

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

(An Exploration Stage Company)

Consolidated Financial Statements  
(Expressed in Canadian Dollars)

**For the Years ended December 31, 2017 and 2016**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Winston Gold Corp. (formerly Winston Gold Mining Corp.)

We have audited the accompanying consolidated financial statements of Winston Gold Corp. (formerly Winston Gold Mining Corp.), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Winston Gold Corp. (formerly Winston Gold Mining Corp.) as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Winston Gold Corp.'s (formerly Winston Gold Mining Corp.) ability to continue as a going concern.

***Other Matters***

The consolidated financial statements of Winston Gold Corp. (formerly Winston Gold Mining Corp.) for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on May 26, 2017.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

April 26, 2018

## Winston Gold Corp.

(Formerly Winston Gold Mining Corp.)

(An Exploration Stage Company)

### Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	December 31, 2017	December 31, 2016
<b>Assets</b>		
Current assets		
Cash	\$ 458,921	\$ 1,344,052
Accounts receivable	-	963
Prepaid expenses and deposits (Note 7)	9,000	220,886
<b>Total current assets</b>	<b>467,921</b>	<b>1,565,901</b>
Non-current assets		
Equipment (Note 8)	180,160	290,367
Reclamation bonds (Note 12)	59,815	57,965
<b>Total non-current assets</b>	<b>239,975</b>	<b>348,332</b>
<b>Total Assets</b>	<b>\$ 707,896</b>	<b>\$ 1,914,233</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 21)	\$ 375,714	\$ 258,261
Debenture interest payable (Note 11)	12,040	-
Shareholder loans (Note 10)	36,068	-
Due to directors, current (Note 9)	208,763	11,455
<b>Total current liabilities</b>	<b>632,585</b>	<b>269,716</b>
Non-current liabilities		
Debentures payable (Note 11)	1,011,053	-
Embedded derivative liability (Note 11)	23,461	-
Restoration liabilities (Note 12)	59,815	57,965
<b>Total non-current liabilities</b>	<b>1,094,329</b>	<b>57,965</b>
<b>Total Liabilities</b>	<b>1,726,914</b>	<b>327,681</b>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (Note 14)	19,256,358	19,186,831
Share purchase warrants (Note 16)	714,877	632,059
Share subscriptions received (Note 13)	327,167	-
Contributed surplus (Note 17)	826,329	412,983
Accumulated other comprehensive loss	(1,862)	(57,840)
Deficit	(22,141,887)	(18,587,481)
<b>Total Shareholders' Equity (Deficiency)</b>	<b>(1,019,018)</b>	<b>1,586,552</b>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>\$ 707,896</b>	<b>\$ 1,914,233</b>

*Nature of operations and going concern (Note 1)*

*Subsequent events (Note 24)*

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

Approved by The Board of Directors on April 26, 2018

"Murray Nye"

Director

"Max Polinsky"

Director

## Winston Gold Corp.

(Formerly Winston Gold Mining Corp.)

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

	Years ended December 31,	
	2017	2016
<b>Expenses</b>		
Exploration and evaluation expenses (Notes 14,18)	\$ 1,858,205	\$ 15,450,192
Office and administrative costs	268,011	1,120,171
Management fees (Note 19)	310,000	-
Professional and consulting fees	481,470	381,772
Travel	50,899	33,835
Depreciation expense (Note 8)	42,141	47,750
Interest and accretion expense (Note 11)	103,947	-
Share based payments (Note 15)	413,346	449,854
Write off of non-refundable equipment deposits (Note 8)	37,635	-
Loss on embedded derivative (Note 11)	23,461	-
Gain on sale of equipment (Note 8)	(55,226)	-
Foreign exchange loss	20,517	4,609
Loss for the year	(3,554,406) \$	(17,488,183)
Foreign exchange on translation of subsidiaries	55,978	(57,840)
<b>Loss and comprehensive loss for the year</b>	- \$ (3,498,428) \$	(17,546,023)
<b>Basic and diluted earnings per share</b>	<b>\$(0.04)</b>	<b>\$(0.46)</b>
<b>Weighted average number of common shares outstanding</b>		
<b>Basic and diluted</b>	<b>80,533,791</b>	<b>38,504,475</b>

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

**Winston Gold Corp.**

(Formerly Winston Gold Mining Corp.)

**(An Exploration Stage Company)****Statements of Changes in Shareholders' Equity (Deficiency)****As at December 31, 2017**

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Share Purchase Warrants	AOCI	Share Subscriptions Received	Deficit	Total
	(Note 14)	(Note 14)	(Note 17)	(Note 16)		(Note 13)		
<b>Balance, January 1, 2016</b>	<b>20,747,100</b>	<b>\$ 759,802</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,099,298)</b>	<b>\$ (339,496)</b>
Shares issued for cash	29,666,182	5,607,240	-	-	-	-	-	5,607,240
Allocated to warrants	-	(47,643)	-	47,643	-	-	-	-
Shares issued for warrant exercise (Notes 14,16)	18,720	3,642	-	(1,770)	-	-	-	1,872
Shares issued for mining lease extension and option to purchase (Notes 14,18)	1,500,000	150,000	-	-	-	-	-	150,000
Warrants issued for broker and finder compensation	-	-	-	586,186	-	-	-	586,186
Shares issued for broker compensation (Note 14)	104,016	15,602	-	-	-	-	-	15,602
Shares issued for options exercise (Note 15)	250,000	86,871	(36,871)	-	-	-	-	50,000
Share-based payments (Note 15)	-	-	449,854	-	-	-	-	449,854
Shares issued for acquisition of Goldridge (Note 14)	27,250,000	13,625,000	-	-	-	-	-	13,625,000
Share issue costs (Note 14)	-	(1,013,683)	-	-	-	-	-	(1,013,683)
Loss and comprehensive loss for the year	-	-	-	-	(57,840)	-	(17,488,183)	(17,546,023)
<b>Balance, December 31, 2016</b>	<b>79,536,018</b>	<b>19,186,831</b>	<b>412,983</b>	<b>632,059</b>	<b>(57,840)</b>	<b>-</b>	<b>(18,587,481)</b>	<b>1,586,552</b>
Share-based payments (Note 15)	-	-	413,346	-	-	-	-	413,346
Shares issued for cash (Note 14)	3,372,104	168,605	-	-	-	-	-	168,605
Allocated to warrants	-	(82,818)	-	82,818	-	-	-	-
Share subscriptions received	-	-	-	-	-	327,167	-	327,167
Share issue costs (Note 14)	-	(16,260)	-	-	-	-	-	(16,260)
Loss and comprehensive loss for the year	-	-	-	-	55,978	-	(3,554,406)	(3,498,428)
<b>Balance, December 31, 2017</b>	<b>82,908,122</b>	<b>\$ 19,256,358</b>	<b>\$ 826,329</b>	<b>\$ 714,877</b>	<b>(1,862)</b>	<b>327,167</b>	<b>(22,141,887)</b>	<b>\$ (1,019,018)</b>

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

**Winston Gold Corp.**

(Formerly Winston Gold Mining Corp.)

**(An Exploration Stage Company)****Consolidated Statements of Cash flows****For the Years ended December 31, 2017 and 2016**

(Expressed in Canadian Dollars)

	Years ended December 31,	
	2017	2016
<b>Cash (used in) provided by:</b>		
<b>Operating Activities</b>		
Loss for the year	\$ (3,554,406)	\$ (17,488,183)
Items not affecting cash:		
Depreciation	42,141	47,750
Accretion	63,499	-
Accrual of management fees	210,000	-
Shares issued for mining lease extension	-	150,000
Share-based payments	413,346	449,854
Debenture interest payable	12,040	-
Unrealized foreign exchange	58,152	(57,840)
Shares issued for acquisition of Goldridge	-	13,625,000
Restoration liability	5,646	43,980
Loss on embedded derivative liability	23,461	-
Gain on sale of equipment	(55,226)	-
Write down of deposits	37,635	-
Net changes in non-cash working capital items:		
Amounts receivable	963	(963)
Prepaid expenses and deposits	174,252	(193,021)
Accounts payable and accrued liabilities	117,452	(77,938)
<b>Net cash used in operating activities</b>	<b>(2,451,045)</b>	<b>(3,501,361)</b>
<b>Investing Activities</b>		
Purchase of equipment	(1,368)	(338,117)
Sale of equipment	110,000	-
Reclamation bonds	(5,646)	(43,980)
<b>Net cash provided by (used in) investing activities</b>	<b>102,986</b>	<b>(382,097)</b>
<b>Financing Activities</b>		
Proceeds from share issuances	168,605	5,607,240
Exercise of stock options	-	50,000
Exercise of warrants	-	1,872
Share issuance costs	(16,260)	(367,129)
Proceeds from debentures issued	1,423,845	-
Debenture issuance costs	(470,031)	-
Proceeds from share subscriptions received	327,167	-
Proceeds from shareholder loans	36,068	-
Proceeds from director loans	84,018	-
Repayment of director loans	(96,710)	(66,382)
<b>Net cash provided by financing activities</b>	<b>1,456,702</b>	<b>5,225,601</b>
<b>Effect of foreign exchange on cash</b>	<b>6,226</b>	<b>-</b>
<b>Net change in cash</b>	<b>(885,131)</b>	<b>1,342,143</b>
<b>Cash, beginning of year</b>	<b>1,344,052</b>	<b>1,909</b>
<b>Cash, end of year</b>	<b>\$ 458,921</b>	<b>\$ 1,344,052</b>
<b>Change in liabilities from financing activities (Note 6)</b>	<b>1,255,884</b>	<b>-</b>
<b>Non-Cash Transactions</b>		
Exercise of stock options	-	36,871
Issuance of warrants	82,818	47,643
Acquisition of Goldridge Holdings Limited	-	13,625,000
Shares issued for mining lease extension and option to purchase	-	150,000
Shares issued for warrant exercise	-	1,872

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

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**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2017 and 2016**  
(Expressed in Canadian Dollars)

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**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. 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. 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 consolidated financial statements of the Company were approved by the Board of Directors on April 26, 2016.

**Going Concern of Operations**

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

The Company is in the exploration stage and has not generated revenue from operations. During the year ended December 31, 2017, the Company incurred a net loss of \$3,554,406 (December 31, 2016 - \$17,488,183), and as of that date, the Company had a deficit of \$22,141,887 (December 31, 2016 - \$18,587,481), working capital deficiency of \$164,664 (December 31, 2016 - working capital of \$1,296,185) and negative cash flow from operations of \$2,451,045 (December 31, 2016 - negative \$3,501,361).

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 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 consolidated financial statements of the Company present the Company's financial results of operations and financial position under IFRS as at and for the year ended December 31, 2017.

These consolidated financial statements of the Company have been prepared in accordance with IFRS 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 presented below. These policies have been consistently applied to all years presented.

**Basis of Measurement and Presentation**

The 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 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. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Basis of Consolidation**

These consolidated financial statements 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.

As at December 31, 2017, the subsidiaries of the Company are as follows:

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **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.

##### *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

Management uses the Black-Scholes Pricing Model for valuation of share based compensation and warrants, which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

##### 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.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Significant Accounting Judgments and Estimates (cont'd)**

Recovery of deferred tax assets (cont'd)

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 Goldridge is the Canadian dollar. Management also determined that the functional currency of Winston USA is the US dollar.

**Restoration Liabilities**

The Company recognizes a provision for restoration liabilities related to statutory, contractual or legal obligations associated with the retirement of mining claims in the year in which it is incurred. Initially, the restoration liability is recognized at the present value of management's best estimate of expenditures required to settle the obligation. The carrying amount of the related mining claim is increased by the same amount as the net present value of the restoration liability. Discount rates use a pre-tax rate that reflects the time value of money to calculate the net present value. The Company's estimates of such costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures and changes in the net present value. The restoration liabilities amount recorded by the Company represent the reclamation bonds held with the mining bureau.

**Share Capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

**Income/Loss per Share**

The Company presents basic and diluted income/loss per share data for its common shares, calculated by dividing the income/loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income/loss per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**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.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Equipment (cont'd)**

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.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**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. 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.

**Provisions**

A provision is recognized in the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company has recorded no provisions at December 31, 2017 and 2016 other than restoration liabilities.

**Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination or an asset acquisition. Exploration and evaluation expenditures are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Share-based Payments**

Pursuant to the Stock Option Plan effective October 31, 2016, the Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees, the fair value of the stock options is measured at the fair value of the goods or services received. If some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the equity instrument granted.

**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.

**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 acquired 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 22 was recorded as an asset acquisition whereby the consideration paid for 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 statement of financial position.

- 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.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Deferred Taxes (cont'd)**

- 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.

**Financial Instruments**

*Financial assets:*

All financial assets are recognized when it becomes a party to the contractual provisions of the instrument, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets at FVTPL, 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets classified as FVTPL are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income.

Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

*Financial liabilities:*

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial Instruments (cont'd)**

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments are classified as follows:

<u>Financial assets:</u>		<u>Classification:</u>
Cash	-	FVTPL
Reclamation bond	-	Loans and receivables
<u>Financial liabilities:</u>		<u>Classification:</u>
Accounts payable and accrued liabilities	-	Other financial liabilities
Shareholder loan	-	Other financial liabilities
Due to directors	-	Other financial liabilities
Debentures interest payable	-	Other financial liabilities
Debentures payable	-	Long-term liabilities
Embedded derivative liability	-	FVTPL

*Impairment of financial assets:*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

With the exception of Available-For-Sale ("AFS") financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS financial assets, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

*Financial instruments recorded at fair value:*

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).



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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial Instruments (cont'd)**

*Financial instruments recorded at fair value (cont'd):*

The Company's financial instruments measured at fair value on the statement of financial position consists of cash and debenture embedded derivative liability, which are measured at level 1 of the fair value hierarchy.

**Embedded Derivatives**

Derivatives may be embedded in other financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in profit or loss.

**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.

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.

**Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

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**4. 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.

**5. FUTURE ACCOUNTING PRONOUNCEMENTS**

The accounting pronouncements detailed in this note have been issued but are not yet effective.

- a) *IFRS 9, Financial Instruments* (“IFRS 9”) was issued in November 2009 as the first step in its project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2018, with early adoption permitted.
- b) *IFRS 15, Revenue from Contracts with Customer*, is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.
- c) *IFRS 16, Leases* (“IFRS 16”) was issued in January 2016 to replace *IAS 17, Leases* and eliminates the classification of leases as either operating or finance leases by the lessee. Classification of leases by the lessor under IFRS 16 continues as either an operating or a finance lease, as was the treatment under IAS 17. The treatment of leases by the lessee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17. Exemptions for leases of very low value or short-term leases will be applicable. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company

**6. 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 year ended December 31, 2017:

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**6. RECENT ACCOUNTING POLICY (cont'd)**

*IAS 7 Statement of Cash Flows (cont'd)*

	January 1, 2017	Cash flows	Non-cash changes			December 31, 2017
			Management fees accrual	Foreign exchange movements	Amortization of deferred financing costs	
	\$	\$	\$	\$		\$
Shareholder loans	-	36,068	-	-	-	36,068
Due to directors	11,455	(12,692)	210,000	-	-	208,763
Non-convertible debentures	-	953,814	-	(6,260)	63,499	1,011,053
	11,455	977,190	210,000	(6,260)	63,499	1,255,884

**7. PREPAID EXPENSES AND DEPOSITS**

	December 31, 2017	December 31, 2016
Prepaid Expenses	\$ -	\$ 153,629
Deposits	\$ 9,000	\$ 67,257
<b>Total prepaid expenses and deposits</b>	<b>\$ 9,000</b>	<b>\$ 220,886</b>

**8. EQUIPMENT**

*For the year ended December 31, 2017*

Cost	Exploration Equipment	Vehicles	Computer Equipment	Total
	\$	\$	\$	\$
At December 31, 2016	328,935	8,459	1,368	338,762
Additions/Disposals	(58,401)	1,298	-	(57,103)
Foreign exchange	(19,659)	(599)	(90)	(20,348)
At December 31, 2017	250,875	9,158	1,278	261,311

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**8. EQUIPMENT (cont'd)**

*For the year ended December 31, 2017 (cont'd)*

Accumulated Amortization	Exploration Equipment	Vehicles	Computer Equipment	Total
At December 31, 2016	(46,991)	(1,208)	(196)	(48,395)
Amortization for the year	(39,915)	(1,895)	(331)	(42,141)
Additions/Disposals	5,714	-	-	5,714
Foreign exchange	3,504	142	25	3,671
At December 31, 2017	(77,688)	(2,961)	(502)	(81,151)
<b>Net Book Value</b>	<b>173,187</b>	<b>6,197</b>	<b>777</b>	<b>180,160</b>

*For the year ended December 31, 2016*

Cost	Exploration Equipment	Vehicles	Computer Equipment	Total
	\$	\$	\$	\$
At December 31, 2015	-	-	-	-
Additions	324,550	8,346	1,350	334,246
Foreign exchange	4,385	113	18	4,516
At December 31, 2016	328,935	8,459	1,368	338,762
Accumulated Amortization	Exploration Equipment	Vehicles	Computer Equipment	Total
At December 31, 2015	-	-	-	-
Additions	(46,365)	(1,192)	(193)	(47,750)
Foreign exchange	(626)	(16)	(3)	(645)
At December 31, 2016	(46,991)	(1,208)	(196)	(48,395)
<b>Net Book Value</b>	<b>281,944</b>	<b>7,251</b>	<b>1,172</b>	<b>290,367</b>

During the year ended December 31, 2017, the Company sold exploration equipment for proceeds of \$110,000 and recognized a gain on disposal in the amount of \$55,226. The Company purchased vehicles totaling \$1,014. Depreciation expenses of \$42,141 were recorded during the year ended December 31, 2017. During the year ended December 31, 2017, the Company wrote off non-refundable deposits on equipment which was not purchased in the amount of \$37,635 (USD 30,000).

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**8. EQUIPMENT (cont'd)**

During the year ended December 31, 2016, the Company purchased exploration equipment totaling \$324,550, vehicles totaling \$8,346, and computer equipment totaling \$1,350. Amortization expenses of \$47,750 were recorded during the year ended December 31, 2016.

**9. DUE TO DIRECTORS**

As at December 31, 2017, the amounts due to directors was \$205,000 and \$3,763 (USD 3,000) (December 31 2016 - \$11,455 [USD 8,000]). These loans are unsecured, non-interest bearing and have not fixed terms of repayment. (See Note 19).

During the year ended December 31, 2017, the Company repaid \$89,018 and \$7,692 (USD 5,000) in director loans.

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

**10. SHAREHOLDER LOANS**

During the year ended December 31, 2017, the Company received \$36,068 (December 31, 2016 - \$Nil) in loans from certain shareholders. The amounts are unsecured, non-interest bearing, and have no fixed terms of repayment.

**11. DEBENTURES PAYABLE**

During the year ended December 31, 2017, the Company entered into non-convertible USD 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 on a general lien basis by all property and assets of the Company, 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 USD 1,600 per troy ounce. The Bonus Payment is calculated as 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.

In connection with the non-convertible debenture financing, the Company incurred total transaction costs of \$470,031 which were netted with the debentures and amortized over the term of the debentures.

The following is a continuity of non-convertible debentures due from the Company for the year ended December 31, 2017:

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**11. DEBENTURES PAYABLE (cont'd)**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Debentures:</b>		
Non-convertible debentures, beginning of year	-	-
Additions during the year	<b>1,423,845</b>	-
Foreign exchange	<b>(6,260)</b>	-
<b>Non-convertible debentures, end of year</b>	<b>1,417,585</b>	-
<b>Loan transactions costs:</b>		
Loan transaction costs, beginning of the year	-	-
Costs incurred during the year	<b>(470,031)</b>	-
Accretion expense during the year	<b>63,499</b>	-
<b>Loan transaction costs, end of the year</b>	<b>(406,532)</b>	-
<b>Non-convertible debentures balance (net of transaction costs), end of year</b>	<b>1,011,053</b>	-

During the year ended December 31, 2017, the Company recorded \$40,448 (2016 - \$nil) in interest expense.

The Company has recorded an embedded derivative liability that arose from the Company's obligation to pay the Bonus Payment which is indexed to the gold price. The embedded derivative liability is subject to fair value adjustment based on gold price at the end of each reporting period, with changes recorded as unrealized gain or loss on embedded derivative liability in the statement of loss and comprehensive loss. During the year ended December 31, 2017, the Company recorded an unrealized loss on embedded derivative liability in the amount of \$23,461 (2016 - \$nil).

During the year ended December 31, 2016, the Company did not have debentures payable.

**12. RESTORATION LIABILITIES AND RECLAMATION BONDS**

As at December 31, 2017, management estimated site restoration costs relating to evaluation work completed on the exploration of the Winston property to be \$59,815 (USD 47,680) (December 31, 2016 - \$57,965 (USD 43,170)) 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 \$59,815 (USD 47,680) (December 31, 2016 - \$57,965 (USD 43,170)). The reclamation bonds will be returned to the Company upon the DEQ being satisfied with the site restoration work performed.

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**13. SHARE SUBSCRIPTIONS**

During the year ended December 31, 2017, the Company received \$327,167 for units to be issued at a value of \$0.05 each. Each unit consists of one common share and one 5-year warrant with an exercise price of \$0.10. These units were issued subsequent to year end (Note 24).

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.

**14. SHARE CAPITAL**

**Authorized**

Unlimited Common shares, voting  
 Unlimited Preferred shares

**Issued and outstanding – Common shares**

	Number of Shares		Value
<b>Balance, December 31, 2015</b>	<b>20,747,100</b>	<b>\$</b>	<b>759,802</b>
Shares issued for cash <sup>(d,f,h,k)</sup>	29,666,182		5,607,240
Shares issued for warrant exercise <sup>(g)</sup>	18,720		3,642
Shares issued for mining lease agreement <sup>(e)</sup>	1,500,000		150,000
Broker shares issued <sup>(e)</sup>	104,016		15,602
Shares issued for option exercises <sup>(i)</sup>	250,000		86,871
Shares issued for subsidiary acquisition <sup>(j)</sup>	27,250,000		13,625,000
Share issue costs <sup>(l)</sup>	-		(1,013,683)
Allocated to warrants	-		(47,643)
<b>Balance, December 31, 2016</b>	<b>79,536,018</b>	<b>\$</b>	<b>19,186,831</b>
Shares issued for cash <sup>(b)</sup>	3,372,104		168,605
Share issue costs <sup>(c)</sup>			(16,260)
Allocated to warrants <sup>(b)</sup>			(82,818)
<b>Balance, December 31, 2017</b>	<b>82,908,122</b>	<b>\$</b>	<b>19,256,358</b>

As at December 31, 2017, the Company has 3,597,795 (2016 – 5,996,325) common shares held in escrow.

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**14. SHARE CAPITAL (cont'd)**

December 31, 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 13). 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.
- c) Share issue costs associated with the above financings total \$16,260 consisting of legal fees.

December 31, 2016:

- d) On March 23, 2016 the Company completed its initial public offering ("IPO") of common shares. The Company issued 5,697,500 common shares at a price of \$0.10 for each common share for gross proceeds of \$569,750. The Company paid a 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 with a value of \$53,872.
- e) On May 30, 2016, the Company issued 1,500,000 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 18).
- f) On August 3, 2016, the Company issued 1,000,000 common shares for gross proceeds of \$100,000. 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 entitled the holder to purchase one additional common 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 fair value of \$7,280 has been assigned. Each warrant entitled the holder to purchase one additional common share in the Company at an exercise price of \$0.20, exercisable on or before August 3, 2018.
- g) On September 13, 2016, 10,800 warrants were exercised into 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. On November 15, 2016, an additional 7,920 warrants were exercised into 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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**14. SHARE CAPITAL** (cont'd)

- h) On September 23, 2016, the Company issued 16,999,932 common shares at \$0.15 per share for gross proceeds of \$2,549,990. The Company paid finders fees in the amount of \$90,974 and issued 104,016 common shares at a 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 \$450,703. Each warrant entitled the holder to purchase one additional common share in the Company at an exercise price of \$0.15, exercisable on or before September 23, 2018.
- i) On November 2, 2016, 200,000 options were exercised into 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 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.
- j) On October 4, 2016, the Company completed the acquisition of Goldridge Holdings Limited ("Goldridge"), a private company incorporated in the Province of British Columbia. In connection with the closing of the transaction, the Company issued 27,250,000 common shares to Goldridge shareholders with a fair value of \$13,625,000 or \$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 (USD 175,000).
- k) On November 18, 2016 the Company issued 5,968,750 common shares at \$0.40 per share for gross proceeds of \$2,387,500. The Company paid finders fees in the amount of \$80,480 and issued 201,200 finders warrants with a value of \$74,331. 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.
- l) 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.

**15. 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 ten years and vest as determined by the Board of Directors.

The following is a continuity of stock option activity for the year ended December 31, 2017.

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**15. STOCK OPTIONS (cont'd)**

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding December 31, 2015	-	
Granted	3,400,000	\$0.26
Exercised	(250,000)	(\$0.20)
Outstanding December 31, 2016	3,150,000	\$0.27
Exercisable December 31, 2016	2,475,000	\$0.23
Granted	6,530,000	\$0.05
Cancelled	(2,200,000)	(\$0.22)
Outstanding December 31, 2017	7,480,000	\$0.10
Exercisable December 31, 2017	7,480,000	\$0.10

The total fair value of stock options granted during the year ended December 31, 2017 using the Black-Scholes option pricing model was \$239,068 (2016 - \$624,132) or \$0.04 per option. The Company recognized \$413,346 (2016 - \$449,854) of share-based compensation. Annualized volatility is estimated by considering historic average share price volatility of the Company's publicly traded shares.

The Company had the following stock options outstanding as at December 31, 2017:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
150,000	\$0.20	August 24, 2021
900,000	\$0.40	December 15, 2021
750,000	\$0.05	November 20, 2022
280,000	\$0.10	November 27, 2022
5,400,000	\$0.05	November 27, 2022
7,480,000	\$0.10	

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

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**15. STOCK OPTIONS (cont'd)**

	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
Forfeiture rate	0%	0%	0%

	November 20, 2017	November 27, 2017	November 27, 2017
Share price	\$0.035	\$0.035	\$0.035
Risk-free interest rate	1.62%	1.55%	1.55%
Expected life of options	5 years	5 years	5 years
Volatility	203%	203%	203%
Dividend rate	0.0%	0.0%	0.0%
Exercise price	\$0.05	\$0.10	\$0.05
Fair value per option	\$0.0341	\$0.0337	\$0.0341
Forfeiture rate	0%	0%	0%

**16. SHARE PURCHASE WARRANTS**

The following is a continuity of share purchase warrant activity for the year ended December 31, 2017:

Expiry Date	Exercise price	January 1, 2017	Granted	Exercised	Expired	December 31, 2017
March 23, 2021	\$0.10	551,030	-	-	-	551,030
August 3, 2018	\$0.20	1,000,000	-	-	-	1,000,000
August 3, 2018	\$0.20	40,000	-	-	-	40,000
September 23, 2018	\$0.15	873,853	-	-	-	873,853
November 18, 2018	\$0.40	201,200	-	-	-	201,200
September 15, 2022	\$0.10	-	3,372,104	-	-	3,372,104
<b>Total</b>		<b>2,666,083</b>	<b>3,372,104</b>	<b>-</b>	<b>-</b>	<b>6,038,187</b>
<b>Weighted average exercise price</b>			<b>\$0.10</b>			<b>\$0.13</b>

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**16. SHARE PURCHASE WARRANTS (cont'd)**

The following is a continuity of share purchase warrant activity for the year ended December 31, 2016:

Expiry Date	Exercise price	December 31, 2015	Granted	Exercised	Expired	December 31, 2016
March 23, 2021	\$0.10	-	569,750	(18,720)	-	551,030
August 3, 2018	\$0.20	-	1,000,000	-	-	1,000,000
August 3, 2018	\$0.20	-	40,000	-	-	40,000
September 23, 2018	\$0.15	-	873,853	-	-	873,853
November 18, 2018	\$0.40	-	201,200	-	-	201,200
<b>Total</b>		-	<b>2,684,803</b>	<b>(18,720)</b>	-	<b>2,666,083</b>
Weighted average exercise price			\$0.18	\$0.10		\$0.18

The Company had the following warrants outstanding as at December 31, 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
<b>6,038,187</b>				<b>\$ 714,877</b>

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

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**16. SHARE PURCHASE WARRANTS (cont'd)**

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants granted during the year. Warrants included in Units are valued based on the Relative Fair Value Allocation:

	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%
Forfeiture 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

**17. 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.

	<b>December 31, 2017</b>	December 31, 2016
Balance, beginning of year	<b>\$ 412,983</b>	\$ -
Share-based payments	<b>413,346</b>	449,854
Stock options exercised	-	(36,871)
<b>Balance, end of year</b>	<b>\$ 826,329</b>	\$ 412,983

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**18. EXPLORATION AND EVALUATION EXPENSES**

Properties	Year ended December 31, 2017	Year ended December 31, 2016
Holmes Property <sup>(a)</sup>	\$ 16,895	\$ 12,000
Winston Property <sup>(b)</sup>	1,759,024	1,480,091
Golden Jubilee <sup>(c)</sup>	-	18,872
Goldridge Property <sup>(d)</sup>	82,286	13,939,229
	\$ 1,858,205	\$ 15,450,192

(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 (USD 10,000) 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 USD 1,000 monthly from June 2014 to May 2019 [Paid - \$56,672 (USD 44,000) to December 31, 2017]. The H Lease is renewable for additional 5 year terms at USD 20,000 per renewal with an advanced royalty payment of USD 2,000 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 USD 2,500,000.

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 (USD 10,000) and issued 2,000,000 common shares in the Company valued at \$200,000.

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**18. EXPLORATION AND EVALUATION EXPENSES (cont'd)**

Winston Property (cont'd)

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of USD 1,000 monthly from August to October 2014 [Paid \$3,300 (USD 3,000)] and USD 2,500 monthly from November 2014 to July 2019 [Paid \$159,584 (USD 97,500) to December 31, 2017] based on minimum quarterly expenditures on the property of USD 50,000 or USD 200,000 annually [Paid \$2,399,454 (USD 1,856,125) Plus \$1,075,294 (USD 814,075) in Mine Labour to December 31, 2017]. The minimum expenditures are paid up to 2027.

The W Lease is renewable for additional 5 year terms at USD 20,000 per renewal with an advanced royalty payment of USD 5,000 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 USD 20,000 due at the end of each 5 year period and the continuation of advanced royalty payments of USD 5,000 monthly. For consideration of 1,500,000 common shares in the Company valued at \$150,000 (Note 14), 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 USD 2,000,000. Winston has the right to buy back all rights and terminate the W Lease for USD 1 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 USD 2,000 or less and 4% NSR if the price of gold exceeds USD 2,000. 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 USD 500,000 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.

During the year ended December 31, 2017, the Company terminated its non-binding letter agreement with Gunsinger on the Golden Jubilee Property.

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**18. EXPLORATION AND EVALUATION EXPENSES (cont'd)**

(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.

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.

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.

**19. 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, 2017, the Company incurred the following charges with related parties that include officers, directors or companies with common directors of the Company:



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**19. RELATED PARTY TRANSACTIONS (cont'd)**

Included in exploration and evaluation expenses is \$Nil (2016 – \$12,212) of amounts paid or payable to a director of the Company.

Included in due to directors is \$3,763 [\$3,000 US] (December 31, 2016 - \$11,455 [USD 8,000]) and \$205,000 (December 31, 2016 - \$Nil) due to directors of the Company. (See Note 9 for amounts due to directors).

During the year ended December 31, 2017, management fees to directors were \$260,000 (December 31, 2016 - \$20,000).

During the year ended December 31, 2017, the Company granted 4,550,000 stock options to directors and officers of the Company, resulting in share based payments of \$155,008.

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.

**20. 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 items in shareholders' equity 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, 2017.

**21. 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.

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

a) Market risk (cont'd):

Currency risk (cont'd)

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

	<b>December 31,</b>	December 31,
	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
Cash	<b>317,643</b>	43,890
Prepaid expenses and deposits	-	55,847
Accounts payable and accrued liabilities	<b>160,845</b>	128,531
Debenture interest	<b>9,597</b>	-
Embedded derivative liability	<b>18,702</b>	-
Debenture principal	<b>1,130,000</b>	-
Due to directors	<b>3,000</b>	-

The above balances were translated into US dollars at the year-end rate of \$1.2545 (December 31, 2016 - \$1.3427) Canadian dollars to every US dollar.

Based on the above net exposures as at December 31, 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 \$63,010 (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 December 31, 2017, the Company had a working capital deficit of \$164,664 (December 31, 2016 – working capital of \$1,296,185). As at December 31, 2017, the Company had cash of \$458,921 (December 31, 2016 - \$1,344,052) to settle current liabilities of \$632,585 (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.

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

### c) 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. The fair value of the Company's debenture embedded derivative liability is indexed to the gold spot price at the end of each reporting period.

### d) 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.

### e) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash and debentures payable, so its exposure to interest rate risks is insignificant. The Company's debentures payable bear a fixed interest rate.

## 22. 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 constituted a "major acquisition" under the policies of the Canadian Securities Exchange. In accordance with IFRS 3, *Business Combinations*, the Agreement did not meet the definition of a business combination as the assets acquired were not an integrated set of activities with inputs, processes, and outputs.

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**22. ACQUISITION OF GOLDRIDGE HOLDINGS LIMITED (cont'd)**

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 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).

Details of the acquisition are as follows:

<b>Consideration</b>	
Fair value of 27,250,000 common shares	\$13,625,000
Cash paid	230,475
Transaction costs	51,102
Total consideration	<u>13,906,577</u>
<b>Fair value of net assets acquired</b>	
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>

**23. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>2017</b>	<b>2016</b>
Loss for the year	\$ (3,554,406)	\$ (17,488,183)
Expected income tax (recovery)	\$ (960,000)	\$ (4,721,800)
Change in statutory, foreign tax, foreign exchange rates and other	434,000	(99,900)
Permanent differences	116,000	40,500
Share issue cost	(4,000)	(261,600)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	3,849,000	-
Change in unrecognized deductible temporary differences	(3,435,000)	5,042,800
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

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**23. INCOME TAXES (cont'd)**

The significant components of the Company's deferred tax assets and liabilities that have not been included on the consolidated statement of financial position are as follows:

	<b>2017</b>	<b>2016</b>
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 667,000	\$ -
Share issue costs	74,000	220,100
Non-capital losses available for future period	1,139,000	1,336,300
	<u>1,880,000</u>	<u>1,556,400</u>
Unrecognized deferred tax assets	(1,880,000)	(1,556,400)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	<b>2017</b>	<b>Expiry Date Range</b>	<b>2016</b>	<b>Expiry Date Range</b>
<b>Temporary Differences</b>				
Exploration and evaluation assets	\$ 2,960,000	No expiry date	\$ -	No expiry date
Share issue costs	273,000	2018 to 2021	-	-
Non-capital losses available for future period	4,549,000	2033 to 2037	18,348,935	2033 to 2036
			<u>16,347,066</u>	
Canada	3,078,000	2033 to 2037	16,347,066	2033 to 2036
USA	1,472,000	2034 to 2037	2,001,869	2034 to 2036

**24. SUBSEQUENT EVENTS**

Subsequent to December 31, 2017, the Company:

- a) Repaid director loans in the amount of \$70,000.
- b) Issued 7,310,001 units at a price of \$0.05 each unit for gross proceeds of \$365,500. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the Company at an exercise price of \$0.10, exercisable on or before February 2, 2023.

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**24. SUBSEQUENT EVENTS** (cont'd)

- c) Issued 12,578,000 units at a price of \$0.05 each unit for gross proceeds of \$628,900. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the Company at an exercise price of \$0.10, exercisable on or before April 17, 2023. Each warrant entitles the holder to purchase one additional common share in the Company at an exercise price of \$0.10 exercisable on or before April 17, 2023.
- d) Repaid shareholder loans in the amount of \$36,068.