

# WINSTON GOLD MINING CORP.

## Management Discussion and Analysis

For the years ended December 31, 2016 and 2015

Dated May 26, 2017

(Form 51-102F1)

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### INTRODUCTION

*The following Management Discussion and Analysis (“MD&A”) of Winston Gold Mining Corp. (the “Company” or “Winston”) has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of May 26, 2017 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2016 and 2015 and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is a “Venture Issuer” as defined in NI 51-102. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

*All financial information in this MD&A related to 2016 and 2015 has been prepared in accordance with IFRS. All monetary amounts are expressed in Canadian dollars, the presentation and functional currency of the Company, unless otherwise indicated.*

### FORWARD LOOKING STATEMENTS

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management’s expectations regarding the Company’s future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company’s assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimization of operations at the Winston, Holmes and Goldridge projects; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See “Risks and Uncertainties”) contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions,

events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## **OVERVIEW**

### **Description of the business**

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 under the symbol WGC. The shares are deemed to be listed on March 22, 2016 and trading commenced on March 29, 2016. On October 4, 2016, the Company acquired Goldridge Holdings Limited ("Goldridge") and its subsidiary, Goldridge Holdings (USA) Limited ("Goldridge USA"). Both Goldridge and Goldridge USA are wholly-owned subsidiaries. Goldridge is incorporated in the Province of British Columbia, Canada, and Goldridge USA is incorporated in the State of Nevada, USA. 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.

At December 31, 2016, the Company reported working capital of \$1,296,183 (December 31, 2015 – deficit of \$306,425) and may require financing from outside participation to continue exploration and subsequent development of its mining claims owned and under lease agreements and to be able to make payments required under the mining lease agreements. At December 31, 2016 the Company had not yet achieved profitable operations, has accumulated losses of \$18,587,481 (December 31, 2015 - \$1,099,298) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, the attainment of profitable operations and external financings.

### **SIGNIFICANT EVENTS**

On January 31, 2013, the Incorporation date of the Company, Max Polinsky was the sole Director. On September 29, 2014, Murray Nye and Ben Porterfield were elected as Directors of the Company, Max Polinsky was elected President and Chief Financial Officer, Murray Nye was elected as Chief Executive Officer, Megan Francis was elected as Corporate Secretary and Collins Barrow Toronto LLP, Licensed Public Accountants of Toronto, Ontario were appointed as Auditors of the Company. On September 29, 2014, Murray Nye, Max Polinsky and Ben Porterfield were appointed to the Audit Committee.

Effective September 29, 2015, the Company adopted a Stock Option Plan. The maximum number of shares that may be issued will be a rolling number not to exceed 10% of the issued and outstanding shares of the Company at the time of the option grant. The options granted shall be exercisable over a period not exceeding five years. Options granted to any one individual in any 12 month period shall not exceed 5% of the issued shares of the Company. Options granted to any one consultant or investor relations employee in any 12 month period shall not exceed 2% of the issued shares of the Company. The Board may amend or terminate the Stock Option Plan.

On October 23, 2015, Al Fabbro was elected as a Director of the Company and Chairman of the Audit Committee. On October 23, 2015, Max Polinsky resigned from the Audit Committee.

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 price of \$0.50 per share and made cash payments of \$230,475 (\$175,000US).

On December 12, 2016, Stanley Stewin was elected as a Director of the Company and a member of the Audit Committee. On the same day, Max Polinsky was replaced as the Company's CFO by Ronan Sabo-Walsh. Max retained his title as President and a Director of the Company.

### **OVERALL PERFORMANCE**

In summary, the Company's financial performance increased over the year ended December 31, 2016 compared

to the year ended December 31, 2015. Working capital increased by \$1,602,608 from a working capital deficit of (\$306,425) at December 31, 2015 to working capital of \$1,296,183 at December 31, 2016. The increase over the period is mainly attributed to:

- Net proceeds from share issuances of \$5,660,882 (Jan-Dec, 2015 - \$145,000).
- Expending \$242,616 on purchase of exploration equipment (Jan-Dec, 2015 - \$Nil)
- Expending \$14,859,250 on exploration and evaluation (Jan-Dec, 2015 - \$78,727).
- Expending \$381,772 on legal, audit and accounting and professional fees (Jan-Dec, 2015 - \$119,345).
- Expending \$1,120,171 on administrative, office and travel expenses (Jan-Dec, 2015 - \$59,724).

## **EXPLORATION ACTIVITIES**

### **Area and Location**

The five (5) unpatented (Holmes Property) and 13 patented (Winston Property) claims cover an area of 205 acres in the historic Winston Mining District and are located within Township 8 North and Ranges 1 West and 1 East of the United States Public Land Survey System. The center of the Winston Gold Project is approximately located at coordinates 446470 meters East, 5143825 meters North; NAD1983, UTM Zone 12N in the northeastern Elkhorn Mountains, Broadwater County, Montana, USA. The Winston area is about 18 straight-line miles (30 kilometers) southeast of Helena, the capital city of Montana and about 2 miles (3 kilometers) southwest of the small community of Winston, Montana.

### **Claims and Title**

Winston Gold properties location monuments are located and properly marked for identification and all claim corners have been erected in accordance with applicable regulations. Certificates of Location are on file at the Broadwater County Recorder's Office in Townsend, Montana. Certificates of Location and claim maps are on file with the US Department of the Interior, Bureau of Land Management (BLM) Montana State Office (MSO) in Billings, Montana. The claim plat maps and Certificates of Location on file at the Townsend County Recorder's Office in Townsend Montana along with the Claim status with the BLM using the online LR2000 system were checked by Capps Geoscience, LLC. The claims are recorded properly.

### **Winston Property, Montana, USA**

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, 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.

In mid-December, 2016, the Company announced five additional assay results from its Phase-1 drilling campaign on its wholly owned Winston gold project near Helena, Montana.

Highlights Include:

- Hole W1633 intersected 44.57 g/t gold (1.3 ounces per ton) over 2.3 ft. (0.70 metres).
- Hole W1634 intersected 69.87 g/t gold (2.038 opt) over 1 ft. (0.30 metres).
- Hole W1635 intersected 23.93 g/t gold (0.698 opt) gold over 4.8 ft. (1.22 metres).

Three holes were collared on drill pad #10 located 100 ft. (30 metres) west of the old Edna Mine. All three holes were drilled due south (180 degrees) to intersect northerly dipping veins.

- Hole W1633 was drilled at a minus 45 degree angle and intersected 2.3 ft. (0.70 metres) averaging 44.57 g/t gold (1.3 opt) starting 196.7 ft. (59.95 metres) down-hole. This was followed by a 5 ft. (1.52 meter) interval averaging 4.22 g/t gold (0.123 opt) starting 351 ft. (106.98 metres) down-hole.
- Hole W1634 drilled under hole W1633 at a minus 60 degree angle and intersected 1 ft. (0.30 metre) averaging 69.87 g/t gold (2.038 opt) starting 188 ft. (57.30 metres) down-hole.
- Hole W1635 was drilled under hole W1634 at a minus 72 degree angle and intersected 1 ft. (0.30 metre) averaging 17.93 g/t gold (0.523 opt) starting 174 ft. (53.03 metres) down-hole. This was followed by a 2 ft. (0.61 metre) interval averaging 7.75 g/t gold (0.226 opt) starting at 272 ft. (82.90 metres) down-hole and a 4.8 ft. (1.46 metre) interval averaging 10.39 g/t gold (0.303 opt) starting at 307.2 ft. (93.63 metres) down-hole.

Two holes were collared on drill pad #9, located 100 ft. (30 metres) west of drill pad 10. Both holes were drilled due south (180 degrees).

- Hole W1645 was drilled at an angle of minus 50 degrees and intersected 4 ft. (1.22 metres) averaging 23.93 g/t gold (0.698 opt) starting at a down-hole depth of 68 ft. (20.72 metres). Additional assays are pending for this hole.
- Hole W1644 was drilled at a minus 72 degree angle and drilled under hole W1645. It intersected 1.5 ft. (0.46 metre) of 4.52 g/t gold (0.132 opt) starting at 165.5 ft. (50.44 metres) down-hole. This was followed by a 2 ft. (0.61 metre) interval averaging 5.42 g/t gold (0.158 opt) starting 382 ft. (116.43 metres) down-hole.

True width of the vein intersections has been difficult to determine since there are numerous sets of veins in close proximity to one another. Many of these veins are associated with fault breccia and fault gouge and it is not possible to determine a proper core angle. Based on what our Geologists have seen underground in the historic Edna adit, there are possibly three sets of mineralized vein structures in the Edna Trend. All of them seem to dip to the north; one at minus 20 degrees, one at minus 60 degrees and the last at minus 80 degrees. More extensive underground exploration will be required to determine which veins will be the most productive.

The Company's Phase 1 program is designed to drill about 4800 ft. (1,463 metres) over 15-to-20 holes using two drill rigs. These holes will target potential high-grade mineralization in the historic past-producing Custer Vein as well as along the Edna Vein Trend. The Company has released results for seven holes to date. Assays are still pending for additional holes. Refer to Press Release dated November 15th 2016 for previously announced results.

Refer to chart below for details of the drill holes discussed above.

| Hole  | UTM North (m) | UTM East (m) | Elevation (m) | Azimuth degrees | Dip degrees | From (ft.) | To (ft.) | Interval (ft.)/(m) |      | Gold (OPT) | Gold (g/t) |
|-------|---------------|--------------|---------------|-----------------|-------------|------------|----------|--------------------|------|------------|------------|
| W1633 | 5143831       | 448497       | 1502          | 180             | -45         | 196.7      | 199      | 2.3                | 0.70 | 1.3        | 44.57      |
|       |               |              |               |                 |             | 351        | 356      | 5                  | 1.52 | 0.123      | 4.22       |
| W1634 | 5143831       | 448497       | 1502          | 180             | -60         | 188        | 189      | 1                  | 0.30 | 2.038      | 69.87      |
| W1635 | 5143831       | 448497       | 1502          | 180             | -72         | 174        | 175      | 1                  | 0.30 | 0.523      | 17.93      |
|       |               |              |               |                 |             | 220        | 221      | 1                  | 0.30 | 0.138      | 4.73       |
|       |               |              |               |                 |             | 272        | 274      | 2                  | 0.61 | 0.226      | 7.75       |
|       |               |              |               |                 |             | 307.2      | 312      | 4.8                | 1.46 | 0.303      | 10.39      |
| W1644 | 5143819       | 448470       | 1505          | 180             | -72         | 165.5      | 167      | 1.5                | 0.46 | 0.132      | 4.52       |
|       |               |              |               |                 |             | 382        | 384      | 2                  | 0.61 | 0.158      | 5.42       |
| W1645 | 5143819       | 448470       | 1505          | 180             | -50         | 68         | 72       | 4                  | 1.22 | 0.698      | 23.93      |

In mid-January, 2017, the Company outlined a high-grade gold vein which could be amenable to underground mining.

The key drill intercepts that outline the vein include:

- W1633 intersected 2.3 ft. averaging 1.3 ounces per ton (opt) or (44.57 grams/tonne) gold.
- W1635 cut 4.8 ft. averaging 0.303 opt (10.39 g/t) gold. (Press Release Dec 13, 2016)
- W1647 hit 4 ft. averaging 0.226 opt (7.75 g/t) gold.
- W1650 intersected 1 ft. averaging 0.427 opt (14.64 g/t) gold.

The Historic Edna mine produced ore from North-East oriented flat veins (dipping minus 20 degrees to the Northwest) and steep veins (dipping minus 60 degrees to the Northwest). The new Edna-West Vein is oriented in an East-West direction and dips steeply to the North at an angle of about minus 75 degrees.

Holes W1646, W1647 and W1648 were drilled from Pad 8, located 300 feet (91.4 metres) west of the historic Edna Mine. Hole W1649 was drilled from Pad 7, a 100 ft. (30 metres) step-out to the west of Pad 8 and hole W1650 was drilled from Pad 6, another 100 ft. (30 metres) step-out west of Pad 7.

The width of the Edna-West Vein appears to vary from 1 ft. to over 5 ft. over its currently known strike length. The phase-1 drill program has intersected many narrow veins within the Edna Trend and true width has been difficult to determine since many of these veins are associated with fault breccia and fault gouge and it is not possible to determine a proper core angle.

Refer to chart below for details of the drill holes discussed above.

| Hole  | UTM North (m) | UTM East (m) | Elevation (m) | Azimuth degrees | Dip degrees | From (ft.) | To (ft.) | Interval (ft.)/(m) | Gold (OPT) | Gold (g/t) |
|-------|---------------|--------------|---------------|-----------------|-------------|------------|----------|--------------------|------------|------------|
| W1646 | 448434        | 5143803      | 1506          | 184             | -90         |            |          |                    | NSI        | NSI        |
| W1647 | 448434        | 5143803      | 1506          | 180             | -72         | 86         | 88       | 2 0.6<br>1         | 0.155      | 5.31       |
|       |               |              |               |                 |             | 306        | 308      | 2 0.6<br>1         | 0.278      | 9.53       |
|       |               |              |               |                 |             | 356        | 360      | 4 1.2<br>2         | 0.226      | 7.75       |
| W1648 | 448434        | 5143803      | 1506          | 180             | -52         |            |          |                    | NSI        | NSI        |
| W1649 | 448404        | 5143795      | 1508          | 180             | -60         |            |          |                    | NSI        | NSI        |
| W1650 | 448371        | 5143792      | 1510          | 180             | -76         | 125        | 126      | 1 0.3<br>0         | 0.521      | 17.86      |
|       |               |              |               |                 |             | 382        | 383      | 1 0.3<br>0         | 0.427      | 14.64      |

\*NSI = No Significant Intercepts

The company expects to receive final assay results from the remaining few holes of the Phase-1 drill program shortly. A total of 33 holes were drilled totaling 12,428 ft. (3,788 metres). A Phase-2 drill program is now underway. It is designed to further define the Edna-West vein and will ultimately aid in the placement of an exploration adit.

In early February, 2017, the Company announced drill results from the historic high-grade Custer Vein, on the Company's wholly-owned Winston Gold Property, near Helena Montana.

Ten holes were drilled from two pads located north of the Custer Mine shaft. Highlights of the results include:

- Hole W1720 intersected 4.4 ft. averaging 0.55 ounces per ton (opt) gold, (18.86 gram/tonne gold).
- Hole W1721 hit 6.5 ft. averaging 0.19 opt gold, (6.51 g/t gold).
- Hole W1757 cut 4.5 feet of 0.47 opt gold, (16.11 g/t gold).

The intercepts indicate that the strike and dip of the Custer Vein is changing in the area of drilling, so true widths cannot be calculated. Two of the holes hit stopes in the old mine.

Historic reports indicate that the old Custer mine was worked over a strike of 2,400 feet (731 metres). Based on the drilling to date, Winston Gold Mining has demonstrated a potentially mineralized strike length of 530 ft. (161.5 metres) along the Custer Vein from hole W1724 to hole W1721 with a potential vertical extent of as much as 180 ft. (54.8 metres).

Additional details of the drill intercepts:

- Starting from drill Pad 16, holes W1724 and W1725 roughly intersected the 336 ft. level of the old mine workings. W1724 intersected 2 ft. averaging 0.09 opt (3.09 g/t) gold and hole W1725 cut 2 ft averaging 0.20 opt (6.86 g/t) gold.
- Moving to southwest to drill Pad 14, hole W1760 broke into a 15 ft. (4.6 metre) void with no mineralization in the hanging wall.
- Hole W1758, on the same drill pad, intersected the vein 75 ft. (22.8 metres) southwest of W1760. It hit 4 ft. averaging 0.08 opt (2.74 g/t) gold.
- Hole W1757, also on drill pad 14, intersected the vein 62 ft. (18.9 metres) farther southwest of hole W1758. It hit 4.5 ft. averaging 0.47 opt (16.11 g/t) gold. These last three holes pierced the vein between the 300-and 400 ft. levels of the mine. Further to the southwest, the intercepts pierce the vein below the 400 ft. level.
- On Pad 15, hole W1720 pieced the vein 141 ft. (43 metres) southwest of W1757 and 90 ft. (27.4 metres) lower. It intersected 4.4 ft. averaging 0.55 opt (18.86 g/t) gold.
- Hole W1721 pierced the vein 62 ft. (18.9 metres), southwest of W1720. It hit 6.5 ft. averaging 0.19 opt (6.51 g/t) gold.
- Hole W1722 pierced the vein 80 ft. (24.4 metres) southwest of W1721. It hit a large structure but assays were low grade averaging 0.03 opt (1.02 g/t) gold over 11 ft.
- W1723 pierced the vein 56 ft. (17 metres) southwest of W1722. It also hit a structure with assays averaging 0.027 opt (0.94 g/t) gold over 11 ft.

A Phase-2 drill program is now underway and has been designed to continue to test and expand the Custer Vein under the historic workings.

Refer to chart below for details of the drill holes discussed above.

| Hole  | Drill Pad | UTM North (m) | UTM East (m) | Elevation (m) | Azimuth degrees | Dip degrees | From (ft.) | To (ft.) | Interval (ft.)/(m) | Gold (OPT) | Gold (g/t) |       |
|-------|-----------|---------------|--------------|---------------|-----------------|-------------|------------|----------|--------------------|------------|------------|-------|
| W1720 | 15        | 448779        | 5144440      | 1408.2        | 125             | -62         | 586.9      | 591      | 4.4                | 1.34       | 0.55       | 18.86 |
| W1721 | 15        | 448779        | 5144440      | 1408.2        | 137             | -64         | 612.5      | 619      | 6.5                | 1.98       | 0.19       | 6.51  |
| W1722 | 15        | 448779        | 5144440      | 1408.2        | 150             | -62         | 610        | 621      | 11.0               | 3.04       | 0.03       | 1.02  |
| W1723 | 15        | 448779        | 5144440      | 1408.2        | 159             | -64         | 624        | 635      | 11.0               | 3.04       | 0.027      | 0.93  |
|       |           |               |              |               |                 |             | 678        | 685      | 7.0                | 2.13       | 0.038      | 1.30  |
| W1724 | 16        | 448779        | 5144527      | 1386.9        | 122             | -59         | 241        | 244      | 2.0                | 0.61       | 0.09       | 3.09  |
| W1725 | 16        | 448779        | 5144527      | 1386.9        | 122             | -70         | 348        | 350      | 2.0                | 0.61       | 0.20       | 6.86  |
| W1757 | 14        | 448833        | 5144463      | 1401.7        | 135             | -65         | 442.5      | 447      | 4.5                | 1.37       | 0.47       | 16.11 |
| W1758 | 14        | 448833        | 5144463      | 1401.7        | 117             | -62         | 426        | 430      | 4.0                | 1.22       | 0.08       | 2.74  |
| W1759 | 14        | 448833        | 5144463      | 1401.7        | 117             | -52         |            |          |                    |            | Stope      |       |
| W1760 | 14        | 448833        | 5144463      | 1401.7        | 97              | -59         |            |          |                    |            | Stope      |       |

\*Stope = Intersected mined out historic workings – no results

In early March, 2017, the Company announced the first set of drill results from its Phase-2 drill program on the Company's wholly-owned Winston Gold Property near Helena Montana.

Historic drill data from the 1980's indicated the presence of a parallel vein located just 100 ft. (30.48 metres) southeast of the historic past producing Custer Vein. Records also indicated there was a minor amount of historic mining from this "Parallel Vein" from the 0 level of the Custer Mine.

Three holes were collared on the same drill pad and were designed to test the Parallel Vein over a strike length of 168 ft. (51.2 metres). Results include:

- Hole W1727 intersected three separate veins:  
3 ft. averaging 0.1 opt (3.43 g/t) gold and 0.6 opt (20.57 g/t) silver starting 105 ft. down-hole.  
3.5 ft averaging 0.31 opt (10.63 g/t) gold and 4.8 opt (164.57 g/t) silver starting 357.5 ft down-hole.  
2 ft averaging 0.13 opt (4.46 g/t) gold and 0.9 opt (30.86 g/t) silver starting 475 ft. down-hole.
- Hole W1728 intersected a vein and a void west of the intersection of hole W1727:  
3.5 ft. averaging 0.23 opt (7.89 g/t) gold and 0.8 opt (27.43 g/t) silver at 126 ft. down-hole.  
5 ft. of a void was encountered at 346 ft. down-hole and is believed to be an old working of the Parallel Vein.
- Hole W1729 intersected three veins northeast of the intersections made in hole W1727:  
4 ft. averaging 0.33 opt (11.31 g/t) gold and 0.4 opt (13.71 g/t) silver starting 99 ft. down-hole.  
1.5 ft. averaging 0.30 opt (10.23 g/t) gold and 0.2 opt (6.86 g/t) silver at 321 ft. down-hole.  
4 ft. averaging 0.60 opt (20.57 g/t) gold and 1.3 opt (44.57 g/t) silver at 449 ft. down-hole.

The Parallel Vein strikes northeast, parallel to the Custer Vein, and dips 60 degrees to the northwest. It is projected to intersect the Edna West Vein about 290 ft. southwest of the intercept in hole W1729.

The historic drill data suggests that the Parallel Vein could have a strike length of about 500 ft. Additional drilling will be required to prove this. Assay results from a few of the vertically drilled rotary holes from the 1980's include:

- Hole RC76 intersected 20 ft. averaging 0.37 opt (12.68 g/t) starting at 305 ft. down hole.
- Hole 88-2 intersected 10 ft. averaging 0.21 opt (7.2 g/t) gold starting 390 ft down hole.
- Hole PC92 intersected 10 ft. averaging 0.89 opt (30.51 g/t) gold and 1.8 opt (61.71 g/t) silver starting 375 ft. down hole.
- Hole PC-111 intersected 10 ft. averaging 0.80 opt (27.43g/t) gold starting at 385 ft. down hole.

These intervals were reported as composites and most likely were averaged over longer intervals. Original assay receipts are no longer available. In addition, since these holes were drilled vertically into steeply dipping vein systems the intervals are not true widths.

Refer to chart below for details of the drill holes discussed above.

| Hole  | Vein     | UTM North (m) | UTM East (m) | Elevation (m) | Azimuth | Dip  | From (ft.) | To (ft.) | Interval (ft.)/(m) |      | True Width (ft.)** | Gold (opt)/(g/t) |       | Silver (opt)/(g/t) |        |
|-------|----------|---------------|--------------|---------------|---------|------|------------|----------|--------------------|------|--------------------|------------------|-------|--------------------|--------|
|       |          |               |              |               |         |      |            |          |                    |      |                    |                  |       |                    |        |
| W1727 | Block 93 | 448,833       | 5,144,463    | 1401.7        | 318°    | -45° | 105        | 108      | 3                  | 0.91 | --                 | 0.1              | 3.43  | 0.6                | 20.57  |
|       | Parallel |               |              |               |         |      | 357.5      | 361      | 3.5                | 1.06 | 2.51               | 0.31             | 10.63 | 4.8                | 164.57 |
|       | unknown  |               |              |               |         |      | 475        | 477      | 2                  | 0.61 | --                 | 0.13             | 4.46  | 0.9                | 30.86  |
| W1728 | Block 93 | 448,833       | 5,144,463    | 1401.7        | 304°    | -45° | 126        | 129.5    | 3.5                | 1.06 | --                 | 0.23             | 7.89  | 0.8                | 27.43  |
|       | Parallel |               |              |               |         |      | 346        | 351      | 5                  | 1.52 | 3.35               | *Stope           |       | *Stope             |        |
| W1729 | Block 93 | 448,833       | 5,144,463    | 1401.7        | 335°    | -45° | 99         | 103      | 4                  | 1.22 | --                 | 0.33             | 11.31 | 0.4                | 13.71  |
|       | unknown  |               |              |               |         |      | 321        | 322.5    | 1.5                | 0.46 | --                 | 0.30             | 10.23 | 0.2                | 6.86   |
|       | Parallel |               |              |               |         |      | 449        | 453      | 4                  | 1.22 | 2.30               | 0.60             | 20.57 | 1.3                | 44.57  |

\*Stope = Intersected mined out historic workings – no results

\*\* Dip of Block 93 Vein unknown at this time so true width cannot be determined

In late March, 2017, the Company announced that drilling had extended the strike length of the Block 93 vein structure farther to the west. The vein now has been traced over a strike length of about 246 ft. (75 metres), and to a vertical extent of 192 ft. (58.5 metres) on the Company's wholly-owned Winston Gold Property near Helena Montana.

Previously announced drill results (March 1st, 2017) confirmed the existence of two high grade veins dubbed the Parallel and Block 93 veins. These veins were identified from historic drill data from the 1980's.

A total of six new holes were collared on a drill pad, located about 80 ft. (24.4 metres) southeast from the spot where holes W1727, W1728 and W1729 were collared. These new holes were drilled in a fan configuration and were designed to extend the strike length of the Block 93 vein structure.

The holes tested an additional 198 ft. (60.3 metres) strike length of the Block 93 Vein. Refer to attached drill plan map. Highlights of the Results include:

- Hole W65 intersected three veins in the footwall (beneath) the Block 93 vein. The first intersection cut 1 ft. (0.3 metres) averaging 0.121 opt (4.15 g/t) gold and 0.46 opt (15.77 g/t) silver starting 77 ft. (23.5metres) down-hole. No previously known vein is associated with it. The hole also intersected 0.5 ft. (0.15 metre) averaging 0.235 opt (8.06 g/t) gold and 0.23 opt (7.89 g/t) silver 164.5 ft. (50.1 metres) down-hole. This too is still in the footwall of Block 93. Unfortunately there were no significant intercepts in the Block 93 vein. This may be a result of the nugget effect in the vein system.
- Hole W66 hit another previously unknown vein in the hanging wall (above) the Block 93 vein. At a depth of 311 ft (94.8 metres) the hole cut a 4 ft. (1.22 metres) interval averaging 0.223 opt (7.65 g/t) gold. This included a 1 ft (0.3 metre) section that averaged 0.773 opt (26.5 g/t) gold and 2.85 opt (97.71 g/t) silver. The actual Block 93 intercept was at a depth of 277.5 ft (84.58 metres) down-hole and averaged 0.368 opt (12.62 g/t) gold and 0.95 opt (32.57 g/t) silver over a 1 ft (0.3 metre) interval.



- Hole W67 intersected 2 ft (0.61 metres) averaging 0.116 opt (3.98 g/t gold) and 0.14 opt (4.80 g/t) silver starting 300 ft (91.4 metres) down hole. This is believed to be part of the Block 93 vein.
- Hole W68 intersected 3 ft (0.91 metres) averaging 0.164 opt (5.62 g/t) gold starting 91 ft. (27.7 metres) down-hole. This included a 1.3 ft. (0.4 metre) interval averaging 0.312 opt (10.70 g/t) gold and 0.53 opt (18.17 g/t) silver. This is a vein in the footwall of Block 93 and is possibly associated with the intercept in W65. Further down-hole at a depth of 310.5 ft. (94.6 metres) the drill cut a 3.5 ft. (1.07 metre) interval averaging 0.284 opt (9.74 g/t) gold. This included a 1.5 ft (0.46 metre) section that averaged 0.436 opt (14.95 g/t) gold and 0.53 opt (18.17 g/t) silver. This is believed to be the Block 93 vein.
- Hole W70 intersected a 1.5 ft (0.46 metre) interval averaging 0.674 opt (23.11 g/t) gold and 0.55 opt (18.86 g/t) silver starting 325.5 ft down-hole. This is believed to be the Block 93 vein. Assays results are still pending in this hole for samples taken on either side of this vein.

Refer to chart below for details of the drill holes discussed above. The dips of the veins are currently unknown at this time so true width cannot be accurately determined.

| Hole      | Vein      | UTM North (m) | UTM East (m) | Elevation (m) | Azimuth | Dip | From (ft.) | To (ft.) | Interval (ft.)/(m) |      | Gold (opt)/(g/t) |       | Silver (opt)/(g/t) |       |
|-----------|-----------|---------------|--------------|---------------|---------|-----|------------|----------|--------------------|------|------------------|-------|--------------------|-------|
| W65       | Unknown   | 448,640       | 5,143,768    | 1461.2        | 335     | -45 | 77         | 78       | 1                  | 0.3  | 0.121            | 4.15  | 0.46               | 15.77 |
|           | Unknown   |               |              |               |         |     | 164.5      | 165      | 0.5                | 0.15 | 0.235            | 8.06  | 0.23               | 7.89  |
|           | Unknown   |               |              |               |         |     | 229        | 230      | 1                  | 0.30 | 0.129            | 4.42  | 0.27               | 9.26  |
| W66       | Unknown   | 448,640       | 5,143,768    | 1461.2        | 355     | -45 | 222        | 223      | 1                  | 0.30 | 0.261            | 8.95  | 0.40               | 13.71 |
|           | Unknown   |               |              |               |         |     | 227        | 228      | 1                  | 0.30 | 0.514            | 17.62 | 0.81               | 27.77 |
|           | Block 93  |               |              |               |         |     | 277.5      | 278.5    | 1                  | 0.30 | 0.368            | 12.62 | 0.95               | 32.57 |
|           | Unknown   |               |              |               |         |     | 311        | 315      | 4                  | 1.22 | 0.223            | 7.65  | --                 |       |
| Including |           |               |              |               |         |     | 314        | 315      | 1                  | 0.30 | 0.773            | 26.50 | 2.85               | 97.71 |
| W67       | Block 93  | 448,640       | 5,143,768    | 1461.2        | 320     | -45 | 300        | 302      | 2                  | 0.61 | 0.116            | 3.98  | 0.14               | 4.80  |
| W68       | Unknown   | 448,640       | 5,143,768    | 1461.2        | 305     | -45 | 91         | 94       | 3                  | 0.91 | 0.164            | 5.62  |                    |       |
| including |           |               |              |               |         |     | 91         | 92.3     | 1.3                | 0.40 | 0.312            | 10.70 | 0.65               | 22.29 |
|           | Block 93  |               |              |               |         |     | 310.5      | 314      | 3.5                | 1.07 | 0.284            | 9.74  |                    |       |
| including |           |               |              |               |         |     | 310.5      | 312      | 1.5                | 0.46 | 0.436            | 14.95 | 0.53               | 18.17 |
| W69       | Unknown   | 448,640       | 5,143,768    | 1461.2        | 305     | -55 | 61.5       | 63       | 1.5                | 0.46 | 0.04             | 1.37  | 0.06               | 2.06  |
|           | Unknown   |               |              |               |         |     | 82.5       | 83.5     | 1                  | 0.30 | 0.041            | 1.41  | 0.08               | 2.74  |
| W70       | Unknown   | 448,640       | 5,143,768    | 1461.2        | 285     | -45 | 108        | 109      | 1                  | 0.30 | 0.113            | 3.87  | 0.34               | 11.66 |
|           | Block 93* |               |              |               |         |     | 325.5      | 327      | 1.5                | 0.46 | 0.674            | 23.11 | 0.55               | 18.86 |

\*Assays still pending for samples taken on either side of the vein structure

### Holmes Property, Montana, USA

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.

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.

The following are the Winston 2014 Drill Intercepts:

| Drill # | From  | To    | Feet | Gold opt |
|---------|-------|-------|------|----------|
| W-1402  | 175   | 178.5 | 3.5  | 0.17     |
|         | 212   | 213   | 1    | 0.852    |
|         | 219.5 | 221.5 | 2    | 0.257    |
| W 1403  | 112   | 117.5 | 5.5  | 0.163    |
|         | 318   | 320   | 2    | 0.79     |
| W 1404  | 119   | 119.5 | 0.5  | 2.53     |
|         | 238   | 240   | 2    | 3.14     |
| W 1405  | 226.2 | 227.5 | 1.3  | 0.207    |
| W 1406  | 172   | 173.9 | 1.9  | 0.176    |
| W 1407  | 71    | 76    | 5    | 0.105    |
|         | 83    | 85.2  | 2.3  | 0.305    |
| W 1408  | 85    | 89    | 4    | 0.336    |
|         | 253   | 255   | 2    | 0.486    |
| W 1409  | 168.2 | 170   | 1.8  | 0.44     |
|         | 290   | 293   | 2    | 0.173    |
| W 1410  | 168   | 175   | 7    | 0.193    |

On April 27, 2015 an NI43-101 Technical Report was completed by Capps Geoscience, LLC, signed by Richard C. Capps, Ph.D., a Qualified Person, on the Winston and Holmes properties under the title of "NI43-101 Technical Report on Exploration at the Winston District Gold Project, Broadwater County, Montana, USA.

On October 24, 2016, the Company commenced a Phase-1 drilling campaign on the Winston gold project. The Phase 1 program will consist of 15 to 20 holes (4,800 ft.) using two drill rigs that will target potential high-grade mineralization in the historic past-producing Custer Vein as well as along the Edna Vein Trend. The first four holes into the Edna Trend will provide data for planning the most effective route the future Hyantha decline will take from the end of the Historic Upper Hyantha adit. The Company plans to widen the adit to 10 by 10 feet to allow access for modern mining equipment. The new decline will be developed in waste rock to access the Edna Trend Vein system. The remaining holes will be designed to extend the Edna vein system along strike. A total of 2,500 feet of drilling have been budget for this target.

The Company received the following assay results from the Phase-1 drilling campaign:

- Hole W1630 intersected 18.27 g/t gold over 5 ft.
- Hole W1631 intersected 6.51 g/t over 8 ft. and 5.45 g/t over 3 ft.

To date, five holes on the Edna Trend and two on the Custer Vein have been completed. Assays are pending.

The following chart details exploration and evaluation expenses for the year ended December 31, 2016 compared to the year ended December 31, 2015:

| Properties                        | December 31,<br>2016 | December 31,<br>2015 |
|-----------------------------------|----------------------|----------------------|
| Holmes Property <sup>(a)</sup>    | \$12,000             | \$14,067             |
| Winston Property <sup>(b)</sup>   | 889,149              | 64,660               |
| Golden Jubilee <sup>(c)</sup>     | 18,872               | -                    |
| Goldridge Property <sup>(d)</sup> | 13,939,229           | -                    |
|                                   | <b>\$14,859,250</b>  | <b>\$78,727</b>      |

## SELECTED ANNUAL INFORMATION

The following table represents selected financial information of the Company for the period from the date of incorporation (January 31, 2013) to December 31, 2013, and the years ended December 31, 2014, 2015, and 2016 and should be read in conjunction with the Company's financial statements:

|                                | December 31,<br>2015 | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | \$                   | \$                   | \$                   | \$                   |
| Revenue                        | Nil                  | Nil                  | Nil                  | Nil                  |
| Income (loss) for the year     | (17,495,109)         | (283,886)            | (809,653)            | (5,759)              |
| Net income (loss) for the year | (17,495,109)         | (283,886)            | (809,653)            | (5,759)              |
| Net income (loss) per share    | \$(0.45)             | \$(0.01)             | \$(0.20)             | \$(57.60)            |
| Total assets                   | 1,914,233            | 88,525               | 124,421              | 2                    |
| Long-term debt                 | Nil                  | Nil                  | Nil                  | Nil                  |
| Dividends per share            | Nil                  | Nil                  | Nil                  | Nil                  |

## RESULTS OF OPERATIONS

**For the years ended December 31, 2016 and 2015:**

### Revenues

The Company did not earn revenues during the year ended December 31, 2016 (December 31, 2015 - \$Nil).

### General and administrative expenses

During the year ended December, 2016 the Company recorded a loss of \$17,488,183 (\$0.45 per share) compared to a loss of \$283,886 (\$0.01 per share) for the year ended December 31, 2015.

Operating expenses were \$17,488,183 (including \$14,859,250 in exploration and evaluation expenses and \$449,854 in share based payments) for the year ended December 31, 2016 compared to \$289,116 (including \$78,727 in exploration and evaluation expenses and \$Nil in share based payments) for the year ended December 31, 2015.

The following chart details the operating expenses comparatives for the years ended December 31, 2016 and 2015:

| Expenses                   | 2016<br>\$ | 2015<br>\$ | Change<br>\$ |
|----------------------------|------------|------------|--------------|
| Office and administrative  | 1,120,171  | 59,724     | 1,060,447    |
| Professional Fees          | 381,772    | 119,345    | 262,427      |
| Travel                     | 33,835     | 2,930      | 30,905       |
| Depreciation               | 47,750     | -          | 47,750       |
| Wages and Salaries         | 535,300    | -          | 535,300      |
| Royalty Payment            | 55,642     | -          | 55,642       |
| FX translation             | 4,609      | 28,390     | (23,781)     |
| Total operating expenses   | 2,179,079  | 210,389    | 1,968,690    |
| Share based payments       | 449,854    | -          | 449,854      |
| Exploration and evaluation | 14,859,250 | 78,727     | 14,780,523   |
| Total Loss                 | 17,488,183 | 289,116    | 17,199,067   |

- The Company incurred accounting and office and administrative expenditures in the amount of \$1,120,171 in the current period compared to \$59,724 in the previous period. The Company incurred professional fee expenses in the amount of \$381,772 in the current period compared to \$119,345 in the previous period. The Company incurred wages and salary expenses in the amount of \$535,300 in the current period compared to \$Nil in the previous period. The Company incurred royalty payment expenditures in the amount of \$55,642 in the current period compared to \$Nil in the previous period.

### For the three months ended December 31, 2016 and 2015

#### Revenues

The Company did not earn revenues during the three months ended December 31, 2016 (Oct - Dec, 2015 - \$Nil).

#### General and administrative expenses

During the three months ended December 31, 2016 the Company recorded a loss of \$16,595,258 (\$0.43 per share) compared to a loss of \$55,050 (\$0.003 per share) for the three months ended December 31, 2015.

Operating expenses were \$16,588,332 (including \$14,610,352 in exploration and evaluation expenses and \$110,642 in share based payments) for the three months ended December 31, 2016 compared to \$60,280 (including \$24,431 in exploration and evaluation expenses and \$Nil in share based payments) for the three months ended December 31, 2015.

The following chart details the operating expenses comparatives for the three months ended December 31, 2016 and 2015:

|                            | 2016       | 2015    | Change     |
|----------------------------|------------|---------|------------|
| Expenses                   | \$         | \$      | \$         |
| Office and administrative  | 1,032,053  | 18,746  | 1,013,307  |
| Professional Fees          | 175,559    | 12,558  | 163,001    |
| Travel                     | 14,355     | 667     | 13,688     |
| Depreciation               | 47,750     | -       | 47,750     |
| Wages and Salaries         | 535,300    | -       | 535,300    |
| Royalty Payment            | 55,642     | -       | 55,642     |
| FX translation             | 6,679      | 3,878   | 2,801      |
| Total operating expenses   | 1,867,338  | 35,849  | 1,831,489  |
| Share based payments       | 110,642    | -       | 110,642    |
| Gain on debt settlement    | -          | (5,230) | 5,230      |
| Exploration and evaluation | 14,610,352 | 24,431  | 14,585,921 |
| Total Loss                 | 16,595,258 | 55,050  | 16,540,208 |

- The Company incurred office and administrative expenditures in the amount of \$1,032,053 in the current period compared to \$18,746 in the previous period. The Company incurred wages and salaries expenses in the amount of \$535,300 in the current period compared to \$nil in the previous period. The Company incurred exploration and evaluation expenses in the amount of \$14,610,352 in the current period compared to \$24,431 in the previous period.

## SUMMARY OF QUARTERLY RESULTS

|                                | December 31, |              | September 30, |           | June 30, |           | March 31, |          |
|--------------------------------|--------------|--------------|---------------|-----------|----------|-----------|-----------|----------|
|                                | 2016         |              | 2016          |           | 2016     |           | 2016      |          |
| Revenue                        | \$           | Nil          | \$            | Nil       | \$       | Nil       | \$        | Nil      |
| Earnings (loss) for the period |              | (16,588,332) |               | (522,767) |          | (293,501) |           | (83,583) |
| EPS (Basic & Diluted)          |              | (0.43)       |               | (0.017)   |          | (0.011)   |           | (0.004)  |
| Fixed assets                   |              | 290,367      |               | 239,829   |          | -         |           | -        |
| Total assets                   |              | 1,914,233    |               | 2,510,426 |          | 46,288    |           | 395,617  |

  

|                                | December 31, |          | September 30, |          | June 30, |          | March 31, |          |
|--------------------------------|--------------|----------|---------------|----------|----------|----------|-----------|----------|
|                                | 2015         |          | 2015          |          | 2015     |          | 2015      |          |
| Revenue                        | \$           | Nil      | \$            | Nil      | \$       | Nil      | \$        | Nil      |
| Earnings (loss) for the period |              | (55,050) |               | (89,881) |          | (54,710) |           | (84,245) |
| EPS (Basic & Diluted)          |              | (0.003)  |               | (0.011)  |          | (0.003)  |           | (0.004)  |
| Fixed assets                   |              | -        |               | -        |          | -        |           | -        |
| Total assets                   |              | 88,525   |               | 119,811  |          | 120,132  |           | 136,153  |

As at December 31, 2016 the Company had 79,536,021 shares (\$19,186,831) issued and outstanding.

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, the Company had working capital of \$1,296,183 (December 31, 2015 – deficit of \$306,425)

and an accumulated deficit of \$18,587,481 (December 31, 2015 - \$1,099,298). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on an ongoing basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the financial support of creditors and stockholders, refinancing debts payable, obtaining additional long term debt or equity financing, as well as achieving and maintaining a profitable level of operations. The Company believes it will require additional working capital to meet operating and exploration costs for the upcoming year.

Subsequent to the nine months ended September 30, 2016, the Company completed the following transactions:

- a) On March 1, 2017, the Company terminated its non-binding letter agreement with Gunsinger on the Golden Jubilee Property.
- b) On March 1, 2017, the Company granted 100,000 stock options to an employee. The options are exercisable at \$0.20 and expire on March 1, 2022.

## **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 consolidated financial statements. During the year ended December 31, 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 \$12,212 (2015 – \$7,467) of amounts paid or payable to a director of the Company.

Included in accounts payable and accrued liabilities is \$nil (December 31, 2015 - \$10,373) and \$11,455 (December 31, 2015 - \$74,988) due to directors of the Company.

During the year ended December 31, 2016, fees to key management personnel were \$20,000 (December 31, 2015 - \$nil).

During the year ended December 31, 2016, the Company granted 1,600,000 stock options to directors and officers of the Company, resulting in share based payments expense of \$235,974 (December 31, 2015 - \$Nil).

## **DUE TO DIRECTORS**

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 year ended December 31, 2016, the Company repaid \$66,382 in director loans. 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.

## **FINANCIAL INSTRUMENTS AND RISKS**

### **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 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 year ended December 31, 2016.

The Company's financial instruments and risk exposures are summarized below.

*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>December 31,</b><br><b><u>2016</u></b> | December 31,<br><u>2015</u> |
|--|---|-----------------------------|
| Cash                                     | \$ 43,890                                 | \$ 102                      |
| Prepaid expenses and deposits            | \$ 55,847                                 | \$ 10,000                   |
| Accounts payable and accrued liabilities | \$ 128,531                                | \$ 77,537                   |
| Due to directors                         | \$ -                                      | \$ 28,753                   |

The above balances were translated into Canadian dollars at the period-end rate of \$1.3427 (December 31, 2015 - \$1.3840) Canadian dollars to every US dollar.

Based on the above net exposures as at December 31, 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).

*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 December 31, 2016, the Company had working capital of \$1,245,167 (December 31, 2015 – deficit of \$306,425). As at December 31, 2016, the Company had cash of \$1,344,052 (December 31, 2015 - \$1,909) to settle current liabilities of \$269,716 (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.

*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.

*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.

*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, bank overdraft and accounts payable and accrued liabilities

approximate fair values due to the relatively short term maturities of these instruments.

### Fair value hierarchy

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
and

Level 3 – Inputs that are not based on observable market data.

The fair values of cash are measured based on level 1 inputs of the fair value hierarchy.

### RISKS AND UNCERTAINTIES

The Company is engaged in the acquisition and exploration of mining claims. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases eliminate the risk involved. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in a mineral property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

### OUTSTANDING SHARES, STOCK OPTIONS, AND WARRANTS

|                         |                   |            |
|-------------------------|-------------------|------------|
| <u>Common Shares:</u>   |                   |            |
| Issued and outstanding: | December 31, 2016 | 79,536,021 |
| Issued and outstanding: | May 26, 2017      | 79,536,021 |
| <u>Warrants:</u>        |                   |            |
| Issued and outstanding: | December 31, 2016 | 2,666,083  |
| Issued and outstanding: | May 26, 2017      | 2,666,083  |
| <u>Stock Options:</u>   |                   |            |
| Outstanding:            | December 31, 2016 | 3,150,000  |
| Outstanding:            | May 26, 2017      | 3,250,000  |



## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

The Company has no proposed transactions.

## **SIGNIFICANT ACCOUNTING POLICIES**

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.

## **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.

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.

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.

### **CHANGE IN ACCOUNTING POLICY**

During the year ended December 31, 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.

### **SEGMENTAL REPORTING**

The Company presents and discloses segmental information based on information that is regularly reviewed and evaluated by the chief financial officer. The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

### **GOING CONCERN**

The Company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

### **ASSET ACQUISITION / BUSINESS COMBINATION**

In accordance with IFRS 3 - Business Combinations, a transaction is recorded as a business combination if the significant assets, liabilities, or activities are assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The acquisition of Goldridge as further described in Note 18 was recorded as an asset acquisition whereby the cost of the net assets acquired was allocated to the fair value of the identifiable assets acquired and liabilities assumed.

### **DEFERRED TAXES**

Pursuant to the liability method, deferred taxes are recorded for temporary differences existing at closing date between the tax base value of assets and liabilities and their carrying amount on the balance sheet.

- Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted at year-end. They are reviewed at the end of each year, in line with any changes in applicable tax rates.
- Deferred tax assets are recognized for all deductible temporary differences, carry forward of tax losses and

unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact earnings, tax income or loss.

Current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from management's estimates.

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 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.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of consolidated financial 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 consolidated financial statements.

## **OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information

can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Canadian Securities Exchange at [thecse.com/en/listings/mining/winston-gold-mining-corp](http://thecse.com/en/listings/mining/winston-gold-mining-corp).

#### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Collins Barrow Toronto, LLP Licensed Public Accountants of Toronto, Ontario. The Transfer Agent and Registrar for the Common Shares of the Company is Computershare Trust Company of Canada of Vancouver, British Columbia.

#### **DIRECTORS AND OFFICERS**

Max Polinsky, *President and Director*  
Murray Nye, *Chief Executive Officer and Director*  
Ronan Sabo-Walsh, *Chief Financial Officer*  
Ben Porterfield, *Director*  
Al Fabbro, *Director*  
Stanley Stewin, *Director*