

WESTERN PACIFIC TRUST COMPANY

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

THREE MONTHS ENDED MARCH 31, 2016
(Unaudited)

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WESTERN PACIFIC TRUST COMPANY

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

THREE MONTHS ENDED MARCH 31, 2016
(Unaudited)

Notice of disclosure of non-auditor review of condensed interim consolidated financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed interim consolidated financial statements of Western Pacific Trust Company for the period ended March 31, 2016 have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

WESTERN PACIFIC TRUST COMPANY**Condensed Interim Consolidated Statements of Financial Position**

(Expressed in Canadian Dollars)

	Note	(Unaudited) March 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash		\$ 994,801	\$ 948,051
Accounts receivable	5	139,314	28,730
Prepaid expenses		26,485	20,481
		1,160,600	997,262
Deposits	14	43,081	33,514
Restricted cash	6	5,785	5,600
Property and equipment	7	22,322	23,580
Intangible assets	8	35,780	37,663
		\$ 1,267,568	\$ 1,097,619
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	13	\$ 85,094	\$ 106,865
Deferred revenue		5,488	8,674
Preferred shares	10	100,000	100,000
		190,582	215,539
Subordinated loans	9	96,527	407,027
		287,109	622,566
SHAREHOLDERS' EQUITY			
Common shares	10	1,536,734	1,536,734
Preferred shares, net of share issue costs	10	989,768	504,643
Reserves		336,417	335,069
Accumulated deficit		(1,882,460)	(1,901,393)
		980,459	475,053
		\$ 1,267,568	\$ 1,097,619

Approved on behalf of the Board

"J. Cowan McKinney"
Director

"Steven Youngman"
Director

WESTERN PACIFIC TRUST COMPANY**Condensed Interim Consolidated Statements of Comprehensive Income**

(Expressed in Canadian Dollars)

(Unaudited)

		Three months ended	
	Note	March 31, 2016	March 31, 2015
Revenue			
Consulting and trust service fee income		\$ 9,070	\$ 7,263
Self-Administered Plan fee income		207,073	187,637
Interest		17,527	19,475
		233,670	214,375
General and administrative expenses	13,16	194,859	187,102
Income from operations		38,811	27,273
Amortization of property and equipment	7	(1,258)	(1,376)
Amortization of intangible assets	8	(1,883)	(1,543)
Finance expense	13	(7,300)	(1,594)
Share-based payments	11,13	(6,538)	-
Net income and comprehensive income		\$ 21,832	\$ 22,760
Earnings per share, basic and diluted	10	\$ 0.0005	\$ 0.0007
Weighted average number of common shares outstanding		25,018,558	25,018,558

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY**Condensed Interim Consolidated Statements of Equity**

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital				Reserves		Total Shareholders' Equity
	Common Shares	Amount	Preferred Shares	Amount	Share-Based Payments	Accumulated Deficit	
Balance, December 31, 2014	25,018,558	\$ 1,536,734	39,750	\$389,346	\$ 323,985	\$(1,761,871)	\$ 488,194
Dividends paid on preferred shares	-	-	-	-	-	(4,969)	(4,969)
Net income for the period	-	-	-	-	-	22,760	22,760
Balance, March 31, 2015	25,018,558	\$ 1,536,734	39,750	\$389,346	\$ 323,985	\$(1,744,080)	\$ 505,985
Balance, December 31, 2015	25,018,558	\$ 1,536,734	51,750	\$504,643	\$ 335,069	\$(1,901,393)	\$ 475,053
Preferred shares issued	-	-	49,600	496,000	-	-	496,000
Share issue costs on preferred shares	-	-	-	(10,875)	-	-	(10,875)
Share-based payments	-	-	-	-	6,538	-	6,538
Dividends paid on preferred shares	-	-	-	-	-	(8,089)	(8,089)
Transfer of options expired	-	-	-	-	(5,190)	5,190	-
Net income for the period	-	-	-	-	-	21,832	21,832
Balance, March 31, 2016	25,018,558	\$ 1,536,734	101,350	\$989,768	\$ 336,417	\$(1,882,460)	\$ 980,459

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended, March 31	
	2016	2015
Operating activities		
Net income for the period	\$ 21,832	\$ 22,760
Items not involving cash		
Amortization of property and equipment	3,142	2,919
Share-based payments	6,538	-
	31,512	25,679
Changes in non-cash working capital balances		
Accounts receivable	(110,769)	(20,658)
Deposits	(9,567)	-
Prepaid expenses	(6,004)	8,642
Accounts payable and accrued liabilities	(21,772)	20,898
Deferred revenue	(3,186)	(1,260)
Net cash (used in) provided by operating activities	(119,786)	33,301
Financial activities		
Dividends paid	(8,089)	(4,969)
Subordinated debt	(310,500)	71,120
Proceeds from issuance of preferred shares, net of share issue costs	485,125	-
Net cash provided by financing activities	166,536	66,151
Increase in cash during the period	46,750	99,452
Cash, beginning of the period	948,051	523,636
Cash, end of the period	\$ 994,801	\$ 623,088

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY
Notes to the Condensed Interim Consolidated Financial Statements
Three Months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited)

1. Corporate Information

Western Pacific Trust Company (the "Company") has been listed on the TSX Venture Exchange since 1999 under stock symbol "WP".

The Company is a British Columbia incorporated, publicly traded, non-deposit taking independent trust company licensed under the *Financial Institutions Act* in British Columbia and the *Loan and Trust Corporations Act* in Alberta to conduct trust business in both provinces. The Company is not authorized to receive or hold funds on deposit. The Company may invest in corporations that carry on businesses described in Chapter 141 of the *Financial Institutions Act*.

The Company acts as Trustee for Self-Administered Registered Retirement Savings Plans ("RRSP"), which permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. The Company also offers self-administered Tax-Free Savings Accounts ("TFSA"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for both the RRSP and TFSA self-administered accounts include securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

In June 2014 the Company changed the name of its wholly-owned subsidiary Futureworth Financial Planners Corp. to WP Private Equity Transfers Inc. ("WPPET"), a British Columbia incorporated company. WPPET provides transfer agency services for non-listed, non-reporting issuers.

The Company earned net income of \$21,832 for the period ended March 31, 2016 (March 31, 2015 - \$22,760) and has an accumulated deficit of \$1,882,460 as of March 31, 2016 (December 31, 2015 - \$1,901,393). At March 31, 2016, the Company has cash of \$994,801 (December 31, 2015 - \$948,051) and working capital of \$970,018 (December 31, 2015 - \$781,723).

The financial statements were approved by the board of directors and authorized for issue on May 20, 2016.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, these condensed interim consolidated financial statements do not include all the information and disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS.

2.2 Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are recorded at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Company's interim results are not necessarily indicative of its results for the full year.

WESTERN PACIFIC TRUST COMPANY
Notes to the Condensed Interim Consolidated Financial Statements
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2. Basis of preparation (continued)

2.3 Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Actual results could differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgment and assumptions applied in the preparation of these condensed interim consolidated financial statements and other major sources of measurement uncertainty are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2015.

3. Summary of significant accounting policies

3.1 Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its integrated wholly-owned subsidiary, WPJET. All material intercompany balances have been eliminated.

3.2 Other accounting policies

For a complete summary of accounting policies, please refer to the audited consolidated financial statements for the year ended December 31, 2015.

3.3 Accounting standards not yet effective

The following are future accounting pronouncements which have not been early adopted by the Company. At this time, management has reviewed these pronouncements and have yet to assess their full impact on the Company's consolidated financial statements.

IFRS 9 Financial Instruments (2014)

This is a finalizing version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss model" for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

WESTERN PACIFIC TRUST COMPANY
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3. Summary of significant accounting policies (continued)

3.3 Accounting standards not yet effective (continued)

- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.

Applicable to the Company's annual period beginning on or after January 1, 2019.

4. Financial instruments

4.1 Categories of financial instruments

The Company has classified its financial instruments as follows:

- Cash – as fair value through profit or loss
- Trade accounts receivable and deposits (other than rental deposit) – as loans and receivable
- Restricted cash – as held-to-maturity
- Trade accounts payable and accrued liabilities, preferred shares liability and subordinated loans – as other financial liabilities.

WESTERN PACIFIC TRUST COMPANY
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4. Financial instruments (continued)

4.2 Fair value

The fair values of the financial instruments, other than the preferred shares liability and subordinated loans, approximates their carrying value as at March 31, 2016 due to the demand nature or short-term maturity of these instruments. Preferred shares liability approximates fair value as the amounts represented are at current values. Subordinated loans approximate fair value as they are based on current market rates of interest.

4.3 Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) 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 manages credit risk in respect of cash by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. Trade accounts receivable are due from clients. The Company manages credit risk in respect to accounts receivable by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at March 31, 2016 and December 31, 2015.

Concentration of credit risk exists with respect to the Company's cash as the majority of amounts are held at a single major Canadian chartered bank. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2016	December 31, 2015
Cash	\$ 329,923	\$ 300,510
Cash in interest bearing account	664,878	647,541
Total cash	994,801	948,051
Deposits other than rental deposit	24,249	14,682
Restricted cash	5,785	5,600
Accounts receivable	139,314	28,730
	\$ 1,164,149	\$ 997,063

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 manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements. At March 31, 2016, the Company had trade accounts payable of \$20,345 (December 31, 2015 - \$28,504), which are due for payment in 0 to 3 months, and preferred shares of \$100,000 (December 31, 2015 - \$100,000), which is due on demand.

WESTERN PACIFIC TRUST COMPANY
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4. Financial instruments (continued)

4.3 Financial risk management objectives and policies (continued)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i) Interest rate risk

Interest rate risk consists of two components:

- a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- b) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to any significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to other price risk.

The Company's exposure to and management of credit risk, liquidity risk and market risk related to financial instruments above have not changed materially for the three months ended March 31, 2016.

5. Accounts receivable

The Company's trade accounts receivable is aged as follows:

	March 31, 2016	December 31, 2015
Less than 1 month	\$ 116,535	\$ 9,552
1 to 3 months	13,777	4,316
More than 3 months	9,002	14,862
	<u>\$ 139,314</u>	<u>\$ 28,730</u>

The Company anticipates full recovery of these amounts and therefore no allowance has been recorded against accounts receivable.

WESTERN PACIFIC TRUST COMPANY

Notes to the Condensed Interim Consolidated Financial Statements

Three Months ended March 31, 2016 and 2015

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6. Restricted cash

The Company's restricted cash consists of a cashable guaranteed investment certificate held as security for the SEDAR program, with interest at 0.65% per annum, and maturing March 19, 2017. The investment is renewed annually.

7. Property and equipment

Cost	Leasehold Improvements	Furniture and Equipment	Total
As at December 31, 2014	\$ 32,062	\$ 162,534	\$ 194,596
Additions	-	2,566	2,566
As at December 31, 2015 and March 31, 2016	\$ 32,062	\$ 165,100	\$ 197,162
Accumulated amortization			
As at December 31, 2014	\$ 30,528	\$ 137,221	\$ 167,749
Charge for the year	526	5,307	5,833
As at December 31, 2015	\$ 31,054	\$ 142,528	\$ 173,582
Charge for the period	131	1,127	1,258
As at March 31, 2016	\$ 31,185	\$ 143,655	\$ 174,840
Net book value			
As at December 31, 2015	\$ 1,008	\$ 22,572	\$ 23,580
As at March 31, 2016	\$ 877	\$ 21,445	\$ 22,322

8. Intangible assets

Cost	Software
As at December 31, 2014	\$ 34,797
Additions	13,409
As at December 31, 2015 and March 31, 2016	\$ 48,206
Accumulated amortization	
As at December 31, 2014	\$ 3,408
Charge for the year	7,135
As at December 31, 2015	\$ 10,543
Charge for the period	1,883
As at March 31, 2016	\$ 12,426
Net book value	
As at December 31, 2015	\$ 37,663
As at March 31, 2016	\$ 35,780

WESTERN PACIFIC TRUST COMPANY
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9. Subordinated loans

In January 2015, the Company entered into an agreement with related parties for subordinated loans in the aggregate amount of \$45,000. These loans are due for repayment July 29, 2021 and pay interest at a rate of 6% per annum.

In January 2015, the Company entered into an agreement with one of its issuers for a revolving subordinated loan based on 0.5% of the issuer's cash and client investments held in trust. The agreement states that the value would be calculated each month. The revolving loan advanced by its issuer is proportionate to the value of the assets of that issuer held in trust, and will increase or decrease relative to the value of the assets held. The balance payable up to June 30, 2015 is \$11,527 with no further additional amounts advanced to the Company.

In May and June of 2015, the Company entered into agreements with related parties and third parties for subordinated loans of \$230,000. These loans are due for repayment July 29, 2021 and July 31, 2021 and pay interest at a rate of 6% per annum.

In October and November 2015, the Company completed an additional agreement with related parties for subordinated debt of \$120,500. These loans are due for repayment between September 30, 2021 to November 29, 2021 and pay interest at a rate of 6% per annum.

In March 2016, the related parties converted the subordinated loans of \$345,500 to Series II preferred shares (Note 10).

In March 2016, the Company entered into an agreement with one of its trust clients for a subordinated loan of \$35,000 without interest. The loan is due for repayment on March 24, 2026.

As at December 31, 2014	\$	-
Additions for the year		407,027
<hr/>		
As at December 31, 2015	\$	407,027
Additions for the period		35,000
Repayment for the period		(345,500)
<hr/>		
As at March 31, 2016	\$	96,527

10. Share capital

10.1 Authorized:

- 100,000,000 common shares without par value
- 100,000,000 preferred shares, issuable in series

Issued and outstanding:

- 25,018,558 (2015 – 25,018,558) common shares
- 61,750 (2015 – 61,750) Series I preferred shares with a value of \$10 each, including 10,000 Series I preferred shares in preferred share liabilities
- 49,600 (2015 - Nil) Series II preferred shares with a value of \$10 each

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10. Share capital (continued)

10.2 Series II preferred shares

On March 15, 2016, the Company announced that in accordance with part 26 of the Articles of the Company, 1,000,000 preferred shares of the Company had been designated as Series II preferred shares with a value of \$10 per share. The Series II preferred shares are non-voting and non-redeemable by the holder. The Series II preferred shares are also subject to special rights and restrictions in addition to those assigned to all preferred shares under the Articles of the Company, which include the right of the holder to receive quarterly non-cumulative dividends at a fixed rate of 5% of the issue price per annum. The Company has the right to redeem the Series II preferred shares at any time on 30 days' (the "Redemption Period") notice and at any time prior to the expiry of the redemption period, each holder of the Series II preferred shares has the right to convert the Series II preferred shares into common shares at a conversion ratio equal to the issue price divided by the conversion price of \$0.15 per common share, subject to adjustment.

In conjunction with the announcement of the designation of the Series II preferred shares, the Company also announced a private placement (the "Offering") of up to 79,600 Series II preferred shares at a price of \$10 per share for gross proceeds of up to \$796,000 (Note 17).

During the three months ended March 31, 2016, the Company issued 49,600 (2015 – Nil) Series II preferred shares in the first tranche of the Offering for gross proceeds of \$496,000 (2015 - \$Nil). The Company incurred \$10,875 (2015 - \$Nil) in share issuance costs for these Series II preferred shares.

10.3 Preferred share liability

Preferred share liability of \$100,000 relates to 10,000 redeemable and retractable preferred shares issued in 2011, which the Company has classified as financial liabilities.

10.4 Earnings per share

The following is a reconciliation of the numerator in calculating basic and diluted income per share:

	Three months ended	
	March 31, 2016	March 31, 2015
Net income before adjustment for preferred shares dividends	\$ 21,832	\$ 22,760
Amount paid as preferred share dividends	(8,089)	(4,969)
Adjusted net income	13,743	17,791
Earnings per share, basic and diluted	\$ 0.0005	\$ 0.0007

11. Share-based payments

11.1 Stock options

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. The minimum exercise price of any options granted under the Plan cannot be less than the discounted market price (the last closing price of the shares on the Exchange less a maximum 25% discount). The options are granted for up to a ten-year term. Vesting provisions may be imposed at the time of the grant of options at the discretion of the board of directors, except for consultants acting in an investor relations capacity where vesting provisions are prescribed.

11. Share-based payments (continued)

WESTERN PACIFIC TRUST COMPANY

Notes to the Condensed Interim Consolidated Financial Statements

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11.1 Stock options (continued)

On November 19, 2015, the Company granted 890,030 options to directors, officers and employees of the Company. The options are exercisable at \$0.07 per option with vesting terms of one-third on December 31, 2015, one-third on December 31, 2016 and one-third on December 31, 2017 and expire November 18, 2022. An amount of \$6,538 (2015 - \$22,314) of share-based payments expense was recognized during the period related to the vesting terms of these options.

On February 28, 2016, 75,000 options with an exercise price of \$0.10 per option expired unexercised. During the year ended December 31, 2015, 100,000 options with an exercise price of \$0.12 per option expired unexercised.

On expiry, \$5,190 (December 31, 2015 - \$11,230) was transferred from reserves to deficit, to remove the previously recognized share-based payment related to expired options.

As of the date of these condensed interim consolidated financial statements, no options have been exercised.

11.2 Outstanding stock options

Details of the Company's stock options outstanding as of March 31, 2016 and December 31, 2015 and changes during the respective periods are as follows:

	Number Outstanding	Weighted Average Exercise Price
At December 31, 2014	2,084,970	\$ 0.11
Granted	890,030	\$ 0.07
Expired	(100,000)	\$ 0.12
At December 31, 2015	2,875,000	\$ 0.09
Expired	(75,000)	\$ 0.10
At March 31, 2016	2,800,000	\$ 0.09

As at March 31, 2016, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
November 18, 2022	\$ 0.07	890,030	\$ 0.06	6.66	296,677
November 26, 2022	\$ 0.10	1,909,970	\$ 0.07	6.64	1,909,970
		2,800,000		6.65	2,206,647

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11. Share-based payments (continued)

11.2 Outstanding stock options (continued)

As at December 31, 2015, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
November 18, 2022	\$ 0.07	890,030	\$ 0.06	6.91	296,667
November 26, 2022	\$ 0.10	1,984,970	\$ 0.07	6.89	1,984,970
		2,875,000		6.90	2,281,647

The total fair value of the incentive options was calculated using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

	March 31, 2016	December 31, 2015
Risk-free interest rate	1.23%	1.23%
Expected volatility	133%	133%
Expected life	7 years	7 years
Expected dividend yield	-	-
Share price	\$ 0.07	\$ 0.07
Exercise price	\$ 0.07	\$ 0.07
Expected forfeitures	0.00%	0.00%

Expected stock price volatility was derived from an average volatility based on historical movements in the closing prices of the Company's stock for a length of time equal to the expected life of the options.

Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0.00% in determining the expense recorded in the accompanying condensed interim consolidated statements of comprehensive income.

Share-based payments consists of \$4,885 (2015 - \$16,673) to directors and officers and \$1,653 (2015 - \$5,641) to employees.

12. Capital disclosures

The Company considers its shareholders' equity, preferred shares liability and subordinated loans to be its capital, which, as at March 31, 2016, amounted to \$1,176,986 (2015 - \$982,080).

The Company's objective of managing capital is to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders.

The Company maintains sufficient capital to meet its future needs, taking into consideration economic risks inherent in its businesses and regulatory requirements.

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(Unaudited)

12. Capital disclosures (continued)

Under the *Financial Institutions Act* of British Columbia, the Company is required to meet the regulatory capital as prescribed by the Financial Institutions Commission (“FICOM”). To satisfy the requirements, the Company is required to maintain a minimum capital determined by multiplying the total value of the assets that the Company holds in trust by 0.5%. The Company has complied with the capital requirements as prescribed by FICOM as at March 31, 2016.

The Company reviews the sufficiency of its capital as appropriate and makes necessary adjustments to its capital primarily by raising adequate financing.

There have been no changes to the Company’s approach to capital management for the three months ended March 31, 2016.

13. Related party transactions and balances

The Company’s related parties consist of its key management personnel, including its directors, and their close family members and entities controlled by key management personnel. All transactions with related parties are in the normal course of operations. Amounts due to or from related parties are subject to normal trade terms and conditions.

During the three months ended March 31, 2016 and 2015, the Company incurred the following charges related to management compensation:

	March 31, 2016	March 31, 2015
Management salaries	\$ 26,511	\$ 34,935
Directors’ fees	8,250	7,250
Consulting fees paid to companies controlled by directors	21,500	19,500
Professional fees for consultant	16,889	-
Share-based payments	4,885	-
Total compensation	\$ 78,035	\$ 61,685

Dividends of \$6,839 (March 31, 2015 - \$4,969) and interest and waiver fee of \$1,368 (March 31, 2015 - \$994), included in finance expense, have been paid to directors and a close family member of a director.

At March 31, 2016, the Company has \$31,500 (December 31, 2015 - \$37,275) in accounts payable and accrued liabilities due to an officer and directors of the Company and a company controlled by a director.

During the period ended March 31, 2016, the Company repaid \$345,500 (December 31, 2015 - \$345,500 issued) subordinated loans held by directors and a close family member of a director and issued 49,600 Series II preferred shares with gross proceeds \$496,000 (December 31, 2015 - \$nil) were received from directors and a close family member of a director.

Compensation for key management is for short-term benefits only. Key management personnel do not receive any post-employment or other long-term benefits.

WESTERN PACIFIC TRUST COMPANY

Notes to the Condensed Interim Consolidated Financial Statements

Three Months ended March 31, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

14. Commitments for expenditures

In October 2012, the Company entered into a five-year lease for premises located in Vancouver, British Columbia. Under the terms of the lease, the Company is responsible for basic rent plus operating costs and property taxes commencing March 1, 2013. The Company's commitment for minimum rental payments, calculated based on basic rent is \$5,118 per month for the first two years, \$5,340 per month for the third year and \$5,563 per month for the fourth and fifth years. The operating costs, which are calculated each year, were \$4,169 (2015 - \$3,994) per month and are expected to increase by 4% for each year until the end of the lease term. A security deposit of \$18,832 was paid in August 2012.

The Company also has a non-cancellable operating lease for equipment expiring in May 2017. Cash commitments for minimum lease payments in relation to non-cancellable operating leases for equipment and premises as at March 31, 2016, are payable as follows:

Not later than 1 year	\$	120,126
Later than 1 year and not later than 5 years		107,470
	\$	<u>227,596</u>

15. Operating segments

The Company operates in one industry segment, the financial services industry, and all operations and assets are situated in Canada.

16. General and administrative expenses

	March 31, 2016	March 31, 2015
General and administrative	\$ 54,414	\$ 48,563
Rent	28,761	27,237
Professional fees	23,389	6,741
Salaries and fees	88,295	104,561
	<u>\$ 194,859</u>	<u>\$ 187,102</u>

17. Subsequent event

On April 27, 2016, the Company closed the second tranche of the Offering for 19,600 Series II Preferred Shares for gross proceeds of \$196,000.