Winston Resources Inc.

Unaudited Interim Consolidated Financial Statements

Three Months Ended October 31, 2014 and 2013

(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 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 financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of October 31, 2014 and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the 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 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 financial statements.

"Daniel Wettreich"
Chief Executive Officer

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Winston Resources Inc.
Unaudited Interim Consolidated Statements of Financial Position
As at
(Expressed in Canadian Dollars)

	October 31, 2014 *unaudited*	July 31, 2014 *audited*
Assets		
Current Assets		
Cash	**$ 9,188**	$ 1,535
HST recoverable	**2,003**	28,019
Due from related companies *(Note 10)*	**6,600**	25,956
Prepaid expenses	**9,861**	1,798
Total current assets	**27,652**	57,308
Non-current assets		
Investments in associates *(Note 7)*	**62,323**	71,860
Exploration and Evaluation Assets *(Note 8)*	**5,393,760**	5,393,760
Total non-current assets	**6,456,083**	5,465,620
Total assets	**$ 5,483,735**	$ 5,522,928
Liabilities and equity		
Current Liabilities		
Accounts payable and accrued liabilities *(Note 10 and Note 12)*	**$ 80,071**	$ 181,437
Mineral properties purchase price payable *(Note 13)*	**700,000**	700,000
Due to related parties *(Note 10)*	**64,279**	147,449
Total current liabilities	**844,350**	1,028,886
Equity		
Common Share Capital and Reserves *(Note 9)*	**10,851,504**	10,669,787
Deficit	**(5,844,431)**	(5,809,778)
Total Equity Attributed to Winston Resources Inc. Shareholders	**5,007,073**	4,860,009
Non-controlling interests *(Note 16)*	**(367,688)**	(365,967)
Total Equity	**4,639,385**	4,494,042
Total liabilities and equity	**$ 5,483,735**	$ 5,522,928

Going concern *(Note 2)*
Contingency *(Note 14)*

Approved by the Board:

/s/ Daniel Wettreich Director

/s/ Mark Wettreich Director

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

Winston Resources Inc.
Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended October 31,
(Expressed in Canadian Dollars)

Unaudited	**2014**	2013
Interest Income	**$ 81**	$ -
Operating Expenses		
Transfer agent fees	**$ 4,186**	1,303
Filing and listing fees	**3,150**	6,370
Interest on property obligation *(Note 13)*	**-**	12,500
Professional fees	**13,453**	30,666
Office and general	**8,009**	14,624
Share based compensation *(Note 9)*	**7,800**	**-**
(Gain) on sale of equity investments *(Note 7)*	**(7,531)**	-
	29,067	65,463
	28,986	65,463
Other Loss		
Equity loss on equity accounted investments *(Note 7)*	**7,388**	4,307
Net loss and other comprehensive loss for the period	**$ 36,374**	$ 69,770
Attributed to:		
Equity holders of Winston Resources Inc.	**$ 34,653**	$ 69,770
Non-controlling interests *(Note 16)*	**1,721**	-
	$ 36,374	$ 69,770
Loss per share attributed to equity holders of Winston Resources Inc. – basic and fully diluted	**$ (0.01)**	$ (0.02)
Weighted average number of shares outstanding – Basic and diluted	**7,215,772**	3,503,949

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

Winston Resources Inc.
Unaudited Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

Unaudited	Common Share Capital		Reserves						
	Number of Shares	**Amount**	**Options**	**Warrants**	**Contributed Surplus**	**Common Share Capital and Reserves**	**Deficit**	**Non-Controlling Interests**	**Total**
Balance at July 31, 2012	**64,524,484**	**$9,001,037**	**$ 13,100**	**$ 162,100**	**$ -**	**$ 9,176,237**	**$ (1,188,903)**	**$ -**	**$ 7,987,334**
Issued for cash:									
Private placements *(Note 9)*	6,500,000	372,900	-	77,100	-	450,000	-	-	450,000
Issued for non-cash consideration:									
Share-based compensation *(Note 9)*	-	-	767,100	-	-	767,100	-	-	767,100
Debt conversion *(Note 9)*	54,500	5,450	-	-	-	5,450	-	-	5,450
Cancellation of stock options *(Note 9)*	-	-	(139,300)	-	139,300	-	-	-	-
Cancellation of common shares*(Note 9)*	(1,200,000)	-	-	-	-	-	-	-	-
Distribution in kind *(Note 9)*	-	-	-	-	-	-	(608,900)	-	(608,900)
Expiration of stock options *(Note 9)*	-	-	(100)	-	100	-	-	-	-
Exercise of stock options *(Note 9)*	200,000	12,700	(2,700)	-	-	10,000	-	-	10,000
1:20 share consolidation	(66,574,989)	-	-	-	-	-	-	-	-
Provided by non-controlling interests *(Note 16)*	-	-	-	-	-	-	-	104,400	104,400
Net loss for the year	-	-	-	-	-	-	(1,789,175)	(104,400)	(1,893,575)
Balance at July 31, 2013 *(audited)*	3,503,995	$9,392,087	$ 638,100	$ 239,200	$ 139,400	$ 10,408,787	$ (3,586,978)	$ -	$ 6,821,809
Common shares of Leo Resources Inc. received as dividend from Zara Resources Inc. *(Note 7)*	-	-	-	-	116,700	116,700	-	-	116,700
Issued on private placement *(Note 9)*	1,440,000	72,000	-	-	-	72,000	-	-	72,000
Warrants exercised *(Note 9)*	1,440,000	72,000	-	-	-	72,000	-	-	72,000
Warrant expiration *(Note 9)*	-	-	-	(162,100)	162,100	-	-	-	-
Share-based compensation *(Note 9)*	-	-	300	-	-	300	-	-	300
Cancellation of stock options *(Note 9)*	-	-	(627,400)	-	627,400	-	-	-	-
Net loss for the year	-	-	-	-	-	-	(2,222,800)	(365,967)	(2,588,767)
Balance at July 31, 2014 *(audited)*	6,383,995	$9,536,087	$ 11,000	$ 77,100	$ 1,045,600	$ 10,669,787	$ (5,809,778)	$ (365,967)	$ 4,494,042
Issued on debt settlement *(Note 9)*	3,478,340	136,917	-	37,000	-	173,917	-	-	173,917
Share-based compensation *(Note 9)*	-	-	7,800	-	-	7,800	-	-	7,800
Net loss for the period	-	-	-	-	-	-	(34,653)	(1,721)	(36,374)
Balance at October 31, 2014 *(unaudited)*	**9.862,335**	**$9,673,004**	**$ 18,800**	**$ 114,100**	**$ 1,045,600**	**$ 10,851,504**	**$ (5,844,431)**	**$ (367,688)**	**$ 4,639,385**

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

Winston Resources Inc.
Unaudited Interim Consolidated Statements of Cash Flows
For the Three Months ended October 31,
(Expressed in Canadian Dollars)

Unaudited

	2014	2013
Operating Activities		
Net loss for the period	**$ (36,374)**	$ (69,770)
Non-cash items included in net loss:		
Share based compensation	**7,800**	-
(Gain) on sale of equity investments	**(7,531)**	-
Equity loss on equity accounted investments	**7,388**	4,307
Changes in non-cash working capital:		
Prepaid expenses	**(8,063)**	416
Accounts payable and accrued liabilities	**(7,186)**	25,891
HST recoverable	**26,016**	34,143
Cash Used in Operating Activities	**(17,950)**	(5,013)
Financing Activities		
Proceeds on sale of equity investments	**9,680**	-
Due to related parties	**19,356**	(22,563)
Cash Provided By Operating Activities	**29,036**	(22,563)
Investing Activities		
Due from related companies	**(3,433)**	-
Cash Used in Investing Activities	**(3,433)**	-
Net change in cash for the period	**7,653**	(27,576)
Cash at Beginning of Period	**1,535**	54,152
Cash at End of Period	**$ 9,188**	$ 26,576

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 incorporated under the laws of the province of British Columbia. Winston is an exploration stage company engaged in the acquisition and exploration of mineral resource properties in Canada. The Company also invests in Canadian companies operating in the Canadian resource sector as well as a United States based company providing management services to Canadian based mineral exploration companies. Winston is a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "WRW". The head office of the Company is located at 208 Queens Quay West, Suite 2506, Toronto, Ontario M5J 2Y5, Canada.

2. Going Concern Assumption

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS 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. The Company has recently acquired its first exploration and evaluation assets ("E&E"), as such active exploration has not commenced. It is unknown whether the E&E contain reserves that are economically recoverable. As a newly incorporated Company, that is commencing active operations; it incurs operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

The business of 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 E&E contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation assets. 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 E&E, and making the required payments pursuant to E&E purchase agreements. The Company has yet to generate income and cash flows from its operations.

There is no assurance that the Company will be able to obtain the external financing necessary to explore, develop, if E&E are proven successful, and bring to commercial production its E&E. The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company 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. If additional financing is raised by the issuance of shares from the treasury of the Company 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.

2. Going Concern Assumption (Continued)

As at October 31, 2014, the Company had yet to generate revenues from operations and had a deficit of $5,844,431 (July 31, 2014 - $5,819,778). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

3. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

These interim financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC")

These financial statements were authorized for issuance by the Board of Directors of the Company on December 19, 2014.

(b) Basis of Presentation

These interim financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 4.

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 subsidiaries, 84.9% owned CNRP Mining Inc. ("CNRP"), a Canadian based mineral exploration company, and its 100% owned CNRP Dallas Inc. ("CNRP Dallas"), a Dallas, Texas based management services company. Control is achieved when the Company has the power over the investees; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns.

4. Significant Accounting Policies (Continued)

Principles of consolidation
On consolidation, all intercompany transactions, balances, income and expenses are eliminated in full.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Investments in associates
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies and it is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity.

An Investment in associates is accounted for using the equity method from the date on which the investee becomes an associate.

Zara Resources Inc. (“Zara”), and Zara’s former wholly-owned subsidiary Leo Resources Inc. (“Leo”) and Hadley Mining Inc. (“Hadley”) were subsidiaries of the Company until April 17, 2013 at which time the Company’s former wholly-owned subsidiary GreenBank Capital Inc. (“GreenBank”) acquired shares of Zara and Hadley from the Company under a plan of arrangement detailed in Note 15. At October 31, 2014, the Company’s investment in common shares of Zara was 27.5%, the Company’s investment in the common shares of Leo was 16.76%, and the Company’s investment in common shares of Hadley was 40.7%. Accordingly each investee is accounted for using the equity method.

Significant Estimates and Judgments
The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to impairment assessments of E&E and equity investments, recoverability of HST and the valuation of share-based payments. Other major assumptions is the fair value of related party accounts payable and accounts receivable and the classification of current and non-current. The most significant judgements relate to the use of the going concern assumption in the preparation of the consolidated financial statements, the recognition of deferred income tax assets and liabilities, and the determination of the economic viability of exploration and evaluation assets.

4. Significant Accounting Policies (Continued)

Significant Estimates and Judgments *(Continued)*
After capitalization, E&E assets are reviewed for indicators of impairment at each reporting period under IFRS 6. Determining if there are any facts and circumstances indicating impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss exists, the recoverable amount of the cash generating unit ("CGU") must be estimated. Identifying the CGUs requires management judgment. In testing CGUs for impairment, management estimates the recoverable amount of the CGUs. This requires management to make several assumptions as to future events or circumstances.

The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes option pricing model to determine the fair value of share-based compensation. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 2.

Related Party Transactions and Disclosures
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 are in the normal course of business and have commercial substance and are measured at fair value.

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 liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

4. Significant Accounting Policies (Continued)

Deferred income taxes *(Continued)*
The carrying amount of deferred income tax assets is reviewed at each reporting date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit 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 reporting 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 tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax 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 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 reporting 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, except for E&E which is first assessed against the indicators of IFRS 6. If any such indication exists, the recoverable amount of the asset (or CGU) 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 (CGU) to which the assets belong.

Recoverable amount is the higher of fair value less disposal cost 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 or CGU.

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 profit or loss and other 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 moved to a mining asset (if it meets the economic and feasible stage) or the properties are disposed of either through sale or abandonment.

E&E costs consist of such items as:

- 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.

E&E shall be assessed for impairment when one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

The Company estimates the recoverable amount of each CGU, on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property.

Recoverable amount is the higher of fair value less disposal costs 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.

4. Significant Accounting Policies (Continued)

Exploration and Evaluations Assets ("E&E")
Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E are also tested for impairment before the assets are transferred to development properties.

Equity Settled Transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and the corresponding amount is represented in share based compensation reserve.

When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement is transferred to contributed surplus.

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 common shares are classified as equity instruments. Incremental 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 instruments
Fair value through profit or loss (FVTPL)
Financial assets that are held with the intention of generating profits in the near term are classified as held for trading within FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized as gain or loss in the statement of profit or loss and other comprehensive income during the year.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. The Company has classified HST recoverable and due from related companies as loans and receivable.

4. Significant Accounting Policies (Continued)

Financial instruments *(Continued)*
Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss.

Reversals of impairment losses are recognized in other comprehensive income; except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

Other financial liabilities:
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. The effective interest rate (or amortized cost method) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value:
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company’s cash is considered Level 1 in the hierarchy.

4. Significant Accounting Policies (Continued)

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. In the periods when the Company reports a net loss, the effect of potential issuances of common shares are anti-dilutive, therefore, basic and fully diluted loss per common share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants.

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.

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 the profit or loss.

Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013. The following new standards have been adopted:

(i) IFRS 10 – Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

(ii) IFRS 11 – Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

4. Significant Accounting Policies (Continued)

Change in accounting policies *(Continued)*
(iii) IFRS 12 – Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including unconsolidated structured entities. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

(iv) IFRS 13 - Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a definition of fair value and a single source of fair value measurement considerations. IFRS 13 clarifies 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 under current market conditions. It also establishes disclosures about fair value measurement. The Company's adoption of IFRS 13, on August 1, 2013, did not have a financial impact upon the consolidated financial statements. The disclosures have been provided accordingly.

(v) In October 2011, the IASB issued IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

(vi) IAS 27 - Separate Financial Statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

Future Accounting Policies
At the date of authorization of these Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

- <u>IFRS 9 Financial Instruments ("IFRS 9")</u>
  IFRS 9 was issued by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires an expected loss impairment method to be used, replacing the incurred loss impairment

4. Significant Accounting Policies (Continued)

Future Accounting Policies *(Continued)*

methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

- IAS 32 Offsetting Financial Assets and Liabilities ("IAS32")
  IAS 32, this amendment clarifies certain aspects of offsetting and net and gross settlement. The Company has determined there will be no effect on adoption of amendment to IAS 32 on its financial statements. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

- IAS 36 Impairment of Assets ("IAS 36")
  IAS 36 is effective for annual periods beginning on or after July 1, 2014. IAS 36 was amended to address the disclosure required for the recoverable amount of impaired assets or CGU for periods in which an impairment loss has been recognized or reversed. There will be no expected impact on the results of operations or presentation.

Various other accounting pronouncements (such as IFRS 14, IFRS 15, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards. The Company is currently assessing the impact the application of these standards may have on the financial statements of the Company.

5. Financial Risk Management

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, with the Board of Directors oversight, 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:

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account, HST recoverable, which is due from the Canadian government, as well as the amount due from related companies which is described in Note 10 and is expected to be recoverable. As such, the risk of loss on these assets is minimal.

5. Financial Risk Management (Continued)

Financial Risks *(Continued)*

Market risk
Market risk is the risk of uncertainty arising primarily from precious metals and 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 October 31, 2014, the Company had, at its disposal, $9,188 in cash. The Company will require additional working capital to fund its operations and in particular will need to make significant payments to third parties relating to the acquisition of the Elmtree property and will need to raise additional equity capital in relation thereto. There is no guarantee that market conditions will be conducive to raising such additional equity capital.

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. As such the risk is minimal.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at fair value through profit and loss. The HST recoverable and due from related companies is classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables and accrued liabilities, due to related parties and mineral properties purchase price payable are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

(Expressed in Canadian Dollars)

5. **Financial Risk Management** (Continued)

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

	October 31, 2014	July 31, 2014
Financial Assets		
Fair value through profit or loss		
Cash	$ 9,188	$ 1,535
Loans and receivables		
HST Recoverable	2,003	28,019
Due from related companies	6,600	25,956
Financial Liabilities		
Other financial liabilities		
Accounts payables and accrued liabilities	80,071	181,437
Due to related parties	64,279	147,449
Mineral property purchase price payable	700,000	700,000

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 E&E 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.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended October 31, 2014. The Company is not subject to any capital requirements imposed by a lending institution.

(Expressed in Canadian Dollars)

7. Investments in Associates

	October 31, 2014		July 31, 2014	
Zara				
Common shares (23.4%)	**$**	**-**	**$**	**-**
Share of equity loss recognized		**-**		**-**
		-		**-**
Hadley				
Common shares (40.7%)	**$**	**-**	**$**	**-**
Share of equity loss recognized		**-**		**-**
		-		**-**
Leo				
Common shares - 16.76% (July 31, 2014 -17.1%)	**$**	**114,551**	**$**	**116,700**
Share of equity loss recognized to date		**(52,228)**		**(44,840)**
		62,323		**71,860**
	$	**62,323**	**$**	**71,860**

At October 31, 2014, the Company's accumulated share of Zara's equity loss was $528,779 and its accumulated share of Hadley's equity loss was $335,821. However, these losses exceeded the carrying amount of the initial investments in Zara and Hadley of $143,400 and $176,800, respectively, and accordingly, Winston recognized no further losses beyond these carrying amounts. If Zara and Hadley subsequently report profits, the Company will resume recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

During the year ended July 31, 2014, Winston received a dividend in kind of 4,479,511 common shares of Leo from Zara at a value of $116,700 under a plan of arrangement between Leo and Zara. The credit has been accounted for as contributed surplus because the book value of the Company's investment in Zara was already $Nil at July 31, 2013.

The following is financial summary of each equity investment at October 31, 2014:

		Zara		**Hadley**		**Leo**
Current assets	$	5,884	$	4,472	$	73,182
Non-current assets		904,895		35,961		313,250
Current liabilities		519,891		81,177		21,795
Loss and comprehensive loss – three months ended October 31, 2014		6,897		4,742		43,346

During the period ended October 31, 2014, the Company sold 16,500 shares (2013 – Nil) of Leo Resources Inc. and recorded a gain on sale of equity investment of $7,531. (2013 – Nil)

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets

	Balance at July 31, 2014	Property Acquisition Costs	Exploration Expenditures	Impairment loss	Balance at October 31, 2014
New Brunswick					
Elmtree	$ 5,393,760	$ -	$ -	$ -	$ 5,393,760
	$ 5,393,760	$ -	$ -	$ -	$ 5,393,760

	Balance at July 31, 2013	Property Acquisition Costs	Exploration Expenditures	Impairment loss	Balance at July 31, 2014
New Brunswick					
Elmtree	$ 7,703,760	$ -	$ -	$ (2,310,000)	$ 5,393,760
	$ 7,703,760	$ -	$ -	$ (2,310,000)	$ 5,393,760

Elmtree

The Elmtree Gold Project is owned 100% by the Company's subsidiary CNRP and consists of 83 claims. CNRP entered into two transactions to acquire a total of 100% of the Elmtree Gold Project, 60% from Castle Resources Inc ("Castle") and 40% from Stratabound Minerals Corp ("Stratabound"). Both transactions closed on June 22, 2012.

CNRP agreed to pay Castle 5,016,155 common shares, $500,000 in cash, $250,000 of which is payable on the date that is six months from closing with the balance of $250,000 payable twelve months from closing. At October 31, 2014, the Company is indebted to Castle in the amount of $500,000 (July 31, 2014 - $500,000) CNRP also granted 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. CNRP agreed to pay Stratabound 2,786,753 common shares, $300,000 in cash, $100,000 of which was payable on the date of closing, $100,000 payable six months from closing, and $100,000 payable twelve months from closing. At October 31, 2014, the Company is indebted to Stratabound in the amount of $200,000 (July 31, 2014 - $200,000).

During the year ended July 31, 2014, management determined that the carrying value of Elmtree was impaired and accordingly recorded a write-down of $2,310,000.

(Expressed in Canadian Dollars)

9. Share Capital

The Company's authorized share capital includes:

- an unlimited number of common shares without par value; and
- an unlimited number of preferred shares without special rights or restrictions attached. No preferred shares are issued as of October 31, 2014 and July 31, 2014.

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Common

	Number of shares		Amount
Balance – July 31, 2012	64,524,484		9,001,037
Common shares cancelled	(1,200,000)		-
Common shares issued on debt conversion	54,600		5,450
Common shares issued for cash			
Private placement – January 2013	2,500,000		250,000
Private placement – April 30, 2013	4,000,000		200,000
Stock options exercised	200,000		12,700
1:20 share consolidation	(66,574,989)		
Costs of issuance			
Fair value of warrants issued			(77,100)
Balance July 31, 2013	**3,503,995**	**$**	**9,392,087**
Private placement – November 2013	1,440,000		72,000
Warrants exercised – January 2014	1,440,000		72,000
Balance July 31, 2014	**6,383,995**		**9,536,087**
Issued on debt settlement – October 2014	3,478,340		136,917
Balance October 31, 2014	**9,862,335**	**$**	**9,673,004**

On April 15, 2013, the Company's shareholders approved the creation of $1 non-voting preferred shares. On April 25, 2013, the directors approved a 1 for 20 consolidation of its then 70,078,984 issued and outstanding common shares into 3,503,995 new common shares without par value effective May 15, 2013.

Private Placements

On January 28, 2013, the Company completed a private placement through the issuance of 125,000 units at $2.00 per unit for gross proceeds of $250,000. Each unit consisted of one common share plus one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share for $4.00. These warrants expire on January 28, 2015. The 125,000 warrants were issued at a fair value of $77,100.

The fair value of the warrants issued $77,100, which has been allocated to the warrants reserve. Fair value was estimated using the Black-Scholes pricing model based on the following assumptions: share price of $2.00,, dividend yield rate of 0%, forfeiture rate 0%, volatility of 105%, risk free rate of return of 1.15%, and an expected life of two years.

(Expressed in Canadian Dollars)

9. Share Capital (continued)

On April 28, 2013, the Company completed a private placement through the issuance of 200,000 common shares at $1.00 per share for gross proceeds of $200,000.

On November 6, 2013, the Company completed a private placement with a director through the issuance of 1,440,000 common shares and 1,440,000 warrants to purchase common shares at $0.05 per unit for gross proceeds of $72,000. The warrants were exercisable at $0.05 and on January 1, 2014, the 1,440,000 warrants were exercised for further gross proceeds of $72,000.

Warrants

The issued and outstanding warrants balance at July 31, 2014 is comprised as follows:

Date of Expiry	Description	Fair Value	Number of Warrants	Weighted Average Exercise Price
January 28, 2015	Subscriber Warrants	$ 77,100	125,000	$ 4.00
October 9, 2017	Debt settlement warrants	37,000	3,478,340	0.05
		$ 114,100	**3,603,340**	**$ 0.19**

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.

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

	Fair Value	Number of Options	Weighted Average Exercise Price
Outstanding, July 31, 2012	$ 13,100	210,000	$ 5.00
Granted	123,984	647,500	0.56
Granted (CNRP)	626,000	1,400,000	0.60
Cancelled	(122,184)	(467,500)	(2.65)
Exercised	(2,700)	(10,000)	(1.00)
Expired	(100)	(30,000)	(5.00)
Outstanding, July 31, 2013	638,100	1,750,000	0.49
Cancelled (CNRP)	(626,000)	(1,400,000)	(0.60)
Cancelled	(1,400)	(50,000)	(0.05)
Granted (CNRP)	300	125,000	0.05
Outstanding, July 31, 2014	**11,000**	**425,000**	**0.05**
Granted	3,400	350,000	0.05
Granted (CNRP)	4,400	1,275,000	0.05
Outstanding, October 31, 2014	**$ 18,800**	**2,050,000**	**$ 0.05**
Exercisable, October 31, 2014	**$ 18,800**	**2,050,000**	**$ 0.05**

(Expressed in Canadian Dollars)

9. Share Capital (continued)

The following table sets out the details of the stock options granted and outstanding as at October 31, 2014:

Number of stock options		Remaining contractual life	Exercise price per share	Expiry Date
125,000	(CNRP)	1.75 years	$0.05	July 31, 2016
200,000		3.66 years	0.05	July 1, 2018
100,000		0.66 years	0.05	July 1, 2015
150,000		4.76 years	0.05	August 5, 2019
200,000		1.76 years	0.05	August 5, 2016
1,150,000	(CNRP)	2.95 years	0.05	October 14, 2017
125,000	(CNRP)	1.95 years	0.05	October 14, 2016
2,050,000		**2.79 years**	**$0.05**	

Share-based compensation

The fair value of the stock options granted and fully vested by on the grant date for the period ended October 31, 2014 was $3400. Fair value was estimated using Black-Scholes pricing model based on the following factors: share price of $0.02, dividend yield rate of 0%, expected volatility of 109%, risk free rate of return from 1.07% to 1.46%, and an expected life ranging from 2 to 5 years.

The fair value of the stock options granted by CNRP and fully vested by on the grant date for the period ended October 31, 2014 was $4,400. Fair value was estimated using Black-Scholes pricing model based on the following factors: share price of $0.01, dividend yield rate of 0%, expected volatility of 109%, risk free rate of return from 0.98% to 1.09%, and an expected life ranging from 2 to 3 years.

Contributed surplus

Contributed surplus includes the accumulated fair value of share-based compensation and warrants transferred from share-based payment reserve and warrant reserve upon cancellation or expiry of the stock options and warrants.

A summary of the changes in the Company's contributed surplus is set out below:

	October 31, 2014	July 31, 2014
Balance – Beginning of period	**$ 139.400**	$ 139.400
Cancellation of stock options	**627,400**	627,400
Expiration of stock options	**-**	-
Expiration of warrants	**162,100**	162,100
Common shares of Leo Resources Inc. received as dividend in kind from Zara Resources Inc. *(Note 7)*	**116,700**	116,700
Balance – End of period	**$ 1,045,600**	$ 1,045,600

9. Share Capital (continued)

Cancellation of Common Shares

In December 2012, Green Swan Capital Corp. advised the Company that it has not spent $235,000 in exploration expenditures as required pursuant to the June 2012 Riverbank and Brokeback purchase agreement. Accordingly, the 60,000 common shares issued by the Company to Green Swan as partial consideration were cancelled and are no longer outstanding.

Conversion of Debt into Common Shares

On October 9, 2014, the Company effected a conversion of $173,917 of debt into units of the Company, each unit comprising of one common share at $0.05 per share and one warrant exercisable at $0.05 per share and expiring October 9, 2017. The debt conversion resulted in the issuance of 3,478,340 common shares and 3,478,340 warrants. The debt was related to amounts owing to a private company controlled by a director. The fair value of the warrants was $37,000 and was estimated using the Black-Scholes pricing model based on the following factors: share price of $0.02, dividend yield rate of 0%, volatility of 109%, risk free rate of 1.15%, and an expected life of 3 years. No commission was payable in relation to this debt conversion.

Basic and Diluted Loss per Share

The calculation of basic and diluted loss per share for the period ended October 31, 2014 was based on the loss attributable to common shareholders of $34,653 (2013 – $69,770) and the weighted average number of common shares outstanding of 7,215,772 (2013 – 3,503,949). Diluted loss per share did not include the effect of 2,050,000 options (2013 – 1,750,000 options) and 3,603,340 warrants (2013 – 339,200 warrants) as they are anti-dilutive.

10. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations. The amount of due from related companies at October 31, 2014 in the amount of $6,600 (July 31, 2014 -$25,956) is comprised of due from Hadley of $5,275 (July 31, 2014 - $6,600) and due from GreenBank Capital of $1,325 (July 31, 2014 - $19,356). The due to related parties at October 31, 2014 in the amount of $64,279 (July 31, 2014 -$147,449) is comprised of due to an officer of $Nil (July 31, 2014 - $3,833), a payable to Zara of $3,332 (July 31, 2014 - $4,657), a payable to Leo of $36,580 (July 31, 2014 - $35,255), and a payable to a private company controlled by an officer of $24,367 (July 31, 2014 - $103,704). The amounts are payable on demand and are interest-free.

Key Management Compensation

For the three months ended October 31, 2014, the Company incurred management fees expenses of $Nil (2013 - $Nil) to a private company controlled by an officer, for the provision of management services. As at July 31, 2014, the amount of $33,900 (July 31, 2014 - $128,080) was owed thereto and has been included in accounts payables and accrued liabilities.

11. Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates, as well as the United States federal and state income tax rates, with the Company's effective tax rate is as follows:

(Expressed in Canadian Dollars)

11. Income Taxes (Continued)

	2014	2013
Loss before income taxes	**$ (28,986)**	$ (65,463)
Combined statutory rate	**26.50%**	26.50%
	(8,000)	(17,000)
Share-based compensation	**2,000**	-
Non-taxable gain on sale of equity investments	**(2,000)**	-
Benefit of losses (not recognized)	**8,000**	17,000
	$ -	$ -

Deferred income tax assets

The tax effects of temporary differences that give rise to significant portions of future tax assets are as follows:

	October 31, 2014	July 31, 2014
Non-capital losses	**$ 266,000**	$ 258,000
Mineral property exploration	**870,000**	870,000
Share issue costs	**3,000**	3,000
Less: valuation allowance (impairment)	**(1,139,000)**	(1,131,000)
	$ -	$ -

Deferred income tax assets have been impaired in respect of these items because it is not probable that future profit will be available against which the Company can utilize the benefits therefrom.

As at July 31, 2014, the Company has Canadian non-capital losses of approximately $1,008,000 (July 31, 2014 - $975,000) available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2032	$ 26,000
2033	712,000
2034	237,000
2035	33,000
	$ 1,008,000

12. Accounts Payable and Accrued Liabilities

	October 31, 2014	July 31, 2014
Accounts payable	**$ 55,071**	$ 156,437
Accrued liabilities	**25,000**	25,000
	$ 80,071	$ 181,437

The accounts payable and accrued liabilities which arise from the Company's day to day operations have standard vendor terms and are normally settled between one and two months.

13. Mineral Properties Purchase Price Payable

During fiscal 2012, the Company entered into agreements to acquire a mineral exploration property. Under the terms of these agreements, CNRP is required to pay a portion of the purchase price over a period of twelve months from the dates of acquisition. $350,000 of which is payable on the date which is six months from completion of the transaction and the balance of $350,000 payable on the date that is twelve months from completion. Refer to Note 8.

On January 24, 2013, CNRP agreed with Castle and Stratabound to amend their respective agreements to postpone the partial payments of $250,000 to Castle and $100,000 to Stratabound to June 22, 2013. The payments due on June 22, 2013 were not made. As a result of the extension to June 22, 2013, CNRP agreed to pay $5,000 interest to Stratabound and $12,500 interest to Castle. As a result of not meeting the June 22, 2013 extension, CNRP agreed to monthly interest payments to Castle of $4,167 on its $500,000 obligation commencing in July 2013. Effective November 1, 2013, CNRP suspended its $4,167 monthly payment to Castle and accordingly no further interest payments are due. Currently, the Stratabound obligation of $200,000 is interest free. During the period ended October 31, 2014, the Company recognized $Nil (2013 - $12,500) interest expense on the property obligations.

14. Contingency

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, has made a counter claim and will defend itself vigorously.

15. Plans of Arrangement

(i) On October 12, 2012, Hadley entered into a Plan of Arrangement (the “Hadley Plan”) to acquire certain assets from Winston, its parent company at the time. The assets transferred under the Hadley Plan include $100,000 cash, which was received by Hadley on 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 in the amount of $198,200, 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 Hadley Plan, Hadley issued 25.0 million common shares to Winston in exchange for these assets. Of the Hadley shares issued, 2,580,979 shares were immediately transferred to Winston’s shareholders as a distribution. Upon completion of the Hadley Plan, Hadley became a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, and was listed on the CSE under the symbol “HM.”

(ii) On October 12, 2012, Zara Resources Inc. (“Zara”), which was incorporated in October 2012 as a subsidiary of Winston, entered into a Plan of Arrangement (the “Zara Plan”) and acquired certain assets from Winston. Under the terms of the Zara Plan, Zara issued 25.0 million common shares to Winston in exchange for $100,000 cash plus the Riverbank and Brokeback property described in note 7. Of the Zara shares issued, 2,580,979 shares were immediately transferred to Winston’s shareholders as a distribution. Upon completion of the Zara Plan, Zara became a reporting issuer

15. Plans of Arrangement (Continued)

in the Provinces of British Columbia, Alberta and Ontario, and was listed on the CSE under the symbol "ZRI."

All costs and expenses of the transactions under the Zara Plan, including legal, financial advisory, regulatory, printing and mailing costs, were paid and borne by Winston.

(iii) On February 19, 2013 Winston announced that its board of directors had unanimously approved a proposal to spin off to its shareholders approximately 15% of CNRP. Following the spin-off, CNRP applied for listing of its common shares on the CSE. The spin-off was transacted by way of a statutory plan of arrangement (the "CNRP Plan") under the Business Corporations Act (British Columbia). Pursuant to the terms of the CNRP Plan, Winston distributed 2,064,982 of the outstanding 14,000,000 common shares of CNRP to holders of common shares of Winston such that each Winston shareholder of record on the effective date of the CNRP Plan received one common share in the capital of CNRP for every thirty-two common shares in the capital of Winston. A special meeting of Winston shareholders was held on April 15, 2013 at which the shareholders voted and approved the CNRP Plan. Court approval was also obtained and spin-off was completed shortly thereafter. On April 17, 2013, CNRP announced its common shares were now listed on the CSE under the symbol "CND".

All costs and expenses of the transactions under the CNRP Plan, including legal, financial advisory, regulatory, printing and mailing costs, were paid and borne by Winston.

(iv) On February 8, 2013, GreenBank Capital Inc. ("GreenBank") entered into a Plan of Arrangement (the "GreenBank Plan") and acquired certain assets from Winston, its parent company. Under the terms of the GreenBank Plan, GreenBank issued 25,710,000 common shares to Winston in exchange for 13,460,000 common shares of Zara Resources Inc. and 12,250,000 common shares of Hadley Mining Inc. In addition, the Winston board of directors approved a spinoff to its shareholders 100% of its wholly-owned subsidiary GreenBank. The GreenBank common shares were transferred to Winston shareholders at the rate of one GreenBank share for every 2.567 Winston shares.

A special meeting of Winston shareholders was held on April 15, 2013 at which the shareholders voted and approved the GreenBank Plan. Court approval was also obtained and spin-off was completed shortly thereafter. Greenbank is no longer a subsidiary of Winston. On April 17, 2013, GreenBank announced its common shares were now listed on the CSE under the symbol "GBC".

All costs and expenses of the transactions under the GreenBank Plan, including legal, financial advisory, regulatory, printing and mailing costs, were paid and borne by Winston.

The GreenBank plan of arrangement resulted in Zara and Hadley no longer being subsidiaries of Winston.

(Expressed in Canadian Dollars)

16. Non-Controlling Interests

The Company has 84.9% interest in CNRP; accordingly it is consolidated into these financial statements with non-controlling interest.

		CNRP Mining Inc.
Balance – July 31, 2012	$	-
Share of net loss		(104,400)
Contributions		104,400
Balance – July 31, 2013	$	-
Share of net loss		(365,967)
Balance – July 31, 2014		(365,967)
Share of net loss		(1,721)
Balance – October 31, 2014	**$**	**(367,688)**

17. Segmented Information

The Company's operations are comprised of a single reporting operating segment engaged in the exploration and evaluation of mineral resources. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent a single reporting segment. As at October 31, 2014, all of the Company's exploration and evaluation assets and liabilities are situated in Canada.