BONTERRA

REPORT FOR THE YEAR ENDED
MAY 31, 2018
MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS

This report on results for the year ended May 31, 2018 contains forward-looking information, including forward-looking information about Bonterra Resources Inc.'s (the "Company" or "Bonterra") operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

GENERAL

This Management Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for year ended May 31, 2018 should be read in conjunction with the audited financial statements as at May 31, 2018 and 2017. This MD&A is effective September 27, 2018. Additional information relating to the Company is available on SEDAR at www.sedar.com.

The Company has prepared its financial statements for the year ended May 31, 2018 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the province of British Columbia on May 1, 2007. The Company was a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. On September 24, 2018, the Company completed the acquisition of Metanor Resources Inc. ("Metanor"), a Québec-based corporation engaged in the production and sale of gold, as well as the exploration and development of mining properties.

Prior to the Acquisition, the Company completed a plan of arrangement whereby the Company spun out its Larder Lake Project assets and liabilities and $7,000,000 in cash in order to create a new exploration company, Gatling Exploration Inc. ("Gatling"), by way of plan of arrangement under the Business Corporations Act (British Columbia). Each holder of common shares of the Company received one Gatling common share for each seven common shares of the Company held.

BOARD OF DIRECTORS

Nav Dhaliwal
Position: President, Chief Executive Officer & Director

Mr. Dhaliwal has 20 years of leadership and entrepreneurial experience, as well as in corporate and business development. Successful startup and financing expert in numerous active junior resource companies.

Greg Gibson
Position: Executive Chairman

Mr. Gibson is President and CEO of Sprott Mining and Jerritt Canyon Gold LLC. Greg cumulates over 30 years' experience in the mining industry as a miner, mine manager, director, CEO and president. Greg's experience has focused on gold and copper mines primarily in Canada, US and Australia.

R. Dale Ginn, B.Sc., P.Geo.
Position: VP Exploration & Director

Mr. Ginn is a geologist with 30 years of experience in exploration and mining. Led and participated in numerous discoveries and startups. Senior positions with Sprott Mining, Jerritt Canyon, San Gold, Harmony Gold, Hudbay, Westmin, Goldcorp.

Allan J. Folk
Position: Director

Mr. Folk has over 35 years of extensive leadership experience in the Canadian mining finance industry. Currently Vice President of Brant Securities Ltd.

Richard Boulay, B.Sc.
Position: Director

Mr. Boulay has over 40 years of experience in the exploration and mining industries in Canada and internationally, including 15 years of mining and infrastructure financing experience gained with Bank of Montreal, Royal Bank of Canada and Bank of Tokyo.

Robert Gagnon, P.Geo.
Position: Director

Mr. Gagnon has over 10 years of experience as a professional geologist, Board of Directors of the Québec Mineral Exploration Association, President of the Association des prospecteurs du Nord du Québec (circa 2012).

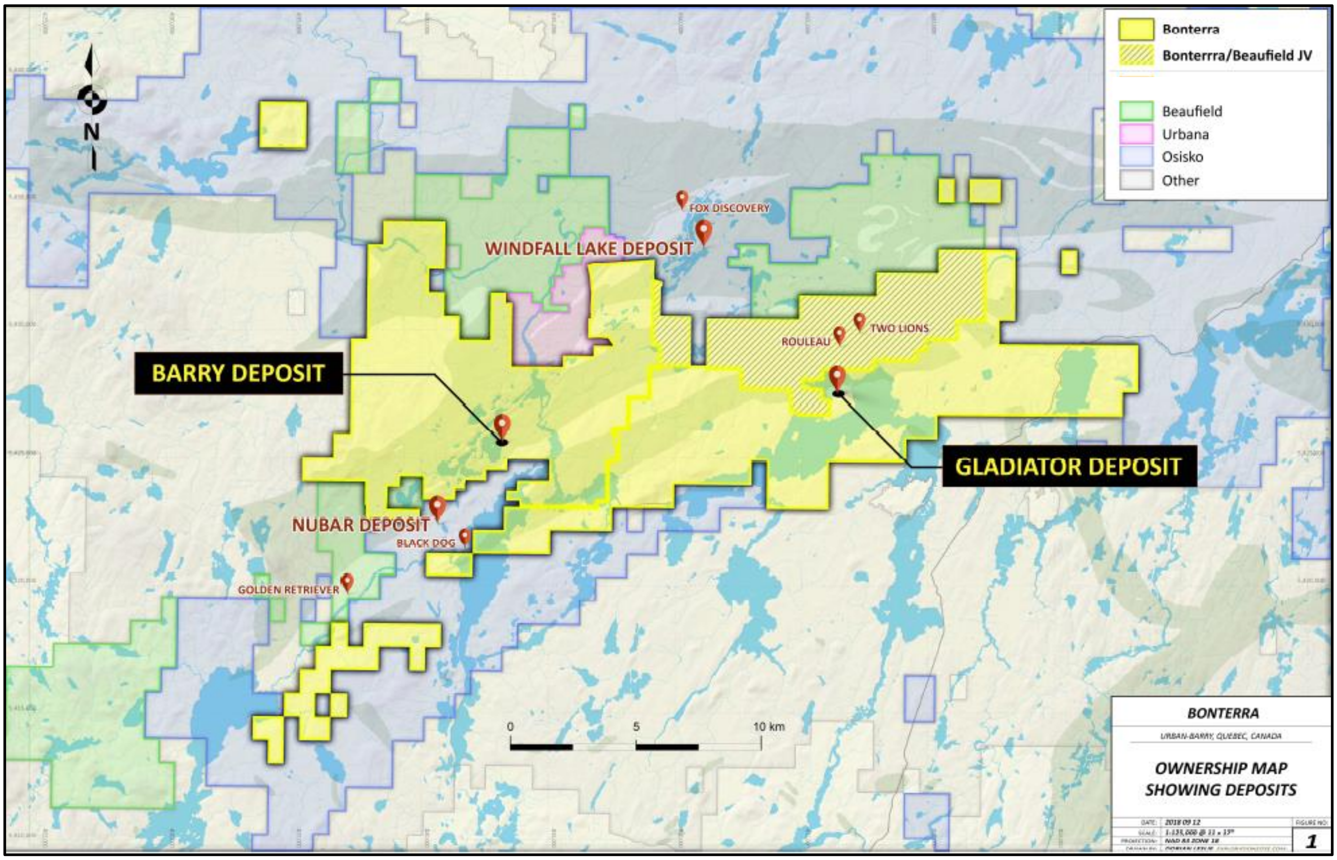
Tina Ouellette, CHRL, ICD.D.
Position: Director

Mrs. Ouellette has over 20 years' experience in Human Resources and management acquired through a number of senior positions with Lake Shore Gold Corp., FNX Mining, Dynatec and Domtar Forestry. She has a proven track record in providing leadership and strategy in the development and growth phase of mining operations, as well as merger and acquisition transactions.

BUSINESS OF THE COMPANY

The Abitibi Greenstone Belt hosts significant gold mineralization in several parallel NE to SW trending zones. Gold in the Urban-Barry Township is primarily associated with quartz-carbonate veins mineralized with sulphides. The Company's projects include the Gladiator Deposit, and as of September 24, 2018, the Moroy Deposit and Bonterra Mill, and the Barry Deposit. The Company is planning an updated mineral resource estimate by the end of calendar 2018.

BONTERRA EXPLORATION PROJECTS – URBAN-BARRY, QUÉBEC



(i) COLISEUM PROPERTY

The Company acquired a 100% interest in 95 claim blocks in Québec at a cost of $20,000 (paid), the issuance of 50,000 common shares to the vendors (issued), 5,440 common shares to a finder (issued) and incurring $140,000 of exploration expenditures (incurred). The shares were valued at $155,232 based on the market value of the shares on share issue date. The property is subject to a 2% net smelter return royalty ("NSR"), of which 0.5% can be purchased by the Company for $1,000,000.

(ii) WEST ARENA PROPERTY

The Company entered into an option agreement on September 15, 2010, as amended on February 8, 2011 and March 19, 2012, to acquire a 100% interest in 23 additional mineral claims adjacent to the Coliseum claims in Québec for aggregate consideration of $10,000 cash (paid), 87,500 common shares (issued) and $750,000 in exploration expenditures (incurred). The Company completed the acquisition and owns 100% subject to the NSR below.

The agreement is subject to a 2% NSR, of which 1% can be purchased for $500,000. A finder's fee of 2,845 shares was paid in connection with this acquisition. On November 7, 2013, the Company sold a 1% NSR interest in the West Arena property.

(iii) EAST ARENA PROPERTY

On December 30, 2010, the Company closed and received approval from the TSX Venture Exchange ("TSX-V") for a property purchase agreement entered into on December 10, 2010 to acquire a 100% interest in 57 mineral claims east of the Urban-Barry Township in Québec. Consideration paid was 100,000 common shares valued at $860,000 based on the market price of the shares on the share issue date and cash payment of $35,000. The agreement is subject to a 2% NSR, of which 1% may be purchased for $1,000,000.

The East Arena Property is contiguous and along strike with the West Arena property. This property was drilled in the past where gold bearing veins were intercepted. The Company conducted the first phase of exploration on the property, a ground magnetic survey. An anomaly of interest runs NE-SW and warrants further investigation.

(iv) ST-CYR AND WEST LACROIX LAKE PROPERTIES

On February 23, 2016, the Company entered into agreements with arm's length vendors to acquire a 100% interest in the St-Cyr and West Lacroix Lake Properties, located in the Urban-Barry Gold Camp, Barry Township, Québec.

In consideration for the St-Cyr Property, the Company issued 700,000 common shares of the Company on March 2, 2016 (valued at $224,000). In consideration for the West Lacroix Lake Property, the Company issued 500,000 common shares of the Company on March 2, 2016 (valued at $160,000). Both vendors retain a 2% NSR, each of which 1% can be purchased by Bonterra for $1,000,000.

The Properties adjoin Bonterra's West and East Arena Properties. Both are located approximately 90 kilometres east of Lebel sur Quevillon and less than 10 kilometres southwest of, and along the same geological trend as, Bonterra's 100% owned Gladiator Gold Project. The St-Cyr Property consists of 13 minerals claims covering 733.70 hectares and the West Lacroix Lake Property consists of 18 mineral claims covering 1,016.34 hectares.

Gold mineralization found to date in the area occurs in basalts, rhyolite and the volcano-sedimentary sequence. There are at least two styles of gold mineralization: sulphide replacement (generally pyrite) either as disseminations and stockworks of sulphide-rich fractures and classical native gold in quartz veins.

The Properties also cover a recently discovered alkaline carbonatite complex with interesting, but as yet undetermined, gold potential. Carbonatite-syenite alkaline complexes make excellent exploration environments, especially when embedded in gold bearing Archean greenstone belts.

(v) LAC BARRY

On March 10, 2016, and as amended March 30, 2017, the Company entered into an option agreement with Golden Valley Mines Ltd. ("Golden Valley") to acquire an 85% interest in Golden Valley's Lac Barry Property, comprised of 35 claims covering 1,431.65 hectares adjacent to the south boundary of the Coliseum Property.

In consideration, the Company issued 519,480 common shares of the Company on March 16, 2016 and paid $25,000 on April 3, 2017. Golden Valley retains a 15% interest in the property and a 3% NSR, of which 1% can be purchased by Bonterra for $1,000,000. In order to maintain the option, Bonterra must incur expenditures of $2,000,000 as follows:

- $250,000 before April 15, 2017 (incurred);
- an additional $750,000 on or before March 10, 2018 (incurred); and
- an additional $1,000,000 on or before March 10, 2019.

The Lac Barry Property is located approximately 1.5 kilometres southwest of the West Arena Property.

(vi) MACHO SOUTH, BARRY AND BAILLY PROPERTIES

On March 11, 2016, the Company entered into option agreements to acquire 100% interests in the Macho South Property, the Barry Property and the Bailly Property.

In consideration for the Macho South Property, the Company issued 1,200,000 common shares of the Company on March 21, 2016 to an arm's length third party (valued at $510,000). The vendor retains a 2% NSR, of which 1% can be purchased by Bonterra for $1,000,000.

In consideration for the Barry Property, the Company issued 800,000 common shares of the Company on March 21, 2016 to an arm's length third party (valued at $340,000). The vendor retains a 2% NSR, of which 1% can be purchased by Bonterra for $1,000,000.

In consideration for the Bailly Property, the Company issued 250,000 common shares of the Company on March 21, 2016 (valued at $106,250) to Laurier Gold Corporation ("Laurier"). Laurier retains a 2% NSR, of which 1% can be purchased by Bonterra for $1,000,000.

On March 21, 2016, the Company issued 202,232 common shares of the Company (valued at $85,949) as finder's fees on the acquisitions of the Macho South, Barry and Bailly properties.

The Macho South Property is located at the extreme southwestern end of Bonterra's Gladiator Project. The three property acquisitions, together with the acquisition of the Lac Barry Property, extend Bonterra's coverage of favourable gold host environments southward and closer to the edge of the Urban-Barry greenstone belt. These four properties, together with Bonterra's West and East Arena Properties, cover 25 kilometres of prospective greenstone belt lithology and known shear zones.

(vii) THUBIERE PROPERTY

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the Thubiére Property. In consideration, the Company paid $5,000 and issued 150,000 common shares on March 21, 2017 (valued at $54,000). The Thubiére Property (6 claims covering 338 hectares) is a strategic acquisition to the northwest of the Gladiator and Barry deposits.

(viii) LAC MISTA PROPERTY

On March 14, 2017, the Company entered into an agreement to acquire a 100% interest in the Lac Mista Property. In consideration, the Company paid $10,000 and issued 150,000 common shares on March 21, 2017 (valued at $54,000). The vendors retain a 2% gross overriding royalty reserve on the claim, of which 1% may be repurchased by the Company for $1,000,000.

(ix) TROVE PROPERTY

On March 29, 2017, the Company entered into an option agreement with Durango Resources Inc. ("Durango") to acquire a 100% interest in the Trove Property.

In consideration, the Company must make payments as follows:

- cash payment of $150,000 and issuance of 1,500,000 common shares of the Company upon approval by the TSX-V (issued on April 17, 2017 and valued at $630,000);
- an additional cash payment of $150,000 (paid) and issuance of an additional 1,500,000 common shares of the Company on or before April 19, 2018 (issued and valued at $742,500); and
- an additional cash payment of $200,000 on or before April 19, 2019.

In the event of a minimum discovery of an inferred mineral resource of 500,000 ounces or greater of gold, the Company will issue to Durango 2,000,000 common shares upon completion of a technical report.

The Company must also incur exploration expenditures of $1,000,000 by April 19, 2019. Durango retains a 2% NSR, of which 1% may be repurchased by the Company for $1,000,000.

In relation to the acquisition of the Trove Property, the Company paid a finder's fee of 267,284 common shares (issued and valued at $112,259).

Subsequent to May 31, 2018, the Company terminated its option on the Trove Property.

(x) DUKE PROPERTY

On July 6, 2018, the Company entered into an agreement with Beaufield Resources Inc. to acquire a 70% interest in the Duke Property, located in Québec. In consideration, the Company must make payments as follows:

- Cash payment of $250,000 (paid) and issue 4,000,000 common shares of the Company (issued on July 12, 2018 and valued at $1,600,000) upon acceptance by the TSX-V;
- An additional $250,000 on or before July 6, 2019; and
- An additional $250,000 on or before July 6, 2020.

The Company must also incur exploration expenditures as follows:

- $1,500,000 on or before July 6, 2019;
- An additional $1,500,000 on or before July 6, 2020; and
- An additional $1,500,000 on or before July 6, 2021.

The Duke Property is subject to an underlying 2.3% NSR, of which 1% can be purchased for $1,000,000.

The Property is an assemblage of contiguous mineral claims located immediately adjacent to the northern boundaries of the Company's Urban-Barry properties containing the Gladiator Deposit and extensions. This includes a narrow inset of claims that interrupt the western continuity of claims in the Gladiator region known as "The Gap". This land package also contains numerous gold showings with expansion potential including Lac Rouleau and Zone 18. The general geology is considered to be similar to that of the Gladiator area, with numerous occurrences of structurally controlled shear hosted vein mineralization on or near mafic volcanic contacts in proximity to both felsic and mafic intrusive units.

2017 Exploration Program

On January 31, 2017, the Company announced that multiple high-grade intersections had been discovered at the Deep Eastern Zone of the Gladiator Deposit. Assays from significant intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-17-01	262.0	272.0	10.0	1.6	New (East Side)
	367.0	375.5	**8.5**	**15.7**	Footwall
	566.0	571.0	**5.0**	**20.7**	Main

**Stated lengths are core width as drilled, true widths have not yet been determined. Core axis angles of the intersection contacts and surrounding rock units average 55 degrees.*

On February 2, 2017, the Company announced positive drilling results from the "Rivage Gap Western Extension". Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-16-47	254.0	255.0	1.0	5.6	Main
	376.0	379.0	3.0	2.0	New
BA-16-48	358.0	359.0	1.0	14.9	Footwall
	394.0	397.8	3.8	16.8	Main

**Stated lengths are core width as drilled, true widths have not yet been determined. Core axis angles of the intersection contacts and surrounding rock units average 55 degrees.*

All reported are located near the known western and deepest limits of the Rivage gap area of the Gladiator Deposit. The high-grade Main and Footwall Zones are near the contact between mafic volcanic units and a mineralized felsic porphyritic intrusive.

On May 16, 2017, the Company announced further drill results from the "Rivage Gap". Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area West – Rivage Gap
BA-17-04	88.8	93.0	4.2	9.5	North
	233.0	237.0	4.0	10.0	Footwall
	272.0	297.0	25.0	1.4	Porph/Main
including	272.0	275.0	3.0	3.6	
BA-17-07	355.0	358.0	3.0	12.0	Main
BA-17-08	210.0	211.0	1.0	7.5	North
	264.0	265.0	1.0	8.0	Mid
	300.2	302.0	1.8	6.4	Footwall
	390.0	395.7	5.7	3.4	Main
BA-17-09	67.0	68.8	1.8	9.0	Footwall
BA-17-10	177.5	179.0	1.5	5.6	North
	198.5	202.0	3.5	8.4	Footwall
	212.5	215.0	2.5	5.2	Mid
	237.0	239.0	2.0	5.3	Main

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

All intersections from the above table are located within a length or gap of drill information between the westernmost Rivage area and the known portion of the Gladiator Deposit. The high-grade Main, Footwall and North Zones are in or near the sheared contact between mafic volcanic units and a mineralized felsic porphyritic intrusive.

On June 6, 2017, the Company announced that drilling from its ongoing resource development program discovered an additional parallel gold zone to the south and west of the main Gladiator Gold Deposit. The new zone lies within the "Rivage Gap" and was intersected by four drill holes to date, with BA-17-12, which intersected 3.0 m of 8.8 g/t, being the most predominant and westerly hole to date. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area West - Rivage Gap
BA-17-06	37.0	38.0	1.0	7.1	Footwall
	477.0	479.0	2.0	1.4	Main
BA-17-11	424.0	427.6	3.6	12.7	Main
BA-17-12	17.0	19.0	2.0	11.1	Main
	32.0	34.0	2.0	3.5	Mid
	346.7	349.7	3.0	8.8	New South

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

All intersections from the above table are located within a length or gap of drill information between the westernmost Rivage area and the known portion of the Gladiator Deposit. The high-grade Main, Footwall and North Zones are in or near the sheared contact between mafic volcanic units and a mineralized felsic porphyritic intrusive.

On July 20, 2017, the Company announced that the current resource development program in and around the Gladiator Gold Deposit has successfully further extended the newly discovered South Gold Zone (see release dated June 6, 2017) by over 300 metres to depth. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area Mid Rivage Gap
BA-17-15	**920.0**	**924.0**	**4.0**	**9.1**	**Main**
BA-17-16	418.0	420.0	2.0	3.1	North
BA-17-21	**572.0**	**575.0**	**3.0**	**21.5**	**North**
	618.0	621.0	3.0	2.2	FW
BA-17-22	**712.2**	**716.0**	**3.8**	**12.0**	**New South**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On September 14, 2017, the Company announced that the recent exploration activities located west of the Gladiator Deposit and within the extensive Coliseum Property have led to the discovery of a new gold and silver bearing horizon ("Temica Gold Zone"), located approximately four kilometres to the southwest of the Gladiator Deposit. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade		Zone/Area
				(g/t Au)	(g/t Ag)	
CL-17-14	394.5	397.2	2.7	4.7	44.6	Temica
CL-17-06	351.0	352.0	1.0	13.0		Temica
CL-17-01	64.0	65.0	1.0	4.8		Temica

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On September 18, 2017, the Company announced that the ongoing resource development program in and around the Gladiator Gold Deposit has successfully further extended the Main, Footwall and North Zones by increasing the strike and depth by up to 300 metres depth to the known mineralized horizons. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-17-20	**779.0**	**782.0**	**3.0**	**10.4**	Main
BA-17-23	**541.5**	**544.5**	**3.0**	**10.1**	Footwall Zone
BA-17-28	700.5	704.0	3.5	5.3	Main
BA-17-30	630.0	632.0	2.0	6.0	North
BA-17-31	661.0	669.3	8.3	5.1	North
	810.5	813.3	2.8	3.8	Main
BA-17-32	901.0	905.0	4.0	5.6	Main

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On November 9, 2017, the Company announced that the ongoing resource development program in and around the Gladiator Gold Deposit has increased the width of the Main Zone and extended the strike length of multiple gold-bearing horizons. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-17-33	791.0	792.0	1.0	13.9	Main Zone
BA-17-35	1,272.0	1,273.0	1.0	6.4	North Zone
BA-17-36	**551.0**	**553.0**	**2.0**	**14.0**	**Footwall Zone**
	658.0	660.0	2.0	11.2	South Zone
BA-17-37	644.5	646.0	1.5	17.6	South Zone
BA-17-38	706.0	710.0	4.0	7.3	North Zone
	862.6	**872.0**	**9.4**	**8.2**	**Main Zone**
BA-17-39B	639.0	641.0	2.0	10.4	Main Zone
	474.0	**479.0**	**5.0**	**11.5**	**Footwall Zone**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On November 16, 2017, the Company announced the identification of a fifth new parallel gold zone at the Gladiator Gold Deposit. This new "Barbeau Zone", intersected by six drill holes up to 800 metres below surface, was identified south of the "South Zone". Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-16-05	290.7	294.0	3.3	28.5	Barbeau Zone
BA-16-07	378.0	381.0	3.0	20.7	Barbeau Zone
BA-17-12	346.7	349.7	3.0	8.8	Barbeau Zone
BA-17-22	712.2	716.0	3.8	11.9	Barbeau Zone
BA-17-24	**983.0**	**985.0**	**2.0**	**7.8**	**Barbeau Zone**
BA-17-40A	**911.5**	**913.4**	**1.9**	**22.2**	**Barbeau Zone**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On December 5, 2017, the Company announced continued success from its ongoing resource development program at the Gladiator Gold Deposit. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-17-42	179.0	182.0	3.0	9.6	North Zone
BA-17-42A	269.0	271.0	2.0	5.2	Footwall Zone
	556.0	560.0	4.0	18.5	South Zone
BA-17-43B	472.0	474.0	2.0	5.8	North Zone
BA-17-44	575.8	579.0	3.2	11.9	South Zone
BA-17-46	425.8	428.5	2.7	10.9	North Zone
BA-17-48	250.7	257.0	6.3	10.1	Footwall Zone

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

2018 Exploration Program

On February 6, 2018, the Company announced that the ongoing resource development program at the Gladiator Gold Deposit has extended the North, Footwall and Main Zones by 200 m down-plunge to the east. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-17-45B	783.0	786.3	3.3	15.8	Main Zone
	909.0	912.0	3.0	4.3	South Zone
BA-17-46	425.8	428.5	2.7	12.4	North Zone
	450.9	454.0	3.1	26.7	North Zone
	660.5	663.5	3.0	8.8	Main Zone
BA-17-48	250.7	257.0	6.3	10.1	Footwall Zone
	266.9	268.9	2.0	4.6	Main Zone
BA-17-49B	602.0	604.0	2.0	4.9	Main
	765.0	767.0	2.0	4.7	South
BA-17-50	501.6	503.0	1.4	6.6	Main Zone
BA-17-53B	651.0	652.9	1.9	6.2	North Zone
	884.5	888.0	3.5	4.8	Footwall Zone
	930.2	932.0	1.8	4.9	Main Zone

** Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On March 20, 2018, the Company announced initial results from the winter drilling campaign. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
MT-18-01	56.1	59.0	2.9	8.4	Main Zone
MT-18-01	60.4	64.0	3.6	8.6	Main Zone
MT-18-02	39.7	43.7	4.0	9.3	Main Zone
BA-18-03A	956.0	958.0	2.0	3.5	Main Zone
BA-18-04	153.5	160.0	6.5	16.9	Main Zone
BA-18-04	294.4	295.9	1.5	14.1	South Zone

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On April 3, 2018, the Company announced further results from the winter drilling campaign. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-05	**655.5**	**658.6**	**3.1**	**9.3**	**North Zone**
BA-18-05	777.7	779.2	1.5	4.2	Footwall Zone
BA-18-05	787.0	788.3	1.3	6.9	Main Zone
BA-18-05	1,017.3	1,018.5	1.2	3.5	Barbeau Zone
BA-18-06	257.0	259.0	2.0	4.7	North Zone
BA-18-06	575.0	577.5	2.5	6.1	South Zone
BA-18-07	12.7	14.0	1.3	8.8	North Zone
BA-18-07	115.0	116.0	1.0	3.0	Main Zone
BA-18-07	299.0	300.2	1.2	5.8	South Zone
BA-18-08	**309.0**	**312.0**	**3.0**	**17.8**	**South Zone**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On April 9, 2018, the Company announced the first significant intersections of a new "sixth parallel" gold zone at the Gladiator Gold Deposit. This newly discovered gold zone, located approximately 50 m south of the Barbeau Zone, is parallel to and geologically similar to the other five mineralized zones currently modelled at the expanding deposit. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-09	170.0	172.0	2.0	3.9	North
BA-18-09	375.7	377.0	1.3	5.9	FW
BA-18-09	438.0	439.1	1.1	3.5	Main
BA-18-09	**764.0**	**766.6**	**2.6**	**11.8**	**New**
BA-18-10A	**681.5**	**683.7**	**2.2**	**16.5**	**Main**
BA-18-11	61.5	63.0	1.5	4.9	Main
BA-18-11	103.0	105.0	2.0	8.5	South
BA-18-11	118.8	120.4	1.6	7.7	South
BA-18-11	**177.0**	**179.4**	**2.4**	**10.1**	**Barbeau**
BA-18-11	308.0	310.0	2.0	6.4	New
BA-18-12	**266.0**	**269.4**	**3.4**	**16.3**	**South**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On April 17, 2018, the Company announced that it has received highly positive results for its preliminary metallurgical testwork, which forms part of its ongoing Resource Development Program.

ALS Metallurgy ("ALS") of Kamloops, British Columbia, was contracted to complete Gravity Concentration, Flotation and Cyanide leach testing for the Gladiator Gold Deposit. The studies included grind optimization, gravity separation, flotation and cyanide leach testing, and were intended to provide an initial look at the characteristics of mineralization to help guide future optimization test work and processing flow sheet specifications.

Overall, the metallurgical testing and microscopic analysis indicate that the mineralization is relatively simple with no deleterious elements, and pre-concentration could potentially be achieved by a low capital intensive processing sequence, which will likely include crushing, grinding, gravity concentration and flotation. The process is a relatively benign one, and also offers potential environmental permitting advantages, as well as significant savings in transportation costs. These results are part of an ongoing comprehensive metallurgical program designed to define the processing parameters, establish grade-recovery relationships and optimize gold recovery for a potential future Gladiator milling facility.

ALS completed testing on approximately 35 kilograms of composite sample from the Main Zone with an average head grade of 9.0 g/t Au from two wide diameter holes, MT-18-01 and MT-18-02. The composite sample was selected to be representative of the deposit mineralization based on mineralogy, grade and location. Head assay results from the metallurgical testing ranged from 8.0 g/t Au to 10.0 g/t Au and showed excellent grade reconciliation with initial drill hole assays.

Four kilograms of the sample, at three different grind sizings, were submitted for gravity separation using a Knelson concentrator. Gold recovery by the Knelson gravity separation was followed by hand panning to produce a final gravity concentrate mass that is more representative of plant operation. The pan concentrate, pan tailings and Knelson concentrator tails were assayed for gold and determined that gold in the samples were highly amenable to gravity recovery.

Results of the Gravity concentration gold recovery tests are summarized below:

Test	Size	Feed Grade (g/t Au)	Knelson Tails (%)	Pan Tails (%)	Pan Concentrate (%)	Pan Concentrate (g/t Au)
1	169 μm K_{80}	9.19	20.0	11.7	68.3	3,627
2	136 μm K_{80}	9.86	13.6	11.9	74.5	4,437
3	83 μm K_{80}	8.70	13.0	10.8	76.1	6,461

Results of the Flotation concentration gold recovery tests are summarized below:

Test	Size	Feed Grade (g/t Au)	Gravity Recovery Distribution %		Rougher Recovery Distribution %		Total Recovery Distribution %	
			Au	*S*	*Au*	*S*	*Au*	*S*
4	169 μm K_{80}	10.0	73.0	18.8	23.5	72.0	96.5	90.8
5	136 μm K_{80}	8.00	70.9	17.1	26.0	73.9	96.8	91.0
6	83 μm K_{80}	8.28	73.8	**13.0**	**23.5**	**78.5**	**97.3**	**88.2**

Results of the Cyanide concentration gold recovery tests are summarized below:

Test	Size	Leach Feed (Gravity Tails)	Au Recovery Gravity (%)	Leach Extraction (%)	Au Recovery Gravity Tails (%)	Au Recovery Total (%)
7	169 μm K_{80}	Test 1	68.3	30.7	30.7	99.0
8	136 μm K_{80}	Test 2	74.5	24.9	24.9	99.4
9	83 μm K_{80}	Test 3	76.1	23.1	23.1	99.2

A kinetic rougher test was included in each flotation feed sizing. This test determined that gold in the samples is highly amenable to recovery using a standard froth flotation circuit.

Gravity plus cyanidation leach tests were completed, and it was determined that gold in the samples responded excellent to conventional leaching. Three of the tests were conducted on the samples at each grind sizing, and three of the tests were conducted on the rougher flotation tailings.

On June 4, 2018, the Company announced drill results that further extended the South Zone to the west by approximately 50 m. Positive assay results from ten recent drill holes have extended the known dimensions of the mineralization in multiple zones westward and to surface at the Rivage Gap area. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-14	**600.0**	**602.0**	**2.0**	**10.2**	**Main**
	733.6	734.6	1.0	6.4	South
BA-18-15	**116.0**	**118.0**	**2.0**	**13.9**	**Main**
BA-18-17	67.4	68.5	1.1	5.5	North
	141.4	**144.3**	**2.9**	**8.0**	**Footwall**
	147.0	148.0	1.0	4.6	Footwall
BA-18-18	61.0	62.3	1.3	4.0	North
BA-18-19	679.0	680.0	1.0	13.4	Footwall
BA-18-20	68.0	69.0	1.0	14.2	North
	203.0	204.0	1.0	7.3	Footwall
BA-18-22A	274.7	275.8	1.1	4.5	North
	637.8	**639.0**	**1.2**	**19.8**	**South**
BA-18-23	406.0	408.0	2.0	4.6	South
BA-18-24	308.0	308.6	0.6	16.3	Footwall
	353.5	355.0	1.5	5.1	Footwall
BA-18-25	**274.2**	**277.0**	**2.8**	**34.3**	**North**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On June 13, 2018, the Company announced drill results that extended a high-grade ore shoot of the Footwall Zone up-plunge to the west in the Rivage Gap area. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-27A	**406.0**	**408.0**	**2.0**	**7.2**	**North**
	614.0	**617.0**	**3.0**	**4.6**	**Main**
BA-18-28	355.7	357.0	1.3	5.3	North
BA-18-30	441.5	442.6	1.1	5.3	North
	708.0	**713.0**	**5.0**	**24.3**	**Main**
BA-18-31	**677.0**	**680.5**	**3.5**	**9.6**	**Main**
BA-18-34	**337.0**	**340.0**	**3.0**	**44.9**	**Footwall**
BA-18-35	467.8	469.0	1.2	4.3	South
BA-18-36	**510.0**	**513.0**	**3.0**	**8.4**	**North**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On July 11, 2018, the Company announced drill results increasing the down-plunge size of the South Zone high-grade extent, and demonstrating continuity of mineralization. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-39	**480.5**	**482.0**	**1.5**	**19.8**	**Main Zone**
	555.0	**557.0**	**2.0**	**30.5**	**South Zone**
BA-18-39	579.0	583.0	4.0	4.2	Barbeau Zone
BA-18-40	422.0	423.0	1.0	6.3	North Zone
BA-18-41	558.2	560.0	1.8	7.1	North Zone
	582.9	**585.0**	**2.1**	**10.3**	**Footwall Zone**
BA-18-42	**332.9**	**334.9**	**2.0**	**18.7**	**Footwall Zone**
	538.1	539.1	1.0	5.7	Barbeau Zone
BA-18-43	**431.0**	**432.0**	**1.0**	**11.4**	**North Zone**

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On July 17, 2018, the Company announced drill results extending the Footwall Zone down-plunge to the east. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-44	355.0	357.0	2.0	9.1	Footwall Zone
BA-18-45	406.0	407.3	1.3	4.9	Footwall Zone
	585.0	586.0	1.0	7.9	Main Zone
BA-18-47	285.0	286.0	1.0	8.4	North Zone
	469.0	470.0	1.0	7.1	Main Zone
BA-18-48	458.5	459.8	1.3	12.6	North Zone
BA-18-49A	464.5	466.0	1.5	12.2	North Zone
BA-18-50	544.0	547.0	3.0	8.4	South Zone
BA-18-54	743.0	744.0	1.0	12.6	North Zone
	781.0	783.7	2.7	15.3	Footwall Zone

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On September 14, 2018, the Company announced drill results. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-53A	605.0	607.0	2.0	6.5	North
BA-18-53A	614.0	617.0	3.0	4.0	North
BA-18-53A	684.0	687.0	3.0	4.5	Footwall
BA-18-53A	988.0	991.0	3.0	29.6	South
BA-18-54	564.0	567.0	3.0	9.4	North
BA-18-56	466.0	468.0	2.0	6.0	South
BA-18-57A	607.0	608.0	1.0	9.5	Main
BA-18-58	741.0	742.5	1.5	4.1	Main
BA-18-58	882.0	883.5	1.5	12.3	South
BA-18-61B	443.6	444.8	1.2	4.3	Main
BA-18-61B	504.0	505.1	1.1	5.6	South
BA-18-61B	722.0	724.0	2.0	6.9	Barbeau
BA-18-62	540.5	542.5	2.0	17.7	Main
BA-18-62	585.0	586.0	2.0	5.8	South
BA-18-62	594.0	596.0	2.0	9.8	South
BA-18-62	614.3	615.0	0.7	8.8	Barbeau
BA-18-62	619.2	622.5	3.3	5.5	Barbeau

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On September 19, 2018, the Company announced the discovery of a new high-grade gold zone near surface to the north of the Gladiator Gold Deposit. This new high-grade mineralization is located approximately 200 m north of the most northerly Gladiator zone (North Zone) and was located by drill hole BA-18-60 above 100 m in depth. The mineralization and characteristics of this zone are very similar to the Gladiator Deposit and are similar to the Company's current geological model. The model consists of parallel veins or zones and is open along strike and at depth. The recently optioned "Duke" property boundary areas have allowed the Company access for exploration into these areas of interest. This high-grade intersection occurs on Bonterra's 100% owned Gladiator property. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-18-60	96.0	103.0	7.0	27.4	New
BA-18-60	777.2	784.2	7.0	14.8	Main
BA-18-60	851.0	852.0	1.0	7.1	Other
BA-18-60	904.2	905.9	1.7	7.0	South

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

The ongoing resource development program continues to expand and define the Gladiator Gold Deposit ahead of the updated mineral resource estimate scheduled for end of calendar 2018. Drilling to be included in the upcoming mineral resource estimate has now been completed. Drilling continues with three drills at the deposit focused on extension drilling along strike to the northeast and southwest.

METANOR PROPERTIES

Bachelor Mine

The Bachelor Mine is located 4 kilometres south of Highway 113, or 90 kilometres northeast of the city of Lebel-sur-Quévillon, Québec, Canada. The mine is connected to the provincial electrical grid and has access to high-speed internet and mobile phone service on site. The mine has a sleep camp to lodge and cater to all of the workers. The mill and tailing facility are fully functional with all the social and environmental licenses in place.

Bachelor Mill

The Bachelor Mill is currently permitted to process 800 tonnes per day from the Bachelor Mine. In order to accept increased feed from Moroy within the Bachelor Mine, as well as accepting material from the Barry project, the Company has begun a public consultation process, as part of the permitting process to increase the daily capacity of the mill to 2,400 tonnes per day, and blending material from Bachelor and Barry. The public consultation will continue in the coming periods. The detailed engineering design of the mill and tailing will begin in the coming periods.

Moroy Exploration

An exploration drift was started in May 2017 to establish drill bases and access to Moroy. The drill bases for Moroy are also designed to be able to drill both the Main vein and Moroy from the same base. The first drill base development was completed in September 2017, and the underground drill program toward Moroy began immediately. Positive drill results were published in Metanor's press releases in Q4 2017, Q1 2018, April 9, 2018 and July 5, 2018.

Barry Project

The drilling campaign that was carried throughout 2017 and to date in 2018 confirmed the potential for mining underground gold bearing high-grade narrow shears. The Company decided to proceed with an underground bulk sample following these positive results. A permit application for the construction of a larger camp was submitted in the spring of 2017. The approvals were received in late 2017, so the ground work began immediately, before the freeze up. The camp construction continued in early 2018, and was fully functional in May 2018. The Barry Project is fully permitted to extract 1.2 million tonnes of ore. Drill results were published in Metanor's press releases dated February 27, 2018, June 14, 2018 and July 16, 2018. A new 3D model is being built from drilling information. The model shows 3 main sub-vertical shears zones with 15 weaker-dipping shear zones. The drilling program will be concentrated in the ends of the block model with the objective to extend the ore zone in these directions. The 3D model is maintained and used to define more drill targets.

SELECTED ANNUAL INFORMATION

	May 31, 2018	**May 31, 2017** (restated*)	**May 31, 2016** (restated*)
Revenue	$NIL	$NIL	$NIL
Net loss	(22,002,860)	(14,569,838)	(13,745,622)
Comprehensive loss	(22,002,860)	(14,569,838)	(13,745,622)
Basic and diluted loss per share	(0.11)	(0.14)	(0.31)
Total assets	28,125,586	14,073,824	684,720
Total current liabilities	6,808,404	1,600,150	840,446

* See "Change in Accounting Policy" on Page 25

SELECTED QUARTERLY INFORMATION

Results for the eight most recently completed quarters are summarized below. The quarters from August 31, 2016 to February 28, 2018 have been restated. See "Change in Accounting Policy" on Page 25.

For the Quarter Periods Ending on	May 31, 2018 $	February 28, 2018 $	November 30, 2017 $	August 31, 2017 $
Administration expense	1,161,157	2,565,072	1,006,619	1,032,118
Exploration expense	9,304,374	4,929,544	5,031,388	4,404,000
Other income	(2,341,575)	(1,489,690)	(2,517,888)	(1,082,259)
Loss for the period	8,123,956	6,004,926	3,520,119	4,353,859
Loss per share	0.04	0.03	0.02	0.04
Total assets	28,125,586	37,797,275	23,449,188	28,179,386
Total current liabilities	6,808,404	9,062,162	5,264,204	7,460,026

For the Quarter Periods Ending on	May 31, 2017 $	February 28, 2017 $	November 30, 2016 $	August 31, 2016 $
Administration expense	3,143,892	897,132	518,546	696,328
Exploration expense	5,486,054	2,128,171	1,926,984	1,647,396
Other income	(1,553,093)	(53,120)	(128,493)	(139,959)
Loss for the period	7,076,853	2,972,183	2,317,037	2,203,765
Loss per share	0.07	0.03	0.03	0.03
Total assets	14,073,824	552,152	2,744,362	5,030,738
Total current liabilities	1,600,150	1,423,995	979,403	1,109,070

OPERATIONS

During the three months ended May 31, 2018, the Company reported a net loss of $8,123,956 compared to a net loss for the three months ended May 31, 2017 of $7,076,853. Variations in expenses from the three months ended May 31, 2018 to 2017 are as follows:

- Consulting fees of $286,375 (2017 - $260,346) increased in 2018 in order to support additional activity;
- Exploration and evaluation of $9,304,374 (2017 - $5,486,054) increased in line with more drilling and exploration on the Company's properties;
- Management and director fees of $66,000 (2017 - $369,500) were lower in 2018 due to timing of bonuses;
- Office and general of $77,069 (2017 - $75,549) remained consistent year to year;
- Professional fees increased to $113,772 in 2018 from $80,576 in 2017 due to increased legal fees and an increase in CFO fees;
- Rent increased from $11,226 in 2017 to $51,301 in 2018 as a result of increased office space in 2018;
- Share-based payments of $nil (2017 - $1,705,756) was due to the grant of stock options and vesting of stock options previously granted to an investor relations consultant in 2017;
- The Company incurred costs of $475,787 in shareholder communications and investor relations as compared to $435,943 in 2017. The increase is due to more marketing and promotional activity in 2018;
- Transfer agent and filing fees of $28,340 (2017 - $9,438) increased due to the costs of an OTC QX listing;
- Travel increased from $190,326 in 2017 to $244,324 as a result of increased travel to conferences and the Company's exploration projects;

- Other income of $2,685,462 (2017 - $1,538,064) related to the reduction of the other liability created by the issuance of flow-through shares at a premium. The increase was the result of qualified expenditures made by the Company during 2018 being higher than in 2017 and the flow-through share premium being higher;
- Interest income of $38,293 (2017 - $15,029) was for interest earned on term deposits; and
- Unrealized loss on marketable securities of $400,000 (2017 - $nil) related to a change in the share price of marketable securities at period end.

During the year ended May 31, 2018, the Company reported a net loss of $22,002,860 compared to a net loss for the year ended May 31, 2017 of $14,569,838. Variations in expenses from the year ended May 31, 2018 to 2017 are as follows:

- Consulting fees of $1,151,332 (2017 - $735,541) increased in 2018 in order to support additional activity;
- Exploration and evaluation of $23,669,306 (2017 - $11,188,605) increased in line with more drilling and exploration on the Company's properties;
- Management and director fees of $764,000 (2017 - $741,000) were slightly higher in 2018 due to higher monthly fees;
- Office and general of $359,251 (2017 - $191,859) increased as a result of more activity during 2018;
- Professional fees increased to $304,318 in 2018 from $198,634 in 2017 due to increased legal fees and an increase in CFO fees;
- Rent increased from $28,064 in 2017 to $203,583 in 2018 as a result of increased office space in 2018;
- Share-based payments of $557,355 (2017 - $1,793,888) was lower due to more options granted in 2017;
- The Company incurred costs of $1,635,655 in shareholder communications and investor relations as compared to $1,100,179 in 2017. The increase is due to more marketing and promotional activity in 2018;
- Transfer agent and filing fees of $106,960 (2017 - $35,631) increased due to a higher TSX sustaining fee and the costs of an OTC QX listing;
- Travel increased from $423,093 in 2017 to $668,316 as a result of increased travel to conferences and the Company's exploration projects;
- Other income of $7,582,285 (2017 - $1,859,636) related to the reduction of the other liability created by the issuance of flow-through shares at a premium. The increase in other income was the result of qualified expenditures made by the Company during 2018 being higher than in 2017 and the flow-through share premium being higher;
- Interest income of $232,115 (2017 - $15,029) was for interest earned on term deposits; and
- Unrealized loss on marketable securities of $400,000 (2017 - $nil) related to a change in the share price of marketable securities at period end.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at May 31, 2018 was $22,136,434 compared to $13,687,072 at May 31, 2017. The working capital was $18,206,033 at May 31, 2018, compared to $12,446,187 at May 31, 2017. The Company has a strong working capital position due to financings during the 2017 and 2018 fiscal years.

On June 30, 2017, the Company closed a bought deal private placement for gross proceeds of $19,999,880. The Company issued 17,857,000 flow-through common shares of the Company at a price of $0.84 per share and 10,000,000 common shares of the Company at a price of $0.50 per share. On February 26, 2018, the Company closed a bought deal private placement for gross proceeds of $21,495,000. The Company issued 13,300,000 super flow-through common shares of the Company at a price of $0.75 per share and 19,200,000 flow-through common shares of the Company at a price of $0.60 per share. During the year ended May 31, 2018, the Company issued 3,850,341 common shares for proceeds of $1,333,141 on the exercise of 3,850,341 share purchase and finder's warrants and 600,000 common shares for proceeds of $168,000 on the exercise of 600,000 stock options.

Other liabilities of $3,469,531 represents the remaining premium on super flow-through and flow-through share expenditures, and not a cash liability. At May 31, 2018, the Company had a remaining commitment to incur exploration expenditures in relation to its February 2018 super flow-through and flow-through share financings of $6,304,991 and $11,520,000, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following expenses were incurred with directors and officers of the Company:

		2018		2017
Share-based payments	$	-	$	879,212
Short-term compensation	$	1,313,000	$	1,150,000

During the year ended May 31, 2018, short-term compensation to related parties consisted of $764,000 (2017 - $741,000) in management and director fees, $165,000 (2017 - $98,000) in professional fees and $384,000 (2017 - $311,000) in exploration and evaluation asset expenditures.

Short-term compensation was paid as follows:

- $514,000 (2017 - $456,000) to a private company controlled by the President & CEO;
- $514,000 (2017 - $441,000) to a private company controlled by the VP Exploration;
- $165,000 (2017 - $98,000) to a private company controlled by the CFO or a private company in which the CFO is a director;
- $120,000 (2017 - $120,000) to a director of the Company; and
- $nil (2017 - $35,000) to a director of the Company.

During the year ended May 31, 2018, the Company received $59,155 (2017 - $26,304) for the recovery of rent expense from companies related by a common officer. Included in accounts receivable at May 31, 2018 was $100,871 (2017 - $41,876) for the recovery of shared expenses from companies related by a common officer.

During the year ended May 31, 2018, the Company paid or accrued $108,807 (2017 - $132,621) to private companies with common directors for exploration and evaluation asset expenditures.

At May 31, 2018, the Company had outstanding amounts payable to officers and directors of the Company of $2,974 (2017 - $nil) for outstanding expenses. The amounts payable are non-interest-bearing, uncollateralized and repayable on demand.

EVENTS OCCURRING AFTER THE REPORTING DATE

On July 6, 2018, the Company entered into an agreement with Beaufield Resources Inc. to acquire a 70% interest in the Duke Property, located in Québec. In consideration, the Company must make payments as follows:

- Cash payment of $250,000 (paid) and issue 4,000,000 common shares of the Company (issued on July 12, 2018 and valued at $1,600,000) upon acceptance by the TSX-V;
- An additional $250,000 on or before July 6, 2019; and
- An additional $250,000 on or before July 6, 2020.

The Company must also incur exploration expenditures as follows:

- $1,500,000 on or before July 6, 2019;
- An additional $1,500,000 on or before July 6, 2020; and
- An additional $1,500,000 on or before July 6, 2021.

The Duke Property is subject to an underlying 2.3% NSR, of which 1% can be purchased for $1,000,000.

On September 24, 2018, the Company acquired Metanor Resources Inc. ("Metanor") by way of plan of arrangement (the "Acquisition") under section 192 of the Canada Business Corporations Act. Each holder of Metanor common shares received 1.6039 common shares of the Company for each Metanor share held, for a total of 163,513,129 common shares of the Company. The Company also loaned $4,000,000 to Metanor prior to closing, with a term of six months and an interest rate of 10%.

Prior to the Acquisition, the Company completed a plan of arrangement (the "Arrangement") whereby the Company spun out its Larder Lake Project assets and liabilities and $7,000,000 in cash (the "Spin-Out") in order to create a new exploration company (Gatling), by way of plan of arrangement under the Business Corporations Act (British Columbia). Each holder of common shares of the Company received one Gatling common share for each seven common shares of the Company held.

As a result of the Acquisition and Arrangement, the Company's existing stock option and warrant exercise prices were adjusted, outstanding warrants of Metanor were adjusted and stock options were granted to existing Metanor option holders.

Subsequent to May 31, 2018, the Company issued 1,890,000 common shares for proceeds of $575,000 on the exercise of 1,890,000 share purchase and finder's warrants.

Subsequent to May 31, 2018, 9,924,572 share purchase and finder's warrants and 550,000 stock options expired unexercised.

Subsequent to May 31, 2018, the Company granted 2,500,000 stock options to consultants at an exercise price of $0.42 and with a term to expiry of one year.

RISKS AND UNCERTAINTIES

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

CAPITAL DISCLOSURES

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments at high credit quality financial institutions with terms to maturity selected with regard to the expected timing of expenditures from continuing operations. The Company's overall strategy remains unchanged from the prior year.

FINANCIAL INSTRUMENTS AND RISKS

As at May 31, 2018, the Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values.

Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

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 following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

May 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 22,136,434	$ -	$ -	$ 22,136,434
Marketable securities	$ 800,000	$ -	$ -	$ 800,000

May 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 13,687,072	$ -	$ -	$ 13,687,072

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash and cash equivalents, by placing it at major Canadian financial institutions. Included in receivables is $1,643,880 (2017 - $248,604) owing from the Canada Revenue Agency and Revenu Québec. The amounts owing from the Canada Revenue Agency and Revenu Québec have been subsequently collected. Accordingly, the Company has minimal credit risk.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading and available-for-sale, and cause fluctuations in the fair value or future cash flows for assets or liabilities classified as held-to-maturity, loans and receivables, and other financial liabilities. The Company is exposed to other price risk on its marketable securities. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of May 31, 2018 equal $3,095,079 (2017 - $970,920). All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation projects or raising additional capital through equity markets.

However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments 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 accompanying financial statements.

Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at May 31, 2018, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

Share purchase warrant valuation

The Company measures the value of share purchase warrants issued as part of private placement units using a pro rata method. The pro rata method requires each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components. The fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes option pricing model. Estimating fair value for share purchase warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share purchase warrant, volatility and dividend yield, and making assumptions about them.

Valuation of flow-through premium

The determination of the valuation of flow-through premium in equity units is subject to significant judgment and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature issued in concurrent private placement financing. In the case that the Company did not issue non-flow-through shares together with the flow-through shares, the market value of shares without the flow-through feature will be determined using their closing quoted bid price.

NEW ACCOUNTING STANDARD ADOPTED DURING THE YEAR

Amendments to IAS 7 *Statement of Cash Flows*

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is effective for reporting periods beginning on or after January 1, 2017.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. Additional amendments include introduction of a new hedge accounting model and a new expected-loss impairment model. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

CHANGE IN ACCOUNTING POLICY

Effective March 1, 2018, the Company changed its accounting policy for its exploration and evaluation expenditures, including acquisition costs, to recognize these costs in the statement of comprehensive loss in the period incurred, as permitted under IFRS 6 *Exploration for and Evaluation of Mineral Resources*.

The previous accounting policy was to capitalize direct exploration and evaluation expenditures and the related acquisition costs as an asset on the Company's statement of financial position. Taxes were applied to reduce related exploration and evaluation assets in the period recognized. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, were expensed in the year in which they occurred.

The new accounting policy has been applied retrospectively. The impacts of this change in accounting policy are detailed in note 18 to the May 31, 2018 financial statements.

COMMITMENTS

The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee and minimum incentive fee payable. As at May 31, 2018, the total annual base fee of the officers and consultants under the agreements is $864,000 and the total annual minimum incentive fee is $49,000. Certain of the agreements contain a cash bonus payable upon any non-flow-through equity financings at the discretion of the Board of Directors.

The Company has entered into an office sublease agreement commencing September 1, 2017 and expiring August 30, 2022 with basic rent and estimated operating costs per fiscal year approximately as follows:

Fiscal 2019	$	290,000
Fiscal 2020		295,000
Fiscal 2021		299,000
Fiscal 2022		304,000
Fiscal 2023		76,000
	$	1,264,000

OTHER INFORMATION

The Company had the following securities issued and outstanding:

	September 27, 2018	**May 31, 2018**	**May 31, 2017**
Common Shares	397,498,708	228,095,579	161,788,238
Warrants	45,064,650	15,121,442	17,841,633
Stock Options	19,208,706	12,200,000	11,150,000
Fully Diluted Shares	461,772,064	255,417,021	190,779,871

The figures above at September 27, 2018 include 163,513,129 common shares of the Company issued for the acquisition of Metanor, 41,757,780 warrants added on the acquisition of Metanor and 5,058,706 stock options granted to existing Metanor option holders on the date of closing.