parker simone LLP

Winston Resources Inc.

Audited
Consolidated Financial Statements

Period from
September 15, 2011
(date of incorporation)
to July 31, 2012
(Expressed in Canadian Dollars)

Management's responsibility for financial reporting

The accompanying consolidated financial statements of Winston Resources Inc. (the "Company" or "Winston") were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 4 of the financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of July 31, 2012 and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Management's assessment of internal control over financial reporting ("ICFR")

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the consolidated financial statements.

"Daniel Wettreich"
Chairman and Chief Executive Officer
November 1, 2012

"Mark Wettreich"
Vice President and Secretary
November 1, 2012

parker simone LLP

Chartered Accountants
129 Lakeshore Road East
Suite 201 Mississauga Ontario
L5G 1E5
T 905 271.7977
F 905 271.7677

Independent Auditors' Report

To the Shareholders of
Winston Resources Inc.

We have audited the accompanying consolidated financial statements of Winston Resources Inc. ("the Company"), which comprise the consolidated statement of financial position as at July 31, 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the period from September 15, 2011 *(date of incorporation)* to July 31, 2012, 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Winston Resources Inc. and its subsidiaries as at July 31, 2012, and their financial performance and cash flows for the period from September 15, 2011 *(date of incorporation)* to July 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, the accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these consolidated financial statements, the Company has not generated revenues to date. This condition raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Parker Simone LLP.

November 1, 2012 Licensed Public Accountants

Winston Resources Inc.

Consolidated Statement of Financial Position

(Expressed in Canadian Dollars)

As at July 31,		2012
Assets		
Current Assets		
Cash	$	549,654
HST recoverable		9,966
Prepaid expenses		10,240
		569,860
Exploration and Evaluation Assets *(Note 7, 10 and 11)*		8,337,645
	$	8,907,290
Liabilities		
Current Liabilities		
Trade payables	$	223,555
Mineral properties purchase price payable *(Note 12)*		633,760
Due to shareholder *(Note 9)*		62,641
		919,956
Shareholders' Equity		
Share Capital and Reserves *(Note 8)*		9,176,237
Deficit		(1,188,903)
		7,987,334
	$	8,907,290

Going concern *(Note 2)*

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board:

"Daniel Wettreich" Director

"Mark Wettreich" Director

Winston Resources Inc.

Consolidated Statement of Comprehensive Loss

(Expressed in Canadian Dollars)

Period from September 15, 2011 *(date of incorporation)* ***to July 31,***	**2012**
Interest Revenue	**$ 1,557**
Operating Expenses	
Listing fees *(Note 10)*	**560,051**
Professional fees	**477,635**
Office	**67,214**
Consulting fees	**54,000**
Regulatory fees	**18,460**
Share based compensation	**13,100**
	1,190,460
Comprehensive Loss	**$ 1,188,903**
Comprehensive loss per share – basic and fully diluted	**$(0.07)**
Weighted average number of shares outstanding	**18,053,157**

The accompanying notes are an integral part of these consolidated financial statements

Winston Resources Inc.

Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

	Common Share Capital		Reserves				
	No.	**Amount**	**Options**	**Warrants**	**Share Capital and Reserves**	**Deficit**	**Total**
Issued for cash:							
On incorporation, being September 15, 2011	11,972,484	$ 50			$ 50		$ 50
Private placements	1,750,000	350,000			350,000		350,000
Issued for Non-Cash Consideration:							
Exploration and evaluation assets	29,200,000	7,300,000			7,300,000		7,300,000
Share-based compensation *(Note 8)*	1,282,000	273,700			273,700		273,700
Reverse acquisition *(Note 10)*	20,320,000	1,248,887			1,248,887		1,248,887
Costs of issuances		(171,600)			(171,600)		(171,600)
Fair value of warrants issued				$ 162,100	162,100		162,100
Fair value of options issued			$ 13,100		13,100		13,100
Comprehensive loss						$ (1,188,903)	(1,188,903)
Balance at July 31, 2012	**64,524,484**	**$9,001,037**	**$ 13,100**	**$ 162,100**	**$ 9,176,237**	**$ (1,188,903)**	**$ 7,987,334**

The accompanying notes are an integral part of these consolidated financial statements

Winston Resources Inc.

Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)

Period from September 15, 2011 *(date of incorporation)* ***to July 31,***	**2012**
Operating Activities	
Comprehensive loss	**$ (1,188,903)**
Adjustment to reconcile comprehensive loss to cash flows from operations:	
Listing fees	**560,051**
Share based compensation	**13,100**
Net change in non-cash working capital items:	
Prepaid expenses	**(9,240)**
Trade payables	**214,259**
HST recoverable	**(3,895)**
Cash Used in Operating Activities	**(414,628)**
Financing Activities	
Issuance of common shares net of issue costs	**1,051,550**
Cash From Financing Activities	**1,051,550**
Investing Activities	
Cash acquired on reverse acquisition of Winston	**91**
Exploration property additions	**(150,000)**
Due to related party	**62,641**
Cash Used in Investing Activities	**(87,268)**
Increase in Cash, being Cash at End of Period	**$ 549,654**

The accompanying notes are an integral part of these consolidated financial statements

1. Governing Statutes and Nature of Operations

Corporate

Winston Resources Inc. ("Winston", or the "Company") is a development stage mineral exploration company engaged in the acquisition and exploration of mineral resource properties in Canada. The Corporation is a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario whose common shares are listed for trading on the Canadian National Stock Exchange ("CNSX") under the symbol "WRW". The head office of the Company is located at 208 Queens Quay West, Suite 2506, Toronto, Ontario M5J 2Y5.

2. Going Concern Assumption

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The use of these principles assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. Accordingly, these consolidated financial statements do not give effect to adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. If the going concern assumption is not used, then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated financial statements.

The Company is in the process of exploring its mineral property and has not yet determined whether the property contains reserves that are economically recoverable. The recoverability of the amounts shown as exploration and evaluation assets is dependent upon future profitable production or proceeds from the disposal of properties.

The business of mining and exploration involves a high degree of risk, as such there is no assurance that the Company's expected exploration programs will result in profitable mining operations. Until it is determined that the property it is acquiring contains mineral reserves or resources that can be economically mined, it is classified as an exploration and evaluation asset. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, and making the required payments pursuant to mineral property share purchase agreements.

As at July 31, 2012, the Company had yet to generate revenues and had a deficit of $1,188,903. Winston has no proven history of profitability, which casts considerable doubt as to whether the Company will be able to continue as a going concern over the next twelve months should it not be able to obtain the necessary financing to fund working capital and capital expenditures.

The Company has raised funds throughout the current period and has utilized these funds for working capital and capital expenditure requirements. The ability of Winston to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Winston may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

3. Basis of Presentation and Statement of Compliance

Statement of Compliance
The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of November 1, 2012, being the date the board of director approved these consolidated financial statements.

Basis of Measurement
The financial statements have been prepared on the historical cost basis, except for the measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Functional and Presentation Currency
The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

4. Significant Accounting Policies

These financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, CNRP Mining Inc., CNRP Dallas Inc. and Hadley Mining Inc. On consolidation, all intercompany transactions and balances were eliminated.

On June 22, 2012, Winston completed a reverse acquisition of CNRP Mining Inc ("CNRP"), which is now a wholly owned subsidiary of the Company. For accounting purposes, CNRP is considered to have acquired Winston as immediately following the acquisition CNRP's shareholders owned a majority of Winston's common shares. As such these financial statements represent CNRP's operations and cash flows from its date of incorporation to July 31, 2012, which have been consolidated with those of Winston's from June 22, 2012 to July 31, 2012.

Significant Estimates and Judgments
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods as well as the related notes to financial statements. Actual results could differ from those estimates.

4. Significant Accounting Policies (Continued)

The most significant estimates relate to the valuation of deferred income taxes, impairment testing of exploration and evaluation assets, and the calculation of share-based payments. The most significant judgments relate to recognition of deferred tax assets and liabilities and the determination of the economic viability of a project. In determining these estimates, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. These assumptions are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation that arose as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Current Income Taxes

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income taxes are measured at income tax rates, which have been enacted or substantively enacted at the reporting date. Current income taxes are recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the applicable taxes are recognized in other comprehensive income or directly in equity.

Deferred Income Taxes

Deferred income taxes are provided using the liability method on temporary differences at the end of each reporting period. These taxes represent the differences between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused income tax credits and unused income tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

4. Significant Accounting Policies (Continued)

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the income tax rates that are expected to apply in the year in which the asset is to be realized or the liability is to be settled. The expected income tax rate utilized is based upon income tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

The deferred income taxes related to equity transactions are recognized directly in equity and not in the statement of comprehensive income.

Deferred income tax assets and liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of Non-Financial Assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an 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, if any, of the impairment loss. 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 to which the assets belong.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive income in the period of impairment, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount to the extent 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 cash-generating unit in prior years.

4. Significant Accounting Policies (Continued)

Exploration and Evaluations Assets ("E&E")
E&E assets consist of exploration and mining concessions, options and contracts. Acquisition costs, lease costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment.

E&E costs consist of:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Equity Settled Share-Based Payment Transactions
The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the goods or services are received. The Company measures the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received then the Company measures their fair value and the corresponding increase in equity by reference to the fair value of the equity instruments issued as payment.

Share Capital
Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary common shares are classified as equity instruments. Incremental direct costs directly attributable to the issue of new shares are recognized in equity as reductions from the gross proceeds received from the issued shares.

Financial Assets and Financial Liabilities

Recognition: The Company initially recognizes loans and advances, deposits and liabilities on the date at which they are originated. All other financial assets and liabilities, including assets and liabilities designated at fair value through profit or loss, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Valuation of financial instruments: The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

4. Significant Accounting Policies (Continued)

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly, i.e., as prices; or indirectly, i.e., derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

De-recognition: The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting: Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

Amortized cost measurement: The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Identification and measurement of impairment: At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

4. Significant Accounting Policies (Continued)

Objective evidence that financial assets are impaired may include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the borrower, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has occured but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by comparing together loans and receivables with similar risk characteristics.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Designation at fair value through profit or loss: The Company has designated financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Loss Per Share and Comprehensive Loss Per Share

Comprehensive loss per share is calculated based on the weighted average number of shares issued and outstanding during the quarter or year, as appropriate. In the years when the Company reports a net loss and comprehensive net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and, therefore, basic and diluted loss per share is the same. For the period ended July 31, 2012, all the outstanding options and warrants were anti-dilutive.

Foreign Currency Transactions

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of each entity is the Canadian dollar.

4. Significant Accounting Policies (Continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in operations.

Future Accounting Policies

The International Accounting Standards Board ("IASB") issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after August 1, 2013. For the purpose of preparing and presenting the financial statements for the relevant periods, the Company has consistently adopted all new standards for the relevant reporting periods.

At the date of authorization of these financial statements, the IASB issued the following Standards that are effective for reporting periods ending after the date of these financial statements and which the Company may be required to adopt in future reporting periods.

- IFRS 9 *Financial Instruments: Classification and Measurement* - effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- IFRS 10 *Consolidated Financial Statements* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- IFRS 11 *Joint Arrangements* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- IFRS 12 *Disclosure of Interests in Other Entities* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- IFRS 13 *Fair Value Measurement* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

4. Significant Accounting Policies (Continued)

Future Accounting Policies (Continued)

IFRS 13 *Fair Value Measurement* was issued in May 2011 and defines fair value, sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. The main features of the new standard include the fact that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Fair value measurements are based on the assumptions that market participants would use when pricing the item being measured under current market conditions, including assumptions about risk (i.e., it is a market-based, rather than entity-specific, measurement).

When measuring the fair value of a non-financial asset, an entity considers the highest and best use of the asset, and whether the asset is used in combination with other assets or on a stand-alone basis. A fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value and gives priority to observable inputs. An entity discloses information about the valuation techniques and inputs it has used, as well as the uncertainty inherent in its fair value measurements.

The Company has not early adopted these standards, amendments and interpretations, however it is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

5. Financial Instruments and Risk Management

The Company has designated its cash at fair value through profit and loss. Trade and other payables and advances from related party are designated as other financial liabilities, which are measured at amortized cost.

The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

		Period Ended July 31, 2012
Financial Assets		
Fair value through profit and loss		
Cash	$	549,654
Financial Liabilities		
Other financial liabilities		
Trade and other payables		253,555
Advances from related party		62,641

Cash is classified as a level 1 under the fair value hierarchy.

5. Financial Risk Management (Continued)

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Market risk

Market risk is the risk of uncertainty arising primarily from possible commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly

Fair value risk

Fair value risk is the potential for fair value fluctuations in the value of a financial instrument. The level of market risk to which the Company is exposed varies depending on market conditions, and expectations of future price and yield movements. The Company believes the carrying amounts of its financial assets and financial liabilities are a reasonable approximation of fair value.

Interest rate risk

The savings accounts are at variable rates. Consequently, the Company is exposed to a fluctuation of the interest rate on the market which could vary the interest income on the savings accounts. The Company does not use financial derivatives to decrease its exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. As at July 31, 2012, the Company had, at its disposal, $549,654 in cash. The Company anticipates having sufficient funds to carry out an exploration and acquisition program, pursue and evaluate new resources projects and meet its corporate and administrative expenses for the next twelve months.

Foreign currency risk

The Company is exposed to currency risks on its United States dollar denominated working capital balances due to changes in the US dollar/Canadian dollar exchange rate.

(Expressed in Canadian Dollars)

6. Capital Management

The Company's objective in managing capital is to ensure continuity as a going-concern and to safeguard its ability to continue its acquisition and exploration programs. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company defines its capital as its shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy.

7. Exploration and Evaluation Assets

	Balance at September 15, 2011	Property Acquisition Costs	Exploration Expenditures	Disposals	Balance at July 31, 2012
Ontario					
Riverbank and Broke Back	$ -	$ 300,000	$ -	$ -	$ 300,000
Etamame	-	333,700	-	-	333,700
New Brunswick					
Elmtree	-	7,703,945	-	-	7,703,945
	$ -	$8,337,645	$ -	$ -	$ 8,337,645

Riverbank and Broke Back

The properties are located in Sachigo sub-province, Ontario. The Broke Back property consists of 18 unpatented mining claims covering an area of approximately 4096 ha and the Riverbank property consists of 8 unpatented mining claims covering approximately 1392 ha. The Company acquired from Green Swan Capital Corp an option on the properties with Melkior Resources Inc whereby it can obtain up to a 70% ownership interest in the properties. The Company can obtain an initial 51% undivided interest in the Properties by incurring a minimum of $1,600,000 in work expenditures by no later than December 31, 2014. Following that, Melkior has the right to elect to form a joint venture with the Company. Should Melkior not elect to form a joint venture on the Properties, the Company will have the option to acquire an additional 19% interest (for a total 70% undivided interest in the Properties)

7. Exploration and Evaluation Assets (Continued)

by incurring an additional $1,000,000 in work expenditures on the Properties within twenty-four months.

As consideration, Green Swan received 1,200,000 common shares in the Company, at a deemed price of $0.25 per share, and 400,000 common share purchase warrants having a 24 month term and an exercise price of $0.50 per warrant.

Green Swan is obligated to complete work expenditures (“Work”) on the Properties of not less than $235,000 prior to December 14, 2012, failing which the 1,200,000 shares will be cancelled. If Green Swan does complete the Work prior to December 14, 2012, then Green Swan shall be issued additional common shares, in an amount equal to (the dollar amount of Work divided by 110% of the Market Price for the Company’s common shares on December 14, 2012), provided that the denominator as so calculated may not be less than 32 cents. Under this formula, Green Swan will be issued a maximum further 734,000 common shares.

Etamame

Etamame consists of 10 claim blocks totaling 142 claim units that have not previously been drilled. The Company acquired 100% of Hadley Mining Inc in July 2012, which owns 100% of the Etamame Lake Nickel Project located in the Lingman Lake Greenstone belt area about 38 kilometres south-west of Sachigo Lake in Northwestern Ontario. It also acquired a geophysical airborne survey (the “Airborne Survey”) carried out over Etamame. The consideration for Hadley was the issuance of 650,000 common shares at a fair value of $0.21 per share for total consideration of $135,600, and a royalty (“NSR”) to the Vendors equal to 2% of net smelter returns from the sale of mineral products from Etamame. Further, Winston acquired from 2212150 Ontario Inc operating as Vanex Exploration, a 1.5% NSR in consideration for the issuance of 200,000 shares at a fair value of $42,000 or $0.21 per share and 100,000 warrants to acquire 100,000 common shares at a price of $0.25 exercisable for a period of 24 months commencing from June 27, 2012. Utilizing the Black-Scholes model these warrants are valued at $9,000.

Winston also acquired the Airborne Survey from Largo Resources Ltd. (“Largo”), in consideration for which it issued 320,000 common shares at a deemed price of $0.25 per share, and paid $50,000 in cash to Largo. A further payment of $30,000 is also payable by Winston to Largo on the six month anniversary of closing.

Elmtree

The Elmtree Gold Project consists of 83 claims that cover a contiguous area of approximately 1,811 hectares and hosts at least 3 gold bearing zones, being the higher grade West Gabbro Zone, the original Discovery Zone and the larger tonnage, lower grade South Gold Zone. The Company entered into two transactions to acquire a total of 100% of the Elemtree Gold Project, 60% from Castle Resources Inc ("Castle") and 40% from Stratabound Minerals Corp ("Stratabound"). Both transactions closed on June 22, 2012.

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (Continued)

The Company agreed to pay Castle18,000,000 common shares at a deemed price of $0.25 per common share, $500,000 in cash, $250,000 of which is payable on the date which is 6 months from completion and the balance of $250,000 payable on the date which is 12 months from completion. The company also agreed to grant a 3% Net Smelter Royalty in favour of Castle from 60% of the gross revenue received from the sale of minerals from Elmtree less transportation and refining costs.

The Company agreed to pay Stratabound 10,000,000 common shares at a deemed price of $0.25 per common share, $300,000 in cash, $100,000 of which was payable on the date of closing, $100,000 of which is payable 6 months from closing, and $100,000 of which is payable on the date which is 12 months from closing

8. Share Capital

Winston's authorized share capital consists of an unlimited number of common shares without par value.

	Number of shares	Amount
Common shares issued for cash		
Upon incorporation	11,972,484	$ 50
Private placement July 2012	1,250,000	250,000
Private placement July 2012	500,000	100,000
Common shares issued for non-cash		
Exploration and evaluation assets	29,200,000	7,300,000
Reverse acquisition *(Note 10)*	20,320,000	1,248,887
Extinguishment of debt	112,000	28,000
Acquisition of Hadley *(Note 11)*	650,000	136,500
Purchase of Airborne Survey	320,000	67,200
Consideration for Amending and Royalty Termination Agreement	200,000	42,000
Costs of issuance		
Broker commission paid in cash		(8,500)
Fair value of warrants issued		(143,100)
Fair value of broker's shares issued		(20,000)
Balance July 31, 2012	**64,524,484**	**$9,001,037**

(Expressed in Canadian Dollars)

8. Share Capital (Continued)

Private Placements

On June 22, 2012, the Company completed a private placement with Euro Pacific through the issuance of 640,000 shares at $0.25 per share for gross proceeds of $160,000. In connection with the private placement, 34,000 broker compensation shares with a value of $nil were issued and cash commissions totaling $8,500 were paid, both charged against capital stock as a share issuance cost.

On July 16, 2012, the Company completed a private placement through the issuance of 1,250,000 shares at $0.20 per share for gross proceeds of $250,000. In additional, 1,250,000 warrants were issued at a fair value of $111,000.

On July 25, 2012, the Company completed a private placement through the issuance of 500,000 shares at $0.20 per share for gross proceeds of $100,000. In addition, 500,000 warrants were issued at a fair value of $32,000.

Warrants

The issued and outstanding warrants balance at July 31, 2012 is comprised as follows:

Date of Expiry	Description	Fair Value	Number of Warrants	Exercise Price
June 22, 2014	Broker Warrants	$ 100	434,000	$ 0.25
June 27, 2014	Purchase Warrants	9,000	100,000	0.25
July 16, 2014	Subscriber Warrants	111,000	1,250,000	0.30
July 20, 2014	Purchase Warrants	10,000	2,000,000	0.30
July 25, 2014	Subscriber Warrants	32,000	500,000	0.30
		$162,100	**4,284,000**	

Stock Options

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis. At July 31, 2012, the Company had 6,452,448 options available for issuance.

The following table summarizes the activity in the Plan over the period.

	Number of Options	Weighted Average Exercise Price
Outstanding, September 15, 2011		
Granted	4,200,000	$ 0.25
Cancelled	-	-
Outstanding, July 31, 2012	**4,200,000**	**0.25**

(Expressed in Canadian Dollars)

Exercisable, July 31, 2012	**4,200,000**	**0.25**

8. Share Capital (Continued)

The following table sets out the details of the stock options granted and outstanding as at July 31, 2012:

Number of stock options	Remaining contractual life	Exercise price per share	Expiry Date
3,600,000	4.90 years	$ 0.25	June 22, 2017
600,000	0.82 years	0.25	June 22, 2013
4,200,000	**4.32 years**	**0.25**	

Share-based compensation
The fair value of the stock options granted and fully vested for the period ended July 31, 2012 was $13,100 which has been expensed as share-based compensation in the statement of operations.

9. Related Party Transactions and Remuneration

Related party transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

During the period following the reverse acquisition transaction, the Company incurred management fees of $44,000 to certain officers and directors of the Company. As at July 31, 2012, $22,000 net of some personal expenditures paid for by the Company are owing to Sammiri Capital Inc. for the services provided.

The amount due to a related party relates to start-up funding received from a company controlled by a shareholder. This unsecured loan is a non-interest bearing loan with no fixed terms of repayment. Management intends to pay back the entire amount.

10. Reverse Acquisition of Winston Resources Inc.

On April 30, 2012, CNRP and Winston entered into a Share Exchange Agreement (“Agreement”) under which CNRP’s shareholders exchanged their shares for Winston shares on a 1:1 basis. On June 22, 2012, the transaction closed, resulting in Winston acquiring CNRP. For accounting purposes, CNRP is considered to have acquired Winston as immediately following the acquisition CNRP’s shareholders owned a majority of Winston’s common shares. As such, this transaction is accounted for as a reverse acquisition.

(Expressed in Canadian Dollars)

10. Reverse Acquisition of Winston Resources Inc. (Continued)

A summary of Winston's net assets acquired by CNRP and the consideration paid is as follows:

Cash	$	92
Other current assets		7,071
		7,163
Trade liabilities assumed		(27,297)
Deficiency in assets acquired		(20,134)
Fair value of consideration paid		539,917
Excess of consideration paid over deficiency in assets acquired	**$**	**560,051**

The excess of consideration paid over deficiency in assets acquired was charged to the statement of comprehensive loss as a listing fee expense.

11. Acquisition of Hadley Mining Inc.

On June 28, 2012, Winston acquired 100% of the outstanding common shares of Hadley Mining Inc. ("Hadley") in exchange for 650,000 common shares of Winston with a fair value of $136,500. Hadley is a mineral exploration company with its principal asset being the Etamame property (see Note 7). A summary of the net assets acquired and consideration paid is as follows:

Working capital	$	-
Exploration and evaluation asset		121,910
		121,910
Liabilities assumed		-
Net assets acquired		121,910
Fair value of consideration paid		136,500
Excess of consideration paid over net assets acquired	**$**	**14,590**

The excess of consideration paid over net assets acquired was allocated to the exploration and evaluation asset.

(Expressed in Canadian Dollars)

12. Mineral Properties Purchase Price Payable

During the year, Winston entered into agreements to acquire a mineral exploration property and the rights to the data from airborne geological surveys conducted on its property acquired through its acquisition of Hadley (see Note 7). Under the terms of these agreements, Winston is required to pay a portion of the purchase price over a period twelve months from the dates of acquisition. The terms of payment are as follows:

Face value or purchase price payable	$ 730,000
Less: Imputed interest at 22.0% per annum	96,240
Fair value of purchase price payable	$ 633,760

13. Subsequent Events

Plan of Arrangements
On October 12, 2012, Hadley entered into a Plan of Arrangement (the “Plan”) to acquire certain assets from Winston, its parent company. The assets to be transferred under the Plan include $100,000 cash, which was received by Hadley in October 2012, plus the rights to data compiled from airborne geological surveys conducted on Hadley’s exploration and evaluation asset that was acquired by Winston from a third party, as well as the 100% of the royalty right (1.5% Net Smelter Royalty) as described in note 7, which Winston also acquired. Under the terms of the Plan, Hadley is to issue 25.0 million common shares to Winston in exchange for these assets. Of the Hadley shares issued, 2,580,979 shares will be immediately transferred to Winston’s shareholders as a dividend. Upon completion of the Plan, Hadley will be a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. Completion of the Plan is subject to regulatory and shareholder approvals.

On October 12, 2012, Zara Resources Inc. (“Zara”), which was incorporated in October 2012 as a wholly owned subsidiary of Winston, entered into a Plan of Arrangement (the “Plan”) to acquire certain assets from Winston. Under the terms of the Plan, Zara is to issue 25.0 million common shares to Winston in exchange for $100,000 cash plus the Riverbank and Broke Back property described in note 7 above. Of the Zara shares issued, 2,580,979 shares will be immediately transferred to Winston’s shareholders as a dividend. Upon completion of the Plan, Zara will be a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. Completion of the Plan is subject to regulatory and shareholder approvals.

The terms of the Plan requires that all costs and expenses of the transactions contemplated under the Plan, including legal, financial advisory, regulatory, printing and mailing costs, are to be paid and borne by Winston. As such, Hadley and Zara have no operations to report in Winston’s interim statement of comprehensive loss. Completion of the Plan is subject to both regulatory and shareholder approval.

13. Subsequent Events (Continued)

Legal claim

On July 20, 2012, the Company entered into an agreement with Jacob Securities Inc. ("Jacob") whereby Jacob purported to provide advisory services to the Company, but failed to provide such services. Accordingly, the Company terminated the agreement for non-performance on August 28, 2012. The Company received a Statement of Claim on October 24, 2012 from Jacob for breach of contract in the amount of $120,000. The Company denies the claim and will defend itself vigorously.

Stock options

On September 14, 2012, the Company authorized the issuance of 1.0 million stock options to a director of the Company, exercisable into one common share of the Company at a price of $0.10 per option expiring in 2 years from issuance.