suggest the potential of at least three separate distinct porphyry systems. Limited drilling by the Company has identified silver-copper-zinc zones in pyrrhotite massive sulphide replacement styles of mineralization hosted in an extensive marble unit.

### **1.2.2 Financial conditions**

During the year ended May 31, 2013, the Company completed a non-brokered private placement with Capstone Mining Corp. of 10,000,000 common shares at \$0.10 per share to net the Company \$1,000,000. At May 31, 2013, the Company had no long-term debt and its credit and interest rate risks are limited to interest bearing assets of cash and cash equivalents.

At May 31, 2013, the Company had \$129,279 in cash and cash equivalents (May 31, 2012 - \$562,201) and working capital deficiency of \$231,907 (May 31, 2012 - working capital \$320,529).

### **1.2.3 Outlook**

For fiscal 2014, the Company will focus its priorities as follows:

- Raise additional funding and/or industry partnership to continue the comprehensive exploration programs on Guayacan South, Guayacan North and on the Navojoa projects in Sonora state, Mexico.
- Conduct a detailed review of the airborne VTEM and Magnetometer surveys that were completed over the entire El Cobre property.
- Review all the 3D – IP and Mag Survey information and Phase one and Phase two drill results completed to date on the Cumbral – San Bartolo Option Project.
- Prepare and execute joint venture documentation on the Cumbral – San Bartolo Option Project with Capstone Mining who has now earned a 49% interest in the property.
- Assist Capstone Mining (as joint venture operator) in preparing and executing the 2014 exploration budget of \$3,000,000.

### **1.2.4 Property Activities**

#### **Exploration and development, Sonora, Mexico**

##### **El Cobre Project**

The Company's El Cobre Project covers an area of 28,644 hectares, is located near Obregon in Sonora state, Mexico. Within the El Cobre ground, the Los Amigos, El Guayacan North and South, San Bartolo and the Anita Copper Mine are all former artisanal workings and examples of near surface, vein-type prospects having elevated grades of gold, copper and silver. Within the project area, these high grade gold-copper-silver veins, breccias, and diatremes have been identified by the Company as being associated with porphyry deposit-style mineralized systems. Regional prospecting in 2011 identified an additional area of interest called Cumbral which features an 8 ½ kilometer trend of IOCG deposit style alteration with subcrop-outcrop mineralization.

##### **Anita Copper Mine Prospect**

The El Cobre Project 28,644 hectares contained a 12 hectare concession called the El Cobre property which was acquired on March 17, 2010. The El Cobre property is the site of the historic Anita Copper Mine, where high-grade copper-gold-silver ore was first produced by the Douglas Copper Mining Company (New York) from 1900-1910. On this property the Company completed a CSMAT (Controlled Source Audio-Magnetotelluric) resistivity survey that resulted in identifying both high and low resistivity and structural geophysical targets. These geophysical targets were tested by 24 diamond drill holes totaling 3600 meters and results were press released (WMR 11-02, February 7, 2011 and WMR 11-07, May 24, 2011). Significant mineralization was encountered although primary sulphides were not as abundant as hoped for. Following this drilling, an airborne VTEM survey was completed on the entire El Cobre Project (28,644 hectares) on 200 meter spaced lines for the regional survey and on 50 meter spaced lines E-W and 100 meter spaced lines over a detailed block located in the Anita Copper Mine area. The interpreted results of this VTEM survey identified important geological features on a regional level but failed to provide encouragement on the 12 hectare El Cobre concession. In view of the substantial property payments that were required to hold this ground, and the Vendor's unwillingness to renegotiate,

the Company formally terminated the purchase option and allocated a \$2,400,000 property write off for the period ending May 31, 2012.

### ***San Bartolo Silver Prospect***

Prospecting located the San Bartolo prospect and after follow up on favorable rock sample assays a survey grid was established 1.5 kilometers in width along a 2 kilometer north-south base line. As reported (WMR 11-06 press release, May 3, 2011) at a sample spacing of 25 meters a total of 801 soil samples were collected, and geochemical analysis has outlined a series of 5 sub-parallel anomalous zones extending the length of the grid and beyond. Silver content in the soil anomalies for 64 samples ranges from 1,000 ppb (1 g/t) to 5,200 ppb (5.2 g/t), for 144 samples ranges from 500 ppb (0.5 g/t) to 1,000 ppb (1 gm/t) and for 191 samples ranges from 300 ppb to 500 ppb. Significant silver content in the anomalous soil zone occurs over widths that “pinch and swell” from 100 to 500 meters along the strike of the 5 trends. San Bartolo soil grid map can be found at [http://www.westminsterres.com/i/Photos/cumbral-san\\_gallery/Location\\_grid\\_blocks.jpg](http://www.westminsterres.com/i/Photos/cumbral-san_gallery/Location_grid_blocks.jpg) (The San Bartolo silver content in the anomalous soil zone has now been extended to cover an area of 3.2 km x 2 km). A diamond drill program of 1,499 meters in 16 holes was completed in the summer of 2011 and was reported on in a press release dated October 4, 2011 (WMR 11-10). The program was designed to test five anomalous silver-copper soil geochemical trends, subcrop anomalous rock samples and old artisanal prospect shafts and pits. The 16-hole program only targeted approximately 1.5 kilometers of strike of the structurally controlled system which extends across and beyond the 3.2 km x 2 km soil grid. All 16 holes intersected anomalous copper and grades of silver that are consistent with soil geochemistry results. The most significant hole was 11-05 which intersected 17.5 meters of .338% copper and 46.6 grams silver per tonne and included 3.1 meters (12.5m-15.6m) grading 145.3 g/t silver and 1.03% copper. The Company is most encouraged with this Cu-Ag mineralized system and its associated potassic altered pink granitic dykes and suspects it to be genetically related to the much larger Cumbral trend identified 5 kilometers, on the property, to the Northwest.

### ***Cumbral***

Regional prospecting, several kilometers north of San Bartolo has discovered an extensive north striking trend approximately 8 ½ kilometers of IOCG deposit style alteration with subcrop-outcrop mineralization. Extensive brecciation and hematite-magnetite with copper oxides are associated with pink granitic intrusions hosted in the Regional structural trend. Recently completed airborne magnetic surveys identified both extensive magnetic low and high anomalies coincident with this mineralization. Prospect grab sampling reveals copper silver and gold content typical of the large IOCG hydrothermal systems. The Company has completed over 73 line kilometers of ground magnetic and IP geophysical surveying on a portion of the Cumbral trend and has identified several high priority anomalies that are coincident with newly discovered copper occurrences.

### ***Cumbral – San Bartolo Option Project***

On April 17, 2012 the Company signed an option agreement with Capstone Mining Corp. (TSX:CS) granting Capstone the right to acquire up to a 70% interest in the Cumbral – San Bartolo prospect area, approximately 8,000 hectares, of the El Cobre Project (28,644 hectares), through staged exploration expenditures totalling \$9.3 million by December 31, 2015, and delivering a scoping study by June 30, 2016. Capstone is required to finance \$1,600,000 by December 31, 2012 and an additional \$1,700,000 by December 31, 2013 to earn a 49% interest; 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. In June 2013, Capstone funded \$500,000, in addition to \$2,800,000 funded at May 31, 2013. As a result, Capstone fully funded \$3,300,000 that would be due by December 31, 2013.

The Company has successfully completed its 2012 Phase One \$1,600,000 exploration program at the Cumbra - San Bartolo property. Work included a 3D-Induced Polarization (IP) and ground magnetic geophysical survey covering 219 line kilometres of survey grid, over 5,000 soil geochemical samples, rock prospecting-geological mapping (over 700 samples) and a diamond drill program of seven holes (total 1,641 meters) on the Cumbra trend.

The 2013 Phase Two \$1,700,000 exploration program at the Cumbra - San Bartolo property was completed at the end of May 2013 and included further rock prospecting-geological mapping and approximately 4,163 meters of diamond drilling in 5 holes. The drilling tested the Montoso target's various combinations of high and low chargeability with high and low magnetic susceptibility readings.

### **Exploration Highlights - 2012**

- Cumbra trend drilling intersects IOCG alteration and mineralization containing Cu+Ag+Au grades in the oxide zone.
- Rock sampling program across the grid identifies widespread visible copper at surface and discovers 8 new targets across the 9 Km X 9 Km area.
- A greater than 1 Km X 1Km 3D-IP high chargeability anomaly, the Montoso target, is interpreted as a classic porphyry-style deposit environment.
- Multi-element soil geochemical anomalies across the grid coincide with extensive alteration and mineralized zones.

The large project area (9 Km X 9 Km) has been divided into A, B, C and D grid blocks. See website for maps at [http://www.westminsterres.com/i/Photos/cumbra-san\\_gallery/Location\\_grid\\_blocks.jpg](http://www.westminsterres.com/i/Photos/cumbra-san_gallery/Location_grid_blocks.jpg). The initial discovery of IOCG-style alteration and mineralization is located in the northern A Block where a series of chargeability  $\pm$  resistivity  $\pm$  magnetic high responses were identified as the Cumbra trend during 2D-IP and MAG geophysical surveying in November 2011. These geophysical targets as well as intense potassic + silica + iron oxide and often copper oxide-rich veins and brecciated subcrops (IOCG) were tested by preliminary drilling with results presented in Table A.

Since discovery in 2011 of the Block A Cumbra trend and WMR's earlier exploration at the San Bartolo trend in Block D (9 kilometers to the south) a detailed, systematic exploration program has been undertaken across all four grid blocks where 219 line-kilometers of survey grid established a connection between the Cumbra trend and San Bartolo trend. Distributed across all four grid blocks, there are 143 samples (or about 20% of the 704 rock chip and grab samples) which contain visual evidence of copper mineralization by the presence of malachite, azurite, or chrysocolla. Most mineralized subcrops and outcrops, however, showed evidence of strong oxidation and leaching of sulphides with extensive iron oxide and siliceous alteration. The project's extensive hydrothermal systems display variable styles of mineralization and grades depending upon the extent of oxidation and leaching, and are characteristic of both IOCGs and porphyry systems.

In the discovery area, Block A, Cumbral North surface targets have grab samples with grades as high as 1.21% copper, multi-grams of silver (highest 31.0 g/t) and gold to 589 ppb with generally low lead and zinc. Surface mineralization in the main Cumbral trend exposures have grades similar to the oxide zones encountered in the first drill holes (see Table A).

In Block B the “Lost Cumbral Mine” and its strike extension some 400 meters south have been identified as a series of collapsed workings and pits of unknown age and origin. The highest grade sample assayed 412 g/t silver, 1,104 ppb gold with 0.1% lead and very high bismuth. The south extension grab sample from diggings graded 0.5% copper, 7.6 g/t silver and 3,790 ppb gold. The “Lost Cumbral Mine” and the San Bartolo trend of old workings are only two of the numerous unnamed historic pits and workings being discovered across the grid area.

In the central Block C grid several new mineralized targets were discovered, commonly with strike lengths of several hundreds of meters traceable on surface as outcropping zones of iron-quartz-rich breccias, veins and stockworks. The Bee Showing has elevated Mo and Zn with minor copper and silver grades to 11.59 g/t and gold to 2,443 ppb. At Weakele Road Pit grab samples graded up to 1.27% copper, 197 g/t silver, 1,509 ppb gold with 0.1% lead and 0.2% zinc. Further to the east in Block C, the Two Glens and Two Ronnies mineralized trends are characterized by highly anomalous Mo+As+Hg+Sb and up to 5.9% lead, 0.3% zinc with silver grading 214 g/t and gold 2,880 ppb. These showings appear to be related to a series of NW-SE trending resistivity highs and lows as modeled in the 3D-IP survey covering the area. The highest grade rock sample collected to date is located in Block C (0.97% Cu, 26.2 g/t Ag, 26.39 g/t Au).

The west-central portion of the Block D grid area is dominated by a large 3D-IP high chargeability anomaly named the Montoso target. It is partially overburden covered but where manifested at surface it is characterized by intense destructive white clay alteration and iron oxide staining and granitoid intrusives. To the north and on the Montoso’s eastern periphery several occurrences of silver-bearing veins and malachite float samples have been located. The highest grade vein-float located in an area of intense red soil assayed 0.5% copper, 0.89% lead, 0.52% zinc, 2,000 ppm molybdenum and 75.87 g/t silver and 1,716 ppb gold. In eastern Block D the San Bartolo silver trend occurs adjacent to the high chargeability Montoso target. Westminster previously identified in 2011 at San Bartolo a 1.4 kilometer strike that is characterized by multi-gram silver intercepts in numerous intervals in 16 shallow drill holes (see WMR11-10, October 4, 2011). This drill program completed prior to the 3D-IP survey focused on extensive areas of silver geochemical soil anomalies associated with numerous historic pits and diggings and before discovery of the new Montoso target now interpreted as the main center of a porphyry system.

The Montoso target in Block D was interpreted from analysis of the 3D-IP geophysical survey (inversion modeling) to be an area with coincident low resistivity and high chargeability ranging from 35ms to over 65ms. Similar to other known porphyry deposit styles of chargeability response, the Montoso anomaly has been modeled in 3D to identify potentially mineralized zones. Plan views and sections of the inverted chargeability indicate that at 200 meters depth the 35ms target is over one kilometer long by one kilometer wide with its dimensions increasing at depths of over 400 meters. Plots and maps of the Montoso target geophysical response are available on our website at <http://www.westminsterres.com/s/PhotoGallery.asp>. The impressive areal extent of the Montoso chargeability target when projected to surface is surrounded by ring-like patterns of anomalous soil geochemical contents for the elements Mo, Ag, Au and Cu similar to known copper districts where silver vein mineralization is often found up to several kilometers from the core area of the main porphyry. The setting of the extensive silver in soil anomaly related to the San Bartolo silver vein systems may represent such an adjacent setting at Montoso.



Drilling results from significant samples from all seven Cumbral trend drill holes are presented in Table A. Chargeability targets of 8ms or greater were targeted in holes 1B, 1D, 3A and 4A with all holes intersecting granodiorite, quartz-feldspar pink granite or fine to medium grained dark diorite. Holes 1D and 1B showed variable potassic and epidote alteration accompanied by iron oxide veinlets. Holes 3A and 4A located 800 and 1,200 meters from Target One displayed iron carbonate and epidote alteration. All holes contained minor pyrite sulphides at depth below the oxide zone. Magnetic response in the area appears to be associated with the diorite intrusive phase. Holes 5, 6 and 7 targeted IOCG alteration and copper oxide silver-gold mineralization adjacent to chargeability Target One. Iron-oxide-copper malachite veins and breccia similar to float seen at surface were intersected in these holes in close proximity to the pink granite unit and in potassic altered granodiorite in holes 5 and 7. Hole 6 intersected dark diorite and a vertical quartz vein. At 159.7 meters depth a diorite hosted one meter interval graded 0.25% copper as unleached chalcopyrite stringers were present (Table A). Location maps and 3D inversion IP models of drill holes are available on our website at [http://westminsterres.com/i/Photos/drilling/002\\_Snapshots\\_11.jpg](http://westminsterres.com/i/Photos/drilling/002_Snapshots_11.jpg)

Extensive 2012 Phase One early stage exploration over most of the 9 Km X 9 Km property, advanced the Project to where a major portion of the Phase Two program was dedicated to drilling.

**Table A**  
**CUMBRAL-SAN BARTOLO RESULTS**

Hole No.	Interval (m) from	Interval (m) to	Intercept Length (m)	Cu ppm (%)	Ag ppb (g/t)	Au ppb**	Azimuth	Dip	EOH* (m)
<b>GEOPHYSICAL TARGETS</b>									
<b>CUM-1B-12</b>	209.00	210.00	1.0	517.2	2460 (2.46 g/t)		180°	-75°	323.7
<b>CUM-1D-12</b>	72.90	83.20	10.3		2941 (2.94 g/t)		227°	-75°	284.7
	76.90	83.20	6.3		4573 (4.57 g/t)				
<b>Including</b>	79.80	80.60	1.7		10175 (10.17 g/t)				
	218.70	220.70	2.0		1493 (1.49 g/t)				
	240.70	241.70	1.0		3196 (3.19 g/t)				
<b>CUM-3A-12</b>	64.00	68.00	4.0	483.9	434		100°	-66°	215.5
	197.00	199.00	2.0		2542 (2.54 g/t)				
<b>Including</b>	197.00	198.00	1.0		3382 (3.38 g/t)				
<b>CUM-4A-12</b>	78.70	79.20	0.5		89	199.4	90°	-90°	338.6
	226.40	227.60	1.2	475.94	1063 (1.06 g/t)	56.9			
<b>SUBCROP TARGETS</b>									
<b>CUM-5-12</b>	21.00	26.70	5.7	1040.0 (0.1%)	841 (0.84 g/t)		10°	-45°	147.0
<b>Including</b>	22.00	22.50	0.5	2221.0 (0.22%)	841 (0.84 g/t)				
<b>Including</b>	25.70	26.70	1.0	2198.0 (0.21%)	2247 (2.24 g/t)				
	29.70	39.60	9.9	1832.0 (0.18%)	1212 (1.21 g/t)				
<b>Including</b>	33.00	34.00	1.0	7396.0 (0.73%)	4498 (4.49 g/t)	64.2			
<b>Including</b>	37.00	38.00	1.0	2748.0 (0.27%)	495				
	74.65	75.65	1.0	1255.0 (0.12%)	2804 (2.8 g/t)	108.5			
	97.30	98.00	0.7		537	473.2			
	104.00	106.90	2.9	1027.0 (0.1%)	3340 (3.34 g/t)				
	110.00	115.00	5.0	3631.0 (0.36%)	2566 (2.56 g/t)	52.0			

Including	111.70	112.70	1.0	3617.0 (0.36%)	2935 (2.93 g/t)				
Including	114.20	115.00	0.8	<b>16020.0</b> <b>(1.60%)</b>	<b>10866</b> <b>(10.86 g/t)</b>	239.7			

Hole No.	Interval (m) from	Interval (m) to	Intercept Length (m)	Cu ppm (%)	Ag ppb (g/t)	Au ppb**	Azimuth	Dip	EOH* (m)
<b>CUM-6-12</b>	21.2	22.8	1.6		1673 (1.67 g/t)	114.05	180°	-60°	182.6
	91.0	91.3	0.3	1798.0 (0.17%)	6880 (6.88 g/t)	85.8			
	159.7	160.7	1.0	2510.0 (0.25%)	2411 (2.41 g/t)				
<b>SUBCROP TARGETS</b>									
<b>CUM-7-12</b>	21.0	25.0	4.0	4475.0 (0.44%)	3074 (3.07 g/t)		320°	-50°	149.5
<b>Including</b>	23.0	24.0	1.0	5328.0 (0.53%)	5620 (5.62 g/t)				
<b>Including</b>	24.0	25.0	1.0	<b>13410.0</b> <b>(1.34%)</b>	2982 (2.98 g/t)	99.4			
	36.4	40.0	3.6	1538.0 (0.15%)	1126 (1.12 g/t)				
<b>Including</b>	36.4	37.0	0.6	5399.0 (0.53%)	3881 (3.88 g/t)	73.1			
	55.0	56.0	1.0	2270.0 (0.22%)	2222 (2.22 /t)				

\* End of Hole

\*\* Only significant gold, silver and copper contents are reported in this table such as copper greater than 400 ppm as it may have been leached in the oxide zone depths of this drilling and no gold less than 50 ppb is reported.

### Exploration Highlights – 2013

A total of 4,163 meters was drilled in five holes to test a complex geophysical anomaly system coincident with variably anomalous soil geochemistry and extensive leached gossanous zones. The geophysical surveys produced strong IP chargeability/resistivity responses associated with both high and low magnetic anomalies. The holes were designed to test various gradations in IP response intensity. All holes were drilled on angled (not vertical) projections. This drilling was a portion of the second phase of the project's exploration with Capstone which also included alteration mapping, prospecting, soil geochemical sampling and geological mapping.

All holes encountered abundant pyrite as disseminations, on fractures and in veinlets in intrusive host rocks (granodiorite, feldspar porphyry, igneous breccia and magnetic mafic intrusive) which exhibit weak to moderate porphyry-related alteration (potassic-phyllitic) and sparse veining to minor sheeted vein and stockwork development ("B and D veins") occasionally containing molybdenite. The nature of the metal content, and geologic interpretation of the core suggests that this first phase of drilling at the Montoso Zone has encountered a pyritic peripheral silver-enriched halo component of a laterally extensive porphyry hydrothermal system.

The Montoso Zone drilling showing elevated results are presented in Table B. Holes 1, 2 and 5 tested the central and south high chargeability and magnetic high and low patterns while holes 3 and 4 were designed to test the northern edge of the Montoso target and a blanket-like conductivity anomaly extending further to the north. (See Drill Hole Location and Alteration Maps at <http://www.westminsterres.com/drillholesandlocation.pdf> )

In summary the Company is at early stages of our interpretation of the Montoso hydrothermal systems geometry. These first 5 holes have identified features of classic porphyry-style alteration and sulphide mineralization over multi-kilometers of anomalous geophysics and geochemistry. An area approximately 2 kilometers in diameter NW of the Montoso Zone's most northern drilling has anomalous soil geochemistry, scattered copper oxide stained rock chips and rarely exposed subcrop of potassic alteration (K-Spar) intrusion. The underlying disrupted patterns in the

geophysical data could also show that it is the potential potassic core area to the more peripheral pyritic Montoso Zone as now interpreted.

**Table B**

Hole No.	Interval (m) from	Interval (m) to	Intercept Length (m)	Ag ppb (g/t)	Au ppb (g/t)	Cu ppm	Mo ppm	Zn ppm	Pb ppm
<b>13WMR001</b> <i>Azimuth: 145</i> <i>Dip: -60°</i> <i>EOH: 1244m</i>	0.00	11.10	11.10	1312 (1.3 g/t)					
	21.00	23.00	2.00	39076 (39.07 g/t)				856	1477
	123.23	139.23	16.00			112.3			
	152.76	293.91	140.85			118.1			
	370.72	377.35	6.63	3797 (3.7 g/t)			56	833	301
	452.55	458.00	5.45			189.9	58		
	566.00	703.34	137.34			136.1			
725.00	854.69	129.69			148.4				
<b>13WMR002</b> <i>Azimuth: 157</i> <i>Dip: -50°</i> <i>EOH: 788m</i>	<b>0.00</b>	<b>169.00</b>	<b>169.00</b>	<b>1319</b> <b>(1.3 g/t)</b>		243.6			
<b>Including</b>	7.00	121.00	114.00	1603 (1.6 g/t)	46.7 (0.04 g/t)	245.9		615	
	<b>221.33</b>	<b>293.00</b>	<b>71.67</b>	<b>1268</b> <b>(1.26 g/t)</b>					
<b>Including</b>	221.33	238.50	17.17	2390 (2.39 g/t)		552.5		779	
	<b>401.00</b>	<b>463.90</b>	<b>62.90</b>	<b>3913</b> <b>(3.91 g/t)</b>					
<b>Including</b>	410.60	451.00	40.40	5531 (5.53 g/t)	125.0 (0.12 g/t)				
<b>and</b>	410.60	411.80	1.20	13666 (13.66 g/t)	841.2 (0.84 g/t)	209.1		4106	214
<b>and</b>	436.69	437.90	1.21	86126 (86.12 g/t)	873.6 (0.87 g/t)	2467.5		7297	2657
	480.00	482.00	2.00	4319 (4.31 g/t)	856.8 (0.85 g/t)	291.5			
	<b>600.00</b>	<b>635.30</b>	<b>35.30</b>	<b>2391</b> <b>(2.39 g/t)</b>					
<b>Including</b>	629.66	634.80	5.14	10885 (10.88 g/t)	102.4 (0.10 g/t)	326.6		6231	1772
	647.00	659.00	12.00	2962 (2.96 g/t)	55.4 (0.05 g/t)			2380	368
	732.00	743.00	11.00	1843 (1.84 g/t)				848	193
<b>13WMR003</b> <i>Azimuth: 27</i> <i>Dip: -55°</i> <i>EOH: 467m</i>	6.50	27.51	21.01	766 (0.76 g/t)		126.0			
	139.00	149.00	10.00	821 (0.82 g/t)					
	231.00	255.00	24.00	690 (0.69 g/t)					
<b>13WMR004</b> <i>Azimuth: 176</i> <i>Dip: -62°</i> <i>EOH: 816.5m</i>	133.00	135.00	2.00	4085 (4.0 g/t)	87.3 (0.08 g/t)	287.2		3119	1181
	<b>147.00</b>	<b>174.00</b>	<b>27.00</b>	<b>1047</b> <b>(1.0 g/t)</b>					
	<b>Including</b>	151.00	174.00	23.00	1043 (1.0 g/t)			818	
	<b>220.00</b>	<b>222.00</b>	<b>22.00</b>	<b>8554</b> <b>(8.55 g/t)</b>		467.4			
	347.40	348.62	1.22	3098 (3.09 g/t)				2138	
	433.00	435.00	2.00	4182 (4.18 g/t)				3227	
	524.30	534.70	10.40	7574 (7.57 g/t)	87.0 (0.087 g/t)		151	7574	
	<b>583.66</b>	<b>607.00</b>	<b>23.34</b>	<b>1571</b> <b>(1.57 g/t)</b>					

Hole No.	Interval (m) from	Interval (m) to	Intercept Length (m)	Ag ppb (g/t)*	Au ppb (g/t)*	Cu ppm	Mo ppm	Zn ppm	Pb ppm
Including	603.19	607.00	3.81	2751 (2.75 g/t)	57.2 (0.057 g/t)		101		
	672.17	672.60	0.43	2470 (2.47 g/t)		262.8			
	768.62	769.82	1.20	8678 (8.67 g/t)	139.4 (0.139 g/t)				
	785.00	786.00	1.00	2212 (2.21 g/t)			243		
<b>13WMR005</b> <i>Azimuth: 35</i> <i>Dip: -60°</i> <i>EOH: 848m</i>	9.80	41.00	31.20	520 (0.52 g/t)	41.3 (0.41 g/t)	464.7	13		
	<b>51.00</b>	<b>142.21</b>	<b>91.21</b>	<b>1709</b> <b>(1.7 g/t)</b>					
	<b>210.65</b>	<b>253.44</b>	<b>42.79</b>	<b>1054</b> <b>(1.05 g/t)</b>					
	322.15	326.30	4.15	429 (0.42 g/t)	119.8 (0.11 g/t)	248.0			
	408.00	428.00	20.00				72.9		
	434.00	442.00	8.00				80.9		
	668.00	673.08	5.08	2053 (2.05 g/t)					
790.73	795.00	4.27	9113 (9.1 g/t)						
Including	790.73	792.09	1.36	26363 (26.36 g/t)	985.2 (0.98 g/t)	4136		3842	

*\*Note: Acme reports Ag and Au in ppb; the Company has converted contents to g/t. All rock and core samples were submitted for preparation and analysis at Acme Analytical Laboratories Ltd., Vancouver, BC with QA-QC and sampling protocol fully described in Press Release WMR 12-06, August 14, 2012, and in Press Release WMR 13-04, July 9, 2013.*

## **Guayacan**

In the Northwest corner of the El Cobre property the Guayacan copper gold prospect has been expanded by extensive soil sampling and prospecting. Exposures of copper silver and gold mineralization related to pink granite intrusive bodies have been identified along a strike length of 4 kilometers. Follow up of soil anomalies and outcrop is planned for the coming fiscal year.

## **Navojoa Project**

During the preliminary exploration program, the Company focused its drill program on targeting outcropping gold-copper skarn bodies and also areas where an Induced Polarization (IP) geophysical survey chargeability anomaly had been interpreted as a response to elevated levels of sulphide mineralization. The anomalous IP response underlies rusty, leached, iron oxide capping outcrop and includes a presumed supergene enriched blanket preserved under flat lying young Tertiary volcanic cover adjacent to the exposed leached areas.

In 2010, regional exploration consisting of geological mapping, at various scales, prospecting and rock sampling was completed. Additionally, complete coverage of the property's drainage system was sampled by 390 stream sediment silt samples. In the area of the La Mora gold copper skarn target a detailed regional soil grid was surveyed using conventional soil sample techniques and Activation Laboratory soil gas hydrocarbon methods. At the La Mora area both types of soil survey methods produced significant copper gold anomalies which need follow-up. The regional sediment program produced distinctive geochemical patterns for gold, silver and coincident copper-gold-silver anomalies. Prospecting and rock sampling also identified new mineralized zones worthy of follow-up. A diamond core drilling program of approximately 502 meters in 7 holes was completed in the Summer of 2011 at the saddle area where outcropping replacement sulphides in a marble unit occurs. Assay results were press released on October 4, 2011. Sulphide intercepts were found to be contained near surface above a fault. The most significant intercept was found in Hole

11-01 at 22-23 meters where massive pyrrhotite graded 0.43% copper, 8.85% zinc and 8.9 grams silver per tonne over one meter. Subsequent to drilling the Company received the interpretation of airborne geophysical survey results from the area that indicated that two other much larger VTEM and coincident magnetic anomalies that appear to be not fault bounded are situated just to the east of the Saddle prospect. Further ground magnetic surveys were completed with mixed results.

Management has determined that given the results to date that it was no longer in the best interests of the Company to continue with the Fafy and Yorigiobe exploitation and purchase option agreements particularly in view of the large cash option payments and the concession holders unwillingness to renegotiate acceptable terms. On June 12, 2012, termination notices were delivered to the domicile of the concessionaires. The Company has accordingly recorded \$1,140,000 write-down on the Fafy and Yorigiobe concessions for the year ending May 31, 2012.

### 1.3 Selected Annual Financial Information

The following table presents selected financial information for the last three fiscal years ended May 31, 2013, 2012 and 2011.

	2013 -\$-	2012 -\$-	2011 -\$-
Revenue	-	-	-
Net and comprehensive loss	(1,166,062)	(4,899,993)	(2,152,551)
Basic and diluted loss per share	(0.02)	(0.07)	(0.04)
Total assets	3,551,300	3,388,090	6,215,576
Total long-term financial liabilities	-	-	-

### 1.4 Results of Operations

For the year ended May 31, 2013 ("Fiscal 2013"), the Company reported a net loss of \$1,166,062 or \$0.02 per share, compared to a net loss of \$4,899,993 or \$0.07 per share, reported for the year ended May 31, 2012 ("Fiscal 2012"). During the fiscal 2013, significant changes in expenses occurred in the expense categories described below as compared to the fiscal 2012:

#### *Write-down of exploration and evaluation assets*

In fiscal 2012, the Company wrote-down the exploration expenditures for \$3,540,000. There were not any write-downs in fiscal 2013.

### 1.5 Summary of Quarterly Results

The following table sets out certain unaudited financial information of the Company for each of the last eight quarters, beginning with the first quarter of fiscal 2012. 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").

	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>
	<b>-\$-</b>	<b>-\$-</b>	<b>-\$-</b>	<b>-\$-</b>
Net revenues	-	-	-	-
Net income (loss)	(227,580)	(195,620)	(620,286)	(122,576)
Per share	(0.00)	(0.00)	(0.01)	(0.00)
	<b>Q4 2012</b>	<b>Q3 2012</b>	<b>Q2 2012</b>	<b>Q1 2012</b>
	<b>-\$-</b>	<b>-\$-</b>	<b>-\$-</b>	<b>-\$-</b>
Net revenues	-	-	-	-
Net income (loss)	(4,099,530)	(612,176)	(23,114)	(190,303)
Per share	(0.06)	(0.01)	(0.00)	(0.00)

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

## **1.6 Liquidity**

The activities of the Company, principally the acquisition of mineral properties and exploration thereon, are financed through the completion of equity offerings involving the sale of equity securities. These equity offerings generally include private placements and the exercise of warrants and options. During the year ended May 31, 2013, 150,080 shares were issued as a result the exercise of 150,080 warrants at \$0.10 per share for proceeds of \$15,008, and a non-brokered private placement with Capstone Mining Corp. of 10,000,000 common shares at \$0.10 per share was completed to net the Company \$1,000,000.

At May 31, 2013, there were 5,320,000 options outstanding at an average exercise price of \$0.23.

At May 31, 2013, the Company had \$129,279 in cash and cash equivalents (May 31, 2012 - \$562,201)

## **1.7 Capital Resources**

The Company's working capital deficiency of \$231,907 (May 31, 2012 – working capital \$320,529).

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

The Company's long term contractual obligations include an office lease totalling \$4,834 per month starting from August 1, 2013 for a five year term.

## **1.8 Off-Balance Sheet Arrangements**

None.

## **1.9 Transactions with Related Parties**

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the years ended May 31, 2013 and 2012 were as follows:

	<b>2013</b>	<b>2012</b>
	-\$-	-\$-
Short-term benefits	215,400	214,950
Share-based payments	31,920	-
<b>Total</b>	<b>247,320</b>	<b>214,950</b>

### **1.10 Fourth Quarter**

The net loss for the quarter ended May 31, 2013 was \$227,580 or \$(0.00) per share compared with a loss of \$4,099,530 or \$(0.06) per share for the quarter ended May 31, 2012. The significant loss in the quarter ended May 31, 2012 is mainly due to the write-down of exploration and evaluation assets of \$3,540,000.

The Company's operations are not seasonal.

### **1.11 Proposed Transaction**

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

### **1.12 Critical Accounting Estimates**

The Company's significant accounting policies are contained in Note 3 to the audited financial statements for the year ended May 31, 2013. The preparation of the Annual financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Annual Financial Statements included the following:

#### *Provisions and contingencies*

The amount recognized as provision, including legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

#### *Exploration and evaluation expenditure*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is

capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income (loss) during the period the new information becomes available.

### *Impairment*

Assets, including property, plant and equipment, exploration and evaluation, mines under construction and mineral properties, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the fair value often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, rehabilitation and restoration costs, future capital requirements and future operating performance. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

### *Share-based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Under IFRS, the Company is required to estimate the number of forfeitures likely to occur on grant date and reflect this in the share-based payment expense revising for actual experiences in subsequent periods.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## **1.13 Recent Accounting Pronouncements**

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

### *IFRS 9 Financial Instruments*

IFRS 9 is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains, but simplifies, the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company beginning June 1, 2015. The Company is in the process of evaluating the impact of the new standard.

### *IFRS 10 Consolidated Financial Statements*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard beginning June 1, 2013.

### *IFRS 11 Joint Arrangements*



IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard beginning June 1, 2013.

#### IFRS 13 *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard beginning June 1, 2013

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

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

#### **Fair Value**

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.

#### **Credit Risk**

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

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market interest rates. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

#### **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:

	2013		2012	
	Mexican pesos	Canadian dollars	Mexican pesos	Canadian dollars
Cash	466,230	37,718	3,567,979	258,108
VAT receivable	4,719,593	381,815	4,405,136	318,668
Accounts payable	(7,149,172)	(578,368)	(5,028,279)	(363,746)
Net	(1,963,349)	(158,835)	2,944,836	213,030

Based on the above and exchange rate movements for the past twelve months, assuming all other variables remain constant, a 10% weakening or strengthening of the Canadian dollar against the Mexican peso would change the Company's net loss and comprehensive loss by approximately \$16,000.

### Liquidity Risk

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

As at May 31, 2013, the cash balance of \$128,279 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, 2013:

	Within 60 days	Between 61-90 days	More than 90 days
	-\$	-\$	-\$
Accounts payable and accrued liabilities	381,826	145,029	309,809

### Capital Management

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

There were no changes in the Company's approach to capital management during the three months ended May 31, 2013.

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

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

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

At May 31, 2013, there were 86,922,926 outstanding common shares and 5,320,000 outstanding stock options.

At September 16, 2013, there were 86,922,926 outstanding common shares and 5,320,000 outstanding stock options.

### **Risks and uncertainties**

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

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

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

### **Foreign Operations**

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

### **Limited Operating History**

The Company is still in an early stage of development. The Company is engaged in the business of acquiring, exploring and, if warranted, developing mineral properties in the hope of locating economic deposits of minerals. The Company's mineral interests are in the early stages of exploration and are without a known deposit of commercial ore. The Company has no history of earnings. There is no guarantee that economic quantities of mineral reserves will be discovered on the Company's property.

### **Exploration and Development Risks**

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are

insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market and mineral price fluctuations, particular attributes of any deposits (including size and grade), the proximity and capacity of milling facilities, mineral markets and processing equipment, and other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not having an adequate return on investment.

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

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

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

### **Mineral Titles**

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

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

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

### **Permits and Government Regulations**

The future operations of the Company will require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing exploration, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of its properties.

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

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where

operations are or were conducted. The permission to operate can be temporarily withdrawn where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches.

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

### **Competition**

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

### **Management**

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

### **Conflicts of Interest**

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

### **Fluctuating Mineral Prices**

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals. The price of those commodities has fluctuated widely, and is affected by numerous factors beyond the Company's control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of the Company's exploration projects, cannot be accurately predicted.

### **Additional Funding Requirements**

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

additional debt or equity financing will be available to meet these requirements or be available on favourable terms.

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

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

### **Further Information**

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