

# WINSTON GOLD CORP.

## Management Discussion and Analysis

For the three months ended March 31, 2021 and 2020

Dated May 26, 2021  
(Form 51-102F1)

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### INTRODUCTION

*The following Management Discussion and Analysis (“MD&A”) of Winston Gold Corp. (the “Company” or “Winston”) has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of May 26, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020 and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The following should also be read in conjunction with the audited consolidated financial statements and the related MD&A for the year ended December 31, 2020 and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is a “Venture Issuer” as defined in NI 51-102. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Canadian Securities Exchange at [thecse.com/en/listings/mining/winston-gold-mining-corp](http://thecse.com/en/listings/mining/winston-gold-mining-corp).*

*All financial information in this MD&A related to 2021 and 2020 has been prepared in accordance with IFRS. All monetary amounts are expressed in Canadian dollars, the presentation and functional currency of the Company, unless otherwise indicated.*

### FORWARD LOOKING STATEMENTS

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

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

This MD&A (See “Risks and Uncertainties”) contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company’s control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## **OVERVIEW**

### **Description of the business**

Winston Gold 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 Goldridge Holdings Limited (“Goldridge”) and its subsidiary, Goldridge Holdings (USA) Limited (“Goldridge USA”). Both Goldridge and Goldridge USA were 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 November 5, 2018, the Company sold all interest in the Goldridge property to MetalNRG, an arms-length third party. 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. On June 4, 2020, Western States Gold Milling Co. (“Western States”) was incorporated in the State of Montana, USA and is a wholly owned subsidiary of Winston Gold Corp. Western States was incorporated as a holding company for the Paradine Mill lease.

The Company is in the process of exploring mining claims which are under lease and has not yet determined whether or not the leased properties will contain economically recoverable reserves.

At March 31, 2021, the Company reported a working capital deficiency of \$972,111 (December 31, 2020 – deficiency of \$376,550) and will require financing from outside participation to continue exploration and subsequent development of its mining claims under lease agreements and to be able to make payments required under the mining lease agreements. At March 31, 2021 the Company had not yet achieved profitable operations, has accumulated losses of \$45,379,543 (December 31, 2020 - \$40,645,592) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, the attainment of profitable operations and external financings.

### **SIGNIFICANT EVENTS**

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

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

On October 4, 2016, the Company completed the acquisition of Goldridge Holdings Limited (“Goldridge”), a private company incorporated in the Province of British Columbia. Goldridge became a wholly-owned subsidiary of the Company. In connection with the closing of the transaction, the Company issued 27,250,000 common shares in the capital of the Company, on a pro rata basis, to the Goldridge shareholders at a deemed price of \$0.50 per share and made cash payments of \$230,475 (USD 175,000).

Effective October 31, 2016, the Company terminated the September 29, 2015 Stock Option Plan, which was in accordance with the laws of Manitoba, and adopted a new Stock Option Plan, in accordance with the laws of British Columbia. The maximum number of shares that may be issued will be a rolling number not to exceed 10% of the issued and outstanding shares of the Company at the time of the option grant. The options granted shall be exercisable over a period not exceeding five years. Options granted to any one individual in any 12 month period shall not exceed 5% of the issued shares of the Company. Options granted to any one consultant or investor relations employee in any 12 month period shall not exceed 2% of the issued shares of the Company. The Board may amend or terminate the Stock Option Plan.

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

On June 5, 2017, Ronan Sabo-Walsh resigned as the Company's Chief Financial Officer. On June 5, 2017, Max Polinsky was appointed as the Company's Chief Financial Officer.

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.

On November 6, 2017, the Company appointed Davidson & Company LLP as the auditor of the Company and accepted the resignation of Collins Barrow Toronto LLP.

On November 5, 2018, the Company sold all interest in Goldridge, its wholly-owned subsidiary to MetalNRG ("MNRG"), a company quoted on the NEX Exchange Growth Market in London, England. In connection with the closing of the transaction, the Company received cash consideration of \$261,920 (USD 200,000) and a commitment for 21,942,576 MNRG ordinary shares. During the year ended December 31, 2018, the Company recognized a gain on disposal of \$324,126. Subsequent to the commitment, 19,748,318 MNRG shares were issued on July 30, 2019. These consideration shares were valued at \$0.00481 (GBX 0.3000) each for total consideration of \$94,899. No further consideration shares will be issued.

On July 23, 2019, Joseph A. Carrabba was appointed as a Director of the Company and as the Company's Executive Chairman.

On December 20, 2019, the Company amended the Stock Option Plan in light of Canadian Securities Exchange Notice 2019-001 requiring *inter alia*, a four month hold on all securities issued pursuant to s.2.24 exemption available on NI 45-106 Prospectus Exemptions, and i) amended the Option Plan with updated U.S. option holder disclosure to Schedules A and B of the Option Plan, and ii) "housekeeping" amendments of an administrative nature.

On September 1, 2020, Megan Francis resigned as the Company's Corporate Secretary. On September 1, 2020, Eric Mortensen was appointed as the Company's Corporate Secretary.

On October 23, 2020, the Company formed a Compensation Committee consisting of Joseph Carrabba, Allan Fabbro and Ben Porterfield. On the same day, Murray Nye resigned from the Audit Committee and was replaced by Joseph Carrabba.

On April 30, 2021, Max Polinsky resigned as the Company's President, Chief Financial Officer and Director. On April 30, 2021, Stan Stewin was appointed interim Chief Financial Officer.

## OVERALL PERFORMANCE

In summary, the Company's financial performance decreased over the period ended March 31, 2021 compared to the year ended December 31, 2020. Working capital decreased by \$595,561 from a working capital deficit of \$376,550 at December 31, 2020 to a working capital deficit of \$972,111 at March 31, 2021. The decrease over the period is mainly attributed to:

- Net proceeds from share issuances of \$3,156,403 (Jan-Mar 2020 - \$Nil)
- Net proceeds from warrants exercised of \$631,435 (Jan-Mar 2020 - \$Nil)
- Proceed from share subscriptions due of \$Nil (Jan-Mar 2020 - \$1,041,178)
- Proceeds from director loans of \$Nil (Jan-Mar 2020 - \$554,092)
- Purchase of equipment of \$21,960 (Jan-Mar 2020 - \$Nil)
- Repayment of director loans of \$230,136 (Jan-Mar 2020 - \$45,150)

- Interest on director loans of \$2,201 (Jan-Mar 2020 - \$11,349)
- Expending \$3,138,191 on exploration and evaluation expenses (Jan-Mar 2020 - \$1,217,134)
- Expending \$120,000 on management fees (Jan-Mar 2020 - \$60,000)
- Expending \$31,850 on debenture interest (Jan-Mar 2020 - \$43,092)
- Expending \$61,688 on debenture principal repayment and embedded derivative (Jan-Mar 2020 - \$Nil)
- Expending \$926,271 on legal, audit and accounting and professional fees (Jan-Mar 2020 - \$222,252)
- Expending \$157,815 on administrative, office and travel expenses (Jan-Mar 2020 - \$70,408)

## **EXPLORATION ACTIVITIES**

### **Area and Location**

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

### **Claims and Title**

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

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

On July 15, 2014, the Company entered into a five-year Mining Lease Agreement ("W Lease") with Winston Realty L.L.C. ("Winston", a limited liability company), an arm's length party, whereby Winston leased sixteen (16) patented lode mining claims located in Broadwater County, Montana U.S.A. to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property the Company paid Winston an advance royalty payment of \$10,729 (USD 10,000) 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 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 \$188,643 (USD 142,500)] based on minimum quarterly expenditures on the property of USD 50,000 or USD 200,000 annually [Paid \$15,604,531 (USD 12,087,510) to December 31, 2020].

The W Lease is renewable for additional 5 year terms at USD 20,000 per renewal [paid \$26,408 (USD 20,000)] with an advanced royalty payment of USD 5,000 monthly from August 2019 to August 2024 [paid \$139,966 (USD 105,000 to March 31, 2021)].

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, 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.

### **Holmes Property, Montana, USA**

On May 14, 2014, the Company entered into a five-year Mining Lease Agreement (“H Lease”) with Marcus P. Holmes (“Holmes”), an arm’s length party, whereby Holmes leased five (5) unpatented mining claims located in Broadwater County, Montana, USA to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property, the Company paid Holmes an advance royalty payment of \$11,191 (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 - \$77,548 (USD 60,000)]. The H Lease is renewable for additional 5 year terms at USD 20,000 per renewal [paid \$26,754 (USD 20,000)] with an advanced royalty payment of USD 2,000 monthly from June 2019 to June 2024 [Paid \$60,882 (USD \$46,000) to March 31, 2021].

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.

### **Hard Cash Property, Montana, USA**

Jointly, with Bond Resources Inc., a company having a director in common with the Company, entered into a Lease Agreement (“HC Lease”), including an option to purchase, with Montana Reclaim LLC (Lessor) over the Hard Cash property.

The Hard Cash property consists of nine (9) patented claims covering 166 acres west of Radersburg, Montana, approximately 3 km from the Paradine mill. The Company and Bond are equal partners in the project and will each be responsible for 50% of expenditures. The HC Lease initial term is five (5) years commencing on the date of execution and is renewable for three (3) additional five (5) year terms.

Consideration payable to the Lessor consists of an initial cash payment of USD 2,000, shared with Bond; shared monthly payments with Bond of USD 1,500; annual payments by each of Bond and the Company of USD 25,000 payable in shares of Bond and the Company respectively; and USD 25,000, shared with Bond, upon the expiry of each five year term.

In addition to the lease payments, by the end of each calendar year commencing in 2021, Bond and the Company must make minimum shared annual expenditures on the property of USD 75,000.

The HC Lease includes the option to purchase the Property at any time for USD 1,500,000, plus a 3.0% net smelter returns royalty with increases to 4.0% should the price of gold exceed USD 2,000 per ounce.

The Company, jointly with Bond, has the option to terminate the HC Lease at any time by providing 90 days written notice to the Lessor.

### **Exploration Progress as per the Company’s news releases**

In late January 2018, the Company announced the remaining results from its 10-hole drilling campaign commenced in August, 2017. Due to the variable nature of vein orientations, the true width of mineralization in the following drill intercepts is not known at this time.

Hole W78 was drilled from the Edna drill pad and was designed to intercept the Block 93 and Parallel veins. It was successful on both counts. A 5.5 ft. interval of the Parallel vein was intersected at a down-hole depth of 275 ft. and averaged 0.467 oz./ton gold (16.01 grams per tonne (g/t) gold). This intercept added 21 ft. of strike length to the Parallel vein for a total distance of 406 ft.

Hole W78 also cut a 5-ft. interval of the Block 93 vein averaging 0.180 oz./ton gold (6.17 g/t gold) at a down-hole depth of 140 ft. This intercept verified the continuity of the Block 93 vein but due to the drill's orientation, it did not increase its overall dimensions.

Hole W79 was drilled from the Open Pit drill pad and targeted the Block 93 vein. The vein structure was intersected but it yielded no significant assays. Another unknown vein was intersected in the footwall of the Block 93 vein at a down-hole depth of 331 ft. It averaged 0.132 oz./ton gold (4.53 g/t gold) over 6 ft.

Hole W80 was also drilled from the Open pit drill pad. It intersected a 3-ft. interval of mineralization in the Parallel vein averaging 0.131 oz./ton gold (4.49 g/t gold) starting at down-hole depth of 299 ft. Three more intercepts were cut between 403-to-427 ft. down-hole. These represent unknown veins that lie between the Parallel and Block 93 veins.

Hole W83 was collared on the Open pit drill pad and targeted both Parallel and Block 93 from the hanging wall side. The Parallel vein was intersected at 299 ft. down-hole and averaged 0.326 oz./ton gold (11.18 g/t gold) over 3 ft. This added another 42 ft. of strike length to the Parallel vein bringing the total to 448 ft., or 136.5 metres.

The Block 93 was intersected at a down-hole depth of 311.5' ft. and averaged 0.111 oz./ton gold (3.81 g/t gold) over 5.5 ft. This added 5 ft. of vertical extent to the Block 93 vein bringing its total vertical dimension to 197 ft., or 60.0 metres.

Hole W81 and W82 were drilled from the core shed drill pad towards the historic CharTam vein. Hole W81 intersected a narrow, 1 ft. interval of vein material that assayed 0.177 oz./ton gold (6.07 g/t gold). Unfortunately, without additional data, Winston geologists could not confirm this was the continuation of the CharTam vein. Further testing of the vein may happen later if more historic data can be found to define better targets.

Highlights of significant results are outlined in the table below.

Hole	Vein	UTM East (m)	UTM North (m)	Elevation (m)	Azimuth	Dip	From (ft.)	To (ft.)	Interval** (ft.)/(m)		Gold (opt)/(g/t)	
<b>W78</b>	Unknown	448,633	5143,791	1,472	280	-45	126	127	2	0.61	<b>0.190</b>	<b>6.51</b>
and	Unknown						127	128	1	0.30	<b>0.359</b>	<b>12.31</b>
	Block 93						140	145	5	1.52	<b>0.180</b>	<b>6.17</b>
Including	Block 93						140	142	2	0.61	<b>0.312</b>	<b>10.70</b>
and	Parallel						275	280.5	5.5	1.68	<b>0.467</b>	<b>16.01</b>
<b>W79</b>	Unknown	448,541	5,143,742	1,472	041	-59	331	337	6	1.83	<b>0.132</b>	<b>4.53</b>
including	Unknown						336	337	1	0.30	<b>0.572</b>	<b>19.61</b>
<b>W80</b>	Parallel	448,541	5,143,742	1,472	019	-53	299	302	3	0.91	<b>0.131</b>	<b>4.49</b>
including	Parallel						299	300	1	0.30	<b>0.251</b>	<b>8.61</b>
and	Unknown						403	404	1	0.30	<b>0.155</b>	<b>5.31</b>
and	Unknown						407	409	2	0.61	<b>0.132</b>	<b>4.53</b>
and	Unknown						424	427	3	0.91	<b>0.107</b>	<b>3.67</b>
<b>W81</b>	CharTam	448,607	5,143,672	1462	138	-45	91.5	92.5	1	0.30	<b>0.177</b>	<b>6.07</b>
<b>W82</b>	CharTam	448,607	5,143,672	1,462	160	-45	--	--	--	--	NSA*	NSA*
<b>W83</b>	Unknown	448,541	5,143,745	1,473	019	-60	276	278	2	0.61	<b>0.130</b>	<b>4.46</b>
and	Parallel						299	302	3	0.91	<b>0.326</b>	<b>11.18</b>
including	Parallel						300	301	1	0.30	<b>0.953</b>	<b>32.67</b>
and	Block 93						311.5	317	5.5	1.68	<b>0.111</b>	<b>3.81</b>
including	Block 93						316	317	1	0.30	<b>0.441</b>	<b>15.12</b>

All Samples that assay in excess of 0.100 ounce per ton gold (3.43 g/t gold) are sent to Bureau Veritas Minerals and accredited assay lab, in Reno Nevada for check assay. The average variance between check assays and on-site lab results reported in this press release was 0.003 oz. per ton gold (0.103 g/t).

\*\*Due to the variable nature of vein orientation, the true width of mineralization is not known at this time unless specifically stated.

\* NSA – No Significant Assays

In late September 2018, the Company announced results from a 7-hole drill program (700 metres) which further extended the Block 93 and Parallel veins. Due to the variable nature of vein orientations, the true width of mineralization in the following drill intercepts is not known at this time.

The recent drill program collared seven holes on the hanging wall side of both the Parallel and Block 93 veins with the goal of defining the Southwest extension of these veins. Previously reported hole, W79, (January 24<sup>th</sup> 2018 news release), intersected a barren structure where the Parallel vein was expected to be. Another 40 ft. (12.2 metres) further down-hole, the drill intersected mineralization over 6 ft. (1.83 m) averaging 0.132 ounce per ton (opt) gold (4.53 grams/tonne) including 1 ft. (0.30 m) that averaged 0.572 opt gold (19.61 g/t). This was listed as an unknown vein and is now re-interpreted to be the Block 93 vein.

Hole W89 was collared west of hole W79 and also intersected gold mineralization 40 ft. (12.2 m) further down-hole than expected. It cut 3 ft. (0.91 m) averaging 0.189 opt gold (6.48 g/t) at a down-hole depth of 291 ft. (88.7 m).

Since both intercepts intersected a mineralized vein 40 ft. (12.2 m) deeper than expected, Winston geologists assumed that a fault had offset both the Parallel and Block 93 veins. This was confirmed when hole W90 intersected both veins. Please refer to attached drill plan map.

Hole W90 intersected 3 ft. (0.91 m) averaging 0.524 opt gold (17.97 g/t) representing the Parallel vein and 1 ft. (0.30 m) averaging 0.252 opt gold (8.64 g/t), representing the Block 93 vein. Interestingly, W90 also intersected two previously unknown closely spaced veins in the hanging wall of the Parallel vein (above the Parallel vein). Including wall rock dilution these two veins averaged 0.503 opt gold (17.25 g/t) over 6 ft. (1.83 m).

Hole W91 intersected an unknown vein at a depth of 62 ft. (18.9 m) down-hole which averaged 0.363 opt gold (12.45 g/t) over 1 ft. (0.30 m).

Hole W92 intersected the Parallel vein which averaged 0.56 opt gold (19.20 g/t) over 1 ft. (0.30 m) Another unknown vein was intersected in between the Parallel and Block 93 veins that averaged 0.789 opt gold (27.05 g/t) over 1.2 ft. (0.36 m). The Block 93 vein was cut at a depth of 332.5 ft. (101.3 m) down-hole and averaged 0.227 opt gold (7.78 g/t) and 7.40 opt (253.71 g/t) silver over 1 ft. (0.30 m).

Hole W93 intersected an unknown vein in the hanging wall of the Parallel vein averaging 0.196 opt gold (6.72 g/t) over 1 ft. (0.30 m). Hole W93 also intersected both target veins. The Parallel vein averaged 0.222 opt gold (7.61 g/t) over 1 ft. (0.30 m) and the block 93 vein averaged 0.503 opt gold (17.25 g/t) over 1 ft. (0.30 m).

Hole W94 returned no significant assays and assays are still pending for hole W95.

Highlights of significant results are outlined in the table below.

Hole	Vein	UTM East (m)	UTM North (m)	Elevation (m)	Azimuth	Dip	From (ft.)	To (ft.)	Interval** (ft.)/(m)	Gold (opt)/(g/t)		
<b>W89</b>	Block 93	448,541	5,143,741	1,472	052	-47	291	294	3	0.91	<b>0.189</b>	<b>6.48</b>
including							291	292	1	0.30	<b>0.019</b>	<b>0.65</b>
including							292	293	1	0.30	<b>0.52</b>	<b>17.83</b>
including							293	294	1	0.30	<b>0.027</b>	<b>0.93</b>
<b>W90</b>	Unknown	448,541	5,143,741	1,472	052	-63	88	94	6	1.83	<b>0.503</b>	<b>17.25</b>
including							90	94	4	1.22	<b>0.754</b>	<b>25.85</b>
and	Parallel						297	300	3	0.91	<b>0.524</b>	<b>17.97</b>
and	Block 93						331	334	1	0.30	<b>0.252</b>	<b>8.64</b>
<b>W91</b>	Unknown	448,541	5,143,741	1,472	061	-46	61	63	3	0.91	<b>0.121</b>	<b>4.15</b>

including							62	63	1	0.30	<b>0.363</b>	<b>12.45</b>
<b>W92</b>	Parallel	448,541	5,143,741	1,472	065	-69	300	303	3	0.91	<b>0.198</b>	<b>6.79</b>
including							300	301	1	0.30	<b>0.560</b>	<b>19.20</b>
and	Unknown						324.8	328	3.2	0.97	<b>0.296</b>	<b>10.15</b>
including							324.8	326	1.2	0.36	<b>0.789</b>	<b>27.05</b>
and	Block 93						331.5	334.5	3	0.91	<b>0.076</b>	<b>2.61</b>
including							332.5	333.5	1	0.30	<b>0.227</b>	<b>7.78</b>
<b>W93</b>	Unknown	448,541	5,143,741	1,472	084	-60	159	162	3	0.91	<b>0.079</b>	<b>2.71</b>
including							161	162	1	0.30	<b>0.196</b>	<b>6.72</b>
and	Parallel						231.5	234.5	3	0.91	<b>0.105</b>	<b>3.60</b>
including							232.5	233.5	1	0.30	<b>0.222</b>	<b>7.61</b>
and	Block 93						250	253	3	0.91	<b>0.168</b>	<b>5.76</b>
including							251	252	1	0.30	<b>0.503</b>	<b>17.25</b>
<b>W94</b>		448,541	5,143,741	1,472	080	-74					<b>NSA</b>	<b>NSA</b>
<b>Previously Released January 24, 2018</b>												
<b>W79</b>	Parallel	448,541	5,143,742	1,472	041	-59	331	337	6	1.83	<b>0.132</b>	<b>4.53</b>
including							336	337	1	0.30	<b>0.572</b>	<b>19.61</b>

\*\*Due to the variable nature of vein orientation, the true width of mineralization is not known at this time unless specifically stated.

\* NSA – No Significant Assays

In September 2019, the Company collared a first portal entrance, the Carrabba portal, located 330 ft southwest of the mine office.

On May 6, 2020, the Carrabba tunnel intersected the upper level workings of the historical Custer Gold Mine. The excavation work was accomplished without accident or health issues.

A second portal entrance is being constructed at the site of a historic tunnel, called Tunnel #1. This tunnel will be widened to 12-by-12 ft and rehabilitated. The Company believes that it was last used in the late 1970's or early 1980's to access the upper level of the historic Custer workings in order to mine out sections of the vein to the surface.



Tunnel #1 is located on the hanging wall side of the Custer vein, about 1,500 ft (457 metres) northwest of the Carrabba Portal. The newly named, Carrabba portal, is currently being developed on the footwall side of the historic Custer vein to gain access to the high-grade, and near surface mineralization, including the Parallel and Block 93 veins mentioned above.

The decision to construct a second access point via Tunnel #1 was made for several reasons:

- It will serve as a secondary escapeway which is a necessary safety precaution for all underground operations.
- It will provide manageable free airflow for ventilation when test-mining commences.
- The tunnel will provide quick access to the historic Custer workings and allow for additional exploration drilling and possibly test mining in known prospective zones.
- The Parallel Vein was discovered in the footwall of the Custer Vein. Other similar veins or a continuation of the Parallel vein may exist in the area immediately accessed by Tunnel #1.

On February 12, 2020 the Company finalized a lease agreement with an option to purchase the Paradine Mill LLC., located in Radersburg, Montana. The Paradine Mill is located 35 miles (56 km) by paved road from the Company's Winston Property.

The mill has a nameplate capacity of 150 tons per day, hosts a ball milling circuit and both a gravity and flotation circuit. This should complement the mineralized rock that is to be processed from the Parallel and Block 93 veins. The plant will be a zero-discharge facility with respect to water.

Milling operations are anticipated to come on stream by the fourth quarter of 2020. In the meantime, the Company is to execute several minor maintenance activities which will include:

- Building maintenance
- Plumbing, Painting and Demarcations
- Fine ore bin and conveyors and belt scale installation
- Electric motor testing
- Wet commissioning of mill circuit

With any re-commissioning activities there is a possibility of unseen challenges to arise. Should this occur, the Company will strive to overcome any issues in a timely and budget conscious manner.

In August 2020, the Company's underground development work reached the Parallel Vein system. Drifting will commence along the Parallel vein system with east and west headings. Initial mining rates for these drifts will vary as the Company determines the most cost effective and efficient mining and blasting procedures.

The Company extended the Carrabba tunnel 228 ft. (70 metres) further west between Block 93 and Parallel Veins. A north trending crosscut was then developed for a distance of 20 ft (6 metres) to reach the Parallel vein system. This crosscut will be extended an additional 20 ft. to access the near-surface unmined portions of the Custer Vein. Once the Custer vein is reached drifting will commence on two headings similar to the Parallel Vein.

On September 9, 2020, the Company announced that it hit a 2.5 foot (0.76 metre) drill interval that averaged 2.294 ounces per ton gold (78.65 g/t gold) within the Block 93 vein at its Winston Gold Property near Helena, Montana. This high-grade interval was hosted within a wider, 7 foot (2.13 metre), interval averaging 1.149 opt gold (39.39 g/t).

### **Block 93 drilling**

Definition drilling has been underway on the Block 93 structure in the vicinity of the current test mining operations. Results to date indicate that there is continuity of gold grades along strike. Three drill holes returned some impressive grades:

- Hole 114 intersected 8 ft (2.44 metres) averaging 0.269 opt gold (9.22 g/t gold). This included a 2 ft interval averaging 0.908 opt gold (31.13 g/t gold).
- Hole 115 hit two intervals of vein mineralization. The first cut 2 ft (0.60 metre) averaging 0.298 opt gold (10.22 g/t gold) at a down-hole depth of 317 ft. The second interval cut 7 ft (2.13 metres) averaging 1.149 opt gold (39.39 g/t gold) at a down hole depth of 336 ft. This second interval contained a 2.5 ft (0.76 metre) section averaging 2.294 opt gold (78.65 g/t gold).
- Hole 116 intersected a 3 ft (0.91 metre) interval averaging 0.087 opt gold (2.98 g/t gold), including a 1 ft (0.30 metre) interval averaging 0.249 opt gold (8.54 g/t gold).

## **Parallel Vein and Carrabba Tunnel Development**

Test mining on the Parallel Vein has advanced to the west by 75 feet (22.8 metres). This development has produced approximately 1,200 tons of lower grade material that has been stockpiled to “Bed the Mill.” This material will be used to optimize recovery procedures at the Company’s Paradine mill facility located in Radersburg Montana, is just 35 miles by paved road from the project.

The last round blasted on the Parallel Vein was a 10-by-10 ft (3-by-3 metre) round which ultimately yielded about 90 tons of rock. The face of the drift was channel sampled across its width and averaged 0.23 opt gold (7.89 g/t gold) over 9 ft. (2.7 metres) This grade was identified by a series of four channel samples. One for each of the two stringer veins and the final two for the full span of the face. All assays were done in house. The two stringer veins, each with a maximum width of 10 inches, averaged 1.257 opt gold (43.09 g/t gold) plus 10.07 opt silver (345.25 g/t silver) and 0.364 opt gold (12.48 g/t gold) and negligible silver, respectively.

Winston has also continued underground development of the Carrabba Tunnel. The 900 ft long (274 metre) access tunnel was extended an additional 35 ft (10.6 metres) on the Tunnel # 1 level (now referred to at the 4637 level) and has intersected the south western extension of the Custer Vein.

Previously drilled hole, W96, cut the Custer vein about 160 ft (48.7 metres) further southwest along strike of the current drift and about 10 ft (3 metres) below the 4637 level. It intersected a 2.5 ft (0.76 metre) interval averaging 0.385 opt gold (13.2 g/t gold).

Another previously drilled hole, W105, intersected the Custer vein about 55 ft (16.7 metres) further to the southwest along strike of the current Custer drift and 70 ft (21.3 metres) above the 4637 level. It intersected 2 ft (0.6 metre) averaging 0.186 opt gold (6.37 g/t gold).

Since the Custer Vein is situated above (in the hanging wall) of both the Block 93 and Parallel vein systems, the current underground development work in the Custer Vein system will enable one underground drill to easily drill test all three vein systems.

The Custer vein development has produced an estimated 1,990 tons of undiluted material, while the Parallel vein development has produced an estimated 2,200 tons of partially diluted mineralized material some of which was used for lining of the mill pads. The diluted material is due to the level being developed as a haulage way for stoping above. As the sill drift development advances stopes are being planned for Parallel Vein east and west and Custer west.

In total Winston has hauled to surface 4,200 tons of mineralized rock with an average grade of 0.22 opt (7.54 gpt). This amounts to approximately 924 ounces (31,674 grams) of gold. Silver values from the Custer vein are averaging 8 ounces per ton.

Underground development continues at a rate of 150 tons per day.

## **Paradine Mill Progress**

In December, 2020 the Paradine Mill began crushing and milling low-grade material. Approximately 90 tons of low-grade gold bearing material was crushed to a size of minus ½ inch mesh. The crusher was run at a rate of about 30 tons per hour and 50 tons of the crushed material was processed by the mill circuit.

A total of 76 tons of crushed low-grade material was put through the remaining milling circuit and was processed at a rate of 3.2 tons per hour over a period of 24 hours. The moisture content was calculated to be 3.7% The company has put sampling procedures in place to test both the gravity and float concentrates as well as the head feed and tails stream material.

The Paradine mill is located 35 miles (56 km) by paved road from the Company’s wholly owned Winston Gold project which is situated near Helena, Montana. The Mill has a nameplate capacity of 150 tons per day and hosts a ball milling circuit as well as both a gravity and flotation circuit. A new lined settling pond has been constructed for tailings disposal with a 35,000-ton capacity and two additional ponds are also being built.

Winston anticipates producing Doré bars on-site from the gravity circuit. These bars may be sent to Idaho for refining. Initial gold and silver concentrates will be sent to various companies for testing.

Bureau Veritas previously performed gravity and flotation tests on selected drill core from the Parallel, Custer and Block 93 vein systems. The gravity circuit alone was able to recover 5.9% gold and 1.3% silver. Flotation of the gravity tailings

recovered 86.7% gold and 85% silver and resulted in a combined gravity plus floatation recovery of 92.6% gold and 86.3% silver. Bureau Veritas stated that they believed that there was still room to improve that recovery rate.

### Sampling Methodology, Chain of Custody, Quality Control and Quality Assurance

All sampling was conducted under the supervision of the Company's project geologists and the chain of custody from the drill to the on-site sample preparation facility was continuously monitored. The samples are crushed, pulverized and the sample pulps digested and analyzed for gold using fire assay fusion and a 50 gram gravimetric finish. Any assay averaging more than 0.1 opt gold is sent to Bureau Veritas Minerals in Reno Nevada for checks. Blank or certified reference materials are inserted randomly.

The following chart details exploration and evaluation expenses for the three months ended March 31, 2021 compared to the three months ended March 31, 2020:

Categories	2021 \$	2020 \$	Change \$
<u>Holmes, Montana, USA</u>			
Advance Royalties	7,596	8,070	(474)
<u>Winston, Montana, USA</u>			
Supplies	223,162	203,459	19,703
Equipment rental	32,279	187,111	(154,832)
Geological	48,865	17,400	31,465
Water discharge	72,762	28,345	44,417
Engineering	44,088	22,056	22,032
Assays & Sampling	64,003	21,611	42,392
Camp and field costs	15,579	10,276	5,303
Drilling	338,279	78,129	260,150
Stoping	889,355	-	889,355
Mine operations	584,309	388,780	195,529
Mine safety	3,679	3,655	24
Mill lease	-	26,898	(26,898)
Ramp	320,860	201,170	119,690
Advance Royalties	18,990	20,174	(1,184)
<b>Totals Winston</b>	<b>2,656,210</b>	<b>1,209,064</b>	<b>1,447,146</b>
Hard Cash, Montana USA	1,271		1,271
Paradine Mill	473,114	-	473,114
<b>Total Expenditures</b>	<b>3,138,191</b>	<b>1,217,134</b>	<b>1,921,057</b>

### SELECTED ANNUAL INFORMATION

The following table represents selected financial information of the Company for the years ended December 31, 2018, 2019 and 2020 and should be read in conjunction with the Company's financial statements:

	December 31, 2020	December 31, 2019	December 31, 2018
	\$	\$	\$
Revenue	Nil	Nil	Nil
Income (loss) for the year	(13,157,529)	(3,562,580)	(1,783,596)
Net income (loss) for the year	(13,264,095)	(3,577,000)	(1,775,961)
Net income (loss) per share	\$(0.06)	\$(0.03)	\$(0.02)
Total assets	3,972,555	1,052,649	277,476
Long-term debt	(1,148,490)	(389,640)	(533,312)
Dividends per share	Nil	Nil	Nil

## RESULTS OF OPERATIONS

### For the three months ended March 31, 2021 and 2020

#### Revenues

The Company did not earn revenues during the three months ended March 31, 2021 (2020 - \$Nil).

#### General and administrative expenses

During the three months ended March 31, 2021 the Company recorded a loss and comprehensive loss of \$4,747,429 (\$0.013 per share) compared to a loss and comprehensive loss of \$1,997,842 (\$0.012 per share) for the three months ended March 31, 2020.

Operating expenses were \$4,733,951 (including \$3,138,191 in exploration and evaluation expenses and \$314,310 in share-based payments) for the three months ended March 31, 2021 compared to \$2,036,415 (including \$1,217,134 in exploration and evaluation expenses and \$Nil in share based payments) for the three months ended March 31, 2020.

The following chart details the operating expenses comparatives for the three months ended March 31, 2021 and March 31, 2020:

Expenses	2021 \$	2020 \$	Change \$
Office and administration	109,400	52,600	56,800
Professional and consulting fees	926,271	222,852	703,419
Travel	48,415	17,808	30,607
Management fees	120,000	60,000	60,000
Depreciation expense	55,614	28,067	27,547
Interest and accretion expense	31,850	66,612	(34,762)
Shareholder loan interest	2,201	11,349	(9,148)
Debenture bonus expense	-	154,391	(154,391)
Loss(Gain) on embedded derivative	-	(109,447)	109,447
Gain on debt settlement	(1,604)	-	(1,604)
Unrealized loss(gain) on revaluation of securities	-	113,415	(113,415)
Gain on disposal of securities	-	(84,526)	84,526
Foreign exchange loss (gain)	(10,697)	286,160	(296,857)
Total operating expenses	1,281,450	819,281	462,169
Share based payments	314,310	-	314,310
Exploration and evaluation	3,138,191	1,217,134	1,921,057
<b>Total Operating Loss</b>	<b>4,733,951</b>	<b>2,036,415</b>	<b>2,697,536</b>

## SUMMARY OF QUARTERLY RESULTS

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Earnings (loss) for the period	( 4,747,429)	( 5,272,716)	( 3,662,557)	( 2,330,980)
EPS (Basic & Diluted)	(0.013)	(0.016)	(0.014)	(0.012)
Fixed assets	1,107,678	1,155,352	1,011,506	862,359
Total assets	2,850,562	3,972,555	2,248,535	1,738,832

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Earnings (loss) for the period	( 1,997,842)	( 1,579,328)	( 1,095,621)	( 515,339)
EPS (Basic & Diluted)	(0.012)	(0.009)	(0.008)	(0.008)
Fixed assets	682,013	651,479	129,914	129,026
Total assets	949,449	1,052,649	1,271,805	314,046

As at March 31, 2021 the Company had 384,698,860 shares (\$32,542,162) issued and outstanding.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Company had working capital deficiency of \$972,111 (December 31, 2020 – deficiency of \$376,550) and an accumulated deficit of \$45,379,543 (December 31, 2020 - \$40,645,592). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on an ongoing basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the financial support of creditors and stockholders, refinancing debts payable, obtaining additional long term debt or equity financing, as well as achieving and maintaining a profitable level of operations. The Company will require additional working capital to meet operating and exploration costs for the upcoming year.

Subsequent to March 31, 2021, the Company completed the following transactions:

- a) Repaid director loans in the amount of \$45,513.
- b) Received \$387,500 pursuant to 3,875,000 warrants exercised.
- c) Received \$50,000 pursuant to 1,000,000 stock options exercised.
- d) Increased accounts receivable by \$1,851 (USD 1,500) due from a company with a director in common with the Company.

## 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 March 31, 2021, the Company incurred the following charges with related parties that include officers, directors or companies with common directors of the Company:

Included in non-interest bearing due to directors is \$22,239 (December 31, 2020 - \$79,861) due to director, CFO and President, and \$22,017 (December 31, 2020 - \$104,531) due to director and CEO. Included in 10% annual simple interest-bearing due to directors is \$138,958 (USD 110,504) (December 31, 2020 - \$138,465 (USD 108,754)) due to director and Executive Chairman.

Included in due to directors-long term is \$377,250 (USD 300,000) (December 31, 2020 - \$381,960 (USD 300,000)) 10% annual simple interest bearing loan due to director and Executive Chairman.

Included in accounts receivable is \$1,257 (USD 1,000) (2020 - \$58,586 (USD 46,015)) due from a company having the Executive Chairman as a director in common with the Company. Also included in accounts receivable is \$13,543 (2020 - \$27,086) due from companies having the Executive Chairman as a director in common with the Company.

During the year ended December 31, 2020, the Company spent \$137,323 (USD 103,273) and recovered \$200,710 (USD 153,405) regarding exploration and evaluation expenditures on behalf of a company having the Executive Chairman as a director in common with the Company. The amount recovered included use of equipment owned by and administration and assay services provided by the Company.

During the period ended March 31, 2021, management fees to directors were \$45,000 (2020 - \$30,000) to director, CFO and President, \$45,000 (2020 - \$30,000) to director and CEO and \$30,000 (2020 - \$Nil) to Executive Chairman.

During the period ended March 31, 2021, the Company accrued unsecured loan interest due to Executive Chairman in the amount of \$2,201 (USD 1,750) (2020 - \$11,349 (USD 8,000))

During the period ended March 31, 2021, the Company paid \$15,000 (2020 - \$Nil) in administration fees to director S. Stewin.

During the period ended March 31, 2021, the Company granted stock options as follows: to director Stan Stewin, 1,000,000 options with a fair value of \$110,842.

During the period ended March 31, 2020, the Company did not grant stock options to officers and directors of the Company.

During the year ended December 31, 2021 the Company granted stock options as follows: to director and CEO, 500,000 options with a fair value of \$34,885 and 1,000,000 options with a fair value of \$162,767; to director, CFO and president, 500,000 options with a fair value of \$34,885 and 1,000,000 options with a fair value of \$162,767; to director Ben Porterfield, 100,000 options with a fair value of \$6,977 and 150,000 options with a fair value of \$24,415; to director Stan Stewin, 100,000 options with a fair value of \$6,977 and 150,000 options with a fair value of \$24,415; to director Al Fabbro, 100,000 options with a fair value of \$6,977 and 150,000 options with a fair value of \$24,415, to director and Executive Chairman, 750,000 options with a fair value of \$52,329 and 1,000,000 options with a fair value of \$162,767.

## **DUE TO DIRECTORS**

As at March 31, 2021, the amounts due to directors was \$44,256 (\$22,239 to CFO and President, and \$22,017 to CEO) (December 31, 2020 - \$184,392 (\$79,891 to CFO and President and \$104,531 to CEO)). These loans are unsecured, non-interest bearing and have no fixed terms of repayment. Additional amounts due to directors were \$138,958 (USD 110,504) (December 31, 2020 - \$138,465 (USD 108,754)) simple annual interest-bearing loans at 10% due to Executive Chairman. These loans are unsecured and have no fixed terms of repayment.

During the period ended March 31, 2021, the Company repaid \$230,136 (2020 - \$45,150) in non-interest bearing director loans.

During the year ended December 31, 2020, the Company repaid \$348,430 in non-interest bearing director loans and \$615,576 (USD 469,971) in interest-bearing director loans. During the year ended December 31, 2020, 554,092 (USD 420,000) in interest-bearing director loans was advanced.

## FINANCIAL INSTRUMENTS AND RISKS

### Capital risk management

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

The Company includes 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 March 31, 2021.

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

#### *Currency risk*

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

As at March 31, 2021 the Company is exposed to currency risk through the following financial assets and liabilities denoted in United States dollars:

	<b>March 31</b>	December 31,
	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Cash	<b>159,435</b>	1,029,236
Accounts receivable	<b>1,000</b>	53,170
Deposits	<b>35,000</b>	35,000
Accounts payable and accrued liabilities	<b>84,576</b>	217,386
Debenture interest payable	<b>14,688</b>	8,648
Debenture principal	<b>968,721</b>	1,018,250
Due to directors	<b>110,504</b>	108,754
Long term loan payable to director	<b>300,000</b>	300,000
Lease liability	<b>707,612</b>	740,258

The above balances were translated into US dollars at the period-end rate of \$1.2575 (December 31, 2020 - \$1.2732) Canadian dollars to every US dollar.

Based on the above net exposures as at March 31, 2021, 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 \$125,000 (December 31, 2020 - \$81,000).

#### *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.

### *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 March 31, 2021, the Company had working capital deficiency of \$972,111 (December 31, 2020 – deficiency of \$376,550). As at March 31, 2021, the Company had cash of \$755,426 (December 31, 2020 - \$1,694,849) to settle current liabilities of \$1,831,005 (December 31, 2020 - \$2,245,207) that are considered short term and are 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 not yet earn revenue, it will be required to raise additional capital to fund exploration and operations.

### *Fair Value risk*

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

The carrying values of cash, accounts receivable, reclamation bonds, and accounts payable, accrued liabilities, interest payable, debentures payable 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.

### *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, director loans and debentures payable; therefore, its exposure to interest rate risks is insignificant. The Company's director loans and debentures payable bear a fixed interest rate.

## **Fair value hierarchy**

The three levels of the fair value hierarchy are:

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

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

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

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

## **RISKS AND UNCERTAINTIES**

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

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

Annual losses are expected to continue until the Company has an interest in a mineral property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the



continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

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

## **OUTSTANDING SHARES, STOCK OPTIONS, AND WARRANTS**

<u>Common Shares:</u>		
Issued and outstanding:	March 31, 2021	384,698,860
Issued and outstanding:	May 26, 2021	389,573,860
<u>Warrants:</u>		
Issued and outstanding:	March 31, 2021	268,690,932
Issued and outstanding:	May 26, 2021	264,815,932
<u>Stock Options:</u>		
Outstanding:	March 31, 2021	21,780,000
Outstanding:	May 26, 2021	20,780,000

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

The Company has no proposed transactions.

## **SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies and recent accounting pronouncements in the condensed interim consolidated financial statements are the same as those applied to the Company's consolidated financial statements as at and for the year ended December 31, 2020.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ended December 31, 2021.

### **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.
- iii) Deferred exploration expenses  
The Company applies judgment in assessing whether material uncertainties exist that would determine whether the Company has reached a phase of development activity whereby its exploration expenditures could be classified as assets. As at March 31, 2021, Management has determined the projects have not reached development stage.

### *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:

#### Valuation of right-of-use asset and lease liabilities

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include assessing lease agreements to determine the contract term and interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.

#### Estimating useful life of equipment

Depreciation of equipment is charged so as to write down the value of those assets to their residual value over their respective estimated useful lives. Management is required to assess the useful economic lives and residual values of the assets such that depreciation is charged on a systematic basis to the current carrying amount. The useful lives are estimated having regard to such factors such as asset maintenance, rate of technical and commercial obsolescence, and asset usage. The useful lives of key assets are reviewed annually.

#### Impairment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

#### 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.

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 is the Canadian dollar. Management also determined that the functional currency of Winston USA is the US dollar. Prior to the sale of Goldridge Holdings and its subsidiary, the Company determined that the functional currency of Goldridge is the Canadian dollar.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

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

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

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

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of consolidated financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the consolidated financial statements.

## **OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Canadian Securities Exchange at [thecse.com/en/listings/mining/winston-gold-mining-corp](http://thecse.com/en/listings/mining/winston-gold-mining-corp).

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

The auditors of the Corporation are Davidson & Company LLP Chartered Professional Accounts of Vancouver, British Columbia. The Transfer Agent and Registrar for the Common Shares of the Company is Computershare Trust Company of Canada of Vancouver, British Columbia.

## **DIRECTORS AND OFFICERS**

Joseph Carrabba, *Executive Chairman and Director*  
Murray Nye, *Chief Executive Officer and Director*  
Stanley Stewin, *Chief Financial Officer and Director*  
Ben Porterfield, *Director*  
Al Fabbro, *Director*  
Eric Mortensen, *Corporate Secretary*