WINSTON RESOURCES INC.

Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2015

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

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 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 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 consolidated 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 October 31, 2015	As at July 31, 2015
ASSETS		
Current assets		
Cash	$ **2,381**	$ 3,501
Government HST recoverable	**4,217**	6,303
Prepaid expenses	**-**	3,236
Due from related company (note 10)	**5,375**	5,375
Total current assets	**11,973**	18,415
Non-current assets		
Investment in associates (note 7)	**8,508**	9,690
Total non-current assets	**8,508**	9,690
Total assets	$ **20,481**	$ 28,105
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 9 and 10)	$ **99,169**	$ 95,102
Due to related parties (note 10)	**116,749**	108,579
Mineral properties purchase price payable (note 12)	**700,000**	700,000
Total current liabilities	**915,918**	903,681
Shareholders' Equity (Deficiency)		
Common share capital and reserves (note 11)	**10,782,262**	10,782,262
Deficit	**(10,362,240)**	(10,343,561)
Total shareholders' equity attributed to owners	**420,022**	438,701
Non-controlling interest (note 15)	**(1,315,459)**	(1,314,277)
Total shareholders' (deficiency)	**(895,437)**	(875,576)
Total liabilities and shareholders' equity (deficiency)	$ **20,481**	$ 28,105

Nature of operations (note 1)
Going concern (note 2)
Contingency (note 14)

Approved on behalf of the Board of Directors:

"Daniel Wettreich" (signed) Director
Daniel 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 Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

Three Months Ended October 31,	2015	2014
Revenue		
Interest income	$ -	$ 81
	-	81
Operating Expenses		
Filing and listing fees	1,500	3,150
Professional fees	7,000	13,453
Office and general expenses	8,775	8,009
Transfer agent fees	1,404	4,186
Share-based payments (note 11)	-	7,800
(Gain) on sale of equity investments	-	(7,531)
	18,679	29,067
Net loss for the period	(18,679)	(28,986)
Equity loss on equity accounted investments (note7)	(1,182)	(7,388)
Net loss and comprehensive loss	$ (19,861)	$ (36,374)
Net loss for the year attributed to:		
Common shareholders	(18,679)	(34,653)
Non-controlling interest (note 15)	(1,182)	(1,721)
	(19,861)	(36,374)
Basic and diluted loss per share (note 11)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	9,862,335	7,215,772

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)

Three Months Ended October 31,	**2015**	**2014**
Operating activities		
Net loss for the period	**$ (19,861)**	$ (36,374)
Non-cash adjustments for:		
Equity loss in equity accounted investments	**1,182**	7,388
Share-based payments	**-**	7,800
(Gain) on sale of equity investments	**-**	(7,531)
	(18,679)	(28,717)
Net changes in non-cash working capital:		
Government HST recoverable	**2,086**	26,016
Prepaid expenses	**3,236**	(8,063)
Accounts payable and accrued liabilities	**4,067**	(7,186)
Net cash used in operating activities	**(9,290)**	(17,950)
Investing activities		
Due from related companies	**-**	(3,433)
Net cash used in investing activities	**-**	(3,433)
Financing activities		
Issuance of common shares on private placement (note 11)	**-**	9,680
Due to related parties	**8,170**	19,356
Net cash provided by financing activities	**8,170**	29,036
Net change in cash	**(1,120)**	7,653
Cash, beginning of period	**3,501**	1,535
Cash, end of period	**$ 2,381**	$ 9,188

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, 2014	**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	3,478,340	136,917	-	37,000	-	173,917	-	-	173,917
Share-based compensation	-	-	7,800	-	-	7,800	-	-	7,800
Net loss for the period	-	-	-	-	-	-	(34,653)	(1,721)	(36,374)
Balance, October 31, 2014	**9,862,335**	**9,673,004**	**18,800**	**114,100**	**1,045,600**	**10,851,504**	**(5,844,431)**	**(367,688)**	**4,639,385**
Balance, July 31, 2015	**9,862,335**	**9,603,437**	**15,831**	**37,000**	**1,125,994**	**10,782,262**	**(10,343,561)**	**(1,314,277)**	**(875,576)**
Net loss for the period	-	-	-	-	-	-	(18,679)	(1,182)	(19,861)
Balance, October 31, 2015	**9,862,335**	**$ 9,603,437**	**$ 15,831**	**$ 37,000**	**$ 1,125,994**	**$ 10,782,262**	**$ (10,362,240)**	**$ (1,315,459)**	**$ (895,437)**

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. The Company owns 84.9% of CNRP Mining Inc. ("CNRP"). The Company's investment portfolio comprises common shares of Zara Resources Inc. ("Zara") 20.68%, Leo Resources Inc. ("Leo") 16.76%, and Hadley Mining Inc. ("Hadley") 40.7%. 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 acquired its first exploration and evaluation assets (“E&E”) in fiscal 2012, as such active exploration has not commenced. It is unknown whether the E&E contain reserves that are economically recoverable. As a 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 using the full cost method allowed under IFRS 6. 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 October 31, 2015, the Company had yet to generate revenues from operations and had a deficit of $10,362,240 (July 31, 2015 - $10,343,561). 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 consolidated financial statements are based on IFRSs issued and outstanding as of December 28, 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, 2015, 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, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be carried at fair value in subsequent periods, and have been prepared using the accrual basis of accounting, except for cash flow information.

4. Significant Accounting Policies

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 November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and 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. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is still in the process of assessing the impact of this pronouncement.

4. Significant Accounting Policies (continued)

Future accounting policies (continued)

(ii) IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company is still in the process of assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company is still in the process of assessing the impact of this pronouncement.

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.

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 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, government HST recoverable, which is due from the Canadian government, and due from related companies, which 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.

(Expressed in Canadian Dollars)

5. Financial Risk Management (continued)

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, 2015, the Company had, at its disposal, $2,381 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.

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 FVTPL. The government HST recoverable and due from related companies 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 October 31, 2015	As at July 31, 2015
Financial Assets		
Fair value through profit or loss		
Cash	**$ 2,381**	$ 3,501
Loans and receivables		
Government HST Recoverable	**4,217**	6,303
Due from related companies	**5,375**	5,375
Financial Liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	**$ 99,169**	$ 95,102
Due to related parties	**116,749**	108,579
Mineral property purchase price payable	**700,000**	700,000

(Expressed in Canadian Dollars)

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.

The Company defines its capital as its shareholders' equity. As at October 31, 2015, the Company's capital resources amounted to a deficiency of $895,437 (July 31, 2015 - $875,576).

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 months ended October 31, 2015. The Company is not subject to any capital requirements imposed by a lending institution.

7. Investments in Associates

	As at October 31, 2015	**As at July 31, 2015**
Leo	**16.76%**	16.76%
Common shares	**$ 116,700**	$ 116,700
Disposition of shares	**(1,159)**	(1,159)
Equity loss carried forward	**(105,851)**	(44,840)
Share of equity loss recognized	**(1,182)**	(61,011)
	$ 8,508	$ 9,690

At October 31, 2015, the Company's accumulated share of Zara's equity loss was $641,753 (July 31, 2015 - $639,932) and its accumulated share of Hadley's equity loss was $363,764 (July 31, 2015 - $360,876). 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 of 4,479,511 common shares of Leo from Zara at a fair 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.

(Expressed in Canadian Dollars)

7. Investments in Associates (continued)

During the year ended July 31, 2015, the Company disposed of 16,500 common shares in Leo for total proceed of $9,680. This transaction has resulted in the recognition of a gain, calculated as follows.

Proceeds of disposal	$	9,680
Less: carrying amount of investment on the date of disposal		(1,159)
Gain recognized	**$**	**8,521**

The following is financial summary of each equity investment at October 31, 2015:

	Zara	Hadley	Leo
Current assets	$ 14,064	$ 3,373	$ 60,378
Non-current assets	$ 34,622	$ 9,000	$ 44,795
Current liabilities	$ 109,272	$ 121,813	$ 62,004
Loss and comprehensive Loss	$ (8,804)	$ (7,099)	$ (7,053)

8. Exploration and Evaluation Assets

	Elmtree (New Brunswick property)
Balance, July 31, 2014	**$ 5,393,760**
Impairment	(5,393,760)
Balance, July 31, 2015 and October 31, 2015	**$ -**

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 July 31, 2015, the Company is indebted to Castle in the amount of $500,000 (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 July 31, 2015, the Company is indebted to Stratabound in the amount of $200,000 (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. During the year ended July 31, 2015, management determined that the Company did not have the financing to further the project and hence the remaining carrying value of the property of $5,393,760 was impaired.

(Expressed in Canadian Dollars)

9. Accounts Payable and Accrued Liabilities

	As at October 31, 2015	As at July 31, 2015
Accounts payable	**$ 65,299**	$ 67,102
Accrued liabilities	**33,870**	28,000
	$ 99,169	$ 95,102

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. The accounts payable is broken down between the parent and its two subsidiaries as follows - Winston - $40,897 (July 31, 2015 - $38,864), CNRP - $54,772 (July 31, 2015 - $52,738), CNRP Dallas Inc. - $3,500 (July 31, 2015 - $3,500).

The following is an aged analysis of the accounts payable and accrued liabilities:

	October 31, 2015	July 31, 2015
Less than one month	**$ 31,505**	$ 35,085
One to three months	**904**	1,300
Over three months	**66,760**	58,717
Total accounts payable and accrued liabilities	**$ 99,169**	$ 95,102

10. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations. At October 31, 2015, the due from related company in the amount of $5,375 (July 31, 2015 - $5,375) the business purpose of which were made to provide working capital to affiliates is comprised of due from Hadley of $5,375 (July 31, 2015 - $5,375)

The due to related parties in amount of $116,749 (July 31, 2015 - $108,579) the business purpose of which were made to provide working capital to the Company is comprised of due to Daniel Wettreich, an officer and director of the Company, of $11,087 (July 31, 2015 - $11,087), a payable to Zara of $2,007 (July 31, 2015 - $2,007), a payable to Leo of $35,255 (July 31, 2015 - $35,255), a payable to Greenbank of $42,933 (July 31, 2015 - $34,763), and a payable to Sammiri Capital Inc. ("Sammiri"), a private company owned by Daniel Wettreich an officer of $25,467 (July 31, 2015 – $25,467). The amounts are interest free, payable on demand and have no set repayment terms.

During the three months ended October 31, 2015, the Company along with CNRP incurred transfer agent fees of $1,404 (October 31, 2014 - $nil) to Reliable Stock Transfer Inc., ("Reliable") a company owned by Daniel Wettreich for the provision of share transfer services. The amount is comprised of $702 (October 31, 2014 - $nil) incurred by the Company and $702 (October 31, 2014 - $nil) incurred by CNRP. As at October 31, 2015, amount owed to Reliable is $9,050 (July 31, 2015 - $7,464). This is comprised of $4,892 (July 31, 2015 - $4,149) awed by the Company and $4,158 (July 31, 2015 - $3,315) owed by CNRP and has been included in the accounts payable and accrued liabilities.

As at October 31, 2015, the amount of $33,900 (July 31, 2015 - $33,900) being management fees carried forward from prior financial periods was owed to Sammiri Capital Inc. ("Sammiri"), a private company owned by Daniel Wettreich, 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 October 31, 2015 and July 31, 2015.

	Number of shares	Amount
Balance July 31, 2014	**6,383,995**	**$ 9,536,087**
Shares issued on debt settlement	3,478,340	67,350
Balance October 31, 2014, July 31, 2015 and October 31, 2015	**9,862,335**	**$ 9,603,437**

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 Sammiri, a related party of the Company. 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. As a result of this transaction a gain on debt settlement of $69,567 was reported in the consolidated statement of loss and comprehensive loss for the year ended July 31, 2015.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended October 31, 2015 was based on the loss attributable to common shareholders of $19,861 (three months ended October 31, 2014 – $36,374) and the weighted average number of common shares outstanding of 9,862,335 (three months ended October 31, 2014 – 7,215,772). Diluted loss per share did not include the effect of 2,030,000 options (three months ended October 31, 2014 – 2,050,000 options) and 3,478,340 warrants (three months ended October 31, 2014 – 3,603,340) as they are anti-dilutive.

Warrants

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

	Number of warrants
Balance, July 31, 2014	**125,000**
Debt settlement - issued on October 9, 2014	3,478,340
Balance, October 30, 2014	**3,603,340**
Balance, July 31, 2015 and October 31, 2015	**3,478,340**

(Expressed in Canadian Dollars)

11. Share Capital and Reserves (continued)

Warrants (continued)

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

Stock options

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

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, 2014	$ 11,000	425,000	0.05
Granted (CNRP) (2)(3)	4,525	1,400,000	0.05
Granted (4)(5)	3,600	450,000	0.05
Expired/forfeited	(2,994)	(120,000)	0.05
Expired/forfeited (CNRP)(1)	(300)	(125,000)	0.05
Balance, July 31, 2015 and October 31, 2015	**$ 15,831**	**2,030,000**	**0.05**

The following table sets out the details of the stock options granted and outstanding as at October 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, 2017	0.05	1.67	100,000	100,000	-
July 1, 2017(a)(3)	0.05	1.67	125,000	125,000	-
August 5, 2016	0.05	0.77	180,000	180,000	-
October 14, 2016(a)(2)	0.05	0.96	125,000	125,000	-
October 14, 2017(a)(2)	0.05	1.96	1,150,000	1,150,000	-
July 1, 2018	0.05	2.67	200,000	200,000	-
August 5, 2019	0.05	3.76	150,000	150,000	-
	0.05	**1.96**	**2,030,000**	**2,030,000**	**-**

(a) These are options granted by CNRP

(Expressed in Canadian Dollars)

11. Share Capital and Reserves (continued)

Stock options (continued)

(1) The fair value of the stock options granted by CNRP and fully vested on the grant date for the year ended July 31, 2014 was $300 which has been expensed as share-based compensation in the statement of loss and comprehensive loss. The fair value was estimated using the Black-Scholes pricing model based on the following assumptions/inputs: share price $0.01, exercise price $0.05, dividend yield rate of 0%, forfeiture rate 0%, volatility ranging from 109% risk free rate of 1.08%, and an expected life of 2 years. These options were cancelled during the year ended July 31, 2015.

(2) 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 assumptions/inputs: share price of $0.01, exercise price $0.05, 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.

(3) The fair value of stock options granted by CNRP and fully vested on the grant date on July 1, 2015 was $125. Fair value was estimated using the Black-Scholes pricing model based on the following assumptions/inputs: share price of $0.01, exercise price $0.05, dividend yield rate of 0%, expected volatility of 109%, risk free rate of return from 0.49%, and an expected life of 2 years.

(4) The fair value of the stock options granted by the Company 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 assumptions/inputs: share price of $0.02, exercise price of $0.05, 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.

(5) The fair value of the stock options granted by the Company and fully vested on the grant date on July 1, 2015 was $200. Fair value was estimated using the Black-Scholes pricing model based on the following assumptions/inputs: share price of $0.01, exercise price of $0.05, dividend yield rate of 0%, expected volatility of 109%, risk free rate of return of 0.49%, and an expected life of 2 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, 2014 and October 31, 2014	**$**	**1,045,600**
Balance, July 31, 2015 and October 31, 2015	**$**	**1,125,994**

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. The Company has not recognized any interest expense on the property obligations during the the three months ended October 31, 2015 and 2014.

13. Proposed Transaction

On September 11, 2015, the Company signed a non-binding Letter of Intent (the "LOI") and intends to enter into a definitive binding agreement for the acquisition by the Company of 100% of the issued and outstanding share capital of Crypto Next PLC ("Crypto") for CAD$9,000,000. Crypto is a company incorporated in the Isle of Man and offers a white label crypto currency exchange.

Subject to the closing of the Acquisition Agreement, Winston intends to distribute to its shareholders all its shareholdings in CNRP Mining Inc., Zara, Hadley and Leo. The record date for the distribution is September 10, 2015.

Winston intends to change its name to CryptoNext Exchange Inc. and its business to a crypto currency exchange. Closing of the Acquisition Agreement will be subject to approval of Winston shareholders and regulatory authorities, and to compliance with any required governmental and securities regulations. There is no guarantee that the Acquisition Agreement will close.

The purchase price for Crypto will be payable by the issuance of 9,000,000 new Winston shares at a deemed price of $1.00 per share. These shares will be held in an Escrow account with the Company's transfer agent and released over a thirty-six month period.

14. 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. There has been no further developments in this matter since February 2013.

(Expressed in Canadian Dollars)

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, 2014	**$**	**(365,967)**
Share of net loss		(948,310)
Balance, July 31, 2015	**$**	**(1,314,277)**
Share of net loss		(1,182)
Balance, October 31 2015	**$**	**(1,315,459)**

16. 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, 2015, all of the Company's exploration and evaluation assets and liabilities are situated in Canada.