

**CNRP Mining Inc.**

**Interim Financial Statements**  
(Unaudited)

**For the Six Months Ended January**  
**31, 2013**  
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

**CNRP Mining Inc.**

**Interim Statement of Financial Position**

*(Expressed in Canadian Dollars)*

<b>As at</b>	<b>January 31, 2013</b>	<b>July 31, 2012</b>
<b>Assets</b>	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Current Asset</b>		
Cash	\$ 201,646	\$ 539,532
Due from parent company <i>(Note 12)</i>	666,844	216,940
Due from related company	-	30,000
	<b>868,490</b>	<b>786,472</b>
<b>Exploration and Evaluation Assets <i>(Note 7)</i></b>	<b>7,715,242</b>	<b>8,003,760</b>
	<b>\$ 8,583,732</b>	<b>\$ 8,790,232</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade payables	\$ 4,180	\$ 129,938
Mineral properties purchase price payable <i>(Note 11)</i>	676,771	603,760
Due to director	-	62,641
	<b>680,951</b>	<b>796,339</b>
<b>Shareholders' Equity</b>		
Share Capital <i>(Note 8)</i>	8,331,550	8,331,550
Deficit	(428,769)	(337,657)
	<b>7,902,781</b>	<b>7,993,893</b>
	<b>\$ 8,588,732</b>	<b>\$ 8,790,232</b>

Going concern *(Note 2)*

*The accompanying notes are an integral part of these interim financial statements*

Approved by the Board:



Director

**CNRP Mining Inc.**  
**Interim Statement of Comprehensive Loss**  
*(Unaudited)*

*(Expressed in Canadian Dollars)*

<i>For the period</i>	<b>Three Months Ended January 31, 2013</b>	<b>Six Months Ended January 31, 2013</b>	<b>Three Months Ended January 31, 2012</b>	<b>Period From September 15, 2011 (date of incorporation) to January 31, 2012</b>
<b>Interest Revenue</b>	\$ 267	\$ 267	\$ -	\$ -
<b>Operating Expenses</b>				
Interest on property obligation	35,765	66,530		
Occupancy	5,300	13,250	-	-
Office	3,152	5,355	206	3,670
Professional fees	1,912	6,244	8,913	35,960
Travel	-	-	2,220	11,101
	<b>46,129</b>	<b>91,379</b>	<b>11,339</b>	<b>50,731</b>
<b>Comprehensive Loss</b>	<b>\$ 45,862</b>	<b>\$ 91,112</b>	<b>\$ 11,339</b>	<b>\$ 50,731</b>

*The accompanying notes are an integral part of these interim financial statements*

**CNRP Mining Inc.**  
**Interim Statement of Changes in Equity**

*(Expressed in Canadian Dollars)*

	Common Share Capital			Total Shareholders' Equity
	No. of Shares	Amount	Deficit	
Common Shares Issued for:				
Cash on incorporation on September 15, 2011	1,000	\$ 50	\$ -	\$ 50
Exploration and evaluation properties <i>(Note 8)</i>	29,200,000	7,300,000		7,300,000
Cash from private placement	20,319,000	1,031,500		1,031,500
Comprehensive loss	-	-	(337,657)	(337,657)
Balance at July 31, 2012 <i>(Audited)</i>	49,520,000	8,331,550	(337,657)	7,993,893
Comprehensive loss	-	-	(91,112)	(91,112)
<b>Balance at January 31, 2013 <i>(Unaudited)</i></b>	<b>49,520,000</b>	<b>\$ 8,331,550</b>	<b>\$ (428,769)</b>	<b>\$ 7,902,781</b>

*The accompanying notes are an integral part of these interim financial statements*

**CNRP Mining Inc.**  
**Interim Statement of Cash Flows**  
*(Unaudited)*

*(Expressed in Canadian Dollars)*

	<b>Three Months Ended January 31, 2013</b>	<b>Six Months Ended January 31, 2013</b>	<b>Three Months Ended January 31, 2012</b>	<b>Period From September 15, 2011 (date of incorporation) to January 31, 2012</b>
<b>Operating Activities</b>				
Comprehensive Loss	\$ (45,862)	\$ (91,111)	\$ (11,339)	\$ (50,731)
Adjustment to reconcile comprehensive loss to cash flows from operations:				
Interest accretion on mineral property purchase price payable	35,765	61,529		
Adjustment to reconcile comprehensive loss to cash flows from operating activities:				
Trade payables	(1,016)	(125,759)	-	-
Due to director		(1,000)	11,339	50,731
<b>Cash Used In Operating Activities</b>	<b>(11,113)</b>	<b>(156,341)</b>	<b>-</b>	<b>-</b>
<b>Financing Activities</b>				
Due to parent company	124,159	(181,545)	-	-
<b>Cash Provided by (Used In) Financing Activities</b>	<b>124,159</b>	<b>(181,545)</b>	<b>-</b>	<b>-</b>
Increase (Decrease) in cash for the period	113,046	(337,886)	-	-
<b>Cash at beginning of period</b>	<b>88,600</b>	<b>539,532</b>	<b>-</b>	<b>-</b>
<b>Cash at End of Period</b>	<b>\$ 201,646</b>	<b>\$ 201,646</b>	<b>\$ -</b>	<b>\$ -</b>

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

# **CNRP Mining Inc.**

## **Notes to Interim Financial Statements** *(Unaudited)*

**Six months ended January 31, 2013**

*(Expressed in Canadian Dollars)*

### **1. Governing Statutes and Nature of Operations**

#### ***Corporate***

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

### **2. Going Concern Assumption**

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

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

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

As at January 31, 2013 the Company had yet to generate revenues and had a deficit of \$428,769. CNRP has no proven history of profitability, which casts considerable doubt as to whether the Company will be able to continue as a going concern over the next twelve months should it not be able to obtain the necessary financing to fund working capital and capital expenditures.

# **CNRP Mining Inc.**

## **Notes to Interim Financial Statements** *(Unaudited)*

**Six months ended January 31, 2013**

*(Expressed in Canadian Dollars)*

### **2. Going Concern Assumption (Continued)**

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

### **3. Basis of Presentation and Statement of Compliance**

#### ***Statement of Compliance***

These interim financial statements, including the comparative financial statements, have been prepared in accordance with International Accounting Standards ("IAS"), IAS 34 "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The policies applied in these interim financial statements are based on IFRS issued and outstanding as of March 4, 2013, being the date the board of director approved these interim financial statements.

#### ***Basis of Measurement***

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

#### ***Functional and Presentation Currency***

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

### **4. Significant Accounting Policies**

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

#### ***Significant Estimates and Judgments***

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



# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 4. Significant Accounting Policies (Continued)

#### ***Significant Estimates and Judgments (Continued)***

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

#### ***Related Party Transactions***

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

#### ***Provisions***

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

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

#### ***Impairment of Non-Financial Assets***

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 4. Significant Accounting Policies (Continued)

#### ***Impairment of Non-Financial Assets (Continued)***

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

Where an impairment loss subsequently reverses the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash - generating unit in prior years

#### ***Exploration and Evaluations Assets ("E&E")***

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

E&E costs consist of:

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

#### ***Equity Settled Share-Based Payment Transactions***

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

#### ***Share Capital***

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

# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 4. Significant Accounting Policies (Continued)

#### **Financial Assets and Financial Liabilities**

**Recognition:** The Company initially recognizes loans and advances, deposits and liabilities on the date upon which they originated. All other financial assets and liabilities, including assets and liabilities designated at fair value through profit or loss ("FVTPL"), are initially recognized on the trade date upon which the Company becomes a party to the contractual provisions of the instrument. Other financial assets or financial liabilities that are not designated as FVTPL are measured initially at their fair value plus transaction costs that are directly attributable to its acquisition or issue.

**Valuation of financial instruments:** The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. Fair value is less objective for these financial instruments as there is little price transparency. This is due to the fact that the valuation of these financial instruments requires varying degrees of judgment in evaluating liquidity, ownership concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument

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

- Level 1 Quoted market price in an active market for an identical instrument.
- Level 2 Valuation techniques based on observable inputs derived either directly or indirectly from market prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 4. Significant Accounting Policies (Continued)

#### *Financial Assets and Financial Liabilities (Continued)*

**Designation at FVTPL:** The Company designates financial assets and liabilities at FVTPL in the following circumstances:

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

#### **Future Accounting Policies**

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

At the date of authorization of these financial statements, the IASB issued the following standards that are effective for reporting periods ending after August 1, 2013, which the Company may be required to adopt in future reporting periods:

- IFRS 9 *Financial Instruments: Classification and Measurement* - effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 13 *Fair Value Measurement* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. This IFRS 13 defines fair value, sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurement and applies when another IFRS requires or permits fair value measurements.

The main features of the new standard include the fact that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of a non-financial asset, an entity considers the highest and best use of the asset, and whether the asset is used in combination with other assets or on a stand-alone basis. An entity is required to disclose information about the valuation techniques and inputs it uses, as well as the uncertainty inherent in the fair value measurements.

# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 4. Significant Accounting Policies (Continued)

#### *Future Accounting Policies (Continued)*

- IFRS 32 "Financial Instruments: Presentation" - Effective for annual periods commencing on or after January 1, 2014. This amendment clarifies the meaning of the offsetting criterion "currently has a legally enforceable right to offset" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

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

### 5. Financial Risk Management

The Company has designated its cash and preferred shares to be issued at FVTPL. Trade and other payables and advances from related party are designated as other financial liabilities, which are measured at amortized cost. The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

	January 31, 2013	July 31, 2012
	<i>(Unaudited)</i>	<i>Audited</i>
Financial Assets		
FVTPL		
Cash	\$ 201,646	\$ 549,654
Due from parent	666,844	216,940
Due to related party		30,000
Financial Liabilities		
Other financial liabilities		
Trade and other payables	4,180	253,555
Mineral properties purchase payable	676,771	603,760
Advances from director	-	62,641

#### *Financial Risk Management Objectives and Policies*

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

# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 5. Financial Risk Management (Continued)

#### **Financial Risk Management Objectives and Policies (Continued)**

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 Company's credit risk is attributable to cash may be held at major Canadian-based financial institutions. In these situations management believes the risk of loss is minimal.

##### **Liquidity risk**

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. As at January 31, 2013, the Company had at its disposal \$201,646 in cash. The Company anticipates having sufficient funds to carry out an exploration and acquisition program, pursue and evaluate new resources projects and meet its corporate and administrative expenses for the next twelve months.

##### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity prices.

##### **i) Interest rate risk**

The Company has no interest-bearing liabilities or assets. Occasionally, the Company may invest excess cash in short term investments that generate minimal interest revenue.

##### **ii) Commodity Price Risk**

Commodity price risk is the risk of uncertainty arising primarily from possible commodity price movements and their impact on the future economic viability of the Company's projects as well as CNRP's ability to raise capital. These 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.

### 6. Capital Management

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

**CNRP Mining Inc.**

**Notes to Interim Financial Statements**  
(Unaudited)

**Six months ended January 31, 2013**

(Expressed in Canadian Dollars)

**6. Capital Management (Continued)**

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

**7. Exploration and Evaluation Assets**

	Balance at July 31, 2012	Property Acquisition Costs	Exploration Expenditure	Disposal	Balance at January 31, 2013
Ontario					
Riverbank and Broke Back	\$ 300,000	\$	\$	\$(300,000)	\$ -
New Brunswick					
Elmtree	7,703,760	11,482	-	-	7,715,242
	<u>\$ 8,003,760</u>	<u>\$ 11,482</u>	<u>\$ -</u>	<u>\$(300,000)</u>	<u>\$ 7,715,242</u>

	Balance at September 15, 2011	Property Acquisition Costs	Exploration Expenditure	Disposal	Balance at July 31, 2012
Ontario					
Riverbank and Broke Back	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000
New Brunswick					
Elmtree	-	7,703,760	-	-	7,703,760
	<u>\$ -</u>	<u>\$ 8,003,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,003,760</u>

***Riverbank and Broke Back***

The properties are located in Sachigo sub-province, Ontario. The Broke Back property consists of 18 unpatented mining claims covering an area of approximately 4096 ha and the Riverbank property consists of 8 unpatented mining claims covering approximately 1392 ha. CNRP acquired from Green Swan Capital Corp an option on the properties with Melkior Resources Inc whereby it can obtain up to a 70% ownership interest in the properties.

# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 7. Exploration and Evaluation Assets (Continued)

CNRP may obtain an initial 51% undivided interest in the Properties by incurring a minimum of \$1.6 million in work expenditures by no later than December 31, 2014. Following that, Melkior has the right to elect to form a joint venture with the Company. Should Melkior not elect to form a joint venture on the Properties, the Company will have the option to acquire an additional 19% interest (for a total 70% undivided interest in the Properties) by incurring an additional \$1,000,000 in work expenditures on the Properties within twenty-four months. As consideration, Green Swan received 1,200,000 common shares in the Company.

Green Swan is obligated to complete work expenditures ("Work") on the Properties of not less than \$235,000 prior to December 14, 2012, failing which the 1.2 million shares will be cancelled. If Green Swan completes the Work prior to December 14, 2012, then Green Swan shall be issued additional common shares, in an amount equal to (the dollar amount of Work divided by 110% of the Market Price for the Company's common shares on December 14, 2012), provided that the denominator as so calculated may not be less than 32 cents. Under this formula, Green Swan will be issued a maximum further 734,000 common shares.

Pursuant to an agreement dated October 12, 2012, CNRP sold to Zara Resource Inc. ("Zara") all its rights, title and interest in Riverbank and Broke Back for \$300,000 payable in common shares of Zara. The Zara shares were delivered to Winston, thereby creating an intercompany debt between CNRP and Winston. Subject to approval by Winston at the Special Meeting held on April 15, 2013, the debt obligation will be paid in full by the issuance of preferred share in Winston.

#### **Elmtree**

The Elmtree Gold Project consists of 83 claims that cover a contiguous area of approximately 1,811 hectares. The Company 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.

The Company agreed to pay Castle 18.0 million 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. The Company 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 10.0 million 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.

On January 24, 2013 the Company agreed with Castle and Stratabound to postpone the partial payments of \$250,000 to Castle and \$100,000 to Stratabound. The payments are now due to be made on June 22, 2013. As a result of the payment extensions, interest payments of \$12,500 will be paid to Castle and \$5,000 will be paid to Stratabound.



# CNRP Mining Inc.

## Notes to Interim Financial Statements (Unaudited)

Six months ended January 31, 2013

(Expressed in Canadian Dollars)

### 8. Share Capital

#### **Authorized Capital**

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

#### **Stock Options**

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis. At January 31, 2013, the Company had 1,400,000 options available for issuance, and no options were outstanding.

### 9. Related Party Transactions

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

### 10. Acquisition of CNRP Resources Inc.

On April 30, 2012, CNRP and Winston entered into a Share Exchange Agreement under which CNRP's shareholders exchanged their shares for Winston shares on a 1:1 basis. On June 22, 2012, the transaction closed, resulting in Winston acquiring CNRP.

### 11. Mineral Properties Purchase Price Payable

CNRP 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 reverse take over transaction and the balance of \$350,000 payable on the date that is twelve months from completion. On January 24, 2013 the parties to the agreement postponed the partial payments of \$350,000 and all payments are now due to be made on June 22, 2013. As a result of the payment extensions interest payments of \$12,500 will be paid and \$5,000 has been paid.

The terms of payment are as follows:

Face value of purchase price payable	\$ 712,500
Less: Imputed interest at 22.0% per annum	35,729
<b>Fair value of purchase price payable</b>	<b>\$ 676,771</b>

## **CNRP Mining Inc.**

### **Notes to Interim Financial Statements**

*(Unaudited)*

**Six months ended January 31, 2013**

*(Expressed in Canadian Dollars)*

#### **12. Subsequent Events**

On February 18, 2013, CNRP's sole shareholder and director approved the consolidation of its 49,520,000 issued and outstanding common shares into 13,800,000 common shares without par value.

On February 18, 2013, CNRP accepted a common share subscription from Winston for 200,000 post consolidation common shares at \$0.50 per share for total cash consideration of \$100,000.

On February 18, 2013, the Company's sole shareholder and director approved the creation an unlimited number of Preferred Shares and authorized the directors to determine the maximum number of shares of any series of Preferred shares that the Company wishes to issue, create an identifying name for each series and attach special rights or restrictions of any kind whatsoever to the Preferred Shares of any series. The creation of this class of shares is subject to registering Articles of Amendment with the Province of British Columbia.

On February 19, 2013 Winston announced that its board of directors has unanimously approved a proposal to spin off to its shareholders approximately 15% of CNRP. Following the spin-off, CNRP will apply for listing of its common shares on the CNSX. The spin-off will be transacted by way of a statutory plan of arrangement (the "Plan of Arrangement") under the Business Corporations Act (British Columbia). Pursuant to the terms of the Plan of Arrangement, Winston will distribute 2,064,982 of the outstanding 14,000,000 common shares of CNRP to holders of common shares of Winston such that each Winston shareholder of record on the effective date of the Plan of Arrangement will receive one common share in the capital of CNRP for every thirty-two common shares in the capital of Winston. A special meeting ("Meeting") of Winston shareholders will be held on April 15, 2013 at which the shareholders will be asked to vote on a special resolution approving the Plan of Arrangement. The record date for determining shareholders entitled to receive notice of and vote at the Meeting, is March 5, 2013. If approved, the spin-off would be completed shortly thereafter, subject to the receipt of all necessary approvals. The spin-off is subject to numerous conditions including shareholder and court approval, and completion of all regulatory filings.

The Company entered into a debt conversion agreement with Winston on January 30<sup>th</sup> and January 31<sup>st</sup>, 2013 whereby it agreed to settle the outstanding debt in the total amount of \$671,844 for subscription of 671,844 Preferred Shares of Winston. The closing of the preferred shares subscription is conditional on approval on April 15, 2013 of a special resolution by Winston Shareholders creating the preferred shares.