

# **WESTHAM RESOURCES CORP.**

**(A Capital Pool Company)**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**March 31, 2014 and 2013**

**Expressed in Canadian dollars**

**(Unaudited)**

*Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these condensed interim financial statements.*

**WESTHAM RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*Canadian Dollars*  
*Unaudited – Prepared by Management*

	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 231,067	\$ 241,257
Receivables	7,384	7,035
Prepaid expenses	<u>5,882</u>	<u>-</u>
	<u>\$ 244,333</u>	<u>\$ 248,292</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 13,205</u>	<u>\$ 11,522</u>
<b>Shareholders' equity</b>		
Capital stock (Note 4)	290,375	290,375
Contributed surplus	6,000	6,000
Deficit	<u>(65,247)</u>	<u>(59,605)</u>
	<u>231,128</u>	<u>236,770</u>
	<u>\$ 244,333</u>	<u>\$ 248,292</u>

**Nature and continuance of operations** (Note 1)

**Related party transactions** (Note 5)

**Subsequent event** (Note 6)

**On behalf of the Board of Directors on May 29, 2014**

*Signed "Scott Gibson"*

Director

*Signed "Andrew MacRitchie"*

Director

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

**WESTHAM RESOURCES CORP.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHESIVE LOSS***Canadian Dollars**Unaudited – Prepared by Management*

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	For the three months ended March 31, 2014	For the three months ended March 31, 2013
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<b>EXPENSES</b>		
Audit and accounting fees	\$ 1,912	\$ 1,912
Filing fees	<u>3,730</u>	<u>3,381</u>
<b>Loss and comprehensive loss for the period</b>	<b>\$ 5,642</b>	<b>\$ 5,293</b>
<hr/>		
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
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<b>Weighted average number of common shares outstanding (excluding escrowed shares)</b>	<b>1,960,000</b>	<b>1,960,000</b>

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

**WESTHAM RESOURCES CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY***Canadian Dollars**Unaudited – Prepared by Management*

	<u>Capital Stock</u>				Total Shareholders' Equity
	Shares	Amount	Contributed Surplus	Deficit	
Balance, December 31, 2012	5,200,000	\$ 290,375	\$ 6,000	\$ (32,324)	\$ 264,051
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,293)</u>	<u>(5,293)</u>
Balance, March 31, 2013	5,200,000	290,375	6,000	(37,617)	258,758
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,988)</u>	<u>(21,988)</u>
Balance, December 31, 2013	5,200,000	290,375	6,000	(59,605)	236,770
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,642)</u>	<u>(5,642)</u>
Balance, March 31, 2014	5,200,000	\$ 290,375	\$ 6,000	\$ (65,247)	\$ 231,128

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

**WESTHAM RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
*Canadian Dollars*  
*Unaudited – Prepared by Management*

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (5,642)	\$ (5,293)
Changes in non-cash working capital items:		
Increase in receivables	(349)	(770)
Increase in prepaid expenses	(5,882)	(3,900)
Increase in accounts payable and accrued liabilities	1,683	(2,776)
Net cash used in operating activities	(10,190)	(7,187)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
<b>Decrease in cash during the period</b>	(10,190)	(7,187)
<b>Cash, beginning of period</b>	241,257	264,608
<b>Cash, end of period</b>	\$ 231,067	\$ 257,421
<b>Cash paid during the period for interest</b>	\$ -	\$ -
<b>Cash paid during the period for income taxes</b>	\$ -	\$ -

There were no significant non-cash transactions during the three month periods ended March 31, 2014 and March 31, 2013.

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

# **WESTHAM RESOURCES CORP.**

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three month period ended March 31, 2014

*Canadian Dollars*

*Unaudited – Prepared by Management*

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Westham Resources Corp. (the "Company") is a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company's sole business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (also defined in TSX-V Policy 2.4). The Company was incorporated on December 7, 2011 under the *British Columbia Business Corporations Act*.

The address of the Company's head office is Suite 1518 – 800 West Pender Street, Vancouver, BC V6C 2V6. The address of the Company's registered office is 1600 – 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company has no source of revenue, has an accumulated deficit of \$65,247 at March 31, 2014, and expects to incur further losses. All of these factors cast significant doubt upon the Company's ability to continue as a going concern and, therefore suggest that the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business within 24 months of listing on the TSX-V. The Company was listed on the TSX-V on September 24, 2012. Any acquisition or investment proposed by the Company will be subject to regulatory approval, and may or may not require additional financing. Although the Company has been successful in obtaining seed financing, there is no assurance that it will be able to obtain adequate financing in the future, or that such financing will be on terms that are advantageous to the Company.

### **2. BASIS OF PREPARATION**

These condensed interim financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board and are consistent with interpretations made by the International Financial Reporting Interpretations Committee ("IFRIC") which were effective as of May 29, 2014, the date the Board of Directors authorized these financial statements for issuance. These condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements for the period ended December 31, 2013.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements. Actual results could differ from these estimates. Critical estimates and judgments are discussed more fully in the Company's audited financial statements for the period ended December 31, 2013.

# **WESTHAM RESOURCES CORP.**

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three month period ended March 31, 2014

*Canadian Dollars*

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements are expressed in Canadian dollars, the Company's functional and presentation currency, and have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Accounting policies used in the preparation of these financial statements are consistent with those described in the Company's audited annual financial statements for the period ended December 31, 2013, except for the following item that reflects a change to IFRS:

*IAS 32, Financial Instruments: Presentation;* This standard has been amended to clarify requirements for offsetting financial assets and liabilities.

Adoption of the above amended accounting standard has had no material impact on the quarterly financial statements.

#### **Upcoming Changes in Accounting Standards**

*IFRS 7, Financial Instruments: Disclosures* requires additional disclosures on transition from IAS 39 and IFRS 9, and will be effective for the Company's year ended December 31, 2015.

*IFRS 9, Financial Instruments* introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, *IFRS 9* requires all recognized financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and will be effective for the Company's year ended December 31, 2018.

The Company is in the process of assessing the impact of the upcoming changes in accounting standards.

### **4. CAPITAL STOCK**

#### **Authorized**

Unlimited common shares with no par value and unlimited preferred shares with no par value.

#### **Issuances**

During the three month period ended March 31, 2014 no additional common shares were issued by the Company.

#### **Escrow**

As at March 31, 2014, the Company has 3,240,000 shares held in escrow. Under the escrow agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin following completion of the Qualifying Transaction (Note 1). Additional tranches of 15% will be released on each of the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release of 10%.

## WESTHAM RESOURCES CORP.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month period ended March 31, 2014

Canadian Dollars

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#### 4. CAPITAL STOCK (CONTINUED)

##### Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall be determined by the directors but will in no event be less than the discount market price for the common shares. Stock options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

No options have been granted as of March 31, 2014.

##### Warrants

There was no stock purchase warrant activity in 2013, nor in the 3 months ended March 31, 2014.

As at March 31, 2014, the outstanding share purchase warrants were as follows:

Expiry Date	Exercise Price	Number of Warrants
September 24, 2014	\$0.10	140,000

The fair value of the warrants issued September 24, 2012 was calculated using the Black-Scholes Option Pricing Model, based on the following weighted average assumptions:

	September 24, 2012
Average risk-free interest rate	1.125%
Expected dividend yield	0.000%
Expected stock price volatility	62.5%
Average expected warrant life in years	2.0 years

Option and warrant pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's warrants at the date of grant.



## **WESTHAM RESOURCES CORP.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three month period ended March 31, 2014

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#### **5. RELATED PARTY TRANSACTIONS**

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements.

a) Key management personnel:

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel received no remuneration for their services during the three month periods ended March 31, 2013 and 2014.

#### **6. SUBSEQUENT EVENTS**

Subsequent to March 31, 2014, the Company announced on May 21, 2014 that it had signed a Letter of Intent ("LOI") with Kivalliq Energy Corporation. Under the terms of the LOI, Westham and Kivalliq will enter into a definitive option agreement, pursuant to which Westham may earn up to an 85% interest in Kivalliq's "Genesis" uranium project. To reach the full 85% interest, by August 31, 2018 the Company must make aggregate cash payments of \$1 million, complete \$5 million in exploration expenditures and issue common shares to Kivalliq in two equal tranches, together totaling 20% of Westham's outstanding common shares immediately after closing of this transaction including shares issued under an anticipated concurrent financing. Details of this concurrent financing, including terms, have not yet been finalized.

The execution of the option agreement and the advance of initial consideration to Kivalliq thereunder is intended to serve as the Company's Qualifying Transaction under the policies of the TSX Venture Exchange. It is anticipated that upon completion of the proposed Qualifying Transaction, the Company will be listed on the TSX Venture Exchange as a Tier 2 Mining Issuer and will change its name to Roughrider Exploration Limited.

Both the proposed Qualifying Transaction and the concurrent financing are subject to the approval of the TSX Venture Exchange.