WINSTON RESOURCES INC.

Condensed Interim Consolidated Financial Statements

Three and Six Months Ended

January 31, 2015

(Unaudited)

(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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of January 31, 2015 and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim consolidated financial statements.

"Daniel Wettreich"
Chief Executive Officer

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED 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 consolidated financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at January 31, 2015	As at July 31, 2014
ASSETS		
Current assets		
Cash	**$ 3,923**	$ 1,535
HST recoverable	**3,746**	28,019
Prepaid expenses	**9,861**	1,798
Due from related companies (note 10)	**6,600**	25,956
Total current assets	**24,130**	57,308
Non-current assets		
Investment in associates (note 7)	**59,787**	71,860
Exploration and evaluation assets (note 8)	**5,393,760**	5,393,760
Total non-current assets	**5,453,547**	5,465,620
Total assets	**$ 5,477,677**	$ 5,522,928
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 16)	**$ 96,733**	$ 181,437
Due to related parties (note 10)	**71,009**	147,449
Mineral properties purchase price payable	**700,000**	700,000
Total current liabilities	**867,742**	1,028,886
Shareholders' Equity		
Common share capital and reserves (note 11)	**10,851,504**	10,669,787
Deficit	**(6,611,146)**	(6,541,712)
Total shareholders' equity attributed to owners	**4,240,358**	4,128,075
Non-controlling interest (note 15)	**369,577**	365,967
Total shareholders' equity	**4,609,935**	4,494,042
Total liabilities and shareholders' equity	**$ 5,477,677**	$ 5,522,928

Nature of operations (note 1)
Going concern assumption (note 2)
Contingency (note 13)

Approved on behalf of the Board of Directors:

"Daniel Wettreich" (signed) Director
Deniel Wettreich, Director

"Mark Wettreich" (signed) Director
Mark Wettreich, Director

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Winston Resources Inc.
Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended January 31, 2015	Three months ended January 31, 2014	Six months ended January 31, 2015	Six months ended January 31, 2014
Revenue				
Interest income	**$ -**	$ 2,453	**$ -**	$ 2,453
	-	2,453	**-**	2,453
Operating Expenses				
Filing and listing fees	**9,575**	9,133	**12,725**	15,503
Legal and professional fees	**13,649**	12,429	**27,102**	43,095
Interest - property obligation	**-**	-	**-**	12,500
Office and general expenses	**2,577**	20,468	**10,586**	35,092
Shareholder information	**-**	1,111	**-**	1,111
Transfer agent fees	**1,030**	1,046	**5,216**	2,349
Share-based payments (note 11)	**-**	-	**7,800**	-
(Gain) on sale of equity investments	**(990)**	-	**(8,521)**	-
	25,841	44,187	**54,908**	109,650
Net loss for the period	**(25,841)**	(41,734)	**(54,908)**	(107,197)
Equity loss on equity accounted investments (note7)	**(3,528)**	(5,573)	**(10,916)**	(9,880)
Net loss and comprehensive loss	**$ (29,369)**	$ (47,307)	**$ (65,824)**	$ (117,077)
Net loss for the period attributed to:				
Common shareholders	**(31,258)**	(47,307)	**(69,434)**	(117,077)
Non-controlling interest (note 15)	**1,889**	-	**3,610**	-
	(29,369)	(47,307)	**(65,824)**	(117,077)
Basic and diluted net loss per share (note 11)	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	**9,862,335**	4,419,647	**8,539,053**	4,419,647

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Winston Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Six Months Ended January 31,	2015	2014
Operating activities		
Net loss for the period	**$ (65,824)**	$ (117,077)
Adjustment for:		
Equity loss in equity accounted investments	**10,916**	9,880
Share-based payments	**7,800**	-
(Gain) on sale of equity investments	**(8,521)**	-
Net changes in non-cash working capital:		
HST recoverable	**24,273**	29,649
Prepaid expenses	**(8,063)**	(979)
Accounts payable and accrued liabilities	**9,474**	(54,178)
Net cash used in operating activities	**(29,945)**	(132,705)
Investing activities		
Proceeds from the sale of investments	**9,680**	-
Net cash provided by investing activities	**9,680**	-
Financing activities		
Due from related companies	**19,356**	(45,055)
Exercise of warrants	**-**	72,000
Issuance of common shares on private placement (note 11)	**-**	72,000
Due to related parties	**3,297**	-
Net cash provided by financing activities	**22,653**	98,945
Net change in cash	**2,388**	(33,760)
Cash, beginning of period	**1,535**	54,152
Cash, end of period	**$ 3,923**	$ 20,392

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Winston Resources Inc.
Condensed 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 Interest	Total
Balance, July 31, 2013	**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 Recources Inc. *(Note 7)*	-	-	-	-	116,700	116,700	-	-	116,700
Issued on private placement	1,440,000	72,000	-	-	-	72,000	-	-	72,000
Warrants exercised	1,440,000	72,000	-	-	-	72,000	-	-	72,000
Net loss for the period	-	-	-	-	-	-	(117,077)	-	(117,077)
Balance, January 31, 2014	**6,383,995**	**9,536,087**	**638,100**	**239,200**	**256,100**	**10,669,487**	**(3,704,055)**	**-**	**6,965,432**
Balance, July 31, 2014	**6,383,995**	**9,536,087**	**11,000**	**77,100**	**1,045,600**	**10,669,787**	**(6,541,712)**	**365,967**	**4,494,042**
Issued on debt settlement	3,478,340	136,917	-	37,000	-	173,917	-	-	173,917
Share-based compensation	-	-	7,800	-	-	7,800	-	-	7,800
Warrant expiration *(Note 11)*	-	-	-	(77,100)	77,100	-	-	-	-
Stock options forfeited	-	-	(4,050)	-	4,050	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(69,434)	3,610	(65,824)
Balance, January 31, 2015	**9,862,335**	**$ 9,673,004**	**$ 14,750**	**$ 37,000**	**$ 1,126,750**	**$ 10,851,504**	**$ (6,611,146)**	**$ 369,577**	**$ 4,609,935**

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of Operations

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 unaudited condensed interim 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.

As at January 31, 2015, the Company had yet to generate revenues from operations and had a deficit of $6,611,146 (July 31, 2014 - $6,541,712). 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

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidted financial statements are based on IFRSs issued and outstanding as of March 27, 2015, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended July 31, 2014, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending July 31, 2015 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for financial instruments which are carried at fair value, and have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed interim consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

4. Significant Accounting Policies

Changes in accounting policies

(i) IAS 32 – Financial Instruments: Presentations (“IAS 32”) clarifies some of the requirements for offsetting financial assets and financial liabilities on the consolidated statement of financial position. The amendment to IAS 32 is effective for annual periods beginning on or after January 1, 2014. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.

(ii) IFRIC 21 - 'Levies' (“IFRIC 21”) is effective for the Company beginning on January 1, 2014. The interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, as well as addressing what the obligating event is that gives rise to pay a levy and when should a liability be recognized. At August 1, 2014, the Company adopted IFRIC 21 and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.

(iii) IFRS 2 - Share-based Payment (“IFRS 2”). The amendments to IFRS 2, issued in December 2013 clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Company adopted the amendments and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

4. Significant Accounting Policies (continued)

Changes in accounting policies (continued)

(iv) IFRS 13 - Fair Value Measurement ("IFRS 13") is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard 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. It also establishes disclosures about fair value measurement. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(v) IAS 24 - Related Party Disclosures (“IAS 24”). The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(vi) IAS 36 - Impairment of Assets ("IAS 36") was amended to address the disclosure required for the recoverable amount of impaired assets or cash generating unit for periods in which an impairment loss has been recognized or reversed. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim 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.

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. 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. In July 2014, the IASB issued the final version of IFRS 9. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 is effective for annual periods beginning on January 1, 2018. The Company is currently assessing the impact of this pronouncement.

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.

5. Financial Risk Management (continued)

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 consolidated 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, due from related companies, as well as the amount due from director, which are described in note 10 and is expected to be recoverable. As such, the risk of loss on these assets is minimal.

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 January 31, 2015, the Company had, at its disposal, $3,923 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.

Commodity risk
The value of the Company's exploration and evaluation assets are related to the price of gold and other mineral commodities, and the outlook for these mineral commodities. Adverse changes in the price of gold can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

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.

(Expressed in Canadian Dollars)

5. Financial Risk Management (continued)

Financial risks (continued)

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, due from related companies and due from director are 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.

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

	As at January 31, 2015	As at July 31, 2014
Financial Assets		
Fair value through profit or loss		
Cash	**$ 3,923**	$ 1,535
Loans and receivables		
HST Recoverable	**3,746**	28,019
Due from related companies	**6,600**	25,956
Financial Liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	**96,733**	181,437
Due to related parties	**71,009**	147,449
Mineral property purchase price payable	**700,000**	700,000

6. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of E&E and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's managements to sustain future development of the business.

All of the E&E, in which the Company currently has an interest, are in the exploration stage with no operating revenues; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new E&E and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's capital management objectives, policies and processes have remained unchanged during the three and six months ended January 31, 2015. The Company is not subject to any capital requirements imposed by a lending institution.

(Expressed in Canadian Dollars)

7. Investments in Associates

	As at January 31, 2015	As at July 31, 2014
Leo	**16.76%**	17.07%
Common shares	**$ 115,541**	$ 116,700
Equity loss carried forward	**(44,840)**	-
Share of equity loss recognized	**(10,916)**	(44,840)
	$ 59,785	$ 71,860

At January 31, 2015, the Company's accumulated share of Zara's equity loss was $486,135 (July 31, 2014 - $527,019) and its accumulated share of Hadley's equity loss was $339,703 (July 31, 2014 - $333,892). 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 three and six months ended January 31, 2015, Winston received a dividend of nil (three and six months ended January 31, 2014 - nil and 4,479,511 common shares of Leo from Zara at a fair value of $116,700, respectively, 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 January 31, 2015:

	Zara	Hadley	Leo
Current assets	$ 7,554	$ 3,054	$ 57,596
Non-current assets	$ 749,556	$ 35,961	$ 313,250
Current liabilities	$ 52,277	$ 89,302	$ 26,811
Income (loss) and comprehensive income (loss) - six months ended January 31, 2015	$ 199,967	$ (14,285)	$ (63,948)

8. Exploration and Evaluation Assets

	Elmtree (New Brunswick property)
Balance, July 31, 2013	**$ 7,703,760**
Impairment	(2,310,000)
Balance, July 31, 2014 and January 31, 2015	**$ 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.

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

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 January 31, 2015, 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 Jannuary 31, 2015, 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. There were no impairment loss recorded for the three and six months ended January 31, 2015.

9. Accounts Payable and Accrued Liabilities

	As at January 31, 2015	As at July 31, 2014
Accounts payable	**$ 63,733**	$ 156,437
Accrued liabilities	**33,000**	25,000
	$ 96,733	$ 181,437

10. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations. At January 31, 2015, the due from related companies 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 in amount of $71,009 (July 31, 2014 - $147,449) is comprised of due to an officer of $5,630 (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 $25,467 (July 31, 2014 – $103,704). The amounts are interest free, payable on demand and have no set repayment terms.

Key Management Compensation

During the three and six months ended January 31, 2015, the Company incurred management fees expenses of $nil (three and six months ended January 31, 2014 - $nil) to a private company controlled by an officer, for the provision of management services. As at January 31, 2015, the amount of $33,900 (July 31, 2014 - $128,080) was owed thereto and has been included in accounts payables and accrued liabilities.

(Expressed in Canadian Dollars)

11. Share Capital and Reserves

Common 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 January 31, 2015 and July 31, 2014.

	Number of shares	Amount
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 January 31, 2014 and July 31, 2014	**6,383,995**	**9,536,087**
Shares issued on debt settlement	3,478,340	136,917
Balance January 31, 2015	**9,862,335**	**$ 9,673,004**

Private pacement

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.

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 inputs: 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 three and six months ended January 31, 2015 was based on the loss attributable to common shareholders of $31,258 and $69,434, respectively, (three and six months ended January 31, 2014 – $47,307 and $117,077, respectively) and the weighted average number of common shares outstanding of 9,862,335 and 8,539,053, respectively (three and six months ended January 31, 2014 – 4,419,647). Diluted loss per share did not include the effect of 1,930,000 options (January 31, 2014 – 1,750,000 options) and 3,478,340 warrants (January 31, 2014 – 125,000) as they are anti-dilutive.

(Expressed in Canadian Dollars)

11. Share Capital and Reserves (continued)

Warrants

The issued and outstanding warrants balance at January 31, 2015 is comprised as follows:

	Number of warrants
Balance, July 31, 2013 and January 31, 2014	**125,000**
Balance, July 31, 2014	**125,000**
Debt settlement - issued on October 9, 2014	3,478,340
Expired - January 28, 2015	(125,000)
Balance, January 31, 2015	**3,478,340**

Issue date	Expiry date	Exercise price	Number of warrants	Fair value
October 9, 2014	October 9, 2017	$0.05	3,478,340	$ 37,000
Weighted average exercise price				$ 0.05

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 stock options over the period.

	Fair Value	Number of stock options	Weighted average exercise price ($)
Balance, July 31 2013 and January 31, 2014	**$ 638,100**	**1,750,000**	**$ 0.49**
Balance, July 31, 2014	**11,000**	**425,000**	**0.05**
Granted	3,400	350,000	0.05
Granted (CNRP)[(1)]	4,400	1,275,000	0.05
Forfeited	(4,050)	(120,000)	0.05
Balance, January 31, 2015	**$ 14,750**	**1,930,000**	**$ 0.05**

(Expressed in Canadian Dollars)

11. Share Capital and Reserves (continued)

Stock options (continued)

The following table sets out the details of the stock options granted and outstanding as at January 31, 2015:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
July 1, 2015	0.05	0.41	40,000	40,000	-
July 31, 2016[1]	0.05	1.50	125,000	125,000	-
August 5, 2016	0.05	1.51	200,000	200,000	-
October 14, 2016[1]	0.05	1.70	125,000	125,000	-
October 14, 2017[1]	0.05	2.70	1,150,000	1,150,000	-
July 1, 2018	0.05	3.42	140,000	140,000	-
August 5, 2019	0.05	4.51	150,000	150,000	-
	0.05	**2.58**	**1,930,000**	**1,930,000**	**-**

[1] These are options granted by CNRP

Share-based compensation

The fair value of the stock options granted and fully vested on the grant date on August 2, 2014 was $3,400. Fair value was estimated using the 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 stock options granted by CNRP and fully vested on the grant date on October 14, 2014 was $4,400. Fair value was estimated using the 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:

Balance, July 31, 2013	**$**	**139,400**
Common shares of Leo Resources Inc. received as dividend in kind from Zara Resources Inc.		116,700
Balance, January 31, 2014		**256,100**
Balance, July 31, 2014		**1,045,600**
Expiration of warrants		77,100
Stock options forfeited		4,050
Balance, January 31, 2015	**$**	**1,126,750**

12. 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 three and six months ended January 31, 2015, the Company recognized $nil (three and six months ended January 31, 2014 - $nil and $12,500, respectively) interest expense on the property obligations.

13. Contingency

Legal claims

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.

14. Plan 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 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.

(Expressed in Canadian Dollars)

14. Plan of Arrangement (continued)

(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.

15. 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, 2013 and January 31, 2014	**$**	**-**
Balance, July 31, 2014	**$**	**(365,967)**
Share of net loss		(3,610)
Balance, January 31, 2015	**$**	**(369,577)**

(Expressed in Canadian Dollars)

16. Supplemental Cash Flow Information

No-cash transactions not reflected in the Statement of Cash Flows for the six months ended January 31, 2015 and 2014 are as follows:

	As at January 31, 2015	As at January 31, 2014
Shares issued to settle due to related parties (Note 11)	**$ 173,917**	$ -

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 January 31, 2015, all of the Company's exploration and evaluation assets and liabilities are situated in Canada.