WESTSTAR RESOURCES CORP.

FORM 2A

LISTING STATEMENT

DECEMBER 22, 2014

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2. Corporate Structure

2.1 This Form 2A is filed with respect to Weststar Resources Corp. (the "**Company**" or the "**Issuer**") in connection with its listing on the Canadian Securities Exchange (referred to herein as the "**CSE**"). The Company's head office is located at 1288 Steeple Drive, Coquitlam, BC, Canada V3E 1K2. The Company's registered office is located at Suite 700 – 595 Burrard Street, Vancouver, BC, Canada V7X 1S8. All dollar amounts referenced herein are shown in Canadian dollars, unless otherwise indicated.

2.2 The Company was incorporated on October 27, 2004 pursuant to the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). Effective May 29, 2007, the Company's then issued and outstanding common shares were split on a one-for-two basis (two new common shares for every one common share outstanding). Effective September 28, 2010, the Company's then issued and outstanding common shares were consolidated on a twelve-for-one basis (one new common share for every twelve common shares outstanding). Effective June 9, 2014, the Company's then issued and outstanding common shares were consolidated again on a two-for-one basis (one new common share for every two common shares outstanding).

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. For example, the new Articles permit the Company to change its authorized share structure by resolution of the directors.

2.3 Not applicable.

2.4 Not applicable.

2.5 Not applicable.

3. General Development of the Business

3.1 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 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.

Golden Fox Group (Golden Fox and Sunrise Claims)

Golden Fox Claims:

On July 7, 2009 and amended on December 22, 2010, relating to the work commitment described below, the Company entered into an agreement to acquire an undivided 100% interest in the "Golden Fox Claims", located in the Yukon Territories, Canada. The Golden Fox Claims consist of 50 claim units totalling approximately 2,500 hectares

The terms of the agreement were as follows:

- $75,000 due on signing of the agreement; (paid)
- $75,000 ($50,000 paid) and the issuance of 1,250,000 common shares of the Company (issued at a fair value of $225,000); and
- Issuance of 250,000 common shares of the Company in lieu of a $500,000 exploration expenditure work commitment originally to be incurred by September 1, 2010 (issued at a fair value of $200,000).

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

Sunrise Claims:

On January 20, 2011 the Company entered into an option agreement to acquire a 100% interest in 27 quartz claims totalling approximately 121.5 hectares in the Dawson Mining District in the Yukon Territory ("the Sunrise Property"). The Golden Fox Claims are situated 20km to the southeast.

The terms of the agreement were as follows:

- $35,000 due within five days of approval by the Exchange (paid);
- Issuance of 500,000 common shares of the Company (issued at a fair value of $360,000);
- Issuance of 500,000 common shares of the Company within six months after approval by the Exchange (issued at a fair value of $700,000).
- Incur exploration expenditures of $10,000 or pay $100 per claim on or before June 18, 2011 (incurred);
- Incur exploration expenditures of $25,000 on or before September 1, 2011; and
- Incur exploration expenditures of $100,000 on or before September 1, 2012.

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue the Golden Fox Group and impaired acquisition and exploration costs of $1,744,474.

McKinnon Group (McKinnon Claims and Morgan Property)

McKinnon Claims:

On July 20, 2009 the Company entered into an agreement to acquire a 100% interest in the McKinnon Property, located in Yukon Territory. The property consists of 66 pending quartz claims encompassing approximately 3,400 acres (1380 hectares).

The terms of the agreement were as follows:

- $84,100 due on signing of the agreement (paid);
- $50,000 (paid); and
- Issuance of 1,250,000 common shares of the Company (issued at a fair value of $275,000).

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

Morgan Property:

On May 12, 2010, the Company entered into an option agreement to acquire a 100% interest in the Morgan Claim Group. The claims are north of the McKinnon Claims in the Yukon

The terms of the agreement were as follows:

- Upon approval of the agreement by the Exchange, $5,000 (paid) and issuance of 250,000 common shares (issued at a fair value of $15,000);
- $5,000 and 250,000 common shares on or before June 15, 2011; and
- $5,000 and 250,000 common shares on or before June 15, 2012.

The vendor retained a 2% NSR, of which one-half (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue both the McKinnon Claims and the Morgan Property and wrote off the acquisition and exploration costs of $460,519.

Sifton Property

On July 6, 2010 the Company entered into an acquisition agreement to acquire a 100% interest in the Sifton block of claims. The claims are north of Richardson Township, which is approximately fifty kilometers northwest of Fort Frances in western Ontario. The Company paid a finder's fee of $4,500.

Payments under the terms of the agreement were as follows:

- $25,000 on or before October 6, 2010 (paid);
- Issuance of 1,500,000 shares within 10 days of Exchange approval (issued at a fair value of $90,000);
- $30,000 on or before July 6, 2011;
- $35,000 on or before July 6, 2012;
- $40,000 on or before July 6, 2013; and
- $45,000 on or before July 6, 2014.

The vendor retained a 2% NSR, of which one-half (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue this property and impaired acquisition and exploration costs of $119,500.

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 2,000,000 common shares of the Company to Lekona's shareholders (issued at a fair value of $2,521,592);
- Issuance of 825,000 common shares of the Company to Minera (issued at a fair value of $1,007,157); and
- Issuance of 750,000 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 $3.00 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 1,000,000 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 1,000,000 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 825,000 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 500,000 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 1,000,000 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.

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.

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.

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.

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 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.

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 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.

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 1,250,000 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.

The Company did not issue any shares or make any payments and is no longer pursuing the Lac Gueret West Property.

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

3.3 Statements included in this Listing Statement that do not relate to present or historical conditions are “forward-looking statements”. Forward-looking statements are projections in respect of future events or the Company’s future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “intend”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, or “continue”, or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks in the section entitled “Risk Factors”, and other factors which may cause the Company’s actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

4 Narrative Description of the Business

4.1 General

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.

During the nine months ended September 30, 2014, the Company began evaluating business opportunities outside of the mineral exploration sector, primarily within the Canadian medicinal marijuana and electronic cigarette/vapor sectors. No agreements have been entered into with any parties to date, and there is no assurance that the Company will acquire any assets outside of the mineral exploration sector. 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.

The Company is primarily engaged in evaluating, securing and advancing Canadian mineral properties will continue to do so. Additionally, management of the Company will continue to analyze and conduct due-diligence on potential opportunities in other industries to enhance shareholder value (including opportunities in the medical marijuana and E-Cigarette sectors), though there can be no assurance or guarantee that the Company will enter into any other industry.

The Company will focus on ongoing evaluation and possible exploration work on its mineral interests. Additionally, the Company may choose to vary the work program as necessary or as based on ongoing results. There are no other particular significant events or milestones that must occur for the Company's business objectives to be accomplished. Alternatively, the Company may identify and, if warranted, pursue opportunities in other industries and the completion of acquisitions in such other industries may be considered a milestone.

Over the next 12-month period, the Company expects to use its available working capital for evaluating its current mineral properties, general working capital purposes, including the analysis and due-diligence in other industries.

The Company's immediate short-term objectives are to:

(a) evaluate and possibly secure additional complementary mineral properties to expand the Company's portfolio on an on-going basis; and

(b) evaluate other opportunities, primarily in the medical marijuana and E-Cigarette sectors to build shareholder value.

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 December 22, 2014	$98,688
Salaries or consulting fees	$168,000
Office expenses	$1,200
Professional fees	$30,000
Marketing	$25,000
Miscellaneous general and administrative	$12,000
CSE listing and monthly fees	$18,000

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.

4.2 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.

The property consists of six modified grid (MGS) claims (104 units) and 15 two-post claims for a total of 119 claim units (~2900 hectares). The Axe 3000, 4000, and 6000 claims were located by Cominco as an efficiency exercise in 1980 as the result of abandoning the original Axe claims of the 1960s. Therefore, the property has essentially been held by the same tenure since the mid 1960s. The 15 two-post claims were staked by the Predator syndicate to cover mineral showings on the eastern border of the property. Bearclaw located the Axe 5000, 7000 and 8000 claims. A summary of the claims is as follows:

Claim Name	Type of Claim	No. Units	Tenure Number	Expiry Date*
Axe 3000	MGS	16	248850	June 9, 2017
Axe 4000	MGS	16	248851	June 9, 2017
Axe 6000	MGS	16	248853	June 9, 2017

Axe 5000	MGS	16	408269	June 9, 2017
Axe 7000	MGS	20	408270	June 9, 2017
Axe 8000	MGS	20	408271	June 9, 2017
Axe 100	Two-post	1	357470	June 9, 2017
Axe 200	Two-post	1	357471	June 9, 2017
Axe 300	Two-post	1	357472	June 9, 2017
Axe 400	Two-post	1	357473	June 9, 2017
Axe 500	Two-post	1	357474	June 9, 2017
Axe 600	Two-post	1	357475	June 9, 2017
Axe 700	Two-post	1	357476	June 9, 2017
Axe 800	Two-post	1	357477	June 9, 2017
Axe 900	Two-post	1	357478	June 9, 2017
Axe 1000	Two-post	1	357479	June 9, 2017
Axe 1100	Two-post	1	357480	June 9, 2017
Axe 1200	Two-post	1	357481	June 9, 2017
Axe 1300	Two-post	1	357482	June 9, 2017
Axe 1400	Two-post	1	357483	June 9, 2017
Axe 1500	Two-post	1	393962	June 9, 2017

* Expiry dates are as documented at Mining Recorder's records as of August 26, 2008

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.

Exploration and Development

The first year of exploration work on the property is currently underway by Copper Mountain Mining Corp., whereas a minimum of $100,000 must be incurred. To date, the company has received the first two payments, as per Section 3.1 above.

4.4 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, 2011, 2012 and 2013 and the nine months ended September 30, 2014. 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 12/31/2011 (audited)	Year ended 12/31/2012 (audited)	Year ended 12/31/2013 (audited)	9 months ended 09/30/2014 (unaudited)
Net sales or total revenues	$ -	$ -	$ -	$ -
Total expenses	3,313,116	6,597,809	263,293	324,583
Net loss and total loss from continuing operations	3,313,116	6,597,809	263,293	324,583
Basic and diluted loss, per share	(0.38)	(0.55)	(0.02)	(0.02)
Total assets	7,949,307	1,691,378	1,596,959	1,888,230
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 ending at the end of the most recently completed financial year, being December 31, 2013.

	Sept 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sept 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012
Total revenues		-	-	-	-	-	-	-
Net loss - continuing operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net loss - total	119	206	73	91	91	24	57	5,961
Basic and diluted income (loss) per share – continuing operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.48)

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

5.4 Not applicable.

6. Management's Discussion and Analysis

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

Interim MD&A for the nine months ended September 30, 2014 – Attached as Appendix B.

7. Market for Securities

The Company's common shares are listed for trading on the CSE under the symbol "WER".

8. Consolidated Capitalization

On December 31, 2013, the Company had 31,373,492 common shares issued and outstanding on a non-diluted basis and 36,583,992 common shares issued and outstanding on a fully-diluted basis. Subsequent to this date, the Company issued the following securities:

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.

On January 8, 2014, the Company issued 600,000 common shares of the Company as payment for the Page Property.

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 April 7, 2014, the Company granted 680,000 stock options to various consultants to the Company, with and exercise price of $0.05 per common share and an expiry date of April 7, 2016.

On April 7, 2014, the Company issued 550,000 common shares of the Company in exchange for $27,500 for the exercise of stock options.

On April 9, 2014, the Company issued 550,000 common shares of the Company in exchange for $27,500 for the exercise of stock options.

On April 11, 2014, the Company issued 75,000 common shares of the Company in exchange for $3,750 for the exercise of stock options.

On April 23, 2014, the Company issued 350,000 common shares of the Company in exchange for $17,500 for the exercise of stock options.

On May 9, 2014, the Company issued 500,000 common shares of the Company in exchange for $25,000 for the exercise of stock options.

On June 9, 2014, the Company consolidated its issued and outstanding common shares on the basis of one (1) new common share for every two (2) existing common shares. The Company had 39,200,092 common shares issued and outstanding and upon completion of the share consolidation, there was 19,600,042 issued and outstanding.

On June 13, 2014, the Company granted 150,000 stock options to a consultant to the Company, with an exercise price of $0.055 per common share and an expiry date of June 13, 2016.

On July 2, 2014, the Company granted 750,000 stock options to various consultants to the Company, with an exercise price of $0.05 per common share and an expiry date of July 2, 2016.

On July 4, 2014, the Company granted 50,000 stock options to a consultant to the Company, with an exercise price of $0.055 per common share and an expiry date of July 4, 2016.

On August 22, 2014, the Company granted 300,000 stock options to various consultants to the Company, with an exercise price of $0.05 per common share and an expiry date of August 22, 2016.

On September 5, 2014, the Company granted 100,000 stock options to a consultant to the Company, with an exercise price of $0.05 per common share and an expiry date of September 5, 2016.

On September 18, 2014, the Company closed the first tranche of a non-brokered private placement and raised $407,000 through the issuance of 8,140,000 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 November 25, 2014, the Company granted 140,000 stock options to a consultant to the Company, with and exercise price of $0.07 per common share and an expiry date of November 25, 2017.

On December 16, 2014, the Company closed the second tranche of a non-brokered private placement and raised $147,000 through the issuance of 2,940,000 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 December 19, 2014, the Company issued 236,944 common shares of the Company in order to settle debts of $19,777.20 with three arm's length parties.

As a result of the issuances set out above, and as at the date hereof, the Company had 30,916,986 common shares issued and outstanding on a non-diluted basis and 44,764,736 common shares issued and outstanding on a fully-diluted basis.

9. Options to Purchase Securities

The following table sets forth as at December 22, 2014, 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. Exercise prices shown reflect the consolidation of the Company's common share capital.

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	1	25,000	July 9, 2012	$0.10	$0.15	July 9, 2017
	2	207,500	April 7, 2014	$0.10	$0.07	April 7, 2016
	1	150,000	June 13, 2014	$0.055	$0.05	June 13, 2016
	3	750,000	July 2, 2014	$0.05	$0.04	July 2, 2016
	1	50,000	July 4, 2014	$0.055	$0.03	July 4, 2016
	1	100,000	Sept. 5, 2014	$0.05	$0.03	Sept. 5, 2016
	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 Not applicable.

10.3 Not applicable.

10.4 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 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
January 6, 2014	Common Shares(1)	1,375,000	N/A	N/A
January 8, 2014	Common Shares(2)	300,000	N/A	N/A
February 28, 2014	Common Shares(3)	1,225,800	N/A	N/A
April 7, 2014	Common Shares(4)	275,000	$0.10	$27,500
April 9, 2014	Common Shares(5)	275,000	$0.10	$27,500
April 11, 2014	Common Shares(6)	37,500	$0.10	$3,750
April 23, 2014	Common Shares(7)	175,000	$0.10	$17,500
May 9, 2014	Common Shares(8)	250,000	$0.10	$25,000
September 18, 2014	Units(9)	8,140,000	$0.05	$393,100(10)

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
December 16, 2014	Units[11]	2,940,000	$0.05	$138,000[12]
December 19, 2014	Common Shares[13]	236,944	N/A	N/A

(1) Pursuant to the East Miller acquisition. In consideration, the Company issued 1,250,000 common shares of the Company (valued at $75,000). The Company also paid a finder's fee of 125,000 common shares of the Company to an arm's length party (valued at $7,500).

(2) Pursuant to the Page acquisition. In consideration, the Company issued 300,000 common shares of the Company (valued at $18,000).

(3) Pursuant to a shares for debt transaction with five arm's length creditors and officers of the Company. The amount of indebtedness settled was $122,580 for a deemed price per security of $0.10.

(4) Pursuant to the exercise of 275,000 share options granted to a consultant of the Company on September 18, 2013.

(5) Pursuant to the exercise of 275,000 share options granted to a consultant of the Company on September 18, 2013.

(6) Pursuant to the exercise of 37,500 share options granted to a consultant of the Company on April 7, 2014.

(7) Pursuant to the exercise of 175,000 share options granted to consultants of the Company on April 7, 2014 and July 9, 2012.

(8) Pursuant to the exercise of 250,000 share options granted to a officer of the Company on July 9, 2012.

(9) 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.

(10) Gross proceeds were $407,000, less $13,900 in finder's fees paid.

(11) 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.

(12) Gross proceeds were $147,000, less $9,000 in finder's fees paid.

(13) Pursuant to a shares for debt transaction with three arm's length creditors of the Company. The amount of indebtedness settled was $19,777.20 for a deemed price per security of $0.05.

10.8 Stock Exchange Price

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

Monthly Highs and Lows	High ($)	Low ($)
December 1 - 22	0.035	0.015
November 2014	0.045	0.025
October 2014	0.04	0.055
September 2014	0.055	0.03
August 2014	0.04	0.03
July 2014	0.055	0.035

The high and low market prices of the Company's common shares on the TSXV for each full fiscal quarter for the seven quarters preceding the year ending December 31, 2014 were as follows:

Quarterly Highs and Lows	High ($)	Low ($)
Quarter ended September 30, 2014	0.055	0.03
Quarter ended June 30, 2014[1]	0.16	0.05
Quarter ended March 31, 2014	0.10	0.04
Quarter ended December 31, 2013	0.07	0.03

Quarterly Highs and Lows	High ($)		Low ($)
Quarter ended September 30, 2013	0.12		0.03
Quarter ended June 30, 2013	0.06		0.03
Quarter ended March 31, 2013	0.13		0.05

(1) In June 2014, the Company completed a two for one consolidation of outstanding common shares.

11. Not applicable.

12. Principal Shareholders

12. The following table provides information regarding the Company's principal shareholders as at December 22, 2014:

Name	Class of Securities Held	Number of Securities Held	Type of Ownership	Percentage of Class(1)
CDS & CO	Common Shares	18,694,295	Registered	60.47%(2)

(1) Based on 30,916,986 common shares issued and outstanding as at the date hereof.

(2) The percentage of class on a fully-diluted basis is 41.76%.

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	2,950,500(3)
Joseph Meagher Vancouver, BC Chief Financial Officer and Director	CFO and Director of the Company; CFO and Director of Alchemist Mining Inc. (TSXV) and Noka Resources Inc. (TSXV); CFO of Good Life Networks Inc. a private media company; Vangold Resources Ltd. (TSXV) and Troymet Exploration Corp. (TSXV); 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	480,000
Keith Anderson(2) Coquitlam, BC Director	Director of the Company and Vangold Resources Ltd. (TSXV); President and Director of Alchemist Mining Inc. (TSXV); former Investment Advisor at Canacord Genuity Corp. from 1987 to 2012	June 15, 2012	Nil
Steven Feldman(2) Surrey, BC	Director of the Company; Investor and Corporate Communications Consultant and former Manager of Investor Relations for Barisan Gold Corp. (TSXV); former Vice-	May 16, 2012	Nil

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]
Director	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		

(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) 2,600,000 Shares 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 3,430,500 common shares of the Company, representing 11.10% of the issued and outstanding common shares, on an undiluted basis, as at December 22, 2014.

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 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 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	49	President & Secretary	Independent Contractor	Full time, devoting 90% of time to the Company	Yes
Joseph Meagher Chief Financial Officer	29	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)	30,916,986	44,764,736		
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)	5,430,500	10,240,500	17.56%	22.88%
Total Public Float (A-B)	25,486,486	34,524,236	82.44%	77.12%
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)	11,316,944	22,396,944	36.60%	50.03%
Total Tradeable Float (A-C)	19,600,042	22,367,792	63.40%	49.97%

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	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	32	6,784,444

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	130	5,996
100 – 499 securities	202	53,663
500 – 999 securities	81	57,053
1,000 – 1,999 securities	85	114,211
2,000 – 2,999 securities	80	189,076
3,000 – 3,999 securities	27	91,081
4,000 – 4,999 securities	29	126,495

5,000 or more securities	429	17,234,596
Unable to confirm		1,467,446

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	3	5,430,500

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[1]	Number of listed securities issuable upon conversion / exercise[1]
Warrants	12,135,250[2][3][4]	12,135,250
Stock Options	1,712,500[5][6][7][8][9][10][11]	1,712,500

(1) Number of securities and exercise prices of securities issued or granted prior to June 2014 have been adjusted to give effect to the Company's two for one consolidation of common shares that occurred in June 2014.

(2) On February 22 2013, the Company issued an aggregate of 978,750 warrants, each warrant exercisable into one common share for a period of two years from issuance at a price of $0.14 per share in the first year and $0.20 per share in the second year. In connection with the non-brokered private placement, the Company paid a finder's fee that included 76,500 finders' warrants. Each finders warrant has the same terms as the warrants issued in the private placement.

(3) 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.

(4) 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.

(5) 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.

(6) On April 7, 2014, the Company granted 207,500 stock options, each of which is exercisable into one common share at a price of $0.10 per share until April 7, 2016.

(7) On June 13, 2014, the Company granted 150,000 stock options, each of which is exercisable into one common share at a price of $0.055 per share until June 13, 2016.

(8) On July 2, 2014, the Company granted 750,000 stock options, each of which is exercisable into one common share at a price of $0.05 per share until July 2, 2016.

(9) On July 4, 2014, the Company granted 50,000 stock options, each of which is exercisable into one common share at a price of $0.055 per share until July 4, 2016.

(10) On September 5, 2014, the Company granted 100,000 stock options, each of which is exercisable into one common share at a price of $0.05 per share until September 5, 2016.

(11) 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.

14.3 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, 2013, which was included in the Company's management information circular dated December 3, 2014, delivered in connection with the Company's annual general meeting of shareholders to be held on December 29, 2014. Compensation is anticipated to stay the same for 2014.

During the financial year ended December 31, 2013, 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, 2013 and 2012:

Name and principal position	Year[1]	Salary ($)	Share-based awards ($)	Option-based awards ($)[2]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compen-sation ($)	Total compen-sation ($)
					Annual incentive plans	Long-term incentive plans[3]			
William Rascan CEO and President	2013	102,000	Nil	Nil	N/A	N/A	N/A	Nil	102,000
	2012	60,129	Nil	44,009	N/A	N/A	N/A	Nil	104,138
Joseph Meagher CFO	2013	18,000[4]	Nil	Nil	N/A	N/A	N/A	4,500[5]	22,500
	2012	9,750	Nil	11,736	N/A	N/A	N/A	Nil	21,486

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

(2) Figures represent the grant date fair value of the options. The Company used the Black-Scholes option pricing model because it is the most common and practical method acceptable under the current International Financial Reporting Standards accounting standards, and the former Canadian GAAP.

For the year ended:	December 31, 2013	December 31, 2012
Risk-free interest rate	1.26%	1.14%
Expected dividend rate	Nil	Nil
Expected life of options/warrants	1 year	5 Years
Expected stock price volatility	147%	166%

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

(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, 2013:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Exercise price ($)	Expiration date	Value of unexercised in-the-money options ($)[1]
William Rascan	300,000	0.30	July 9, 2017	Nil
Joseph Meagher	80,000	0.30	July 9, 2017	Nil

(1) This amount is calculated as the difference between the market value of securities underlying the options on December 31, 2013, being $0.05 (on the last trading day of the Company's shares closest to the Company's financial year ended December 31, 2013) 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, 2013:

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, 2013, 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 ($)[2]	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Thomas Clarke[3]	13,930[4]	Nil	Nil	N/A	N/A	Nil	13,930
Keith Anderson	Nil	Nil	Nil	N/A	N/A	Nil	Nil
Steven Feldman	Nil	Nil	Nil	N/A	N/A	Nil	Nil

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

(2) Refer to discussion in footnote (2) in the "Summary of Compensation" table for Named Executive Officers for the method of determining the value of option-based awards.

(3) Mr. Clarke resigned as a director of the Company on July 18, 2013.

(4) Paid to Twillar Resources Ltd., a private company wholly owned by Mr. Clarke, for geological consulting fees.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding as of December 31, 2013 (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]
Thomas Clarke	80,000	0.30	July 9, 2017	Nil
Keith Anderson	80,000	0.30	July 9, 2017	Nil
Steven Feldman	80,000	0.30	July 9, 2017	Nil

(1) Calculated using the closing price of the Company's shares on the Exchange at December 31, 2013, being $0.05.

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, 2013:

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 ($)
Thomas Clarke	Nil	N/A	N/A
Keith Anderson	Nil	N/A	N/A
Steven Feldman	Nil	N/A	N/A

16. Indebtedness of Directors and Executive Officers

16.1 Not applicable.

16.2 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.

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.

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	2,950,500	9.54%	50,000

Name	Date of Appointment as Promoter	Number of Common Shares Owned	Percentage of Common Shares	Number of Options Held
	(director and officer)			

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 Not applicable.

19. Legal Proceedings

19.1 Not applicable.

19.2 Not applicable.

20. Interest of Management and Others in Material Transactions

20.1 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 **January 31, 2013**, the Company issued a promissory note for $23,394 to a company with directors in common for shared administrative expenses. The advance was non-interest bearing and due on demand. $1,677 was settled in cash and on February 28, 2014, $21,717 was settled in shares of the Company.

On **February 7, 2013**, the Company entered into an option agreement with Caribou King Resources Ltd. 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.

On **May 22, 2013**, the Company entered into an LOI to enter into an option agreement with Cartier Resources Inc.. 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.

On **July 15, 2013**, the Company entered into an agreement with an arm's length party 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.

On **August 23, 2013**, the Company and Bearclaw Capital Corp. entered into a Letter of Intent to enter into an option agreement with Copper Mountain Mining Corp. 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.

On **September 25, 2013** (amended **December 10, 2013**), the Company entered into an agreement with Lunerouge Ventures Inc. to acquire a 100% interest in the East Miller Property, consisting of 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 with Ashburton Ventures Inc. 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 **February 20, 2014**, the Company entered into a debt settlement agreement with two officers of the Company and three arm's length creditors. The Company issued an aggregate 2,451,600 common shares to settle $122,580 of debt.

On **March 6, 2014**, the Company entered into an agreement with arm's length vendors 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 1,250,000 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.

The Company did not issue any shares or make any payments and is no longer pursuing the Lac Gueret West Property.

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.

22.2 Not applicable.

23 Interest of Experts

23.1 Not applicable.

23.2 Not applicable.

23.3 Not applicable.

23.4 Not applicable.

24. Other Material Facts

24.1 Not applicable.

25. Financial Statements

25.1 Annual Financial Statements for the year ended December 31, 2013 (audited) – Attached as Appendix C

Annual Financial Statements for the year ended December 31, 2012 (audited) – Attached as Appendix D

Interim Financial Statements for the nine months ended September 30, 2014 (unaudited) – Attached as Appendix E

APPENDIX “A” Annual MD&A 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 “B” Interim MD&A for the nine months ended September 30, 2014

DECEMBER 1, 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 unaudited condensed interim financial statements for the nine months ended September 30, 2014, as well as the 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 condensed interim 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 condensed interim 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.

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 nine months ended September 30, 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.

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 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 - 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 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.

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 300,000 common shares (valued at $24,000) as consideration for the agreement.

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 1,250,000 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.

The Company did not issue any shares or make any payments and is no longer pursuing the Lac Gueret West Property.

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.

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 September 30, 2014, 150,000 common shares were held in escrow (December 31, 2013 - 225,000).

During the nine months ended September 30, 2014, the Company sold 150,000 common shares of CCK for proceeds of $6,472. At September 30, 2014, the fair value of the remaining 75,000 common shares of CCK held was $2,250. No unrealized gain or loss was recorded in other comprehensive income for the nine months ended September 30, 2014. At December 31, 2013, the fair value of the remaining 225,000 common shares of CCK held was $2,250.

During the nine months ended September 30, 2013, the Company sold 150,000 common shares of CCK for proceeds of $5,100. At September 30, 2013, the fair value of the remaining 225,000 common shares of CCK held was $9,000 and an unrealized loss of $19,650 was recorded in other comprehensive loss for the nine months ended September 30, 2013.

RESULTS OF OPERATIONS

For the nine months ended September 30, 2014

During the nine month period ended September 30, 2014, the Company reported a net loss of $324,583 compared to the nine month period ended September 30, 2013 of $195,321. The Company's net loss included expenditures as follows:

- Accounting, legal and audit expense of $2,650 (2013 - $13,817) relates primarily to accounting services for the operations of the Company and audit fees. The decrease from the same period last year is due to a reduction in fees.

- Consulting fees of $141,709 (2013 - $28,700) increased as additional consultants were engaged in 2014 and there was a recovery against the expense in 2013;

- Management fees of $94,500 (2013 - $88,500) relates to fees paid to officers of the Company for management of the Company's operations and projects. The change is due to a rate increase that became effective later in 2013;

- Office and general expenses of $6,394 (2013 - $17,269) decreased over the same period of the previous year due to the reduced operational activities and cost control measures implemented by management;

- Share-based payments of $66,123 (2013 - $21,490) are for the options granted in 2014 and the re-price of options granted in 2012 that took place during 2014, which had a greater fair value than options granted in 2013;

- Shareholder communications and investor relations of $5,326 - (2013 - $4,450) were consistent and relate to work done for shareholder communications, as well as AGM costs; and

- Transfer agent and filing fees of $24,150 (2013 - $14,474) increased in 2014 due to the costs of share consolidations and option grants done in 2014.

- Gain on settlement of debt of $10,337 (2013 - $nil) and write-off of debt $nil (2013 - $20,000) relate to debt settlements below market value and write-offs of old debts.

For the three months ended September 30, 2014

During the three month period ended September 30, 2014, the Company reported a net loss of $119,018 compared to the three month period ended September 30, 2013 of $90,435. The Company's net loss included expenditures as follows:

- Accounting, legal and audit expense of $750 (2013 - $2,300) decreased from the same period last year due to a cost recovery;

- Consulting fees of $65,500 (2013 - $23,520) increased as additional consultants were engaged in 2014 and there was a recovery against the expense in 2013;

- Management fees of $31,500 (2013 - $31,500) were consistent year on year;

- Office and general expenses of $2,853 (2013 - $4,670) decreased over the same period of the previous year due to the reduced operational activities and cost control measures implemented by management;

- Share-based payments of $28,459 (2013 - $21,490) are for the options granted in 2014 and 2013;

- Shareholder communications and investor relations of $313 (2013 - $4,450) relates to work done for shareholder communications, as well as AGM costs. The difference between 2014 and 2013 is due to timing of expenditures;

- Transfer agent and filing fees of $1,950 (2013 - $2,559) were similar compared to the same period in the prior year; and

- Gain on settlement of debt $10,337 - (2013 - $nil) was for a debt settlement agreement in 2014 whereby the creditor agreed to a significantly reduced payment.

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 September 30, 2014:

For the Quarterly Periods ended:		September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Total revenues	$	-	-	-	-
Net loss for the period		(119)	(206)	(73)	(91)
Net loss per common share, basic and diluted		(0.01)	(0.01)	(0.00)	(0.01)

For the Quarterly Periods ended:		September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Total revenues	$	-	-	-	-
Net loss for the period		(91)	(24)	(57)	(5,961)
Net loss per common share, basic and diluted		(0.01)	(0.00)	(0.00)	(0.48)

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 September 30, 2014, the Company had cash of $103,269 and working capital of $43,888 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 is negotiating debt settlements with other creditors. The Company also raised gross proceeds of $407,000 in a private placement. The Company will need to pursue additional financing to further explore the Company's resource properties and pay general and administrative expenses.

Additionally, during the nine months ended September 30, 2014, the Company has done the following to address its working capital requirements:

- 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;
- 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 the nine months ended September 30, 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.

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 nine months ended September 30, 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. The units are subject to a four-month hold period.

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:

	December 1, 2014	September 30, 2014	December 31, 2013
Common shares	27,740,046	27,740,046	15,686,746
Stock Options	1,612,500	1,472,500	1,550,000
Warrants	9,195,250	9,195,250	1,055,250
Fully Diluted Shares	38,547,796	38,407,796	18,291,996

TRANSACTIONS WITH RELATED PARTIES

The following expenses were incurred with directors and officers of the Company for the nine month periods ended September 30, 2014 and 2013:

	2014	2013
Short-term compensation	$ 102,000	$ 102,430

As at September 30, 2014, accounts payable and accrued liabilities included $38,360 (December 31, 2013 - $125,556) due to current 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, amounts receivable, 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, 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 condensed interim financial statements of the Company for the nine months ended September 30, 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 Financial Statements 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

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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 “D” Annual Financial Statements for the year ended December 31, 2012 (audited)

Weststar Resources Corp.

Financial Statements

Years Ended December 31, 2012 and 2011

Expressed in Canadian Dollars

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 statement of financial position as at December 31, 2012 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year 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 audit. We conducted our audit 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 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, 2012, and its financial performance and its cash flows for the year 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.

Other Matter
The financial statements of Weststar Resources Corp. as at December 31, 2011 and for the year then ended were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on April 27, 2012.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 25, 2013

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
(Expressed in Canadian Dollars)

	Notes		December 31, 2012		December 31, 2011
Assets					
Current assets					
Cash		$	2,893	$	253,792
Amounts receivable	5		20,473		32,562
Prepaid expenses			2,949		53,196
			26,315		339,550
Non-current assets					
Investments	6		33,750		155,659
Reclamation deposit	7		5,000		5,000
Property and equipment	8		5,918		24,956
Exploration and evaluation assets	9		1,620,395		7,424,142
Total assets		**$**	**1,691,378**	**$**	**7,949,307**
Liabilities and shareholders' equity					
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	10	$	339,820	$	24,730
Total liabilities			339,820		24,730
Shareholders' equity					
Share capital	11		13,196,621		13,196,621
Reserves	12		3,876,883		3,730,184
Deficit			(15,755,696)		(9,157,887)
Accumulated other comprehensive income			33,750		155,659
Total equity			1,351,558		7,924,577
Total liabilities and shareholders' equity		**$**	**1,691,378**	**$**	**7,949,307**

Approved by the Board of Directors

"Keith Anderson " *Director* — Keith Anderson

"William Rascan" *Director* — William Rascan

The accompanying notes are an integral part of these financial statements

WESTSTAR RESOURCES CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the years ended December 31
(Expressed in Canadian Dollars)

	Notes	2012	2011
Expenses			
Amortization		$ 4,732	$ 9,994
Bank charges and interest		2,287	1,694
Consulting fees	10	151,750	202,570
Management and directors' fees	10	119,879	120,000
Office and general		40,958	114,950
Pre-exploration costs		-	5,198
Accounting, legal and audit	10	132,815	207,555
Rent		28,800	34,722
Shareholder communications		12,857	150,456
Share-based payments	11	146,699	-
Transfer agent and filing fees		16,977	64,968
Travel		4,218	76,515
		661,972	988,622
Other (income) expense			
Realized gain on available-for-sale investments		(13,600)	-
Gain on sale of equipment		(8,588)	-
Impairment of exploration and evaluation assets	9	5,958,025	2,324,494
		5,935,837	2,324,494
Net loss for the year		6,597,809	3,313,116
Other comprehensive loss item			
Unrealized loss (gain) on available-for-sale investments		121,909	(155,659)
Total comprehensive loss for the year		$ 6,719,718	$ 3,157,457
Loss per share, basic and diluted		$ 0.27	$ 0.19
Weighted average number of common shares outstanding		24,133,492	17,470,021

The accompanying notes are an integral part of these financial statements

WESTSTAR RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31
(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Reserves	Accumulated other comprehensive income	Deficit	Total
Balance, January 1, 2011	10,509,092	$ 5,838,044	$ 2,885,863	$ -	$ (5,844,771)	$ 2,879,136
Comprehensive loss	-	-	-	155,659	(3,313,116)	(3,157,457)
Shares issued - private placement	2,464,400	1,485,946	546,152	-	-	2,032,098
Shares issued - exploration and evaluation assets	9,150,000	5,258,749	449,751	-	-	5,708,500
Warrants exercised	2,010,000	613,882	(151,582)	-	-	462,300
Balance, December 31, 2011	24,133,492	$ 13,196,621	$ 3,730,184	$ 155,659	$ (9,157,887)	$ 7,924,577
Comprehensive loss	-	-	-	(121,909)	(6,597,809)	(6,719,718)
Options granted	-	-	146,699	-	-	146,699
Balance, December 31, 2012	24,133,492	$ 13,196,621	$ 3,876,883	$ 33,750	$ (15,755,696)	$ 1,351,558

The accompanying notes are an integral part of these financial statements

WESTSTAR RESOURCES CORP.
STATEMENTS OF CASH FLOWS
For the years ended December 31
(Expressed in Canadian Dollars)

		2012		2011
Cash provided by (used for):				
Operating activities				
Net loss for the year	$	(6,597,809)	$	(3,313,116)
Items not involving cash				
Amortization		4,732		9,994
Share-based payments		146,699		-
Realized gain on available-for-sale investments		(13,600)		-
Gain on sale of equipment		(8,588)		-
Write-down of exploration and evaluation assets		5,958,025		2,324,494
		(510,541)		(978,628)
Changes in non-cash working capital				
Amounts receivable		12,089		(13,111)
Prepaid expenses		50,247		(44,084)
Accounts payable and accrued liabilities		315,090		(55,445)
Net cash used in operating activities		(133,115)		(1,091,268)
Investing activities				
Acquisition of exploration and evaluation assets		-		(1,135,000)
Proceeds from investments		13,600		-
Purchase of equipment		(7,105)		(4,932)
Proceeds from sale of equipment		29,999		200
Deferred exploration costs and evaluation costs		(154,278)		(285,802)
Net cash used in investing activities		(117,784)		(1,425,534)
Financing activities				
Shares issued for cash, net of issuance costs		-		2,494,398
Net cash provided by financing activities		-		2,494,398
Decrease in cash		(250,899)		(22,404)
Cash, beginning of the year		253,792		276,196
Cash, end of the year	$	2,893	$	253,792

Additional cash flow information (Note 16)

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

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 601-121 Brew Street, Port Moody, British Columbia, Canada, V3H 0E2.

2. GOING CONCERN UNCERTAINTY

To date, the Company has not generated revenue from operations. As at December 31, 2012, the Company has net working capital deficiency of $313,505 (December 31, 2011, net working capital - $314,820) and a deficit of $15,755,696 (December 31, 2011 - $9,157,887). The Company incurred a comprehensive loss of $6,719,718 during the year ended December 31, 2012 (2011 - $3,157,457). Until the Company attains profitability, it will be necessary to raise additional financings for general working capital and for exploration costs on its property. Consequently, there is substantial doubt about the Company's ability to continue as a going concern. The operations of the Company have been primarily funded by the issuance of share capital. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. The Company's future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development and upon future profitability. Should the Company be unable to continue as a going concern, it is likely that it would be unable to recover the amounts shown as property and equipment and exploration and evaluation assets. These financial statements do not include any adjustments that would be necessary should the Company be unable to raise sufficient capital and consequently be unable to continue as a going concern.

3. BASIS OF PRESENTATION

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3. BASIS OF PRESENTATION (continued)

Approval of the financial statements

The financial statements of the Company for the year ended December 31, 2012, were reviewed by the Audit Committee and approved and authorized for issue on April 25, 2013 by the Board of Directors of the Company.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

4. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments, estimates and assumptions

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.

Significant Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreement or transfers and title may be affected by undetected defects.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

If, after exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit ("CGU") or group of CGUs level in the year the new information becomes available.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

Significant Accounting Estimates and Assumptions

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

Estimated Useful Lives of Assets

The estimation of the useful lives of assets has been based on historical and industry experience. Adjustments to useful life are made when considered necessary.

Share-Based Payments

Equity-settled share awards are recognized as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of the Black-Scholes option pricing model, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Using different input estimates or models can produce different option values, which would result in the recognition of a higher or lower expense.

Cash and cash equivalents

Cash consists of cash on hand, deposits held at call with banks, and short-term highly liquid investments with original maturities of three months or less.

Foreign currency translation

The functional currency of the Company is measured using the currency of the primary economic environment in which it operates. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of operations and comprehensive income (loss) in the period in which they arise, except where they are deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss), directly within equity, to the extent that gains and losses arise on those non-monetary items, they are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized within profit or loss on the statement of comprehensive income (loss), the exchange component is also recognized in profit or loss.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of changes in shareholders' equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Property and equipment

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, with the exception of land, which is not depreciated.

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.

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)

Property and equipment (continued)

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% declining balance

One-half the normal amortization is taken in the year of equipment acquisition.

Exploration and evaluation assets

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 acquisition, 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.

Impairment

Exploration and evaluation assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

Impairment (continued)

The recoverability of the carrying amount of mineral properties is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

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. 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

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.

Capital stock

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 options or warrants is recorded in share capital and the related residual value is transferred to share capital. For those warrants that expire the recorded value is transferred to deficit.

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.

Earnings (loss) per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of share options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (loss) per share (continued)

Existing share options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same.

Share-based payments

The Company operates an employee share option plan, which is described in Note 11. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model, which incorporates all market vesting conditions. For employee share options, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

The Company classifies its financial assets and liabilities into one of the following categories, depending on the purpose for which the financial instrument was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL")

Financial assets and financial liabilities classified as FVTPL are acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are recognized at fair value based on market prices, with any resulting gains and losses reflected in net income (loss) for the period in which they arise.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in net income (loss) when the financial asset is derecognized or impaired, and through the amortization process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are measured at amortized cost, using the effective interest rate method less any impairment loss.

Available-for-sale investments

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Financial liabilities

Financial liabilities are classified as other financial liabilities or FVTPL, based on the purpose for which the liability was incurred. The Company’s liabilities comprise accounts payable and accrued liabilities, which are classified as other financial liabilities. These liabilities are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument, and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Other

The Company classified its financial instruments as follows:

- Cash and cash equivalents are classified as FVTPL.
- Amounts receivable and reclamation deposit are classified as loans and receivables.
- Investments are classified as available-for-sale.
- Accounts payable and accrued liabilities are classified as other financial liabilities.

Transaction costs related to financial instruments other than FVTPL are capitalized as part of the cost of the financial instrument.

The Company does not use any derivative or hedging instruments.

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 period-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 period 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting years beginning after January 1, 2013. None of these are expected to have a significant effect on the financial statements. The following standards and interpretations have been issued but are not yet effective:

IAS 27 Separate Financial Statements (2011)

This amended version of IAS 27 that now only deals with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements*.

Applicable to annual periods beginning on January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures (2011)

This standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

Applicable to annual periods beginning on January 1, 2013.

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.

This standard is only applicable if it is optionally adopted for annual periods beginning before January 1, 2015. For annual periods beginning on or after January 1, 2015, the Company must adopt IFRS 9 (2010).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards, amendments and interpretations not yet effective (continued)

IFRS 10 Consolidated Financial Statements

Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities*.

The standard identifies the principles of control, determines how to identify whether an investor controls an investee and, therefore, must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in "special purpose entities"). Under IFRS 10, control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns.

Applicable to annual periods beginning on January 1, 2013.

IFRS 11 Joint Arrangements

Replaces IAS 31 *Interests in Joint Ventures*. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.
Joint arrangements are either joint operations or joint ventures:

- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 *Investments in Associates and Joint Ventures* (2011). Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted.

Applicable to annual periods beginning on January 1, 2013.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards, amendments and interpretations not yet effective (continued)

IFRS 12 Disclosure of Interests in Other Entities

Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories:

- Significant judgments and assumptions - such as how control, joint control, and significant influence has been determined
- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on
- Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information)
- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

Applicable to annual periods beginning on January 1, 2013.

IFRS 13 Fair Value Measurement

Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

This IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a “fair value hierarchy” based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards, amendments and interpretations not yet effective (continued)

IFRS 13 Fair Value Measurement (continued)

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g., whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

Applicable to annual periods beginning on or after January 1, 2013.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

Amends IAS 1 *Presentation of Financial Statements* to revise the way other comprehensive income is presented.

The amendments:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and other comprehensive income to be presented together, i.e., either as a single "statement of profit or loss and comprehensive income", or a separate "statement of profit or loss" and a "statement of comprehensive income" – rather than requiring a single continuous statement as was proposed in the exposure draft
- Require entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently (i.e., those that might be reclassified and those that will not be reclassified)
- Require tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

Applicable to annual periods beginning on January 1, 2013.

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amends the disclosure requirements in IFRS 7 *Financial Instruments: Disclosures* to require information about all recognized financial instruments that are set-off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation*.

The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

Applicable to annual and interim periods beginning on January 1, 2013.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards, amendments and interpretations not yet effective (continued)

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 January 1, 2014.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Amends IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Applicable to annual periods beginning on January 1, 2013.

5. AMOUNTS RECEIVABLE

Amounts receivable at December 31, 2012 includes HST recoverable of $16,361 (December 31, 2011 - $32,562) and a receivable from the disposal of office and computer equipment of $4,112 (December 31, 2011 – $Nil).

6. INVESTMENTS

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, 2012, 375,000 common shares were held in escrow (December 31, 2011 – 500,000).

During the year ended December 31, 2012, the Company sold 125,000 common shares of CCK for proceeds of $13,600. 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.

6. INVESTMENTS (continued)

During the year ended December 31, 2011, there were no common shares of CCK sold. As at December 31, 2011, the fair value of the 500,000 CCK shares held was estimated to be $155,659. The Company recorded the investment as available-for-sale. As a result, an unrealized gain of $155,659 was recorded in other comprehensive income for the year ended December 31, 2011.

7. RECLAMATION DEPOSIT

At December 31, 2012, the Company held a guaranteed investment certificate ("GIC") with an interest rate of 1% (Decemeber 31, 2011 – 1%) per annum. At December 31, 2012, the fair value of the GIC was $5,000 (December 31, 2011 - $5,000). The GIC is held as a resource reclamation deposit and is restricted for other uses.

8. PROPERTY AND EQUIPMENT

	Computer Equipment	Office Equipment	Leasehold Improvement	Total
Cost				
Balance at December 31, 2010	$ 10,085	$ 24,311	$ 4,475	$ 38,871
Additions	2,475	2,456	-	4,931
Disposals	-	(200)	-	(200)
Balance at 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 at December 31, 2012	$ 2,724	$ 4,381	$ 4,475	$ 11,580
Amortization and disposals				
Balance at December 31, 2010	$ 3,979	$ 2,776	$ 1,897	$ 8,652
Amortization	4,720	4,758	516	9,994
Balance at December 31, 2011	8,699	7,534	2,413	18,646
Amortization	1,390	1,280	2,062	4,732
Disposals	(9,651)	(8,065)	-	(17,716)
Balance at December 31, 2012	$ 438	$ 749	$ 4,475	$ 5,662
Net book value at December 31, 2012	$ 2,286	$ 3,632	$ -	$ 5,918
Net book value at December 31, 2011	$ 3,861	$ 19,033	$ 2,062	$ 24,956

During the year ended December 31, 2012, the Company disposed of equipment with a net book value of $21,411 (2011 - $200) for proceeds of $29,999 (2011 - $200) resulting in a gain of $8,588 (2011 - $nil).

9. EXPLORATION AND EVALUATION ASSETS

Axe Project

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.

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 have agreed to grant Xstrata an option to earn a 51% interest where Xstrata will 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 must incur $3,000,000 of expenditures in exploration activities on the Axe Property.

During the earn-in period, Xstrata 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):

- $25,000 immediately (received);
- $25,000 on March 31, 2013 (received subsequent to December 31, 2012);
- $30,000 on March 31, 2014;
- $40,000 on March 31, 2015; and
- $60,000 on March 31, 2016.

If Xstrata exercises the option, the Company, Bearclaw and Xstrata will enter into a formal joint venture agreement. Xstrata 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, Xstrata will have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by either completing a feasibility study on the Axe Property or incurring no less than $15,000,000 in feasibility study expenditures on the Axe Property and providing the Company and Bearclaw with evidence of such expenditures. In the event Xstrata 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.

Under the option agreement, the Company and Bearclaw have 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 will terminate at the end of the earn-in period if Xstrata has not exercised the option.

9. EXPLORATION AND EVALUATION ASSETS (continued)

Golden Fox Group

Golden Fox Claims

On July 7, 2009 and amended on December 22, 2010, relating to the work commitment described below, the Company entered into an agreement to acquire an undivided 100% interest in the "Golden Fox Claims", located in the Yukon Territories, Canada.

The terms of the agreement were as follows:

- $75,000 due on signing of the agreement (paid);
- $75,000 ($50,000 paid) and the issuance of 2,500,000 common shares of the Company (issued at a fair value of $225,000); and
- Issuance of 500,000 common shares of the Company in lieu of a $500,000 exploration expenditure work commitment originally to be incurred by September 1, 2010 (issued at a fair value of $200,000).

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

Sunrise Claims

On January 20, 2011 the Company entered into an option agreement to acquire a 100% interest in 27 quartz claims in the Dawson Mining District in the Yukon Territory (the "Sunrise Property").

The terms of the agreement were as follows:

- $35,000 due within five days of approval by the Exchange (paid);
- Issuance of 1,000,000 common shares of the Company (issued at a fair value of $360,000);
- Issuance of 1,000,000 common shares of the Company within six months after approval by the Exchange (issued at a fair value of $700,000).
- Incur exploration expenditures of $10,000 or pay $100 per claim on or before June 18, 2011 (incurred);
- Incur exploration expenditures of $25,000 on or before September 1, 2011; and
- Incur exploration expenditures of $100,000 on or before September 1, 2012.

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue the Golden Fox Group and impaired acquisition and exploration costs of $1,744,475.

9. EXPLORATION AND EVALUATION ASSETS (continued)

McKinnon Group

McKinnon Claims

On July 20, 2009 the Company entered into an agreement to acquire a 100% interest in the McKinnon Property, located in Yukon Territory.

The terms of the agreement were as follows:

- $84,100 due on signing of the agreement (paid);
- $50,000 (paid); and
- Issuance of 2,500,000 common shares of the Company (issued at a fair value of $275,000).

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

Morgan Property

On May 12, 2010, the Company entered into an option agreement to acquire a 100% interest in the Morgan Claim Group. The claims are north of the McKinnon Claims in the Yukon.

The terms of the agreement were as follows:

- Upon approval of the agreement by the Exchange, $5,000 (paid) and issuance of 500,000 common shares (issued at a fair value of $15,000);
- $5,000 and 500,000 common shares on or before June 15, 2011; and
- $5,000 and 500,000 common shares on or before June 15, 2012.

The vendor retained a 2% NSR, of which one-half (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue the McKinnon Group and impaired acquisition and exploration costs of $460,519.

Sifton Property

On July 6, 2010 the Company entered into an acquisition agreement to acquire a 100% interest in the Sifton block of claims. The claims are north of Richardson Township, Ontario. The Company paid a finder's fee of $4,500.

9. EXPLORATION AND EVALUATION ASSETS (continued)

Sifton Property (continued)

Payments under the terms of the agreement were as follows:

- $25,000 on or before October 6, 2010 (paid);
- Issuance of 3,000,000 shares within 10 days of Exchange approval (issued at a fair value of $90,000);
- $30,000 on or before July 6, 2011;
- $35,000 on or before July 6, 2012;
- $40,000 on or before July 6, 2013; and
- $45,000 on or before July 6, 2014.

The vendor retained a 2% NSR, of which one-half (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue this property and impaired acquisition and exploration costs of $119,500.

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 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 are 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

9. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition of La Paloma Property and Assignment of Option Agreement (continued)

- 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 are only exercisable in the event that:
    i. The Company completes 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 delivers 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 completes a follow on financing of not less than $1,000,000 to fund the Phase 2 program.

Once the financing is complete (the "Completion Date"), the following additional payments would be 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 shall acquire a further 20% interest in the La Paloma concessions, for an aggregate 40% interest;

9. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition of La Paloma Property and Assignment of Option Agreement (continued)

- 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 is to be expended on or in respect of the property and a NI 43-101 level report is to be generated. In consideration of the foregoing, the Company shall acquire a further 20% interest in the Project, 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 shall acquire a further 20% interest in the property, for an aggregate 80% interest.

In addition to the foregoing, in the event the Company receives a NI 43-101 compliant report, acceptable to both parties, indicating that there are resources of gold and silver in the project exceeding 4,000,000 ounces and 150,000,000 ounces, respectively, the Company shall deliver to or to the order of Minera 5,000,000 common shares of the Company. The NI 43-101 shall be 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 occurs 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.

9. EXPLORATION AND EVALUATION ASSETS (continued)

	Canada	Mexico	
	Axe Property	**La Paloma**	**Total**
Balance, December 31, 2011	**$ 1,637,895**	**$ 5,786,247**	**$ 7,424,142**
Acquisition costs			
Cash	-	5,000	5,000
Total acquisition costs	-	5,000	5,000
Exploration costs			
Geological consulting fees	-	166,778	166,778
Option agreement	(17,500)	-	(17,500)
Total deferred exploration costs	(17,500)	166,778	149,278
Impairment charge	-	(5,958,025)	(5,958,025)
Balance, December 31, 2012	**$ 1,620,395**	**$ -**	**$ 1,620,395**

9. EXPLORATION AND EVALUATION ASSETS (continued)

	Canada	Canada	Canada	Canada	Mexico	
	Axe Property	Golden Fox Group	McKinnon Group	Sifton	La Paloma	Total
Balance, December 31, 2010	**$ 1,626,465**	**$ 412,849**	**$ 460,519**	**$ 119,500**	**$ -**	**$ 2,619,333**
Acquisition costs						
Cash	-	35,000	-	-	1,100,000	1,135,000
Share	-	1,260,000	-	-	4,448,500	5,708,500
Total acquisition costs	-	1,295,000	-	-	5,548,500	6,843,500
Exploration costs						
Geological consulting fees	11,430	36,626	-	-	237,747	285,803
Total deferred exploration costs	11,430	36,626	-	-	237,747	285,803
Impairment charge	-	(1,744,475)	(460,519)	(119,500)	-	(2,324,494)
Balance, December 31, 2011	**$ 1,637,895**	**$ -**	**$ -**	**$ -**	**$ 5,786,247**	**$ 7,424,142**

10. RELATED PARTY TRANSACTIONS

Key management personnel compensation for the years ended December 31, 2012 and 2011 is as follows:

		2012		2011
Short-term compensation	$	243,410	$	332,095
Share-based payments		90,953		-
	$	334,363	$	332,095

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, 2012 accounts payable and accrued liabilities included $163,246 (December 31, 2011 - $590) 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.

Due to related parties

		December 31, 2012		December 31, 2011
A former director for managment fees	$	22,400	$	590
A former director for consulting fees		22,400		-
A director for deferred exploration fees		13,440		-
A former director for accounting fees		25,200		-
A company with directors in common		63,421		-
A director for business activity expenses		16,385		-
	$	163,246	$	590

In addition, the Company paid $8,050 in rent expenses (2011 - $nil) to a company with common directors and management and recovered rent expenses of $20,750 (2011 - $50,036) from a company with common directors and management.

11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

At December 31, 2012 and 2011, there were 24,133,492 common shares issued and outstanding.

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

11. SHARE CAPITAL (continued)

Issued share capital (continued)

During the year ended December 31, 2011, the following share capital transactions occurred:

(a) 500,000 common shares valued at $200,000 were issued in lieu of a $500,000 work commitment on the Golden Fox Property (note 9);

(b) 2,000,000 common shares valued at $1,060,000 were issued as acquisition costs on the Sunrise Claims (note 9);

(c) 6,650,000 common shares valued at $3,998,749 were issued as acquisition costs on the La Paloma Claims (note 9);

(d) 2,010,000 warrants were exercised at prices of $0.18 to $0.25 per warrant for total proceeds of $613,882. The weighted average share price at the dates of exercise was $0.23 per share.

(e) 2,464,400 units were issued in a non-brokered private placement at a price of $0.90 per unit. Each unit consists of one common share and one-half of one transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until July 5, 2012. The fair value of the share purchase warrants was $462,374 and was allocated to reserves. The Company paid finder's fees comprising $174,556 and 193,952 finder's warrants. Each finder's warrant entitles the holder to acquire an additional common share of the Company at a price of $1.50 until July 5, 2012. The fair value of the finders's warrants was $83,778 and was included in reserves. Additional share issuances costs paid on the private placement were $11,306.

Basic and diluted loss per share

Diluted loss per share did not include the effect of 2,031,250 share options and 1,232,200 warrants as the effect would be anti-dilutive.

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.

11. SHARE CAPITAL (continued)

Share options (continued)

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.

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 on 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.

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relation 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.

The changes in share options during the years ended December 31, 2012 and 2011 are as follows:

	For the year ended December 31, 2012	**Weighted Average Exercise Price**	For the year ended December 31, 2011	Weighted Average Exercise Price
Balance, beginning of year	56,252	$1.73	160,420	$1.60
Activities during the year				
Granted	2,000,000	$0.15	-	-
Expired	-	-	(104,168)	$1.52
Cancelled	(25,002)	$1.74	-	-
Balance, end of year	2,031,250	$0.17	56,252	$1.73

11. SHARE CAPITAL (continued)

Share options (continued)

The following table summarizes information about share options outstanding at December 31, 2012:

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)	Expiry date
$1.68	18,750	18,750	0.64	August 22, 2013
$1.80	12,500	12,500	0.79	October 15, 2013
$0.15	2,000,000	2,000,000	4.52	July 9, 2017
	2,031,250	2,031,250	4.46	

The following table summarizes information about share options outstanding at December 31, 2011:

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)	Expiry date
$1.68	31,251	31,251	1.64	August 22, 2013
$1.80	25,001	25,001	1.79	October 15, 2013
	56,252	56,252	1.71	

Warrants

The changes in warrants during the years ended December 31, 2012 and 2011 are as follows:

	For the year ended December 31, 2012	Weighted Average Exercise Price	For the year ended December 31, 2011	Weighted Average Exercise Price
Balance at beginning of year	5,097,819	$1.06	5,887,163	$0.82
Issued	-	-	2,926,152	$1.50
Exercised	-	-	(2,010,000)	$0.23
Expired	(3,865,619)	$0.93	(1,705,496)	$1.79
Balance at end of year	1,232,200	$0.94	5,097,819	$1.06

11. SHARE CAPITAL (continued)

Warrants (continued)

A summary of warrants outstanding at December 31, 2012 is as follows:

Number of warrants	Exercise price	Expiry date	Weighted average remaining contractual life (years)
1,232,200	$0.94	July 5, 2013	0.52

A summary of warrants outstanding at December 31, 2011 is as follows:

Number of warrants	Exercise price	Expiry date	Weighted average remaining contractual life (years)
1,615,000	$0.23	October 27, 2012	0.82
556,667	$1.20	February 10, 2012	0.11
1,232,200	$1.50	July 05, 2012	0.51
193,952	$1.50	July 05, 2012	0.51
1,500,000	$1.50	August 9, 2012	0.61
5,097,819	$1.06		0.60

The Company used the Black-Scholes option pricing model to calculate the fair value of warrants issued as finders' fees and as payment on exploration and evaluation assets. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation, the following weighted-average assumptions were used:

	2012	2011
Volatility	-	180%
Risk-free interest rate	-	1.02%
Dividend yield	-	-
Expected life (years)	-	1.07

The Company used historical volatility to estimate the volatility of the share price.

On June 1, 2012, the Company amended the terms of 1,232,200 outstanding share purchase warrants that were issued on 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.

12. RESERVE

The share-based payment reserve records items recognized as share-based payment expense until such time as the share options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire or are cancelled unexercised, the related amount remains in the reserve account.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in the reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in the reserve account.

13. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

All of the Company's financial liabilities have contractual maturities of 30 days or due on receipt and are subject to normal trade terms.

13. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and GICs held with the bank. The Company considers this risk to be immaterial.

Fair value

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.

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 approximate the carrying amounts due to the short term nature of these instruments.

14. CAPITAL MANAGEMENT

The Company considers its capital structure to include shareholders' equity and debt. The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern and optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

There were no changes in the Company's approach to capital management during the year ended December 31, 2012.

The Company is not exposed to externally imposed capital requirements.

15. SEGMENTED INFORMATION

Geographic segments

The Company currently operates in one industry segment, being mineral exploration, and in the geographic areas as follows.

Property and Equipment	December 31, 2012	December 31, 2011
Canada	$ 5,918	$ 24,956

Exploration and Evaluation Assets	December 31, 2012	December 31, 2011
Canada	$ 1,620,395	$ 1,637,895
Mexico	-	5,786,247
	$ 1,620,395	$ 7,424,142

16. ADDITIONAL CASH FLOW INFORMATION

Significant non-cash transactions during the year ended December 31, 2012 and 2011 are as follows:

	Year ended	
	December 31, 2012	December 31, 2011
Shares issued for mineral properties	$ -	$ 5,138,500
Fair value of options granted	$ 146,699	$ -
Fair value of warrants granted	$ -	$ 546,152
Fair value of warrants exercised	$ -	$ (151,582)

17. COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from May 16, 2012 to June 15, 2013 with a total monthly commitment of $19,500. All the management services and consulting agreements can be terminated with 90 days notice.

18. INCOME TAXES

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

18. INCOME TAXES (continued)

	2012	2011
Statutory rates in Canada	25.00%	26.50%
Expected income tax recovery at Canadian statutory rates	(1,649,452)	(877,976)
Effect in reduction in statutory rates	-	49,697
Change in temporary differences	(9,690)	(46,241)
Non-deductible expenses for tax purposes	37,090	2,648
	(1,622,052)	(871,872)
Increase in valuation allowance	1,622,052	871,872
Income taxes recognized	$ -	$ -

Effective January 1, 2012, the Canadian federal corporate tax rate decreased from 16.5% to 15%. The reduction has resulted in a decrease in the Company's statutory tax rate from 26.5% to 25%.

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of December 31 are as follows:

	2012	2011
Non-capital losses carried forward	$ 4,957,874	$ 4,378,084
Excess of tax value of exploration and evaluation assets and property and equipment over carrying value	8,420,012	2,479,448
AFS investment	60,955	-
Share issue costs	166,192	259,288
Unrecognized deductible temporary differences	$ 13,605,033	$ 7,116,820

The Company has accumulated non-capital losses for Canadian tax purposes of $4,958,000 that expire in various years 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
	$ 4,958,000

19. SUBSEQUENT EVENTS

Option Agreement

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.

Private Placement

On February 22, 2013, the Company closed a non-brokered private placement financing for gross proceeds of $137,025.

The Company issued 3,915,000 units at a price of $0.035 per unit. 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 to registered dealers and arm's length parties. 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.

APPENDIX “E” Interim Financial Statements for the nine months ended September 30, 2014 (unaudited)

Weststar Resources Corp.

Condensed Interim Financial Statements

Nine Months Ended September 30, 2014

(Unaudited - Expressed in Canadian Dollars)

Weststar Resources Corp.

Nine Months Ended September 30, 2014

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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.

December 1, 2014

Weststar Resources Corp.

Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

		September 30, 2014		December 31, 2013
Assets				
Current				
Cash	$	**103,269**	$	1,586
Receivables (note 6)		**11,986**		3,618
Prepaid expenses		**75,000**		-
		190,255		5,204
Investment (note 7)		**2,250**		2,250
Property and Equipment (note 8)		**1,507**		2,047
Exploration and Evaluation Assets (note 9)		**1,694,218**		1,587,458
	$	**1,888,230**	$	1,596,959
Liabilities				
Current				
Accounts payable and accrued liabilities (note 11)	$	**146,367**	$	317,159
		146,367		317,159
Shareholders' Equity				
Share Capital (note 10)		**14,195,318**		13,395,459
Reserves (note 10)		**3,887,867**		3,901,080
Accumulated Other Comprehensive Income		**2,250**		2,250
Deficit		**(16,343,572)**		(16,018,989)
		1,741,863		1,297,800
	$	**1,888,230**	$	1,596,959

Going Concern (note 2)
Commitments (note 13)
Subsequent Event (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 September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Expenses				
Accounting, legal and audit (note 11)	**$ 750**	$ 2,300	**$ 2,650**	$ 13,817
Amortization	**180**	334	**540**	1,271
Consulting fees (note 11)	**65,500**	23,520	**141,709**	28,700
Management fees (note 11)	**31,500**	31,500	**94,500**	88,500
Office and general	**2,853**	4,670	**6,394**	17,269
Rent	**-**	-	**-**	5,350
Share-based payments	**28,459**	21,490	**66,123**	21,490
Shareholder communications and investor relations	**313**	4,450	**5,326**	4,450
Transfer agent and filing fees	**1,950**	2,559	**24,150**	14,474
	(131,505)	(90,823)	**(341,392)**	(195,321)
Other Expenses (Income)				
Realized gain on available-for-sale investments (note 7)	**2,150**	2,135	**6,472**	5,100
Gain on settlement of debt	**10,337**	-	**10,337**	-
Loss on sale of equipment	**-**	(1,747)	**-**	(1,747)
Write-off of debt	**-**	-	**-**	20,000
Net Loss for the Period	**(119,018)**	(90,435)	**(324,583)**	(171,968)
Items that may be reclassified subsequently to profit or loss				
Unrealized gain loss on available-for-sale investments (note 7)	**(3,750)**	(3,000)	**-**	(24,750)
Comprehensive Loss for the Period	**$ (122,768)**	$ (93,435)	**$ (324,583)**	$ (196,718)
Basic and Diluted Loss Per Share	**$ 0.01**	$ 0.01	**$ 0.02**	$ 0.01
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	**19,959,164**	14,602,417	**19,403,845**	14,203,373

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

Weststar Resources Corp.
Condensed Interim Statements of Changes in Equity
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited - 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 options granted	-	-	21,490	-	-	21,490
Comprehensive loss for the period	-	-	-	(24,750)	(171,968)	(196,718)
Balance, September 30, 2013	**15,686,746**	**$ 13,395,459**	**$ 3,901,080**	**$ 9,000**	**$ (15,927,664)**	**$ 1,377,875**

	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	8,140,000	407,000	-	-	-	407,000
Share issue costs	-	(16,807)	-	-	-	(16,807)
Shares issued for exploration and evaluation assets	1,675,000	106,500	-	-	-	106,500
Shares issued for debt settlement	1,225,800	122,580	-	-	-	122,580
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	-	-	60,483	-	-	60,483
Re-pricing of share options	-	-	5,640	-	-	5,640
Comprehensive loss for the period	-	-	-	-	(324,583)	(324,583)
Balance, September 30, 2014	**27,740,046**	**$ 14,195,318**	**$ 3,887,867**	**$ 2,250**	**$ (16,343,572)**	**$ 1,741,863**

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

Weststar Resources Corp.
Condensed Interim Statements of Cash Flows
For the Nine Months Ended September 30
(Unaudited - Expressed in Canadian Dollars)

	2014	2013
Operating Activities		
Net loss for the period	$ **(324,583)**	$ (171,968)
Items not involving cash		
Amortization	**540**	1,271
Share-based payments	**66,123**	21,490
Realized gain on available-for-sale investments	**(6,472)**	(5,100)
Gain on settlement of debt	**(10,337)**	-
Write-off of debt	**-**	(20,000)
Loss on sale of equipment	**-**	1,747
Changes in non-cash working capital		
Receivables	**(8,368)**	12,743
Prepaid expenses	**(75,000)**	2,590
Accounts payable and accrued liabilities	**(37,875)**	1,233
Cash Used in Operating Activities	**(395,972)**	(155,994)
Investing Activities		
Proceeds from investments	**6,472**	5,100
Deferred exploration and evaluation assets expenditures	**(260)**	20,048
Proceeds from sale of equipment	**-**	250
Recovery of reclamation deposit	**-**	5,000
Acquisition of exploration and evaluation assets	**-**	(5,000)
Cash Provided by Investing Activities	**6,212**	25,398
Financing Activity		
Shares issued for cash, net of issue costs	**491,443**	129,045
Cash Provided by Financing Activity	**491,443**	129,045
Inflow (Outflow) of Cash	**101,683**	(1,551)
Cash, Beginning of Period	**1,586**	2,893
Cash, End of Period	$ **103,269**	$ 1,342

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2014	2013
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Shares issued for exploration and evaluation assets	$ 106,500	$ -
Shares issued for debt settlement	$ 122,580	$ -
Fair value of options exercise	$ 79,336	$ -

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 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.

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 condensed interim 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 substantial doubt on the validity of this assumption. The Company incurred an operating loss during the nine months ended September 30, 2014 of $324,583 (September 30, 2013 - $171,968) and has a deficit of $16,343,572 (December 31, 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 condensed interim 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 condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

b) Basis of measurement

These condensed interim 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 condensed interim 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

The condensed interim financial statements of Weststar Resources Corp. for the nine months ended September 30, 2014 were approved and authorized for issue by the Board of Directors on December 1, 2014.

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 area of judgment applied in the preparation of the condensed interim 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 condensed interim 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 condensed interim 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, 2013. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013.

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.

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 September 30, 2014 equal $146,367 (December 31, 2013 - $317,159). All of the liabilities presented as accounts payable are due within 90 days of September 30, 2014.

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 September 30, 2014 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 nine months ended September 30, 2014. The Company is not subject to external restrictions on its capital.

6. RECEIVABLES

Receivables at September 30, 2014 consisted of GST recoverable and an outstanding expense reimbursement. Receivables at December 31, 2013 consisted of GST recoverable.

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 September 30, 2014, 150,000 common shares were held in escrow (December 31, 2013 - 225,000).

During the nine months ended September 30, 2014, the Company sold 150,000 common shares of CCK for proceeds of $6,472. At September 30, 2014, the fair value of the remaining 75,000 common shares of CCK held was $2,250. No unrealized gain or loss was recorded in other comprehensive income for the nine months ended September 30, 2014. At December 31, 2013, the fair value of the remaining 225,000 common shares of CCK held was $2,250.

During the nine months ended September 30, 2013, the Company sold 150,000 common shares of CCK for proceeds of $5,100. At September 30, 2013, the fair value of the remaining 225,000 common shares of CCK held was $9,000 and an unrealized loss of $19,650 was recorded in other comprehensive loss for the nine months ended September 30, 2013.

8. 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.

8. PROPERTY AND EQUIPMENT (Continued)

	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 September 30, 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	366	174	-	540
Balance, September 30, 2014	$ 2,201	$ 1,048	$ -	$ 3,249
Net Book Value, December 31, 2013	$ 889	$ 1,158	$ -	$ 2,047
Net Book Value, September 30, 2014	$ 523	$ 984	$ -	$ 1,507

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):

9. EXPLORATION AND EVALUATION ASSETS (Continued)

Axe Property (continued)

- $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.

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.

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 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.

9. EXPLORATION AND EVALUATION ASSETS (Continued)

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 300,000 common shares (valued at $24,000) as consideration for the agreement.

Lac Gueret West Property

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 1,250,000 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.

The Company did not issue any shares or make any payments and is no longer pursuing the Lac Gueret West Property.

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).

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 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 three months ended March 31, 2014, the Company terminated the option agreement.

9. 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 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.

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	East Miller Claims	Page Property	Total
Balance, December 31, 2013	**$ 1,587,458**	**$ -**	**$ -**	**$ 1,587,458**
Acquisition costs	-	82,760	24,000	106,760
Balance, September 30, 2014	**$ 1,587,458**	**$ 82,760**	**$ 24,000**	**$ 1,694,218**

	Axe Property	Albany South East Property	Tahts Reach 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 nine months ended September 30, 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.

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 nine months ended September 30, 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. The units are subject to a four-month hold period.

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).

10. SHARE CAPITAL (Continued)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	September 30, 2014		**December 31, 2013**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	1,055,250	$0.20	616,100	$ 1.88
Issued	8,140,000	$0.08	1,055,250	$ 0.14
Expired	-	-	(616,100)	$ 1.88
Outstanding, end of period	9,195,250	$0.09	1,055,250	$ 0.14

During the nine months ended September 30, 2014

During the nine months ended September 30, 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 $0.04. Accordingly, $2,707 was recognized as share-based payments expense during the year ended December 31, 2013.

The following warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**September 30, 2014**
February 22, 2015	0.40	$ 0.20	1,055,250
September 16, 2016	1.96	$ 0.075	8,140,000
	1.75		9,195,250

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:

	September 30, 2014		**December 31, 2013**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,550,000	$ 0.23	1,015,625	$ 0.34
Granted	1,290,000	$ 0.06	550,000	$ 0.10
Exercised	(1,012,500)	$ 0.10	-	-
Expired	(355,000)	$ 0.30	(15,625)	$ 3.46
Outstanding, end of period	1,472,500	$ 0.07	1,550,000	$ 0.23

During the nine months ended September 30, 2014

During the nine months ended September 30, 2014, the Company granted 1,290,000 stock options to consultants with expiry dates of two 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 149%; and expected life of 2 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 $0.05. Accordingly, $60,483 was recognized as share-based payment expense during the nine months ended September 30, 2014.

10. SHARE CAPITAL (Continued)

Share options (continued)

During the nine months ended September 30, 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 nine months ended September 30, 2014, the Company amended the exercise price of 645,00 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:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**September 30, 2014**
April 7, 2016	1.52	$ 0.10	207,500
June 13, 2016	1.70	$ 0.055	150,000
July 2, 2016	1.76	$ 0.05	750,000
July 4, 2016	1.76	$ 0.055	50,000
July 9, 2017	2.78	$ 0.10	315,000
	1.94	$ 0.23	1,472,500

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 nine months ended September 30:

	2014	**2013**
Short-term compensation	$ 102,000	$ 102,430

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.

11. RELATED PARTY TRANSACTIONS (Continued)

As at September 30, 2014, accounts payable and accrued liabilities included $38,360 (December 31, 2013 - $125,556) due to current 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.

12. SEGMENTED DISCLOSURE

The Company currently operates in one industry segment, being mineral exploration, and in one geographic area, being Canada.

13. 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.

14. SUBSEQUENT EVENT

On November 25, 2014, the Company granted 140,000 stock options at an exercise price of $0.07 per share with an expiry date of three years from the date of grant to a consultant. The options vested immediately upon grant.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, WESTSTAR RESOURCES CORP., hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to WESTSTAR RESOURCES CORP. 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 22nd day of December, 2014.

"*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