WESTSTAR RESOURCES CORP.
(To be renamed "LIBERTY LEAF HOLDINGS LTD.")

FORM 2A

LISTING STATEMENT

OCTOBER 19, 2016

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information provided in this listing statement (the "**Listing Statement**"), including information incorporated by reference, may contain "forward-looking statements" about Weststar Resources Corp. (the "**Company**"). In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by, or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal" or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance, or business developments. These statements speak only as of the date they are made and are based on information currently available and on the Company's then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

(a) the progress and the successful and timely completion of the various stages of the licensing process;

(b) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;

(c) market competition and agricultural advances of competitive products;

(d) the timing and availability of the Company's products and acceptance of the Company's products by the market;

(e) the progress and success of development of the Company's medical marijuana strains;

(f) the ability to successfully market, sell and distribute the Company's products and to expand the Company's customer base; and

(g) other risks described in this Listing Statement and described from time to time in the Company's documents filed with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents provided by the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even

if realized, that they will have the expected consequences or effects. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, other than as required under securities legislation. See "*Risk Factors*".

All dollar amounts referenced herein are shown in Canadian dollars, unless otherwise indicated.

1. Table of Contents

2. Corporate Structure

2.1 The Company's name is "Weststar Resources Corp.". The Company's head office is located at Suite 1240-789 West Pender Street, Vancouver, BC, Canada V6C 1H2. The Company's registered office is located at Suite 700 – 595 Burrard Street, Vancouver, BC, Canada V7X 1S8.

This Form 2A is filed in connection with the Company's fundamental change of business on the Canadian Securities Exchange (the "**CSE**"). The Company intends to change its name to "Liberty Leaf Holdings Ltd." upon approval of the fundamental change of business.

2.2 The Company was incorporated on October 27, 2004 pursuant to the *Business Corporations Act* (British Columbia) (the "**BCBCA**").

At the Company's Annual General & Special Meeting on January 15, 2014, the Company adopted new articles to allow for greater efficiency in the Company's operations.

2.3 The Company currently has no subsidiaries, so accordingly this item is not applicable.

2.4 As part of its fundamental change, the Company proposes to acquire a 100% interest in North Road Ventures Inc. ("**North Road**"). After completion of the proposed transaction North Road will become a wholly-owned subsidiary of the Company. See Item 3.1 "General Development of the Business, Recent Developments: Share Purchase Agreement" for greater detail.

2.5 The Company was incorporated within Canada, so accordingly this item is not applicable.

3. General Development of the Business

3.1 Recent Developments:

Share Purchase Agreement

On July 21, 2015, the Company signed a letter of intent to purchase shares of North Road, a private British Columbia company, representing up to a 50% interest in North Road. North Road has a Health Canada application pending for a license issued under the Medicinal Marihuana for Medical Purposes Regulations ("**MMPR**[1]"). A definitive agreement was signed with North Road on April 27, 2016 and amended on June 29, 2016 and September 7, 2016 (collectively, the "**Agreement**").

Pursuant to the Agreement the Company can acquire a 100% interest in North Road by purchasing from the North Road shareholders (the "**Shareholders**") 1,000 Class A Shares and 1,000 Class B shares under the following terms:

a) Upon entering into the Agreement and receiving CSE approval, the Company will issue to the Shareholders 12,000,000 common shares in the capital of the Company

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[1] As of August 24, 2016, the Access to Cannabis for Medical Purposes Regulations(ACMPR) will replace the Marihuana for Medical Purposes Regulations (MMPR).

Under the ACMPR, Health Canada will continue to accept and process applications to become a licensed producer that were submitted under the former MMPR. Further, all licences and security clearances granted under the MMPR will continue under the ACMPR, which means that licensed producers can continue to register and supply clients with cannabis for medical purposes. New applicants can continue to apply for licences to produce under the ACMPR.

(the "**WER Shares**"). The WER Shares are valued at $0.05 per share for a total of $600,000. (Completed).

b) Within 90 days of North Road receiving "Security Clearance" pursuant to and as defined in the MMPR application, the Company will pay to the Shareholders $150,000, provided that the Company may within 7 calendar days of such receipt give notice that as an alternative to paying the $150,000 it shall issue an equivalent dollar value of WER Shares, the deemed value of each such share determined by the 10-day average closing price of such shares the day preceding the receipt of the Security Clearance, and if this election is made by the Purchaser within the 7 day period then the WER Shares must be issued within 90 days of the date of receipt of the Security Clearance.

c) Within 90 days of North Road's completing the "Pre-License Inspection" pursuant to the MMPR application, the Company will pay to the Shareholders $350,000 provided that the Company may within 7 calendar days of such completion give notice that as an alternative to paying the $350,000 it shall issue an equivalent dollar value of WER Shares, the deemed value of each such share determined by the 10-day average closing price of such shares the day preceding the completion of the Pre-License Inspection, and if this election is made by the Company within the 7 day period then the WER Shares must be issued within 90 days of the date of completion of the Pre-License Inspection..

d) Within 90 days of North Road's receipt of approval of the "MMPR License", the Company will pay to the Shareholders $1,000,000.

The receipt of the "Security Clearance", completion of the "Pre-License Inspection" and approval of the "MMPR License" as described in clauses (b), (c) and (d) above are conditions precedent to the respective obligations of the Company.

If, within 90 days of North Road's receipt of approval of the MMPR License, the Company is unable to make the payment described in clause (d) above, then the Company will surrender 50% of the purchased shares back to the Shareholders such that its share interest in North Road is decreased from 100% to 50%.

The completion of the transaction would constitute a Fundamental Change, according to CSE policies. The Company obtained shareholder approval of the Fundamental Change by way of shareholder consent resolution with 68.13% of shares voted.

For more information on the business of North Road, see Section 4.1 Narrative Description of the Business.

Exploration Project - Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. The Axe property is an advanced

stage project with a known porphyry copper resource. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR") and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On September 16, 2008 the Company completed an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located near Princeton, British Columbia.

On March 21, 2012 the Company entered into an option agreement with Xstrata Copper Canada ("Xstrata") and Bearclaw Capital Corp. ("Bearclaw"). Under the terms of the option agreement, the Company and Bearclaw agreed to grant Xstrata an option to earn a 51% interest where Xstrata would have the sole and exclusive right to carry out exploration activities on and evaluate the Axe Property. In order to exercise the option, during the earn-in period, Xstrata was required to incur $3,000,000 of expenditures in exploration activities on the Axe Property.

During the earn-in period, Xstrata was required to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $25,000 immediately (received);
- $25,000 on March 31, 2013 (received);
- $30,000 on March 31, 2014;
- $40,000 on March 31, 2015; and
- $60,000 on March 31, 2016.

If Xstrata exercised the option, the Company, Bearclaw and Xstrata would enter into a formal joint venture agreement. Under the option agreement, the Company and Bearclaw also granted Xstrata a right of first refusal ("ROFR") over any direct or indirect sale or transfer by the Company and/or Bearclaw of any of their respective interest in the Axe Property. The ROFR would terminate at the end of the earn-in period if Xstrata had not exercised the option.

On July 3, 2013, the Company received notification of Xstrata electing to terminate its option agreement to earn a 51% interest on the Axe Property from the Company and Bearclaw.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain can earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five-year period, with a minimum of $100,000 per year. Copper Mountain must pay to the Company and Bearclaw

(collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015;
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercises the option, the Company, Bearclaw and Copper Mountain will enter into a formal joint venture agreement. Copper Mountain will be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain will have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercises the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw will have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment was not received subsequent and the property was deemed to be impaired for accounting purposes at December 31, 2014 and written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

Exploration Project - Diego Property

On May 22, 2013, the Company entered into an LOI to enter into an option agreement with Cartier Resources Inc. ("Cartier"). The agreement was to acquire up to an 80% interest in the Diego Property, comprising 53 mining claims located in Quebec.

Pursuant to the terms of the LOI, the Company could earn a 50% interest in Diego by paying $15,000 and issuing 175,000 common shares in the capital of the Company upon Exchange approval. The Company was also required to incur $1,000,000 in exploration expenditures on the Property over a period of three years.

The Company could acquire an additional 30% interest by incurring an additional $1,000,000 in exploration expenditures over a period of two years following completion of the initial exploration expenditure requirements.

The LOI held a condition precedent that the Company complete a non-brokered private placement financing for minimum gross proceeds of $500,000. On August 22, 2013, the LOI was extended to November 21, 2013, at which time the LOI was terminated.

Exploration Project - Albany South East

On July 15, 2013, the Company entered into an agreement to acquire a 100% interest in the Albany South East Property comprising 19 mineral claims in the Porcupine Mining Division of Ontario. In consideration, the Company issued 1,375,000 common shares of the Company (valued at $55,000) and was required to pay $15,000. The Company also paid finder's fees of 137,500 common shares of the Company (valued at $5,500).

The $15,000 cash payment was not made and the Company is in default of the agreement. The property was deemed to be impaired at December 31, 2013 and written down to $Nil.

Exploration Project - East Miller Claims and Page Property

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in 9 mineral claims in Quebec, Canada. On January 6, 2014, the Company issued 1,250,000 common shares (valued at $75,000) as consideration for the agreement and 125,000 common shares (valued at $7,500) as finders' fees.

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. On January 8, 2014, the Company issued 300,000 common shares (valued at $24,000) as consideration for the agreement.

On December 8, 2014, the Company entered into an agreement to sell a 100 % interest in the East Miller and Page claims. On December 15, 2014 the Company received 3,000,000 common shares in the capital of Saint Jean Carbon Inc. in consideration for the properties. A further 500,000 common shares will be received on the one year anniversary of TSXV approval, provided that the claims produce graphite with a grade of 30 per cent, a quality of 90 per cent Cg and an ore quantity of two million tonnes after Saint Jean Carbon has made up to $250,000 in exploration expenditures to verify same, and a 1 per cent royalty on the production cost of concentrate material.

3.2 The response to Item 3.1 is responsive to this Item 3.2.

3.3 The Company has been an active mineral exploration company and presently owns the mineral assets described under “General Development of the Business.” However, with the significant downturn in the junior mining sector, management elected to commence entertaining other business opportunities in an effort to protect and increase shareholder value, with a view to potentially divesting of its mineral projects in the future if deemed appropriate.

4 Narrative Description of the Business

4.1 General

The principle business of the Company is the acquisition, exploration and, if warranted, development of natural resource properties of merit in North America. The Company intends to find a joint venture partner to advance its exploration property, the Axe Property, or may spin out the asset. For more information on the Axe Property, please see Section 4.3.

The Company plans to diversify into the medical marijuana business sector and recently announced its intent to move into the medical marijuana industry. On June 29, 2016, the Company signed the Agreement with the shareholders of North Road whereby the Company has been granted the exclusive option to acquire a 100% interest in North Road by issuing 12,000,000

common shares of the Company to the shareholders of North Road and an aggregate $1,500,000 upon certain milestones while obtaining the MMPR License. For more information on the terms of the Agreement, please see Section 3.1 Recent Developments. The completion of the transaction would constitute a Fundamental Change, according to CSE policies.

North Road currently occupies a leased, commercial facility within Metro Vancouver. North Road has an application pending with Health Canada for a MMPR license for the distribution of up to 1,320 pounds of marijuana in its first year of operations.

North Road's personnel include a marijuana expert with ten years' experience, retired from the RCMP; a manufacturing and logistics expert; and a management consultant with three years' experience advising in Canada's legal marijuana industry.

Since April 1, 2014, new producers have been required to be licensed by Health Canada and to conform to strict new regulations. Due to the stringent requirements, only 35 licenses have been issued under the MMPR since their implementation. It is North Road's intent to become an ever-larger player in the expanding medical marijuana Industry, using their expertise in logistics and distribution.

Any applicant seeking to become a Licensed Producer under the MMPR is subject to stringent Health Canada licensing requirements. The below provides a general overview of the licensing process as described by Health Canada:

Stage Overview

Stage 1

Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.

Stage 2

Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the MMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the MMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.

Stage 3 (North Road's current stage of the licensing process)

Security Clearance: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.

Stage 4

Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.

Stage 5

Pre-Licence Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-licence inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a licence being issued.

Stage 6

Licensing: Once it has been confirmed through the pre-licence inspection that the applicant meets all the requirements of the MMPR, a licence will be issued. Health Canada has introduced a staged process for the issuance of licences. Applicants will first be issued a licence to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marihuana produced meets the good production practices and record keeping requirements outlined in the MMPR. It also allows Health Canada to verify the test results of the dried marihuana (e.g. for microbial and chemical contaminants) to ensure that the dried marihuana meets all quality control requirements before it is made available for sale.

Cannabis is a controlled substance under the Controlled Drugs and Substances Act. To reduce the risk of diversion, factors such as physical capacity (size of building, physical security considerations, number of staff, cultivation technique), sale capacity, and inventory levels are considered before issuing a license. Canada also reports annual production and consumption figures and inventories to the International Narcotics Control Board.

Health Canada conducts routine inspections of licensed producers of cannabis for medical purposes, to verify their ongoing compliance with the regulations. It is expected that licensed producers of marijuana for medical purposes will take timely and appropriate corrective actions when any issue of non-compliance with the MMPR is brought to their attention. Compliance is normally achieved through a cooperative approach between the regulated party and Health Canada; however, Health Canada has various tools of enforcement available, from warning letters and seizures to license suspension, revocation and prosecution.

Over the next 12-month period, the Company:

(i) plans to continue the Health Canada application process with the end goal of obtaining a MMPR License.

(ii) intends to keep its Axe mineral property in good standing and seek out a joint venture partner to continue exploring the property or explore the possibility of spinning out the asset;

(iii) will identify and conduct due diligence on additional medicinal marijuana related opportunities to further diversify into this sector; and

(iii) will complete the required financings to raise the capital to achieve its goals.

Working Capital and Use of Funds

The following table sets out the Company's proposed use of funds for the next twelve months:

Working capital as at June 30, 2016	$109,287
Salaries or consulting fees	$200,000
Office expenses	$36,000
Professional fees	$45,000
Marketing	$12,000
Miscellaneous general and administrative	$15,000
CSE fundamental change and monthly fees	$16,000

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. The Company intends to proceed with another financing in the near future in order to raise the capital needed.

While the above table reflects the Company's intended use of funds based on current working capital, the Company may reallocate working capital accordingly so as to best preserve shareholder value.

Principle Products or Services

The Company is currently a mineral exploration company and has not yet commenced commercial production of any mineral product. Assuming completion of the North Road transaction and the move to the medical marijuana sector, the Company plans to sell a number of different strains of medical marijuana – the actual number of strains will be dependent on consumer demand.

Competitive Conditions and Location

The Company's Axe Property is located in south-central British Columbia. For more information about the Axe Property, see Section 4.3. As a mineral exploration company, the Company may compete with other entities in the mineral exploration business in various aspects of the business including: (a) seeking out and acquiring mineral exploration properties; (b) obtaining the resources necessary to identify and evaluate mineral properties and to conduct exploration and development activities on such properties; and (c) raising the capital necessary to fund its operations. The mining industry is intensely competitive in all its phases, and the Company may compete with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future or to raise the capital necessary to continue with operations.

North Road's facility is located in Metro Vancouver and in accordance with the MMPR application. North Road will be selling marijuana across Canada. Refer to discussions set out in Section 17 Risk Factors.

Lending and Investment Policies and Restrictions

The Company does not have any lending operations of its assets, so accordingly this item is not applicable.

Bankruptcy and Receivership

The Company has not been the subject of any bankruptcy or any receivership or similar proceedings against the Company or any of its subsidiaries or any voluntary bankruptcy, receivership, or similar proceedings by the Company or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

Material Restructuring

The Company has not had any material restructuring transactions within the three recently completed financial years, so accordingly this item is not applicable.

Social or Environmental Policies

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation, and re-vegetation of the affected exploration sites. The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

4.2 The Company does not have any outstanding asset back securities, so accordingly this item is not applicable.

4.3 The following information regarding the Axe Property, the Company's material property, has been derived from a technical report authored by John R. Kerr, P. Eng. (the "**Technical Report**"). The effective date of the Technical Report is September 5, 2008 and amended on October 21, 2013.

Property Description and Location

The response to Item 3.1 "Axe Property" is partially responsive to this Item 4.3.

The property is located in south-central British Columbia, 20 kilometers north of the town of Princeton. The geographic coordinates of the property are 120 32' west; and 49 39' north (NTS map sheet 92H/10) in the Similkameen Mining Division.

A summary of the claims is as follows:

Claim Name	Area (Ha)	Tenure Number	Expiry Date
Axe 3000	400.00	248850	June 9, 2023
Axe 4000	400.00	248851	June 9, 2023

Axe 6000	400.00	248853	June 9, 2023
Axe 5000	400.00	408269	June 9, 2023
Axe 7000	500.00	408270	June 9, 2023
Axe 8000	500.00	408271	June 9, 2023
Axe 100	25.00	357470	June 9, 2023
Axe 200	25.00	357471	June 9, 2023
Axe 300	25.00	357472	June 9, 2023
Axe 400	25.00	357473	June 9, 2023
Axe 500	25.00	357474	June 9, 2023
Axe 600	25.00	357475	June 9, 2023
Axe 700	25.00	357476	June 9, 2023
Axe 800	25.00	357477	June 9, 2023
Axe 900	25.00	357478	June 9, 2023
Axe 1000	25.00	357479	June 9, 2023
Axe 1100	25.00	357480	June 9, 2023
Axe 1200	25.00	357481	June 9, 2023
Axe 1300	25.00	357482	June 9, 2023
Axe 1400	25.00	357483	June 9, 2023
Axe 1500	25.00	393962	June 9, 2023
SWAN 2000	523.03	531366	Feb 7, 2023
SWAN 3000	523.32	531369	Feb 7, 2023
SWAN 4000	522.69	531371	Feb 7, 2023
SWAN 5000	439.04	531372	Feb 7, 2023
Total:	**4,983.08**		

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property is accessed along well-maintained roads from Princeton along Highway #5 (4 km) and the Summers Creek road, an overall distance of 24 kilometers to the center of the property. Several logging roads built in the late 1980s, exits the Summers Creek road, and provide good road access to all areas of the claims. Alternative access is possible from Highway #5 at the north end of Dry Lake, heading eastward a distance of 10 km to the center of the property.

Most of the old exploration and drill access roads are in bad repair, and require clearing and upgrading for any future use as drill roads.

Semi-arid weather conditions prevail in the Princeton area of British Columbia. Princeton is located at the eastern margin of the Coast Mountains in transition with the interior plateau. The Summers Creek valley provides a deep incision in the plateau in the eastern portion of the property, providing local steep and bluffy terrain. The western portion of the property is very flat, with little exposed outcrop. Overall relief is 600 meters, ranging 900 - 1500 meters (asl). The South and Adit Zones are located on the steep west valley wall of Summers Creek. It is believed that this configuration contributed to the oxide nature of the mineralization of the Adit Zone. The West Zone is located in flat overburden covered plateau terrain.

Vegetation is typical interior light forest cover of fir, hemlock, balsam and pine. Farms occupy the lower elevations along Summers Creek, where vegetation is limited. The plateau areas are generally covered with deep overburden (5 - 50 meters), and are swampy in nature. Portions of the claims have been selectively logged.

Exploration History

Some of the early mining history in the area was development and mining of coal deposits at Merritt, Princeton, and Tulameen in the late 1800s and early 1900s. Placer mining of both gold and platinum in the Tulameen and Similkameen Rivers is documented in the mid-1800s.

Copper was identified as a valuable metal at the turn of the century, and mining commenced at a small scale in the early nineteenth century at Copper Mountain, south of Princeton. Prospecting and early stage exploration programs resulted in mineral discoveries in many areas in the Princeton/Merritt locale. It is not known when copper occurrences were recognized on the Axe claims, however a short 30-meter adit driven into the Adit Zone is evidence of work of 1920 vintage. Any additional work from 1920 - 1965 is not documented.

The early claims were located by Mr. J. A. Stinson in 1967, who formed Adonis Mines Ltd., the original owner of the property. The property resided in the name of Adonis Mines Ltd. (name change to Global Energy Ltd. in the 1980s) until the property was sold to Cominco in 1980. During the period 1967 - 1973, most of the historical work was completed:

1967: Meridian Mines Ltd. optioned the property completing surface geology, geochemistry, geophysics, trenching and four diamond drill holes totalling 642 meters.

1968: Quintana Minerals Ltd. continued further trenching and four rotary holes, totalling 1000 meters. Records of 1967/68 drilling do not exist.

1969 - 1971: Amax Exploration Inc. optioned the property and completed geochemistry, geological mapping, induced polarization surveys, fourteen diamond drill holes totalling 2600 meters, and 50 percussion holes totalling 3200 meters. The Amax program provided the first mineral inventory of **45 million tonnes grading 0.37% copper** with a waste to ore ratio of 2:1 in the South (30.2 million tonnes) and West (14.9 million tonnes) Zones at a copper grade cut-off of 0.25% copper.

1972/73: Adonis Mines completed 22 diamond drill holes (3185 meters), and 74 percussion drill holes (2775 meters), attempting to refine the Amax resource estimates. On conclusion of this program, Adonis provided a resource calculation as follows:

South Zone	79.0 million tonnes @ 0.34% copper
West Zone	10.5 million tonnes @ 0.35% copper
Adit Zone	14.5 million tonnes @ 0.56% copper
Mid Zone	3.3 million tonnes @ 0.53% copper
Total	**107.3 million tonnes @ 0.38% copper (waste:ore = 1.7:1)**

1974 - 1979: No work was completed on the property. The BC Ministry of Energy, Mines and Petroleum Resources under V. A. Preto completed a comprehensive review of the property, summarized in Bulletin 69 (1979). A mineral resource is referenced in this text sourced to an Adonis News Release of September, 1973. The resource is stated as follows:

South Zone	37.0 million tonnes @ 0.48% copper
West Zone	5.8 million tonnes @ 0.47% copper
Adit Zone	14.5 million tonnes @ 0,56% copper
Total	**57.3 million tonnes @ 0.50% copper**

1980 - 1993: Cominco earned a controlling interest in the claims by completing work programs during the period 1980 - 1983. During this period, they compiled all historical data, abandoned all original claims and re-staked the Axe 3000, 4000, 5000, and 6000 claims. They also completed magnetometer, VLF electromagnetic surveys, rock and soil geochemistry, and drilled six diamond drill holes totalling 765 meters. In 1991, Cominco drilled eleven percussion holes totalling 375 meters in an area of gold soil anomalies. This program was unsuccessful for the most part in penetrating deep overburden. 1991 was the last reported drill program on the property.

1994: Cominco sold the claims to the Predator syndicate for an undisclosed amount, who have maintained the claims to their current status. The claims were transferred to Kenneth L Daughtry, who held the claims in trust for the syndicate.

1994 – 2003: The Predator Syndicate held the claims continuously in the name of Kenneth L. Daughtry from 1994 - March, 2003. During this tenure, the claims were optioned to Causeway Mining Corp. (Causeway) during the period, December, 1997 to June, 2000. Causeway did not fulfil terms of the option and therefore did not earn any interest in the property. In 1998 and 1999, Causeway completed, a geological assessment of the property, eight kilometers of IP Survey, adapting an inversion process of data display, additional claim staking and a resource calculation.

A summary of this calculation is as follows:

	Cut-off 0.25% copper			Cut-off 0.35% copper	
	Indicated (tonnes)	Inferred (tonnes)	Grade (%Cu)	Indicated (tonnes)	Grade (%Cu)
South Zone	23,600,000	19,600,000	.34%	2,300,000	.41%
West Zone	9,100,000	6,000,000	.37%	3,900,000	.42%
Adit Zone	6,100,000	6,100,000	.59%	6,100,000	.59%
Mid Zone	300,000	300,000	.55%	300,000	.55%

Totals	**39,100,000**	**32,000,000**	**.39%**	**12,600,000**	**.52%**

Causeway was interested in the oxide copper potential of the property, and therefore requested that I review this potential from observations of the drill logs and core and provide a resource potential of oxide copper. This potential was derived from drill logs and an estimate of the average depth of oxidation. As the data base was incomplete and derived from visual estimates, the classification of oxide resource is inferred, as follows:

Adit Zone	5,000,000 tonnes @ 0.60% copper
South Zone	2,200,000 tonnes @ 0.41% copper
West Zone	1,200,000 tonnes @ 0.52% copper
Mid Zone	300,000 tonnes @ 0.55% copper
Total	**8,700,000 tonnes @ 0.54% copper** (all inferred)

Only the original data collected during the Amax and Cominco drill programs have been preserved. Good quality drill logs and assay data are available. For the Adonis, Quintana, and Meridian drill programs, only partial logs and no original assay data is available.

2004: The claims were sold to and recorded in the name of Bearclaw Capital Corp., who commenced the first phase of a diamond drill program to test the viability of an oxide copper resource in the Adit Zone. The initial three holes of this program provided very confusing results and therefore four additional reverse circulation drill holes were completed. The program provided results that eliminated the potential of oxide copper, however did not affect the total copper resource potential of the Adit Zone.

2005: An option agreement was completed to permit Weststar Resources Ltd. to earn a 70% interest in the property.

In summary, 192 drill holes totaling 14,915 meters have been documented to have been drilled on the Axe Property during 1968 – 2004; 49 diamond drill core holes and 143 percussion drill holes. This report incorporates the results of all programs into recent work, which provides the required data to recommend ongoing work programs.

Geological Setting

Regional Geology:

The project area lies within the Intermontane belt of Mesozoic rocks between Princeton and Merritt. This belt of rocks carries south into the United States and north into the Yukon Territory. The distinguishing and oldest rock group in this belt is the volcanic and sedimentary rocks of the Triassic Nicola group. Preto (Bulletin 69) has subdivided this group into the western, central, and eastern facies. The eastern facies is dominantly intermediate purple/gray/green flows, breccias, tuffs, lahar breccias, with minor sandstones and siltstones. The central facies is intermediate to basic flows, breccias and tuffs, with more dominant limestone, siltstone, argillite, and conglomerate. The western facies is acidic to intermediate flows, breccias and tuffs, with minor limestone.

Intruding the Nicola volcanics are numerous stocks, sills, small plutons, batholiths and dikes of various ages and of a varied composition. The more sizeable intrusions are the Jurassic Pennask batholith, the lower Jurassic Allison Lake pluton, and the Cretaceous Summers Creek stocks. The intrusive rocks are acidic to basic in composition, however most are alkalic in nature. The most dominant rock descriptions are diorite, monzonite and granodiorite.

The lower Cretaceous Kingsvale group of dominantly volcanic rocks unconformably overly the Nicola group and earlier inrusions. These rocks are intermediate to felsic flows, tuffs, ash flows and lahar breccias. The Summers Creek stocks intrude rocks of the Kingsvale group, Overlying all rocks are Tertiary basalts and andesites of the Princeton group and sedimentary rocks of the Coldwater beds.

Property Geology:

The dominant rock types of the property are volcanic and sedimentary rocks of the central facies of the Triassic Nicola group, and stocks and small batholiths of Triassic diorites and monzonites. A small outlier of the Cretaceous Kingsvale group lies just to the north of the property.

Amax Exploration Inc. has completed the most thorough geological mapping program on the property during its exploration history. Most outcrops occur along the deeply incised Summers Creek valley. The following geological discussion is a summary of the Amax work.

The Nicola group has been subdivided into three basic units; flows, pyroclastics and sediments. The flows are most abundant and are described as purple/green amygdaloidal augite andesite with interbedded trachyandesite feldspar porphyry. The pyroclastic units are massive to finely bedded crystallithic andesite tuffs with interbedded siltstone and light gray/green dacite tuff. Graded bedding is locally identified, with occasional diagnostic lapilli sized fragments, common to explosive breccias and lahars.

The sediments are dominantly interbedded greywacke, siltstone and minor conglomerate and massive beds of gray to light brown limestone. All Triassic rocks are hornfelsic in nature near the contact of intrusions. Some of the sedimentary horizons have developed slaty and/or schistose cleavages.

The intrusive rocks on the property have been classified as late Triassic diorite, quartz diorite and micromonzonite porphyry. They are all related to one specific intrusive event, probably the earliest event of the Princeton area. Intrusions form masses of irregular size and shape, and are located in all areas of the property. Structural events have played a major role in positioning the existing bodies. The larger bodies display concentric zoning patterns.

Late felsic and porphyritic dike swarms are found in all areas of the property. The ages are unknown, however are probably related to late phase activities of the Allison Lake or Summers Creek intrusions. Very late basic dikes are related to Tertiary vulcanism. These dikes are post-mineralization. A simplified interpretation of the geology is presented on Figure 4.

Structural Geology:

The structural events on the claims and surrounding area are extremely complex. The earliest event appears to be the main Summers Creek fault that transects the eastern portion of the property and approximates the trend of Summers Creek. Throughout the length of this fault (40 km), the fault is shown to splay into several fault lineaments, giving rise to a horsetail effect, noted in the northern portion of the claims.

In the vicinity of the South Zone, strong cross-faulting has been identified, that has caused both offsetting and down-dropping of major rock units. Most of these cross-faults appear to be post mineralization.

The West Zone is located at the south end of a horse-tailed splay of the Summers Creek fault, and the extreme shearing associated with this fault has given rise to the rock preparation for introduction of mineralizing fluids. Later displacement along this fault suggests that only a portion of this zone has been identified.

Interpretation of the Adit Zone indicates the eastern boundary to be a northwesterly trending fault. It appears that the eastern portion of this zone has been displaced and has not been discovered to date.

Amax (1971) has presented the model of a northerly trending anticline, the axis intersecting both South and Adit Zones. The interpretation concludes that some boundaries of these zones are related to this anticlinal feature, and remain a plausible interpretation for both zones.

Exploration Information and Drilling

2006 and 2007 Work Programs:

The 2006 work program consisted of five drill holes (689 Meters); four in the West Zone and one in the North Zone. Drilling was completed by Connors Drilling Ltd. of Kamloops, collecting NQ (4.75cm diameter) drill core. Drilling was difficult and three drill holes were abandoned early due to bad ground. The 2007 work program consisted of nine drill holes (2712 meters); 7 in the West Zone and one in each of the South and Adit Zones. 2007 drilling was completed by Beaupre Drilling Ltd. of Princeton, collecting HQ (5.7cm diameter) drill core. All holes were geologically logged and sampled on site while the program was in progress. The drill-core was split by hand splitter. All samples were submitted to Acme Analytical Laboratories Ltd. in Vancouver for MS-ICP analysis and copper/gold assay. A summary of both drill campaigns is as follows:

2006 Drill Program

Drill Hole No.	Zone	Location	Elevation	Bearing	Angle	Depth
A06 – 01	West	L68+00N @ 13+00W	1410m	000	-75	39m
A06 – 02	West	L66+00N @ 13+00W	1400m	270	-80	215m
A06 – 03	West	64+75N @ 13+00W	1390m	200	-67	198m
A06 – 04	North	L76+00N @ 6+90W	??	110	-60	110m
A06 – 05	West	L69+00N @ 12+00W	1415m	270	-75	127m
Total						**689m**

2007 Drill Program

Drill Hole No.	Zone	Location	Elevation	Bearing	Angle	Depth
A07-06	West	67+00N @ 13+00W	1405m	000	vert	395m
A07-07	West	69+75N @ 12+75W	1418m	000	vert	245m

A07-08	West	65+20N @ 13+00W	1400m	270	-85	368m
A07-09	West	63+50N @ 13+00W	1420m	225	-80	299m
A07-10	West	66+00N @ 12+75W	1405m	270	-80	264m
A07-11	West	66+00N @ 13+75W	1397m	000	vert	291m
A07-12	Adit	62+00N @ 6+60W	??	070	-75	300m
A07-13	South	56+00N @ 4+00W	??	000	vert	250m
A07-14	West	66+50N @ 13+00W	1402m	000	vert	300m
Total						**2,712m**

Location of all 2006 and 2007 diamond drill holes are shown on figures above.

The writer was responsible for drill-hole locations, bearing and target depths of each hole. Due to the fact that historical drill collars could not be located, attempts to twin old holes were not contemplated. It was felt that results of attempted twinned holes could lead to confusing results without a better control of hole locations. It is felt that the established grid of drilling will provide a direct relationship of the new to historical results. The writer visited the site during each drill program and can verify the samples were processed and collected by competent and skilled personnel.

In summary, 206 drill holes totaling 18,316 meters have been documented on the Axe claims since 1968, including the 2006 and 2007 drill campaigns. 63 of these holes are diamond drill core holes, totaling 10,669 meters and 143 percussion drill holes totaling 7,647 meters

Exploration Results

Geochemistry:

Soil sampling and rock-chip sampling has been completed as part of the grass-roots phase of several exploration programs. The most comprehensive surveys were completed by Amax in the 1970s, where over 1500 soils were collected along lines at 200' (60 meter) intervals and at 100' (30 meter) intervals along each line. The soils were analyzed for copper, molybdenum,, zinc, lead and silver. Soil anomalies along the western valley wall of Summers Creek indicate the presence of copper mineralization of the Adit and South Zones. A small, but prominent copper soil anomaly indicates the presence of the West Zone.

Cominco resurveyed the principal mineral zone areas of the property in the early 1980, collecting samples on lines at 100-meter spacing and at 50 meter intervals along each line. They analyzed for gold by fire assay techniques as well as a thirty-element ICP. The significant results of this survey indicate the presence of sympathetic and non-sympathetic gold anomalies.

Rock chip sampling of almost all outcrop areas has been done throughout the exploration history of the property. There has been no attempt to compile this data over history and the results of early surveys were not documented. Recent rock-geochemistry collected in the main mineralized resource areas confirms the presence of the mineral bearing zones. Future programs should incorporate thirty-element geochemistry and whole-rock analysis of surface samples and drill core to gain a better understanding of mineralized geochemistry and alteration.

Geophysics:

Amax completed a comprehensive Induced Polarization (IP) survey on the property in the early 1970s. Lines were spaced at 200' (60 meter) intervals and "a" spacing was 100' (30 meter) intervals. Depth of the survey was four levels of penetration. The interpreted results were very useful in defining sulphide mineralization associated with the Adit, Mid, South and West Zones. The IP survey was credited as the main tool in identifying the discovery of the West Zone. There is a remarkable coincidence of IP chargeability of this survey with the copper soil anomalies.

Cominco completed reconnaissance magnetic/VLF electromagnetic surveys over the property area in the early areas. The results are not considered of much use, however the magnetic survey assisted in defining limits of the various intrusive bodies.

In 1998, the writer initiated and supervised a baseline IP survey, initiating new and more refined techniques. Lines were spaced at 500-meter intervals with "a" spacing at 50 meters and to 6 depth levels. Electrode array adapted a pole-dipole separation with an "infinite" non-moving electrode used for the entire survey. Measurements of resistivity and chargeability were generated for each station. Pseudo-sections were plotted for each of the five lines surveyed. Each pseudo-section was then modeled utilizing a UBC developed Geophysical Inversion Facility computer software program. This process adapts an interpretation that correlates more realistically the true topography with electrical properties along each line.

In 2005, Weststar completed 34 km of 3D IP survey over the resource areas extending the grid area 1.4 kilometers north of the West and Adit Zones. The sensitivity of the 2005 survey gives depth credibility of readings to 300 meters. This is 1.5 – 2 times deeper than previous surveys, and provides drill chargeability targets associated with each zone to these depths. The survey allows for topographic corrections, which provides a much more realistic plot of chargeability values on topography. In addition, “pantleg” effects at depth on these “corrected” sections have been eliminated.

In summary, all resource areas (mineral zones) are clearly identified on the chargeability profiles for all IP surveys. The South Zone probably has the most relevant correlation of the resource area to areas of strong chargeability highs.

Interpretation of the results of the recent IP data has provided some very good correlation of porphyry sulphide zones to chargeability highs. The "corrected" sections have provided the ability to superimpose real geological data on the IP data. The 2005 survey indicates the following:

1) The South, Mid, and Adit Zones are on the periphery of a large sulphide system (chargeability high). Other resource areas are identified along this periphery.

2) The anticlinal interpretation of Amax appears valid from IP data.

3) The West Zone is indicated by a large and very strong chargeability high, becoming larger and stronger between depths of 150 – 250 meters. Previous drilling has suggested copper grades associated with this zone are also getting stronger with depth.

4) The strongest chargeability is characteristically areas of highest sulphide content, however does not necessarily relate to copper mineralization.

5) At depths of 200 meters, the South Zone is expressed by chargeability results to be gradually dipping to the west.

6) At depths of >200 meters, there is a definite link of the West Zone to the chargeability highs of the Adit Zone.

7) A new chargeability anomaly has been discovered at the north end of the grid area. This becomes very strong between depths of 200 – 250 meters and has all the characteristics of the chargeability high related to the West Zone. This anomaly provides an additional drill target. This anomaly appears linked to the West and Adit Zone at depth.

8) Structures appear to be defined by chargeability interpretation.

2006/2007 DRILL RESULTS

Table, Summarizing 2006 and 2007 Drill Results

Hole Number	From	To	Core Length	Cu Content	Au Content
A06 - 01				anomalous - no significant values	
A06 - 02	15 m	37.5 m	22.5 meters	0.21%	0.14g/t
	78 m	87 m	9 meters	0.27%	0.07g/t
	91.5 m	108 m	17.5 meters	0.18%	0.10g/t
	126 m	171 m	45 meters	0.53%	0.15g/t
	177 m	186 m	9 meters	0.18%	anomalous
	202.5 m	215 m	12.5 meters	0.65%	0.22g/t
A06 – 03	18 m	124.5m	106.5 meters	0.20%	0.15g/t
A06 – 04				no significant values	.
A06 - 05	11 m	25.5 m	14.5 meters	0.36%	0.29g/t
	25.5 m	75 m	49.5 meters	anomalous	1.29g/t
including	61.5m	64.5m	3 meters	0.31%	9.64g/t
	91.5 m	102 m	10.5 meters	anomalous	0.27g/t
A07 – 06	16.5	304.5m	288 meters	0.27%	0.15g/t
including	45	60m	15 meters	0.41%	0.24g/t
and	85.5m	97.5m	12 meters	0.53%	0.28g/t
and	190.5m	205.5m	15 meters	0.47%	0.19g/t
	322.5m	334.5m	12 meters	0.21%	0.17g/t
	358.5m	370.5m	12 meters	0.19%	anomalous.
A07 - 07	94.5m	120m	25.5 meters	--	1.09g/t
including	114m	117m	3 meters	--	6.06g/t
	144m	150m	6 meters	--	0.37g/t
	205.5m	210m	4.5 meters	--	0.19g/t
A07 - 08	42m	66m	24 meters	0.16%	0.20g/t
	121.5m	246m	124.5 meters	0.38%	0.22g/t
including	234m	244.5m	10.5 meters	1.55%	0.94g/t
	261m	307.5m	46.5 meters	0.18%	0.23g/t
	331.5m	340.5m	9 meters	anomalous	0.90g/t
A07 - 09	48m	51m	3 meters	--	1.06g/t
	129m	135m	6 meters	--	0.20g/t
	148.5m	162m	13.5 meters	anomalous	0.21g/t
A07 - 10	45m	51m	6 meters	0.17%	--
	91.5m	106.5m	15 meters	0.24%	0.14g/t
	141m	160.5m	19.5 meters	0.16%	--

	181.5m	187.5m	6 meters	0.17%	0.14g/t
	256.5m	264m	7.5 meters	0.29%	0.15g/t
A07 - 11	96m	109.5m	13.5 meters	0.17%	0.27g/t
	121.5m	124.5m	3 meters	0.56%	0.57g/t
	199.5m	273m	73.5 meters	0.12%	-- .
A07 – 12			No significant assays		.
A07 – 13	4.5m	102m	97.5 meters	0.17%*	-- .
A07 - 14	94.5m	109.5m	15 meters	0.17%	0.16g/t
	151.5m	162m	10.5 meters	0.16%	0.15g/t
	175.5m	181.5m	6 meters	0.41%	0.14g/t

* Composite based on 65 samples (each 1.5 meters), 30 assays reported as % copper and 35 multi-spectrometer analysis reported as ppm copper.

The table above indicates the significant gold content in the northern portion of the West Zone as noted in holes A06 – 05 and A07 – 07 and a background content of gold ranging 0.15 to 0.25 g/t associated with copper. Early historical results did not report gold assays, therefore this gold content will have a significant impact on future resource calculations in the West Zone. It is interesting to note that the northern portion of the West Zone contains gold content in excess of 1 g/t across 49.5 meters (ranging up to 9.64 g/t across 3 meters), with very weak copper values. This suggests a gold/copper zoning relationship, with gold becoming the dominant economic metal in the northern extremities of the zone.

Hole A07 – 06 indicates a 288 meter intersection of continuous copper and gold mineralization. This continuity has not been identified in any of the previous drill campaigns. The 10.5 meter intersection of 1.55% copper and 0.94g/t gold in hole A07 – 08 is from a massive magnetite zone adjacent to a non-mineralized granodiorite stock, obviously being of skarn-type mineralization. This style of mineralization has not been previously identified on the property.

In summary, the 2006/2007 drill program has expanded the strike length of the West Zone from 350 meters to 600 meters, and established the depth of mineralization to 300 meters (previous depth – 150 meters). Drill holes A07 – 10 and A07 – 11 apparently have established the width of the zone to approximately 120 meters.

Hole A07 – 13 was drilled approximately 250 meters northeast of the identified historical resource of the South Zone. The top 97.5 meters of this hole reported an average grade of 0.17% copper, and indicates a possible 250 meter expanded strike length to this zone. Hole A06 – 04 drilled into the North Zone and hole A07 – 12 drilled into the down-dip extension of the Adit Zone did not intersect significant mineralized intercepts

Mineralization

All the alteration patterns and zones of classic porphyry and possible skarn (A07-08, massive magnetite and chalcopyrite) deposits are recognized on the Axe property. Epidote, magnetite, calcite and actinolite, with abundant chlorite are common to the peripheral propyllitic zones. Associated with this alteration are vein and shear fillings of semi-massive pyrite and minor chalcopyrite. This nature of mineralization is most common on the east side of Summers Creek on and near the Axe 100 - 1500 claims. The widespread and disseminated sulphides with abundant chlorite, sericite, actinolite, and clays are common to the phyllic and argillic zones,

dominant in the resource areas. K-feldspar and secondary biotite are present in various locations on the property, however its relationship to the resource areas is unclear.

A better understanding of the alteration types and patterns would be an invaluable tool for ongoing exploration on the Axe claims, which would assist in predicting areas of undiscovered mineralization.

Principal economic minerals identified on the property are chalcopyrite, malachite and chalcocite. Copper also occurs in minor contents as azurite, bornite and native copper. Molybdenite, sphalerite and galena have also been identified in drill core. Gold minerals have not been identified in surface samples or drill core, however gold analysis indicates anomalous contents of gold up to 0.5 gm/tonne in drill core associated with copper mineralization and zones of discrete gold ranging to 10 gm/tonne. Secondary oxidation has been identified to depths of 90 meters, mainly in fault related zones of mineralization.

Sample Preparation, Analysis and Security

Protocol for the 2006 and 2007 drill programs were established by the writer prior to each program.

Core samples were collected at the drill site in wooden core boxes, correctly identified by hole number and consecutive box numbers for each hole. Wooden chips were placed at the end of each run with footage correctly identified. The boxes were transported to a central nearby core logging and sampling facility. At this facility, the footage labels were converted to meters. And each box was identified with aluminum tags with hole number, box number and contained interval of drill core.

The core was geologically logged by the on-site geologist who selected intervals, based on noted mineralization alteration and structures, for sampling. Sample intervals were regular 1.5 meter lengths of core over the mineralized intercept. Sample tags were prepared for each sample, the sample tags as well as number identified on the outside of the poly-ore sample bag. The core was split with a hand splitter, half the core being placed in the sample bag. The remaining half-core was returned to the core tray. The bags were twist-tied and deposited in large rice bags for shipment to the laboratory.

Hand-written drill logs were prepared for each hole, describing encountered rock-types, alteration, mineralization and structures. The drill logs allowed for sample number, sample interval and gold and copper values. When the analytical results were received copper and gold ICP results and assays were then transferred to the logs.

Samples were routinely shipped to the laboratories of Acme Analytical Laboratories Ltd. in Vancouver, B.C. The project manager made routine trips to Vancouver approximately every two weeks throughout the program, delivering the samples directly to the laboratory. The samples were shipped in a covered truck.

The 2006 samples were received by the laboratory with instructions to initially complete an ICP-MS analysis on all submitted samples. Samples were crushed and a 250gm aliquot was pulverized to approximately 400 mesh. Each sample (0.4gm) was leached at 95 degrees Centigrade for one hour in an aqua-regia solution. The solution was then calibrated and 36 elements were detected by ICP-MS methods, copper reported in ppm and gold reported in ppb.

Samples in excess of 1000ppm copper and 100ppb gold were then selected for assay. A 1 gm pulverized sample was digested in hot aqua-regia to 100ml and analyzed for copper by ICP-ES

methods and reported in %Cu. A 1 AT pulverized sample (29gm) was subject to fire assay with an ICP-ES finish providing gold assays, reported in gm/tonne. Sample results were directly reported to Weststar and the writer electronically.

The 2007 samples were received by the laboratory with instructions to complete a gold fire-assay and copper assay on all samples by the above noted methods. Every tenth sample was analyzed by ICP-MS methods for 36 elements.

A rigid sampling QA/QC protocol was established for the 2007 drill program. Standards obtained from a third-party laboratory were introduced to the sample sequence at a frequency of every thirtieth sample. Blank samples obtained from a rock outcrop known to be barren of potentially economic elements were also introduced into the sample sequence at a frequency of every thirtieth sample. Standard laboratory practices of re-runs of sample pulps every tenth sample and sample rejects every thirtieth sample as well as the standards introduced by the laboratory periodically introduced to the sample sequence at a frequency of approximately every thirty-fifth sample. The results of quality control have not been statistically analyzed, however a review of results indicates that there are no anomalous situations. In addition to the above, a routine specific gravity test was completed on every thirtieth sample.

For 2006 drill samples, a sampling protocol was not established for the program. Future assessments from this program will have to rely on in-house laboratory protocol.

Mineral Resources and Mineral Reserve Estimates

Resource Classification:

The 2006 resource estimate at a cut-off of 0.25% copper is summarized as follows:

	Indicated	Inferred	Grade
	(tonnes)	(tonnes)	(%Cu)
South Zone	23,600,000	19,600,000	.34%
West Zone	9,100,000	6,000,000	.37%
Adit Zone	6,000,000	6,100,000	.55%
Mid Zone	300,000	300,000	.55%
Totals	**39,000,000**	**32,000,000**	**.38%**

Methods resource calculations are based on manual sections of the four mineralized zones, and are discussed in detail in the 2006 NI43-101 compliant report.

Most of the 2006/2007 drilling was completed in the West Zone. Based on a visual review of these results, it is apparent that the resource of the West Zone will improve significantly, as the strike length is 50% longer than previously identified, and mineralization extends to depths of 300 meters, almost twice as deep as previous drilling had indicated. In addition, the gold content of the West Zone will improve the valuable metal content of the rock.

Weststar has not incorporated the 2006/2007 drill results into its data base, and has not completed an updated resource calculation of the West Zone, based on this new data. The writer has no reason to believe the drilling has had a negative impact on any of the resource from the 2006

estimate of the West Zone, and the resource, as stated, remains current. It is recommended that the resource of the West Zone be updated using computer-modeled techniques.

Both the West Zone and Adit Zone have had recent drill campaigns which have basically verified the presence of economic minerals in each zone, similar to contents of historical programs. With the exception of one hole on the periphery of the South Zone, this zone has never been tested by recent drill programs. To improve the confidence and classification of resource estimates in the South Zone, recommendations of this report also include drill confirmation to depths of 150 meters. Some drilling is also suggested in the new northwestern lobe of the South Zone, to establish its existence and potential.

Resource Potential:

The potential of the property to host an oxide copper resource has been tested by 7 drill holes into the Adit Zone in 2004. The Adit Zone was considered having the most potential of this style of resource. Results of drilling indicate that less than 50% of the copper occurs in oxide minerals and therefore could not be recovered economically by heap leach and electrowinning processes. The inferred resource discussed in earlier reports (1999 and 2003) therefore does not exist in the Adit Zone and probably will not exist elsewhere on the property.

Chargeability anomalies revealed by 3D Induced Polarization survey has provided excellent targets for exploration drilling. The penetration of the 3D IP data is the deepest of any survey to date and has revealed valid interpretation of strong chargeability at depths of 200 – 250 meters in both the West and South Zones. These anomalies appear to be become larger, as well as stronger, at these depths.

The 3D IP survey also revealed a moderate to strong chargeability high in the north area of the grid, in the vicinity of Lines 74+00 to 78+00 North. Drilling of this anomalous area is also warranted.

The area around the Adit Zone offers some of the best exploration potential on the property. The surface plan and section of this zone indicates that the zone is terminated to the northeast by a major fault, and that a segment of this zone has been displaced in both a lateral and vertical direction. The Adit Zone is geometrically the centroid of most geological, geochemical and geophysical features of the property. The intense shearing, brecciation and faulting suggests an extremely complex structural setting that remains unresolved.

Gold as an auxiliary value was not recognized until Cominco became operator. Their re-logging and re-sampling of available drill core established a non-sympathetic relationship of gold to copper in the west zone ranging 0.1 - 0.4 gm/tonne. The 2006 and 2007 drill programs substantiated this presence of gold. Further studies of gold content within all zones are required.

Potential also exists in other areas for developing additional porphyry resources. A North Zone is referred to just to the north of the existing property. One drill hole completed in 2006 into the North Zone did not reach target depth. The Coyne showing and other copper occurrences have been located and examined on the east side of Summers Creek. A strong geochemical and geophysical signature provides additional exploration potential to the east of the known resources. To the west, the property has only been explored with minimal drill holes.

In summary, the exploration potential of the Axe property is considered excellent.

Mining Operations

The porphyry copper (gold, molybdenum) deposits of central British Columbia have been the main base/precious metal mining operations of the province for the past five decades. Exploration for these type of deposits were at a peak in the late 1960s and early 1970s, however by 1980 and mainly due to weak copper prices, much of the interest in porphyry deposits had ended, as emphasis was placed on exploration for precious metal deposits. Therefore, much of the exploration glamour of central British Columbia had shifted other areas of North America and the rest of the world. Improvement in base and precious metal prices and recent advances in exploration tools, such as airborne geophysical systems, induced polarization techniques, geochemistry, and drilling techniques, it is now time to revisit the porphyry deposits of British Columbia. Major changes to mining and recovery methods have vastly improved the efficiency of large-scale, open-pit mining operations. Coupled with a better geological understanding of the nature of porphyry deposits, the opportunity now exists to focus on this style of mineralization, applying new and advanced techniques of exploration, mining and recovery of the metals.

South-central British Columbia is considered the copper mining center of Canada. In total, some 3 billion tonnes have been identified in ore of the Highland Valley grading an average of 0.45% copper and up to 0.8 grams per tonne gold. Current annual production from the Highland Valley mine operated by Cominco is 160,000 tonnes of copper.

4.4 The Company does not have oil and gas operations, so accordingly this item is not applicable.

5. Selected Consolidated Financial Information

5.1 Annual Information

The following table summarizes selected annual financial data for the Company prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**") for the three fiscal years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016. The audited information presented below is derived from the Company's financial statements, which were examined by its independent auditor. The information set forth below should be read in conjunction with the Company's audited annual and unaudited interim financial statements and related notes thereto, which are available on SEDAR at www.sedar.com.

	Year ended 12/31/2013 (audited)	**Year ended 12/31/2014 (audited)**	**Year ended 12/31/2015 (audited)**	**6 months ended 06/30/2016 (unaudited)**
Net sales or total revenues	$ -	$ -	$ -	$ -
Total expenses	263,293	2,064,630	685,454	175,867
Net loss and total loss from continuing operations	263,293	2,060,930	689,154	283,367
Basic and diluted loss, per share	(0.02)	(0.10)	(0.02)	(0.01)
Total assets	1,596,959	274,492	303,502	194.696
Long-term debt	-	-	-	-
Dividends declared	-	-	-	-

The following table summarizes selected annual financial data for North Road prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**") for the fiscal year ended December 31, 2015 and the period from incorporation on May 12, 2014 to December 31, 2014. The audited information presented below is derived from the North Road's financial statements, which were examined by its independent auditor.

	Period from 05/12/2014 to 12/31/2014 (audited)	**Year ended 12/31/2015 (audited)**
Net sales or total revenues	$ -	$ -
Total expenses	2,184	55,365
Net loss and total loss from continuing operations	2,184	67,848
Basic and diluted loss, per share	(1.09)	(33.92)
Total assets	20	53,797
Long-term debt	-	-
Dividends declared	-	-

5.2 Quarterly Information

The following table summarizes selected quarterly financial data for the Company prepared in accordance with IFRS as issued by the IASB for each of the eight most recently completed quarters. North Road does not have prepared quarterly financial statements.

	Jun 30, 2016	**Mar 31, 2016**	**Dec 31, 2015**	**Sept 30, 2015**	**Jun 30, 2015**	**Mar 31, 2015**	**Dec 31, 2014**	**Sept 30, 2014**
Total revenues	-	-	-	-	-	-	-	-
Net loss - continuing operations	198	85	239	171	111	168	1,736	119
Net loss - total	85	85	239	171	111	168	1,736	119
Basic and diluted income (loss) per share – continuing operations	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.08)	(0.01)

	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sept 30, 2014
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.08)	(0.01)

5.3 Neither the Company nor North Road have a dividend policy. There are no restrictions that could prevent the Company or North Road from paying dividends.

5.4 Both the Company and North Road's financial statements have not been prepared using foreign GAAP, so accordingly this item is not applicable.

6. Management's Discussion and Analysis

Annual MD&A for the fiscal year ended December 31, 2015 – Attached as Appendix A.

Annual MD&A for the fiscal year ended December 31, 2014 – Attached as Appendix B.

Annual MD&A for the fiscal year ended December 31, 2013 – Attached as Appendix C.

Interim MD&A for the six months ended June 30, 2016 – Attached as Appendix D.

7. Market for Securities

The Company's common shares are listed for trading on the CSE under the symbol "WER". Upon approval of the Fundamental Change, the shares will trade under the symbol "LIB".

8. Consolidated Capitalization

On December 31, 2015, the Company had 47,556,986 common shares issued and outstanding on a non-diluted basis and 77,389,486 common shares issued and outstanding on a fully-diluted basis. Subsequent to this date, the Company issued the following securities:

On February 16, 2016, the Company granted 300,000 stock options to two consultants to the Company, with an exercise price of $0.05 per common share and an expiry date of February 16, 2017.

On March 11, 2016, 100,000 stock options with an exercise price of $0.05 expired unexercised.

On April 7, 2016, 207,500 stock options with an exercise price of $0.05 expired unexercised.

On April 4, 2016, the Company closed a non-brokered private placement and raised $188,500 through the issuance 3,770,000 units at a price of $0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share.

On June 13, 2016, 150,000 stock options with an exercise price of $0.055 expired unexercised.

On July 2, 2016, 750,000 stock options with an exercise price of $0.05 expired unexercised.

On July 4, 2016, 50,000 stock options with an exercise price of $0.055 expired unexercised.

On August 22, 2016, 300,000 stock options with an exercise price of $0.05 expired unexercised.

On September 5, 2016, 100,000 stock options with an exercise price of $0.05 expired unexercised.

On October 19, 2016, the Company issued 12,000,000 common shares to the Shareholders of North Road pursuant to the Agreement. The shares are valued at $0.05 per share for a total of $600,000.

On October 19, 2016, the Company closed a non-brokered private placement and raised $370,315.96 through the issuance 5,290,228 units at a price of $0.07 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.10 per share, subject to acceleration.

As a result of the issuances set out above, and as at the date hereof, the Company had 68,617,214 common shares issued and outstanding on a non-diluted basis and 106,152,442common shares issued and outstanding on a fully-diluted basis.

9. Options to Purchase Securities

The following table sets forth as at June 30, 2016, the amount and terms of currently outstanding options to acquire common shares the Company has granted to all directors, past directors, executive officers, past executive officers, all other employees and past employees, consultants and any other person or company. The Company has not granted options to any person who is not, or was not previously, a director, officer, employee or consultant.

Category	Aggregate Number of Individuals	Aggregate Number of Options	Date of Grant	Exercise Price	Grant Date Fair Value	Expiry Date
Directors and Past Directors	2	160,000	July 9, 2012	$0.10	$0.15	July 9, 2017
Executive Officers and Past Executive Officers	2	130,000	July 9, 2012	$0.10	$0.15	July 9, 2017
Employees and Past Employees	n/a	n/a	n/a	n/a	n/a	n/a
Consultants	2	300,000	Feb 16, 2016	$0.05	$0.02	Feb 16, 2017
	1	25,000	July 9, 2012	$0.10	$0.15	July 9, 2017
	1	140,000	Nov. 25, 2014	$0.07	$0.02	Nov. 25, 2017

10. Description of the Securities

10.1 The Company is authorized to issue an unlimited number of common shares without par value.

The shareholders are entitled to dividends, if, as and when declared by the board of directors of the Company (the "**Board**"), entitled to one vote per share at meetings of the shareholders of the

Company and, upon dissolution, entitled to share equally in such assets of the Company as are distributable to the shareholders and subject to any special rights or restrictions attached to any shares of the Company. The shares do not include any conversion or exchange rights; redemption, retraction, purchase for cancellation or surrender provisions; sinking or purchase fund provisions; provisions permitting or restricting the issuance of additional securities or any other material restrictions; nor any provisions requiring a shareholder to contribute additional capital.

10.2 The Company is not listing debt securities, so accordingly this item is not applicable.

10.4 The Company is not listing any other securities other than equity securities, so accordingly this item is not applicable.

10.5 Subject to the BCBCA, the Company may:

(1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares, if none of those shares have been issued;

(2) by special resolution of the shareholders of the class or series affected, being two-thirds of the votes cast on the resolution, do any of the acts in (1) above, if any of the shares of the class or series of shares have been issued.

10.6 There are not other attributes to the securities being listed, so accordingly this item is not applicable.

10.7 Prior Sales

During the 12 months preceding the date of this Listing Statement, the Company issued the following common shares and securities convertible into common shares:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
October 26, 2015	Units[(1)]	10,180,000	$0.05	$509,000
April 4, 2016	Units[(2)]	3,770,000	$0.05	$188,500
October 19, 2016	Units[(3)]	5,290,228	$0.07	$370,315.96[(4)]

(1) Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share.

(2) Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share.

(3) Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.10 per share, subject to acceleration.

(4) Gross proceeds were $370,315.96, less $18,462.60 in finder's fees paid.

10.8 Stock Exchange Price

The high and low market prices of the Company's common shares on the CSE for each month of the current quarter and the immediately preceding quarter were as follows:

Monthly Highs and Lows	High ($)	Low ($)
September 2016 - halted	n/a	n/a
August 2016 - halted	n/a	n/a
July 2016 - halted	n/a	n/a
June 2016 - halted	n/a	n/a
May 2016	0.055	0.035
April 2016	0.06	0.025

The high and low market prices of the Company's common shares on the TSXV and CSE for each full fiscal quarter for the seven preceding quarters were as follows:

Quarterly Highs and Lows	High ($)	Low ($)
Quarter ended June 30, 2016	0.06	0.025
Quarter ended March 31, 2016	0.02	0.035
Quarter ended December 31, 2015	0.055	0.02
Quarter ended September 30, 2015	0.045	0.01
Quarter ended June 30, 2015	0.04	0.01
Quarter ended March 31, 2015[(1)]	0.04	0.015
Quarter ended December 31, 2014	0.055	0.015

[(1)] On February 10, 2015, the Company delisted from the TSXV and listed on the CSE

11. Escrowed Securities

The Company does not hold any securities in escrow, so accordingly this item is not applicable.

12. Principal Shareholders

12. The following table provides information regarding the Company's principal shareholders as at the date of the listing statement:

Name	Class of Securities Held	Number of Securities Held	Type of Ownership	Percentage of Class[(1)]
CDS & CO	Common Shares	30,825,795	Registered	44.92[2)]

[(1)] Based on 68,617,214 common shares issued and outstanding as at the date hereof.

(2) The percentage of class on a fully-diluted basis is 29.04%.

13 Directors and Officers

13.1 The following table sets out information concerning directors and executive officers of the Company:

Name, Jurisdiction of Residence and Position Held with the Company	Principal Occupation During the Past Five Years[1]	Director Since	Number of Shares Owned[1]
William Rascan[2] Coquitlam, BC President, Chief Executive Officer, Secretary and Director	President Director of the Company; former Senior Investment Advisor at Northern Securities from 2008 to 2012; former Investment Advisor at Jennings Capital from 2005 to 2008.	May 16, 2012	2,621,500[3]
P. Joseph Meagher Vancouver, BC Chief Financial Officer and Director	CFO and Director of the Company; CFO and Director of Alchemist Mining Inc. (CSE) and Bonterra Resources Inc. (TSXV); CFO of Good Life Networks Inc. a private media company, Noka Resources Inc. (TSXV), Vangold Resources Ltd. (TSXV), Troymet Exploration Corp. (TSXV) and Dotodo Urban Logistics, Inc.; Controller of Sciue Ventures Inc., a private restaurant company; Director of Triumvirate Consulting Corp., a private consulting company; former manager of Smythe Ratcliffe LLP from 2005 to 2011	June 15, 2012	855,174
Keith Anderson[2] Coquitlam, BC Director	Director of the Company and Vangold Resources Ltd. (TSXV); President and Director of Alchemist Mining Inc. (CSE); former Investment Advisor at Canacord Genuity Corp. from 1987 to 2012	June 15, 2012	Nil
Steven Feldman[2] Surrey, BC Director	Director of the Company; Investor and Corporate Communications Consultant and former Manager of Investor Relations for Barisan Gold Corp. (TSXV); former Vice-President of Investor and Corporate Relations for TVI Pacific Inc. (TSX); former Manager of Investor Relations for SouthGobi Resources Ltd. (TSX) from 2005 to 2012	May 16, 2012	340,000

(1) This information as to principal occupation and number of shares owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.

(2) Member of the Audit Committee.

(3) 2,344,000Shares are held in Sunshrine Capital Corp., a private company wholly owned by Mr. Rascan.

13.2 The table above sets forth the period during which each director has served as a director. All directors hold office until the next annual meeting of shareholders or until their earlier death, resignation or removal.

13.3 As a group, the directors and executive officers of the Company beneficially own, and exercise control and direction over, an aggregate of 3,816,674 common shares of the Company, representing 5.56% of the issued and outstanding common shares, on an undiluted basis, as at the date of the Listing Statement.

13.4 The Company has an Audit Committee, comprised of Keith Anderson, William Rascan and Steven Feldman.

13.5 Details of the principal occupations of any director or executive officer of the Company are set forth in the table above.

13.6 No director or officer of the Company, or shareholder holding a sufficient number of securities to affect materially control of the Company is, or within 10 years before the date of this Listing Statement, has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied such other issuer access to any exemptions under Ontario securities law for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in such other issuer being the subject of a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

13.7 No director or officer of the Company, or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 As item 13.7 does not apply to the Company, accordingly this item is not applicable.

13.9 No director or officer of the Company, or shareholder holding a sufficient number of securities to affect materially control of the Company, or a personal holding company of any such persons, has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

13.10 Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

13.11 The Company's management team is comprised of William Rascan and P. Joseph Meagher. The following table provides information about each member of management that is in addition to the information included in the table in Section 13.1 above:

Name and Position with the Company	Age	Responsibilities with the Company	Employee or Independent Contractor?	Full or Part Time Basis?	Non-Competition or Non-Disclosure Agreement? (Yes / No)
William Rascan President, Chief Executive Officer and Secretary	50	President & Secretary	Independent Contractor	Full time, devoting 100% of time to the Company	Yes
P. Joseph Meagher Chief Financial Officer	30	Chief Financial Officer	Independent Contractor	Full time, devoting 15% of time to the Company	Yes

14. Capitalization

14.1 The following table sets out information regarding the Company's common shares.

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	68,617,214	106,152,442		

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
Held by Related Persons or employees of the Company or Related Person of the Company, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Company (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Company upon exercise or conversion of other securities held) (B)	24,684,214	42,919,428	35.94%	40.43%
Total Public Float (A-B)	43,933,000	63,233,014	64.06%	59.57%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	21,060,228	30,120,456	30.69%	28.37%
Total Tradeable Float (A-C)	47,556,986	76,031,986	69.31%	71.63%

Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "public securityholders" of the Company, being persons other than persons enumerated in section (B) of the previous chart:

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	1	416
500 – 999 securities	2	1,208
1,000 – 1,999 securities	1	1,041
2,000 – 2,999 securities	1	2,083
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	48	17,780,457

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public securityholders" of the Company, being persons other than persons enumerated in section (B) of the issued capital chart who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	119	5,410
100 – 499 securities	185	48,529
500 – 999 securities	75	52,326
1,000 – 1,999 securities	79	103,791
2,000 – 2,999 securities	65	154,134

3,000 – 3,999 securities	24	79,915
4,000 – 4,999 securities	18	77,797
5,000 or more securities	391	37,824,311
Unable to confirm		6,108,689

Non-Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "non-public securityholders" of the Company, being persons enumerated in section (B) of the issued capital chart:

Class of Security: Common Shares

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	14	22,962,714

14.2 The following table sets out information regarding any securities convertible or exchangeable into any class of listed securities:

Description of Security	**Number of convertible / exchangeable securities outstanding**	**Number of listed securities issuable upon conversion / exercise**
Warrants	36,780,228[(1)(2)(3)(4)(5)(6)]	36,780,228
Stock Options	755,000[(7)(8)(9)]	755,000

(1) On September 18, 2014, the Company issued an aggregate of 8,140,000 warrants, each warrant exercisable into one common share for a period of two years from issuance at a price of $0.075 per share. On September 1, 2016, the Company extended the expiry date to September 18, 2018.

(2) On December 16, 2014, the Company issued an aggregate of 2,940,000 warrants, each warrant exercisable into one common share for a period of two years from issuance at a price of $0.075 per share.

(3) On July 22, 2015, the Company issued an aggregate of 6,460,000 warrants, each warrant exercisable into one common share for a period of two years from issuance at a price of $0.075 per share.

(4) On October 26, 2015, the Company issued an aggregate of 10,180,000 warrants, each warrant exercisable into one common share for a period of two years from issuance at a price of $0.075 per share.

(5) On April 4, 2016, the Company issued an aggregate of 3,770,000 warrants, each warrant exercisable into one common share for a period of two years from issuance at a price of $0.075 per share.

(6) On October 19, 2016, the Company issued an aggregate of 5,290,228 warrants, each warrant exercisable into one common share for a period of two years from issuance at a price of $0.10 per share, subject to acceleration.

(7) On July 9, 2012, the Company granted 315,000 stock options, each of which is exercisable into one common share at a price of $0.10 per share until July 9, 2017.

(8) On November 25, 2014, the Company granted 140,000 stock options, each of which is exercisable into one common share at a price of $0.07 per share until November 25, 2017.

(9) On February 16, 2016, the Company granted 300,000 stock options, each of which is exercisable into one common share at a price of $0.05 per share until February 16, 2017.

14.3 There are no other securities reserved for issuancethat are not included in item 14.2, so accordingly this item is not applicable.

15. Executive Compensation

15.1 The following information has been derived from the Company's Statement of Executive Compensation on Form 51-102F6 for the financial year ended December 31, 2015. Compensation is anticipated to stay the same for 2016.

During the financial year ended December 31, 2015, the Company had two Named Executive Officers, as defined below, William Rascan, the Company's President, CEO and Secretary and Joseph Meagher, the Company's CFO.

The summary compensation table below sets out particulars of compensation paid to the following executive officers for services to the Company during the three most recently completed financial years:

(a) the individual who served as our chief executive officer ("**CEO**") or acted in a similar capacity during the most recently completed financial year;

(b) the individual who served as our chief financial officer ("**CFO**") or acted in a similar capacity during the most recently completed financial year;

(c) each of our three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined by 1.3(6) of Form 51-102F6 and

(d) each individual who would be an Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year,

(each of whom is a "**Named Executive Officer**").

Compensation Discussion and Analysis

The Board reviews and gives final approvals with respect to compensation paid to the Company's Named Executive Officers. Because the Company is an early-stage exploration company, the Board does not feel that the Company's size warrants a compensation committee to evaluate compensation.

The Company's compensation objectives include the following:

- to assist the Company in attracting and retaining highly-qualified individuals;
- to create among directors, officers, consultants and employees a sense of ownership in the Company and to align their interests with those of the shareholders; and
- to ensure competitive compensation that is also financially affordable for the Company.

The compensation program is designed to provide competitive levels of compensation. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's Named Executive Officers may receive compensation that is comprised of three components:

- salary, wages or contractor payments;
- stock option grants; and
- bonuses.

The objectives and reasons for this system of compensation are to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The salaries are set on a basis of a review and comparison of salaries paid to executives at similar companies.

Stock option grants are designed to reward the Named Executive Officers for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatile stock market.

Any bonuses paid to the Named Executive Officers are allocated on an individual basis and are based on review by the Board of the work planned during the year and the work achieved during the year, including work related to mineral exploration, administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments.

Option-Based Awards

The Board believes that eligible persons working with the Company as Named Executive Officers, directors, consultants or employees should have a stake in the Company's future and that their interests should be aligned with the interests of the shareholders. To this end, the Board determines the overall amount of stock option grants and reviews and recommends to the Board the allocation of such grants to directors, officers, consultants and employees, primarily based on whose decisions and actions can have the greatest impact on the Company's performance.

These option-based awards are granted under the Company's stock option plan. The Company considers previous grants of stock options when considering new grants. For information about the Company's stock option plan, please see "Particulars of Matters to be Acted Upon".

Summary Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers for the financial years ended December 31, 2015 and 2014:

Name and principal position	Year[1]	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compen-sation ($)	Total compen-sation ($)
					Annual incentive plans	Long-term incentive plans[2]			
William Rascan CEO and President	2015	108,000[3]	Nil	Nil	N/A	N/A	N/A	Nil	108,000
	2014	108,000	Nil	Nil	N/A	N/A	N/A	Nil	108,000
Joseph Meagher CFO	2015	18,000[4]	Nil	Nil	N/A	N/A	N/A	6,500[5]	24,500
	2014	18,000[4]	Nil	Nil	N/A	N/A	N/A	6,000[5]	24,000

(1) Includes salary paid or accrued during the financial year.

(2) Long-term incentive plan. The Company does not have any LTIP other than the Stock Option Plan.

(3) Paid to Sunshrine Capital Corp., a private company wholly owned by Mr. Rascan, for management fees.

(4) Paid to Triumvirate Consulting Corp., a private company of which Mr. Meagher is a director, for management fees.

(5) Paid to Triumvirate Consulting Corp., a private company of which Mr. Meagher is a director, for accounting fees.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding (no share-based awards are outstanding) as of December 31, 2015:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Exercise price ($)	Expiration date	Value of unexercised in-the-money options ($)[1]
William Rascan	50,000	0.10	July 9, 2017	Nil

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Exercise price ($)	Expiration date	Value of unexercised in-the-money options ($)[1]
Joseph Meagher	80,000	0.10	July 9, 2017	Nil

(1) This amount is calculated as the difference between the market value of securities underlying the options on December 31, 2015 and the exercise price of the option.

Value Vested or Earned During the Year

The following table sets out the aggregate dollar value of incentive stock options that would have been realized if the options under the option-based award had been exercised on the vesting date for the Named Executive Officers during the most recently completed financial year ended December 31, 2015:

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
William Rascan	Nil	N/A	N/A
Joseph Meagher	Nil	N/A	N/A

Termination and Change of Control Benefits

The Company has not entered into any plans or arrangements in respect of remuneration received or that may be received by the Named Executive Officers in the Company's most recently completed financial year or current financial year in respect of compensating such officers or directors in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control.

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Director Compensation

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange.

During the most recently completed financial year ended December 31, 2015, the directors who were not Named Executive Officers received the following compensation for services provided to the Company:

Name	Fees Earned ($)[1]	Share-based Awards ($)	Option-based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Keith Anderson	Nil	Nil	Nil	N/A	N/A	Nil	Nil
Steven Feldman	6,000[2]	Nil	Nil	N/A	N/A	Nil	6,000

(1) Includes fees paid or accrued during the financial year.

(2) Paid to Mr. Feldman for shareholder communications.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding as of December 31, 2015 (no share-based awards are outstanding) to directors who were not Named Executive Officers:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[1]
Keith Anderson	80,000	0.10	July 9, 2017	Nil
Steven Feldman	80,000	0.10	July 9, 2017	Nil

(1) Calculated using the closing price of the Company's shares on the Exchange at December 31, 2015.

Value Vested or Earned During the Year

The following table sets out the aggregate dollar value of incentive stock options that would have been realized if the options under the option-based award had been exercised on the vesting date for directors who were not Named Executive Officers during the most recently completed financial year ended December 31, 2015:

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)

Keith Anderson	Nil	N/A	N/A
Steven Feldman	Nil	N/A	N/A

16. Indebtedness of Directors and Executive Officers

16.1 There is no indebtedness of directors and executive officers outstanding, so accordingly this item is not applicable.

16.2 As item 16.1 does not apply, accordingly this item is not applicable.

17. Risk Factors

The following is a summary of risks and uncertainties that may be material to the Company. It is possible that other risks and uncertainties that affect the Company will arise or become material. An investment in the Company is speculative and involves a high degree of risk due to the nature of its business and the present stage of exploration and development of its mineral properties. An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the information provided in forward-looking statements contained herein.

Risks with respect to the Company and the mining industry:

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the properties.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the

Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to the mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the properties. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The properties in which the Company holds an interest are considered to be early exploration stage properties; however, no mineral reserve or mineral resource estimates have been prepared in respect of the properties. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the

processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the properties, could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Risks with respect to Company and the proposed transaction with North Road:

The following risk factors should be carefully considered in evaluating the Company, its acquisition of North Road, and the resulting Company post transaction. The risks presented below may not be all of the risks that the Company post transaction and North Road may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. The market in which North Road currently competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

North Road's success to date:

- The submission of an application was vetted by industry leading consultants;
- North Road has successfully passed Health Canada's Stage 1 Preliminary Screening and Stage 2 Enhanced Screening; and
- North Road is currently in Stage 3 Security Clearance.

Reliance on license

North Road's ability to sell medical marijuana in Canada is dependent on obtaining a license under the MMPR from Health Canada. Failure to comply with the requirements of the license or any failure to maintain this license would have a material adverse impact on the business, financial condition, and operating results of North Road and the Company post-transaction.

Licensing Requirements Under the MMPR

Any applicant seeking to become a Licensed Producer under the MMPR is subject to stringent Health Canada licensing requirements

The licensing process as described by Health Canada is outlined under Section 4.1 Narrative Description of Business.

Timeframes and Cost to Obtain a Licence Under the MMPR

The timeframes and costs required for the Company or any applicant for a license under the MMPR to build the infrastructure required, to apply for, and to receive, a license can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that the Company is at the review stage in the licensing process. The current backlog of applications from other licenses with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Regulatory risks

The activities of North Road are subject to regulation by governmental authorities, particularly Health Canada. Achievement of North Road's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. North Road cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of North Road and the Company post transaction. To minimize and mitigate this risk, North Road has engaged one of the leading regulatory consulting firms to manage their MMPR application.

Change in laws, regulations, and guidelines

North Road's operations are subject to a variety of laws, regulations and guidelines relating to the management, transportation, storage, and disposal of medical marihuana, also including laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment. While to the knowledge of North Road's management, North Road is currently in compliance with all such laws, changes to such laws, regulations, and guidelines due to matters beyond North Road's control may cause adverse effects to their operations.

Limited operating history

North Road was incorporated in 2014 and has yet to generate revenue from the sale of products. North Road is therefore subject to many of the risks common to early-stage enterprises. There is no assurance that North Road will be successful in achieving a return on shareholders' investment.

Reliance on management

The success of North Road is dependent upon the ability, expertise, judgment, discretion, and good faith of its management. This risk is mitigated by North Road's management personal shareholdings in North Road's equity.

Factors which may prevent realization of growth targets

North Road is currently in Stage 3 Security Clearance. There is a risk that North Road will be adversely affected by a variety of factors, including the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;

- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that North Road may not have product or sufficient product available for shipment to meet the anticipated demand or to meet future demand when it arises.

Additional financing

The building and operation of North Road's facilities and business are capital intensive. In order to execute the anticipated growth strategy, North Road will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, and/or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to North Road or the Company when needed or on terms which are acceptable.

Competition

There is potential that North Road and the Company post-transaction will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than North Road. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition, and results of operations of North Road and the Company post transaction.

If the Company is successful in securing a license, the Company will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. In addition, the government has only issued to date (35) licenses under the MMPR to produce and sell medical marihuana. The number of licenses granted could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of medical marihuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to

offer an increasing number of diversified products. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of North Road.

Number of licences issued by province or territory	
Province or Territory	**Number of licences**
Nova Scotia	0
New Brunswick	1
Prince Edward Island	1
Newfoundland and Labrador	0
Quebec	1
Ontario	20
Manitoba	1
Saskatchewan	2
Alberta	1
British Columbia	8
Yukon	0
Northwest Territories	0
Nunavut	0
Canada (total)	**35**

Transportation disruptions

Due to MMPR requirements, North Road will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of courier services could have an adverse effect on the financial condition and results of operations of North Road and the Company post-transaction.

Product liability

As a distributor of products designed to be ingested by humans, North Road faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. North Road and the Company may be subject to various product liability claims, including, among others, that North Road's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. Although the inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of North Road's potential products, this risk will be mitigated by North Road's agreements with its suppliers to reimburse North Road for any such issues due to faults in the supplied products.

Product recalls

If any of North Road's products are recalled due to an alleged product defect or for any other reason, North Road may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although North Road will require that all incoming product has received appropriate laboratory certification, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for North Road's products and could have a material adverse effect on the results of operations and financial condition of North Road and the Company post-transaction. Additionally, product recalls may lead to increased scrutiny of North Road's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses. This risk is mitigated by North Road's contractual arrangements with its suppliers that the supplier will bear the expense of any recall due to flaws in the supplied product.

Dependence on suppliers

The ability of North Road to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to supplies of marijuana. No assurances can be given that North Road will be successful in maintaining its required supply.

Operating risk and insurance coverage

North Road will have insurance to protect its assets, operations, and employees. While North Road believes its insurance coverage will address all material risks to which it is exposed , such insurance is subject to coverage limits and exclusions. In addition, no assurance can be given that such insurance will be adequate to cover North Road's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable.

Management of growth

North Road may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of North Road to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. If North Road is unable to deal with this growth, it may have a material adverse effect on their business, financial condition, results of operations and prospects.

Conflicts of interest

Certain of the directors and officers of North Road and the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of North Road and the Company and as officers and directors of such other companies.

Litigation

North Road may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which North Road becomes involved be determined against them, such a decision could adversely affect its ability to continue operating and the market price for the Company post transaction common shares and could use

significant Company resources. Even if North Road is involved in litigation and wins, litigation can redirect significant company resources.

The market price of the Company's post transaction's common shares may be subject to wide price fluctuations

The market price of the Company post-transaction's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company post-transaction and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company post-transaction, general economic conditions, legislative changes, and other events and factors outside of the Company's post-transaction control. In addition, stock markets have, from time to time, experienced extreme price and volume fluctuations, as well as general economic and political conditions which could adversely affect the market price of the Company's post-transaction common shares.

Dividends

The Company pre or post-transaction has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Environmental and employee health and safety regulations

North Road's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. North Road will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to North Road's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations, and financial condition of North Road and the Company post-transaction.

18. Promoters

18.1 The following table discloses information with respect to William Rascan, the sole promoter of the Company as the individual who structured the Company as currently constituted, who holds an executive and director position with the Company:

Name	Date of Appointment as Promoter	Number of Common Shares Owned	Percentage of Common Shares	Number of Options Held
William Rascan	May 16, 2012 (director and officer)	2,121,500	4.13%	50,000

William Rascan is currently a director and officer of the Company. Mr. Rascan does not receive specific compensation for services as a promoter. For details of compensation paid to Mr. Rascan, see "Statement of Executive Compensation – Director Compensation".

18.2 Within 10 years before the date hereof, William Rascan has not been subject to an order, so accordingly this item is not applicable.

19. Legal Proceedings

19.1 There are no legal proceedings material to the Company, so accordingly this item is not applicable.

19.2 As item 19.1 does not apply to the Company, accordingly this item is not applicable.

20. Interest of Management and Others in Material Transactions

20.1 Within the last three years, there are no non-arms length parties that have any material interest in any of the Company's transactions, so accordingly this item is not applicable.

21. Auditors, Transfer Agents and Registrars

21.1 The auditor of the Company is Smythe Ratcliffe LLP, Chartered Accountants having an address at 700-355 Burrard Street, Vancouver, BC V6C 2G8.

21.2 Computershare Investor Services Inc., of 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9, is the transfer agent who maintains the securities register and the register of transfers for the Company's common shares.

22. Material Contracts

22.1 The material contracts which the Company has entered into during the last two years are set out below:

On **December 8, 2014**, the Company entered into an agreement to sell a 100% interest in the East Miller and Page claims. On December 15, 2014 the Company received 3,000,000 common shares in the capital of Saint Jean Carbon Inc. in consideration for the properties. A further 500,000 common shares will be received on the one year anniversary of TSXV approval, provided that the claims produce graphite with a grade of 30 per cent, a quality of 90 per cent Cg and an ore quantity of two million tonnes after Saint Jean Carbon has made up to $250,000 in exploration expenditures to verify same, and a 1 per cent royalty on the production cost of concentrate material.

On **December 16, 2014**, the Company entered into debt settlement agreements with three arm's length creditors. The Company issued an aggregate 236,944 common shares to settle $19,777.20 of debt.

On **July 21, 2015**, the Company signed a letter of intent to purchase shares of North Road Ventures Inc. ("**North Road**"), a private British Columbia company, representing up to a 50% interest in North Road. North Road has a Health Canada application pending for a license issued under the Medicinal Marihuana for Medical Purposes Regulations ("**MMPR**").

On **April 27, 2016** the Company signed a definitive agreement to acquire a 50% interest in North Road. On **June 29, 2016** the agreement was amended to increase the purchase interest to 100%

by issuing 10,000,000 common shares of the Company to the shareholders of North Road and an aggregate $1,500,000 upon certain milestones while obtaining the MMPR License. On **September 7, 2016,** the agreement was further amended by increasing the amount of common shares issuable from 10,000,000 to 12,000,000. The shares are valued at $0.05 per share for a total of $600,000. For more details on the agreement, refer to Section 3.1 Recent Developments.

22.2 The Company does not have any co-tenancy, unitholders' or limited partnership agreements outstanding, so accordingly this item is not applicable.

23. Interest of Experts

There are no direct or indirect interests in the Property of the Company or of a Related Person of the Company who is named as having prepared or certified any part of the Listing Statement, so accordingly this item is not applicable.

24. Other Material Facts

24.1 There are no other material facts in which the Company has not already disclosed in the Listing Statement, so accordingly this item is not applicable.

25. Financial Statements

25.1 Annual Financial Statements of the Company for the year ended December 31, 2015 (audited) – Attached as Appendix E

Annual Financial Statements of the Company for the year ended December 31, 2014 (audited) – Attached as Appendix F

Annual Financial Statements of the Company for the year ended December 31, 2013 (audited) – Attached as Appendix G

Interim Financial Statements of the Company for the six months ended June 30, 2016 (unaudited) – Attached as Appendix H

25.2

(a) Annual Information

The following table summarizes selected annual financial data for the target, North Road Ventures Ltd., prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**") for the fiscal year ended December 31, 2015 and the period from incorporation on May 12, 2014 to December 31, 2014. The audited information presented below is derived from the North Road's financial statements, which were examined by its independent auditor. The information set forth below should be read in conjunction with the North Road's audited annual financial statements and related notes thereto, which are attached as Appendix "F" hereto. The target does not have quarterly financial statements.

	Year ended 12/31/2015 (audited) $	Period from Incorporation on 05/12/2014 to 12/31/2014 (audited) $
Net sales or total revenues	-	-
Total expenses	55,365	2,184
Net loss and total loss from continuing operations	55,365	2,184
Basic and diluted loss, per share	(33.92)	(1.09)
Total assets	53,797	20
Long-term debt	-	-
Dividends declared	-	-

The Company does not have a dividend policy. There are no restrictions that could prevent the Company from paying dividends.

(b) Annual Financial Statements of the target, North Road Ventures Ltd., for the year ended December 31, 2015 (audited) - Attached as Appendix I

APPENDIX “A” Annual MD&A of the Company for the fiscal year ended December 31, 2015

APRIL 29, 2016

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Weststar Resources Corp. (the "Company") and should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2015 and 2014, which is filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS AND ACTIVITY

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company's common shares were listed for trading on the TSX Venture Exchange as a junior mineral exploration company on September 22, 2006. On February 10, 2015, the Company de-listed from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

General and Financing

On June 9, 2014, the Company consolidated its common shares on a one new for two old share basis. All share and per share amounts have been revised to reflect the consolidation.

On September 18, 2014, the Company closed a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The units are subject to a four-month hold period. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $161,500 of the proceeds to the common shares and $161,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

The Company allocated $254,500 of the proceeds to the common shares and $254,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $30,800 and other share issue costs of $773.

Mineral Exploration and Evaluation

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company has not yet determined whether its property contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the property and upon future profitable production or proceeds from the disposition thereof.

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% in the Axe Property claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. At December 31, 2014, the Axe Property was written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. At this time there are no active option agreements in place with exploration partners (see Exploration Project - Axe Property below). The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

Evaluation of Other Business Opportunities

During the year ended December 31, 2014, the Company began evaluating business opportunities outside of the mineral exploration sector, primarily within the Canadian medicinal marihuana and electronic cigarette/vapor sectors. To that end, the Company has engaged a consultant, Mr. Doug Macdonell, to assist the Company with evaluating potential targets with a view to identifying a suitable opportunity with the potential to generate value for shareholders.

Mr. Macdonell is a recognized expert in the field of cannabis and its cultivation, having trained RCMP officers and municipal police in Vancouver and Edmonton in this field for the purposes of law enforcement. In addition, Mr. Macdonell has given lectures on the topic to various government agencies including the Department of Justice in Canada and the United States Drug Enforcement Administration. He has also served as an expert witness in cannabis, its production and its distribution at all levels of the Canadian court system.

On July 21, 2015, the Company signed a letter of intent to purchase shares of North Road Ventures Inc. ("North Road"), a private British Columbia company, representing up to a 50% interest in North Road. North Road is in the process of submitting a Health Canada application for a license issued under the Medicinal Marihuana for Medical Purposes Regulations ("MMPR").

On April 28, 2016, the Company signed a definitive agreement to acquire a 50% interest in North Road by loaning North Road $600,000, paying $30,000 in cash or common shares of the Company, and issuing an aggregate 15,000,000 common shares of the Company over a series of milestones while obtaining the MMPR license as follows:

- Non-refundable payment of $30,000 on April 28, 2016 (paid);
- Issuance of 3,500,000 common shares of the Company immediately upon Exchange approval of the transaction for the purchase of 15% of North Road;
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving Security Clearance to and as defined in the MMPR application for the purchase of an additional 5% of North Road (cumulative 20%);
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 5% of North

Road (cumulative 25%). The Company must also provide North Road with a $600,000 unsecured loan repayable from positive cash flows of North Road over a period of five years and bearing interest at the Bank of Canada Prime Rate; and

- Issuance of 7,500,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 25% of North Road (cumulative 50%).

The definitive agreement constitutes a change of business and is subject to approval by the Exchange. As of the date of this MD&A, the Company had not received approval from the Exchange.

Concurrently with the Business Change, the Company is proposing a name change to Liberty Leaf Holdings (symbol: LIB). The Company will continue to trade as "WER" until further notice.

During the year ended December 31, 2015, the Company advanced $107,500 to North Road in order to further the MMPR license application. The amount advanced was without interest. If North Road submitted a MMPR license application by June 30, 2016, based on the MMPR rules in place when the letter of intent with North Road was signed on July 21, 2015, the amount advanced would be forgiven. If the MMPR license application was not submitted by June 30, 2016, then the amount advanced would be repaid to the Company by July 20, 2016. All expenses directly or indirectly incurred by North Road in relation to preparing the MMPR license application would be forgiven. Subsequent to December 31, 2015, the MMPR application was submitted and the Company forgave repayment of the advance.

On October 6, 2015, the Company announced it had entered into a non-disclosure agreement with a Vancouver, British Columbia based private company focused on manufacturing, marketing and distributing a wide range of vaporizers, glass, grinders, pipes and other fine smoking accessories. The private company is revenue generating and has positive cash-flow. The Company believes that this opportunity coupled with the potential North Road opportunity could be synergistically beneficial. At this time, no further terms have been reached, nor has the Company entered into any letters of intent or definitive agreements with the private corporation. As the Company's discussions remain at a preliminary stage, there can be no assurance or guarantee that the Company will enter into a binding agreement with respect to the acquisition of such. The Company will provide further updates as they are available.

The Company cautions investors that: (i) the Company has not received approval from the Exchange for the agreement with North Road or the change of business to the medical marihuana and electronic cigarette/vapor field, nor can there be any assurance that approval will be received in the future; (ii) the Company clarifies and confirms that neither it, nor North Road, are licensed producers under the MMPR; (iii) the licensing requirements mandated by Health Canada are stringent and must be complied with before any license is granted by Health Canada under the MMPR, including a site inspection of facilities by Health Canada and other requirements, as further described on Health Canada's website at http://www.hc-sc.gc.ca/dhp-mps/marihuana/index-eng.php.

As of the date of this MD&A, and until any announcements indicating otherwise are made, the Company is, and will remain, a junior mineral exploration company.

EXPLORATION PROJECT – Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. The Axe property is an advanced stage project with a known porphyry copper resource. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR") and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On September 16, 2008 the Company completed an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located near Princeton, British Columbia.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain could earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five-year period, with a minimum of $100,000 per year. Copper Mountain was to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015 (not received);
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercised the option, the Company, Bearclaw and Copper Mountain would enter into a formal joint venture agreement. Copper Mountain would be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain would have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercised the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw would have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment was not received subsequent and the property was deemed to be impaired for accounting purposes at December 31, 2014 and written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

EXPLORATION PROJECT - East Miller Claims and Page Property

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in 9 mineral claims in Quebec, Canada. On January 6, 2014, the Company issued 1,250,000 common shares (valued at $75,000) as consideration for the agreement and 125,000 common shares (valued at $7,500) as finders' fees.

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. On January 8, 2014, the Company issued 300,000 common shares (valued at $24,000) as consideration for the agreement.

On December 10, 2014, the Company sold its interests in the East Miller Claims and the Page Property to SJL in exchange for 3,000,000 common shares of SJL (valued at $30,000). The sale resulted in a loss of $76,760.

INVESTMENTS

Canada Coal Inc. ("CCK")

The Company received 500,000 common shares of CCK pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months. As at January 1, 2014, the Company has 225,000 common shares of CCK.

During the year ended December 31, 2014, the Company sold 150,000 common shares of CCK for proceeds of $6,472, resulting in a realized gain of $6,472. As at December 31, 2014, the fair value of the remaining 75,000 common shares of CCK held was $750, and an unrealized loss of $1,500 was recorded in other comprehensive income (loss) for the year ended December 31, 2014.

During the year ended December 31, 2015, the Company sold 75,000 common shares of CCK for proceeds of $1,400, resulting in a realized gain of $1,400. The Company also realized a gain of $3,700 previously recorded in accumulated other comprehensive income (loss) during the year ended December 31, 2014 related to the common shares of CCK. At December 31, 2015, there were no shares of CCK held.

Saint Jean Carbon Inc. ("SJL")

The Company received 3,000,000 common shares of SJL, valued at $30,000, pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2014 (note 10).

At December 31, 2014, the fair value of the 3,000,000 common shares of SJL held was $60,000, and an unrealized gain of $30,000 was recorded in other comprehensive income (loss) during the year ended December 31, 2014.

During the year ended December 31, 2015, the Company sold the 3,000,000 common shares of SJL for proceeds of $47,695, resulting in a realized gain of $17,695. At December 31, 2015, there were no shares of SJL held.

RESULTS OF OPERATIONS

For the year ended December 31, 2015

During the year ended December 31, 2015, the Company reported a net loss of $689,154 compared to the year ended December 31, 2014 of $2,060,930. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $26,145 (2014 - $19,650) increased over the same period of the previous year due primarily to work required for the transition to the Exchange and the letter of intent with North Road;

- Consulting fees of $482,164 (2014 - $219,409) increased as additional consultants were engaged in late 2014 and continued working with the Company in 2015;

- Management fees of $126,000 (2014 - $126,000) were paid to the CEO and CFO and were at the same rates as 2014;

- Office and general expenses of $9.443 (2014 - $8,618) increased over the same period of the previous year due to the costs of re-establishing an office;

- Rent of $7,500 (2014 - $nil) increased as the Company opened an office in 2015;

- Share-based payments of $1,410 (2014- $79,695) decreased as more options were granted in 2014;

- Shareholder communications and investor relations of $24,303 (2014 - $6,829) increased due to more communications and shareholder engagement activity during 2015; and

- Transfer agent and filing fees of $26,943 (2014 - $30,260) were lower than the prior year. The composition of the 2015 amount included costs for the transition to the Exchange, while the 2014 costs were the result of more activity that required filings.

In addition to operating expenses, the Company reported the following:

- Realized gain on sale of available for sale investments of $19,095 (2014 - $6,472) was the result of CCK shares sold in 2014 and 2015, and SJL shares sold in 2015;

- Gain on settlement of debt of $nil (2014 - $84,296) relates to debt settlements below market value and write-offs of old debts in 2014;

- Loss on sale of exploration and evaluation assets of $nil (2014 - $76,760) relates to the difference between the fair value of shares in SJL received for the East Miller and Page properties and what the Company paid in acquisition costs; and

- Impairment of exploration and evaluation assets of $1,587,457 in 2014 relates to the Axe Property. There were no property impairments in 2015.

<u>For the three months ended December 31, 2015</u>

During the three months ended December 31, 2015, the Company reported a net loss of $239,252 compared to the three months ended December 31, 2014 of $1,736,347. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $19,045 (2014 - $17,000) increased over the same period of the previous year due primarily to legal fees for the letter of intent with North Road and timing of invoices;

- Consulting fees of $177,667 (2014 - $77,700) increased as additional consultants were engaged in late 2014 and continued working with the Company in 2015;

- Management fees of $31,500 (2014 - $31,500) were paid to the CEO and CFO and were at the same rates as 2014;

- Office and general expenses of $2,176 (2014 - $2,224) decreased over the same period of the previous year due to timing of expenses;
- Rent of $2,250 (2014 - $nil) increased as the Company opened an office in 2015;
- Share-based payments of $nil (2014- $13,572) decreased as no options were granted in the fourth quarter 2015;
- Shareholder communications and investor relations of $2,117 (2014 - $1,503) were comparable from year to year; and
- Transfer agent and filing fees of $4,336 (2014 - $6,110) were lower due to timing of expenses.

In addition to operating expenses, the Company reported an impairment of exploration and evaluation assets on the Axe Property of $nil (2014 - $1,587,457). The Company also incurred gains on debt settlement in Q4 of $nil (2014 - $73,959) and a loss on the sale of exploration and evaluation assets (East Miller and Page Properties) of $nil (2014 - $76,760).

SUMMARY OF QUARTERLY FINANCIAL RESULTS ($000's except loss per share)

The following are the results for the eight most recent quarterly periods, starting with the quarter ended December 31, 2015:

For the Quarterly Periods ended:		December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total revenues	$	-	-	-	-
Net loss for the period		(239)	(171)	(111)	(168)
Net loss per common share, basic and diluted		(0.01)	(0.01)	(0.00)	(0.01)

For the Quarterly Periods ended:		December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total revenues	$	-	-	-	-
Net loss for the period		(1,736)	(119)	(133)	(73)
Net loss per common share, basic and diluted		(0.08)	(0.01)	(0.01)	(0.00)

SELECTED ANNUAL INFORMATION

	December 31, 2015	December 31, 2014	December 31, 2013
Revenues	$ -	$ -	$ -
Net Loss	689,154	2,060,930	263,293
Basic and Diluted Loss per Share	0.02	0.10	0.01
Total Assets	303,502	274,492	1,596,959
Total Liabilities	104,210	147,741	317,159

LIQUIDITY AND CAPITAL RESOUCES

At December 31, 2015, the Company had cash of $168,451 and working capital of $90,249 as compared to December 31, 2014 when the Company had cash of $90,004 and working capital of $64,473.

To address working capital requirements for 2015, the Company has maintained cost control measures to minimize its general and administrative expenses where possible. The Company also raised gross proceeds of $323,000 by issuing 6,460,000 units on July 22, 2015 and $509,000 by issuing 10,180,000 units on October 26, 2015.

For fiscal 2016, the Company will need to pursue additional financing to pay general and administrative expenses and seek out additional opportunities to create shareholder value. Should the Exchange approve the Company's agreement with North Road, significant additional financing will be required. On April 4, 2016, the Company closed a non-brokered private placement and issued 3,770,000 units at a price of $0.05 per unit for gross proceeds of $188,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

Capital transactions for the year ended December 31, 2015

Share subscriptions receivable of $57,000 outstanding at December 31, 2014 were collected.

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $161,500 of the proceeds to the common shares and $161,500 of the proceeds to the warrants based on the residual value method. The Company paid a finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

Capital transactions for the year ended December 31, 2014

On January 6, 2014, the Company issued 1,375,000 common shares of the Company as payment and finder's fees for the East Miller Claims.

On January 8, 2014, the Company issued 300,000 common shares of the Company as payment for the Page Property.

On February 28, 2014, the Company issued 1,225,800 common shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $61,290.

On September 18, 2014, the Company closed the first tranche of a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an

exercise price of $0.075 per share. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

On December 16, 2014, the Company closed the second tranche of a non-brokered private placement and issued 2,940,000 units at a price of $0.05 per unit for gross proceeds of $147,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The Company paid finder's fees of $9,000 and other share issue costs of $955.

On December 23, 2014, the Company issued 236,944 common shares of the Company in order to settle debts of $19,777 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $12,669.

During the year ended December 31, 2014, the Company received $101,250 on the exercise of 1,012,500 share options. The Company transferred $79,336 from the share-based payments reserve to share capital on the exercise of the options.

OUTSTANDING SHARES

The following table sets forth information concerning the outstanding securities of the Company:

	April 29, 2016	December 31, 2015	December 31, 2014
Common shares	51,326,990	47,556,990	30,916,990
Stock Options	2,255,000	2,112,500	2,012,500
Warrants	31,490,000	27,720,000	12,135,250
Fully Diluted Shares	85,071,990	77,389,490	45,064,740

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss for the years ended December:

	2015	2014
Short-term compensation	$ 138,500	$ 135,500

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

Of the $138,500 recorded as short-term compensation for the year ended December 31, 2015 (2014 - $135,500), $6,500 (2014 - $6,500) was recorded as accounting, legal and audit fees, $126,000 was recorded as management fees (2014 - $126,000) and $6,000 (2014 - $3,000) was recorded as shareholder communications and investor relations.

As at December 31, 2015, accounts payable and accrued liabilities included $24,132 (2014 - $44,000) due to companies controlled by directors and officers and former directors and officers, and an officer and director for services included above. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

On February 28, 2014, the Company issued 430,000 common shares of the Company in order to settle debts of $43,000 with directors and officers of the Company and 441,070 common shares of the Company in order to settle debts of $44,107 with a company with common directors and officers.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from August 1, 2015 to June 1, 2016 with a total monthly commitment of $16,000. All the management services and consulting agreements can be terminated with 90 days' notice.

FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, receivables, share subscriptions receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash, receivables, share subscriptions receivable and accounts payable and accrued liabilities approximates the carrying amounts due to the short term nature of these instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates made in the preparation of these financial statements include the recoverability of the carrying value of exploration and evaluation assets, title of mineral property, accrued liabilities, assumptions for the determination of fair value of share-based payments, and for the recoverability of deferred tax assets. Management believes the

estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's audited financial statements for the year ended December 31, 2015.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of

which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the property.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new property.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If an exploration program on the Company's property is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the property. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The property in which the Company holds an interest is considered to be an early exploration stage property; however, no mineral reserve or mineral resource estimates have been prepared in respect of the property. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to

environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of properties, could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the financial statements of the Company for the year ended December 31, 2015.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors and officers of the Company are as follows:

William Rascan, President and Director
Joseph Meagher, CFO and Director
Keith Anderson, Director
Steven Feldman, Director

OUTLOOK

Subject to approval by the Exchange, the Company's primary focus for the foreseeable future will be transitioning to the medicinal marihuana sector and working with North Road to obtain an MMPR license.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.

APPENDIX “B” Annual MD&A of the Company for the fiscal year ended December 31, 2014

APRIL 27, 2015

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Weststar Resources Corp. (the "Company") and should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended December 31, 2014, copies of which are filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company's common shares were listed for trading on the TSX Venture Exchange (the "Exchange") as a junior mineral exploration company on September 22, 2006.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company has not yet determined whether its property contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the property and upon future profitable production or proceeds from the disposition thereof.

On June 9, 2014, the Company consolidated its common shares on a one new for two old share basis. All share and per share amounts have been revised to reflect the consolidation.

On September 18, 2014, the Company closed a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The units are subject to a four-month hold period. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

During the year ended December 31, 2014, the Company began evaluating business opportunities outside of the mineral exploration sector, primarily within the Canadian medicinal marijuana and electronic cigarette/vapor sectors. To that end, the Company has engaged a consultant, Mr. Doug Macdonell, to assist the Company with evaluating potential targets with a view to identifying a suitable opportunity with the potential to generate value for shareholders.

Mr. Macdonell is a recognized expert in the field of cannabis and its cultivation, having trained RCMP officers and municipal police in Vancouver and Edmonton in this field for the purposes of law enforcement. In addition, Mr. Macdonell has given lectures on the topic to various government agencies including the Department of

Justice in Canada and the United States Drug Enforcement Administration. He has also served as an expert witness in cannabis, its production and its distribution at all levels of the Canadian court system.

The Company advises that to date it has not entered into any form of letter of intent or definitive agreement to complete an acquisition. The Company will provide further updates as required.

The Company cautions investors that: (i) the Company continues to be in the initial evaluation phase only, and has not entered into any preliminary or definitive form of agreement that would result in the Company entering the medical marijuana or electronic cigarette/vapor fields, nor can there be any assurance that such an agreement will be reached in the future; (ii) the Company clarifies and confirms that it is not a licensed producer and it has no intention at present of filing an application with Health Canada to become a licensed producer under the Marihuana for Medical Purposes Regulations (the "MMPR"); (iii) any transaction to acquire a medical marijuana or electronic cigarette/vapor business will be subject to the approval of the board of directors of the Company, its shareholders and the TSX Venture Exchange, none of which has occurred as of the present date; (iv) the licensing requirements mandated by Health Canada are stringent and must be complied with before any license is granted by Health Canada under the MMPR, including a site inspection of facilities by Health Canada and other requirements, as further described on Health Canada's website at http://www.hc-sc.gc.ca/dhp-mps/marihuana/index-eng.php.

As of the date of this MD&A, and until any announcements indicating otherwise are made, the Company is, and will remain, a junior mineral exploration company.

On February 10, 2015, the Company de-listed from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

EXPLORATION PROJECT – Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. The Axe property is an advanced stage project with a known porphyry copper resource. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR") and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On September 16, 2008 the Company completed an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located near Princeton, British Columbia.

Mr. Kerr has recommended the Company complete further drilling in the South Zone and engage an engineering firm to complete a Resource Calculation from all work to date.

The following table summarizes all drilling done by the Company in 2006 and 2007.

2006/2007 DRILL RESULTS

Table, Summarizing 2006 and 2007 Drill Results

Hole number	From		To		Core length		Cu content	Au content	
A06 - 01							anomalous - no significant values		
A06 - 02	15	m	37.5	m	22.5	meters	0.21%	0.14	g/t
	78	m	87	m	9	meters	0.27%	0.07	g/t
	91.5	m	108	m	17.5	meters	0.18%	0.10	g/t
	126	m	171	m	45	meters	0.53%	0.15	g/t
	177	m	186	m	9	meters	0.18%	anomalous	
	202.5	m	215	m	12.5	meters	0.65%	0.22	g/t
A06 - 03	18	m	124.5	m	106.5	meters	0.20%	0.15	g/t
A06 - 04							no significant values		
A06 - 05	11	m	25.5	m	14.5	meters	0.36%	0.29	g/t
	25.5	m	75	m	49.5	meters	anomalous	1.29	g/t
including 61.5		m	64.5	m	3	meters	0.31%	9.64	g/t
	91.5	m	102	m	10.5	meters	anomalous	0.27	g/t
A07 - 06	16.5	m	304.5	m	288	meters	0.27%	0.15	g/t
including 45		m	60	m	15	meters	0.41%	0.24	g/t
	and 85.5	m	97.5	m	12	meters	0.53%	0.28	g/t
	and 190.5	m	205.5	m	15	meters	0.47%	0.19	g/t
	322.5	m	334.5	m	12	meters	0.21%	0.17	g/t
	358.5	m	370.5	m	12	meters	0.19%	anomalous	
A07 - 07	94.5	m	120	m	25.5	meters	-	1.09	g/t
including 114		m	117	m	3	meters	-	6.06	g/t
	144	m	150	m	6	meters	-	0.37	g/t
	205.5	m	210	m	4.5	meters	-	0.19	g/t
A07 - 08	42	m	66	m	24	meters	0.16%	0.20	g/t
	121.5	m	246	m	124.5	meters	0.38%	0.22	g/t
including 234		m	244.5	m	10.5	meters	0.0155%	0.94	g/t
	261	m	307.5	m	46.5	meters	0.18%	0.23	g/t
	331.5	m	340.5	m	9	meters	anomalous	0.90	g/t
A07 - 09	48	m	51	m	3	meters	-	1.06	g/t
	129	m	135	m	6	meters	-	0.20	g/t
	148.5	m	162	m	13.5	meters	anomalous	0.21	g/t
A07 - 10	45	m	51	m	6	meters	0.17%	-	
	91.5	m	106.5	m	15	meters	0.24%	0.14	g/t
	141	m	160.5	m	19.5	meters	0.16%	-	
	181.5	m	187.5	m	6	meters	0.17%	0.14	g/t
	256.5	m	264	m	7.5	meters	0.29%	0.15	g/t
A07 - 11	96	m	109.5	m	13.5	meters	0.17%	0.27	g/t
	121.5	m	124.5	m	3	meters	0.56%	0.57	g/t
	199.5	m	273	m	73.5	meters	0.12%	-	
A07 - 12							no significant assays		
A07 - 13	4.5	m	102	m	97.5	meters	0.17%*	-	
A07 - 14	94.5	m	109.5	m	15	meters	0.17%	0.16	g/t
	151.5	m	162	m	10.5	meters	0.16%	0.15	g/t
	175.5	m	181.5	m	6	meters	0.41%	0.14	g/t

- Composite based on 65 samples (each 1.5 meters), 30 assays reported as % copper and 35 multi-spectrometer analyses reported as ppm copper

On October 20, 2009 the Company announced the commencement of further drilling operations on the Axe project. More Core Diamond Drilling Services Ltd. was drilling HQ size diamond drill holes aimed at both potentially updating a resource estimate for the South Zone; as well stepping out from the gold mineralization previously encountered in the West Zone during the Company's 2006-2007 drilling program.
On December 2, 2009 the Company announced analytical results from drilling operations on the Axe project. Within the West Zone, three drill holes were drilled to test a gold anomaly located in 2006 drill hole A06-05, which returned 49.5 meters grading 1.29g/t Au, including 3 meters grading 9.64g/t Au. Analytical results for the West Zone drilling are now available and selected results are listed below. Drill hole A09-01 was intended to undercut A06-05, but was abandoned short of its target due to tightening. Drill hole A09-03 was drilled 50m south of A09-06 and intersected significant gold mineralization associated with pyrite. Drill hole A09-04 was collared north of A06-05, and drilled at an azimuth of 065degrees. This hole intersected a thick calc-silicate unit, but may not have intersected the mineralized West Zone fault structure, which appears to be a north, northeast structure.

Drill Hole	Zone	Dip (deg)	Azm (deg)	Footage (m)	Interval (m)	Cu %	Au g/t	Notes
A09-01	West	-50	270	52.5-54.0	1.5	0.054	0.509	
				54.0-56.0	2.0	0.022	0.03	
				56.0-57.9	1.9	0.061	1.115	
				57.9-59.0	1.1	0.117	0.085	
A09-02	South	-90						
A09-03	West	-71	090	44.5-46.0	1.5	0.001	0.234	
				46.0-47.24	1.24	0.001	0.211	
				47.24-50.3	3.06	0.001	**9.25**	Poor recovery; pyrite
				50.3-53.35	3.05	**2.0**	**4.39**	Cpy with quartz
				53.35-54.4	1.05	0.21	0.33	
A09-04	West	-70	065	65.53-67.36	1.83	0.105	0.042	
				67.36-68.65	1.29	**0.829**	0.208	in calc-silicate

The 2009 drill results based mainly on drill hole A09-03 suggest a steeply dipping, westerly structure with gold and associated pyrite. As surface drilling has proven to be very difficult with historical poor recoveries within the Axe property, trenching should be an effective method to evaluate the gold-bearing target.

On March 21, 2012 the Company entered into an option agreement with Xstrata Copper Canada ("Xstrata") and Bearclaw Capital Corp. ("Bearclaw"). Under the terms of the option agreement, the Company and Bearclaw agreed to grant Xstrata an option to earn a 51% interest where Xstrata would have the sole and exclusive right to carry out exploration activities on and evaluate the Axe Property. In order to exercise the option, during the earn-in period, Xstrata was required to incur $3,000,000 of expenditures in exploration activities on the Axe Property.

During the earn-in period, Xstrata was required to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $25,000 immediately (received);
- $25,000 on March 31, 2013 (received);
- $30,000 on March 31, 2014;
- $40,000 on March 31, 2015; and
- $60,000 on March 31, 2016.

If Xstrata exercised the option, the Company, Bearclaw and Xstrata would enter into a formal joint venture agreement. Under the option agreement, the Company and Bearclaw also granted Xstrata a right of first refusal ("ROFR") over any direct or indirect sale or transfer by the Company and/or Bearclaw of any of their respective interest in the Axe Property. The ROFR would terminate at the end of the earn-in period if Xstrata had not exercised the option.

On July 3, 2013, the Company received notification of Xstrata electing to terminate its option agreement to earn a 51% interest on the Axe Property from the Company and Bearclaw.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain could earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five year period, with a minimum of $100,000 per year. Copper Mountain was to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015 (not received);
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercised the option, the Company, Bearclaw and Copper Mountain would enter into a formal joint venture agreement. Copper Mountain would be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain would have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercised the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw would have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment was not received subsequent to the year ended December 31, 2014. The property was deemed to be impaired for accounting purposes at December 31, 2014 and written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

EXPLORATION PROJECT - East Miller Claims and Page Property

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in 9 mineral claims in Quebec, Canada. On January 6, 2014, the Company issued 1,250,000 common shares (valued at $75,000) as consideration for the agreement and 125,000 common shares (valued at $7,500) as finders' fees.

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. On January 8, 2014, the Company issued 300,000 common shares (valued at $24,000) as consideration for the agreement.

On December 10, 2014, the Company sold its interests in the East Miller Claims and the Page Property to SJL in exchange for 3,000,000 common shares of SJL (valued at $30,000). The sale resulted in a loss of $76,760.

EXPLORATION PROJECT – Albany South East

On July 15, 2013, the Company entered into an agreement to acquire a 100% interest in the Albany South East Property comprising 19 mineral claims in the Porcupine Mining Division of Ontario. In consideration, the Company issued 1,375,000 common shares of the Company (valued at $55,000) and was required to pay $15,000. The Company also paid finder's fees of 137,500 common shares of the Company (valued at $5,500).

The $15,000 cash payment was not made and the Company is in default of the agreement. The property was deemed to be impaired at December 31, 2013 and written down to $Nil.

EXPLORATION PROJECT – Tahts Reach Property

On February 7, 2013, the Company entered into an option agreement with Caribou King Resources Ltd. (the "Option Agreement") to earn a 70% interest in the Tahts Reach Property and Barkerville Claims (collectively, the "Property") comprising 6 mining claims located in British Columbia.

Payment terms are as follows:

- $5,000 (paid) and 150,000 common shares (issued) on February 15, 2013 in conjunction with receipt of approval from the Exchange;
- $10,000 and 75,000 common shares on February 15, 2014; and
- $25,000 and 75,000 common shares on February 15, 2015.

In addition, the Company must incur exploration expenditures on the Property of $45,000 over 2 years.

The property was deemed to be impaired at December 31, 2013 and written down to $Nil. On April 4, 2014, the Company terminated the Tahts Reach Property agreement.

EXPLORATION PROJECT – Diego Property

On May 22, 2013, the Company entered into an LOI to enter into an option agreement with Cartier Resources Inc. ("Cartier"). The agreement was to acquire up to an 80% interest in the Diego Property, comprising 53 mining claims located in Quebec.

Pursuant to the terms of the LOI, the Company could earn a 50% interest in Diego by paying $15,000 and issuing 175,000 common shares in the capital of the Company upon Exchange approval. The Company was also required to incur $1,000,000 in exploration expenditures on the Property over a period of three years.

The Company could acquire an additional 30% interest by incurring an additional $1,000,000 in exploration expenditures over a period of two years following completion of the initial exploration expenditure requirements.

The LOI held a condition precedent that the Company complete a non-brokered private placement financing for minimum gross proceeds of $500,000. On August 22, 2013, the LOI was extended to November 21, 2013, at which time the LOI was terminated.

INVESTMENTS

Canada Coal Inc. ("CCK")

The Company received 500,000 common shares of CCK pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released on February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months. As at December 31, 2014, 75,000 common shares were held in escrow (2013 - 225,000).

During the year ended December 31, 2014, the Company sold 150,000 common shares of CCK for proceeds of $6,472. As at December 31, 2014, the fair value of the remaining 75,000 common shares of CCK held was $750, and an unrealized loss of $1,500 was recorded in other comprehensive income (loss) for the year ended December 31, 2014.

During the year ended December 31, 2013, the Company sold 150,000 common shares of CCK for proceeds of $5,100. At December 31, 2013, the fair value of the remaining 225,000 common shares of CCK held was $2,250, and an unrealized loss of $31,500 was recorded in other comprehensive income (loss) for the year ended December 31, 2013.

Saint Jean Carbon Inc. ("SJL")

The Company received 3,000,000 common shares of SJL, valued at $30,000, pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2014 (note 9).

At December 31, 2014, the fair value of the 3,000,000 common shares of SJL held was $60,000, and an unrealized gain of $30,000 was recorded in other comprehensive income (loss) for the year ended December 31, 2014.

RESULTS OF OPERATIONS

For the year ended December 31, 2014

During the year ended December 31, 2014, the Company reported a net loss of $2,060,930 compared to the year ended December 31, 2013 of $263,293. The cash operating expenses of the Company have been decreasing as the Company's exploration and operational activities decrease. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $19,650 (2013 - $7,817) increased over the same period of the previous year due to the forgiveness of $22,500 of unpaid accounting fees to a former officer and director in 2013;

- Consulting fees of $219,409 (2013 - $19,200) increased as additional consultants were engaged in 2014. In 2013 $70,000 in unpaid consulting fees were forgiven and a recovery was recorded;

- Management fees of $126,00 (2013 - $87,500) were paid to the CEO and CFO. The change from the same period of the previous year is due to the recovery of $32,500 in unpaid management fees that were forgiven during 2013, offset slightly by an increase in CEO fees in 2014;

- Office and general expenses of $8,618 (2013 - $19,729) decreased over the same period of the previous year due to the reduced operational activities and cost control measures implemented by management;

- Rent of $nil (2013 - $9,021) decreased as commencing the third quarter of 2013, the Company began working remotely and rent was no longer incurred;

- Share-based payments of $79,695 (2013 - $21,490) increased as more options were granted in 2014; and

- Transfer agent and filing fees of $30,260 (2013 - $16,985) increased in 2014 due to the costs of the share consolidation and option grants done in 2014.

In addition to operating expenses, the Company reported the following:

- Gain on settlement of debt of $84,296 (2013 - $nil) relates to debt settlements below market value and write-offs of old debts;

- Loss on sale of exploration and evaluation assets of $76,760 (2013 - $nil) relates to the difference between the fair value of shares in SJL received for the East Miller and Page properties and what the Company paid in acquisition costs; and

- Impairment of exploration and evaluation assets of $1,587,457 in 2014 relates to the Axe Property. The $77,780 in 2013 relates to the Albany South East and Tahts Reach Properties.

For the three months ended December 31, 2014

During the three month period ended December 31, 2014, the Company reported a net loss of $ 1,736,347 compared to the three month period ended December 31, 2012 of $91,325. The Company's net loss included expenditures and recoveries as follows:

- Accounting, legal and audit $17,000 (2013 - recovery of $6,000) was the result of timing of the audit accrual. In 2013, recovery was due to the forgiveness of $22,500 of unpaid accounting fees to a former officer and director in Q4 2013;

- Consulting fees of $77,700 (2013 - $10,500) were higher in 2014 due to additional consultants retained. 2013 included a recovery of $20,000 in unpaid consulting fees that were forgiven during Q4 2013; and

- Management fees of $31,500 (2013 - recovery of $1,000) were consistent with 2013. The difference is due to the recovery of $32,500 in unpaid management fees that were forgiven during Q4 2013;

In addition to operating expenses, the Company reported an impairment of exploration and evaluation assets on the Axe Property of $1,587,457 in 2014. The Company booked an impairment in Q4 2013 on the Tahts Reach Property of $17,280 and the Albany South East Property of $60,500.

The Company also incurred further gains on debt settlement in Q4 of $73,959 (2013 - $nil) and a loss on the sale of exploration and evaluation assets (East Miller and Page Properties) of $76,760 (2013 - $nil).

SUMMARY OF QUARTERLY FINANCIAL RESULTS ($000's except loss per share)

The following are the results for the eight most recent quarterly periods, starting with the quarter ended December 31, 2014:

For the Quarterly Periods ended:		December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total revenues	$	-	-	-	-
Net loss for the period		(1,736)	(119)	(133)	(73)
Net loss per common share, basic and diluted		(0.08)	(0.01)	(0.01)	(0.00)

For the Quarterly Periods ended:		December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Total revenues	$	-	-	-	-
Net loss for the period		(91)	(91)	(24)	(57)
Net loss per common share, basic and diluted		(0.01)	(0.00)	(0.00)	(0.00)

SELECTED ANNUAL INFORMATION

	December 31, 2014	December 31, 2013	December 31, 2012
Revenues	$ -	$ -	$ -
Net Loss	2,060,930	263,293	6,597,809
Basic and Diluted Loss per Share	0.10	0.01	0.27
Total Assets	274,492	1,596,959	1,691,378
Total Liabilities	147,741	317,159	339,820

LIQUIDITY AND CAPITAL RESOUCES

At December 31, 2014, the Company had cash of $90,004 and working capital of $62,473 as compared to December 31, 2013 when the Company had cash of $1,586 and a working capital deficiency of $311,955.

To address working capital requirements for 2014, the Company has implemented cost control measures to minimize its general and administrative expenses, has settled a debt with a creditor at a reduced rate and has continued the process of negotiating debt settlements with other creditors. The Company also raised gross proceeds of $407,000 over two tranches of a private placement. The Company will need to pursue additional financing to further explore the Company's resource property, pay general and administrative expenses and seek out additional opportunities to create shareholder value.

Additionally, during the year ended December 31, 2014, the Company has done the following to address its working capital requirements:

- issued 1,462,744 common shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a company with common directors;

- reduced the exercise price of 540,000 share options that were granted to officers and directors and 105,000 share options that were granted to consultants from $0.15 per common share to $0.05 per common share;
- received $101,250 on the exercise of 1,012,500 share options; and
- consolidated its common shares on a one new for two old share basis

Capital transactions for year ended December 31, 2014

On January 6, 2014, the Company issued 1,375,000 common shares of the Company as payment and finder's fees for the East Miller Claims.

On January 8, 2014, the Company issued 300,000 common shares of the Company as payment for the Page Property.

On February 28, 2014, the Company issued 1,225,800 common shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $61,290.

On September 18, 2014, the Company closed the first tranche of a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

On December 16, 2014, the Company closed the second tranche of a non-brokered private placement and issued 2,940,000 units at a price of $0.05 per unit for gross proceeds of $147,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The Company paid finder's fees of $9,000 and other share issue costs of $955.

On December 23, 2014, the Company issued 236,944 common shares of the Company in order to settle debts of $19,777 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $12,669.

During the year ended December 31, 2014, the Company received $101,250 on the exercise of 1,012,500 share options. The Company transferred $79,336 from the share-based payments reserve to share capital on the exercise of the options.

Capital transactions for the year ended December 31, 2013

In February 2013, 150,000 common shares valued at $12,000 were issued as acquisition costs on the Tahts Reach Property;

On February 22, 2013, the Company closed a non-brokered private placement and issued 1,957,500 units at a price of $0.07 per unit for gross proceeds of $137,025. Each unit consists of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.14 in the first year and $0.20 in the second year.

In addition, the Company paid a finder's fee of $7,980 and 76,500 finder's warrants. Each finder's warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.14 in the first year and $0.20 in the second year. The finder's warrants are also subject to a four-month hold period. The Black-Scholes fair value of the finders's warrants was $2,707 and was included in reserves.

The proceeds of the private placement were used for general working capital and mineral property exploration.

In July 2013, 1,512,500 common shares valued at $60,500 were issued as acquisition costs and finder's fees on the Albany South East Property.

OUTSTANDING SHARES

The following table sets forth information concerning the outstanding securities of the Company:

	April 27, 2015	December 31, 2014	December 31, 2013
Common shares	30,916,990	30,916,990	15,686,746
Stock Options	2,112,500	2,012,500	1,550,000
Warrants	11,080,000	12,135,250	1,055,250
Fully Diluted Shares	44,109,490	45,064,740	18,291,996

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	2014	2013
Short-term compensation	$ 135,500	$ 138,430
Share-based payments	$	$ -

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

As at December 31, 2014, accounts payable and accrued liabilities included $44,000 (2013 - $125,556) due to companies controlled by directors and officers and former directors and officers. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

On February 28, 2014, the Company issued 430,000 common shares of the Company in order to settle debts of $43,000 with directors and officers of the Company and 441,070 common shares of the Company in order to settle debts of $44,107 with a Company with common directors and officers.

During the year ended December 31, 2013, the Company entered into debt settlement agreements with former management and directors. Accounts payable of $84,000 were forgiven for nominal consideration. The amounts consisted of $22,500 of accounting, audit and legal expenses, $20,000 of consulting fees, $32,500 of management and directors' fees and $9,000 of GST.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company had no proposed transactions.

COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from June 1, 2015 to August 1, 2015 with a total monthly commitment of $14,000. All the management services and consulting agreements can be terminated with 90 days notice.

FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, receivables, investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash, receivables and accounts payable and accrued liabilities approximates the carrying amounts due to the short term nature of these instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates made in the preparation of these financial statements include the recoverability of the carrying value of exploration and evaluation assets, title of mineral property, accrued liabilities, assumptions for the determination of fair value of share-based payments, and for the recoverability of deferred tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's audited financial statements for the year ended December 31, 2014.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.
Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the property.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional

equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new property.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If an exploration program on the Company's property is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the property. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The property in which the Company holds an interest is considered to be an early exploration stage property; however, no mineral reserve or mineral resource estimates have been prepared in respect of the property. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material

adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of properties, could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in

obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the financial statements of the Company for the year ended December 31, 2014.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors and officers of the Company are as follows:

William Rascan, President and Director
Joseph Meagher, CFO and Director
Keith Anderson, Director
Steven Feldman, Director

OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, continuing exploration and development activities on its exploration and evaluation assets.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.

APPENDIX “C” Annual MD&A of the Company for the fiscal year ended December 31, 2013

APRIL 28, 2014

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Weststar Resources Corp. (the "Company") and should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended December 31, 2013, copies of which are filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company's common shares were listed for trading on the TSX Venture Exchange (the "Exchange") as a junior mineral exploration company on September 22, 2006.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company has not yet determined whether any of its properties contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

Subsequent to December 31, 2013, the Company began evaluating business opportunities outside of the mineral exploration sector, primarily within the Canadian medicinal marijuana sector. No agreements have been entered into with any parties as of the date of this MD&A, and there is no assurance that the Company will acquire any medicinal marijuana-related assets. The Company is still a junior mineral exploration company as of the date of this MD&A. The evaluation of opportunities outside of the mineral exploration sector is the result of management looking at any and all potential opportunities to create shareholder value.

EXPLORATION PROJECT – Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. The Axe property is an advanced stage project with a known porphyry copper resource. As consideration for the property, the Company paid $5,000, issued 300,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR") and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On September 16, 2008 the Company completed an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located near Princeton, British Columbia.

Mr. Kerr has recommended the Company complete further drilling in the South Zone and engage an engineering firm to complete a Resource Calculation from all work to date.

The following table summarizes all drilling done by the Company in 2006 and 2007.

2006/2007 DRILL RESULTS
Table, Summarizing 2006 and 2007 Drill Results

Hole number	From		To		Core length		Cu content	Au content	
A06 - 01							anomalous - no significant values		
A06 - 02	15	m	37.5	m	22.5	meters	0.21%	0.14	g/t
	78	m	87	m	9	meters	0.27%	0.07	g/t
	91.5	m	108	m	17.5	meters	0.18%	0.10	g/t
	126	m	171	m	45	meters	0.53%	0.15	g/t
	177	m	186	m	9	meters	0.18%	anomalous	
	202.5	m	215	m	12.5	meters	0.65%	0.22	g/t
A06 - 03	18	m	124.5	m	106.5	meters	0.20%	0.15	g/t
A06 - 04							no significant values		
A06 - 05	11	m	25.5	m	14.5	meters	0.36%	0.29	g/t
	25.5	m	75	m	49.5	meters	anomalous	1.29	g/t
including 61.5		m	64.5	m	3	meters	0.31%	9.64	g/t
	91.5	m	102	m	10.5	meters	anomalous	0.27	g/t
A07 - 06	16.5	m	304.5	m	288	meters	0.27%	0.15	g/t
including 45		m	60	m	15	meters	0.41%	0.24	g/t
	and 85.5	m	97.5	m	12	meters	0.53%	0.28	g/t
	and 190.5	m	205.5	m	15	meters	0.47%	0.19	g/t
	322.5	m	334.5	m	12	meters	0.21%	0.17	g/t
	358.5	m	370.5	m	12	meters	0.19%	anomalous	
A07 - 07	94.5	m	120	m	25.5	meters	-	1.09	g/t
including 114		m	117	m	3	meters	-	6.06	g/t
	144	m	150	m	6	meters	-	0.37	g/t
	205.5	m	210	m	4.5	meters	-	0.19	g/t
A07 - 08	42	m	66	m	24	meters	0.16%	0.20	g/t
	121.5	m	246	m	124.5	meters	0.38%	0.22	g/t
including 234		m	244.5	m	10.5	meters	0.0155%	0.94	g/t
	261	m	307.5	m	46.5	meters	0.18%	0.23	g/t
	331.5	m	340.5	m	9	meters	anomalous	0.90	g/t
A07 - 09	48	m	51	m	3	meters	-	1.06	g/t
	129	m	135	m	6	meters	-	0.20	g/t
	148.5	m	162	m	13.5	meters	anomalous	0.21	g/t
A07 - 10	45	m	51	m	6	meters	0.17%	-	
	91.5	m	106.5	m	15	meters	0.24%	0.14	g/t
	141	m	160.5	m	19.5	meters	0.16%	-	
	181.5	m	187.5	m	6	meters	0.17%	0.14	g/t
	256.5	m	264	m	7.5	meters	0.29%	0.15	g/t
A07 - 11	96	m	109.5	m	13.5	meters	0.17%	0.27	g/t
	121.5	m	124.5	m	3	meters	0.56%	0.57	g/t

	199.5	m	273	m	73.5	meters	0.12%	-		
A07 - 12							no significant assays			
A07 - 13	4.5	m	102	m	97.5	meters	0.17%*	-		
A07 - 14	94.5	m	109.5	m	15	meters	0.17%		0.16	g/t
	151.5	m	162	m	10.5	meters	0.16%		0.15	g/t
	175.5	m	181.5	m	6	meters	0.41%		0.14	g/t

- Composite based on 65 samples (each 1.5 meters), 30 assays reported as % copper and 35 multi-spectrometer analyses reported as ppm copper

On October 20, 2009 the Company announced the commencement of further drilling operations on the Axe project. More Core Diamond Drilling Services Ltd. was drilling HQ size diamond drill holes aimed at both potentially updating a resource estimate for the South Zone; as well stepping out from the gold mineralization previously encountered in the West Zone during the Company's 2006-2007 drilling program.
On December 2, 2009 the Company announced analytical results from drilling operations on the Axe project. Within the West Zone, three drill holes were drilled to test a gold anomaly located in 2006 drill hole A06-05, which returned 49.5 meters grading 1.29g/t Au, including 3 meters grading 9.64g/t Au. Analytical results for the West Zone drilling are now available and selected results are listed below. Drill hole A09-01 was intended to undercut A06-05, but was abandoned short of its target due to tightening. Drill hole A09-03 was drilled 50m south of A09-06 and intersected significant gold mineralization associated with pyrite. Drill hole A09-04 was collared north of A06-05, and drilled at an azimuth of 065degrees. This hole intersected a thick calc-silicate unit, but may not have intersected the mineralized West Zone fault structure, which appears to be a north, northeast structure.

Drill Hole	Zone	Dip (deg)	Azm (deg)	Footage (m)	Interval (m)	Cu %	Au g/t	Notes
A09-01	West	-50	270	52.5-54.0	1.5	0.054	0.509	
				54.0-56.0	2.0	0.022	0.03	
				56.0-57.9	1.9	0.061	1.115	
				57.9-59.0	1.1	0.117	0.085	
A09-02	South	-90						
A09-03	West	-71	090	44.5-46.0	1.5	0.001	0.234	
				46.0-47.24	1.24	0.001	0.211	
				47.24-50.3	3.06	0.001	**9.25**	Poor recovery; pyrite
				50.3-53.35	3.05	**2.0**	**4.39**	Cpy with quartz
				53.35-54.4	1.05	0.21	0.33	
A09-04	West	-70	065	65.53-67.36	1.83	0.105	0.042	
				67.36-68.65	1.29	**0.829**	0.208	in calc-silicate

The 2009 drill results based mainly on drill hole A09-03 suggest a steeply dipping, westerly structure with gold and associated pyrite. As surface drilling has proven to be very difficult with historical poor recoveries within the Axe property, trenching should be an effective method to evaluate the gold-bearing target.

On March 21, 2012 the Company entered into an option agreement with Xstrata Copper Canada ("Xstrata") and Bearclaw Capital Corp. ("Bearclaw"). Under the terms of the option agreement, the Company and Bearclaw agreed to grant Xstrata an option to earn a 51% interest where Xstrata would have the sole and exclusive right to carry out exploration activities on and evaluate the Axe Property. In order to exercise the option, during the

earn-in period, Xstrata was required to incur $3,000,000 of expenditures in exploration activities on the Axe Property.

During the earn-in period, Xstrata was required to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $25,000 immediately (received);
- $25,000 on March 31, 2013 (received);
- $30,000 on March 31, 2014;
- $40,000 on March 31, 2015; and
- $60,000 on March 31, 2016.

If Xstrata exercised the option, the Company, Bearclaw and Xstrata would enter into a formal joint venture agreement. Under the option agreement, the Company and Bearclaw also granted Xstrata a right of first refusal ("ROFR") over any direct or indirect sale or transfer by the Company and/or Bearclaw of any of their respective interest in the Axe Property. The ROFR would terminate at the end of the earn-in period if Xstrata had not exercised the option.

On July 3, 2013, the Company received notification of Xstrata electing to terminate its option agreement to earn a 51% interest on the Axe Property from the Company and Bearclaw.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of December 21, 2013. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain can earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five year period, with a minimum of $100,000 per year. Copper Mountain must pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on December 21, 2014;
- $50,000 on December 21, 2015;
- $100,000 on December 21, 2016;
- $150,000 on December 21, 2017; and
- $200,000 on December 21, 2018.

If Copper Mountain exercises the option, the Company, Bearclaw and Copper Mountain will enter into a formal joint venture agreement. Copper Mountain will be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain will have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercises the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw will have a 17.5% and 7.5% participating interest, respectively.

EXPLORATION PROJECT - Page Property

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. On January 8, 2014, the Company issued 600,000 common shares of the Company as consideration for the Property.

EXPLORATION PROJECT - East Miller Claims

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in 9 mineral claims in Quebec, Canada. On January 6, 2014, the Company issued 2,500,000 commons shares of the Company as consideration for the Property and 250,000 common shares of the Company as finder's fees.

EXPLORATION PROJECT – Lac Gueret West

On March 6, 2014, the Company entered into an agreement to acquire a 100% interest in the Lac Gueret West Property, consisting of 75 mineral claims located in Quebec. In order to acquire the Property, the Company must:

- issue 2,500,000 common shares of the Company within 14 days of Exchange approval;
- pay $15,000 within 14 days of closing of the Company's next financing; and
- pay $10,000 within 14 days of the first anniversary of Exchange approval.

The vendor retains a 2% NSR on the Property, of which the Company can buy back 1% at any time for $1,000,000.

EXPLORATION PROJECT – Albany South East

On July 15, 2013, the Company entered into an agreement to acquire a 100% interest in the Albany South East Property comprising 19 mineral claims in the Porcupine Mining Division of Ontario. In consideration, the Company issued 2,750,000 common shares of the Company (valued at $55,000) and was required to pay $15,000. The Company also paid finder's fees of 275,000 common shares of the Company (valued at $5,500).

The $15,000 cash payment was not made and the Company is in default of the agreement. The property was deemed to be impaired at December 31, 2013 and written down to $Nil.

EXPLORATION PROJECT – Tahts Reach Property

On February 7, 2013, the Company entered into an option agreement with Caribou King Resources Ltd. (the "Option Agreement") to earn a 70% interest in the Tahts Reach Property and Barkerville Claims (collectively, the "Property") comprising 6 mining claims located in British Columbia.

Payment terms are as follows:

- $5,000 (paid) and 300,000 common shares (issued) on February 15, 2013 in conjunction with receipt of approval from the Exchange;
- $10,000 and 150,000 common shares on February 15, 2014; and
- $25,000 and 150,000 common shares on February 15, 2015.

In addition, the Company must incur exploration expenditures on the Property of $45,000 over 2 years.

On April 4, 2014, the Company terminated the Tahts Reach Property agreement. The property was deemed to be impaired at December 31, 2013 and written down to $Nil.

EXPLORATION PROJECT – Diego Property

On May 22, 2013, the Company entered into an LOI to enter into an option agreement with Cartier Resources Inc. ("Cartier"). The agreement was to acquire up to an 80% interest in the Diego Property, comprising 53 mining claims located in Quebec.

Pursuant to the terms of the LOI, the Company could earn a 50% interest in Diego by paying $15,000 and issuing 350,000 common shares in the capital of the Company upon Exchange approval. The Company was also required to incur $1,000,000 in exploration expenditures on the Property over a period of three years.

The Company could acquire an additional 30% interest by incurring an additional $1,000,000 in exploration expenditures over a period of two years following completion of the initial exploration expenditure requirements.

The LOI held a condition precedent that the Company complete a non-brokered private placement financing for minimum gross proceeds of $500,000. On August 22, 2013, the LOI was extended to November 21, 2013, at which time the LOI was terminated.

EXPLORATION PROJECT – La Paloma

On March 17, 2011, and as amended June 30, 2011, the Company entered into a letter of intent with Lekona Minerals Incorporated ("Lekona") to acquire the rights, title and interest in and to the La Paloma concessions, located in Jalisco, Mexico, including the 20% undivided interest held by Lekona, and Lekona's rights under the underlying option agreement between Lekona and Minera Sierra de Oro S.A. de C.V. ("Minera"). The Company was assigned an option to acquire an 80% interest in the La Paloma concessions from Minera under an option agreement dated September 15, 2010 and amended April 30, 2011, between Lekona and Minera. Lekona had previously exercised a portion of the option granted under the option agreement, and accordingly the Company now owns a 20% undivided interest in the La Paloma concessions. The Company completed the transaction on August 9, 2011.

The terms of the agreement and the amounts owing were as follows:

- $700,000 to Lekona (paid);
- Issuance of 4,000,000 common shares of the Company to Lekona's shareholders (issued at a fair value of $2,521,592);
- Issuance of 1,650,000 common shares of the Company to Minera (issued at a fair value of $1,007,157); and
- Issuance of 1,500,000 share purchase warrants to Lekona (issued at a fair value of $449,751), each such warrant being exercisable into one common share of the Company at a price of $1.50 per common share for a period expiring August 9, 2012. The warrants were only exercisable in the event that:
    i. The Company completed Phase I of the work program contained in the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") report dated June 26, 2011 on the project and delivered a new NI 43-101 compliant report describing the results of the Phase I work, and accommodation to proceed to Phase 2; and
    ii. The Company completed a follow on financing of not less than $1,000,000 to fund the Phase 2 program.

Once the financing was complete (the "Completion Date"), the following additional payments would have been required:

- Issuance of 2,000,000 common shares of the Company to Lekona's shareholders within 10 business days of the Completion Date; and
- $1,100,000 on or before August 9, 2012 to or to the direction of Lekona.

The Company would also be required to assume the unfulfilled obligations of Lekona under Lekona's previous option agreement, including the payments of cash and shares due to Minera. Lekona would retain a 2% NSR.

The Option Agreement between Lekona and Minera provided for the following payments:

In order for Lekona to acquire an undivided 20% interest in La Paloma:

- $50,000 non-refundable deposit (paid by Lekona);
- $300,000 (paid by Lekona); and
- Issuance of 2,000,000 common shares of Lekona (issued).

As a result, Lekona acquired an undivided 20% interest in La Paloma.

In order for Lekona to acquire a further 20% interest in La Paloma (for an aggregate of 40%):

- $300,000 on or before April 30, 2011 (paid by Lekona);
- Upon closing of the transaction between the Company and Lekona, the issuance of 1,650,000 common shares (issued at a fair value of $1,007,157) in the share capital of the Company and the expenditure on or before October 30, 2011 of $200,000 (incurred) on or in respect of the property. In consideration for the foregoing, the Company acquired a further 20% interest in the La Paloma concessions, for an aggregate 40% interest;
- On or before October 30, 2011, a further payment of $400,000 (paid) and the issuance of 1,000,000 common shares (issued at a fair value of $470,000) of the Company. In addition, a further $250,000 was to be expended on or in respect of the property and a NI 43-101 level report was to be generated. In consideration of the foregoing, the Company would have acquired a further 20% interest in the La Paloma concessions, for an aggregate 60% interest in the property; and
- On or before October 30, 2012, a final payment of $2,000,000, the issuance of an additional 2,000,000 shares in the share capital of the Company and the expenditure of a further $750,000 on or in respect of the property. In consideration of the foregoing, the Company would have acquired a further 20% interest in the property, for an aggregate 80% interest.

In addition to the foregoing, in the event the Company received a NI 43-101 compliant report, acceptable to both parties, indicating that there were resources of gold and silver in the project exceeding 4,000,000 ounces and 150,000,000 ounces, respectively, the Company would have been required to deliver to or to the order of Minera 5,000,000 common shares of the Company. The NI 43-101 would have been undertaken and paid for by the Company on or prior to October 31, 2014, or within 12 months following the Company acquiring the 80% undivided interest in the project, whichever event occurred first.

At December 31, 2012, the Company was in default of payments. As there were no immediate plans to remedy the default, the property was impaired and written-down to $Nil.

INVESTMENT

The Company received 500,000 common shares of Canada Coal Inc. ("CCK") after the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released on February 29, 2012, and 15% to be

released every six months thereafter for a period of 36 months. As at December 31, 2013, 225,000 common shares were held in escrow (December 31, 2012 – 375,000).

During the year ended December 31, 2013, the Company sold 150,000 common shares of CCK for proceeds of $5,100. At December 31, 2013, the fair value of the remaining 225,000 common shares of CCK held was $2,250 and an unrealized loss of $31,500 was recorded in other comprehensive loss for the year ended December 31, 2013.

During the year ended December 31, 2012, the Company sold 125,000 common shares of CCK for proceeds of $13,600. As at December 31, 2012, the fair value of the remaining 375,000 CCK shares held was $33,750, and an unrealized loss of $121,909 was recorded in other comprehensive loss for the year ended December 31, 2012.

RESULTS OF OPERATIONS

For the year ended December 31, 2013

During the year ended December 31, 2013, the Company reported a net loss of $263,293 compared to the year ended December 31, 2012 of $6,597,809. The operating expenses of the Company have been decreasing as the Company's exploration expenditures and operational activities decrease. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $7,817 (2012 - $132,815) decreased over the same period of the previous year due to a reduction in accounting costs and the forgiveness of $22,500 of unpaid accounting fees to a former officer and director in 2013. Additionally, the Company incurred significant legal fees in 2012 as part of a property negotiation process that was not completed;

- Consulting fees of $19,200 (2012 - $151,750) was the result of fewer consultants being engaged, as well as a recovery of $70,000 in unpaid consulting fees that were forgiven during 2013;

- Management fees of $87,500 (2012 - $119,879) were paid to the CEO and CFO. The change from the same period of the previous year is due to the recovery of $32,500 in unpaid management fees that were forgiven during 2013;

- Office and general expenses of $19,729 (2012 - $47,463) and shareholder communications and investor relations of $5,250 (2012 - $12,857) decreased over the same period of the previous year due to the reduced operational activities and cost control measures implemented by management;

- Rent of $9,021 (2012 - $28,800) reflects a lower monthly rent commencing in the second quarter of 2012 that was further reduced in the first quarter of 2013. During the third quarter of 2013, the Company began working remotely and rent is no longer incurred;

- Share-based payments of $21,490 (2012 - $146,699) decreased as fewer share options were granted in 2013, and the Black-Scholes value of those options was lower; and

- Transfer agent and filing fees of $16,985 (2012 - $16,977) was consistent with the previous year.

In addition to operating expenses, the Company reported the following:

- An unrealized loss of $31,500 (2012 - $121,909) on the fair value of the common shares held in CCK. The decrease over the previous year is due to the reduction in fair value being greater during 2012 and less common shares held in CCK during 2013; and

- Impairment of exploration and evaluation assets of $77,780 on the Albany South East and Tahts Reach Properties (2012 - $5,958,025 on the La Paloma Property).

For the three months ended December 31, 2013

During the three month period ended December 31, 2013, the Company reported a net loss of $91,325 compared to the three month period ended December 31, 2012 of $6,098,012. The Company's net loss included expenditures and recoveries as follows:

- Accounting, legal and audit recovery of $6,000 (2012 - expense of $64,004) was the result of the forgiveness of $22,500 of unpaid accounting fees to a former officer and director in Q4 2013, as compared to significant legal fees in Q4 2012 as part of a property negotiation process that was not completed;

- Consulting fees of $10,500 (2012 - $30,000) was the result of a recovery of $20,000 in unpaid consulting fees that were forgiven during Q4 2013 (earlier in the year ended December 31, 2013, $30,000 of consulting fees were forgiven by another party);

- Management fees recovery of $1,000 (2012 - expense of $28,500) is due to the recovery of $32,500 in unpaid management fees that were forgiven during Q4 2013; and

- Office and general expenses of $2,460 (2012 - $15,095) decreased over the same period of the previous year due to the reduced operational activities and cost control measures implemented by management.

In addition to operating expenses, the Company reported an impairment of exploration and evaluation assets on the Tahts Reach Property of $17,280 and the Albany South East Property of $60,500. In Q4 2012, the Company recorded an impairment of $5,958,025 on the La Paloma Property.

SUMMARY OF QUARTERLY FINANCIAL RESULTS ($000's except loss per share)

The following are the results for the eight most recent quarterly periods, starting with the quarter ended December 31, 2013:

For the Quarterly Periods ended:		**December 31, 2013**	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**
Total revenues	$	-	-	-	-
Net loss for the period		(91)	(91)	(24)	(57)
Net loss per common share, basic and diluted		(0.01)	(0.00)	(0.00)	(0.00)

For the Quarterly Periods ended:		December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Total revenues	$	-	-	-	-
Net loss for the period		(5,961)	(229)	(171)	(237)
Net loss per common share, basic and diluted		(0.24)	(0.01)	(0.01)	(0.01)

SELECTED ANNUAL INFORMATION

	December 31, 2013	December 31, 2012	December 31, 2011
Revenues	$ -	$ -	$ -
Net Loss	263,293	6,597,809	3,313,116
Basic and Diluted Loss per Share	0.01	0.27	0.19
Total Assets	1,596,959	1,691,378	7,949,307
Total Liabilities	317,159	339,820	24,730

LIQUIDITY AND CAPITAL RESOUCES

At December 31, 2013, the Company had cash of $1,586 and a working capital deficiency of $311,955 as compared to December 31, 2012 when the Company had cash of $2,893 and a working capital deficiency of $313,505.

To address working capital requirements for 2014, the Company has implemented cost control measures to minimize its general and administrative expenses. The Company will need to pursue additional financing to further explore the Company's resource properties and pay general and administrative expenses.

Subsequent to December 31, 2013, the Company has done the following to address its working capital requirements:

- issued 2,451,600 commons shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a Company with common directors;
- reduced the exercise price of 1,080,000 share options that were granted to officers and directors and 210,000 share options that were granted to consultants from $0.15 per common share to $0.05 per common share; and
- granted 680,000 share options to consultants, exercisable at a price of $0.05 per common share.

As of the date of this MD&A, the Company has received $76,250 on the exercise of 1,525,000 share options subsequent to December 31, 2013.

<u>Capital transactions for the year ended December 31, 2013</u>

In February 2013, 300,000 common shares valued at $12,000 were issued as acquisition costs on the Tahts Reach Property;

On February 22, 2013, the Company closed a non-brokered private placement and issued 3,915,000 units at a price of $0.035 per unit for gross proceeds of $137,025. Each unit consists of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant is exercisable by the holder to

acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.07 in the first year and $0.10 in the second year. The units are subject to a four-month hold period.

In addition, the Company paid a finder's fee of $7,980 and 153,000 finder's warrants. Each finder's warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.07 in the first year and $0.10 in the second year. The finder's warrants are also subject to a four-month hold period. The Black-Scholes fair value of the finders's warrants was $2,707 and was included in reserves.

The proceeds of the private placement were used for general working capital and mineral property exploration.

In July 2013, 3,025,000 common shares valued at $60,500 were issued as acquisition costs and finder's fees on the Albany South East Property.

Capital transactions for the year ended December 31, 2012

During the year ended December 31, 2012, there were no share capital transactions.

On July 10, 2012, the Company granted 2,000,000 share options to its directors and consultants exercisable until July 9, 2017 at a price of $0.15 per common share.

OUTSTANDING SHARES

The following table sets forth information concerning the outstanding securities of the Company:

	April 28, 2014	December 31, 2013	December 31, 2012
Common shares	38,700,092	31,373,492	24,133,492
Stock Options	2,255,000	3,100,000	3,450,000
Warrants	2,110,500	2,110,500	1,232,200
Fully Diluted Shares	43,065,592	36,583,992	28,815,692

TRANSACTIONS WITH RELATED PARTIES

The following expenses were incurred with directors and officers of the Company for the years ended December 31, 2013 and 2012:

	2013	2012
Short-term compensation (recovery)	$ 138,430	$ 243,410
Share-based payments	$ -	$ 90,953

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

As at December 31, 2013 accounts payable and accrued liabilities included $125,556 (December 31, 2012 - $163,246) due to companies controlled by directors and officers and former directors and officers. The amounts due are non-interest-bearing, unsecured and are without stated terms of repayment.

During the year ended December 31, 2013, the Company entered into debt settlement agreements with former management and directors. Accounts payable of $84,000 were forgiven for nominal consideration. The

amounts consisted of $22,500 of accounting, audit and legal expenses, $20,000 of consulting fees and $32,500 of management and director's fees and $9,000 of HST.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company had no proposed transactions.

COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from June 1, 2014 to August 1, 2014 with a total monthly commitment of $19,000. All the management services and consulting agreements can be terminated with 90 days notice.

FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, amounts receivable, investments, reclamation deposit and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash, amounts receivable and accounts payable and accrued liabilities approximates the carrying amounts due to the short term nature of these instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates made in the preparation of these financial statements include the recoverability of the carrying value of exploration and evaluation assets, title of mineral properties, accrued liabilities, assumptions for the determination of fair value of share-based payments, and for the recoverability of deferred tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's audited financial statements for the year ended December 31, 2013.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.
Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the properties.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.
Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to the mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to

the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the properties. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The properties in which the Company holds an interest are considered to be early exploration stage properties; however, no mineral reserve or mineral resource estimates have been prepared in respect of the properties. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be

material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the properties, could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the financial statements of the Company for the nine months ended September 30, 2013.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

On July 23, 2013, Thomas Clarke resigned as a director.

Current directors and officers of the Company are as follows:

William Rascan, President and Director
Joseph Meagher, CFO and Director
Keith Anderson, Director
Steven Feldman, Director

OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, continuing exploration and development activities on its exploration and evaluation assets.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.

APPENDIX “D” Interim MD&A of the Company for the three months ended June 30, 2016

AUGUST 29, 2016

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Weststar Resources Corp. (the "Company") and should be read in conjunction with the Company's unaudited condensed interim financial statements for the six months ended June 30, 2016, as well as the audited financial statements for the year ended December 31, 2015, which is filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS AND ACTIVITY

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company's common shares were listed for trading on the TSX Venture Exchange as a junior mineral exploration company on September 22, 2006. On February 10, 2015, the Company de-listed from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

General and Financing

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $161,500 of the proceeds to the common shares and $161,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $254,500 of the proceeds to the common shares and $254,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $30,800 and other share issue costs of $773.

On April 4, 2016, the Company issued 3,770,000 units at a price of $0.05 per unit for gross proceeds of $188,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $75,400 of the proceeds to the common shares and $113,100 of the proceeds to the warrants based on the residual value method.

Mineral Exploration and Evaluation

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company has not yet determined whether its property contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the property and upon future profitable production or proceeds from the disposition thereof.

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% in the Axe Property claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. At December 31, 2014, the Axe Property was written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. At this time there are no active option agreements in place with exploration partners (see Exploration Project - Axe Property below). The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

Evaluation of Other Business Opportunities

During the year ended December 31, 2014, the Company began evaluating business opportunities outside of the mineral exploration sector, primarily within the Canadian medicinal marihuana and electronic cigarette/vapor sectors. To that end, the Company has engaged a consultant, Mr. Doug Macdonell, to assist the Company with evaluating potential targets with a view to identifying a suitable opportunity with the potential to generate value for shareholders.

Mr. Macdonell is a recognized expert in the field of cannabis and its cultivation, having trained RCMP officers and municipal police in Vancouver and Edmonton in this field for the purposes of law enforcement. In addition, Mr. Macdonell has given lectures on the topic to various government agencies including the Department of Justice in Canada and the United States Drug Enforcement Administration. He has also served as an expert witness in cannabis, its production and its distribution at all levels of the Canadian court system.

On July 21, 2015, the Company signed a letter of intent to purchase shares of North Road Ventures Inc. ("North Road"), a private British Columbia company, representing up to a 50% interest in North Road. North Road is in the process of submitting a Health Canada application for a license issued under the Medicinal Marihuana for Medical Purposes Regulations ("MMPR").

On April 28, 2016, the Company signed a definitive agreement to acquire a 50% interest in North Road by loaning North Road $600,000, paying $30,000 in cash or common shares of the Company, and issuing an aggregate 15,000,000 common shares of the Company over a series of milestones while obtaining the MMPR license as follows:

- Non-refundable payment of $30,000 on April 28, 2016 (paid);
- Issuance of 3,500,000 common shares of the Company immediately upon Exchange approval of the transaction for the purchase of 15% of North Road;
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving Security Clearance to and as defined in the MMPR application for the purchase of an additional 5% of North Road (cumulative 20%);
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 5% of North Road (cumulative 25%). The Company must also provide North Road with a $600,000 unsecured loan repayable from positive cash flows of North Road over a period of five years and bearing interest at the Bank of Canada Prime Rate; and

- Issuance of 7,500,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 25% of North Road (cumulative 50%).

The definitive agreement constitutes a change of business and is subject to approval by the Exchange. As of the date of this MD&A, the Company had not received approval from the Exchange.

Concurrently with the Business Change, the Company is proposing a name change to Liberty Leaf Holdings (symbol: LIB). The Company will continue to trade as "WER" until further notice.

During the year ended December 31, 2015, the Company advanced $107,500 to North Road in order to further the MMPR license application. The amount advanced was without interest. If North Road submitted a MMPR license application by June 30, 2016, based on the MMPR rules in place when the letter of intent with North Road was signed on July 21, 2015, the amount advanced would be forgiven. If the MMPR license application was not submitted by June 30, 2016, then the amount advanced would be repaid to the Company by July 20, 2016. All expenses directly or indirectly incurred by North Road in relation to preparing the MMPR license application would be forgiven. During the six months ended June 30, 2016, the MMPR application was submitted and the Company forgave repayment of the advance.

On October 6, 2015, the Company announced it had entered into a non-disclosure agreement with a Vancouver, British Columbia based private company focused on manufacturing, marketing and distributing a wide range of vaporizers, glass, grinders, pipes and other fine smoking accessories. The private company is revenue generating and has positive cash-flow. The Company believes that this opportunity coupled with the potential North Road opportunity could be synergistically beneficial. At this time, no further terms have been reached, nor has the Company entered into any letters of intent or definitive agreements with the private corporation. As the Company's discussions remain at a preliminary stage, there can be no assurance or guarantee that the Company will enter into a binding agreement with respect to the acquisition of such. The Company will provide further updates as they are available.

The Company cautions investors that: (i) the Company has not received approval from the Exchange for the agreement with North Road or the change of business to the medical marihuana and electronic cigarette/vapor field, nor can there be any assurance that approval will be received in the future; (ii) the Company clarifies and confirms that neither it, nor North Road, are licensed producers under the MMPR; (iii) the licensing requirements mandated by Health Canada are stringent and must be complied with before any license is granted by Health Canada under the MMPR, including a site inspection of facilities by Health Canada and other requirements, as further described on Health Canada's website at http://www.hc-sc.gc.ca/dhp-mps/marihuana/index-eng.php.

As of the date of this MD&A, and until any announcements indicating otherwise are made, the Company is, and will remain, a junior mineral exploration company.

EXPLORATION PROJECT – Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. The Axe property is an advanced stage project with a known porphyry copper resource. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR") and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On September 16, 2008 the Company completed an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located near Princeton, British Columbia.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain could earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five-year period, with a minimum of $100,000 per year. Copper Mountain was to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015 (not received);
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercised the option, the Company, Bearclaw and Copper Mountain would enter into a formal joint venture agreement. Copper Mountain would be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain would have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercised the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw would have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment was not received subsequent and the property was deemed to be impaired for accounting purposes at December 31, 2014 and written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

INVESTMENTS

Canada Coal Inc. ("CCK")

The Company received 500,000 common shares of CCK pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released on February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months.

During the six months ended June 30, 2015, the Company sold 75,000 common shares of CCK for proceeds of $1,400.

RESULTS OF OPERATIONS

For the six months ended June 30, 2016

During the six months ended June 30, 2016, the Company reported a net loss of $283,367 compared to the six months ended June 30, 2015 of $279,004. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $6,504 (2015 - $4,812) increased slightly due to timing of expenses;
- Consulting fees of $101,966 (2015 - $186,000) decreased as consultants performed less services for the Company during the first quarter of 2016;
- Management fees of $26,096 (2015 - $63,000) were paid to the CEO and CFO. The decrease relates to no fees charged in Q2 and a credit received;
- Office and general expenses of $9,841 (2015 - $5,530) increased due primarily to website costs;
- Rent of $4,500 (2015 - $3,000) increased as the office was open for all of 2016;
- Share-based payments of $5,445 (2015- $1,410) increased due to more options granted in 2016;
- Shareholder communications and investor relations of $9,292 (2015 - $561) increased in 2016 due to promotional work done in 2016;
- Transfer agent and filing fees of $11,929 (2015 - $20,231) decreased as the 2015 fees included costs related to the transition to the CSE; and
- Forgiveness of Advances to North Road Ventures of $107,500 (2015 - $nil) related to North Road submitting the application for the MMPR.

For the three months ended June 30, 2016

During the three months ended June 30, 2016, the Company reported a net loss of $198,174 compared to the three months ended June 30, 2016 of $111,287. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $1,750 (2015 - $3,162) decreased slightly due to timing of expenses;
- Consulting fees of $75,966 (2015 - $70,500) increased slightly due to more work done in Q2 2016 than 2015;
- Management fees recovery of $5,404 (2015 – expense of $31,500) related to a credit received for unpaid management fees;
- Office and general expenses of $4,813 (2015 - $3,772) increased over the same period of the previous year due to timing of expenses and website costs;
- Rent of $2,250 (2015 - $2,250) was consistent for the same period in 2015;
- Shareholder communications and investor relations of $3,242 (2015 - $461) increased in 2016 due to promotional work done in 2016;

- Transfer agent and filing fees of $7,910 (2015 - $3,942) were higher due to timing of expenditures and some additional filing fees; and

- Forgiveness of Advances to North Road Ventures of $107,500 (2015 - $nil) related to North Road submitting the application for the MMPR.

SUMMARY OF QUARTERLY FINANCIAL RESULTS ($000's except loss per share)

The following are the results for the eight most recent quarterly periods, starting with the quarter ended June 30, 2016:

For the Quarterly Periods ended:		June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Total revenues	$	-	-	-	-
Net loss for the period		(198)	(85)	(239)	(171)
Net loss per common share, basic and diluted		(0.00)	(0.00)	(0.01)	(0.01)

For the Quarterly Periods ended:		June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Total revenues	$	-	-	-	-
Net loss for the period		(111)	(168)	(1,736)	(119)
Net loss per common share, basic and diluted		(0.00)	(0.01)	(0.08)	(0.01)

SELECTED ANNUAL INFORMATION

	December 31, 2015	December 31, 2014	December 31, 2013
Revenues	$ -	$ -	$ -
Net Loss	689,154	2,060,930	263,293
Basic and Diluted Loss per Share	0.02	0.10	0.01
Total Assets	303,502	274,492	1,596,959
Total Liabilities	104,210	147,741	317,159

LIQUIDITY AND CAPITAL RESOUCES

At June 30, 2016, the Company had cash of $51,746 and working capital of $108,621 as compared to December 31, 2015 when the Company had cash of $168,451 and working capital of $90,249.

To address working capital requirements for 2016, the Company has maintained cost control measures to minimize its general and administrative expenses where possible. The Company also raised gross proceeds of $188,500 by issuing 3,770,000 units on April 4, 2016. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

For fiscal 2016, the Company will need to pursue additional financing to pay general and administrative expenses and seek out additional opportunities to create shareholder value. Should the Exchange approve the Company's agreement with North Road, significant additional financing will be required.

See General and Financing for a summary of capital transactions.

OUTSTANDING SHARES

The following table sets forth information concerning the outstanding securities of the Company:

	August 29, 2016	June 30, 2016	December 31, 2015
Common shares	51,326,990	51,326,990	47,556,990
Stock Options	1,005,000	2,105,000	2,112,500
Warrants	31,490,000	31,490,000	27,720,000
Fully Diluted Shares	83,821,990	84,921,990	77,389,490

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss for the six months ended June 30:

	2016	2015
Short-term compensation	$ 35,096	$ 66,000

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

Of the $35,096 recorded as short-term compensation for the six months ended June 30, 2016 (2015 - $66,000), $26,096 was recorded as management fees (2015 - $63,000), $6,000 was recorded as accounting, legal and audit fees (2015 - $3,000) and $3,000 (2015 - $nil) was recorded as shareholder communications and investor relations.

As at June 30, 2016, accounts payable and accrued liabilities included $29,033 (December 31, 2015 - $24,132) due to current and former directors and officers. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

See discussion of definitive agreement with North Road Ventures.

COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from August 1, 2015 to June 1, 2016 with a total monthly commitment of $16,000. All the management services and consulting agreements can be terminated with 90 days' notice.

FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, advances, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash, advances, and accounts payable and accrued liabilities approximates the carrying amounts due to the short term nature of these instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates made in the preparation of these financial statements include the recoverability of the carrying value of exploration and evaluation assets, title of mineral property, accrued liabilities, assumptions for the determination of fair value of share-based payments, and for the recoverability of deferred tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's audited financial statements for the year ended December 31, 2015.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the property.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed,

it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new property.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If an exploration program on the Company's property is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company’s shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the property. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The property in which the Company holds an interest is considered to be an early exploration stage property; however, no mineral reserve or mineral resource estimates have been prepared in respect of the property. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations

and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of properties, could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes

to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.
While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the financial statements of the Company for the six months ended June 30, 2016.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors and officers of the Company are as follows:

William Rascan, President and Director
Joseph Meagher, CFO and Director
Keith Anderson, Director
Steven Feldman, Director

OUTLOOK

Subject to approval by the Exchange, the Company's primary focus for the foreseeable future will be transitioning to the medicinal marihuana sector and working with North Road to obtain an MMPR license.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.

APPENDIX “E” Annual Financial Statements of the Company for the year ended December 31, 2015 (audited)

Weststar Resources Corp.

Financial Statements

December 31, 2015 and 2014

(Expressed in Canadian Dollars)

Weststar Resources Corp.

December 31, 2015 and 2014

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Financial Statements

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTSTAR RESOURCES CORP.

We have audited the accompanying financial statements of Weststar Resources Corp., which comprise the statements of financial position as at December 31, 2015 and 2014 and the 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 Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Weststar Resources Corp. as at December 31, 2015 and 2014, 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 2 in the 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
April 29, 2016

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

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Weststar Resources Corp.

Statements of Financial Position
December 31, 2015 and 2014
(Expressed in Canadian Dollars)

		2015		2014
Assets				
Current				
Cash	$	**168,451**	$	90,004
Receivables (note 6)		**21,120**		18,160
Share subscriptions receivable (note 11)		**-**		57,000
Prepaid expenses		**4,888**		47,250
		194,459		212,414
Advances to North Road Ventures Ltd. (note 7)		**107,500**		-
Investments (note 8)		**-**		60,750
Property and Equipment (note 9)		**1,542**		1,327
Exploration and Evaluation Assets (note 10)		**1**		1
	$	**303,502**	$	274,492
Liabilities				
Current				
Accounts payable and accrued liabilities (note 12)	$	**104,210**	$	147,741
		104,210		147,741
Shareholders' Equity				
Share Capital (note 11)		**14,649,516**		14,278,181
Reserves (note 11)		**4,318,849**		3,901,439
Accumulated Other Comprehensive Income		**-**		27,050
Deficit		**(18,769,073)**		(18,079,919)
		199,292		126,751
	$	**303,502**	$	274,492

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

Approved on behalf of the Board:

"Keith Anderson" …… Director
Keith Anderson

"William Rascan" …… Director
William Rascan

Weststar Resources Corp.
Statements of Comprehensive Loss
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

		2015		2014
Expenses				
Accounting, legal and audit (note 12)	$	**26,145**	$	19,650
Amortization (note 9)		**641**		720
Consulting fees (note 12)		**482,164**		219,409
Management fees (note 12)		**126,000**		126,000
Office and general		**9,443**		8,618
Rent		**7,500**		-
Share-based payments (note 11)		**1,410**		79,695
Shareholder communications and investor relations (note 12)		**24,303**		6,829
Transfer agent and filing fees		**26,943**		30,260
		704,549		491,181
Realized gain on available-for-sale investments (note 8)		**(19,095)**		(6,472)
Gain on debt settlement (note 13)		**-**		(84,296)
Impairment of exploration and evaluation assets (note 10)		**-**		1,587,457
Loss on sale of exploration and evaluation assets (note 10)		**-**		76,760
Loss Before Income Taxes		**685,454**		2,064,630
Income Taxes				
Deferred income tax expense (recovery)		3,700		(3,700)
Net Loss for the Year		**689,154**		2,060,930
Items that may be reclassified subsequently to profit or loss				
Unrealized loss (gain) on available-for-sale investments (note 8)		27,050		(28,500)
Income tax effect on unrealized gain		**-**		3,700
Comprehensive Loss for the Year	$	**716,204**	$	2,036,130
Basic and Diluted Loss Per Share	$	**0.02**	$	0.10
Weighted Average Number of Common Shares Outstanding – Basic and Diluted		**35,637,869**		21,637,159

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

Weststar Resources Corp.
Statements of Changes in Equity
Years ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2013	**15,686,746**	**$ 13,395,459**	**$ 3,901,080**	**$ 2,250**	**$ (16,018,989)**	**$ 1,279,800**
Private placement	11,080,000	554,000	-	-	-	554,000
Share issue costs	-	(26,762)	-	-	-	(26,762)
Shares issued for exploration and evaluation assets	1,675,000	106,500	-	-	-	106,500
Shares issued for debt settlement	1,462,744	68,398	-	-	-	68,398
Shares issued on the exercise of share options	1,012,500	101,250	-	-	-	101,250
Fair value of share options exercised	-	79,336	(79,336)	-	-	-
Fair value of share options granted	-	-	74,055	-	-	74,055
Re-pricing of share options	-	-	5,640	-	-	5,640
Net loss and comprehensive loss for the year	-	-	-	24,800	(2,060,930)	(2,036,130)
Balance, December 31, 2014	**30,916,990**	**$ 14,278,181**	**$ 3,901,439**	**$ 27,050**	**$ (18,079,919)**	**$ 126,751**

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2014	**30,916,990**	**$ 14,278,181**	**$ 3,901,439**	**$ 27,050**	**$ (18,079,919)**	**$ 126,751**
Private placement	16,640,000	832,000	-	-	-	832,000
Residual value of warrants issued	-	(416,000)	416,000	-	-	-
Share issue costs	-	(44,665)	-	-	-	(44,665)
Stock options granted	-	-	1,410	-	-	1,410
Net loss and comprehensive loss for the year	-	-	-	(27,050)	(689,154)	(716,204)
Balance, December 31, 2015	**47,556,990**	**$ 14,649,516**	**$ 4,318,849**	**$ -**	**$ (18,769,073)**	**$ 199,292**

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

Weststar Resources Corp.
Statements of Cash Flows
Years Ended December 31
(Expressed in Canadian Dollars)

	2015	2014
Operating Activities		
Net loss for the year	$ **(689,154)**	$ (2,060,930)
Items not involving cash		
Amortization	**641**	720
Share-based payments	**1,410**	79,695
Realized gain on available-for-sale investments	**(19,095)**	(6,472)
Gain on debt settlement	**-**	(84,296)
Impairment of exploration and evaluation assets	**-**	1,587,457
Loss on sale of exploration and evaluation assets	**-**	76,760
Deferred income tax expense	**3,700**	(3,700)
Changes in non-cash working capital		
Receivables	**(2,960)**	(14,542)
Prepaid expenses	**42,362**	(47,250)
Accounts payable and accrued liabilities	**(43,531)**	(16,724)
Cash Used in Operating Activities	**(706,627)**	(489,282)
Investing Activities		
Proceeds from disposal of investments	**49,095**	6,472
Advances to North Road Ventures Ltd.	**(107,500)**	-
Purchase of equipment	**(856)**	-
Exploration and evaluation asset expenditures, net	**-**	(260)
Cash Provided by (Used in) Investing Activities	**(59,261)**	6,212
Financing Activity		
Shares issued for cash, net of issue costs	**844,335**	571,488
Cash Provided by Financing Activity	**844,335**	571,488
Inflow of Cash	**78,447**	88,418
Cash, Beginning of Year	**90,004**	1,586
Cash, End of Year	$ **168,451**	$ 90,004

Supplemental Disclosure with Respect to Cash Flows (note 14)

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

1. NATURE OF OPERATIONS

Weststar Resources Corp. (the "Company") is a Vancouver, British Columbia, based company incorporated on October 27, 2004 in the province of British Columbia. The Company is a junior mining exploration company operating in Canada. The Company's operations include the acquisition and exploration of mineral properties. During the year ended December 31, 2006, the Company completed its initial public offering on the TSX Venture Exchange ("TSX-V"), and the Company's shares were listed for trading on September 22, 2006. On February 10, 2015, the Company de-listed from the TSX-V and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

The principal address of the Company is located at 1240 – 789 West Pender, Vancouver, British Columbia, Canada, V6C 1H2.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company incurred an operating loss during the year ended December 31, 2015 of $689,154 (2014 - $2,060,930) and has a deficit of $18,769,073 (2014 - $18,079,919), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

c) Approval of the financial statements

The financial statements of the Company for the year ended December 31, 2015 were approved and authorized for issue by the Board of Directors on April 29, 2016.

3. BASIS OF PRESENTATION (Continued)

d) Use of estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- The carrying value of the exploration and evaluation assets and the recoverability of the carrying value

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

- 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 expenses, 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.

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of deferred tax assets;
- Provision for reclamation costs, among others; and
- Assumptions used to calculate share-based payments.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the year to the Company for purposes of these financial statements.

a) Foreign currency translation

The Company's presentation currency and functional currency is the Canadian dollar, as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and are not subsequently restated.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

b) Property and equipment

i) Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment are subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property and equipment (continued)

iii) Amortization

The amortization rates applicable to each category of property and equipment are as follows:

Class of equipment	**Amortization rate**
Computer equipment	55% declining-balance
Office equipment	20% declining-balance
Leasehold improvements	20% straight-line

c) Exploration and evaluation assets

i) Exploration and evaluation expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs, including drilling costs directly attributable to a property, and directly attributable to general and administrative costs.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “mines under construction”. No amortization is taken during the exploration and evaluation phase.

ii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and evaluation assets (continued)

ii) Decommissioning liabilities (continued)

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

d) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its noncurrent assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related reserve value is transferred to share capital.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component using the Black-Scholes option pricing model on grant date. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

g) Financial instruments

i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity investments ("HTM"), loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income.

- Held-to-maturity investments
  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

- Available-for-sale financial assets
  AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

  When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss. Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial instruments (continued)

i) Financial assets (continued)

- Effective interest method
  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

  Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities
  Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date.

- Derivative financial liabilities
  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value at each reporting period with changes in the fair value recognized in profit or loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	Inputs for assets or liabilities that are not based on observable market data.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share-based payment transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in option reserves is transferred to share capital.

For those options and warrants that expire or are forfeited after vesting, the recorded value remains in the reserve.

i) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred 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 the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New and revised accounting standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early-adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have an impact on the Company's financial statements.

IFRS 9 Financial Instruments

Issued by the IASB July 2014, effective for annual periods beginning January 1, 2018.

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. However, for annual periods beginning before January 1, 2018, an entity may elect to apply those earlier versions instead of applying the final version of this new standard if its initial application date is before February 1, 2015.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- Classification and measurement of financial liabilities:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- Impairment of financial assets:
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- Hedge accounting:
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New and revised accounting standards issued but not yet effective (continued)

Annual Improvements 2012-2014 Cycle

Issued by the IASB September 2014, effective for annual periods beginning January 1, 2016.

The following standards have been revised to incorporate amendments issued by the IASB:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* – Clarifies the application of guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and the circumstances in which an asset (or disposal group) no longer meets the criteria for held for distribution.
- IFRS 7 *Financial Instruments: Disclosures* – Clarifies guidance on servicing contracts and the applicability of the amendments to IFRS 7 regarding offsetting financial assets and financial liabilities to interim financial statements.
- IAS 19 *Employee Benefits* – Clarifies the application of the discount rate requirements for currencies for which there is no deep market in high quality corporate bonds.
- IAS 34 *Interim Financial Reporting* – Clarifies the meaning of disclosure of information "elsewhere in the interim financial report".

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Issued by the IASB August 2014, effective for annual periods beginning January 1, 2016.

Amends IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

Issued by the IASB May 2014, effective for annual periods beginning January 1, 2016.

Amends IAS *16 Property, Plant and Equipment* and IAS 38 *Intangible Assets* to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial asset at FVTPL; share subscription receivable and advances, as loans and receivables; investments, as AFS; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

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 manages credit risk, in respect of cash, by placing cash with major Canadian financial institutions. The Company has minimal credit risk.

b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of December 31, 2015 equal $104,210 (2014 - $147,741). All of the liabilities presented as accounts payable are due within 90 days of December 31, 2015.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

As at December 31, 2015, the Company is not exposed to significant market risk.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

5. FINANCIAL INSTRUMENTS (Continued)

(d) Capital management (continued)

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended December 31, 2015. The Company is not subject to external restrictions on its capital.

6. RECEIVABLES

Receivables at December 31, 2015 consists of GST recoverable of $21,120 (2014 - $18,160).

7. ADVANCES TO NORTH ROAD VENTURES LTD.

On July 21, 2015, the Company signed a letter of intent to purchase shares of North Road Ventures Inc. ("North Road"), a private British Columbia company, representing up to a 50% interest in North Road. North Road is in the process of submitting a Health Canada application for a license issued under the Medicinal Marihuana for Medical Purposes Regulations ("MMPR").

Subsequent to December 31, 2015, the Company entered into a definitive agreement to acquire a 50% interest in North Road (note 18(d)).

During the year ended December 31, 2015, the Company advanced $107,500 to North Road in order to further the MMPR license application. The amount advanced was without interest. If North Road submitted a MMPR license application by June 30, 2016, based on the MMPR rules in place when the letter of intent with North Road was signed July 21, 2015, the amount advanced would be forgiven. If the MMPR license application was not submitted by June 30, 2016, then the amount advanced would be repaid to the Company by July 20, 2016. All expenses directly or indirectly incurred by North Road in relation to preparing the MMPR license application would be forgiven.

Subsequent to December 31, 2015, the MMPR application was submitted by North Road and the Company forgave repayment of the advance (note 18(c)).

8. INVESTMENTS

Canada Coal Inc. ("CCK")

The Company received 500,000 common shares of CCK pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months. As at January 1, 2014, the Company has 225,000 common shares of CCK.

During the year ended December 31, 2014, the Company sold 150,000 common shares of CCK for proceeds of $6,472, resulting in a realized gain of $6,472. As at December 31, 2014, the fair value of the remaining 75,000 common shares of CCK held was $750, and an unrealized loss of $1,500 was recorded in other comprehensive income (loss) for the year ended December 31, 2014.

During the year ended December 31, 2015, the Company sold 75,000 common shares of CCK for proceeds of $1,400, resulting in a realized gain of $1,400. The Company also realized a gain of $3,700 previously recorded in accumulated other comprehensive income (loss) during the year ended December 31, 2014 related to the common shares of CCK. At December 31, 2015, there were no shares of CCK held.

8. INVESTMENTS (Continued)

Saint Jean Carbon Inc. ("SJL")

The Company received 3,000,000 common shares of SJL, valued at $30,000, pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2014 (note 10).

At December 31, 2014, the fair value of the 3,000,000 common shares of SJL held was $60,000, and an unrealized gain of $30,000 was recorded in other comprehensive income (loss) during the year ended December 31, 2014.

During the year ended December 31, 2015, the Company sold the 3,000,000 common shares of SJL for proceeds of $47,695, resulting in a realized gain of $17,695. At December 31, 2015, there were no shares of SJL held.

9. PROPERTY AND EQUIPMENT

	Computer Equipment	Office Equipment	Total
Cost			
Balance, December 31, 2013 and 2014	$ 2,724	$ 2,032	$ 4,756
Addition	856	-	856
Balance, December 31, 2015	$ 3,580	$ 2,032	$ 5,612
Amortization			
Balance, December 31, 2013	$ 1,835	$ 874	$ 2,709
Amortization	489	231	720
Balance, December 31, 2014	2,324	1,105	3,429
Amortization	456	185	641
Balance, December 31, 2015	$ 2,780	$ 1,290	$ 4,070
Net Book Value, December 31, 2014	$ 400	$ 927	$ 1,327
Net Book Value, December 31, 2015	$ 800	$ 742	$ 1,542

10. EXPLORATION AND EVALUATION ASSETS

Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims situated in the Similkameen Mining District, British Columbia. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

Axe Property (continued)

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims, the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR"), and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On August 23, 2013, the Company and Bearclaw Capital Corp. ("Bearclaw"), the holder of the remaining 30% participating interest in the Axe property, entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain could earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five-year period, with a minimum of $100,000 per year. Copper Mountain was to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015;
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercised the option, the Company, Bearclaw and Copper Mountain would enter into a formal joint venture agreement. Copper Mountain would be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain would have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercised the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw would have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment was not received and the Company determined that Copper Mountain was in default of the agreement. The Company does not plan to further develop the Axe Property without a joint venture partner. Accordingly, the property was deemed to be impaired at December 31, 2014 and written down to $1.

East Miller Claims and Page Property

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in nine mineral claims in Quebec, Canada. On January 6, 2014, the Company issued 1,250,000 common shares (valued at $75,000) as consideration for the acquisition and 125,000 common shares (valued at $7,500) as finder's fees.

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. On January 8, 2014, the Company issued 300,000 common shares (valued at $24,000) as consideration for the acquisition.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

East Miller Claims and Page Property (continued)

On December 10, 2014, the Company sold its interests in the East Miller Claims and the Page Property to SJL in exchange for 3,000,000 common shares of SJL (valued at $30,000). The sale resulted in a loss on sale of $76,760.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. 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.

Environmental legislation is becoming increasingly stringent and the 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.

Title to exploration and evaluation interests

Although the Company has taken steps to verify the title to mineral property interests 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 may be affected by undetected defects.

	Axe Property	East Miller Claims and Page Property	Total
Balance, December 31, 2013	**$ 1,587,458**	**$ -**	**$ 1,587,458**
Acquisition costs	-	106,760	106,760
Sale of exploration and evaluation assets		(106,760)	(106,760)
Impairment of acquisition and exploration costs	(1,587,457)	-	(1,587,457)
Balance, December 31, 2014 and 2015	**$ 1**	**$ -**	**$ 1**

11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the year ended December 31, 2015

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $161,500 of the proceeds to the common shares and $161,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $254,500 of the proceeds to the common shares and $254,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $30,800 and other share issue costs of $773.

Share subscriptions receivable of $57,000 outstanding at December 31, 2014 were collected.

During the year ended December 31, 2014

On January 6, 2014, the Company issued 1,375,000 common shares of the Company as payment and finder's fees for the East Miller Claims (note 10).

On January 8, 2014, the Company issued 300,000 common shares of the Company as payment for the Page Property (note 10).

On February 28, 2014, the Company issued 1,225,800 common shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $61,290 (note 13).

On September 18, 2014, the Company closed the first tranche of a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

On December 16, 2014, the Company closed the second tranche of a non-brokered private placement and issued 2,940,000 units at a price of $0.05 per unit for gross proceeds of $147,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company paid finder's fees of $9,000 and other share issue costs of $955. Share subscriptions proceeds of $57,000 were received subsequent to December 31, 2014.

11. SHARE CAPITAL (Continued)

Issued share capital (continued)

On December 23, 2014, the Company issued 236,944 common shares of the Company in order to settle debts of $19,777 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $12,669 (note 13).

During the year ended December 31, 2014, the Company received $101,250 on the exercise of 1,012,500 share options. The Company transferred $79,336 from the share-based payments reserve to share capital on the exercise of the options.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	December 31, 2015		**December 31, 2014**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	12,135,250	$ 0.09	1,055,250	$ 0.14
Issued	16,640,000	$ 0.075	11,080,000	$ 0.075
Expired	(1,055,250)	$ 0.20	-	-
Outstanding, end of year	27,720,000	$ 0.075	12,135,250	$ 0.09

During the year ended December 31, 2014, the exercise price of the warrants granted February 22, 2013 increased from $0.14 to $0.20 as per the original terms.

The following warrants are outstanding and exercisable at December 31, 2015:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**December 31, 2015**	**December 31, 2014**
February 22, 2015	-	$ 0.20	-	1,055,250
September 16, 2016	0.71	$ 0.075	8,140,000	8,140,000
December 16, 2016	0.96	$ 0.075	2,940,000	2,940,000
July 27, 2017	1.56	$ 0.075	6,460,000	-
October 26, 2017	1.82	$ 0.075	10,180,000	-
	1.34	$ 0.075	27,720,000	12,135,250

11. SHARE CAPITAL (Continued)

Share options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and the options are exercisable for a period not to exceed 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

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.

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Share option transactions and the number of share options outstanding are summarized as follows:

	December 31, 2015		**December 31, 2014**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	2,012,500	$ 0.06	1,550,000	$ 0.23
Granted	100,000	$ 0.05	1,830,000	$ 0.06
Exercised	-	-	(1,012,500)	$ 0.10
Expired	-	-	(355,000)	$ 0.30
Outstanding, end of year	2,112,500	$ 0.06	2,012,500	$ 0.06

During the year ended December 31, 2015

During the year ended December 31, 2015, the Company granted 100,000 share options to a consultant with an expiry date of one year from the date of grant and exercise price of $0.05 per share. The options granted are fully vested and exercisable upon grant.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.57%; expected dividend yield of zero; expected share price volatility of 260%; and expected life of 1 year. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was $0.014. Accordingly, $1,410 was recognized as share-based payment expense during the year ended December 31, 2015.

11. SHARE CAPITAL (Continued)

Share options (continued)

During the year ended December 31, 2014

During the year ended December 31, 2014, the Company granted 1,830,000 share options to consultants with expiry dates of two to three years from the date of grant and exercise prices ranging from $0.05 to $0.10 per share. All the options granted are fully vested and exercisable upon grant.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 1.11%; expected dividend yield of zero; expected share price volatility of 148%; and expected life of 2.08 years. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was $0.04. Accordingly, $74,055 was recognized as share-based payment expense during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company received $101,250 on the exercise of 1,012,500 share options. The Company transferred $79,336 from the share-based payments reserve to share capital on the exercise of the options.

During the year ended December 31, 2014, the Company amended the exercise price of 645,000 share options granted on July 9, 2012, from $0.30 to $0.10. To calculate the incremental value of the amendment, the Company used the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.15%; expected dividend yield of zero; expected share price volatility of 149%; expected life of 3.23 years. The Company used the historical volatility to estimate the volatility of the share price. The incremental value of $5,640 was recorded as share-based payment expense.

The following share options were outstanding and exercisable at December 31, 2015:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**December 31, 2015**	**December 31, 2014**
March 11, 2016(1)	0.19	$ 0.05	100,000	-
April 7, 2016(1)	0.27	$ 0.10	57,500	57,500
June 13, 2016	0.45	$ 0.055	150,000	150,000
July 2, 2016	0.50	$ 0.05	750,000	750,000
July 4, 2016	0.51	$ 0.055	50,000	50,000
August 22, 2016	0.64	$ 0.05	300,000	300,000
September 5, 2016	0.68	$ 0.05	100,000	100,000
July 9, 2017	1.52	$ 0.10	315,000	315,000
November 25, 2017	1.90	$ 0.07	140,000	140,000
April 7, 2019(2)	3.27	$ 0.10	150,000	150,000
	0.95	$ 0.06	2,112,500	2,012,500

(1) 157,500 share options expired unexercised subsequent to December 31, 2015.
(2) On May 1, 2015, the Company extended the life of 150,000 existing share options expiring on April 7, 2016, for three additional years. The pricing of the share options remained unchanged. There was no significant incremental value.

12. RELATED PARTY TRANSACTIONS

Key management compensation are included in the amounts shown on the statements of comprehensive loss:

	2015	2014
Short-term compensation	$ 138,500	$ 135,500

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

Of the $138,500 recorded as short-term compensation for the year ended December 31, 2015 (2014 - $135,500), $6,500 (2014 - $6,500) was recorded as accounting, legal and audit fees, $126,000 was recorded as management fees (2014 - $126,000) and $6,000 (2014 - $3,000) was recorded as shareholder communications and investor relations.

As at December 31, 2015, accounts payable and accrued liabilities included $24,132 (2014 - $44,000) due to companies controlled by directors and officers and former directors and officers, and an officer and director for services included above. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

On February 28, 2014, the Company issued 430,000 common shares of the Company in order to settle debts of $43,000 with directors and officers of the Company and 441,070 common shares of the Company in order to settle debts of $44,107 with a company with common directors and officers (note 13).

13. GAIN ON SETTLEMENT OF DEBTS

During the year ended December 31, 2015, the Company recorded a gain on settlement of debts of $nil (2014 - $84,296) consisting of $nil (2014 - $73,959) recognized on shares for debt agreements with directors, officers and consultants (notes 11 and 12) and $nil (2014 - $10,337) as a result of a debt settlement agreement with a vendor.

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2015	2014
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Private placement proceeds allocated to warrants	$ 416,000	$ -
Shares issued for exploration and evaluation assets	$ -	$ 106,500
Investments received on sale of exploration and evaluation assets	$ -	$ 30,000
Shares issued for debt settlement	$ -	$ 68,398
Fair value of options exercise	$ -	$ 79,336

15. SEGMENTED DISCLOSURE

The Company currently operates in one industry segment, being mineral exploration, and in one geographic area, being Canada.

16. COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from August 1, 2015 to June 1, 2016 with a total monthly commitment of $16,000. All the management services and consulting agreements can be terminated with 90 days' notice.

17. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26% (2014 - 26%) to income before income taxes.

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

		2015		2014
Loss before income taxes	$	(685,454)	$	(2,064,630)
Statutory income tax rate		26.00%		26.00%
Income tax benefit computed at statutory tax rate		(178,218)		(536,804)
Items not deductible for income tax purposes		840		15,039
Change in timing differences		13,181		(8,641)
Unrecognized benefit of deferred income tax assets		167,897		526,706
Deferred income tax expense (recovery)	$	3,700	$	(3,700)

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of December 31 are as follows:

		2015		2014
Non-capital losses carried forward	$	6,296,099	$	5,603,301
Excess of tax value over carrying value of exploration and evaluation assets		10,160,822		10,160,822
Excess of tax value over carrying value of property and equipment		4,070		3,429
Share issue costs		63,914		63,370
AFS investment		-		62,455
Unrecognized deductible temporary differences	$	16,524,905	$	15,893,377

The Company has non-capital losses of $6,296,000 available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

17. INCOME TAXES (Continued)

2026	$	92,000
2027		404,000
2028		607,000
2029		1,385,000
2030		727,000
2031		1,111,000
2032		580,000
2033		238,000
2034		407,000
2035		745,000
	$	6,296,000

18. SUBSEQUENT EVENTS

a) The Company issued 3,770,000 units at a price of $0.05 per unit for gross proceeds of $188,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

b) The Company granted 300,000 share options to consultants with an expiry date of one year from the date of grant and an exercise price of $0.05 per share.

c) Subsequent to December 31, 2015, the MMPR application was submitted by North Road, and the Company forgave repayment of the advance.

d) On April 28, 2016, the Company signed a definitive agreement to acquire a 50% interest in North Road by loaning North Road $600,000, paying $30,000 in cash or common shares of the Company, and issuing an aggregate 15,000,000 common shares of the Company over a series of milestones while obtaining the MMPR license as follows:

- Non-refundable payment of $30,000 on April 28, 2016 (paid);
- Issuance of 3,500,000 common shares of the Company immediately upon Exchange approval of the transaction for the purchase of 15% of North Road;
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving Security Clearance to and as defined in the MMPR application for the purchase of an additional 5% of North Road (cumulative 20%);
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 5% of North Road (cumulative 25%). The Company must also provide North Road with a $600,000 unsecured loan repayable from positive cash flows of North Road over a period of five years and bearing interest at the Bank of Canada prime rate; and
- Issuance of 7,500,000 common shares of the Company within ten days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 25% of North Road (cumulative 50%).

The definitive agreement constitutes a change of business and is subject to approval by the Exchange. As of April 29, 2016, the release date of these financial statements, the Company had not received approval from the Exchange.

APPENDIX “F” Annual Financial Statements of the Company for the year ended December 31, 2014 (audited)

Weststar Resources Corp.

Financial Statements

December 31, 2014 and 2013

(Expressed in Canadian Dollars)

Weststar Resources Corp.

December 31, 2014 and 2013

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Financial Statements

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTSTAR RESOURCES CORP.

We have audited the accompanying financial statements of Weststar Resources Corp., which comprise the statements of financial position as at December 31, 2014 and 2013, and the 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 Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Weststar Resources Corp. as at December 31, 2014 and 2013, 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 2 in the 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 Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 27, 2015

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Vancouver, BC V6C 2G8

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Weststar Resources Corp.
Statements of Financial Position
December 31, 2014 and 2013
(Expressed in Canadian Dollars)

		2014		2013
Assets				
Current				
Cash	$	**90,004**	$	1,586
Receivables (note 6)		**18,160**		3,618
Share subscriptions receivable (note 10)		**57,000**		-
Prepaid expenses		**47,250**		-
		212,414		5,204
Investments (note 7)		**60,750**		2,250
Property and Equipment (note 8)		**1,327**		2,047
Exploration and Evaluation Assets (note 9)		**1**		1,587,458
	$	**274,492**	$	1,596,959
Liabilities				
Current				
Accounts payable and accrued liabilities (note 11)	$	**147,741**	$	317,159
		147,741		317,159
Shareholders' Equity				
Share Capital (note 10)		**14,278,181**		13,395,459
Reserves (note 10)		**3,901,439**		3,901,080
Accumulated Other Comprehensive Income		**27,050**		2,250
Deficit		**(18,079,919)**		(16,018,989)
		126,751		1,279,800
	$	**274,492**	$	1,596,959

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

Approved on behalf of the Board:

"Keith Anderson" …… Director
Keith Anderson

"William Rascan" …… Director
William Rascan

Weststar Resources Corp.
Statements of Comprehensive Loss
Years Ended December 31 2014 and 2013
(Expressed in Canadian Dollars)

		2014		2013
Expenses				
Accounting, legal and audit (note 11)	$	**19,650**	$	7,817
Amortization (note 8)		**720**		1,874
Consulting fees (note 11)		**219,409**		19,200
Management fees (note 11)		**126,000**		87,500
Office and general		**8,618**		19,729
Rent		**-**		9,021
Share-based payments (note 10)		**79,695**		21,490
Shareholder communications and investor relations		**6,829**		5,250
Transfer agent and filing fees		**30,260**		16,985
		491,181		188,866
Realized gain on available-for-sale investments (note 7)		**(6,472)**		(5,100)
Gain on debt settlement (note 12)		**(84,296)**		-
Impairment of exploration and evaluation assets (note 9)		**1,587,457**		77,780
Loss on sale of exploration and evaluation assets (note 9)		**76,760**		-
Loss on sale of equipment		**-**		1,747
Loss Before Income Taxes		**2,064,630**		263,293
Income Taxes				
Deferred income tax recovery		**(3,700)**		-
Net Loss for the Year		**2,060,930**		263,293
Items that may be reclassified subsequently to profit or loss				
Unrealized loss (gain) on available-for-sale investments (note 7)		**(28,500)**		31,500
Income tax effect on unrealized gain		**3,700**		-
Comprehensive Loss for the Year	$	**2,036,130**	$	294,793
Basic and Diluted Loss Per Share	$	**0.10**	$	0.02
Weighted Average Number of Common Shares Outstanding – Basic and Diluted		**21,637,159**		14,578,292

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

Weststar Resources Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2012	**12,066,746**	**$ 13,196,621**	**$ 3,876,883**	**$ 33,750**	**$ (15,755,696)**	**$ 1,351,558**
Private placement	1,957,500	137,025	-	-	-	137,025
Share issue costs	-	(10,687)	2,707	-	-	(7,980)
Shares issued for exploration and evaluation assets	1,662,500	72,500	-	-	-	72,500
Fair value of share options granted	-	-	21,490	-	-	21,490
Net loss and comprehensive loss for the year	-	-	-	(31,500)	(263,293)	(294,793)
Balance, December 31, 2013	**15,686,746**	**$ 13,395,459**	**$ 3,901,080**	**$ 2,250**	**$ (16,018,989)**	**$ 1,279,800**

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2013	**15,686,746**	**$ 13,395,459**	**$ 3,901,080**	**$ 2,250**	**$ (16,018,989)**	**$ 1,279,800**
Private placement	11,080,000	554,000	-	-	-	554,000
Share issue costs	-	(26,762)	-	-	-	(26,762)
Shares issued for exploration and evaluation assets	1,675,000	106,500	-	-	-	106,500
Shares issued for debt settlement	1,462,744	68,398	-	-	-	68,398
Shares issued on the exercise of share options	1,012,500	101,250	-	-	-	101,250
Fair value of share options exercised	-	79,336	(79,336)	-	-	-
Fair value of share options granted	-	-	74,055	-	-	74,055
Re-pricing of share options	-	-	5,640	-	-	5,640
Net loss and comprehensive loss for the year	-	-	-	24,800	(2,060,930)	(2,036,130)
Balance, December 31, 2014	**30,916,990**	**$ 14,278,181**	**$ 3,901,439**	**$ 27,050**	**$ (18,079,919)**	**$ 126,751**

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

Weststar Resources Corp.
Statements of Cash Flows
Years Ended December 31
(Expressed in Canadian Dollars)

	2014	2013
Operating Activities		
Net loss for the year	$ **(2,060,930)**	$ (263,293)
Items not involving cash		
Amortization	**720**	1,874
Share-based payments	**79,695**	21,490
Realized gain on available-for-sale investments	**(6,472)**	(5,100)
Gain on debt settlement	**(84,296)**	-
Impairment of exploration and evaluation assets	**1,587,457**	77,780
Loss on sale of exploration and evaluation assets	**76,760**	-
Deferred income tax recovery	**(3,700)**	-
Loss on sale of equipment	**-**	1,747
Changes in non-cash working capital		
Receivables	**(14,542)**	16,855
Prepaid expenses	**(47,250)**	2,949
Accounts payable and accrued liabilities	**(16,724)**	(22,661)
Cash Used in Operating Activities	**(489,282)**	(168,359)
Investing Activities		
Proceeds from investments	**6,472**	5,100
Exploration and evaluation asset recoveries (expenditures), net	**(260)**	32,657
Proceeds from sale of equipment	**-**	250
Recovery of reclamation deposits	**-**	5,000
Acquisition of exploration and evaluation assets	**-**	(5,000)
Cash Provided by Investing Activities	**6,212**	38,007
Financing Activity		
Shares issued for cash, net of issue costs	**571,488**	129,045
Cash Provided by Financing Activity	**571,488**	129,045
Inflow (Outflow) of Cash	**88,418**	(1,307)
Cash, Beginning of Year	**1,586**	2,893
Cash, End of Year	$ **90,004**	$ 1,586

Supplemental Disclosure with Respect to Cash Flows (note 13)

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

1. NATURE OF OPERATIONS

Weststar Resources Corp. (the "Company") is a Vancouver, British Columbia, based company incorporated on October 27, 2004 in the province of British Columbia. During the year ended December 31, 2006, the Company completed its initial public offering on the TSX Venture Exchange ("TSX-V"), and the Company's shares were listed for trading on September 22, 2006. On February 10, 2015, the Company de-listed from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

The principal address of the Company is located at 1656 Scarborough Crescent, Port Coquitlam, British Columbia, Canada, V3C 2R1.

On June 9, 2014, the Company consolidated its common shares on a one new for two old share basis. All share and per share amounts have been revised to reflect the consolidation.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company incurred an operating loss during the year ended December 31, 2014 of $2,060,930 (2013 - $263,293) and has a deficit of $18,079,919 (2013 - $16,018,989), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PRESENTATION (Continued)

c) Approval of the financial statements

The financial statements of Weststar Resources Corp. for the year ended December 31, 2014 were approved and authorized for issue by the Board of Directors on April 27, 2015.

d) Use of estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key area of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- The carrying value of the exploration and evaluation assets and the recoverability of the carrying value

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of deferred tax assets;
- Provision for reclamation costs, among others; and
- Assumptions used to calculate share-based payments.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the year to the Company for purposes of these financial statements.

a) Foreign currency translation

The Company's presentation currency and the functional currency is the Canadian dollar, as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and are not subsequently restated.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

b) Property and equipment

i) Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment are subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property and equipment (continued)

iii) Amortization

The amortization rates applicable to each category of property and equipment are as follows:

Class of equipment	**Amortization rate**
Computer equipment	55% declining-balance
Office equipment	20% declining-balance
Leasehold improvements	20% straight-line

One-half the annual amortization is taken in the year of equipment acquisition.

c) Exploration and evaluation assets

i) Exploration and evaluation expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration, and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs, including drilling costs directly attributable to a property, and directly attributable to general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “mines under construction”. No amortization is taken during the exploration and evaluation phase.

ii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and evaluation assets (continued)

ii) Decommissioning liabilities (continued)

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

d) Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment. At the end of each reporting period, the Company reviews the carrying amounts of its assets that are subject to amortization to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related reserve value is transferred to share capital.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component using the Black-Scholes option pricing model on grant date. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

g) Financial instruments

i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity investments ("HTM"), loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

- Held-to-maturity investments
  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

- Available-for-sale financial assets
  AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

  When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss. Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial instruments (continued)

i) Financial assets (continued)

- Effective interest method
  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

  Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities
  Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

- Derivative financial liabilities
  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	Inputs for assets or liabilities that are not based on observable market data.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share-based payment transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in option reserves is transferred to share capital.

i) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred 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 the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New accounting standards issued but not yet effective

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual periods beginning on January 1, 2018.

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; receivables and share subscription receivable, as loans and receivables; investment, as AFS; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

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 manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company has minimal credit risk.

b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of December 31, 2014 equal $147,741 (2013 - $317,159). All of the liabilities presented as accounts payable are due within 90 days of December 31, 2014.

5. FINANCIAL INSTRUMENTS (Continued)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

As at December 31, 2014, the Company is not exposed to significant market risk.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended December 31, 2014. The Company is not subject to external restrictions on its capital.

6. RECEIVABLES

Receivables at December 31, 2014 consists of GST recoverable of $18,160 (2013 - $3,618).

7. INVESTMENTS

Canada Coal Inc. ("CCK")

The Company received 500,000 common shares of CCK pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released on February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months. As at December 31, 2014, 75,000 common shares remain in escrow (2013 - 225,000).

During the year ended December 31, 2014, the Company sold 150,000 common shares of CCK for proceeds of $6,472. As at December 31, 2014, the fair value of the remaining 75,000 common shares of CCK held was $750, and an unrealized loss of $1,500 was recorded in other comprehensive income (loss) for the year ended December 31, 2014.

During the year ended December 31, 2013, the Company sold 150,000 common shares of CCK for proceeds of $5,100. At December 31, 2013, the fair value of the remaining 225,000 common shares of CCK held was $2,250, and an unrealized loss of $31,500 was recorded in other comprehensive income (loss) for the year ended December 31, 2013.

7. INVESTMENTS (Continued)

Saint Jean Carbon Inc. ("SJL")

The Company received 3,000,000 common shares of SJL, valued at $30,000, pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2014 (note 9).

At December 31, 2014, the fair value of the 3,000,000 common shares of SJL held was $60,000, and an unrealized gain of $30,000 was recorded in other comprehensive income (loss) for the year ended December 31, 2014.

8. PROPERTY AND EQUIPMENT

	Computer Equipment	Office Equipment	Leasehold Improvement	Total
Cost				
Balance, December 31, 2012	$ 2,724	$ 4,381	$ 4,475	$ 11,580
Disposals	-	(2,349)	(4,475)	(6,824)
Balance, December 31, 2013 and 2014	$ 2,724	$ 2,032	$ -	$ 4,756
Amortization				
Balance, December 31, 2012	$ 749	$ 438	$ 4,475	$ 5,662
Amortization	1,086	788	-	1,874
Disposals	-	(352)	(4,475)	(4,827)
Balance, December 31, 2013	1,835	874	-	2,709
Amortization	489	231	-	720
Balance, December 31, 2014	$ 2,324	$ 1,105	$ -	$ 3,429
Carry amounts				
Net Book Value, December 31, 2013	$ 889	$ 1,158	$ -	$ 2,047
Net Book Value, December 31, 2014	$ 400	$ 927	$ -	$ 1,327

During the year ended December 31, 2013, the Company disposed of office equipment with a net book value of $1,997 for proceeds of $250, resulting in a loss of $1,747.

9. EXPLORATION AND EVALUATION ASSETS

Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims situated in the Similkameen Mining District, British Columbia. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims, the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR"), and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On March 21, 2012, the Company entered into an option agreement with Xstrata Copper Canada ("Xstrata") and Bearclaw Capital Corp. ("Bearclaw"). Under the terms of the option agreement, the Company and Bearclaw agreed to grant Xstrata an option to earn a 51% interest where Xstrata would have the sole and exclusive right to carry out exploration activities on and evaluate the Axe Property. In order to exercise the option, during the earn-in period, Xstrata was required to incur $3,000,000 of expenditures in exploration activities on the Axe Property.

During the earn-in period, Xstrata was required to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $25,000 immediately (received);
- $25,000 on March 31, 2013 (received);
- $30,000 on March 31, 2014;
- $40,000 on March 31, 2015; and
- $60,000 on March 31, 2016.

If Xstrata exercised the option, the Company, Bearclaw and Xstrata would enter into a formal joint venture agreement. Under the option agreement, the Company and Bearclaw also granted Xstrata a right of first refusal ("ROFR") over any direct or indirect sale or transfer by the Company and/or Bearclaw of any of their respective interest in the Axe Property. The ROFR would terminate at the end of the earn-in period if Xstrata had not exercised the option.

On July 3, 2013, the Company received notification from Xstrata electing to terminate its option agreement.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

9. EXPLORATION AND EVALUATION ASSETS (Continued)

Axe Property (continued)

Copper Mountain could earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five year period, with a minimum of $100,000 per year. Copper Mountain was to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015;
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercised the option, the Company, Bearclaw and Copper Mountain would enter into a formal joint venture agreement. Copper Mountain would be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain would have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercised the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw would have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment has not been received and the Company has determined that Copper Mountain is in default of the agreement. The Company does not plan to further develop the Axe property without a joint venture partner. Accordingly, the property was deemed to be impaired at December 31, 2014 and written down to $1.

East Miller Claims and Page Property

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in 9 mineral claims in Quebec, Canada. On January 6, 2014, the Company issued 1,250,000 common shares (valued at $75,000) as consideration for the acquisition and 125,000 common shares (valued at $7,500) as finders' fees.

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. On January 8, 2014, the Company issued 300,000 common shares (valued at $24,000) as consideration for the acquisition.

On December 10, 2014, the Company sold its interests in the East Miller Claims and the Page Property to SJL in exchange for 3,000,000 common shares of SJL (valued at $30,000). The sale resulted in a loss on sale of $76,760.

Albany South East Property

On July 15, 2013, the Company entered into an agreement to acquire a 100% interest in the Albany South East Property comprising 19 mineral claims in the Porcupine Mining Division of Ontario. In consideration, the Company issued 1,375,000 common shares of the Company (valued at $55,000) and was required to pay $15,000. The Company also paid finder's fees of 137,500 common shares of the Company (valued at $5,500).

9. EXPLORATION AND EVALUATION ASSETS (Continued)

Albany South East Property (continued)

The $15,000 cash payment was not made and the Company was in default of the agreement. The property was deemed to be impaired at December 31, 2013 and written down to $Nil.

Tahts Reach Property

On February 7, 2013, the Company entered into an option agreement with Caribou King Resources Ltd. (the "Option Agreement") to earn a 70% interest in the Tahts Reach Property and Barkerville Claims (collectively, the "Property") comprising 6 mining claims located in British Columbia.

Payment terms are as follows:

- $5,000 (paid) and 150,000 common shares (issued and valued at $12,000) in conjunction with receipt of approval from the Exchange;
- $10,000 and 75,000 common shares on February 15, 2014, and
- $25,000 and 75,000 common shares on February 15, 2015.

In addition, the Company must incur exploration expenditures on the Property of $45,000 over two years.

The Property was deemed to be impaired at December 31, 2013 and written down to $Nil. During the year ended December 31, 2014, the Company terminated the option agreement.

Diego Property

On May 22, 2013, the Company entered into a LOI to enter into an option agreement with Cartier Resources Inc. ("Cartier"). The agreement was to acquire up to an 80% interest in the Diego Property, comprising 53 mining claims located in Quebec.

Pursuant to the terms of the LOI, the Company could earn a 50% interest in Diego by paying $15,000 and issuing 175,000 common shares in the capital of the Company upon Exchange approval. The Company was also required to incur $1,000,000 in exploration expenditures on the Property over a period of three years.

The Company could acquire an additional 30% interest by incurring an additional $1,000,000 in exploration expenditures over a period of two years following completion of the initial exploration expenditure requirements.

The LOI held a condition precedent that the Company complete a non-brokered private placement financing for minimum gross proceeds of $500,000. On August 22, 2013, the LOI was extended to November 21, 2013, at which time the LOI was terminated.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. 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.

Environmental legislation is becoming increasingly stringent and the 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.

9. EXPLORATION AND EVALUATION ASSETS (Continued)

Environmental (continued)

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.

Title to exploration and evaluation interests

Although the Company has taken steps to verify the title to mineral property interests 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 may be affected by undetected defects.

9. EXPLORATION AND EVALUATION ASSETS (Continued)

	Axe Property	Albany South East Property	Tahts Reach Property	East Miller Claims and Page Property	Total
Balance, December 31, 2013	**$ 1,587,458**	**$ -**	**$ -**	**$ -**	**$ 1,587,458**
Acquisition costs	-	-	-	106,760	106,760
Sale of exploration and evaluation assets		-	-	(106,760)	(106,760)
Impairment of acquisition and exploration costs	(1,587,457)	-	-	-	(1,587,457)
Balance, December 31, 2014	**$ 1**	**$ -**	**$ -**	**$ -**	**$ 1**

	Axe Property	Albany South East Property	Tahts Reach Property	East Miller Claims and Page Property	Total
Balance, December 31, 2012	**$ 1,620,395**	**$ -**	**$ -**	**$ -**	**$ 1,620,395**
Acquisition costs	-	60,500	17,000	-	77,500
Exploration costs					
Geological consulting	2,063	-	280	-	2,343
Option payments received	(35,000)	-	-	-	(35,000)
Total deferred exploration costs	(32,937)	-	280	-	(32,657)
Impairment of acquisition and exploration costs	-	(60,500)	(17,280)	-	(77,780)
Balance, December 31, 2013	**$ 1,587,458**	**$ -**	**$ -**	**$ -**	**$ 1,587,458**

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

During the year ended December 31, 2014

On January 6, 2014, the Company issued 1,375,000 common shares of the Company as payment and finder's fees for the East Miller Claims (note 9).

On January 8, 2014, the Company issued 300,000 common shares of the Company as payment for the Page Property (note 9).

On February 28, 2014, the Company issued 1,225,800 common shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $61,290 (note 12).

On September 18, 2014, the Company closed the first tranche of a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

On December 16, 2014, the Company closed the second tranche of a non-brokered private placement and issued 2,940,000 units at a price of $0.05 per unit for gross proceeds of $147,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company paid finder's fees of $9,000 and other share issue costs of $955. Share subscriptions proceeds of $57,000 were received subsequent to December 31, 2014.

On December 23, 2014, the Company issued 236,944 common shares of the Company in order to settle debts of $19,777 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $12,669 (note 12).

During the year ended December 31, 2014, the Company received $101,250 on the exercise of 1,012,500 share options. The Company transferred $79,336 from the share-based payments reserve to share capital on the exercise of the options.

During the year ended December 31, 2013

In February 2013, 150,000 common shares valued at $12,000 were issued as acquisition costs on the Tahts Reach Property (note 9).

On February 22, 2013, the Company closed a non-brokered private placement and issued 1,957,500 units at a price of $0.07 per unit for gross proceeds of $137,025. Each unit consists of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.14 in the first year and $0.20 in the second year.

10. SHARE CAPITAL (Continued)

Issued share capital (continued)

In addition, the Company paid a finder's fee of $7,980 and 76,500 finder's warrants. Each finder's warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.14 in the first year and $0.20 in the second year. The finder's warrants are also subject to a four-month hold period. The Black-Scholes fair value of the finder's warrants was $2,707 and was included in reserves.

In July 2013, 1,512,500 common shares valued at $60,500 were issued as acquisition costs and finder's fees on the Albany South East Property (note 9).

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	2014		**2013**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	1,055,250	$ 0.14	616,100	$ 1.88
Issued	11,080,000	$ 0.075	1,055,250	$ 0.14
Expired	-	-	(616,100)	$ 1.88
Outstanding, end of year	12,135,250	$ 0.09	1,055,250	$ 0.14

During the year ended December 31, 2014

During the year ended December 31, 2014, the exercise price of the warrants granted February 22, 2013 increased from $0.14 to $0.20 as per the original terms.

During the year ended December 31, 2013

The Company used the Black-Scholes option pricing model to calculate the fair value of warrants issued as finders' fees with the following assumptions: risk-free interest rate of 1.07%; expected dividend yield of zero; expected share price volatility of 110%; and expected life of 2 years. The Company used historical volatility to estimate the volatility of the share price. The grant date fair value of the warrants was $0.02. Accordingly, $2,707 was recognized as share-based payments expense during the year ended December 31, 2013.

The following warrants are outstanding and exercisable at December 31, 2014:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**2014**	**2013**
February 22, 2015*	0.15	$ 0.20	1,055,250	1,055,250
September 16, 2016	1.71	$ 0.075	8,140,000	-
December 16, 2016	1.96	$ 0.075	2,940,000	-
	1.75	$ 0.09	12,135,250	1,055,250

** Expired unexercised subsequent to the year ended December 31, 2014*

10. SHARE CAPITAL (Continued)

Share options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and the options are exercisable for a period not to exceed 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

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.

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Share option transactions and the number of share options outstanding are summarized as follows:

	2014		**2013**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,550,000	$ 0.23	1,015,625	$ 0.34
Granted	1,830,000	$ 0.06	550,000	$ 0.10
Exercised	(1,012,500)	$ 0.10	-	-
Expired	(355,000)	$ 0.30	(15,625)	$ 3.46
Outstanding, end of year	2,012,500	$ 0.06	1,550,000	$ 0.23

During the year ended December 31, 2014

During the year ended December 31, 2014, the Company granted 1,830,000 share options to consultants with expiry dates of two to three years from the date of grant and exercise prices ranging from $0.05 to $0.10 per share. All the options granted are fully vested and exercisable upon grant.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 1.11%; expected dividend yield of zero; expected share price volatility of 148%; and expected life of 2.08 years. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was $0.05. Accordingly, $74,055 was recognized as share-based payment expense during the year ended December 31, 2014.

10. SHARE CAPITAL (Continued)

Share options (continued)

During the year ended December 31, 2014, the Company received $101,250 on the exercise of 1,012,500 share options. The Company transferred $79,336 from the share-based payments reserve to share capital on the exercise of the options.

During the year ended December 31, 2014, the Company amended the exercise price of 645,000 share options granted on July 9, 2012, from $0.30 to $0.10. To calculate the incremental value of the amendment, the Company used the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.15%; expected dividend yield of zero; expected share price volatility of 149%; expected life of 3.23 years. The Company used the historical volatility to estimate the volatility of the share price. The incremental value of $5,640 was recorded as share-based payment expense.

During the year ended December 31, 2013

On September 18, 2013, the Company granted 550,000 share options to its consultants exercisable at a price of $0.10 per common share. The options are fully vested and exercisable upon grant and expire on September 18, 2014 unless otherwise terminated earlier.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following assumptions: risk-free interest rate of 1.26%; expected dividend yield of zero; expected share price volatility of 147%; and expected life of 1 year. The Company used historical volatility to estimate the volatility of the share price. The grant date fair value of each option was $0.04. Accordingly, $21,490 was recognized as share-based payment expense during the year ended December 31, 2013.

The following share options were outstanding and exercisable at December 31, 2014:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**2014**	**2013**
September 18, 2014	-	$ 0.10	-	550,000
April 7, 2016	1.27	$ 0.10	207,500	-
June 13, 2016	1.45	$ 0.055	150,000	-
July 2, 2016	1.50	$ 0.05	750,000	-
July 4, 2016	1.51	$ 0.055	50,000	-
August 22, 2016	1.64	$ 0.50	300,000	-
September 5, 2016	1.68	$ 0.50	100,000	-
July 9, 2017	2.52	$ 0.10	315,000	1,000,000
November 25, 2017	2.90	$ 0.07	140,000	-
	1.76	$ 0.06	2,012,500	1,550,000

11. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	2014	2013
Short-term compensation	$ 135,500	$ 138,430
Share-based payments	$ -	$ -

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

As at December 31, 2014, accounts payable and accrued liabilities included $44,000 (2013 - $125,556) due to companies controlled by directors and officers and former directors and officers. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

On February 28, 2014, the Company issued 430,000 common shares of the Company in order to settle debts of $43,000 with directors and officers of the Company and 441,070 common shares of the Company in order to settle debts of $44,107 with a company with common directors and officers.

During the year ended December 31, 2013, the Company entered into debt settlement agreements with former management and directors. Accounts payable of $84,000 was forgiven for nominal consideration. The amounts consisted of $22,500 of accounting, audit and legal expenses, $20,000 of consulting fees, $32,500 of management and directors' fees and $9,000 of GST.

12. GAIN ON SETTLEMENT OF DEBTS

During the year ended December 31, 2014, the Company recorded a gain on settlement of debts of $84,296 (2013 - $nil) consisting of $73,959 (2013 - $nil) recognized on shares for debt agreements with directors, officers and consultants (note 10) and $10,337 (2013 - $nil) as a result of a debt settlement agreement with a vendor.

13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2014	2013
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Shares issued for exploration and evaluation assets	$ 106,500	$ 72,500
Investments received on sale of exploration and evaluation assets	$ 30,000	$ -
Shares issued for debt settlement	$ 68,398	$ -
Fair value of options exercise	$ 79,336	$ -

14. SEGMENTED DISCLOSURE

The Company currently operates in one industry segment, being mineral exploration, and in one geographic area, being Canada.

15. COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from June 1, 2014 to August 1, 2014 with a total monthly commitment of $19,000. All the management services and consulting agreements can be terminated with 90 days' notice.

16. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.00% (2013 - 25.75%) to income before income taxes.

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2014	2013
Loss before income taxes	$ (2,064,630)	$ (263,293)
Statutory income tax rate	26.00%	25.75%
Income tax benefit computed at statutory tax rate	(536,804)	(67,798)
Items not deductible for income tax purposes	15,039	5,756
Change in timing differences	(8,641)	(5,842)
Effect of change in tax rate	-	272
Unrecognized benefit of deferred income tax assets	526,706	67,612
Deferred income tax recovery	$ (3,700)	$ -

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of December 31 are as follows:

	2014	2013
Non-capital losses carried forward	$ 5,603,301	$ 5,196,206
Excess of tax value over carrying value of exploration and evaluation assets	10,160,822	8,436,105
Excess of tax value over carrying value of property and equipment	3,429	2,709
Share issue costs	63,370	95,379
AFS investment	62,455	76,705
Unrecognized deductible temporary differences	$ 15,893,377	$ 13,807,104

16. INCOME TAXES (Continued)

The Company has non-capital losses of $5,603,000 available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

2015	$	52,000
2026		92,000
2027		404,000
2028		607,000
2029		1,385,000
2030		727,000
2031		1,111,000
2032		580,000
2033		238,000
2034		407,000
	$	5,603,000

APPENDIX “G” Annual Financial Statements of the Company for the year ended December 31, 2013 (audited)

Weststar Resources Corp.

Financial Statements

December 31, 2013 and 2012

(Expressed in Canadian Dollars)

Weststar Resources Corp.

December 31, 2013 and 2012

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Financial Statements

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTSTAR RESOURCES CORP.

We have audited the accompanying financial statements of Weststar Resources Corp., which comprise the statements of financial position as at December 31, 2013 and 2012, and the 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 Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Weststar Resources Corp. as at December 31, 2013 and 2012, 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 2 in the 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 Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 28, 2014

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

Weststar Resources Corp.

Statements of Financial Position
December 31, 2013 and 2012
(Expressed in Canadian Dollars)

		2013		2012
Assets				
Current				
Cash	$	**1,586**	$	2,893
Receivables (note 6)		**3,618**		20,473
Prepaid expenses		**-**		2,949
		5,204		26,315
Investment (note 7)		**2,250**		33,750
Reclamation Deposit (note 8)		**-**		5,000
Property and Equipment (note 9)		**2,047**		5,918
Exploration and Evaluation Assets (note 10)		**1,587,458**		1,620,395
	$	**1,596,959**	$	1,691,378
Liabilities				
Current				
Accounts payable and accrued liabilities (note 12)	$	**317,159**	$	339,820
		317,159		339,820
Shareholders' Equity				
Share Capital (note 11)		**13,395,459**		13,196,621
Reserves (note 11)		**3,901,080**		3,876,883
Accumulated Other Comprehensive Income		**2,250**		33,750
Deficit		**(16,018,989)**		(15,755,696)
		1,279,800		1,351,558
	$	**1,596,959**	$	1,691,378

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

Approved on behalf of the Board:

"Keith Anderson" …… Director
Keith Anderson

"William Rascan" …… Director
William Rascan

Weststar Resources Corp.
Statements of Comprehensive Loss
Years Ended December 31 2013 and 2012
(Expressed in Canadian Dollars)

		2013		2012
Expenses				
Accounting, legal and audit (note 12)	$	**7,817**	$	132,815
Amortization		**1,874**		4,732
Consulting fees (note 12)		**19,200**		151,750
Management fees (note 12)		**87,500**		119,879
Office and general		**19,729**		47,463
Rent		**9,021**		28,800
Share-based payments (note 11)		**21,490**		146,699
Shareholder communications and investor relations		**5,250**		12,857
Transfer agent and filing fees		**16,985**		16,977
		188,866		661,972
Realized gain on available-for-sale investments (note 7)		**(5,100)**		(13,600)
Loss (gain) on sale of equipment		**1,747**		(8,588)
Impairment of exploration and evaluation assets (note 10)		**77,780**		5,958,025
Net Loss for the Year		**263,293**		6,597,809
Items that may be reclassified subsequently to profit or loss				
Unrealized loss on available-for-sale investments (note 7)		**31,500**		121,909
Comprehensive Loss for the Year	$	**294,793**	$	6,719,718
Basic and Diluted Loss Per Share	$	**0.01**	$	0.27
Weighted Average Number of Common Shares Outstanding – Basic and Diluted		**29,156,583**		24,133,492

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

Weststar Resources Corp.
Statements of Changes in Equity
Years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2011	**24,133,492**	**$ 13,196,621**	**$ 3,730,184**	**$ 155,659**	**$ (9,157,887)**	**$ 7,924,577**
Options granted	-	-	146,699	-	-	146,699
Comprehensive loss for the year	-	-	-	(121,909)	(6,597,809)	(6,719,718)
Balance, December 31, 2012	**24,133,492**	**$ 13,196,621**	**$ 3,876,883**	**$ 33,750**	**$ (15,755,696)**	**$ 1,351,558**

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2012	**24,133,492**	**$ 13,196,621**	**$ 3,876,883**	**$ 33,750**	**$ (15,755,696)**	**$ 1,351,558**
Private placement	3,915,000	137,025	-	-	-	137,025
Share issue costs	-	(10,687)	2,707	-	-	(7,980)
Shares issued for exploration and evaluation assets	3,325,000	72,500	-	-	-	72,500
Options granted	-	-	21,490	-	-	21,490
Comprehensive loss for the year	-	-	-	(31,500)	(263,293)	(294,793)
Balance, December 31, 2013	**31,373,492**	**$ 13,395,459**	**$ 3,901,080**	**$ 2,250**	**$ (16,018,989)**	**$ 1,279,800**

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

Weststar Resources Corp.
Statements of Cash Flows
Years Ended December 31
(Expressed in Canadian Dollars)

	2013	2012
Operating Activities		
Net loss for the year	$ **(263,293)**	$ (6,597,809)
Items not involving cash		
Amortization	**1,874**	4,732
Share-based payments	**21,490**	146,699
Realized gain on available-for-sale investments	**(5,100)**	(13,600)
Loss (gain) on sale of equipment	**1,747**	(8,588)
Impairment of exploration and evaluation assets	**77,780**	5,958,025
Changes in non-cash working capital		
Receivables	**16,855**	12,089
Prepaid expenses	**2,949**	50,247
Accounts payable and accrued liabilities	**(22,661)**	315,090
Cash Used in Operating Activities	**(168,359)**	(133,115)
Investing Activities		
Proceeds from investments	**5,100**	13,600
Proceeds from sale of equipment	**250**	29,999
Purchase of equipment	**-**	(7,105)
Recovery of reclamation deposits	**5,000**	-
Acquisition of exploration and evaluation assets	**(5,000)**	-
Exploration and evaluation asset recoveries (expenditures), net	**32,657**	(154,278)
Cash Provided by (Used in) Investing Activities	**38,007**	(117,784)
Financing Activity		
Shares issued for cash, net of issue costs	**129,045**	-
Cash Provided by Financing Activity	**129,045**	-
Outflow of Cash	**(1,307)**	(250,899)
Cash, Beginning of Year	**2,893**	253,792
Cash, End of Year	$ **1,586**	$ 2,893

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2013	2012
Income tax paid	$ -	$ -
Interest paid	$ -	$ -

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

1. NATURE OF OPERATIONS

Weststar Resources Corp. (the "Company") is a Vancouver, British Columbia, based company listed on the TSX Venture Exchange (the "Exchange"). The Company was incorporated on October 27, 2004 in the province of British Columbia. During the year ended December 31, 2006, the Company completed its initial public offering on the Exchange, and the Company's shares were listed for trading on September 22, 2006.

The principal address of the Company is located at 1656 Scarborough Crescent, Port Coquitlam, British Columbia, Canada, V3C 2R1.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company incurred an operating loss during the year ended December 31, 2013 of $263,293 (2012 - $6,597,809) and has a deficit of $16,018,989 (2012 - $15,755,696), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

c) Approval of the financial statements

The financial statements of Weststar Resources Corp. for the year ended December 31, 2013 were approved and authorized for issue by the Board of Directors on April 28, 2014.

3. BASIS OF PRESENTATION (Continued)

d) Use of estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key area of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- The carrying value of the exploration and evaluation assets and the recoverability of the carrying value

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of deferred tax assets;
- Useful lives of depreciable assets;
- Provision for reclamation costs, among others; and
- Assumptions used to calculate share-based payments.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the year to the Company for purposes of these financial statements.

a) Foreign currency translation

The Company's presentation currency and the functional currency is the Canadian dollar, as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

b) Property and equipment

i) Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment are subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property and equipment (continued)

iii) Amortization

The amortization rates applicable to each category of property and equipment are as follows:

Class of equipment	**Amortization rate**
Computer equipment	55% declining balance
Office equipment	20% declining balance
Leasehold improvements	20% straight-line

One-half the annual amortization is taken in the year of equipment acquisition.

c) Exploration and evaluation assets

i) Exploration and evaluation expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration, and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs, including drilling costs directly attributable to a property, and directly attributable to general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “mines under construction”. No amortization is taken during the exploration and evaluation phase.

ii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and evaluation assets (continued)

ii) Decommissioning liabilities (continued)

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

d) Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment. At the end of each reporting period, the Company reviews the carrying amounts of its assets that are subject to amortization to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component using the Black Scholes option pricing model on grant date. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

g) Financial instruments

i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity investments ("HTM"), loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

- Held-to-maturity investments
  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

- Available-for-sale financial assets
  AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

  Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial instruments (continued)

i) Financial assets (continued)

- Effective interest method
  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

  Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: Borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities
  Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

- Derivative financial liabilities
  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	Inputs for assets or liabilities that are not based on observable market data.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share-based payment transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in option reserves is transferred to share capital.

i) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred 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 the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New accounting standards issued but not yet effective

IFRS 9 Financial Instruments (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss
- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

IFRS 9 Financial Instruments (2010)

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at FVTPL – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Applicable to annual periods beginning on or after January 1, 2014.

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; receivables as loans and receivables; investment, as AFS; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

5. FINANCIAL INSTRUMENTS (Continued)

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

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 manages credit risk, in respect of cash and cash equivalents, by placing at major Canadian financial institutions. The Company has minimal credit risk.

b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of December 31, 2013 equal $317,159 (2012 - $339,820). All of the liabilities presented as accounts payable are due within 90 days of December 31, 2013.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at December 31, 2013, the Company is not exposed to significant market risk.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended December 31, 2013. The Company is not subject to external restrictions on its capital.

6. RECEIVABLES

Receivables at December 31, 2013 include GST recoverable of $3,168 (2012 - $16,361) and a receivable from the disposal of office and computer equipment of $Nil (2012 - $4,112).

7. INVESTMENT

The Company received 500,000 common shares of Canada Coal Inc. ("CCK") pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released on February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months. As at December 31, 2013, 225,000 common shares were held in escrow (2012 - 375,000).

During the year ended December 31, 2013, the Company sold 150,000 common shares of CCK for proceeds of $5,100. At December 31, 2013, the fair value of the remaining 225,000 common shares of CCK held was $2,250, and an unrealized loss of $31,500 was recorded in other comprehensive loss for the year ended December 31, 2013.

During the year ended December 31, 2012, the Company sold 125,000 common shares of CCK for proceeds of $13,600. As at December 31, 2012, the fair value of the remaining 375,000 common shares of CCK held was $33,750, and an unrealized loss of $121,909 was recorded in other comprehensive loss for the year ended December 31, 2012.

8. RECLAMATION DEPOSIT

At December 31, 2012, the Company held a guaranteed investment certificate ("GIC") with an interest rate of 1% per annum and a fair value of $5,000. The GIC was held as a resource reclamation deposit and was restricted for other uses. During the year ended December 31, 2013, the GIC was refunded to the Company, as it was no longer required to be held as a reclamation deposit.

9. PROPERTY AND EQUIPMENT

During the year ended December 31, 2013, the Company disposed of office equipment with a net book value of $1,997 for proceeds of $250, resulting in a loss of $1,747.

During the year ended December 31, 2012, the Company disposed of equipment with a net book value of $21,411 for proceeds of $29,999, resulting in a gain of $8,588.

9. PROPERTY AND EQUIPMENT (Continued)

	Computer Equipment	Office Equipment	Leasehold Improvement	Total
Cost				
Balance, December 31, 2011	$ 12,560	$ 26,567	$ 4,475	$ 43,602
Additions	2,724	4,381	-	7,105
Disposals	(12,560)	(26,567)	-	(39,127)
Balance, December 31, 2012	2,724	4,381	4,475	11,580
Disposals	-	(2,349)	(4,475)	(6,824)
Balance, December 31, 2013	$ 2,724	$ 2,032	$ -	$ 4,756
Amortization				
Balance, December 31, 2011	$ 8,699	$ 7,534	$ 2,413	$ 18,646
Amortization	1,701	969	2,062	4,732
Disposals	(9,651)	(8,065)	-	(17,716)
Balance, December 31, 2012	749	438	4,475	5,662
Amortization	1,086	788	-	1,874
Disposals	-	(352)	(4,475)	(4,827)
Balance, December 31, 2013	$ 1,835	$ 874	$ -	$ 2,709
Net Book Value, December 31, 2012	$ 1,975	$ 3,943	$ -	$ 5,918
Net Book Value, December 31, 2013	$ 889	$ 1,158	$ -	$ 2,047

10. EXPLORATION AND EVALUATION ASSETS

Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims situated in the Similkameen Mining District, British Columbia. As consideration for the property, the Company paid $5,000, issued 300,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims, the Company paid $15,000. The claims are subject to a 2% net smelter royalty ("NSR") and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

Axe Property (continued)

On March 21, 2012 the Company entered into an option agreement with Xstrata Copper Canada ("Xstrata") and Bearclaw Capital Corp. ("Bearclaw"). Under the terms of the option agreement, the Company and Bearclaw agreed to grant Xstrata an option to earn a 51% interest where Xstrata would have the sole and exclusive right to carry out exploration activities on and evaluate the Axe Property. In order to exercise the option, during the earn-in period, Xstrata was required to incur $3,000,000 of expenditures in exploration activities on the Axe Property.

During the earn-in period, Xstrata was required to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $25,000 immediately (received);
- $25,000 on March 31, 2013 (received);
- $30,000 on March 31, 2014;
- $40,000 on March 31, 2015; and
- $60,000 on March 31, 2016.

If Xstrata exercised the option, the Company, Bearclaw and Xstrata would enter into a formal joint venture agreement. Under the option agreement, the Company and Bearclaw also granted Xstrata a right of first refusal ("ROFR") over any direct or indirect sale or transfer by the Company and/or Bearclaw of any of their respective interest in the Axe Property. The ROFR would terminate at the end of the earn-in period if Xstrata had not exercised the option.

On July 3, 2013, the Company received notification from Xstrata electing to terminate its option agreement.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of December 21, 2013. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain can earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five year period, with a minimum of $100,000 per year. Copper Mountain must pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on December 21, 2014;
- $50,000 on December 21, 2015;
- $100,000 on December 21, 2016;
- $150,000 on December 21, 2017; and
- $200,000 on December 21, 2018.

If Copper Mountain exercises the option, the Company, Bearclaw and Copper Mountain will enter into a formal joint venture agreement. Copper Mountain will be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

Axe Property (continued)

Upon exercise of the option, Copper Mountain will have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercises the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw will have a 17.5% and 7.5% participating interest, respectively.

Page Property

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. In consideration, the Company must issue 600,000 common shares of the Company. Subsequent to year-end, the 600,000 common shares were issued (note 16).

East Miller Claims

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in 9 mineral claims in Quebec, Canada. In consideration, the Company must issue 2,500,000 common shares of the Company. The Company also must pay finder's fees of 250,000 common shares of the Company. Subsequent to year-end, the total 2,750,000 common shares were issued (note 16).

Albany South East Property

On July 15, 2013, the Company entered into an agreement to acquire a 100% interest in the Albany South East Property comprising 19 mineral claims in the Porcupine Mining Division of Ontario. In consideration, the Company issued 2,750,000 common shares of the Company (valued at $55,000) and was required to pay $15,000. The Company also paid finder's fees of 275,000 common shares of the Company (valued at $5,500).

The $15,000 cash payment was not made and the Company is in default of the agreement. The property was deemed to be impaired at December 31, 2013 and written down to $Nil.

Tahts Reach Property

On February 7, 2013, the Company entered into an option agreement with Caribou King Resources Ltd. (the "Option Agreement") to earn a 70% interest in the Tahts Reach Property and Barkerville Claims (collectively, the "Property") comprising 6 mining claims located in British Columbia.

Payment terms are as follows:

- $5,000 (paid) and 300,000 common shares (issued and valued at $12,000) in conjunction with receipt of approval from the Exchange;
- $10,000 and 150,000 common shares on February 15, 2014, and
- $25,000 and 150,000 common shares on February 15, 2015.

In addition, the Company must incur exploration expenditures on the Property of $45,000 over two years.

Subsequent to year-end, the Company terminated the option agreement. The property was deemed to be impaired at December 31, 2013 and written down to $Nil.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

Diego Property

On May 22, 2013, the Company entered into a LOI to enter into an option agreement with Cartier Resources Inc. ("Cartier"). The agreement was to acquire up to an 80% interest in the Diego Property, comprising 53 mining claims located in Quebec.

Pursuant to the terms of the LOI, the Company could earn a 50% interest in Diego by paying $15,000 and issuing 350,000 common shares in the capital of the Company upon Exchange approval. The Company was also required to incur $1,000,000 in exploration expenditures on the Property over a period of three years.

The Company could acquire an additional 30% interest by incurring an additional $1,000,000 in exploration expenditures over a period of two years following completion of the initial exploration expenditure requirements.

The LOI held a condition precedent that the Company complete a non-brokered private placement financing for minimum gross proceeds of $500,000. On August 22, 2013, the LOI was extended to November 21, 2013, at which time the LOI was terminated.

Acquisition of La Paloma Property and Assignment of Option Agreement

On March 17, 2011, and as amended June 30, 2011, the Company entered into a LOI with Lekona Minerals Incorporated ("Lekona") to acquire the rights, title and interest in and to the La Paloma concessions, located in Jalisco, Mexico, including the 20% undivided interest held by Lekona, and Lekona's rights under the underlying option agreement between Lekona and Minera Sierra de Oro S.A. de C.V. ("Minera"). The Company was assigned an option to acquire an 80% interest in the La Paloma concessions from Minera under an option agreement dated September 15, 2010 and amended April 30, 2011, between Lekona and Minera. Lekona had previously exercised a portion of the option granted under the option agreement, and accordingly, the Company now owns a 20% undivided interest in the La Paloma concessions. The Company completed the transaction on August 9, 2011.

The terms of the agreement and the amounts owing were as follows:

- $700,000 to Lekona (paid);
- Issuance of 4,000,000 common shares of the Company to Lekona's shareholders (issued at a fair value of $2,521,592);
- Issuance of 1,650,000 common shares of the Company to Minera (issued at a fair value of $1,007,157); and
- Issuance of 1,500,000 share purchase warrants to Lekona (issued at a fair value of $449,751), each such warrant being exercisable into one common share of the Company at a price of $1.50 for a period expiring August 9, 2012. The warrants were only exercisable in the event that:
    - i. The Company completed phase I of the work program contained in the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") report dated June 26, 2011 on the project and delivered a new NI 43-101 compliant report describing the results of the phase I work, and accommodation to proceed to phase 2; and
    - ii. The Company completed a follow on financing of not less than $1,000,000 to fund the phase 2 program.

Once the financing was complete (the "Completion Date"), the following additional payments would have been required:

- Issuance of 2,000,000 common shares of the Company to Lekona's shareholders within 10 business days of the Completion Date; and
- $1,100,000 on or before August 9, 2012 to or to the direction of Lekona.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

Acquisition of La Paloma Property and Assignment of Option Agreement (continued)

The Company would also be required to assume the unfulfilled obligations of Lekona under Lekona's previous option agreement, including the payments of cash and shares due to Minera. Lekona would retain a 2% NSR.

The Option Agreement between Lekona and Minera provided for the following payments.

In order for Lekona to acquire an undivided 20% interest in La Paloma:

- $50,000 non-refundable deposit (paid by Lekona);
- $300,000 (paid by Lekona); and
- Issuance of 2,000,000 common shares of Lekona (issued).

As a result, Lekona acquired an undivided 20% interest in La Paloma.

In order for Lekona to acquire a further 20% interest in La Paloma (for an aggregate of 40%):

- $300,000 on or before April 30, 2011 (paid by Lekona);
- Upon closing of the transaction between the Company and Lekona, the issuance of 1,650,000 common shares (issued at a fair value of $1,007,157) in the share capital of the Company and the expenditure on or before October 30, 2011 of $200,000 (incurred) on or in respect of the property. In consideration for the foregoing, the Company acquired a further 20% interest in the La Paloma concessions, for an aggregate 40% interest;
- On or before October 30, 2011, a further payment of $400,000 (paid) and the issuance of 1,000,000 common shares (issued at a fair value of $470,000) of the Company. In addition, a further $250,000 was to be expended on or in respect of the property and a NI 43-101 level report was to be generated. In consideration of the foregoing, the Company would have acquired a further 20% interest in the La Paloma concessions, for an aggregate 60% interest in the property; and
- On or before October 30, 2012, a final payment of $2,000,000, the issuance of an additional 2,000,000 shares in the share capital of the Company and the expenditure of a further $750,000 on or in respect of the property. In consideration of the foregoing, the Company would have acquired a further 20% interest in the property, for an aggregate 80% interest.

In addition to the foregoing, in the event the Company received a NI 43-101 compliant report, acceptable to both parties, indicating that there were resources of gold and silver in the project exceeding 4,000,000 ounces and 150,000,000 ounces, respectively, the Company would have been required to deliver to or to the order of Minera 5,000,000 common shares of the Company. The NI 43-101 would have been undertaken and paid for by the Company on or prior to October 31, 2014, or within 12 months following the Company acquiring the 80% undivided interest in the project, whichever event occurred first.

At December 31, 2012, the Company was in default of payments. As there were no immediate plans to remedy the default, the property was impaired and written down to $Nil.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. 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.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

Environmental (continued)

Environmental legislation is becoming increasingly stringent and the 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.

Title to exploration and evaluation interests

Although the Company has taken steps to verify the title to mineral property interests 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 may be affected by undetected defects.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

	Axe Property	Albany South East Property	Tahts Reach Property	La Paloma Property	Total
Balance, December 31, 2012	**$ 1,620,395**	**$ -**	**$ -**	**$ -**	**$ 1,620,395**
Acquisition costs	-	60,500	17,000	-	77,500
Exploration costs					
Geological consulting	2,063	-	280	-	2,343
Option payments received	(35,000)	-	-	-	(35,000)
Total deferred exploration costs	(32,937)	-	280	-	(32,657)
Impairment of acquisition and exploration costs	-	(60,500)	(17,280)	-	(77,780)
Balance, December 31, 2013	**$ 1,587,458**	**$ -**	**$ -**	**$ -**	**$ 1,587,458**

	Axe Property	Albany South East Property	Tahts Reach Property	La Paloma Property	Total
Balance, December 31, 2011	**$ 1,637,895**	**$ -**	**$ -**	**$ 5,786,247**	**$ 7,424,142**
Acquisition costs	-	-	-	5,000	5,000
Exploration costs					
Geological consulting	-	-	-	166,778	166,778
Option payments received	(17,500)	-	-	-	(17,500)
Total deferred exploration costs	(17,500)	-	-	166,778	149,278
Impairment of acquisition and exploration costs	-	-	-	(5,958,025)	(5,958,025)
Balance, December 31, 2012	**$ 1,620,395**	**$ -**	**$ -**	**$ -**	**$ 1,620,395**

11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

During the year ended December 31, 2013

In February 2013, 300,000 common shares valued at $12,000 were issued as acquisition costs on the Tahts Reach Property (note 10).

On February 22, 2013, the Company closed a non-brokered private placement and issued 3,915,000 units at a price of $0.035 per unit for gross proceeds of $137,025. Each unit consists of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.07 in the first year and $0.10 in the second year. The units are subject to a four-month hold period.

In addition, the Company paid a finder's fee of $7,980 and 153,000 finder's warrants. Each finder's warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.07 in the first year and $0.10 in the second year. The finder's warrants are also subject to a four-month hold period. The Black-Scholes fair value of the finder's warrants was $2,707 and was included in reserves.

In July 2013, 3,025,000 common shares valued at $60,500 were issued as acquisition costs and finder's fees on the Albany South East Property (note 10).

During the year ended December 31, 2012

There were no share transactions during the year ended December 31, 2012.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	2013		2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	1,232,200	$ 0.94	5,097,819	$ 1.06
Issued	2,110,500	$ 0.07	-	-
Expired	(1,232,200)	$ 0.94	(3,865,619)	$ 0.93
Outstanding, end of year	2,110,500	$ 0.07	1,232,200	$ 0.94

11. SHARE CAPITAL (Continued)

Warrants (continued)

During the year ended December 31, 2013

The Company used the Black-Scholes option pricing model to calculate the fair value of warrants issued as finders' fees with the following assumptions: risk-free interest rate of 1.07%; expected dividend yield of zero; expected share price volatility of 110%; and expected life of 2 years. The Company used historical volatility to estimate the volatility of the share price. The grant date fair value of the warrants was $0.02. Accordingly, $2,707 was recognized as share-based payments expense during the year ended December 31, 2013.

During the year ended December 31, 2012

On June 1, 2012, the Company amended the terms of 1,232,200 outstanding share purchase warrants that were issued July 5, 2011 by extending the expiry date from July 5, 2012 to July 5, 2013 and reducing the exercise price $1.50 to $0.94.

The following warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**2013**	**2012**
July 5, 2013	-	$ 0.94	-	1,232,200
February 22, 2015	1.15	$ 0.07/$ 0.10	2,110,500	-
	1.15		2,110,500	1,232,000

Share options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and the options are exercisable for a period not to exceed 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

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.

11. SHARE CAPITAL (Continued)

Share options (continued)

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Share option transactions and the number of share options outstanding are summarized as follows:

	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	2,031,250	$ 0.17	56,252	$ 1.73
Granted	1,100,000	$ 0.05	2,000,000	$ 0.15
Cancelled	-	-	(25,002)	$ 1.74
Expired	(31,250)	$ 1.73	-	-
Outstanding, end of year	3,100,000	$ 0.11	2,031,250	$ 0.17

During the year ended December 31, 2013

On September 18, 2013, the Company granted 1,100,000 share options to its consultants exercisable at a price of $0.05 per common share. The options are fully vested and exercisable upon grant and expire on September 18, 2014 unless otherwise terminated earlier.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following assumptions: risk-free interest rate of 1.26%; expected dividend yield of zero; expected share price volatility of 147%; and expected life of 1 year. The Company used historical volatility to estimate the volatility of the share price. The grant date fair value of each option was $0.02. Accordingly, $21,490 was recognized as share-based payment expense during the year ended December 31, 2013.

During the year ended December 31, 2012

On July 9, 2012, the Company granted 2,000,000 share options to its directors and consultants exercisable at a price of $0.15 per common share. The options are fully vested and exercisable upon grant and expire July 9, 2017 unless otherwise terminated earlier.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following assumptions: risk-free interest rate of 1.14%; expected dividend yield of zero; expected share price volatility of 166%; and expected life of 5 years. The Company used historical volatility to estimate the volatility of the share price. The grant date fair value of each option was $0.07. Accordingly, $146,699 was recognized as share-based payment expense during the year ended December 31, 2012.

11. SHARE CAPITAL (Continued)

Share options (continued)

The following share options were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	2013	2012
August 22, 2013	-	$ 1.68	-	18,750
October 15, 2013	-	$ 1.80	-	12,500
September 18, 2014	0.72	$ 0.05	1,100,000	-
July 9, 2017	3.52	$ 0.15	2,000,000	2,000,000
	-	-	3,100,000	2,031,250

12. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	2013	2012
Short-term compensation	$ 138,430	$ 243,410
Share-based payments	$ -	$ 90,953

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

As at December 31, 2013, accounts payable and accrued liabilities included $125,556 (2012 - $163,246) due to companies controlled by directors and officers and former directors and officers. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

During the year ended December 31, 2013, the Company entered into debt settlement agreements with former management and directors. Accounts payable of $84,000 were forgiven for nominal consideration. The amounts consisted of $22,500 of accounting, audit and legal expenses, $20,000 of consulting fees and $32,500 of management and directors' fees and $9,000 of GST.

13. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 25.75% (2012 - 25.00%) to income before income taxes.

13. INCOME TAXES (Continued)

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2013	2012
Net loss for the year	$ (263,293)	$ (6,597,809)
Statutory income tax rate	25.75%	25.00%
Income tax benefit computed at statutory tax rate	(67,798)	(1,649,452)
Items not deductible for income tax purposes	5,756	37,090
Change in timing differences	(5,842)	(9,690)
Effect of change in tax rate	272	-
Unrecognized benefit of deferred income tax assets	67,612	1,622,052
Income tax expense	$ -	$ -

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of December 31 are as follows:

	2013	2012
Non-capital losses carried forward	$ 5,196,206	$ 4,957,874
Excess of tax value over carrying value of exploration and evaluation assets	8,436,105	8,418,825
Excess of tax value over carrying value of property and equipment	2,709	1,187
Share issue costs	95,379	166,192
AFS investment	76,705	60,955
Unrecognized deductible temporary differences	$ 13,807,104	$ 13,605,033

The Company has non-capital losses of $5,196,000 available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

2015	$ 52,000
2026	92,000
2027	404,000
2028	607,000
2029	1,385,000
2030	727,000
2031	1,111,000
2032	580,000
2033	238,000
	$ 5,196,000

14. SEGMENTED DISCLOSURE

The Company currently operates in one industry segment, being mineral exploration, and in one geographic area, being Canada.

15. COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from June 1, 2014 to August 1, 2014 with a total monthly commitment of $19,000. All the management services and consulting agreements can be terminated with 90 days' notice.

16. SUBSEQUENT EVENTS

On January 6, 2014, the Company issued 2,750,000 common shares of the Company as payment and finder's fees for the East Miller Claims (note 10).

On January 8, 2014, the Company issued 600,000 common shares of the Company as payment for the Page Property (note 10).

On February 28, 2014, the Company issued 2,451,600 common shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a company with common directors.

On March 6, 2014, the Company entered into an agreement to acquire a 100% interest in the Lac Gueret West Property, consisting of 75 mineral claims located in Quebec. In order to acquire the Property, the Company must:

- issue 2,500,000 common shares of the Company within 14 days of Exchange approval;
- pay $15,000 within 14 days of closing of the Company's next financing; and
- pay $10,000 within 14 days of the first anniversary of Exchange approval.

The vendor retains a 2% NSR on the Property, of which the Company can buy-back 1% at any time for $1,000,000.

On April 7, 2014, the Company granted 680,000 share options to consultants, exercisable at a price of $0.05 per common share until April 7, 2016.

From April 7, 2014 through April 23, 2014, the Company received $76,250 on the exercise of 1,525,000 share options.

On April 17, 2014, the Company reduced the exercise price of 1,080,000 share options that were granted to officers and directors and 210,000 share options that were granted to consultants July 9, 2012. The exercise price of the share options is reduced from $0.15 per common share to $0.05 per common share. The share options still expire July 9, 2017.

APPENDIX “H” Interim Financial Statements of the Company for the three months ended June 30, 2016 (unaudited)

Weststar Resources Corp.

Condensed Interim Financial Statements

Six Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

Weststar Resources Corp.

Six Months Ended June 30, 2016

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Condensed Interim Financial Statements

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 the financial statements have not been reviewed by an auditor.

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 Smythe Ratcliffe LLP, Chartered Accountants 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.

August 29, 2016

Weststar Resources Corp.

Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

		June 30, 2016		December 31, 2015
Assets				
Current				
Cash	$	**51,746**	$	168,451
Receivables (note 6)		**32,701**		21,120
Prepaid expenses		**109,000**		4,888
		193,447		194,459
Advances to North Road Ventures Ltd. (note 7)		**-**		107,500
Property and Equipment (note 8)		**1,248**		1,542
Exploration and Evaluation Assets (note 9)		**1**		1
	$	**194,696**	$	303,502
Liabilities				
Current				
Accounts payable and accrued liabilities (note 11)	$	**84,826**	$	104,210
		84,826		104,210
Shareholders' Equity				
Share Capital (note 10)		**14,724,916**		14,649,516
Reserves (note 10)		**4,437,394**		4,318,849
Deficit		**(19,052,440)**		(18,769,073)
		109,870		199,292
	$	**194,696**	$	303,502

Going Concern (note 2)
Commitments (note 14)

Approved on behalf of the Board:

"Keith Anderson" …… Director
Keith Anderson

"William Rascan" …… Director
William Rascan

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

Weststar Resources Corp.

Condensed Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	**Six Months Ended June 30, 2016**	Six Months Ended June 30, 2015
Expenses				
Accounting, legal and audit (note 11)	**1,750**	$ 3,162	$ **6,504**	$ 4,812
Amortization	**147**	160	**294**	320
Consulting fees (note 11)	**75,966**	70,500	**101,966**	186,000
Management fees (recovery) (note 11)	**(5,404)**	31,500	**26,096**	63,000
Office and general	**4,813**	3,772	**9,841**	5,530
Rent	**2,250**	2,250	**4,500**	3,000
Share-based payments	**-**	-	**5,445**	1,410
Shareholder communications and investor relations	**3,242**	461	**9,292**	561
Transfer agent and filing fees	**7,910**	3,942	**11,929**	20,231
	90,674	115,747	**175,867**	284,864
Realized gain on available-for-sale investments (note 12)	**-**	(4,460)	**-**	(5,860)
Forgiveness of Advances to North Road Ventures (note 7)	**107,500**	-	**107,500**	-
Net Loss for the Period	**198,174**	111,287	**283,367**	279,004
Items that may be reclassified subsequently to profit or loss				
Unrealized loss (gain) on available-for-sale investments (note 12)	**-**	30,000	**-**	30,750
Comprehensive Loss for the Period	**198,174**	$ 141,287	$ **283,367**	$ 309,754
Basic and Diluted Loss Per Share	**0.00**	$ 0.00	$ **0.01**	$ 0.01
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	**49,369,089**	30,916,990	**49,369,089**	30,916,990

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

Weststar Resources Corp.
Condensed Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Received	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2014	**30,916,990**	**$ 14,278,181**	**$ -**	**$ 3,901,439**	**$ 27,050**	**$ (18,079,919)**	**$ 126,751**
Share subscriptions received	-	-	93,500	-	-	-	93,500
Share options granted	-	-	-	1,410	-	-	1,410
Comprehensive loss for the period	-	-	-	-	(30,750)	(279,004)	(309,754)
Balance, June 30, 2015	**30,916,990**	**$ 14,278,181**	**$ 93,500**	**$ 3,902,849**	**$ (3,700)**	**$ (18,358,923)**	**$ (88,093)**

	Number of Shares	Share Capital	Share Subscriptions Received	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2015	**47,556,990**	**$ 14,649,516**	**$ -**	**$ 4,318,849**	**$ -**	**$ (18,769,073)**	**$ 199,292**
Private placement	3,770,000	188,500	-	-	-	-	188,500
Residual value of warrants issued	-	(113,100)	-	113,100	-	-	-
Share options granted	-	-	-	5,445	-	-	5,445
Comprehensive loss for the period	-	-	-	-	-	(283,367)	(283,367)
Balance, June 30, 2016	**51,326,990**	**$ 14,724,916**	**$ -**	**$ 4,437,394**	**$ -**	**$ (19,052,440)**	**$ 109,870**

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

Weststar Resources Corp.

Condensed Interim Statements of Cash Flows
For the Six Months Ended June 30,
(Unaudited - Expressed in Canadian Dollars)

	2016	2015
Operating Activities		
Net loss for the period	$ **(283,367)**	$ (279,004)
Items not involving cash		
Amortization	**294**	320
Share-based payments	**5,445**	1,410
Forgiveness of Advances to North Road Ventures	**107,500**	-
Realized gain on available-for-sale investments	**-**	(5,860)
Changes in non-cash working capital		
Receivables	**(11,581)**	14,096
Prepaid expenses	**(104,112)**	22,250
Accounts payable and accrued liabilities	**(19,384)**	(5,948)
Cash Used in Operating Activities	**(305,205)**	(252,736)
Investing Activities		
Proceeds from investments	**-**	15,860
Acquisition of equipment	**-**	(856)
Cash Provided by Investing Activities	**-**	15,004
Financing Activities		
Shares issued for cash, net of issue costs	**188,500**	-
Share subscriptions received	**-**	150,500
Cash Provided by Financing Activities	**188,500**	150,500
Outflow of Cash	**(116,705)**	(87,232)
Cash, Beginning of Period	**168,451**	90,004
Cash, End of Period	$ **51,746**	$ 2,772

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2016	2015
Income tax paid	$ -	$ -
Interest paid	$ -	$ -

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

1. NATURE OF OPERATIONS

Weststar Resources Corp. (the "Company") is a Vancouver, British Columbia, based company incorporated on October 27, 2004 in the province of British Columbia. During the year ended December 31, 2006, the Company completed its initial public offering on the TSX Venture Exchange ("TSX-V"), and the Company's shares were listed for trading on September 22, 2006. On February 10, 2015, the Company de-listed from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

The principal address of the Company is located at 1656 Scarborough Crescent, Port Coquitlam, British Columbia, Canada, V3C 2R1.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company incurred an operating loss during the six months ended June 30, 2016 of $283,367 (June 30, 2015 - $279,004) and has a deficit of $19,052,440 (December 31, 2015 - $18,769,073), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2015 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PRESENTATION (Continued)

c) Approval of the condensed interim financial statements

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 29, 2016.

d) Use of estimates and judgments

The preparation of these condensed interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- The carrying value of the exploration and evaluation assets and the recoverability of the carrying value

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

- 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 expenses, 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.

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of deferred tax assets;
- Provision for reclamation costs, among others; and
- Assumptions used to calculate share-based payments.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended December 31, 2015. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015.

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; advances as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

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 manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company has minimal credit risk.

b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of June 30, 2016 equal $84,826 (December 31, 2015 - $104,210). All of the liabilities presented as accounts payable are due within 90 days of June 30, 2016.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at June 30, 2016 the Company is not exposed to significant market risk.

5. FINANCIAL INSTRUMENTS (Continued)

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended June 30, 2016. The Company is not subject to external restrictions on its capital.

6. RECEIVABLES

Receivables at June 30, 2016 consisted of GST recoverable of $32,701 (December 31, 2015 - $21,120).

7. ADVANCES TO NORTH ROAD VENTURES LTD.

On July 21, 2015, the Company signed a letter of intent to purchase shares of North Road Ventures Inc. ("North Road"), a private British Columbia company, representing up to a 50% interest in North Road. North Road is in the process of submitting a Health Canada application for a license issued under the Medicinal Marihuana for Medical Purposes Regulations ("MMPR").

During the year ended December 31, 2015, the Company advanced $107,500 to North Road in order to further the MMPR license application. The amount advanced was without interest. If North Road submitted a MMPR license application by June 30, 2016, based on the MMPR rules in place when the letter of intent with North Road was signed on July 21, 2015, the amount advanced would be forgiven. If the MMPR license application was not submitted by June 30, 2016, then the amount advanced would be repaid to the Company by July 20, 2016. All expenses directly or indirectly incurred by North Road in relation to preparing the MMPR license application would be forgiven.

During the six months ended June 30, 2016, the MMPR application was submitted by North Road and the Company forgave repayment of the advance.

8. PROPERTY AND EQUIPMENT

	Computer Equipment	Office Equipment	Total
Cost			
Balance, December 31, 2014	$ 2,724	$ 2,032	$ 4,756
Addition	856	-	856
Balance, December 31, 2015 and June 30, 2016	$ 3,580	$ 2,032	$ 5,612
Amortization			
Balance, December 31, 2014	$ 2,324	$ 1,105	$ 3,429
Amortization	456	185	641
Balance, December 31, 2015	2,780	1,290	4,070
Amortization	220	74	294
Balance, June 30, 2016	$ 3,000	$ 1,364	$ 4,364
Net Book Value, December 31, 2015	$ 800	$ 742	$ 1,542
Net Book Value, June 30, 2016	$ 580	$ 668	$ 1,248

9. EXPLORATION AND EVALUATION ASSETS

	Axe Property
Balance, December 31, 2014, December 31, 2015 and June 30, 2016	**$ 1**

Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims situated in the Similkameen Mining District, British Columbia. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims, the Company paid $15,000. The claims are subject to a 2% net smelter royalty (“NSR”), and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On August 23, 2013, the Company and Bearclaw Capital Corp. (“Bearclaw”), the holder of the remaining 30% participating interest in the Axe property, entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

9. EXPLORATION AND EVALUATION ASSETS (Continued)

Axe Property (continued)

Copper Mountain could earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five-year period, with a minimum of $100,000 per year. Copper Mountain was to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015;
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercised the option, the Company, Bearclaw and Copper Mountain would enter into a formal joint venture agreement. Copper Mountain would be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain would have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercised the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw would have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment was not received and the Company determined that Copper Mountain was in default of the agreement. The Company does not plan to further develop the Axe Property without a joint venture partner. Accordingly, the property was deemed to be impaired at December 31, 2014 and written down to $1.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. 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.

Environmental legislation is becoming increasingly stringent and the 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.

Title to exploration and evaluation interests

Although the Company has taken steps to verify the title to mineral property interests 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 may be affected by undetected defects.

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

During the six months ended June 30, 2016

On April 4, 2016, the Company issued 3,770,000 units at a price of $0.05 per unit for gross proceeds of $188,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $75,400 of the proceeds to the common shares and $113,100 of the proceeds to the warrants based on the residual value method.

During the year ended December 31, 2015

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $161,500 of the proceeds to the common shares and $161,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $254,500 of the proceeds to the common shares and $254,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $30,800 and other share issue costs of $773.

Share subscriptions receivable of $57,000 outstanding at December 31, 2014 were collected.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	June 30, 2016		December 31, 2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	27,720,000	$ 0.075	12,135,250	$ 0.09
Issued	3,770,000	$ 0.075	16,640,000	$ 0.075
Expired	-	-	(1,055,250)	$ 0.20
Outstanding, end of period	31,490,000	$ 0.075	27,720,000	$ 0.075

10. SHARE CAPITAL (Continued)

Warrants (continued)

The following warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**June 30, 2016**	**December 31, 2015**
September 16, 2016	0.21	$ 0.075	8,140,000	8,140,000
December 16, 2016	0.46	$ 0.075	2,940,000	2,940,000
July 27, 2017	1.07	$ 0.075	6,460,000	6,460,000
October 26, 2017	1.32	$ 0.075	10,180,000	10,180,000
April 4, 2016	1.76	$ 0.075	3,770,000	-
	0.96	$ 0.075	31,490,000	27,720,000

Share options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and the options are exercisable for a period not to exceed 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

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.

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Share option transactions and the number of share options outstanding are summarized as follows:

10. SHARE CAPITAL (Continued)

Share options (continued)

	June 30, 2016		December 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	2,112,500	$ 0.06	2,012,500	$ 0.06
Granted	300,000	$ 0.05	100,000	$ 0.05
Expired	(307,500)	$ 0.06	-	-
Outstanding, end of year	2,105,000	$ 0.06	2,112,500	$ 0.06

During the six months ended June 30, 2016

During the six months ended June 30, 2016, the Company granted 300,000 share options to consultants with an expiry date of one year from the date of grant and exercise price of $0.05 per share. The options granted are fully vested and exercisable upon grant.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.46%; expected dividend yield of zero; expected share price volatility of 376%; and expected life of 1 year. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was $0.02. Accordingly, $5,445 was recognized as share-based payment expense during the six months ended June 30, 2016.

During the year ended December 31, 2015

During the year ended December 31, 2015, the Company granted 100,000 share options to a consultant with an expiry date of one year from the date of grant and exercise price of $0.05 per share. The options granted are fully vested and exercisable upon grant.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.57%; expected dividend yield of zero; expected share price volatility of 260%; and expected life of 1 year. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was $0.014. Accordingly, $1,410 was recognized as share-based payment expense during the year ended December 31, 2015.

10. SHARE CAPITAL (Continued)

Share options (continued)

The following share options were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**June 30, 2016**	**December 31, 2015**
March 11, 2016	-	$ 0.05	-	100,000
April 7, 2016	-	$ 0.10	-	57,500
June 13, 2016	-	$ 0.055	-	150,000
July 2, 2016*	0.01	$ 0.05	750,000	750,000
July 4, 2016*	0.01	$ 0.055	50,000	50,000
August 22, 2016*	0.15	$ 0.05	300,000	300,000
September 5, 2016	0.18	$ 0.05	100,000	100,000
February 16, 2017	0.63	$ 0.05	300,000	-
July 9, 2017	1.02	$ 0.10	315,000	315,000
November 25, 2017	1.41	$ 0.07	140,000	140,000
April 7, 2019	2.77	$ 0.10	150,000	150,000
	0.57	$ 0.06	2,105,000	2,112,500

* expired unexercised subsequent to June 30, 2016

11. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the condensed interim statements of comprehensive loss for the six months ended June 30:

	2016	**2015**
Short-term compensation	$ 35,096	$ 66,000

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

Of the $35,096 recorded as short-term compensation for the six months ended June 30, 2016 (2015 - $66,000), $26,096 was recorded as management fees (2015 - $63,000), $6,000 was recorded as accounting, legal and audit fees (2015 - $3,000) and $3,000 (2015 - $nil) was recorded as shareholder communications and investor relations.

As at June 30, 2016, accounts payable and accrued liabilities included $29,033 (December 31, 2015 - $24,132) due to current and former directors and officers. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

12. INVESTMENT

Canada Coal Inc. ("CCK")

The Company received 500,000 common shares of CCK pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released on February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months.

During the six months ended June 30, 2015, the Company sold 75,000 common shares of CCK for proceeds of $1,400.

13. SEGMENTED DISCLOSURE

The Company currently operates in one industry segment, being mineral exploration, and in one geographic area, being Canada.

14. COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from August 1, 2015 to June 1, 2016 with a total monthly commitment of $16,000. All the management services and consulting agreements can be terminated with 90 days' notice.

15. AGREEMENT WITH NORTH ROAD VENTURES

On April 28, 2016, the Company signed a definitive agreement to acquire a 50% interest in North Road by loaning North Road $600,000, paying $30,000 in cash or common shares of the Company, and issuing an aggregate 15,000,000 common shares of the Company over a series of milestones while obtaining the MMPR license as follows:

- Non-refundable payment of $30,000 on April 28, 2016 (paid);
- Issuance of 3,500,000 common shares of the Company immediately upon Exchange approval of the transaction for the purchase of 15% of North Road;
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving Security Clearance to and as defined in the MMPR application for the purchase of an additional 5% of North Road (cumulative 20%);
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 5% of North Road (cumulative 25%). The Company must also provide North Road with a $600,000 unsecured loan repayable from positive cash flows of North Road over a period of five years and bearing interest at the Bank of Canada Prime Rate; and
- Issuance of 7,500,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 25% of North Road (cumulative 50%).

The definitive agreement constitutes a change of business and is subject to approval by the Exchange. As of August 29, 2016, the release date of these financial statements, the Company had not received approval from the Exchange.

APPENDIX “I” Annual Financial Statements of North Road Ventures Ltd. for the year ended December 31, 2015 (audited)

NORTH ROAD VENTURES LTD.

Financial Statements
December 31, 2015 and 2014
(Expressed in Canadian Dollars)

Smythe
CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NORTH ROAD VENTURES LTD.

We have audited the accompanying financial statements of North Road Ventures Ltd., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year ended December 31, 2015 and period from incorporation on May 12, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of North Road Ventures as at December 31, 2015 and 2014, and its financial performance and its cash flows for the year ended December 31, 2015 and period from incorporation on May 12, 2014 to December 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the 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
March 29, 2016

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

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NORTH ROAD VENTURES LTD.

Statements of Financial Position
As at December 31
(Expressed in Canadian Dollars)

		2015		2014
Assets				
Current				
Cash	$	38,877	$	20
Available-for-sale investment (note 5)		14,920		-
Total Assets	$	53,797	$	20
Liabilities and Shareholders' Deficiency				
Liabilities				
Current				
Accounts payable and accrued liabilities	$	16,309	$	-
Due to shareholder		-		2,184
Loan (note 8)		107,500		-
		123,809		2,184
Shareholders' Deficiency				
Capital stock (note 6)		20		20
Accumulated other comprehensive loss		(12,483)		-
Deficit		(57,549)		(2,184)
		(70,012)		(2,164)
Total Liabilities and Shareholders' Deficiency	$	53,797	$	20

Approved on behalf of the Board on March 29, 2016.

"Salvatore Ciccone" (signed)
Salvatore Ciccone, Director

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

NORTH ROAD VENTURES LTD.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2015	Period from Incorporation on May 12, 2014 to December 31, 2014
Expenses		
Bank charges	$ 62	$ -
Consulting	36,351	-
Professional fees	18,952	2,184
Net Loss for the Period	(55,365)	(2,184)
Items that may be classified subsequently to profit or loss		
Fair value change of available-for-sale investments	(12,483)	-
Comprehensive Loss for the Period	$ (67,848)	$ (2,184)
Basic and Diluted Loss per Common Share	$ (33.92)	$ (1.09)
Weighted Average Number of Common Shares Outstanding	2,000	2,000

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

NORTH ROAD VENTURES LTD.

Statements of Changes in Shareholders' Deficiency
Year Ended December 31, 2015 and Period from Incorporation on May 12, 2014 to December 31, 2014
(Expressed in Canadian Dollars, except the number of shares)

	Number of Outstanding Shares	Capital Stock	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Deficiency
		$	$	$	$
Shares issued for cash on incorporation (note 6)	2,000	20	-	-	20
Net loss for the period	-	-	-	(2,184)	(2,184)
Balance, December 31, 2014	2,000	20	-	(2,184)	(2,164)
Net loss for the year	-	-	-	(55,365)	(55,365)
Fair value change of available-for-sale investments	-	-	(12,483)	-	(12,483)
Balance, December 31, 2015	2,000	20	(12,483)	(57,549)	(70,012)

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

NORTH ROAD VENTURES LTD.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2015	Period from Incorporation on May 12, 2014 to December 31, 2014
Operating Activities		
Net loss for the period	$ (55,365)	$ (2,184)
Change in non-cash working capital components		
Accounts payable and accrued liabilities	16,309	-
Cash Used in Operating Activities	(39,056)	(2,184)
Financing Activities		
Shares issued for cash	-	20
Shareholder loan	(2,184)	2,184
Loan received	107,500	-
Cash Provided by Financing Activities	105,316	2,204
Investing Activity		
Purchase of available-for-sale investments	(27,403)	-
Increase in Cash	38,857	-
Cash, Beginning of Period	20	-
Cash, End of Period	$ 38,877	$ 20
Supplemental Cash Flow Information		
Cash paid during the period for interest expense	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

North Road Ventures Ltd. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on May 12, 2014. The principal business of the Company is to identify business opportunities for medical marijuana in Canada. The address of its head office is located at 1930 Kingsway Avenue, Port Coquitlam, British Columbia, Canada V3C 1S5.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has recently commenced operations and has not yet achieved profitable operations and as of December 31, 2015 has a deficit of $57,549 (2014 - $2,184). These matters cast significant doubt about the Company's ability to continue as a going concern.

Management recognizes that the ability of the Company to carry out its planned business operations depends on its ability to raise adequate financing from shareholders and other investors, identifying suitable medical marijuana business opportunities and achieve profitable operations in the future. If the Company is not able to raise additional funds, operations may have to be curtailed. There is no assurance that the Company will be able to obtain adequate financing. The Company is actively trying to raise other sources of financing.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board, and Interpretations issued by the International Financial Reporting Interpretations Committee.

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All values are rounded to the nearest dollar unless otherwise indicated.

The significant accounting policies set out in note 3 have been applied consistently to all periods presented.

(b) Approval of the financial statements

The financial statements of the Company were approved by the directors and authorized for issue on March 29, 2016.

2. BASIS OF PRESENTATION (Continued)

(c) New accounting pronouncement

The following standard will become effective in future periods, The Company is assessing the impact to its financial reporting, if any.

IFRS 9 *Financial Instruments* (2014)

The finalized version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

(i) Financial assets (Continued)

Fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The Company has no assets classified as loans and receivables.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income/loss and classified as a component of equity. AFS assets include available-for-sale investments.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income/loss are included in profit or loss.

(ii) Financial liabilities and other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable, due to shareholder and loan payable are included in this category.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for assets or liabilities that are not based on observable market data.

Cash and available-for-sale investments are measured at Level 1. The carrying values of accounts payable, due to shareholder and loan payable approximate their fair values due to their short-term nature.

(b) Capital stock

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 are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(c) Loss per share

The Company presents basic earnings (loss) per share data for common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method, the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred income tax assets and liabilities are recognized for temporary differences between the carrying amounts for financial statement purposes and the tax basis for certain assets and liabilities. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset will be reduced.

(e) Use of judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring significant estimates in the current period include accrued liabilities. Significant areas requiring the use of management judgments in the application of IFRS during the preparation of the financial statements with the risk of material adjustment are as follows:

Income taxes

In assessing the probability of realizing deferred income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by tax authorities. The Company has not recognized any deferred income tax assets.

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 and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The fair value of the financial instruments approximates their carrying value due to the short-term maturity of these instruments. The fair value of the available-for-sale investments is based on market prices. The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

Credit risk

The Company is exposed to credit risk on its cash. The Company's cash is held in large Canadian financial institutions. The Company maintains cash deposits with these financial institutions, which from time to time may exceed federally insured limits.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. All of the Company's financial liabilities are current and expected to fall due within 90 days, with the exception of loan payable, which is due July 20, 2016.

The Company has a portfolio of investment securities, which are AFS. The Company may, from time to time, liquidate a portion of its holdings depending on market conditions and the Company's cash requirements. Depending on timing, the Company's ability to liquidate these securities is subject to price fluctuations and market conditions, which may affect the Company's ability to liquidate the securities in a timely manner.

Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company maintains bank accounts that earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Other price risk

Other price risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in market prices other than from interest rate and foreign currency risk. The Company's AFS investments are carried at market value, and are therefore directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests that a 40% change in the market prices would change loss and other comprehensive loss by approximately $6,000 (2014 - $nil).

5. AVAILABLE-FOR-SALE INVESTMENT

At December 31, 2015, the Company owned the following AFS investment:

	Number of Shares	Cost	Fair Value
Weststar Resources Corp. ("Weststar")	746,000	$27,403	$14,920

During the year ended December 31, 2015, the Company purchased 746,000 common shares of Weststar for $27,403. As at March 29, 2016, the fair value of the Weststar investment is approximately $22,000.

6. CAPITAL STOCK

(a) Authorized

10,000 Class A common shares without par value
10,000 Class B common shares without par value
10,000 Class C common shares with a par value of $0.01 each
10,000 Class D common shares with a par value of $0.01 each
10,000 Class E common shares with a par value of $0.01 each

(b) Issued and outstanding

On May 12, 2014, the date of incorporation, the Company issued 1,000 Class A shares for a total of $10 and 1,000 Class B shares for a total of $10.

7. CAPITAL MANAGEMENT

The Company does not use sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company considers its capital to be its capital stock. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There have been no changes in the Company's approach to capital management during the year ended December 31, 2015.

8. LOAN

The Company received a forgivable loan of $107,500 from an unrelated party. The loan is non-interest-bearing and is repayable on July 20, 2016. The loan is forgivable under certain circumstances as stipulated in the terms of the loan agreement.

9. INCOME TAXES

The income taxes shown in the statements of loss and comprehensive loss differ from the amounts obtained by applying statutory tax rates to the loss before income taxes due to the following:

	2015	2014
Loss before income taxes	$ (55,365)	$ (2,184)
Statutory tax rate	26.0%	26.0%
Expected income tax recovery	(14,395)	(568)
Unused tax losses not recognized	14,395	568
Deferred income tax recovery	$ -	$ -

The Company has approximately $58,000 of non-capital losses available, which will expire in 2035 and 2036 and may be applied against future taxable income.

10. SEGMENTED INFORMATION

The Company has one operating segment, medical marijuana operations. All its assets are located in Canada.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 19th day of October, 2016.

"William Rascan"
William Rascan
President, Chief Executive Officer,
Secretary, Promoter & Director

"Joseph Meagher"
P. Joseph Meagher
Chief Financial Officer & Director

"Keith Anderson"
Keith Anderson
Director

"Steven Feldman"
Steven Feldman
Director

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to North Road Ventures Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 19th day of October, 2016.

"Sal Ciccone"

Sal Ciccone
President & Director