

Winston Gold Corp.
(Formerly Winston Gold Mining Corp.)

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(unaudited)

For the Nine and Three Months ended September 30, 2017 and 2016

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 Corp.

(Formerly Winston Gold Mining Corp.)

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(unaudited)

As at	September 30, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Cash	283,633	1,344,052
Accounts receivable	-	963
Prepaid expenses and deposits (Note 5)	48,496	220,886
Total current assets	332,129	1,565,901
Non-current assets		
Equipment (Note 6)	194,654	290,367
Reclamation bonds (Note 10)	53,888	57,965
Total non-current assets	248,542	348,332
Total Assets	580,671	1,914,233
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 17,19)	316,737	258,261
Debenture interest payable (Note 9)	10,252	-
Shareholder loans (Note 8)	36,068	-
Due to directors, current (Notes 7,17)	178,744	11,455
Total current liabilities	541,801	269,716
Non-current liabilities		
Non-convertible debenture payable (Note 9)	823,680	-
Restoration liabilities (Note 10)	53,888	57,965
Total non-current liabilities	877,568	57,965
Total Liabilities	1,419,369	327,681
Shareholders' Equity (Deficiency)		
Share capital (Note 12)	19,272,618	19,186,831
Share purchase warrants (Note 14)	714,877	632,059
Share subscriptions received (Note 11)	18,000	-
Contributed surplus (Note 15)	602,348	412,983
Accumulated other comprehensive income (loss)	(2,913)	(57,840)
Deficit	(21,443,628)	(18,587,481)
Total Shareholders' Equity (Deficiency)	(838,698)	1,586,552
Total Liabilities and Shareholders' Equity (Deficiency)	-	1,914,233

Nature of operations and going concern (Note 1)

Subsequent events (Note 21)

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

Approved by The Board of Directors on November 23, 2017

"Murray Nye"

Director

"Max Polinsky"

Director

Winston Gold Corp.

(Formerly 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, 2017 and 2016**

(Expressed in Canadian Dollars)

(unaudited)

	Nine months ended September 30,		Three months ended September 30,	
	2017	2016	2017	2016
Expenses				
Exploration and evaluation expenses (Notes 12,16)	\$ 972,430	\$ 248,898	\$ 195,080	\$ 46,656
Exploration and evaluation wages and salaries (Note 16)	539,996	-	37,730	-
Office and administrative costs	279,404	88,118	155,121	32,858
Management fees (Note 17)	250,000	-	60,000	-
Professional and consulting fees	589,128	206,213	285,014	91,659
Travel	38,475	19,480	13,452	9,102
Depreciation expense	60,229	-	9,490	-
Debenture interest expense	10,252	-	10,252	-
Share based payments (Note 13,17)	189,365	339,212	63,242	339,212
Loss (gain) on sale of equipment (Note 6)	(88,945)	-	-	-
Loss (gain) on foreign exchange	15,812	(2,070)	2,725	3,280
Net loss for the period	(2,856,147) \$	(899,851)	(832,107) \$	(522,767)
Foreign exchange on translation of subsidiaries	54,927	-	(4,827)	-
Net loss and comprehensive loss for the period	- \$ (2,801,220) \$	(899,851) \$	(836,934) \$	(522,767)
Basic and diluted earnings per share	\$(0.035)	\$(0.034)	\$(0.010)	\$(0.017)
Weighted average number of common shares outstanding				
Basic and diluted	79,733,650	26,133,764	80,122,471	30,075,317

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

Winston Gold Corp.

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(An Exploration Stage Company)**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)****As at September 30, 2017**

(Expressed in Canadian Dollars)

(unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Share Purchase Warrants	AOCI	Share Subscriptions Received	Deficit	Total
	(Note 12)	(Note 12)	(Note 15)	(Note 14)		(Note 11)		
Balance, December 31, 2015	20,747,100	\$ 759,802	\$ -	\$ -	\$ -	\$ -	(1,099,298)	\$ (339,496)
Shares issued for cash	23,697,432	3,219,740	-	-	-	-	-	3,219,740
Allocated to warrants	-	(47,643)	-	47,643	-	-	-	-
Shares issued for warrant exercise (Notes 12,14)	10,800	2,101	-	(1,021)	-	-	-	1,080
Shares issued for mining lease extension and option to purchase (Notes 12,16)	1,500,000	150,000	-	-	-	-	-	150,000
Share subscriptions received	-	-	-	-	-	22,500	-	22,500
Warrants issued for broker compensation	-	-	-	511,855	-	-	-	511,855
Shares issued for Broker compensation (Note 12)	104,016	15,602	-	-	-	-	-	15,602
Share-based payments (Note 13)	-	-	339,212	-	-	-	-	339,212
Share issue costs (Note 12)	-	(857,713)	-	-	-	-	-	(857,713)
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(899,851)	(899,851)
Balance, September 30, 2016	46,059,348	3,241,889	339,212	558,477	-	22,500	(1,999,149)	2,162,929
Shares issued for cash (Note 12)	5,968,750	2,387,500	-	20,459	-	-	-	2,407,959
Allocated to warrants	-	-	-	-	-	-	-	-
Share subscriptions settled	-	-	-	-	-	(22,500)	-	(22,500)
Shares issued for warrant exercise (Notes 12,14)	7,920	1,541	-	(749)	-	-	-	792
Shares issued for broker compensation	-	-	-	-	-	-	-	-
Shares issued for options exercises (Note 13)	250,000	86,871	(36,871)	-	-	-	-	50,000
Share-based payments (Note 13)	-	-	110,642	-	-	-	-	110,642
Share issue costs (Note 12)	-	(155,970)	-	53,872	-	-	-	(102,098)
Shares issued for acquisition of Goldridge (Note 12)	27,250,000	13,625,000	-	-	-	-	-	13,625,000
Net loss and comprehensive loss for the period	-	-	-	-	(57,840)	-	(16,588,332)	(16,646,172)
Balance, December 31, 2016	79,536,018	19,186,831	412,983	632,059	(57,840)	-	(18,587,481)	1,586,552
Share-based payments (Note 13)	-	-	189,365	-	-	-	-	189,365
Shares issued for cash	3,372,104	168,605	-	-	-	-	-	168,605
Allocated to warrants	-	(82,818)	-	82,818	-	-	-	-
Share subscriptions received	-	-	-	-	-	18,000	-	18,000
Net loss and comprehensive loss for the period	-	-	-	-	54,927	-	(2,856,147)	(2,801,220)
Balance, September 30, 2017	82,908,122	\$ 19,272,618	\$ 602,348	\$ 714,877	(2,913)	\$ 18,000	(21,443,628)	\$ (838,698)

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

Winston Gold Corp.

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Condensed Interim Consolidated Statements of Cash flows

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(unaudited)

	Nine months ended September 30,	
	2017	2016
Cash (used in) provided by:		
Operating Activities		
Net loss and comprehensive loss for the year	\$ (2,801,220)	\$ (899,851)
Items not affecting cash:		
Depreciation	60,229	-
Shares issued for mining lease extension	-	150,000
Share-based payments	189,365	339,212
Restoration liability	(4,077)	7,324
Gain on sale of equipment	(88,945)	-
Net changes in non-cash working capital items:		
Amounts receivable	963	-
Prepaid expenses and deposits	172,391	(53,460)
Debenture interest payable	10,252	-
Accounts payable and accrued liabilities	222,903	(90,471)
Net cash used in operating activities	(2,238,139)	(547,246)
Investing Activities		
Purchase of equipment	-	(239,829)
Sale of equipment	110,000	-
Reclamation bonds	4,077	(7,324)
Net cash provided by investing activities	114,077	(247,153)
Financing Activities		
Proceeds from share issuances	168,605	3,160,451
Deferred share issuance costs	-	44,766
Share issuance costs	-	(269,887)
Proceeds from debentures issued	823,680	-
Proceeds from share subscriptions received	18,000	22,500
Proceeds from shareholder loans	36,068	-
Proceeds from director loans	83,190	-
Repayment of director loans	(65,901)	-
Net cash provided by financing activities	1,063,642	2,957,830
Net change in cash	(1,060,420)	2,163,431
Cash, beginning of period	1,344,053	1,909
Cash, end of period	\$ 283,633	\$ 2,165,340
Change in liabilities from financing activities (Note 4)	1,056,002	-
Non-Cash Transactions		
Issuance of warrants	82,818	558,477
Shares issued for mining lease extension and option to purchase	-	150,000

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Winston Gold Corp.
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Notes to the Condensed Interim Consolidated Financial Statements
For the nine and three months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Winston Gold 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. On October 4, 2016, the Company acquired 100% of the outstanding shares of 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. On October 18, 2016, the Company was approved for listing on the OTCQB Marketplace under the symbol WGMCF. Effective August 24, 2017 the Company continued out of the Province of Manitoba into the jurisdiction of the Province of British Columbia and changed its name to Winston Gold Corp. Effective September 1, 2017, the Common Shares of the Company commenced trading on the Canadian Securities Exchange under the same stock symbol of WGC. 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 23, 2017.

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, 2017, the Company incurred a net loss of \$2,801,220 (September 30, 2016 - \$899,851), and as of that date, the Company had a deficit of \$21,443,628 (December 31, 2016 - \$18,587,481), working capital deficiency of \$209,672 (December 31, 2016 – working capital of \$1,296,185) and negative cash flow from operations of \$2,238,139 (September 30, 2016 – negative \$547,246).

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 and debenture 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.

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1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd)

Going Concern of Operations (cont'd)

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.

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, 2017.

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, 2016. 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 Goldridge's functional currency. Winston USA's functional currency is the US dollar.

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, 2017 include the accounts of the Company and its subsidiaries listed below. Under the guidance of IFRS 10 *Consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquirer's returns. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

All intercompany transactions and balances are eliminated on consolidation.

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2. BASIS OF PREPARATION (cont'd)

Basis of Consolidation (cont'd)

As at September 30, 2017, the subsidiaries of the Company are as follows:

Company Name	Country of Incorporation	% of Interest
Winston Gold Mining (USA) Corp.	Montana, USA	100%
Goldridge Holdings Limited	British Columbia, Canada	100%
Goldridge Holdings (USA) Limited	Nevada, USA	100%

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.

Significant Accounting Judgments and Estimates

The Company makes estimates, judgments and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

ii) 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.

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2. BASIS OF PREPARATION (cont'd)

Significant Accounting Judgments and Estimates (cont'd)

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Estimates and judgements 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 and uncertainty 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.

Foreign Currency Translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the year-end date, monetary assets and monetary liabilities denominated in a foreign currency are translated into the functional currency at the year-end date exchange rate.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. These foreign currency adjustments are recognized in profit and loss.

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2. BASIS OF PREPARATION (cont'd)

Foreign Currency Translation (cont'd)

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the reporting period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income or loss. On disposal of a foreign operation, the component of other comprehensive income or loss relating to that particular foreign operation is recognized in profit or loss.

3. 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 year ended December 31, 2016, all exploration activities were related to properties under lease and no amounts were capitalized as acquisition, exploration and evaluation assets, except for the Goldridge acquisition for which the acquisition cost was expensed in accordance with the policy; therefore, the 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.

4. RECENT ACCOUNTING POLICY

IAS 7 Statement of Cash Flows

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendments are effective for annual periods beginning on or after January 1, 2017.

The following is a continuity of changes in liabilities arising from financing activities for the nine months ended September 30, 2017:

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4. RECENT ACCOUNTING POLICY (cont'd)

IAS 7 Statement of Cash Flows (cont'd)

Financial Liability	December 31, 2016			September 30, 2017			Change in financing liabilities for the nine months ended September 30, 2017		
	US Funds	Exchange	Cdn Funds	US Funds	Exchange	Cdn Funds	US Funds	Exchange	Cdn Funds
Director loans	-	-	-	-	-	175,000	-	-	175,000
Shareholder loans	-	-	-	-	-	36,068	-	-	36,068
Share subscriptions	-	-	-	-	-	18,000	-	-	18,000
<i>US Funds:</i>									
Director loans	8,000	2,742	10,742	3,000	744	3,744	(5,000)	(1,998)	(6,998)
Debenture payable	-	-	-	660,000	163,680	823,680	660,000	163,680	823,680
Debenture interest	-	-	-	8,215	2,037	10,252	8,215	2,037	10,252
Totals	8,000	2,742	10,742	671,215	166,461	1,066,744	663,215	163,720	1,056,002

5. PREPAID EXPENSES AND DEPOSITS

	September 30, 2017	December 31, 2016
Prepaid Expenses	\$ 11,056	\$ 153,629
Deposits	\$ 37,440	\$ 67,257
Total prepaid expenses and deposits	\$ 48,496	\$ 220,886

6. EQUIPMENT

For the 9 months ended September 30, 2017

	COST			Accumulated amortization			Net Book Value		
	US	FX at period end	Total cost	US	FX at period end	Total amortization	US	FX at period end	Total Net Book Value
Exploration equipment	199,980	49,595	249,575	(49,995)	(12,399)	(62,394)	149,985	37,196	187,181
Vehicles	7,300	1,810	9,110	(1,995)	(495)	(2,490)	5,305	1,316	6,621
Computer equipment	1,019	253	1,272	(337)	(84)	(421)	682	169	851
	208,299	51,658	259,957	(52,327)	(12,977)	(65,304)	155,972	38,681	194,654

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6. EQUIPMENT (cont'd)

For the year ended December 31, 2016

	COST			Accumulated amortization			Net Book Value		
	FX at period end		Total cost	FX at period end		Total amortization	FX at period end		Total Net Book Value
	US			US			US		
Exploration equipment	244,980	83,955	328,935	(34,997)	(11,367)	(46,364)	209,983	71,942	281,925
Vehicles	6,300	2,159	8,459	(900)	(292)	(1,192)	5,400	1,867	7,267
Computer equipment	1,019	349	1,368	(146)	(47)	(193)	873	302	1,175
	252,299	86,463	338,762	(36,043)	(11,706)	(47,749)	216,256	74,111	290,367

During the nine month period ended September 30, 2017, the Company sold exploration equipment totaling \$55,396 and recognized a gain on disposal in the amount of \$88,945. The Company purchased vehicles totaling \$1,014. Amortization expenses of \$60,229 were recorded during the nine month period ended September 30, 2017.

During the year ended December 31, 2016, the Company purchased exploration equipment totaling \$328,935, vehicles totaling \$8,459, and computer equipment totaling \$1,368. Amortization expenses of \$47,749 were recorded during the year ended December 31, 2016.

7. 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 year ended December 31, 2016.

As at September 30, 2017, the amounts due to directors was \$175,000 and \$3,744 (\$3,000US) (December 31 2016 - \$11,455 [\$8,000 US]). These loans are unsecured, non-interest bearing and short-term in nature (See Note 17).

During the period ended September 30, 2017, the Company repaid \$59,731 and \$6,170 (\$5,000US) in director loans.

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

8. SHAREHOLDER LOANS

During the period ended September 30, 2017, the Company received \$36,068 (December 31, 2016 - \$Nil) in loans from certain shareholders. The amounts are unsecured, non-interest bearing, and short-term in nature

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9. NON-CONVERTIBLE DEBENTURES PAYABLE

During the period ended September 30, 2017, the Company entered into non-convertible debentures payable agreements. The Series 1 debentures will mature on December 1, 2019 and the Series 2 debentures will mature on March 31, 2020. The debentures are secured, non-convertible and pay annual interest at 10% calculated from the date the Subscription Agreement is executed and the funds are received from the investor. The interest is payable semi-annually on June 1 and December 1 of each year until maturity. On the maturity date, In addition to the interest rate, the Company is obligated to pay a bonus to the lenders in an amount equal to the difference between the Principal Amount and the gold price differential calculated as the difference between the gold price on the Closing Date and the gold price on the Maturity Date to a maximum of \$1,600US per troy ounce. The Bonus Payment = Principal Amount x [(Gold Price on Maturity – Gold Price on Closing)/Gold Price on Closing]. If the debentures are not re-paid on the Maturity Dates, the Company shall pay 10% semi-annual interest on the outstanding portion of the principal amount on December 1 and June 1 of each year until the date of repayment.

The Company will also pay agent fees in the amount of 10% of the debenture amount along with marketing and administration expenses in the amount of 20% of the debenture amount. The debentures will not be listed on any stock exchange.

The following is a list of the non-convertible debentures and interest due from the Company as at September 30, 2017:

No.	Date Issued	30-Sep-17		FX Rate		1.2480		Next	10.0%
		Principal		Interest		Total			
		US \$	Cdn\$	US \$	Cdn\$	US \$	Cdn\$	Due Date	Pymnt Amt
Series 1 - Due 01Dec19									
01	26-Jun-17	20,000	24,960	522	651	20,522	25,611	1-Dec-17	860
02	1-Aug-17	50,000	62,400	836	1,043	50,836	63,443	1-Dec-17	1,671
03	2-Aug-17	250,000	312,000	4,110	5,129	254,110	317,129	1-Dec-17	8,288
04	3-Aug-17	60,000	74,880	970	1,210	60,970	76,090	1-Dec-17	1,973
05	9-Aug-17	10,000	12,480	145	181	10,145	12,661	1-Dec-17	312
06	14-Aug-17	10,000	12,480	132	164	10,132	12,644	1-Dec-17	299
07	22-Aug-17	40,000	49,920	438	547	40,438	50,467	1-Dec-17	1,107
08	28-Aug-17	20,000	24,960	186	233	20,186	25,193	1-Dec-17	515
09	5-Sep-17	10,000	12,480	71	89	10,071	12,569	1-Dec-17	238
10	13-Sep-17	150,000	187,200	740	923	150,740	188,123	1-Dec-17	3,247
11	25-Sep-17	40,000	49,920	66	82	40,066	50,002	1-Dec-17	734
Totals		660,000	823,680	8,215	10,252	668,215	833,933		19,244

During the period ended September 30, 2016, the Company did not have debentures payable.

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10. RESTORATION LIABILITIES AND RECLAMATION BONDS

As at September 30, 2017, management estimated site restoration costs relating to evaluation work completed on the exploration of the Winston property to be \$53,888 (\$43,180 US) (December 31, 2016 - \$57,965 (\$43,170 US)) 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 \$53,888 (\$43,180 US) (December 31, 2016 - \$57,965 (\$43,170 US)). The reclamation bonds will be returned to the Company upon the DEQ being satisfied with the site restoration work performed.

11. SHARE SUBSCRIPTIONS

During the period ended September 30, 2017, the Company received \$186,575 for units to be issued at a value of \$0.05 each. Each unit consists of one share and one 5-year warrant with an exercise price of \$0.10. \$168,605 of these units were issued on September 15, 2017 including a \$30 foreign exchange adjustment (Note 12). As at September 30, 2017, the Company has a balance of \$18,000 for units to be issued.

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. 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.

12. SHARE CAPITAL

Authorized

Unlimited Common shares, voting
Unlimited Preferred shares

Issued and outstanding – Common shares

	Number of Shares		Value
Balance, December 31, 2015	20,747,100	\$	759,802
Shares issued for cash ^(c,e,g,i)	29,666,182		5,607,240
Shares issued for warrant exercise ^(f)	18,720		3,642
Shares issued for mining lease agreement ^(b)	1,500,000		150,000
Broker shares issued ^(g)	104,016		15,603
Shares issued for option exercises ^(h)	250,000		86,871
Shares issued for subsidiary acquisition ⁽ⁱ⁾	27,250,000		13,625,000
Share issue costs ^(k)	-		(1,013,684)
Allocated to warrants	-		(47,643)
Balance, December 31, 2016	79,536,018	\$	19,186,831
Shares issued for cash ^(b)	3,372,104		168,605
Allocated to warrants			(82,818)
Balance, September 30, 2017	82,908,122	\$	19,272,618

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12. SHARE CAPITAL (cont'd)

September 30, 2017

- a) On August 24, 2017, concurrent with the continuation to British Columbia, the Company reclassified its share structure by renaming its Class A Common Shares as "Common Shares", cancelling its Class B Common Shares along with its Class A, Class B and Class C Preference Shares and creating an unlimited number of Preferred Shares with special rights and restrictions. Holders of the Class A Common Shares are now holders of the newly named Common Shares.
- b) On September 15, 2017, the Company issued 3,372,104 Units in settlement of subscriptions due in the amount of \$168,605 at a value of \$0.05 per unit (Note 11). Each Unit consists of one common share and one common share purchase warrant. The 3,372,104 warrants were assigned a relative fair value of \$82,818. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of \$0.10, exercisable on or before September 15, 2022.

December 31, 2016:

- c) 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 14).
- d) 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 16).
- e) On May 4, 2016, the Company received \$10,000 and on May 25, 2016, the Company received \$50,000 for shares to be issued at a value of \$0.10 each. These 600,000 shares were issued on August 3, 2016 along with 400,000 further shares at a value of \$0.10 each. The Company also issued 1,000,000 warrants on August 3, 2016 to which a relative fair value of \$47,643 has been assigned. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of \$0.20, exercisable on or before August 3, 2018. The Company also issued 40,000 finder's warrants on August 3, 2016 to which a relative fair value of \$7,280 has been assigned. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of \$0.20, exercisable on or before August 3, 2018.
- f) 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 14). On November 15, 2016, another 7,920 warrants were exercised into Class A common shares at an exercise price of \$0.10 per share for gross proceed of \$792. The fair value of these warrants exercised was \$749.

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12. SHARE CAPITAL (cont'd)

- g) On September 23, 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 with a fair value of \$53,872, 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.
- h) On November 2, 2016, 200,000 options were exercised into Class A common shares at an exercise price of \$0.20 for gross proceeds of \$40,000. The initial fair value of these options exercised was \$29,497. On November 2, 2016, 50,000 options were exercised into Class A common shares at an exercise price of \$0.20 for gross proceeds of \$10,000. The initial fair value of these options exercised was \$7,374.
- i) 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 with a fair value of \$0.50 per share based on the closing price of the Company's common shares on the CSE on October 4, 2016, and made cash payments of \$229,425 (\$175,000USD).
- j) 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. 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.
- k) Share issue costs associated with the above financings total \$1,013,684 consisting of broker compensation shares, broker and finders compensation warrants and broker and legal fees.

13. 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 period ended September 30, 2017.

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13. STOCK OPTIONS (cont'd)

	Number of Options	Weighted Average Exercise Price
Outstanding December 31, 2015	0	\$0.00
Granted	3,400,000	\$0.26
Exercised	(250,000)	(\$0.20)
Outstanding December 31, 2016	3,150,000	\$0.27
Exercisable December 31, 2016	2,925,000	\$0.23
Granted	100,000	\$0.20
Outstanding September 30, 2017	3,250,000	\$0.27
Exercisable September 30, 2017	3,225,000	\$0.27

On March 1, 2017, the Company granted 100,000 stock options to an employee. These options vested at a rate of 25% quarterly beginning on the grant date. 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 March 1, 2022.

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. On December 15, 2016, the Company granted 1,100,000 stock options to consultants (900,000) and a director (200,000) of the Company. The 200,000 options vested immediately, and the remaining 900,000 options vest at a rate of 25% quarterly beginning on the grant date. Each option entitles the holder to purchase one Class A common share of the Company at a price of \$0.40 per share at any time on or before December 15, 2021.

The Company had the following stock options outstanding as at September 30, 2017

Number of Options	Exercise Price	Expiry Date
2,050,000	\$0.20	August 24, 2021
1,100,000	\$0.40	December 15, 2021
100,000	\$0.20	March 1, 2022
3,250,000	\$0.27	

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13. 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	December 15, 2016	March 1, 2017
Share price	\$0.15	\$0.27	\$0.15
Risk-free interest rate	0.59%	1.11%	1.11%
Expected life of options	5 years	5 years	5 years
Volatility	218%	218%	218%
Dividend rate	0.0%	0.0%	0.0%
Exercise price	\$0.20	\$0.40	\$0.20
Fair value per option	\$0.1475	\$0.2603	\$0.2010

14. SHARE PURCHASE WARRANTS

The following is a continuity of share purchase warrant activity for the period ended September 30, 2017:

Expiry Date	Exercise price	January 1, 2017	Granted	Exercised	Expired	September 30, 2017	Exercisable	Exercisable date
March 23, 2021	\$0.10	551,030	-	-	-	551,030	551,030	23-Mar-16
August 3, 2018	\$0.20	1,000,000	-	-	-	1,000,000	1,000,000	4-Dec-16
August 3, 2018	\$0.20	40,000	-	-	-	40,000	40,000	4-Dec-16
September 23, 2018	\$0.15	873,853	-	-	-	873,853	873,853	23-Jan-17
November 18, 2018	\$0.40	201,200	-	-	-	201,200	201,200	18-Mar-17
September 15, 2022	\$0.10	-	3,372,104	-	-	3,372,104	-	16-Jan-18
Total		2,666,083	3,372,104	-	-	6,038,187	2,666,083	
Weighted average exercise price		\$0.18	\$0.10			\$0.13	\$0.10	

During the nine months ended September 30, 2017, the Company:

- Granted 3,372,104 Common share purchase warrants in connection with a private placement (Note 12(b)).

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 12). The closing share price on the date of exercise was \$0.465. On November 15, 2015, 7,920 warrants were exercised at a price of \$0.10 per warrant for proceeds of \$792 with a fair value of \$0.9455 per warrant for a deemed value of \$749. The closing share price on the date of exercise was \$0.45.

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14. SHARE PURCHASE WARRANTS (cont'd)

During the year ended December 31, 2016, the Company:

- Granted 569,750 Class A common share purchase warrants in connection with the Company's Initial Public Offering (Note 12(c)).
- Granted 1,000,000 Class A common share purchase warrants in connection with a private placement (Note 12(e)).
- Granted 40,000 Class A common share purchase finders warrants in connection with the Company's financing (Note 12(e)).
- Granted 201,200 Class A common share purchase finders warrants in connection with the Company's financing (Note 12(j)).
- Granted 873,853 Class A common share purchase finders warrants in connection with the Company's financing (Note 12(g)).

The Company had the following warrants outstanding as at September 30, 2017:

Number of Warrants		Exercise Price	Expiry Date	Fair Value
551,030	(i)	\$0.10	March 23, 2021	\$ 52,102
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
201,200	(ii)	\$0.40	November 18, 2018	\$ 74,331
3,372,104		\$0.10	September 15, 2022	\$ 82,818
6,038,187				\$ 714,877

- (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. Warrants included in Units are valued based on the Relative Fair Value Allocation:

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14. SHARE PURCHASE WARRANTS (cont'd)

	March 23, 2016	August 3, 2016 (PP)	August 3, 2016 (finders)	September 23, 2016	November 18, 2016	September 14, 2017 (PP)
Share Price	\$0.10	\$0.20	\$0.20	\$0.54	\$0.41	\$0.04
Risk-free interest rate	0.64%	0.55%	0.55%	0.52%	0.67%	1.74%
Expected life of warrants	5 years	2 years	2 years	2 years	2 years	5 years
Percentage of warrants (PP)	N/A	47.64%	N/A	N/A	N/A	49.12%
Volatility	294%	239%	239%	240%	232%	203%
Dividend rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fair value per warrant	\$0.0946	\$0.0476	\$0.1820	\$0.5158	\$0.3694	\$0.0246

15. 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, 2017	December 31, 2016
Balance, beginning of year	\$ 412,983	\$ -
Share-based payments	189,365	449,854
Broker warrants expired	-	-
Stock options exercised	-	(36,871)
Balance, end of period	\$ 602,348	\$ 412,983

16. EXPLORATION AND EVALUATION EXPENSES

Properties	Nine months ended September 30, 2017	Three months ended September 30, 2017	Year Ended December 31, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2016
Holmes Property ^(a)	\$ 13,082	\$ 5,014	\$ 12,000	\$ 12,990	\$ 3,932
Winston Property ^(b)	908,927	163,664	889,149	235,908	42,724
Golden Jubilee ^(c)	-	-	18,872	-	-
Goldridge Property ^(d)	50,421	26,402	13,939,229	-	-
	\$ 972,430	\$ 195,080	\$ 14,859,250	\$ 248,898	\$ 46,656

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16. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(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 - \$51,658 (41,000US) to September 30, 2017]. 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.

(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 \$112,690 (\$87,500US) to September 30, 2017] based on minimum quarterly expenditures on the property of \$50,000US or \$200,000US annually [Paid \$2,089,352 (\$1,622,123US) Plus \$1,075,294 (\$814,075US) in Mine Labour to September 30, 2017]. The minimum expenditures are paid up to 2026.

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

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16. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(b) Winston Property (cont'd):

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.

(c) Golden Jubilee Property:

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 intended 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 intended to pay \$500,000 USD 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.

On March 1, 2017, the Company terminated its non-binding letter agreement with Gunsinger on the Golden Jubilee Property.

(d) Goldridge Property:

On February 14, 2014, Goldridge entered into an asset purchase and sale agreement (the "Agreement") with Pan American Fertilizer Corp. ("Pan American") whereby Goldridge purchased the Goldridge property from Pan American for \$100,000; \$60,000 was paid immediately, and \$40,000 was paid within 90 days of the execution of the Agreement.

The Goldridge property is located in north-central Cochise County in Arizona and is comprised of certain patented mining claims, 112 unpatented mining claims, and one leased group of 12 unpatented mining claims.

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16. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(d) Goldridge Property (cont'd):

With respect to the 12 leased unpatented mining claims, the Company is required to make advance royalty payments of USD \$8,800 annually. The life of the lease is for as long as the Company owns the rights to the Goldridge property. The lease for the 12 leased unpatented mining claims was originally entered into on June 3, 1993 with the first lessor and the lease was passed along to the Company on the acquisition of the Goldridge property on February 14, 2014. The Company will pay the lessor a production royalty of 3% of net smelter returns ("NSR"). The advance royalty payments are credited towards the 3% NSR payable on production. As the probability of production is currently remote, the advance royalty payment is currently expensed.

On August 1, 2016 (the "Effective Date"), Goldridge entered into a royalty agreement (the "Royalty Agreement") with 1051730 BC Ltd. (the "Royalty Holder"), an arm's length party to compensate the Royalty Holder for their assistance in acquiring the mining properties listed above. The Company agreed to grant a perpetual 1% net smelter return royalty (the "Royalty") on all ores, metals, minerals, mineral rights and other materials under or upon the surface or subsurface of the Goldridge property. The Company agreed to pay the Royalty Holder an annual advance royalty of USD \$25,000 (the "Advance Royalty") due on each anniversary of the Effective Date. The amount of the Advance Royalty shall be adjusted every year on January 1st to reflect changes in the Consumer Price Index (the "CPI"), as computed by Statistics Canada for Vancouver, British Columbia, using as the base for the adjustment the CPI on the Effective Date. The Company has the option, at any time until the date that is five years following the commencement of commercial production, to purchase the Royalty from the Royalty Holder for a purchase price of USD \$1,000,000 (the "Purchase Price"). The amount of the Purchase Price shall be adjusted every year on January 1st to reflect changes in the CPI, as computed by Statistics Canada for Vancouver, British Columbia, using as the base for the adjustment the CPI on the Effective Date. Any amount payable under the Royalty Agreement which is not paid on time shall be subject to interest at a rate of 15% per annum calculated from the due date until the date of the payment.

17. 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, 2017, 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 \$Nil (Jan-Jun, 2016 – \$1,953 [\$1,503 US]) of amounts paid or payable to a director of the Company.

Included in due to directors, current is \$3,744 [\$3,000 US] (December 31, 2016 - \$11,455 [\$8,000 US]) and \$175,000 (December 31, 2016 - \$Nil) due to directors of the Company. (See Note 7 for amounts due to directors).

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17. RELATED PARTY TRANSACTIONS (cont'd)

During the nine months ended September 30, 2017, management fees to directors were \$200,000 (December 31, 2016 - \$20,000).

During the nine months ended September 30, 2017, the Company did not grant stock options to directors and officers. 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 of \$235,974.

18. 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, 2017.

19. 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.

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:

Winston Gold Corp.
(Formerly Winston Gold Mining Corp.)
 (An Exploration Stage Company)
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 (Unaudited)

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

a) Market risk (cont'd):

Currency risk (cont'd):

	September 30,	December 31,
	2017	2016
	\$	\$
Cash	173,890	43,890
Prepaid expenses and deposits	30,846	55,847
Accounts payable and accrued liabilities	109,770	128,531
Debenture principal & interest	668,215	-
Due to directors	3,000	-

The above balances were translated into US dollars at the period-end rate of \$1.2480 (December 31, 2016 - \$1.3427) Canadian dollars to every US dollar.

Based on the above net exposures as at September 30, 2017, 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 \$35,960 (2016 - \$3,880).

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, 2017, the Company had a working capital deficit of \$209,672 (December 31, 2016 – working capital of \$1,296,185). As at September 30, 2017, the Company had cash of \$283,633 (December 31, 2016 - \$1,344,052) to settle current liabilities of \$541,801 (December 31, 2016 - \$269,716) that are considered short term and expected to be settled within 30 to 90 days.

As a result, the Company has liquidity risk at this time and is dependent on raising funds from external sources. Since the Company does yet earn revenue, it will be required to raise additional capital to fund exploration and operations.

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19. 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.

20. ACQUISITION OF GOLDRIDGE HOLDINGS LIMITED

On September 2, 2016, Winston entered into a share exchange agreement contemplating the acquisition of Goldridge whereby Winston acquired all of the issued and outstanding common shares in the capital of Goldridge (the "Arrangement"). Goldridge shareholders received one common share of Winston for each Goldridge share (the "Share Exchange Ratio") and certain shareholders of Goldridge received cash payments. The Arrangement closed on October 4, 2016.

The acquisition of Goldridge by Winston constitutes a "major acquisition" under the policies of the Canadian Securities Exchange. In accordance with IFRS 3, *Business Combinations*, the Agreement does not meet the definition of a business combination as the assets acquired are not an integrated set of activities with inputs, processes, and outputs.

The purchase price of \$13,906,577 was allocated to the assets acquired and the liabilities assumed with financial instruments recorded at fair value and other non-financial assets and liabilities recorded at their relative fair values. As per the Company's accounting policy, the amount allocated to the mineral property of \$13,935,578 was immediately expensed. The Company issued 27,250,000 Winston common shares in exchange for all of the issued and outstanding common shares of Goldridge and made cash payments totaling \$230,475 (USD \$175,000) to certain shareholders of Goldridge. After this issuance, the Company had 73,309,348 shares issued and outstanding, with former Goldridge shareholders holding approximately 37% on an undiluted basis.

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20. ACQUISITION OF GOLDRIDGE HOLDINGS LIMITED (cont'd)

Details of the acquisition are as follows:

Consideration	
Fair value of 27,250,000 shares issued to Goldridge shareholders	\$13,625,000
Cash paid to certain Goldridge shareholders	230,475
Transaction costs	51,102
Total consideration	<u>13,906,577</u>
Fair value of net assets acquired	
Cash	\$4,858
Accounts payable and accrued liabilities	(33,860)
Amount expensed to mineral property	13,935,578
Total net assets acquired	<u>13,906,577</u>

The value of the Winston common shares was calculated based on the deemed issuance of 27,250,000 Winston common shares at a price per share of \$0.50, which was the Canadian Securities Exchange closing price of Winston's common shares on October 4, 2016.

21. SUBSEQUENT EVENTS

- a) On October 13, 2017, the Company received \$74,922 (\$60,000US) towards non-convertible debentures payable and paid \$7,492 (\$6,000US) in agent fees and \$14,984 (\$12,000US) in marketing and administration expenses. The first semi-annual interest payment in the amount of \$805US is due December 1, 2017.
- b) On October 16, 2017, the Company received \$87,703 (\$70,000US) towards non-convertible debentures payable and paid \$8,770 (\$7,000US) in agent fees and \$17,541 (\$14,000US) in marketing and administration expenses. The first semi-annual interest payment in the amount of \$882US is due December 1, 2017.
- c) On October 17, 2017, the Company repaid director loans in the amount of \$7,500.
- d) On October 23, 2017, certain officers, directors and consultants of the Company surrendered 2,000,000 stock options exercisable at a price of \$0.20 granted pursuant to option agreements dated August 24, 2016 and March 1, 2017.
- e) On October 25, 2017, the Company received \$25,542 (\$20,000US) towards non-convertible debentures payable and paid \$2,554 (\$2,000US) in agent fees and \$5,108 (\$4,000US) in marketing and administration expenses. The first semi-annual interest payment in the amount of \$203US is due December 1, 2017.

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21. SUBSEQUENT EVENTS (cont'd)

- f) On October 30, 2017, the Company repaid director loans in the amount of \$12,500.
- g) On October 31, 2017, the Company repaid director loans in the amount of \$5,000.
- h) On November 1, 2017, the Company received \$51,540 (\$40,000US) towards non-convertible debentures payable and paid \$5,154 (\$4,000US) in agent fees and \$10,308 (\$8,000US) in marketing and administration expenses. The first semi-annual interest payment in the amount of \$329US is due December 1, 2017.
- i) On November 3, 2017, the Company received \$63,820 (\$50,000US) towards non-convertible debentures payable and paid \$6,382 (\$5,000US) in agent fees and \$12,764 (\$10,000US) in marketing and administration expenses. The first semi-annual interest payment in the amount of \$384US is due December 1, 2017.
- j) On November 14, 2017, the Company received \$38,199 (\$30,000US) towards non-convertible debentures payable and paid \$3,820 (\$3,000US) in agent fees and \$7,640 (\$6,000US) in marketing and administration expenses. The first semi-annual interest payment in the amount of \$140US is due December 1, 2017.