

# WINSTON RESOURCES INC.

**FOR THE NINE MONTHS ENDED APRIL 30, 2019**

**(Prepared by Management June 25, 2019)**

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MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”) AS OF JUNE 25, 2019 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF WINSTON RESOURCES INC. (THE “COMPANY” OR “WINSTON”) FOR THE NINE MONTHS ENDED APRIL 30, 2019.

This MD&A is dated June 25, 2019.

The following MD&A should be read in conjunction with the unaudited condensed interim financial statements of the Company for the nine months ended April 30, 2019 and with the audited financial statements for the year ended July 31, 2018, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

## **DESCRIPTION OF THE BUSINESS**

### **Overview**

Winston owns a 25% interest in the Pigeon River nickel-copper mining claim located in Ontario.

The Qualified Person for the Pigeon River Technical Report is Alan Aubut and the Technical Report was prepared by Alan Aubut. Mr. Aubut is a “Qualified Person” and “independent” of the Company within the meaning of NI 43-101. While all geological information contained herein is derived from the Technical Report, the authors thereof have not reviewed or approved this MD&A.

As of April 30, 2019, the Company is actively seeking investment opportunities in natural resources sector.

### **Letter of Intent with Abattis Biocentials Corp.**

On December 22, 2017, the Company entered into a non-binding Letter of Intent (“LOI”) with Abattis Biocentials Corp. (“Abattis”) which outlines the general terms and conditions of a proposed transaction that will result in Abattis acquiring all of the issued and outstanding common shares of Winston at the time of closing in exchange for 25,000,000 common shares of Abattis. As a result of the proposed transaction, Winston shareholders will own approximately 10.2% of Abattis' issued and outstanding common shares.

It is anticipated that the LOI will be superseded by a definitive agreement between the Company and Abattis and that such agreement will include representations, warranties and covenants typical for a transaction of similar nature to the proposed transaction as well as customary conditions precedent, including completion of due diligence and receipt of any required consents and approvals, including those of the CSE and shareholders of Winston.

### **Definitive and Assignment Agreement with Green Tree Therapeutics Corp. and Abattis**

On May 31, 2017, the Company entered into a definitive agreement to acquire Green Tree Therapeutics Corp. (“GTT”) through a reverse take-over. After the completion of this transaction, GTT will become the business of Winston. Pursuant to the agreement, the Company will issue an aggregate of 5,500,000 common

shares to the existing shareholders of GTT, on a pro-rata basis, at a price of \$0.45 per share for total consideration of \$2,475,000 plus \$125,000 in cash (paid). The Company was required to complete a concurrent private placement. In connection with the same, on March 22, 2017, the Company closed a non-brokered private placement of 11,600,000 units. Completion of the transaction is subject to a number of conditions, including but not limited to satisfactory due diligence and acceptance of the CSE. This transaction was not completed.

Effective on January 10, 2018, the Company entered into an assignment and novation agreement (the “Assignment Agreement”) among the Company, certain shareholders of GTT and Abattis Bioceuticals Corp. (“Abattis”).

On January 29, 2018, the Company’s assignee, Abattis, has completed its acquisition of GTT.

Pursuant to the terms of an assignment and novation agreement, the Company assigned to Abattis all of its rights and interest under a share exchange agreement dated effective May 31, 2017, between the Company and GTT, pursuant to which the Company was granted the right to acquire GTT. On January 29, 2018, the Company’s assignee, Abattis, completed its acquisition of GTT. In consideration of the assignment and upon closing of the acquisition, the Company received 15,000,000 shares from Abattis and recorded a realized gain on sale of agreement of \$9,953,215.

On June 7, 2018, the Company distributed a total of 15,000,000 common shares of Abattis to the Company’s shareholders of record as of January 23, 2018. Each Winston Shareholder is entitled to receive approximately 0.5968 of one Abattis Share for each common share of Winston held. The fair value of the dividend distribution of \$3,000,000 for 15,000,000 shares of Abattis held by the Company is based on the market price of Abattis’s shares as at the date of the dividend was declared. The Company recognized \$7,500,000 loss on dilution of ownership in the statement of income and comprehensive income during the year ended July 31, 2018.

## **MINERAL PROPERTIES**

The full capitalized cost of the mineral properties is reflected in the financial statements of the Company and of CNRP, Zara, Hadley and Leo. Prior to January 29, 2016, by way of its majority interest in CNRP and of its minority investments in Zara, Hadley and Leo, the Company was deemed to have an interest in the mineral properties owned by those companies.

Details of those mineral properties owned by CNRP, Zara, Hadley and Leo are as follows:

### **Zara and Hadley-Pigeon River**

On January 7, 2013, the Company acquired 100% of 28 Pigeon River claims located in Ontario from Pele Mountain Resources (“Pele”) for a purchase price of \$700,000. The purchase price was paid by the issuance of 75,000 common shares of the Company at a fair value of \$3.00 per share and 475,000 non-voting 5% convertible Series B preferred shares of the Company at a fair value of \$1.00 per share. The preference shares annual yield is payable in common shares of the Company at the prevailing market price. The property is also subject to a 2% NSR of which 0.5% is granted to Pele and 1.5% is granted to 2212150 Ontario Inc. (operating as Vanex Exploration). The 75,000 common shares were valued at \$225,000 and the non-voting convertible 5% preference shares were valued at \$475,000 and were issued during the period ended July 31, 2013. During the year ended July 31, 2014, management made the decision to abandon 20 of the Pigeon River claims. As a result, the Company recognized an impairment of the exploration and

evaluation assets of \$501,439. During the year ended July 31, 2015, the Company allowed seven out of eight claims to lapse. As a result, the Company recognized a further impairment of \$155,339 on the exploration and evaluation assets. On April 10, 2015, Zara sold a 25% interest in its Pigeon River mining claim to Hadley Mining Inc. for the sum of \$9,000. As a result of this transaction, a loss in amount of \$2,541 was realized.

On January 19, 2016, Zara sold a 25% interest in its Pigeon River mining claim to Winston for the sum of \$9,000. As a result of this transaction, a loss in the amount of \$2,541 was realized. During the year ended July 31, 2017, the Company wrote off the Pigeon River Property.

### **FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION**

The condensed interim financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern under 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 incurs operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

Management's current strategy is to exercise careful cost control while pursuing opportunities within various market sectors. Management recognizes the Company's need to expand its cash reserves in the coming year if it intends to adhere to its sales and marketing plans and has evaluated its potential sources of funds. Although management intends to assess and act on these options throughout the course of the year, there can be no assurance that the steps management take will be successful.

In the event that cash flow from operations, together with the proceeds from any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations.

As at April 30, 2019, the Company has not generated any revenues from operations and had a deficit of \$13,347,494 (July 31, 2018 - \$13,179,595). 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, these condensed interim financial statements 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 condensed interim financial statements. These adjustments could be material.

### **RESULTS OF OPERATIONS**

On May 31, 2017, the Company entered into a definitive agreement to acquire GTT through a reverse take-over. After the completion of this transaction, GTT will become the business of Winston. Pursuant to the agreement, the Company will issue an aggregate of 5,500,000 common shares to the existing shareholders

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of GTT, on a pro rata basis, at a price of \$0.45 per share for total consideration of \$2,475,000 plus \$125,000 in cash (paid). The Company was required to complete a concurrent private placement. In connection with the same, on March 22, 2017, the Company closed a non-brokered private placement of 11,600,000 units. Completion of the transaction is subject to a number of conditions, including but not limited to satisfactory due diligence and acceptance of the CSE. The transaction cannot close until the required approvals are obtained and the other conditions to the transaction are satisfied.

Effective on January 10, 2018, the Company entered into an assignment and novation agreement (the "Assignment Agreement") among the Company, certain shareholders of GTT and Abattis.

On January 29, 2018, the Company's assignee, Abattis, has completed its acquisition of GTT.

Pursuant to the terms of an assignment and novation agreement, the Company assigned to Abattis all of its rights and interest under a share exchange agreement dated effective May 31, 2017, between the Company and GTT, pursuant to which the Company was granted the right to acquire GTT. On January 29, 2018, the Company's assignee, Abattis, completed its acquisition of GTT. In consideration of the assignment and upon closing of the acquisition, the Company received 15,000,000 shares from Abattis and recorded a realized gain on sale of agreement of \$9,953,215.

On June 7, 2018, the Company distributed a total of 15,000,000 common shares of Abattis to the Company's shareholders of record as of January 23, 2018. Each Winston Shareholder is entitled to receive approximately 0.5968 of one Abattis share for each common share of Winston held. The fair value of the dividend distribution of \$3,000,000 for 15,000,000 shares of Abattis held by the Company is based on the market price of Abattis' shares as at the date of the dividend was declared. The Company recognized \$7,500,000 loss on dilution of ownership in the statement of income and comprehensive income during the year ended July 31, 2018.

For the nine months ended April 30, 2019, the Company recorded a net loss of \$167,899 (2018 - net income of \$6,173,169) and loss per share of \$0.01 (2018 - earnings per share of \$0.25). The net loss during the period was mainly attributable to the operating expenses incurred during the current period. Net income during the same period of the prior year was due to the realized gain on sale of agreement of \$6,646,558 in connection with the Assignment Agreement with Abattis.

The decrease in operating expense during the nine months ended April 30, 2019 was largely due to decrease in consulting fees to \$86,620 from \$328,848 during the nine months ended April 30, 2018 due to lower fees charged by consultants during the current period. Office and rent expenses decreased to \$29,715 from \$79,375 during the previous comparative period due to lesser office and rent expenses incurred during the current period. Travel expenses decreased to \$4,423 from \$17,329 during the previous comparative period due to lower business travel expenses incurred during the current period. Shareholder information decreased to \$1,526 from \$2,115 during the previous comparative period. Transfer agent fees decreased to \$2,680 from \$7,494 during the previous comparative period due to lower regulatory fees incurred during the current period. These decreases in expenses was due to decreased business activities during the current period. The decrease in these expenses are partially offset by the increase in professional fees to \$31,996 from \$22,120 during the previous comparative period due to higher professional fees charged in relation to maintaining the Company's bookkeeping file. Filing fees increased to \$10,853 from \$9,289 during the previous comparative period due to higher regulatory filing fees incurred during the current period.

For the three months ended April 30, 2019, the Company recorded a net loss of \$14,684 (2018 - \$169,346) and loss per share of \$0.00 (2018 - \$0.01). The decrease in net loss during the period was mainly attributable to the decrease in operating expenses.

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The decrease in operating expenses during the three months ended April 30, 2019 was largely due to decrease in consulting fees to \$19,750 from \$109,073 during the three months ended April 30, 2018 due to lower fees charged by consultants during the current period. Office and rent expenses decreased to \$13,586 from \$20,609 during the previous comparative period due to lesser office and rent expenses incurred during the current period. Travel expenses decreased to \$873 from \$4,952 during the previous comparative period due to lower business travel expenses incurred during the current period. Transfer agent fees decreased to \$786 from \$7,227 during the previous comparative period due to higher regulatory fees incurred during the current period. Recovery of professional fees of \$23,677 from fees of \$18,870 during the previous comparative period due to lower professional fees charged in relation to the amendment and adjusting of the Company's bookkeeping file and assistance with GTT and Abattis transaction.

For the nine months ended April 30, 2019, the net cash used in operating activities was \$273,437 (2018 - \$473,702). For the nine months ended April 30, 2019, cash used in investing activity was \$1,500 (2018 - \$32,034). For the nine months ended April 30, 2019, cash used in financing activity was \$Nil (2018 - \$8,169).

For the three months ended April 30, 2019, the net cash used in operating activities was \$52,045 (2018 - \$63,486). For the three months ended April 30, 2019, cash used in investing activity was \$1,500 (2018 - \$Nil). For the three months ended April 30, 2019, cash used in financing activity was \$Nil (2018 - \$8,169).

Depending on future events, the rate of expenditures and general and administrative costs could increase or decrease.

### Selected Annual Financial Information

<b>For the years ended July 31,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net Income (Loss) and Comprehensive Income (Loss)	1,814,058	(1,040,927)	(154,786)
Interest in Exploration and Evaluation Assets	-	-	9,000
Current Assets	931,701	1,923,046	5,250
Total Assets	931,701	2,048,046	14,250
Total Liabilities	153,927	84,330	143,695
Total Shareholder's Equity (Deficiency)	777,774	1,963,716	(129,445)

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### Selected Quarterly Financial Information

<u>Quarters ended</u>	<u>Apr. 30, 2019</u>	<u>Jan. 31, 2019</u>	<u>Oct. 31, 2018</u>	<u>Jul. 31, 2018</u>
	\$	\$	\$	\$
Net Loss	(14,684)	(62,724)	(90,491)	(4,359,111)
Current Assets	666,477	719,251	882,944	931,701
Total Assets	666,477	719,251	882,944	931,701
Total Liabilities	56,602	94,692	195,661	153,927
Total Shareholder's Equity	609,875	624,559	687,283	777,774
<u>Quarters ended</u>	<u>Apr. 30, 2018</u>	<u>Jan. 31, 2018</u>	<u>Oct. 31, 2017</u>	<u>Jul. 31, 2017</u>
	\$	\$	\$	\$
Net (Income) Loss	(169,346)	6,517,985	(175,470)	(76,020)
Current Assets	1,064,564	1,191,829	1,716,549	1,923,046
Total Assets	3,979,344	9,591,829	1,841,549	2,048,046
Total Liabilities	117,459	85,598	53,303	84,330
Total Shareholder's Equity	3,861,885	9,506,231	1,788,246	1,963,716

### Fiscal 2019

During the third quarter of fiscal 2019, the Company recorded a loss of \$14,684 compared to a loss of \$62,724 in the second quarter of fiscal 2019. The change is mainly due to lower consulting fees incurred during the third quarter and recovery of professional fees.

During the second quarter of fiscal 2019, the Company recorded a loss of \$62,724 compared to a loss of \$90,491 in the first quarter of fiscal 2019. The change is mainly due to lower professional fees incurred during the second quarter.

During the first quarter of fiscal 2019, the Company recorded a loss of \$90,491 compared to a loss of \$4,359,111 in the fourth quarter of fiscal 2018. The change is mainly due to lower consulting fees incurred during the first quarter and due to loss on dilution of ownership incurred during the fourth quarter of fiscal 2018.

### Fiscal 2018

During the fourth quarter of fiscal 2018, the Company recorded a loss of \$4,359,111 compared to a loss of \$169,346 in the third quarter of fiscal 2018. The change is mainly due to loss in dilution of ownership incurred during the fourth quarter.

During the third quarter of fiscal 2018, the Company recorded a loss of \$169,346 compared to an income of \$6,517,985 in the second quarter of fiscal 2018. The change is mainly due to a higher consulting fees incurred during the third quarter and realized gain on sale on share exchange agreement between the Company and Abattis during the second quarter.

During the second quarter of fiscal 2018, the Company recorded an income of \$6,517,985 compared to a loss of \$175,470 in the first quarter of fiscal 2018. The change is mainly due to a realized gain on sale on share exchange agreement between the Company and Abattis during the second quarter.

During the first quarter of fiscal 2018, the Company recorded a loss of \$175,470 compared to a loss of \$76,020 in the fourth quarter of fiscal 2017. The change is mainly due to higher consulting fees incurred during the first quarter.

**Fiscal 2017**

During the fourth quarter of fiscal 2017, the Company recorded a loss of \$76,020 compared to a loss of \$553,827 in the third quarter of fiscal 2017. The change is mainly due to lesser advertising and promotion expenses incurred during the fourth quarter.

**Liquidity and Solvency**

The Company will need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available it may not be on terms that management finds is in the interest of the Company. Some of the management fees have been accrued by management and as a result do not represent a cash requirement for the Company; however, there is no assurance that management fees will be accrued in the future. The Company would need to raise additional equity capital in order to pursue other investment or business opportunities or to support special projects.

The following table summarizes the Company's cash on hand, working capital and cash flow:

<b>For the nine months ended April 30,</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash</b>	594,756	931,856
<b>Working Capital Equity</b>	609,875	947,105
<b>Cash Used in Operating Activities</b>	(273,437)	(473,702)
<b>Cash Used in Investing Activity</b>	(1,500)	(32,034)
<b>Cash Used in Financing Activity</b>	-	(8,169)
<b>Net Change in Cash</b>	(274,937)	(513,905)

The Company is dependent on the sale of newly issued shares to finance its operational activities and general and administrative costs. The Company may have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company may be forced to curtail its business activities.

**Capital Resources**

The Company's primary capital assets as at April 30, 2019, are cash and receivables. The Company has no commitments for capital expenditures, and there are no known trends or expected fluctuations in the Company's capital resources.

Common Shares

The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 25,133,840 are outstanding as of June 25, 2019. Holders of the issuer's common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate ratably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

The following is a summary of the Company's outstanding stock options and warrants data as of June 25, 2019.



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### Winston Stock Options

Options to purchase common shares in the capital of Winston are granted by Winston's Board of Directors to eligible persons pursuant to Winston's 2016 Stock Option Incentive Plan. During the nine months ended April 30, 2019, Winston granted no stock options and Nil options are outstanding as at April 30, 2019 and June 25, 2019.

### Winston Warrants

The Company has Nil subscribers and broker's warrants outstanding as at April 30, 2019 and June 25, 2019.

### **Outlook and Capital Requirements**

There is no guarantee that market conditions will be conducive to raising additional equity capital. Depending on future events, the rate of Company expenditures and general and administrative costs could increase or decrease.

### **Related Party Transactions**

During the three and nine months ended April 30, 2019, the Company incurred and paid consulting fees of \$10,000 and \$28,000, respectively (three and nine months ended April 30, 2018 - \$7,500 and \$22,500, respectively) to the CEO of the Company.

During the three and nine months ended April 30, 2019, the Company incurred and paid consulting fees of \$750 and \$4,620, respectively (three and nine months ended April 30, 2018 - \$Nil and \$12,500, respectively) to a director of the Company.

The following transaction occurred between related parties during the nine months ended April 30, 2019 and 2018:

		<b>2019</b>		<b>2018</b>
Consulting fees paid to the CEO and a director	\$	<b>32,620</b>	\$	35,000
Consulting fees paid to a company controlled by a former director		-		15,227
Consulting fees paid to a former director		-		8,000
	<b>\$</b>	<b>32,620</b>	<b>\$</b>	<b>58,227</b>

As at April 30, 2019, \$513 (July 31, 2018 - \$Nil) was payable to the current CEO and director.

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet transactions.

### **Subsequent Event**

No subsequent event.

### **Proposed Transactions**

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

### **Accounting Policies**

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

#### ***Use of estimates and judgments***

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and contingent liabilities.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty, and the classification of financial instruments.

#### ***Foreign currency translation***

The functional currency of an entity is measured using the currency of the primary economic environment in which that entity operates. The condensed interim financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

***Share-based payments***

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to share-based payment reserves. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***Warrants***

When the Company issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on a Black-Scholes Option Pricing Model.

***Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, basic loss per share equals the dilutive loss per share. Diluted loss per share is calculated by using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

***Impairment of assets***

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income (loss).

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

***Income taxes***

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are

those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Restoration and environmental obligations***

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for resource property interest.

The Company has no restoration, rehabilitation and environmental obligations.

**New accounting standards already effective**

***Financial instruments***

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”). IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company’s new accounting policy for financial instruments under IFRS 9.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<b>Financial assets/liabilities</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	Loans and receivables	Amortized cost
Loan receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the 2019 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on August 1, 2018.

Measurement

***Financial assets at FVTOCI***

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of net income (loss) in the period in which they arise.

**Impairment of financial assets at amortized cost**

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**Derecognition**

***Financial assets***

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

***Financial liabilities***

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net income (loss).

***Revenue from Contracts with Customers***

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for fiscal years beginning on or after January 1, 2018 and is available for early adoption. The Company has determined that the adoption of IFRS 15 has no impact on its financial statements.

**New accounting standards not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements and have not been applied in preparing these condensed interim financial statements. The Company has not early adopted any of these standards and do not expect that these standards will have an impact on its financial statements.

***Leases***

IFRS 16 replaces IAS 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet assessed the future impact of this new standard on its financial statements.

Other recent accounting pronouncements that have no material impact to the Company are not included above.

**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 and government GST recoverable, which is due from the Canadian government. 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***

Interest rate risk is the potential for fair value changes of a financial instrument resulting from changes in interest rates. The Company is not exposed 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 April 30, 2019, the Company had, at its disposal, \$594,756 in cash. The Company will require additional working capital to fund its operations. 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 of April 30, 2019, the Company does not use derivative instruments to reduce its exposure to currency risk.

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

Cash and loan receivable are categorized as amortized cost whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables are classified as amortized cost 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:

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		<b>As at April 30, 2019</b>		<b>As at July 31, 2018</b>
<b>Financial Assets</b>				
<b>Amortized cost</b>				
Cash	\$	594,756	\$	869,693
Loan receivable	\$	2,000	\$	500
<b>Financial Liabilities</b>				
<b>Amortized cost</b>				
Accounts payable	\$	56,602	\$	141,427

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**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 of new business interests 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 management to sustain future development of the business.

The Company defines its capital as its shareholders' equity. As at April 30, 2019, the Company's capital resources amounted to \$609,875 (July 31, 2018 - \$777,774).

The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended April 30, 2019. The Company is not subject to any capital requirements imposed by a lending institution.



## **Risks and Uncertainties**

The Company's principal activity is mineral exploration and evaluation, and investment in securities. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economic. The mineral exploration business is risky and most exploration projects will not become mines. The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether any mineral contains mineral reserves are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company. There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of any required permits, and may fail to meet exploration commitments. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines. Exploration of mineral properties by the Company may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company may cease operations. The Company and is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company has limited financial resources.

## **Conflicts of Interest**

Certain directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

## **Management's Responsibility for Condensed Interim Financial Statements**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the condensed interim financial statements.

## **Trends**

Trends in the industry can materially affect how well any junior minerals company is performing. The price of precious metals has undergone a recent retracement, although worldwide exploration is being maintained. Company management believes that the retracement is a short-term anomaly and that the general trend will show precious metals prices to be higher over time. However, the Company's investments are in the mineral exploration sector and the presently depressed market for mining companies and their valuations can adversely affect the Company's ability to successfully complete transactions.

## **Outlook**

The outlook for precious metals is uncertain and has seen a recent decline on prices. As of April 30, 2019, the Company's focus is the Abattis LOI.

## **Cautionary Statement**

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding the Company's expectation of future trends in the mineral exploration sector, its development plans and the Company's future plans and objectives are forward-looking statements that involve various risks and uncertainties. The material factors and assumptions that management has used to determine such forward-looking statements include, without limitation: (1) estimates of share-based compensation expense; (2) expectations of industry trends; (3) expectations of future funding; (4) expectation of exploration activities; and (5) expectation of successful negotiation with First Nations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavors to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with corporate finance and mergers and acquisitions activities, investment portfolio risk, and operational and political risks.

## **Personnel**

### Current Directors and Officers

Quinn Field-Dyte, CEO, Director  
David Whitney, CFO  
Richard Grieve, Director  
Suzett Ramcharan, Director  
Dino Minichiello, Director  
Von Torres, Director, Corporate Secretary

## **Other**

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.winstonresources.com](http://www.winstonresources.com) and its profile on SEDAR at [www.sedar.com](http://www.sedar.com).