

**Winston Gold Mining Corp.**  
**(Formerly 6649930 Manitoba Ltd.)**

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars)

**(unaudited)**

**For the Nine and Three Months ended September 30, 2016 and 2015**

## **Notice to Reader**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements; they must be accompanied by a notice indicating that the condensed interim consolidated 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 unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Winston Gold Mining Corp.  
(An Exploration Stage Company)  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)  
(unaudited)

As at	September 30, 2016	December 31, 2015
<b>Assets</b>		
Current assets		
Cash	\$ 2,165,340	\$ 1,909
Prepaid expenses and deposits (Note 5)	81,325	27,865
<b>Total current assets</b>	<b>2,246,665</b>	29,774
Non-current assets		
Deferred share issuance costs	-	44,766
Equipment (Note 6)	239,829	-
Reclamation bonds (Note 8)	23,932	13,985
<b>Total Assets</b>	<b>\$ 2,510,426</b>	<b>\$ 88,525</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Notes 15,16,18)	285,849	336,199
Due to directors, current (Notes 7,16)	37,716	-
<b>Total current liabilities</b>	<b>323,565</b>	336,199
Non-current liabilities		
Due to directors, prior year (Notes 7,16)	-	77,837
Restoration liabilities (Note 8)	23,932	13,985
<b>Total Liabilities</b>	<b>347,497</b>	428,021
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (Note 10)	3,241,889	759,802
Share purchase warrants (Note 12)	558,477	-
Share subscriptions received (Note 9)	22,500	-
Contributed surplus (Note 13)	339,212	-
Deficit	(1,999,149)	(1,099,298)
<b>Total Shareholders' Equity (Deficiency)</b>	<b>2,162,929</b>	<b>(339,496)</b>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>\$ 2,510,426</b>	<b>\$ 88,525</b>

*Nature of operations and going concern (Note 1)*  
*Commitments (Note 19)*  
*Subsequent events (Note 20)*

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

Approved by The Board of Directors on November 25, 2016

\_\_\_\_\_  
"Murray Nye"  
Director

\_\_\_\_\_  
"Max Polinsky"  
Director

Winston Gold Mining Corp.  
(An Exploration Stage Company)  
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss  
For the nine and three months ended September 30, 2016 and 2015  
(Expressed in Canadian Dollars)  
(unaudited)

	Nine months ended September 30,		Three months ended September 30,	
	2016	2015	2016	2015
<b>Expenses</b>				
Office and administrative costs	\$ 88,118	\$ 40,978	\$ 32,858	\$ 5,772
Exploration and evaluation expenses (Notes 4,14,16)	248,898	54,296	46,656	11,658
Professional fees	206,213	106,787	91,659	61,917
Travel	19,480	2,263	9,102	69
Share based payments (Note 11,16)	339,212	-	339,212	-
Loss (gain) on foreign exchange	(2,070)	24,512	3,280	10,465
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (899,851)</b>	<b>\$ (228,836)</b>	<b>\$ (522,767)</b>	<b>\$ (89,881)</b>
<b>Basic and diluted earnings per share</b>	<b>\$(0.034)</b>	<b>\$(0.011)</b>	<b>\$(0.017)</b>	<b>\$(0.004)</b>
<b>Weighted average number of common shares outstanding</b>				
<b>Basic and diluted</b>	<b>26,133,764</b>	<b>20,341,001</b>	<b>30,075,317</b>	<b>20,747,100</b>

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

Winston Gold Mining Corp.  
(An Exploration Stage Company)  
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)  
As at September 30, 2016  
(Expressed in Canadian Dollars)  
(unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Share Purchase Warrants	Share Subscriptions Received	Deficit	Total
	(Note 10)	(Note 10)	(Note 13)	(Note 12)	(Note 9)		
<b>Balance, December 31, 2014</b>	<b>18,470,100</b>	<b>\$ 537,502</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ (815,412)</b>	<b>(197,910)</b>
Shares issued for cash	1,450,000	145,000	-	-	-	-	145,000
Share subscriptions settled (Notes 9,10)	800,000	80,000	-	-	(80,000)	-	-
Shares issued for Broker compensation (Note 10)	27,000	2,700	-	-	-	-	2,700
Share issue costs (Note 10)	-	(5,400)	-	-	-	-	(5,400)
Net loss and comprehensive loss for the period	-	-	-	-	-	(228,836)	(228,836)
<b>Balance, September 30, 2015</b>	<b>20,747,100</b>	<b>759,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,044,248)</b>	<b>(284,446)</b>
Net loss and comprehensive loss for the period	-	-	-	-	-	(55,050)	(55,050)
<b>Balance, December 31, 2015</b>	<b>20,747,100</b>	<b>759,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,099,298)</b>	<b>(339,496)</b>
Shares issued for cash	23,697,432	3,219,740	-	-	-	-	3,219,740
Shares issued for warrant exercise	10,800	2,101	-	(1,021)	-	-	1,080
Shares issued for mining lease extension and option to purchase (Notes 10,14)	1,500,000	150,000	-	-	-	-	150,000
Shares issued for broker compensation	104,016	15,602	-	-	-	-	15,602
Share subscriptions received (Note 9)	-	-	-	-	22,500	-	22,500
Share-based payments (Note 11)	-	-	339,212	-	-	-	339,212
Allocated to warrants	-	(47,643)	-	47,643	-	-	-
Warrants issued for broker compensation (Notes 10,12)	-	-	-	511,855	-	-	511,855
Share issue costs (Note 10)	-	(857,713)	-	-	-	-	(857,713)
Net loss and comprehensive loss for the period	-	-	-	-	-	(899,851)	(899,851)
<b>Balance, September 30, 2016</b>	<b>46,059,348</b>	<b>\$ 3,241,889</b>	<b>\$ 339,212</b>	<b>\$ 558,477</b>	<b>\$ 22,500</b>	<b>(1,999,149)</b>	<b>2,162,929</b>

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

Winston Gold Mining Corp.  
(An Exploration Stage Company)  
**Condensed Interim Consolidated Statements of Cash flows**  
**For the nine months ended September 30, 2016 and 2015**  
(Expressed in Canadian Dollars)  
(unaudited)

	Nine months ended September 30,	
	2016	2015
<b>Cash (used in) provided by:</b>		
<b>Operating Activities</b>		
Net loss and comprehensive loss for the year	\$ (899,851)	\$ (228,836)
Items not affecting cash:		
Shares issued for mining lease extension	150,000	-
Share-based payments	339,212	-
Restoration liability	7,324	-
Net changes in non-cash working capital items:		
Amounts receivable	-	2,500
Prepaid expenses and deposits	(53,460)	(19,521)
Accounts payable and accrued liabilities	(90,471)	(19,745)
Net cash used in operating activities	(547,246)	(265,602)
<b>Investing Activities</b>		
Purchase of equipment	(239,829)	-
Reclamation bonds	(7,324)	-
Net cash used in investing activities	(247,153)	-
<b>Financing Activities</b>		
Proceeds from share issuances	3,160,451	145,000
Deferred share issuance costs	44,766	-
Share issuance costs	(269,887)	(2,700)
Proceeds from share subscriptions received	22,500	-
Proceeds from director loans	-	92,855
Proceeds from shareholder loans	-	8,816
Net cash provided by financing activities	2,957,830	243,971
<b>Net change in cash</b>	<b>2,163,431</b>	<b>(21,631)</b>
<b>Cash, beginning of period</b>	<b>1,909</b>	<b>26,368</b>
<b>Cash, end of period</b>	<b>\$ 2,165,340</b>	<b>\$ 4,737</b>

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

# **Winston Gold Mining Corp.**

(An Exploration Stage Company)

## **Notes to the Condensed Interim Consolidated Financial Statements**

**For the nine and three months ended September 30, 2016 and 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Winston Gold Mining Corp. (the "Company") was incorporated in the Province of Manitoba on January 31, 2013 under the name of 6649930 Manitoba Ltd. On September 19, 2014, the Company changed its name to Winston Gold Mining Corp. On September 25, 2014, Winston Gold Mining USA Corp. was incorporated in the State of Montana, USA. Winston Gold Mining USA Corp. is a wholly owned subsidiary of the Company. On March 23, 2016, the common shares of the Company were approved for listing on the Canadian Securities Exchange (CSE) under the symbol WGC. The shares are deemed to be listed on March 22, 2016 and trading commenced on March 29, 2016. The Company is in the process of exploring mining claims which are under lease and has not yet determined whether or not the leased properties will contain economically recoverable reserves.

The principal address of the Company is 919 Notre Dame Avenue, Suite 201, Winnipeg, Manitoba R3E 0M8.

The unaudited condensed interim consolidated financial statements of the Company were approved by the Board of Directors on November 25, 2016.

#### **Going Concern of Operations**

While these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable operations.

The Company is in the exploration stage and has not generated revenue from operations. During the nine months ended September 30, 2016, the Company incurred a net loss of \$899,851 (December 31, 2015 - \$283,886), and as of that date, the Company had a deficit of \$1,999,149 (December 31, 2015 - \$1,099,298), working capital of \$1,923,100 (December 31, 2015 - deficit of \$306,425) and negative cash flow from operations of \$547,246 (2015 - \$160,036).

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production and on being able to make payments required under the mining lease agreements. The Company continues to evaluate various options in order to address its financing needs. There can be no assurance that the Company's financing activities will be successful or sufficient.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. Such adjustments could be material.

## **Winston Gold Mining Corp.**

(An Exploration Stage Company)

### **Notes to the Condensed Interim Consolidated Financial Statements**

**For the nine and three months ended September 30, 2016 and 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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## **2. BASIS OF PREPARATION**

### **Statement of Compliance**

These unaudited condensed interim consolidated financial statements of the Company present the Company's financial results of operations and financial position under IFRS as at and for the nine and three month periods ended September 30, 2016.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee.

A summary of the Company's significant accounting policies under IFRS are consistent with those of the Company's consolidated financial statements for the year ended December 31, 2015. Refer to those consolidated financial statements for significant accounting policies and recent accounting pronouncements. These policies have been consistently applied to all periods presented.

### **Basis of Measurement**

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars which is also the Company's and the subsidiary's functional currency.

The unaudited condensed interim consolidated financial statements are prepared on the historical cost basis except for financial instruments classified at fair value through profit and loss ("FVTPL") which are stated at their fair value.

### **Basis of Consolidation**

The unaudited condensed interim consolidated financial statements at September 30, 2016 include the accounts of the Company and its wholly-owned subsidiary, Winston Gold Mining USA Corp. ("Winston-US"), which was incorporated in Montana, U.S.A. and carries out the exploration activities in Montana, U.S.A. The financial statements of the subsidiary are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany transactions and balances are eliminated on consolidation.

### **Deferred Share Issuance Costs**

Deferred share issuance costs relate directly to the issuance of shares by the Company, as disclosed in Note 10. Upon successful completion of the initial public offering on March 23, 2016, the costs were charged against capital stock.

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

The preparation of the unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



## **Winston Gold Mining Corp.**

(An Exploration Stage Company)

### **Notes to the Condensed Interim Consolidated Financial Statements**

**For the nine and three months ended September 30, 2016 and 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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## **2. BASIS OF PREPARATION (cont'd)**

### **Use of estimates and judgments (cont'd)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information regarding significant areas of estimation, uncertainty and critical judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are the following:

#### Share-based payments

Judgment is applied in determining the share price to be assigned to shares issued to enter into mining lease agreements.

#### Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

#### Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiary is the Canadian dollar.

Other significant accounting estimates include the amounts accrued for restoration liabilities.

## **3. RECENT ACCOUNTING POLICIES**

### **Equipment**

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Expenditures incurred to replace a component of an item of equipment that is accounted for separately are capitalized. Amortization of equipment is recorded using the straight-line method, with management reviewing the useful lives of property and equipment at each statement of financial position reporting date to verify the asset is being amortized over a period equivalent to the useful life of the asset.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the nine and three months ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. RECENT ACCOUNTING POLICIES (cont'd)

#### Equipment (cont'd)

Equipment is recorded at cost and amortized as follows:

Exploration equipment	Straight line over 7 years
Vehicles	Straight line over 5 years
Computer equipment	Straight line over 4 years

The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

#### Impairment

At the end of each reporting period, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU's") for impairment purposes. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit and loss for the period.

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, but to an amount that 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. A reversal of an impairment loss is recognized immediately in profit or loss.

#### Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement.

For private placements of units consisting of common shares and Warrants, the Company uses the relative fair value approach in determining the value assigned to the common shares and Warrants, calculated in accordance with the Black Scholes option-pricing model.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the nine and three months ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

### 3. RECENT ACCOUNTING POLICIES (cont'd)

#### Warrants issued in equity financing transactions (cont'd)

The relative fair value of the Warrant component of a unit is credited to share purchase warrants and the relative fair value of the common shares that were concurrently issued is credited to share capital. Warrants that are issued as payment for broker or agency fees are assigned a fair value based on the Black-Scholes option pricing mode, accounted for as share issue costs and credited to share purchase warrants.

When broker Warrants expire, the fair value is debited to share purchase warrants and credited to contributed surplus. When Warrants issued as a component of a unit expire, the relative fair value is debited to share purchase warrants and credited to share capital.

### 4. CHANGE IN ACCOUNTING POLICY

During the period ended September 30, 2016, the Company retroactively changed its accounting policy for acquisition, exploration and evaluation expenditures. Under the previous accounting policy, the Company capitalized all costs relating to the acquisition of its interest in mineral properties excluding mining lease agreements.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability will be charged to operations as incurred.

For all accounting periods up to and including the period ended June 30, 2016, all exploration activities were related to properties under lease and no amounts were capitalized as acquisition, exploration and evaluation assets; therefore, the condensed interim consolidated statements of financial position do not require restatement as required by IAS8-Accounting Policies, Changes in Accounting Estimates and Errors.

Management considers this accounting policy change will provide more reliable and relevant information and more clearly represent the Company's activities.

### 5. PREPAID EXPENSES AND DEPOSITS

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Prepaid Expenses	\$ -	\$ 900
Deposits	\$ <b>81,325</b>	\$ 26,965
<b>Total prepaid expenses and deposits</b>	<b>\$ <u>81,325</u></b>	<b>\$ <u>27,865</u></b>

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the nine and three months ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

#### 6. EQUIPMENT

<i>September 30, 2016</i>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Exploration equipment	\$ 239,829	\$ -	\$ 239,829

On September 30, 2016, the Company purchased exploration equipment. Since the purchase date was the last day of the period, no amortization was recorded.

During the year ended December 31, 2015, the Company did not acquire equipment.

#### 7. DUE TO DIRECTORS CURRENT AND PRIOR YEAR

Amounts due to directors are non-interest bearing and unsecured. These loans were reclassified as current liabilities as at April 1, 2016 during the period ended September 30, 2016.

During the nine months ended September 30, 2016, the Company repaid \$38,042 in director loans. The balance of the Company's director loans were revalued to \$37,716 (a reduction of \$2,079) reflecting the change in US exchange on director loans in US funds. No additional funds were received. During the year ended December 31, 2015, the Company received \$77,837 in director loans. The directors did not intend to require repayment within the next 12 months subsequent to December 31, 2015.

#### 8. RESTORATION LIABILITIES AND RECLAMATION BONDS

As at September 30, 2016, management estimated site restoration costs relating to evaluation work completed on the exploration of the Winston property to be \$23,932 (\$18,245 US) (December 31, 2015 - \$13,985 (\$12,700US)) which has been accrued. These costs are estimated by management and approved by the Montana Department of Environmental Quality ("DEQ"). The Company is required to issue reclamation bonds to the DEQ to cover these estimated restoration costs.

The reclamation bonds issued relating to this exploration amount to \$23,932 (\$18,245 US) (December 31, 2015 - \$13,985 (\$12,700US)). The reclamation bonds will be returned to the Company upon the DEQ being satisfied with the site restoration work performed.

#### 9. SHARE SUBSCRIPTIONS

On May 4, 2016, the Company received \$10,000 (7,884US) and on May 25, 2016, the Company received \$50,000 for Units to be issued at a value of \$0.10 each. These Units were issued on August 3, 2016 (Note 10). On September 26, 2016, the Company received \$22,500 for shares to be issued at a value of \$0.40 each. These shares were issued on November 18, 2016 (Note 20). During the period ended September 30, 2015, the Company did not received funds for shares to be issued.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the nine and three months ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

#### 9. SHARE SUBSCRIPTIONS (cont'd)

During the year ended December 31, 2014, the Company received \$80,000 for Class A Common shares to be issued at a value of \$0.10 each. 700,000 of the shares due as at December 31, 2014 were issued on February 11, 2015. 100,000 of the shares due as at December 31, 2014 were issued on March 30, 2015 (Note 10).

#### 10. SHARE CAPITAL

##### Authorized

Unlimited Class A Common shares, voting

Unlimited Class B Common shares, non-voting

Unlimited Class A Preference shares, voting, redeemable

Unlimited Class B Preference shares, non-voting, redeemable

Unlimited Class C Preference shares, non-voting, redeemable

##### Issued and outstanding – Class A Common shares

	Number of Shares		Value
<b>Balance, December 31, 2014</b>	<b>18,470,100</b>	<b>\$</b>	<b>537,502</b>
Shares issued for cash <sup>(a-d)</sup>	2,250,000		225,000
Broker shares issued <sup>(b)</sup>	27,000		2,700
Share issue costs <sup>(b)</sup>	-		(5,400)
<b>Balance, December 31, 2015</b>	<b>20,747,100</b>	<b>\$</b>	<b>759,802</b>
Shares issued for cash <sup>(e,g,i)</sup>	23,097,432		3,159,740
Shares issued for warrant exercise <sup>(h)</sup>	10,800		2,101
Shares issued for mining lease agreement <sup>(f)</sup>	1,500,000		150,000
Broker shares issued <sup>(i)</sup>	104,016		15,602
Shares issued for subscriptions due <sup>(g)</sup>	600,000		60,000
Share issue costs <sup>(i)</sup>			(857,713)
Allocated to warrants			(47,643)
<b>Balance, September 30, 2016</b>	<b>46,059,348</b>	<b>\$</b>	<b>3,241,889</b>

##### December 31, 2015:

- a) On February 11, 2015 the Company issued 1,730,000 Class A common shares at a subscription price of \$0.10 for each common share for proceeds of \$173,000. 700,000 of these shares were in settlement of share subscriptions received as at December 31, 2014 (Note 9).

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the nine and three months ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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#### 10. SHARE CAPITAL (cont'd)

##### December 31, 2015 (cont'd):

- b) On February 25, 2015, the Company issued 270,000 Class A common shares at a subscription price of \$0.10 for each common share for gross proceeds of \$27,000. As part of the financing, the broker received, for no cash consideration, 27,000 Class A common shares valued at \$0.10 per share. In addition, broker fees in the amount of \$2,700 were paid by the Company.
- c) On March 30, 2015, the Company issued 150,000 Class A common shares at a subscription price of \$0.10 for each common share for proceeds of \$15,000. 100,000 of these shares were in settlement of subscriptions received as at December 31, 2014 (Note 9).
- d) On April 15, 2015, the Company issued 100,000 Class A common shares at a subscription price of \$0.10 for each common share for proceeds of \$10,000.

##### September 30, 2016:

- e) On March 23, 2016 the Company completed its initial public offering ("IPO") of Class A Common shares. The Company issued 5,697,500 Class A common shares at a price of \$0.10 for each common share for gross proceeds of \$569,750. The Company paid a 10% cash commission to the agent in the amount of \$56,975. The Company issued 569,750 compensation warrants at a price of \$0.10 per warrant for a period of 5 years from closing of the IPO (Note 12).
- f) On May 30, 2016, the Company issued 1,500,000 Class A common shares at a value of \$0.10 for each common share to extend a mining lease agreement with an option to purchase for a total value of \$150,000 (Note 14).
- g) On August 3, 2016, the Company issued 1,000,000 Units at \$0.10 per Unit for gross proceeds of \$100,000. 600,000 of these Units were in settlement of share subscriptions due in the amount of \$60,000 (Note 8). Each Unit consists of one Class A common share plus one Class A common share purchase warrant with a relative fair value of \$0.04764 per warrant. Each share purchase warrant entitles the holder to acquire one additional Class A common share at a price of \$0.20 for a period of 24 months after closing. These warrants are subject to a four month hold period (Note 12).
- h) On September 13, 2016, 10,800 warrants were exercised onto Class A common shares at an exercise price of \$0.10 for gross proceeds of \$1,080. The fair value of these warrants exercised was \$1,021 (Note 12).
- i) On September 26, 2016, the Company issued 16,999,932 Class A common shares at \$0.15 per share for gross proceeds of \$2,549,990. The Company paid 8% of the aggregate proceeds from the sale of shares to purchasers introduced by finders in the amount of \$90,974 and issued 104,016 Class A common finder shares at a deemed price of \$0.15 per share in lieu of \$15,602 commission. The Company also issued 873,853 broker warrants, being 10% of the number of shares to purchasers introduced by the finders. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of \$0.15, exercisable on or before September 23, 2018.

## Winston Gold Mining Corp.

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### Notes to the Condensed Interim Consolidated Financial Statements

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#### 10. SHARE CAPITAL (cont'd)

September 30, 2016 (cont'd):

- j) Share issue costs associated with the above financings total \$857,713 consisting of broker compensation shares, broker and finders compensation warrants and broker and legal fees.

#### 11. STOCK OPTIONS

The Company has a 10% "rolling" stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock (on a non-diluted basis) of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of five years and vest as determined by the Board of Directors.

The following is a continuity of stock option activity for the nine month period ended September 30, 2016.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding December 31, 2014 and 2015	0	\$0.00
Granted	2,300,000	\$0.20
Outstanding and exercisable at September 30, 2016	2,300,000	\$0.20

On August 24, 2016, the Company granted 2,300,000 stock options to officers and directors (1,600,000) and consultants (700,000). These options vested immediately. Each option entitles the holder to purchase one Class A common share of the Company at a price of \$0.20 per share at any time on or before August 24, 2021.

During the year ended December 31, 2015, the Company did not grant stock options.

The Company had the following stock options outstanding as at September 30, 2015

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,300,000	\$0.20	August 24, 2021

## Winston Gold Mining Corp.

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#### 11. STOCK OPTIONS (cont'd)

The following weighted average assumptions were used for the Black-Scholes valuation of the options granted during the period.

	August 24, 2016
Share price	\$0.15
Risk-free interest rate	0.59%
Expected life of options	5 years
Volatility	218%
Dividend rate	0.0%
Exercise price	\$0.20
Fair value per option	\$0.1475

#### 12. SHARE PURCHASE WARRANTS

The following is a continuity of share purchase warrant activity for the nine month period ended September 30, 2016:

Expiry Date	Exercise price	December 31, 2015	Granted	Exercised	Expired	September 30, 2016	Exercisable	Exercisable date
March 23, 2021	\$0.10	-	569,750	(10,800)	-	558,950	558,950	23-Mar-16
August 3, 2018	\$0.20	-	1,000,000	-	-	1,000,000	-	4-Dec-16
August 3, 2018	\$0.20	-	40,000	-	-	40,000	-	4-Dec-16
September 23, 2018	\$0.15	-	873,853	-	-	873,853	-	23-Jan-17
Total		-	2,483,603	(10,800)	-	2,472,803	558,950	
Weighted average exercise price			\$0.16	\$0.10		\$0.16	\$0.10	

On September 13, 2016, 10,800 warrants were exercised at a price of \$0.10 per warrant for proceeds of \$1,080 with a fair value of \$0.9455 per warrant for a deemed value of \$1,021 (Note 10). The closing share price on the date of exercise was \$0.465.

During the nine months ended September 30, 2016, the Company:

- Granted 569,750 Class A common share purchase warrants in connection with the Company's Initial Public Offering (Note 9).
- Granted 1,000,000 Class A common share purchase warrants in connection with a private placement (Note 9).



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#### 12. SHARE PURCHASE WARRANTS (cont'd)

- Granted 40,000 Class A common share purchase finders warrants in connection with the Company's financing (Note 9).

During the year ended December 31, 2015, the Company did not have any warrant transactions.

The Company had the following warrants outstanding as at September 30, 2016:

Number of Warrants		Exercise Price	Expiry Date	Fair Value
558,950	(i)	\$0.10	March 23, 2021	\$ 52,851
1,000,000		\$0.20	August 3, 2018	\$ 47,643
40,000	(ii)	\$0.20	August 3, 2018	\$ 7,280
873,853	(ii)	\$0.15	September 23, 2018	\$ 450,703
<b>2,472,803</b>				<b>\$ 558,477</b>

(i) These are broker warrants in connection with the Company's financings

(ii) These are finders warrants in connection with the Company's financings

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants granted during the period:

	March 23, 2016	August 3, 2016 (PP)	August 3, 2016 (finders)	September 23, 2016
Share Price	\$0.10	\$0.20	\$0.20	\$0.54
Risk-free interest rate	0.64%	0.55%	0.55%	0.52%
Expected life of warrants	5 years	2 years	2 years	2 years
Percentage of warrants (PP)	N/A	47.64%	N/A	N/A
Volatility	294%	239%	239%	240%
Dividend rate	0.0%	0.0%	0.0%	0.0%
Fair value per warrant	\$0.0946	\$0.0476	\$0.1820	\$0.5158

**Winston Gold Mining Corp.**

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**13. CONTRIBUTED SURPLUS**

Contributed surplus consists of the fair value of stock options granted and broker warrants expired less the fair value of options exercised. The following summarizes the changes in contributed surplus.

	September 30, 2016	December 31, 2015
Balance, beginning of year	\$ -	\$ -
Share-based payments	339,212	-
Broker warrants expired	-	-
Stock options exercised	-	-
<b>Balance, end of period</b>	<b>\$ 339,212</b>	<b>\$ -</b>

**14. EXPLORATION AND EVALUATION EXPENSES**

Properties, Montana USA	Nine months ended September 30, 2016	Three months ended September 30, 2016	Year Ended December 31, 2015	Nine months ended September 30, 2015	Three months ended September 30, 2015
Holmes Property <sup>(a)</sup>	\$ 12,990	\$ 3,932	\$ 14,067	\$ 10,104	\$ 2,623
Winston Property <sup>(b)</sup>	235,908	42,724	64,660	44,192	9,035
	<b>\$ 248,898</b>	<b>\$ 46,656</b>	<b>\$ 78,727</b>	<b>\$ 54,296</b>	<b>\$ 11,658</b>

(a) Holmes Property:

On May 14, 2014, the Company entered into a five-year Mining Lease Agreement (“H Lease”) with Marcus P. Holmes (“Holmes”), an arm’s length party, whereby Holmes leased five (5) unpatented mining claims located in Broadwater County, Montana, USA to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property, the Company paid Holmes an advance royalty payment of \$11,191 (\$10,000US) and issued 1,000,000 common shares valued at \$100,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of \$1,000US monthly from June 2014 to May 2019 [Paid - \$35,926 (29,000US) to September 30, 2016]. The H Lease is renewable for additional 5 year terms at \$20,000US per renewal with an advanced royalty payment of \$2,000US monthly.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 14. EXPLORATION AND EVALUATION EXPENSES (cont'd)

##### (a) Holmes Property (cont'd):

The Company will pay Holmes a production royalty of 2% of Net Smelter Returns (NSR). Advance royalty payments are credited towards the 2% NSR payable on production. The Company has the option to purchase the 2% NSR from Holmes for a payment of \$2,500,000US.

The Company has the option to terminate the H Lease at any time by providing 30 days written notice to Holmes.

##### (b) Winston Property:

On July 15, 2014, the Company entered into a five-year Mining Lease Agreement ("W Lease") with Winston Realty L.L.C. ("Winston", a limited liability company), an arm's length party, whereby Winston leased sixteen (16) patented lode mining claims located in Broadwater County, Montana U.S.A. to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property the Company paid Winston an advance royalty payment of \$10,729 (\$10,000US) and issued 2,000,000 common shares in the Company valued at \$200,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of \$1,000US monthly from August to October 2014 [Paid \$3,300 (\$3,000US)] and \$2,500US monthly from November 2014 to July 2019 [Paid \$76,494 (\$60,000US) to September 30, 2016] based on minimum quarterly expenditures on the property of \$50,000US or \$200,000US annually [Paid \$480,030 (\$409,123US)].

The W Lease is renewable for additional 5 year terms at \$20,000US per renewal with an advanced royalty payment of \$5,000US monthly.

On May 18, 2016, the Company amended the W Lease. The amendment extends the W Lease for an additional 10 years until July 15, 2034 with \$20,000US due at the end of each 5 year period and the continuation of advanced royalty payments of \$5,000US monthly. For consideration of 1,500,000 common shares in the Company valued at \$150,000 (Note 10), the amendment superseded the number of contiguous patented lode mining claims to thirteen (13) and the Company acquired the option to purchase the thirteen (13) Leased claims and the subsurface rights in the Leased property as well as 100 acres of the Company's choice out of 400 acres of land held by Winston for a purchase price of \$2,000,000US. Winston has the right to buy back all rights and terminate the W Lease for \$1US where there is a cessation of all mining, mineral exploration and mineral processing activities for a period of five (5) consecutive years.

The Company will pay Winston a production royalty of 3% NSR if the price of gold is \$2,000US or less and 4% NSR if the price of gold exceeds \$2,000US. Advance royalty payments are credited towards the 3% or 4% NSR payable on production.

The Company has the option to terminate the W Lease at any time by providing 30 days written notice to Winston.

## **Winston Gold Mining Corp.**

(An Exploration Stage Company)

### **Notes to the Condensed Interim Consolidated Financial Statements**

**For the nine and three months ended September 30, 2016 and 2015**

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#### **15. DEBT SETTLEMENT**

During the nine months ended September 30, 2016, the Company confirmed reductions in the balances due to arms-length trade payables in the amount of \$Nil (year ended December 31, 2015 - \$5,230 (\$4,213US), which resulted in a gain on settlement of \$5,230 (\$4,213 US)).

#### **16. RELATED PARTY TRANSACTIONS**

Transactions with related parties are incurred in the normal course of business. Related party transactions have been listed below, unless they have been disclosed elsewhere in the unaudited condensed interim consolidated financial statements. During the nine months ended September 30, 2016, the Company incurred the following charges with related parties that include officers, directors or companies with common directors of the Company:

Included in exploration and evaluation expenses is \$1,953 [\$1,503 US] (2015 – \$7,467 [\$5,395 US]) of amounts paid or payable to a director of the Company.

Included in accounts payable and accrued liabilities is \$65.59 [\$50 US] (December 31, 2015 - \$10,373 [\$7,495 US]) and \$713 (December 31, 2015 - \$74,988) due to directors of the Company. (See Note 7 for amounts due to directors).

During the nine months ended September 30, 2016, the Company granted 1,600,000 stock options to directors and officers of the Company, resulting in share based payments of \$235,974 (Jan-Sep, 2015 - \$Nil).

#### **17. CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes shareholders' equity, comprised of issued share capital, share purchase warrant and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company will attempt to raise additional funds through the issuance of equity, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the nine months ended September 30, 2016.

#### **18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to a variety of financial risks by virtue of its activities. In particular: market risk (composed of currency risk), liquidity risk, fair value risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

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#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Risk management is carried out by management under policies reviewed by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

a) Market risk:

Currency risk:

Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company is exposed to currency risk through the following financial assets and liabilities denoted in United States dollars:

	<b>September 30,</b>		December 31,
	<b>2016</b>		2015
Cash	\$ 14,769	\$	102
Prepaid expenses and deposits	\$ 62,000	\$	10,000
Accounts payable and accrued liabilities	\$ 102,235	\$	77,537
Due to directors	\$ 28,753	\$	28,753

The above balances were translated into US dollars at the period-end rate of \$1.3117 (December 31, 2015 - \$1.3840) Canadian dollars to every US dollar.

Based on the above net exposures as at September 30, 2016, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately \$3,880 (2015 - \$6,650).

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at September 30, 2016, the Company had working capital of \$1,923,100 (December 31, 2015 – deficit of \$306,425). As at September 30, 2016, the Company had cash of \$2,165,340 (December 31, 2015 - \$1,909) to settle current liabilities of \$323,565 (December 31, 2015 - \$336,199) that are considered short term and expected to be settled within 30 to 90 days.

As a result, the Company has minimal liquidity risk at this time. Since the Company does yet earn revenue, it may be required to raise additional capital to fund exploration and operations.

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#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Fair value risk:

Fair value represents the amounts at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying values of cash, reclamation bonds, accounts payable and accrued liabilities and due to directors approximate fair values due to the relatively short term maturities of these instruments.

c) Credit risk:

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash and reclamation bonds. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions and its reclamation bonds with government agencies.

#### 19. COMMITMENTS

The Company is committed to monthly rent payments for its premises under a lease agreement which expires February 28, 2017. The Company's required minimum payments for future periods are as follows:

2016	\$ 1,800
2017	1,800
<b>Total</b>	<b>\$ 3,600</b>

#### 20. SUBSEQUENT EVENTS

- a) On October 4, 2016, the Company completed the acquisition of Goldridge Holdings Limited ("Goldridge"), a private company incorporated in the Province of British Columbia. Goldridge has become a wholly-owned subsidiary of the Company. In connection with the closing of the transaction, the Company issued 27,250,000 Class A common shares in the capital of the Company, on a pro rata basis, to the Goldridge shareholders at a deemed price of \$0.15 per share and made cash payments of \$229,425 (\$175,000US).
- b) On October 18, 2016, the Company was approved for listing on the OTCQB Marketplace under the symbol WGMCF.

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#### 20. SUBSEQUENT EVENTS (cont'd)

- c) On October 27, 2016, the Company entered into a non-binding letter agreement with a related party, The Gunsinger Group ("Gunsinger") pursuant to which Gunsinger intends to assign to the Company all rights related to 22 unpatented mining claims located in Granite County, Montana (the "Golden Jubilee Property"), along with all equipment and assets situated on or used in connection with the exploration of such mining claims ("Assignment"). As consideration for the Assignment, the Company intends to pay \$500,000 US and issue 11,000,000 common shares in the capital of the Company to Gunsinger. Completion of the Assignment is subject to obtaining all required regulatory approvals and written consent from the registered owner of the Golden Jubilee Property.
- d) On November 4, 2016, 250,000 stock options were exercised into Class A common shares at an exercise price of \$0.20 per share for gross proceeds of \$50,000.
- e) On November 4, 2016, the Company repaid a director loan in the amount of \$27,816 (\$20,753 US).
- f) On November 15, 2016, 7,920 warrants were exercised into Class A common shares at an exercise price of \$0.10 per share for gross proceeds of \$792.
- g) On November 18, 2016, the Company issued 5,968,750 Class A common shares at \$0.40 per share for gross proceeds of \$2,387,500. 56,250 of these shares were in settlement of subscriptions received as of September 30, 2016 (Note 9). The Company paid 8% of the aggregate proceeds from the sale of shares to purchasers introduced by finders in the amount of \$80,480 and issued 201,200 finders warrants, being 8% of the number of shares to purchasers introduced by the finders. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of \$0.40, exercisable on or before November 18, 2018.