

Weststar Resources Corp.

Condensed Interim Financial Statements

Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

Weststar Resources Corp.

Three Months Ended March 31, 2016

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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.

May 30, 2016

Weststar Resources Corp.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	March 31, 2016	December 31, 2015
Assets		
Current		
Cash	\$ 98,687	\$ 168,451
Receivables (note 6)	23,552	21,120
Prepaid expenses	3,000	4,888
	125,239	194,459
Advances to North Road Ventures Ltd. (note 7)	107,500	107,500
Property and Equipment (note 8)	1,395	1,542
Exploration and Evaluation Assets (note 9)	1	1
	\$ 234,135	\$ 303,502
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11)	\$ 114,591	\$ 104,210
	114,591	104,210
Shareholders' Equity		
Share Capital (note 10)	14,649,516	14,649,516
Reserves (note 10)	4,324,294	4,318,849
Deficit	(18,854,266)	(18,769,073)
	119,544	199,292
	\$ 234,135	\$ 303,502

Going Concern (note 2)

Commitments (note 14)

Approved on behalf of the Board:

<i>"Keith Anderson"</i>	<i>"William Rascan"</i>
..... Director Director
Keith Anderson	William Rascan

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

Weststar Resources Corp.
Condensed Interim Statements of Comprehensive Loss
For the Three Months Ended March 31
(Unaudited - Expressed in Canadian Dollars)

	2016	2015
Expenses		
Accounting, legal and audit	\$ 4,754	\$ 1,650
Amortization	147	160
Consulting fees	26,000	115,500
Management fees (note 11)	31,500	31,500
Office and general	5,028	1,758
Rent	2,250	750
Share-based payments	5,445	1,410
Shareholder communications and investor relations (note 11)	6,050	100
Transfer agent and filing fees	4,019	16,289
	85,193	169,117
Realized gain on available-for-sale investments (note 12)	-	(1,400)
Net Loss for the Period	85,193	167,717
Items that may be reclassified subsequently to profit or loss		
Unrealized loss on available-for-sale investments (note 12)	-	750
Comprehensive Loss for the Period	\$ 85,193	\$ 168,467
Basic and Diluted Loss Per Share	\$ 0.00	\$ 0.01
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	47,556,990	30,916,990

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

Weststar Resources Corp.
Condensed Interim Statements of Changes in Equity
For the Three Months Ended March 31, 2016
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Received	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2014	30,916,990	\$ 14,278,181	\$ -	\$ 3,901,439	\$ 27,050	\$ (18,079,919)	\$ 126,751
Share subscriptions received	-	-	93,500	-	-	-	93,500
Share options granted	-	-	-	1,410	-	-	1,410
Comprehensive loss for the period	-	-	-	-	(750)	(167,717)	(168,467)
Balance, March 31, 2015	30,916,990	\$ 14,278,181	\$ 93,500	\$ 3,902,849	\$ 26,300	\$ (18,247,636)	\$ 53,194
Balance, December 31, 2015	47,556,990	\$ 14,649,516	\$ -	\$ 4,318,849	\$ -	\$ (18,769,073)	\$ 199,292
Share options granted	-	-	-	5,445	-	-	5,445
Comprehensive loss for the period	-	-	-	-	-	(85,193)	(85,193)
Balance, March 31, 2016	47,556,990	\$ 14,649,516	\$ -	\$ 4,324,294	\$ -	\$ (18,854,266)	\$ 119,544

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

Weststar Resources Corp.
Condensed Interim Statements of Cash Flows
For the Three Months Ended March 31
(Unaudited - Expressed in Canadian Dollars)

	2016	2015
Operating Activities		
Net loss for the period	\$ (85,193)	\$ (167,717)
Items not involving cash		
Amortization	147	160
Share-based payments	5,445	1,410
Realized gain on available-for-sale investments	-	(1,400)
Changes in non-cash working capital		
Receivables	(2,432)	3,762
Prepaid expenses	1,888	(20,250)
Accounts payable and accrued liabilities	10,381	(39,291)
Cash Used in Operating Activities	(69,764)	(223,326)
Investing Activities		
Proceeds from investments	-	1,400
Acquisition of equipment	-	(856)
Cash Provided by Investing Activities	-	544
Financing Activity		
Share subscriptions received	-	150,500
Cash Provided by Financing Activity	-	150,500
Outflow of Cash	(69,764)	(72,282)
Cash, Beginning of Period	168,451	90,004
Cash, End of Period	\$ 98,687	\$ 17,722

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2016	2015
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Weststar Resources Corp. (the "Company") is a Vancouver, British Columbia, based company incorporated on October 27, 2004 in the province of British Columbia. During the year ended December 31, 2006, the Company completed its initial public offering on the TSX Venture Exchange ("TSX-V"), and the Company's shares were listed for trading on September 22, 2006. On February 10, 2015, the Company delisted from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

The principal address of the Company is located at 1656 Scarborough Crescent, Port Coquitlam, British Columbia, Canada, V3C 2R1.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company incurred an operating loss during the three months ended March 31, 2016 of \$85,193 (March 31, 2015 - \$167,717) and has a deficit of \$18,854,266 (December 31, 2015 - \$18,769,073), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2015 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (Continued)

c) Approval of the condensed interim financial statements

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30, 2016.

d) Use of estimates and judgments

The preparation of these condensed interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- The carrying value of the exploration and evaluation assets and the recoverability of the carrying value

Assets or cash-generating units (“CGUs”) are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s resource properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

- Going Concern

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

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of deferred tax assets;
- Provision for reclamation costs, among others; and
- Assumptions used to calculate share-based payments.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended December 31, 2015. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015.

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; advances as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of March 31, 2016 equal \$114,591 (December 31, 2015 - \$104,210). All of the liabilities presented as accounts payable are due within 90 days of March 31, 2016.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at March 31, 2016 the Company is not exposed to significant market risk.

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

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 three months ended March 31, 2016. The Company is not subject to external restrictions on its capital.

6. RECEIVABLES

Receivables at March 31, 2016 consisted of GST recoverable of \$23,552 (December 31, 2015 - \$21,120).

7. ADVANCES TO NORTH ROAD VENTURES LTD.

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

Subsequent to March 31, 2016, the Company entered into a definitive agreement to acquire a 50% interest in North Road (note 15).

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

Subsequent to March 31, 2016, the MMPR application was submitted by North Road and the Company forgave repayment of the advance (note 15).

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Computer Equipment	Office Equipment	Total
Cost			
Balance, December 31, 2014	\$ 2,724	\$ 2,032	\$ 4,756
Addition	856	-	856
Balance, December 31, 2015 and March 31, 2016	\$ 3,580	\$ 2,032	\$ 5,612
Amortization			
Balance, December 31, 2014	\$ 2,324	\$ 1,105	\$ 3,429
Amortization	456	185	641
Balance, December 31, 2015	2,780	1,290	4,070
Amortization	110	37	147
Balance, March 31, 2016	\$ 2,890	\$ 1,327	\$ 4,217
Net Book Value, December 31, 2015	\$ 800	\$ 742	\$ 1,542
Net Book Value, March 31, 2016	\$ 690	\$ 705	\$ 1,395

9. EXPLORATION AND EVALUATION ASSETS

	Axe Property
Balance, December 31, 2014, December 31, 2015 and March 31, 2016	\$ 1

Axe Property

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

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

On August 23, 2013, the Company and Bearclaw Capital Corp. ("Bearclaw"), the holder of the remaining 30% participating interest in the Axe property, entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

Axe Property (continued)

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

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

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

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

The \$30,000 payment was not received and the Company determined that Copper Mountain was in default of the agreement. The Company does not plan to further develop the Axe Property without a joint venture partner. Accordingly, the property was deemed to be impaired at December 31, 2014 and written down to \$1.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

Title to exploration and evaluation interests

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

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

During the year ended December 31, 2015

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

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of \$0.05 per unit for gross proceeds of \$509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of \$0.075. The Company allocated \$254,500 of the proceeds to the common shares and \$254,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of \$30,800 and other share issue costs of \$773.

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

Warrants

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

	March 31, 2016		December 31, 2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	27,720,000	\$ 0.075	12,135,250	\$ 0.09
Issued	-	-	16,640,000	\$ 0.075
Expired	-	-	(1,055,250)	\$ 0.20
Outstanding, end of period	27,720,000	\$ 0.075	27,720,000	\$ 0.075

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

Warrants (continued)

The following warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	March 31, 2016	December 31, 2015
September 16, 2016	0.46	\$ 0.075	8,140,000	8,140,000
December 16, 2016	0.71	\$ 0.075	2,940,000	2,940,000
July 27, 2017	1.31	\$ 0.075	6,460,000	6,460,000
October 26, 2017	1.57	\$ 0.075	10,180,000	10,180,000
	1.09	\$ 0.075	27,720,000	27,720,000

Share options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and the options are exercisable for a period not to exceed 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Share option transactions and the number of share options outstanding are summarized as follows:

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)**Share options (continued)**

	March 31, 2016		December 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	2,112,500	\$ 0.06	2,012,500	\$ 0.06
Granted	300,000	\$ 0.05	100,000	\$ 0.05
Expired	(100,000)	\$ 0.05	-	-
Outstanding, end of year	2,312,500	\$ 0.06	2,112,500	\$ 0.06

During the three months ended March 31, 2016

During the three months ended March 31, 2016, the Company granted 300,000 share options to consultants with an expiry date of one year from the date of grant and exercise price of \$0.05 per share. The options granted are fully vested and exercisable upon grant.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.46%; expected dividend yield of zero; expected share price volatility of 376%; and expected life of 1 year. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was \$0.02. Accordingly, \$5,445 was recognized as share-based payment expense during the three months ended March 31, 2016.

During the year ended December 31, 2015

During the year ended December 31, 2015, the Company granted 100,000 share options to a consultant with an expiry date of one year from the date of grant and exercise price of \$0.05 per share. The options granted are fully vested and exercisable upon grant.

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.57%; expected dividend yield of zero; expected share price volatility of 260%; and expected life of 1 year. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was \$0.014. Accordingly, \$1,410 was recognized as share-based payment expense during the year ended December 31, 2015.

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

Share options (continued)

The following share options were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	March 31, 2016	December 31, 2015
March 11, 2016	-	\$ 0.05	-	100,000
April 7, 2016*	0.02	\$ 0.10	57,500	57,500
June 13, 2016	0.20	\$ 0.055	150,000	150,000
July 2, 2016	0.25	\$ 0.05	750,000	750,000
July 4, 2016	0.26	\$ 0.055	50,000	50,000
August 22, 2016	0.39	\$ 0.05	300,000	300,000
September 5, 2016	0.43	\$ 0.05	100,000	100,000
February 16, 2017	0.88	\$ 0.05	300,000	-
July 9, 2017	1.27	\$ 0.10	315,000	315,000
November 25, 2017	1.65	\$ 0.07	140,000	140,000
April 7, 2019	3.02	\$ 0.10	150,000	150,000
	0.76	\$ 0.06	2,312,500	2,112,500

* expired unexercised subsequent to March 31, 2016

11. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the condensed interim statements of comprehensive loss for the three months ended March 31:

	2016	2015
Short-term compensation	\$ 34,500	\$ 31,500

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

Of the \$34,500 recorded as short-term compensation for the three months ended March 31, 2016 (2015 - \$31,500), \$31,500 was recorded as management fees (2015 - \$31,500) and \$3,000 (2015 - \$nil) was recorded as shareholder communications and investor relations.

As at March 31, 2016, accounts payable and accrued liabilities included \$44,911 (December 31, 2015 - \$24,132) due to current and former directors and officers. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

12. INVESTMENT

Canada Coal Inc. ("CCK")

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

During the three months ended March 31, 2015, the Company sold 75,000 common shares of CCK for proceeds of \$1,400.

13. SEGMENTED DISCLOSURE

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

14. COMMITMENTS

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

15. SUBSEQUENT EVENTS

- a) Subsequent to March 31, 2016, 57,500 share options expired unexercised.
- b) Subsequent to March 31, 2016, the MMPR application was submitted by North Road, and the Company forgave repayment of the advance.
- c) On April 4, 2016, the Company issued 3,770,000 units at a price of \$0.05 per unit for gross proceeds of \$188,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of \$0.075.

Weststar Resources Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited - Expressed in Canadian Dollars)

15. SUBSEQUENT EVENTS (Continued)

- d) On April 28, 2016, the Company signed a definitive agreement to acquire a 50% interest in North Road by loaning North Road \$600,000, paying \$30,000 in cash or common shares of the Company, and issuing an aggregate 15,000,000 common shares of the Company over a series of milestones while obtaining the MMPR license as follows:
- Non-refundable payment of \$30,000 on April 28, 2016 (paid);
 - Issuance of 3,500,000 common shares of the Company immediately upon Exchange approval of the transaction for the purchase of 15% of North Road;
 - Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving Security Clearance to and as defined in the MMPR application for the purchase of an additional 5% of North Road (cumulative 20%);
 - Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 5% of North Road (cumulative 25%). The Company must also provide North Road with a \$600,000 unsecured loan repayable from positive cash flows of North Road over a period of five years and bearing interest at the Bank of Canada Prime Rate; and
 - Issuance of 7,500,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 25% of North Road (cumulative 50%).

The definitive agreement constitutes a change of business and is subject to approval by the Exchange. As of May 30, 2016, the release date of these financial statements, the Company had not received approval from the Exchange.