

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Winston Gold Mining Corp. (the "Issuer").

Trading Symbol: WGC

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

**Financial statements for the interim period ended June 30, 2016 are attached as Schedule A.**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**Related party transactions disclosed in the Issuers financial statements, reference is made to note 12.**

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

All securities issued by the Issuer have been disclosed in the Issuer's financial statements, reference made to note 8.

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

A summary of securities has been provided in the financial statements, reference made to note 8.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Max Polinsky	Director / CFO / President
Murray Nye	Director / CEO
Ben Porterfield	Director
Allan Fabbro	Director
Megan Francis	Corporate Secretary

### SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

**MD&A for the interim period ended June 30, 2016 is attached as Schedule C.**

#### Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated October 13, 2016.

Max Polinsky  
Name of Director or Senior Officer

"Max Polinsky"  
Signature

President, CFO  
Official Capacity

<b>Issuer Details</b>		
Name of Issuer Winston Gold Mining Corp.	For Quarter Ended June 30, 2016	Date of Report 16/10/13
Issuer Address 201 – 919 Notre Dame Avenue		
City/Province/Postal Code Winnipeg, Manitoba R3E 0M8	Issuer Fax No. ( 204 )989-2433	Issuer Telephone No. ( 204 ) 989-2434
Contact Name Max Polinsky	Contact Position President	Contact Telephone No. 204-989-2434
Contact Email Address max@winstongold.com	Web Site Address	

## Schedule A

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

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars)

**(unaudited)**

**For the Six and Three Months ended June 30, 2016 and 2015**

## **Notice to Reader**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements; they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

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

<b>As at</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>		
Current assets		
Cash	\$ 16,966	\$ 1,909
Prepaid expenses and deposits (Note 4)	12,917	27,865
<b>Total current assets</b>	<b>29,883</b>	29,774
Non-current assets		
Deferred share issuance costs	-	44,766
Reclamation bonds (Note 6)	16,405	13,985
<b>Total Assets</b>	<b>\$ 46,288</b>	<b>\$ 88,525</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Notes 11,12,14)	89,295	336,199
Due to directors, current (Notes 5,12)	75,184	-
<b>Total current liabilities</b>	<b>164,479</b>	336,199
Non-current liabilities		
Due to directors, prior year (Notes 5,12)	-	77,837
Restoration liabilities (Note 6)	16,405	13,985
<b>Total Liabilities</b>	<b>180,884</b>	428,021
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (Note 8)	1,227,914	759,802
Share purchase warrants (Note 9)	53,872	-
Share subscriptions received (Note 7)	60,000	-
Deficit	(1,476,382)	(1,099,298)
<b>Total Shareholders' Equity (Deficiency)</b>	<b>(134,596)</b>	<b>(339,496)</b>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>\$ 46,288</b>	<b>\$ 88,525</b>

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

*Commitments (Note 15)*

*Subsequent events (Note 16)*

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

Approved by The Board of Directors on August 24, 2016

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

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



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

	Six months ended June 30,		Three months ended June 30,	
	2016	2015	2016	2015
<b>Expenses</b>				
Office and administrative costs	\$ 55,260	\$ 35,206	\$ 29,199	\$ 8,676
Exploration and evaluation expenses (Notes 10,12)	202,242	42,638	179,513	18,493
Professional fees	114,554	44,870	74,017	28,565
Travel	10,378	2,194	8,964	298
Loss (gain) on foreign exchange	(5,350)	14,047	1,808	(1,322)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (377,084)</b>	<b>\$ (138,955)</b>	<b>\$ (293,501)</b>	<b>\$ (54,710)</b>
<b>Basic and diluted earnings per share</b>	<b>\$(0.016)</b>	<b>\$(0.007)</b>	<b>\$(0.011)</b>	<b>\$(0.003)</b>
<b>Weighted average number of common shares outstanding</b>				
<b>Basic and diluted</b>	<b>24,141,331</b>	<b>20,134,586</b>	<b>26,972,073</b>	<b>20,689,641</b>

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

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

	Number of Shares	Share Capital	Share Purchase Warrants	Share Subscriptions Received	Deficit	Total
	(Note 8)	(Note 8)	(Note 9)	(Note 7)		
<b>Balance, December 31, 2014</b>	<b>18,470,100</b>	<b>\$ 537,502</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ (815,412)</b>	<b>(197,910)</b>
Shares issued for cash	1,450,000	145,000	-	-	-	145,000
Share subscriptions settled (Notes 7, 8)	800,000	80,000	-	(80,000)	-	-
Shares issued for Broker compensation (Note 8)	27,000	2,700	-	-	-	2,700
Share issue costs (Note 8)	-	(5,400)	-	-	-	(5,400)
Net loss and comprehensive loss for the period	-	-	-	-	(138,955)	(138,955)
<b>Balance, June 30, 2015</b>	<b>20,747,100</b>	<b>759,802</b>	<b>-</b>	<b>-</b>	<b>(954,367)</b>	<b>(194,565)</b>
Net loss and comprehensive loss for the period	-	-	-	-	(144,931)	(144,931)
<b>Balance, December 31, 2015</b>	<b>20,747,100</b>	<b>759,802</b>	<b>-</b>	<b>-</b>	<b>(1,099,298)</b>	<b>(339,496)</b>
Shares issued for cash	5,697,500	569,750	-	-	-	569,750
Shares issued for mining lease extension and option to purchase (Notes 8, 10)	1,500,000	150,000	-	-	-	150,000
Share subscriptions received (Note 7)	-	-	-	60,000	-	60,000
Warrants issued for broker compensation (Notes 8, 9)	-	-	53,872	-	-	53,872
Share issue costs (Note 8)	-	(251,638)	-	-	-	(251,638)
Net loss and comprehensive loss for the period	-	-	-	-	(377,084)	(377,084)
<b>Balance, June 30, 2016</b>	<b>27,944,600</b>	<b>\$ 1,227,914</b>	<b>\$ 53,872</b>	<b>\$ 60,000</b>	<b>\$ (1,476,382)</b>	<b>(134,596)</b>

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

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

	<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash (used in) provided by:</b>		
<b>Operating Activities</b>		
Net loss and comprehensive loss for the year	\$ (377,084)	\$ (138,955)
Shares issued for mining lease extension	150,000	-
Net changes in non-cash working capital items:		
Amounts receivable	-	2,500
Prepaid expenses and deposits	14,948	(23,885)
Accounts payable and accrued liabilities	(249,557)	(45,677)
<b>Net cash used in operating activities</b>	<b>(461,693)</b>	<b>(206,017)</b>
<b>Financing Activities</b>		
Proceeds from share issuances	503,753	145,000
Deferred share issuance costs	44,766	-
Share issuance costs	(131,769)	(2,700)
Proceeds from share subscriptions received	60,000	-
Proceeds from director loans	-	38,043
<b>Net cash provided by financing activities</b>	<b>476,750</b>	<b>180,343</b>
<b>Net change in cash</b>	<b>15,057</b>	<b>(25,674)</b>
<b>Cash, beginning of period</b>	<b>1,909</b>	<b>26,368</b>
<b>Cash, end of period</b>	<b>\$ 16,966</b>	<b>\$ 694</b>

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

# **Winston Gold Mining Corp.**

(An Exploration Stage Company)

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

**For the six and three months ended June 30, 2016 and 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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

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

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

The unaudited condensed interim consolidated financial statements of the Company were approved by the Board of Directors on August 24, 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 six months ended June 30, 2016, the Company incurred a net loss of \$377,084 (December 31, 2015 - \$283,886), and as of that date, the Company had a deficit of \$1,476,382 (December 31, 2015 - \$1,099,298), working capital deficit of \$134,596 (December 31, 2015 - \$306,425) and negative cash flow from operations of \$461,693 (2015 - \$160,036).

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

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

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

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

## **Winston Gold Mining Corp.**

(An Exploration Stage Company)

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

**For the six and three months ended June 30, 2016 and 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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

### **Statement of Compliance (cont'd)**

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

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

### **Basis of Measurement**

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

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

### **Basis of Consolidation**

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

All intercompany transactions and balances are eliminated on consolidation.

### **Deferred Share Issuance Costs**

Deferred share issuance costs relate directly to the issuance of shares by the Company, as disclosed in Note 8. Upon successful completion of the initial public offering on March 23, 2016, the costs were charged against capital stock.

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

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

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

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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

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

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

#### Share-based payments

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

#### Recovery of deferred tax assets

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

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

#### Determination of functional currency

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

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

## 3. RECENT ACCOUNTING POLICY

### Warrants issued in equity financing transactions

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

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

The relative fair value of the Warrant component of a unit is credited to share purchase warrants and the relative 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 and accounted for as share issue costs.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

#### 4. PREPAID EXPENSES AND DEPOSITS

	June 30, 2016	December 31, 2015
Prepaid Expenses	\$ -	\$ 900
Deposits	\$ <u>12,917</u>	\$ <u>26,965</u>
<b>Total prepaid expenses and deposits</b>	<b>\$ <u>12,917</u></b>	<b>\$ <u>27,865</u></b>

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

Amounts due to directors are non-interest bearing, unsecured and the directors do not intend to require repayment until after March 31, 2017; therefore, these loans are reclassified as current liabilities during the period ended June 30, 2016.

During the six months ended June 30, 2016, the Company's director loans were revalued to \$75,184 (a reduction of \$2,654) reflecting the change in US exchange on director loans in US funds. No additional funds were received. During the year ended December 31, 2015, the Company received \$77,837 in director loans. The directors did not intend to require repayment within the next 12 months subsequent to December 31, 2015.

#### 6. RESTORATION LIABILITIES AND RECLAMATION BONDS

As at June 30, 2016, management estimated site restoration costs relating to evaluation work completed on the exploration of the Winston property to be \$16,405 (\$12,700 US) (December 31, 2015 - \$13,985 (\$12,700US)) which has been accrued. These costs are estimated by management and approved by the Montana Department of Environmental Quality ("DEQ"). The Company is required to issue reclamation bonds to the DEQ to cover these estimated restoration costs.

The reclamation bonds issued relating to this exploration amount to \$16,405 (\$12,700 US) (December 31, 2015 - \$13,985 (\$12,700US)). The reclamation bonds will be returned to the Company upon the DEQ being satisfied with the site restoration work performed.

#### 7. SHARE SUBSCRIPTIONS

On May 4, 2016, the Company received \$10,000 (7,884US) and on May 25, 2016, the Company received \$50,000 (2015 - \$Nil) for Units to be issued at a value of \$0.10 each. These Units were issued on August 3, 2016 (Note 16).

During the year ended December 31, 2014, the Company received \$80,000 for Class A Common shares to be issued at a value of \$0.10 each. 700,000 of the shares due as at December 31, 2014 were issued on February 11, 2015. 100,000 of the shares due as at December 31, 2014 were issued on March 30, 2015 (Note 8).

# Winston Gold Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

### 8. SHARE CAPITAL

#### Authorized

Unlimited Class A Common shares, voting

Unlimited Class B Common shares, non-voting

Unlimited Class A Preference shares, voting, redeemable

Unlimited Class B Preference shares, non-voting, redeemable

Unlimited Class C Preference shares, non-voting, redeemable

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

	Number of Shares		Value
<b>Balance, December 31, 2014</b>	<b>18,470,100</b>	<b>\$</b>	<b>537,502</b>
Shares issued for cash <sup>(a-d)</sup>	2,250,000		225,000
Broker shares issued <sup>(b)</sup>	27,000		2,700
Share issue costs <sup>(b)</sup>	-		(5,400)
<b>Balance, December 31, 2015</b>	<b>20,747,100</b>	<b>\$</b>	<b>759,802</b>
Shares issued for cash <sup>(e)</sup>	5,697,500		569,750
Shares issued for mining lease extension <sup>(f)</sup>	1,500,000		150,000
Share issue costs <sup>(e,g)</sup>			(251,638)
<b>Balance, June 30, 2016</b>	<b>27,944,600</b>	<b>\$</b>	<b>1,227,914</b>

#### December 31, 2015:

- On February 11, 2015 the Company issued 1,730,000 Class A common shares at a subscription price of \$0.10 for each common share for proceeds of \$173,000. 700,000 of these shares were in settlement of share subscriptions received as at December 31, 2014 (Note 7).
- On February 25, 2015, the Company issued 270,000 Class A common shares at a subscription price of \$0.10 for each common share for gross proceeds of \$27,000. As part of the financing, the broker received, for no cash consideration, 27,000 Class A common shares valued at \$0.10 per share. In addition, broker fees in the amount of \$2,700 were paid by the Company.
- On March 30, 2015, the Company issued 150,000 Class A common shares at a subscription price of \$0.10 for each common share for proceeds of \$15,000. 100,000 of these shares were in settlement of subscriptions received as at December 31, 2014 (Note 7).
- On April 15, 2015, the Company issued 100,000 Class A common shares at a subscription price of \$0.10 for each common share for proceeds of \$10,000.



## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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

June 30, 2016:

- e) On March 23, 2016 the Company completed its initial public offering ("IPO") of Class A Common shares. The Company issued 5,697,500 Class A common shares at a price of \$0.10 for each common share for gross proceeds of \$569,750. The Company paid a 10% cash commission to the agent in the amount of \$56,975. The Company issued 569,750 compensation warrants at a price of \$0.10 per warrant for a period of 5 years from closing of the IPO.
- f) On May 30, 2016, the Company issued 1,500,000 Class A common shares at a value of \$0.10 for each common share to extend a mining lease agreement with an option to purchase for a total value of \$150,000 (Note 10).
- g) Share issue costs associated with the above financings total \$251,638 consisting of broker compensation warrants and broker and legal fees.

#### 9. WARRANTS

During the six months ended June 30, 2016, the Company granted 569,750 common share purchase warrants in connection with the Company's Initial Public Offering.

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

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

Expiry Date	Exercise price	December 31, 2015	Granted	Exercised	Expired	June 30, 2016	Exercisable
March 23, 2021	\$ 0.10	-	569,750	-	-	569,750	569,750

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

Number of Warrants	Exercise Price	Expiry Date	Fair Value
569,750 (i)	\$0.10	March 23, 2021	\$ 53,872
<b>569,750</b>			<b>\$ 53,872</b>

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

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

#### 9. WARRANTS (cont'd)

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

	March 23, 2016
Share Price	\$ 0.10
Risk-free interest rate	0.64%
Expected life of warrants	5 years
Volatility	294%
Dividend rate	0.0%
Fair value per warrant	\$ 0.0946

#### 10. EXPLORATION AND EVALUATION EXPENSES

Properties, Montana USA	Six months ended June 30, 2016	Three months ended June 30, 2016	Year Ended December 31, 2015	Six months ended June 30, 2015	Three months ended June 30, 2015
Holmes Property <sup>(a)</sup>	\$ 9,058	\$ 3,863	\$ 14,067	\$ 7,481	\$ 3,687
Winston Property <sup>(b)</sup>	193,184	175,650	64,660	35,157	14,806
	\$ 202,242	\$ 179,513	\$ 78,727	\$ 42,638	\$ 18,493

(a) Holmes Property:

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

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of \$1,000US monthly from June 2014 to May 2019 [Paid - \$31,995 (26,000US) to June 30, 2016]. The H Lease is renewable for additional 5 year terms at \$20,000US per renewal with an advanced royalty payment of \$2,000US monthly.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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

(a) Holmes Property (cont'd):

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

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

(b) Winston Property:

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

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of \$1,000US monthly from August to October 2014 [Paid \$3,300 (\$3,000US)] and \$2,500US monthly from November 2014 to July 2019 [Paid \$66,665 (\$52,500US) to June 30, 2016] based on minimum quarterly expenditures on the property of \$50,000US or \$200,000US annually [Paid \$447,135 (\$384,047US)].

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

On May 18, 2016, the Company amended the W Lease. The amendment extends the W Lease for an additional 10 years until July 15, 2034 with \$20,000US due at the end of each 5 year period and the continuation of advanced royalty payments of \$5,000US monthly. For consideration of 1,500,000 common shares in the Company valued at \$150,000 (Note 8), the amendment superseded the number of contiguous patented lode mining claims to thirteen (13) and the Company acquired the option to purchase the thirteen (13) Leased claims and the subsurface rights in the Leased property as well as 100 acres of the Company's choice out of 400 acres of land held by Winston for a purchase price of \$2,000,000US. Winston has the right to buy back all rights and terminate the W Lease for \$1US where there is a cessation of all mining, mineral exploration and mineral processing activities for a period of five (5) consecutive years.

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

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

## **Winston Gold Mining Corp.**

(An Exploration Stage Company)

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

**For the six and three months ended June 30, 2016 and 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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#### **11. DEBT SETTLEMENT**

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

#### **12. RELATED PARTY TRANSACTIONS**

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

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

Included in accounts payable and accrued liabilities is \$12,091 [\$9,361 US] (December 31, 2015 - \$10,373 [\$7,495 US]) and \$19,777 (December 31, 2015 - \$74,988) due to directors of the Company. (See Note 5 for amounts due to directors).

#### **13. CAPITAL RISK MANAGEMENT**

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

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

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

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

#### **14. 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.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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

a) Market risk:

Currency risk:

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

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

	<b>June 30, 2016</b>	December 31, 2015
Cash	\$ 291	\$ 102
Prepaid expenses and deposits	\$ 10,000	\$ 10,000
Accounts payable and accrued liabilities	\$ 22,579	\$ 77,537
Due to directors	\$ 28,753	\$ 28,753

The above balances were translated into US dollars at the period-end rate of \$1.2917 (December 31, 2015 - \$1.3840) Canadian dollars to every US dollar.

Based on the above net exposures as at June 30, 2016, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately \$2,650 (2015 - \$6,650).

b) Liquidity risk:

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

As at June 30, 2016, the Company had a working capital deficit of \$134,596 (December 31, 2015 - \$306,425). As at June 30, 2016, the Company had cash of \$16,966 (December 31, 2015 - \$1,909) to settle current liabilities of \$164,479 (December 31, 2015 - \$336,199) that are considered short term and expected to be settled within 30 to 90 days.

As a result, the Company has liquidity risk at this time and will be required to raise additional capital to fund exploration and operations.

## Winston Gold Mining Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Consolidated Financial Statements

For the six and three months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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

b) Fair value risk:

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

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

c) Credit risk:

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

#### 15. COMMITMENTS

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

2016	\$ 4,500
2017	1,800
<b>Total</b>	<b>\$ 6,300</b>

#### 16. SUBSEQUENT EVENTS

- a) On August 3, 2016, the Company closed a non-brokered private placement consisting of 1,000,000 Units at \$0.10 per Unit for gross proceeds of \$100,000. 600,000 of these Units were in settlement of share subscriptions due in the amount of \$60,000 (Note 7). Each Unit consists of one Class A common share plus one Class A common share purchase warrant with a relative fair value of \$0.04764 per warrant. Each share purchase warrant entitles the holder to acquire one additional Class A common share at a price of \$0.20 for a period of 24 months after closing. In connection with the above financing, finder's fees in the amount of \$3,200 were paid and 40,000 finder's warrants exercisable at a price of \$0.20 for a period of 24 months after closing were issued with a fair value of \$0.182 per warrant.

# Schedule C

## WINSTON GOLD MINING CORP.

### Management Discussion and Analysis

For the six and three months ended June 30, 2016 and 2015

Dated August 24, 2016

(Form 51-102F1)

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#### INTRODUCTION

*The following Management Discussion and Analysis (“MD&A”) of Winston Gold Mining Corp. (the “Company” or “Winston”) has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of August 24, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the six and three months ended June 30, 2016 and 2015 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 financial statements and the related MD&A for the year ended December 31, 2015 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 2016 and 2015 has been prepared in accordance with IFRS. All monetary amounts are expressed in Canadian dollars, the presentation and functional currency of the Company, unless otherwise indicated.*

#### FORWARD LOOKING STATEMENTS

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

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

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

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

## **OVERVIEW**

### **Description of the business**

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

At June 30, 2016, the Company reported a working capital deficit of \$134,596 (December 31, 2015 – \$306,425) 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 June 30, 2016 the Company had not yet achieved profitable operations, has accumulated losses of \$1,476,382 (December 31, 2015 - \$1,099,298) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, the attainment of profitable operations and external financings.

### **SIGNIFICANT EVENTS**

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

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

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

### **OVERALL PERFORMANCE**

In summary, the Company's financial performance increased over the six months ended June 30, 2016 compared to the year ended December 31, 2015. Working capital increased by \$171,829 from a working capital deficit of (\$306,425) at December 31, 2015 to a working capital deficit of (\$134,596) at June 30, 2016. The increase over the period is mainly attributed to:

- Net proceeds from share issuances of \$371,984 (Jan-Jun, 2015 - \$142,300).
- Proceeds from share subscriptions due of \$60,000 (Jan-Jun, 2015 - \$Nil)
- Realization of deferred share issuance costs \$44,766 (Jan-Jun, 2015 - \$Nil).
- Proceeds from director loans of \$Nil (Jan-Jun, 2015 - \$73,956).
- Reclassification of long term director loans to short term \$75,184 (Jan-Jun, 2015 \$Nil)
- Expending \$52,242 on exploration and evaluation (Jan-Jun, 2015 - \$42,638).
- Expending \$114,554 on legal, audit and accounting and professional fees (Jan-Jun, 2015 - \$44,870).
- Expending \$62,941 on administrative, office and travel expenses (Jan-Jun, 2015 - \$51,447).



## **EXPLORATION ACTIVITIES**

### **Area and Location**

The five (5) unpatented (Holmes Property) and 16 patented (Winston Property) claims cover an area of 205 acres in the historic Winston Mining District and are located within Township 8 North and Ranges 1 West and 1 East of the United States Public Land Survey System. The center of the Winston Gold Project is approximately located at coordinates 446470 meters East, 5143825 meters North; NAD1983, UTM Zone 12N in the northeastern Elkhorn Mountains, Broadwater County, Montana, USA. The Winston area is about 18 straight-line miles (30 kilometers) southeast of Helena, the capital city of Montana and about 2 miles (3 kilometers) southwest of the small community of Winston, Montana.

### **Claims and Title**

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

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

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

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of \$1,000US monthly from August to October 2014 [Paid \$3,300 (\$3,000US)] and \$2,500US monthly from November 2014 to July 2019 [Paid \$66,665 (\$52,500US) to June 30, 2016] based on minimum quarterly expenditures on the property of \$50,000US or \$200,000US annually [Paid \$447,135 (\$384,047US)].

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

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

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

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

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

On May 14, 2014, the Company entered into a five-year Mining Lease Agreement ("H Lease") with Marcus P. Holmes ("Holmes"), an arm's length party, whereby Holmes leased five (5) unpatented mining claims located in Broadwater County, Montana, USA to the Company for exploration. Per the terms of the agreement, the Company will keep the

minerals extracted except oil and gas. To explore the property, the Company paid Holmes an advance royalty payment of \$11,191 (\$10,000US) and issued 1,000,000 common shares valued at \$100,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of \$1,000US monthly from June 2014 to May 2019 [Paid - \$31,995 (26,000US) to June 30, 2016]. The H Lease is renewable for additional 5 year terms at \$20,000US per renewal with an advanced royalty payment of \$2,000US monthly.

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

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

The following are the Winston 2014 Drill Intercepts:

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

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

The following chart details exploration and evaluation expenses for the six months ended June 30, 2016 compared to the six months ended June 30, 2015:

Categories	2016 \$	2015 \$	Change \$
<u>Holmes, Montana, USA</u>			
Advance Royalties	9,058	7,481	1,577
<b>Totals Holmes</b>	<b>9,058</b>	<b>7,481</b>	<b>1,577</b>

<u>Winston, Montana, USA</u>			
Shares issued	150,000	-	150,000
Mapping	248	3,628	(3,380)
Geological	3,720	-	3,720
Excavation	4,137	2,504	1,633
Assays & Sampling	1,391	-	1,391
Camp and field costs	829	2,920	(2,091)
Advance Royalties	22,645	18,698	3,947
Consulting	10,214	7,407	2,807
<b>Totals Winston</b>	<b>193,184</b>	<b>35,157</b>	<b>158,027</b>
<b>Total Expenditures</b>	<b>202,242</b>	<b>42,638</b>	<b>159,604</b>

The following chart details exploration and evaluation expenses for the three months ended June 30, 2016 compared to the three months ended June 30, 2015:

Categories	2016 \$	2015 \$	Change \$
<u>Holmes, Montana, USA</u>			
Advance Royalties	3,863	3,687	176
<b>Totals Holmes</b>	<b>3,863</b>	<b>3,687</b>	<b>176</b>
<u>Winston, Montana, USA</u>			
Acquisition costs	150,000	-	150,000
Mapping	124	860	(736)
Geological	1,767	-	1,767
Excavation	3,488	-	3,488
Camp and field costs	399	2,313	(1,914)
Advance Royalties	9,658	9,213	445
Consulting	10,214	2,419	7,795
<b>Totals Winston</b>	<b>175,650</b>	<b>14,805</b>	<b>160,845</b>
<b>Total Expenditures</b>	<b>179,513</b>	<b>18,492</b>	<b>161,021</b>

## SELECTED ANNUAL INFORMATION

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

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

## RESULTS OF OPERATIONS

### For the six months ended June 30, 2016 and 2015

#### Revenues

The Company did not earn revenues during the six months ended June 30, 2016 (Jan-Jun, 2015 - \$Nil).

#### General and administrative expenses

During the six months ended June 30, 2016 the Company recorded a loss of \$377,084 (\$0.016 per share) compared to a loss of \$138,955 (\$0.007 per share) for the six months ended June 30, 2015.

Operating expenses were \$377,084 (including \$202,242 in exploration and evaluation expenses) for the six months ended June 30, 2016 compared to \$138,955 (including \$42,638 in exploration and evaluation expenses) for the six months ended June 30, 2015.

The following chart details the operating expenses comparatives for the six months ended June 30, 2016 and June 30, 2015:

	2016	2015	Change
Expenses	\$	\$	\$
Accounting and audit	11,937	20,007	(8,070)
Legal	1,056	22,238	(21,182)
Travel	10,378	2,194	8,184
Office and general	29,766	12,921	16,845
Filing and transfer fees	61,552	2,625	58,927
Marketing	52,500	-	52,500
Investor relations	3,913	13,188	(9,275)
Postage and delivery	340	360	(20)
Rent	6,300	6,300	-
Bank service charges	2,450	2,437	13
FX translation	(5,350)	14,047	(19,397)
Total operating expenses	174,842	96,317	78,525
Exploration and evaluation	202,242	42,638	159,604
Total Loss	377,084	138,955	238,129

- The Company incurred accounting and audit expenditures in the amount of \$11,937 in the current period compared to \$20,007 in the previous period. The Company incurred filing and transfer fees expenses in the amount of \$61,552 in the current period compared to \$2,194 in the previous period. The Company incurred marketing expenses in the amount of \$52,500 in the current period compared to \$Nil in the previous period. The Company incurred office and general expenditures in the amount of \$29,766 in the current period compared to \$12,921 in the previous period.

#### For the three months ended June 30, 2016 and 2015

##### Revenues

The Company did not earn revenues during the three months ended June 30, 2016 (Jan-Jun, 2015 - \$Nil).

##### General and administrative expenses

During the three months ended June 30, 2016 the Company recorded a loss of \$293,501 (\$0.011 per share) compared to a loss of \$54,710 (\$0.003 per share) for the three months ended June 30, 2015.

Operating expenses were \$293,501 (including \$179,513 in exploration and evaluation expenses) for the three months ended June 30, 2016 compared to \$54,710 (including \$18,493 in exploration and evaluation expenses) for the three months ended June 30, 2015.

The following chart details the operating expenses comparatives for the three months ended June 30, 2016 and June 30, 2015:

Expenses	2016 \$	2015 \$	Change \$
Accounting and audit	6,488	4,007	2,481
Legal	545	21,933	(21,388)
Travel	8,964	298	8,666
Office and general	11,538	4,226	7,312
Filing and transfer fees	24,210	2,625	21,585
Marketing	52,500	-	52,500
Investor relations	3,901	45	3,856
Postage and delivery	169	233	(64)
Rent	2,700	2,700	-
Bank service charges	1,165	1,472	(307)
FX translation	1,808	(1,322)	3,130
Total operating expenses	113,988	36,217	77,771
Exploration and evaluation	179,513	18,493	161,020
Total Loss	293,501	54,710	238,791

- The Company incurred accounting and audit expenditures in the amount of \$6,488 in the current period compared to \$4,007 in the previous period. The Company incurred filing and transfer fees expenses in the amount of \$24,210 in the current period compared to \$2,625 in the previous period. The Company incurred marketing expenses in the amount of \$52,500 in the current period compared to \$Nil in the previous period. The Company incurred office and general expenditures in the amount of \$11,538 in the current period compared to \$4,226 in the previous period.

## SUMMARY OF QUARTERLY RESULTS

	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Earnings (loss) for the period	( 293,501)	( 83,583)	( 55,050)	( 89,881)
EPS (Basic & Diluted)	(0.011)	(0.004)	(0.003)	(0.011)
Fixed assets	-	-	-	-
Total assets	46,288	395,617	88,525	119,811

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Earnings (loss) for the period	( 54,710)	( 84,245)	( 705,242)	( 92,974)
EPS (Basic & Diluted)	(0.003)	(0.004)	(0.04)	(0.21)
Fixed assets	-	-	-	-
Total assets	120,132	136,153	124,421	100,253

As at June 30, 2016 the Company had 27,944,600 shares (\$1,227,914) issued and outstanding.

## LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2016, the Company had a working capital deficit of \$134,596 (December 31, 2015 - \$306,425) and an accumulated deficit of \$1,476,382 (December 31, 2015 - \$1,099,298). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on an ongoing basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the financial support of creditors and stockholders, refinancing debts payable, obtaining additional long term debt or equity financing, as well as achieving and maintaining a profitable level of operations. The Company believes it will require additional working capital to meet operating and exploration costs for the upcoming year.

Subsequent to the six months ended June 30, 2016, the Company completed the following transactions:

- a) On August 3, 2016, the Company closed a non-brokered private placement consisting of 1,000,000 Units at \$0.10 per Unit for gross proceeds of \$100,000. 600,000 of these Units were in settlement of share subscriptions due in the amount of \$60,000. Each Unit consists of one Class A common share plus one Class A common share purchase warrant with a relative fair value of \$0.04764 per warrant. Each share purchase warrant entitles the holder to acquire one additional Class A common share at a price of \$0.20 for a period of 24 months after closing. In connection with the above financing, finder's fees in the amount of \$3,200 were paid and 40,000 finder's warrants exercisable at a price of \$0.20 for a period of 24 months after closing were issued with a fair value of \$0.182 per warrant.

## 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 six months ended June 30, 2016, the Company incurred the following charges with related parties that include officers, directors or companies with common directors of the Company:

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

Included in accounts payable and accrued liabilities is \$12,091 [\$9,361US] (December 31, 2015 - \$10,373 [\$7,495 US]) due to directors of the Company (B. Porterfield- \$Nil (December 31, 2015 - \$7,467 [\$5,395 US]); CEO \$646 [\$500US] (December 31, 2015 - \$692 [\$500 US]); CFO \$11,445 [8,861US] (December 31, 2015 - \$2,214 [\$1,600 US]).

Included in accounts payable and accrued liabilities is \$19,777 (December 31, 2015 - \$74,988) due to directors of the Company (CEO - \$19,777 [December 31, 2015 - \$29,477]; CFO - \$Nil [December 31, 2015 - \$45,511]).

## DUE TO DIRECTORS

Amounts due to directors are non-interest bearing, unsecured and the directors do not intend to require repayment until after March 31, 2017; therefore, these loans are reclassified as current liabilities during the period ended June 30, 2016.

During the six months ended June 30, 2016, the Company's director loans were revalued to \$75,184 (a reduction of \$2,654) reflecting the change in US exchange on director loans in US funds (B. Porterfield). No additional funds were received. The reclassified short term amounts due directors consist of \$37,141 (\$28,753US) to B. Porterfield (2015 - \$Nil short term); \$17,500 to CEO (2015 - \$Nil short term) and \$20,542 to CFO (\$Nil short term).

During the year ended December 31, 2015, the Company received \$77,837 [B. Porterfield - \$39,795 {\$28,753 US}; CEO - \$17,500; CFO - \$20,542] in director loans. The directors did not intend to require repayment within the next 12 months subsequent to December 31, 2015.

## FINANCIAL INSTRUMENTS AND RISKS

### Capital risk management

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

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

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

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

### *Currency risk*

Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies. The Company's functional and presentation currency is the Canadian dollar.

As at June 30, 2016 the Company is exposed to currency risk through the following financial assets and liabilities denoted in United States dollars:

	<b>June 30, 2016</b>	December 31, 2015
Cash	<b>\$ 291</b>	\$ 102
Prepaid expenses and deposits	<b>\$ 10,000</b>	\$ 10,000
Accounts payable and accrued liabilities	<b>\$ 22,579</b>	\$ 77,537
Due to directors	<b>\$ 28,753</b>	\$ 28,753

The above balances were translated into US dollars at the period-end rate of \$1.2917 (December 31, 2015 - \$1.3840) Canadian dollars to every US dollar.

Based on the above net exposures as at June 30, 2016, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately \$2,650 (2015 - \$6,650).

#### *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 June 30, 2016, the Company had a working capital deficit of \$134,596 (December 31, 2015 – \$306,425). As at June 30, 2016, the Company had cash of \$16,966 (December 31, 2015 - \$1,909) to settle current liabilities of \$164,479 (December 31, 2015 - \$336,199) 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 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, reclamation bonds, bank overdraft and accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments.

#### **Fair value hierarchy**

The three levels of the fair value hierarchy are:

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

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

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

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



## RISKS AND UNCERTAINTIES

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

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

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

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

## OUTSTANDING SHARES, STOCK OPTIONS, AND WARRANTS

### Common Shares:

Issued and outstanding:	June 30, 2016	27,944,600
Issued and outstanding:	August 24, 2016	28,944,600

### Warrants:

Issued and outstanding:	June 30, 2016	569,750
Issued and outstanding:	August 24, 2016	1,609,750

### Stock Options:

Outstanding:	June 30, 2016	Nil
Outstanding:	August 24, 2016	Nil

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## PROPOSED TRANSACTIONS

The Company has no proposed transactions.

## SIGNIFICANT ACCOUNTING POLICIES

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

## RECENT ACCOUNTING POLICY

### Warrants issued in equity financing transactions

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

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

The relative fair value of the Warrant component of a unit is credited to share purchase warrants and the relative 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 and accounted for as share issue costs.

## CRITICAL ACCOUNTING ESTIMATES

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

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

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

### Share-based payments

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

### Recovery of deferred tax assets

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

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

### Determination of functional currency

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

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

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information

contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

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

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

## **OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

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

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

## **DIRECTORS AND OFFICERS**

Max Polinsky, *President, Chief Financial Officer and Director*  
Murray Nye, *Chief Executive Officer and Director*  
Ben Porterfield, *Director*  
Al Fabbro, *Director*  
Megan Francis, *Corporate Secretary*