

**Greenbank Capital Inc.**

**Audited Interim  
Financial Statements**

**Period from January 30, 2013**  
*(date of incorporation)*

**to February 15, 2013**

(Expressed in Canadian Dollars)

Chartered Accountants  
129 Lakeshore Road East  
Suite 201 Mississauga Ontario  
L5G 1E5  
T 905 271.7977  
F 905 271.7677

## **Independent Auditors' Report**

To the Director of  
Greenbank Capital Inc.

We have audited the accompanying interim financial statements of Greenbank Capital Inc. ("the Company"), which comprise the interim statement of financial position as at February 15, 2013, and the interim statements of comprehensive loss, changes in equity and cash flows for the period from January 30, 2013 (*date of incorporation*) to February 15, 2013, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditors' Responsibility**

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

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

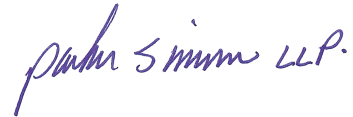
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the interim financial statements present fairly, in all material respects, the financial position of Greenbank Capital Inc. as at February 15, 2013, and its financial performance and its cash flows for the period from January 30, 2013 (*date of incorporation*) to February 15, 2013 in accordance with International Financial Reporting Standards.

**Emphasis of Matters**

Without qualifying our opinion, the accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has not generated revenues to date. This condition raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

A handwritten signature in blue ink that reads "Parker Simone LLP". The signature is written in a cursive, flowing style.

March 4, 2013

Licensed Public Accountants

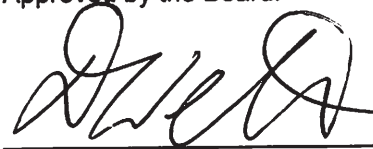
**Greenbank Capital Inc.**  
**Interim Statement of Financial Position**  
(Expressed in Canadian Dollars)

<b>As at February 15,</b>	<b>2013</b>
<b>Asset</b>	
<b>Current Asset</b>	
Cash	\$ 1
	\$ 1
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued liabilities (Note 8)	\$ -
<b>Shareholder's Equity</b>	
Share Capital (Note 8)	1
Retained Earnings	-
	1
	\$ 1

Going concern (Note 2)

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

Approved by the Board:

  
\_\_\_\_\_  
Director

**Greenbank Capital Inc.**

**Interim Statement of Comprehensive Loss**

(Expressed in Canadian Dollars)

<b><i>Period from January 30, 2013 (date of incorporation) to</i></b>	<b>February 15, 2013</b>
<b>Operating Expenses</b> <i>(Note 8)</i>	
Professional fees	\$ -
<b>Comprehensive Loss</b>	<b>\$ -</b>

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

**Greenbank Capital Inc.**  
**Interim Statement of Changes in Equity**

(Expressed in Canadian Dollars)

	<u>Common Share Capital</u>		<b>Retained Earnings</b>	<b>Total Shareholder's Equity</b>
	<b>No.</b>	<b>Amount</b>		
Common shares issued for cash upon incorporation on January 30, 2013	1	\$ 1		\$ 1
Comprehensive loss			\$ -	-
<b>Balance at February 15, 2013</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>

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

**Greenbank Capital Inc.**  
**Interim Statement of Cash Flows**  
(Expressed in Canadian Dollars)

<b><i>Period from January 30, 2013 (date of incorporation) to</i></b>	<b>February 15, 2013</b>
<b>Operating Activities</b>	
Comprehensive loss	\$ -
Adjustment to reconcile comprehensive loss to cash flows from operating activities	
Cash Used in Operating Activities	-
<b>Financing Activities</b>	
Issuance of common share	1
Cash from financing Activities	1
<b>Investing Activities</b>	
Increase in Cash, being Cash at End of Period	\$ 1

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

## **Greenbank Capital Inc.**

### **Notes to Interim Financial Statements**

**Period from January 30, 2013 (date of incorporation) to February 15, 2013**

(Expressed in Canadian Dollars)

#### **1. Governing Statutes and Nature of Operations**

Greenbank Capital Inc. ("Greenbank" or "the Company") was incorporated on January 30, 2013 under the laws of the Province of British Columbia. The Company is engaged in the business of investing in Canadian small cap publicly listed companies. Greenbank is 100% owned by Winston Resources Inc. ("Winston"), a Canadian public company. The head office of the Company is located at 208 Queens Quay West, Suite 2506, Toronto, Ontario M5J 2Y5.

#### **2. Going Concern Assumption**

These interim financial statements have been prepared on the basis of accounting principles applicable to a going concern. The use of these principles 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 is in the process of acquiring its first investments in two Canadian small cap publicly listed companies which holds mineral exploration properties. The exploration of these properties has not commenced. As such, it is unknown whether the property contains reserves that are economically recoverable. As a newly incorporated Company, that is commencing active operations; it is expected to incur operating losses, which casts doubt about the Company's ability to continue as a going concern.

#### **3. Basis of Presentation and Statement of Compliance**

##### ***Statement of Compliance***

These interim financial statements were prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS"). Greenbank's first fiscal year is to end on July 31, 2013. The policies applied in these interim financial statements are based on IFRS issued and outstanding as of March 2, 2013, being the date the board of director approved these interim financial statements.

##### ***Basis of Measurement***

The interim financial statements have been prepared on the historical cost basis, except for the measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

##### ***Functional and Presentation Currency***

The interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.



## **Greenbank Capital Inc.**

### **Notes to Interim Financial Statements**

**Period from January 30, 2013** (*date of incorporation*) **to February 15, 2013**

(Expressed in Canadian Dollars)

#### **4. Significant Accounting Policies**

These financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

##### ***Significant Estimates and Judgments***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods as well as the related notes to financial statements. Actual results could differ from those estimates.

The most significant estimates relate to accounts payable and accrued liabilities. The Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. These assumptions are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events.

##### ***Related Party Transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

##### ***Provisions***

Provisions are recognized when the Company has a present legal or constructive obligation that arose as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

##### ***Share Capital***

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, if any, are recognized in equity as a reduction from the gross proceeds received from the issued common shares.

## Greenbank Capital Inc.

### Notes to Interim Financial Statements

Period from January 30, 2013 (date of incorporation) to February 15, 2013

(Expressed in Canadian Dollars)

#### 4. Significant Accounting Policies (Continued)

##### ***Financial Assets and Financial Liabilities***

***Recognition:*** The Company initially recognizes loans and advances, deposits and liabilities on the date at which they are originated. All other financial assets and liabilities, including assets and liabilities designated at fair value through profit or loss, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

***Valuation of Financial Instruments:*** The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 Quoted market price in an active market for an identical instrument.

Level 2 Valuation techniques based on observable inputs either directly or indirectly derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

***De-recognition:*** The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

## Greenbank Capital Inc.

### Notes to Interim Financial Statements

Period from January 30, 2013 (date of incorporation) to February 15, 2013

(Expressed in Canadian Dollars)

#### 4. Significant Accounting Policies (Continued)

##### *Financial Assets and Financial Liabilities* (Continued)

**Designation at fair value through profit or loss:** The Company has designated financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

##### **Future Accounting Policies**

The International Accounting Standards Board ("IASB") issued a number of new and revised IFRS, which are effective for the Company's financial year beginning on or after August 1, 2013. For the purpose of preparing and presenting the financial statements for the relevant periods, the Company has consistently adopted all new standards for the relevant reporting periods.

At the date of authorization of these financial statements, the IASB issued the following Standards that are effective for reporting periods ending after August 1, 2013 and which the Company may be required to adopt in future reporting periods.

- IFRS 9 "Financial Instruments: Classification and Measurement" - Effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 32 "Financial Instruments: Presentation" - Effective for annual periods commencing on or after January 1, 2014. This amendment clarifies the meaning of the offsetting criterion "currently has a legally enforceable right to offset" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

#### 5. Share Capital

Greenbank's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred, issuable in series. The issuance of each series of preferred shares is subject to the filing of Articles of Amendment with the directors fixing the number of shares that comprise each series and the designations, rights, privileges, restrictions and conditions attaching to each series.

## Greenbank Capital Inc.

### Notes to Interim Financial Statements

Period from January 30, 2013 (date of incorporation) to February 15, 2013

(Expressed in Canadian Dollars)

#### 6. Financial Risk Management

##### **Financial Risk Management Objectives and Policies**

The Company has made the following classifications for its financial instruments:

Cash	Fair Value Through Profit and Loss
Accounts payable and accrued liabilities	Other financial liability

Accounts payable and accrued liabilities are not classified as FVTPL liabilities as they were not acquired for the purpose of selling or repurchasing in the near term. Accordingly they are classified as other financial liability.

The Company's major risk factors, and their impact on the Company's financial instruments, are summarized below:

##### **Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash may be held at major Canadian-based financial institutions. In these situations management believes the risk of loss is minimal.

##### **Liquidity Risk**

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at February 15, 2013, the Company currently has very nominal cash at its disposal. The Company anticipates having sufficient funds to carry out its activities and meet its corporate and administrative expenses for the next twelve months. As at February 15, 2013, Greenbank has yet to commence active operations. As such Winston committed to pay the expenses the Company is expected to incur in its initial start-up phase.

##### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity prices.

##### i) **Interest rate risk**

The Company has no interest-bearing liabilities or assets. Occasionally, the Company may invest excess cash in short term investments that generate minimal interest revenue.

## **Greenbank Capital Inc.**

### **Notes to Interim Financial Statements**

**Period from January 30, 2013** (*date of incorporation*) **to February 15, 2013**

(Expressed in Canadian Dollars)

#### **6. Financial Risk Management**

ii) ***Commodity Price Risk***

Commodity price risk is the risk of uncertainty arising primarily from possible commodity price movements and their impact on the future economic viability of the Company's projects as well as Greenbank's ability to raise capital. These risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

#### **7. Capital Management**

The Company's objective in managing capital is to ensure continuity as a going-concern and to safeguard its ability to continue its acquisition and exploration programs. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell investments they hold to improve its financial performance and flexibility.

The Company defines its capital as its shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy.

#### **8. Subsequent Events**

On February 8, 2013, Greenbank entered into a Plan of Arrangement (the "Plan") to acquire certain assets from Winston, its parent company. Under the terms of the Plan, Greenbank is to issue 25,710,000 common shares to Winston in exchange for 13,460,000 common shares of Zara Resources Inc. and 12,250,000 common shares of Hadley Mining Inc. Winston will immediately transfer all of the Greenbank common shares to Winston's shareholders at the rate of one Greenbank share for every 2.567 Winston shares. Upon completion of the Plan, Greenbank will be a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

Under the terms of the Plan all costs and expenses of the transactions contemplated under the Plan, including legal, financial advisory, regulatory, printing and mailing costs, are to be paid and borne by Winston. As such, Greenbank has no operations to report in its interim statement of comprehensive loss. Completion of the Plan is subject to both regulatory and shareholder approval.

## Greenbank Capital Inc.

### Notes to Interim Financial Statements

Period from January 30, 2013 (date of incorporation) to February 15, 2013

(Expressed in Canadian Dollars)

#### 9. Pro-Forma Statement of Financial Position

As set out in Note 8 "Subsequent Events", conditional on the completion of the Plan of Arrangement, Greenbank will issue common shares in exchange for an investment portfolio. This pro forma statement of financial position is based upon Greenbank's statement of financial position as at February 15, 2013 after giving effect to the Plan as if it had occurred at the close of business on February 15, 2013. Upon completion of the Plan the Pro-Forma Statement of Financial Position will be as follows:

<b>Assets</b>	
<b>Current Asset</b>	
Cash	\$ 1
<b>Available for Sale Investments*:</b>	
Zara Resources Inc.	807,600
Hadley Mining Inc.	1,225,000
	<hr/> <b>\$ 2,032,601</b> <hr/>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued liabilities	\$ -
<b>Shareholders' Equity</b>	
Common Share Capital	2,032,601
Retained earnings	-
	<hr/> <b>2,032,601</b> <hr/> <b>\$ 2,032,601</b> <hr/>

\* Available for sale investments are valued at the last trading price of the security on the CNSX as of February 15, 2013.