

WINSTON RESOURCES INC.
Condensed Interim Financial Statements
For the Three and Six Months Ended January 31, 2020 and 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Winston Resources Inc.

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	January 31, 2020	July 31, 2019
ASSETS		
Current assets		
Cash	\$ 197,068	\$ 487,006
Prepaid expenses	10,750	3,183
GST recoverable	78,324	72,141
Total current assets	286,142	562,330
Total assets	\$ 286,142	\$ 562,330
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 88,420	\$ 130,333
Total current liabilities	88,420	130,333
Shareholders' equity		
Share capital (note 7)	11,626,320	11,626,320
Reserves (note 7)	2,331,049	2,331,049
Deficit	(13,759,647)	(13,525,372)
Total shareholders' equity	197,722	431,997
Total liabilities and shareholders' equity	\$ 286,142	\$ 562,330

Nature of Operations (note 1)

Going Concern Assumption (note 2)

Approved on behalf of the Board of Directors:

"Quinn Field-Dyte" (signed)
Quinn Field-Dyte, Director

"Richard Grieve" (signed)
Richard Grieve, Director

The notes to the condensed interim financial statements are an integral part of these statements.

Winston Resources Inc.

Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended January 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Operating expenses				
Advertising and promotion	\$ 275	\$ -	\$ 275	\$ -
Bank service expenses	473	131	586	196
Consulting expenses (note 6)	125,800	34,000	200,300	66,870
Filing and listing fees	7,418	5,873	10,393	8,903
Office and rent expenses	3,575	8,945	5,136	16,129
Management fees	1,500	-	6,000	-
Professional fees (recovery)	(885)	10,200	(885)	55,673
Transfer agent fees	993	982	1,668	1,894
Travel expenses	8,622	2,593	9,323	3,550
	(147,771)	(62,724)	(232,796)	(153,215)
Other item				
Foreign exchange loss	(1,238)	-	(1,479)	-
Net loss and comprehensive loss for the period	\$ (149,009)	\$ (62,724)	\$ (234,275)	\$ (153,215)
Basic and diluted loss per share (note 7)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	25,133,840	25,133,840	25,133,840	25,133,840

The notes to the condensed interim financial statements are an integral part of these statements.

Winston Resources Inc.

Condensed Interim Statements of Cash Flows

For the Six Months Ended January 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

	Six Months Ended January 31,	
	2020	2019
Operating activities		
Net loss for the period	\$ (234,275)	\$ (153,215)
Net changes in non-cash working capital:		
GST recoverable	(6,183)	(5,942)
Prepaid expenses	(7,567)	(3,000)
Accounts payable and accrued liabilities	(41,913)	(59,235)
Net cash used in operating activities	(289,938)	(221,392)
Net change in cash	(289,938)	(221,392)
Cash, beginning of period	487,006	869,693
Cash, end of period	\$ 197,068	\$ 648,301

The notes to the condensed interim financial statements are an integral part of these statements.

Winston Resources Inc.

Statements of Changes in Shareholders' Equity
For the Six Months Ended January 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

	Common Share Capital		Preferred Share Capital	Subscription Receivable	Reserves			Accumulated Deficit	Total
	Number of Shares	Amount			Warrants	Contributed Surplus	Total Reserves		
Balance, July 31, 2018	25,133,840	\$10,984,476	\$671,844	\$(30,000)	\$1,820,049	\$ 511,000	\$2,331,049	\$(13,179,595)	\$ 777,774
Net loss for the period	-	-	-	-	-	-	-	(153,215)	(153,215)
Balance, January 31, 2019	25,133,840	\$10,984,476	\$671,844	\$(30,000)	\$1,820,049	\$ 511,000	\$2,331,049	\$(13,332,810)	\$ 624,559
Balance, July 31, 2019	25,133,840	\$10,984,476	\$671,844	\$(30,000)	\$ -	\$ 2,331,049	\$2,331,049	\$(13,525,372)	\$ 431,997
Net loss for the period	-	-	-	-	-	-	-	(234,275)	(234,275)
Balance, January 31, 2020	25,133,840	\$10,984,476	\$671,844	\$(30,000)	\$ -	\$ 2,331,049	\$2,331,049	\$(13,759,647)	\$ 197,722

The notes to the condensed interim financial statements are an integral part of these statements.

Winston Resources Inc.

Notes to Condensed Interim Financial Statements

For the Three and Six Months Ended January 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Operations

Winston Resources Inc. (“Winston” or the “Company”) is incorporated under the laws of the province of British Columbia. Winston was an exploration stage company engaged in the acquisition and exploration of mineral resource properties in Canada. As of January 31, 2020, the Company has entered into a binding letter agreement to effect a business combination with PlantX Life Inc. (Note 8)

Winston is a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario whose common shares are listed for trading on the CSE under the symbol “WRW”. The head office of the Company is located at 400 - 837 West Hastings St., Vancouver, BC, V6C 3N6, Canada.

2. Going Concern Assumption

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards (“IFRS”). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, which casts significant doubt about the Company’s ability to continue as a going concern.

Management’s current strategy is careful cost control while pursuing opportunities within various market sectors. Management recognizes the Company’s need to increase its cash reserves in the coming year if it intends to adhere to its plans and has evaluated its potential sources of funds. Although management intends to assess and act on these options throughout the course of the year, there can be no assurance that the steps management take will be successful.

In the event that cash flow from operations, together with the proceeds from any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company’s best interest. This may result in a significant reduction in the scope of existing and planned operations.

As at January 31, 2020, the Company has not generated any revenues from operations and has a deficit of \$13,759,647 (July 31, 2019 - \$13,525,372). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accordingly, these condensed interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim financial statements. These adjustments could be material.

Winston Resources Inc.

Notes to Condensed Interim Financial Statements

For the Three and Six Months Ended January 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Statement of Compliance and Basis of Presentation

(a) Statement of compliance

The unaudited condensed interim financial statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB"). The board of directors approved the condensed interim financial statements on March 20, 2020.

These condensed interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2019.

(b) Basis of presentation

These condensed interim financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be carried at fair value and have been prepared using the accrual basis of accounting, except for cash flow information.

4. Significant Accounting Policies

Future accounting pronouncements

There are no other IFRS or International Financial Reporting Interpretations Committee interpretation that are not yet effective that are expected to have a material impact on the Company's financial statements.

5. Accounts Payable and Accrued Liabilities

	As at January 31, 2020	As at July 31, 2019
Accounts payable (note 6)	\$ 88,420	\$ 120,133
Accrued liabilities	-	10,200
	\$ 88,420	\$ 130,333

6. Related Party Transactions and Disclosures

The following transactions occurred between related parties during the six months ended January 31, 2020 and 2019:

	2020	2019
Management fees paid to a former director	\$ 6,000	\$ -
Consulting fees paid to the CEO and directors	37,050	21,870
Consulting fees paid to companies controlled by directors	19,250	-
	\$ 62,300	\$ 21,870

The following transactions occurred between related parties during the three months ended January 31, 2020 and 2019:

	2020	2019
Management fees paid to a director	\$ 1,500	\$ -
Consulting fees paid to the CEO and directors	13,800	13,870
Consulting fees paid to companies controlled by directors	11,500	-
	\$ 26,800	\$ 13,870

As at January 31, 2020, \$17,625 (July 31, 2019 - \$2,255) was payable to related parties (note 5).

Winston Resources Inc.

Notes to Condensed Interim Financial Statements

For the Three and Six Months Ended January 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

7. Share Capital and Reserves

Share capital

The Company's authorized share capital consists of:

- an unlimited number of common shares without par value; and
- an unlimited number of preferred shares without special rights or restrictions attached. A total of 671,844 preferred shares with a value of \$671,844 are issued and outstanding as of January 31, 2020.

There were no common and preferred shares issued during the six months ended January 31, 2020 and year ended July 31, 2019.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three and six months ended January 31, 2020 was based on the loss attributable to common shareholders of \$149,009 and \$234,275, respectively (three and six months ended January 31, 2019 - \$62,724 and \$153,215) and the weighted average number of common shares outstanding of 25,133,840 (2019 - 25,133,840). Diluted loss per share did not include the effect of nil options (2019 - nil) and nil warrants (2019 - nil) as they are anti-dilutive.

Stock options

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

There were no stock options outstanding as at January 31, 2020 and July 31, 2019.

Warrants

The issued and outstanding warrants balance at January 31, 2020 is comprised as follows:

	Weighted average exercise price	Number of warrants
Balance, July 31, 2018	\$0.30	21,845,440
Warrants expired	0.06	(10,000,000)
Warrants expired	0.50	(11,600,000)
Warrants expired	0.05	(245,440)
Balance, July 31, 2019 and January 31, 2020	\$ -	-

8. Acquisition of PlantX Life Inc.

On January 22, 2020, the Company entered into a letter of intent ("LOI"), which sets out the basic terms and conditions for the acquisition by the Company of all of the issued and outstanding common shares in the capital of PlantX Life Inc. ("PlantX"), in exchange for common shares in the capital of the Company. The acquisition is expected to be structured as a reverse takeover and will constitute a fundamental change for the Company pursuant to the rules and policies of the Canadian Securities Exchange. The acquisition is an arm's-length transaction. Upon successful completion of the acquisition, the Company will continue the business of PlantX.

Winston Resources Inc.

Notes to Condensed Interim Financial Statements

For the Three and Six Months Ended January 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Acquisition of PlantX Life Inc. (continued)

The transaction terms outlined in the LOI are subject to the parties entering into a definitive agreement in respect of the acquisition on or before February 28, 2020, or such other date as the Company and PlantX may mutually agree. The LOI also contemplates other material conditions precedent to the closing of the acquisition, including the completion of a concurrent financing to raise aggregate gross proceeds of at least \$1,500,000, customary due diligence, compliance with all applicable regulatory requirements, and receipt of all necessary regulatory, corporate, third party, board and shareholder approvals being obtained, including the approval of the exchange. There can be no assurance that the acquisition will be completed as proposed or at all.

It is anticipated that the closing will involve, among other things, the following steps, which may be amended if the parties mutually agree that such form would better satisfy their objective (including, but not limited to, tax efficiency to the parties):

- Prior to the closing of the proposed acquisition, the Company will consolidate its share capital on a one-new-share-for-ten-old-share basis.
- The shareholders of PlantX will receive post consolidation Winston shares in exchange for their common shares in the capital of PlantX on the basis of 2-2/3rds (2.6667) Winston shares for each PlantX share, for up to a total of 60,000,000 Winston shares.
- A concurrent financing of Winston shares that are currently expected to be offered at a price of \$0.25 per Winston share or such other price determined in the context of the market will be completed.
- All director, shareholder and regulatory approvals relating to the acquisition and the concurrent financing, including, without limitation, the approval of the exchange, will be received.
- Each of the parties shall have executed, delivered and performed its respective covenants as outlined in the definitive agreement, and all representations and warranties of each party contained in the definitive agreement shall be true and correct at the time of closing.

Trading in the company's shares has been halted in compliance with the policies of the exchange. Trading in the company's shares will remain halted pending the review of the proposed acquisition by the exchange and satisfaction of the conditions of the exchange for resumption of trading.