BONTERRA

REPORT FOR THE THREE AND NINE MONTH PERIODS ENDED FEBRUARY 28, 2019
MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS

This report on results for three and nine month periods ended February 28, 2019 and 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 three and nine month periods ended February 28, 2019 and 2018 should be read in conjunction with the unaudited condensed consolidated interim financial statements as at and for three and nine month periods ended February 28, 2019 and 2018. This MD&A is effective April 29, 2019. Additional information relating to the Company is available on SEDAR at www.sedar.com.

The Company has prepared its unaudited condensed consolidated interim financial statements for the three and nine month periods ended February 28, 2019 and 2018 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

External auditors, appointed by the shareholders, have not audited or reviewed the unaudited condensed consolidated interim financial statements for the three and nine month periods ended February 28, 2019 and 2018 and did not perform the tests deemed necessary to enable them to express an opinion on these unaudited interim consolidated financial statements.

DESCRIPTION OF BUSINESS

The Company is incorporated under the laws of the province of British Columbia on May 1, 2007. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "BTR". The Company's shares also trade on the OTC Exchange in the United States under the symbol "BONXF" and on the Frankfurt Stock Exchange under the symbol "9BR1".

The Company is 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 exploration and development of mining properties, as well as past production and sale of gold. The Company remains focused on exploration and development.

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, by way of plan of arrangement under the *Business Corporations Act* (British Columbia). Each holder of common shares of the Company received one common share of the new Company for every seven common shares of the Company held.

On November 6, 2018, the Company consolidated its common shares on a one new share for ten old shares basis. All share and per share amounts have been revised to reflect the consolidation.

BOARD OF DIRECTORS

Greg Gibson
Position: Executive Chairman and Interim Chief Executive Officer

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.

Akiba Leisman
Position: Director

Mr. Leisman co-founded and serves as the CEO of Sailfish Royalty Corp. Mr. Leisman is also a consultant at Wexford Capital LP where he oversees the precious metals public and private equity portfolios. Mr. Leisman has an MBA from New York University, and a B.S. in Chemical Engineering from Carnegie Mellon University.

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.

Matthew Happyjack
Position: Director

Mr. Happyjack is currently the President of Air Creebec, a regional airline based in Val-d'Or, Québec. Mr. Happyjack holds an MBA from the Université du Québec en Abitibi-Témiscaminque, where he also completed a Certificate in Accounting. He also holds certificates in Community Economic Development and Management and in Community Management, from Concordia University.

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.

During the three and nine month periods ended February 28, 2019, Nav Dahliwal, R. Dale Ginn, Richard Boulay and Robert Gagnon resigned as directors and officers of the Company. In addition, P. Joseph Meaghar resigned as an officer of the Company.

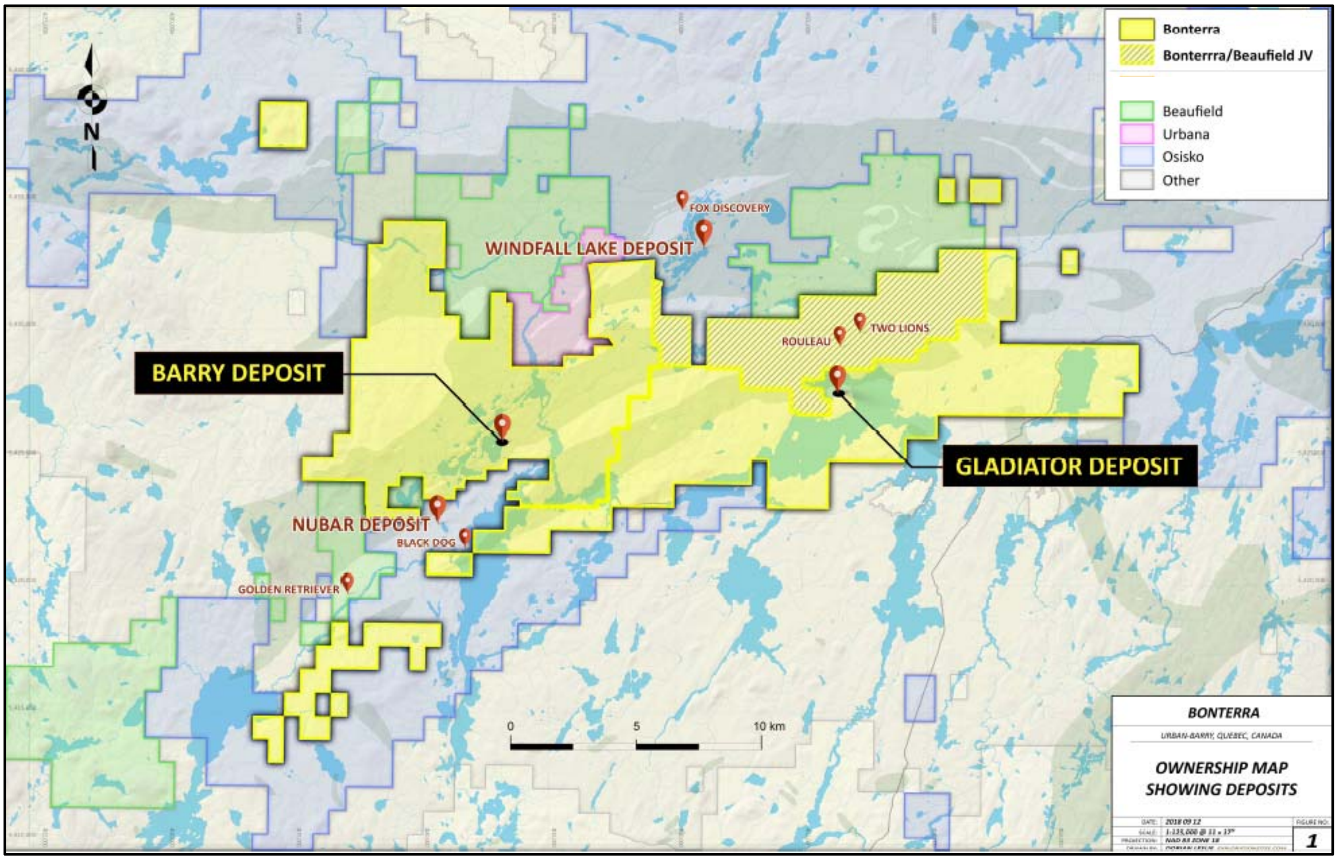
BUSINESS OF THE COMPANY

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.

Bonterra's recent acquisition of Metanor and consolidation of the Company's databases and management have resulted in broader exploration and resource development plans. Bonterra will conduct a company-wide NI 43-101 mineral resource estimate for all its Urban-Barry exploration assets, including the Gladiator, Barry and Moroy deposits. The combined mineral resource estimate is part of Bonterra's strategy to fast track the development of the three deposits simultaneously, to optimize feed to the Urban-Barry Mill over the life of the three mines.

On January 21, 2019, the Company announced that in order to concentrate on the exploration of all three deposits, the Company's mining operations in Quebec will be placed on care and maintenance.

BONTERRA EXPLORATION PROJECTS – URBAN-BARRY, QUÉBEC



(i) COLISEUM PROPERTY

The Company holds a 100% interest in 95 claim blocks in Québec. The property is subject to a 2% net smelter returns royalty ("NSR"), of which 0.5% can be purchased by the Company for $1,000,000.

(ii) WEST ARENA PROPERTY

The Company acquired a 100% interest in 23 additional mineral claims adjacent to the Coliseum claims in Québec 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 285 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 acquired a 100% interest in 57 mineral claims east of the Urban-Barry Township in Québec. 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 acquired a 100% interest in the St-Cyr and West Lacroix Lake Properties, located in the Urban-Barry Gold Camp, Barry Township, Québec. 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 mineral 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") and acquired 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.

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.

On the South Property, the vendor retains a 2% NSR, of which 1% can be purchased by Bonterra for $1,000,000.

On the Barry Property, the vendor retains a 2% NSR, of which 1% can be purchased by Bonterra for $1,000,000.

On the Bailly Property, the retains a 2% NSR, of which 1% can be purchased by Bonterra for $1,000,000.

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 15,000 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 acquired a 100% interest in the Lac Mista Property. 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) 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 400,000 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.

(x) Maximus Property

On July 23, 2018, the Company acquired a 100% interest in the Maximus Property, located in Québec.

(xi) Bordreault-Duval Property

In March 2019, the Company entered into an option agreement to acquire a right to a new property called Boudreault-Duval, consisting of one mining claim covering an area of 56 ha, located 20 km north of the Barry project. To acquire the right to the property option, the Company made a cash payment of $25,000 and issued 10,000 common shares, to the arm's length vendors and, to exercise the option, the Company will make an additional cash payment of $50,000 and issue 15,000 common shares before the one-year anniversary of the agreement.

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. As noted previously in this MD&A, the Company's mining operations in Quebec will be placed on care and maintenance. The Bachelor Mine infrastructure is currently being used to access the Moroy Deposit.

Urban-Barry Mill

The Urban-Barry Mill is the only permitted mill in the region, with more than 15 high-grade gold deposits within a 110 kilometre radius of the mill site. The mill is accessible by a paved highway with a network of logging roads linking the other properties in the area to feed the mill. Bonterra will undertake a mill expansion project in order to increase the production capacity of the Urban-Barry Mill from 1,200 tpd to 2,400 tpd.

From the date of acquisition to February 28, 2019, a total of 2,569 tonnes were milled at a feed grade of 3.0 (g/t) and a mill recovery rate of 96%. A total of 234 ounces were produced and 1,936 ounces were sold.

Moroy Deposit

The Moroy Deposit is a recent discovery near the Urban-Barry Mill property with access via the Bachelor Mine. Current development consists of three sub-drifts and a series of raises, accessed from the 11th level and 14th level at Bachelor. Extensive drill information exists from surface, as well as from the 11th level to a depth of approximately 700 feet, effectively resulting in the existence of two unmined parallel mineralized zones that have not yet been quantified.

Barry Deposit

The Barry Deposit is permitted for initial mine development access and bulk sampling, with decline and cross cut development currently underway. Recent drilling has resulted in the expansion of high-grade areas down plunge at each known strike extent. Bonterra expects to rapidly increase the size of the Barry Deposit especially at depth, given that very little drilling has previously taken place below 300 metres depth over a one kilometre strike length.

Bonterra has completed extensive geological modelling at both the Barry and Moroy Deposits, which are now being used to complete the upcoming mineral resource estimates. The mineral resource estimate will be the first to evaluate the high-grade underground mineralization at the Barry Deposit and the recently discovered Moroy Deposit.

SELECTED ANNUAL INFORMATION

The following tables summarize selected annual financial data of the Company for nine month period ended February 28, 2019 and the two most recent years ended May 31, 2018 and 2017:

	February 28, 2019	May 31, 2018 (restated*)	May 31, 2017 (restated*)
Revenue	$5,784,899	$NIL	$NIL
Net loss and Comprehensive loss	(95,592,396)**	(22,002,860)	(14,569,838)
Basic and diluted loss per share	(2.71)	(1.11)	(1.41)
Total assets	45,540,225	28,125,586	14,073,824
Total current liabilities	28,890,594	6,808,404	1,600,150

* See "Change in Accounting Policy"
**includes costs allocated as part of Metanor acquisition

SELECTED QUARTERLY INFORMATION

Results for the eight most recently completed quarters are summarized below. The quarters from May 31, 2017 to February 28, 2018 have been restated. See "Change in Accounting Policy".

For the Quarters Ending	February 28, 2019 $	November 30, 2018 $	August 31, 2018 $	May 31, 2018 $
Revenue	2,404,161	3,380,728	-	-
Gross loss	(6,369,858)	(4,555,589)	-	-
Administration expenses	7,466,745	5,504,845	1,560,492	1,161,157
Exploration expenses	6,877,347	59,586,497**	8,366,638	9,304,374
Other income	(813,319)	(1,538,050)	(2,344,246)	(2,341,575)
Loss for the period	19,900,631	68,108,881	7,582,884	8,123,956
Basic and diluted loss per share	0.43	2.26	0.33	0.36
Total assets	45,540,225	57,437,651	21,215,157	28,125,586
Total current liabilities	28,890,594	23,209,072	5,305,859	6,808,404

**includes costs allocated as part of Metanor acquisition

For the Quarters Ending	February 28, 2018 $	November 30, 2017 $	August 31, 2017 $	May 31, 2017 $
Revenue	-	-	-	-
Gross loss	-	-	-	-
Administration expenses	2,565,072	1,006,619	1,032,118	3,143,892
Exploration expenses	4,929,544	5,031,388	4,404,000	5,486,054
Other income	(1,489,690)	(2,517,888)	(1,082,259)	(1,553,093)
Loss for the period	6,004,926	3,520,119	4,353,859	7,076,853
Basic and diluted loss per share	0.31	0.18	0.24	0.78
Total assets	37,797,275	23,449,188	28,179,386	14,073,824
Total current liabilities	9,062,162	5,264,204	7,460,026	1,600,150

OPERATIONS

During the three months ended February 28, 2019, the Company reported a net loss of $19,900,631 compared to a net loss for the three months ended February 28, 2018 of $6,004,926. Variations in expenses from the three month periods ended February 28, 2019 to 2018 are as follows:

- Gross loss of $6,369,858 (2018 - $Nil) is new for 2019 as a result of the acquisition of Metanor. The Company wound down its production operations in October 2018 and recorded the remaining costs to winding this down. Gold sales for the period were made to Sandstorm Gold Ltd. ("Sandstorm") as part of the amending agreement with Sandstorm, effectively reducing the existing gold stream on the

Bachelor mine (which required Metanor to sell 20% of its gold production at the fixed price of US $500) and replacing it with a 3.9% NSR on all minerals produced from the Bachelor and Barry properties. The Company is required to sell 12,000 ounces at US$500 and during the nine month period the Company sold 2,500 ounces. In addition, the Company recognizes unearned revenue on a straighline basis as it makes these payments. Due to the Company no longer producing gold, the Company was required to purchase gold in the open market to make these deliveries.;
- Consulting fees of $931,400 (2018 - $460,469) increased in 2019 due to transaction-related costs for the acquisition of Metanor. The Company expects these consulting fees to decrease in the coming quarter.;
- Exploration and evaluation of $6,877,347 (2018 - $4,929,544) increased due to more drilling and exploration on the Company's properties, including the properties acquired from Metanor. The Company expects to maintain this level of exploration and evaluation expenditures in the coming quarter.;
- Management and director fees of $594,000 (2018 - $366,000). The Company expects these management and director fees to decrease in the coming quarter.;
- Professional fees increased to $444,093 in 2019 from $83,340 in 2018 due to increased legal and audit fees relating to the acquisition of Metanor. The Company expects these professional fees to decrease in the coming quarter.;
- Salaries and fringe benefits of $1,236,257 (2018 - $nil) is new for 2019 as a result of the acquisition of Metanor. The amount includes administrative staff and management;
- The Company had share-based payments of $3,550,000 (2018 - $534,559). Share-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and the underlying assumptions used in the model.;
- The Company incurred costs of $274,569 in shareholder communications and investor relations as compared to $545,332 in 2018. The decrease is due to less marketing and promotional activity in 2019. The Company expects these shareholder communications and investor relations costs to decrease in the coming quarter.; and
- Other income of $813,319 (2018 - $1,395,110) related to the reduction of the other liability created by the issuance of flow-through shares at a premium. The decrease was the result of qualified expenditures made by the Company during 2018 related to flow-through shares with a lower premium.;

During the nine month period ended February 28, 2019, the Company reported a net loss of $95,592,396 compared to a net loss for the nine month period ended February 28, 2018 of $13,878,904. Variations in expenses from the nine month period ended February 28, 2019 to 2018 are as follows:

- Gross loss of $10,925,447 (2018 - $Nil) is new for 2019 as a result of the acquisition of Metanor. The Company wound down its production operations in October 2018. Gold sales for the period were made to Sandstorm Gold Ltd. ("Sandstorm") as part of the amending agreement with Sandstorm.;
- Consulting fees of $2,612,427 (2018 - $864,957) increased in 2018 due to the cost of the fairness opinion and success fees for the acquisition of Metanor.;
- Exploration and evaluation of $74,830,482 (2018 - $14,364,932) increased due to $50,243,671 recorded on the acquisition of Metanor, along with more drilling and exploration on the Company's properties.;
- Exploration and evaluation (in production) of $510,342 (2018 - $nil) is new for 2019 as a result of the acquisition of Metanor.;
- Management and director fees of $1,426,000 (2018 - $698,000) were higher in 2019 due to bonuses claimed by former officers for the Metanor acquisition as well as hard dollar financings.;
- Professional fees increased to $1,176,811 in 2019 from $190,546 in 2018 due to increased legal and audit fees relating to the acquisition of Metanor.;
- Salaries and fringe benefits of $2,076,014 (2018 $nil) is new for 2019 as a result of the acquisition of Metanor. The amount includes administrative staff and management.;

- The Company had share-based payments of $3,918,229 (2018 - $557,355). Share-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and the underlying assumptions used in the model.;
- The Company incurred costs of $1,519,091 in shareholder communications and investor relations as compared to $1,159,868 in 2018. The increase is due to more marketing and promotional activity in 2019.;
- Travel increased to $597,233 in 2019 from $423,992 in 2018 as a result of increased travel to conferences and to the Company's exploration sites. The Company expects to decrease these travel costs in the coming quarters.;
- Other income of $4,178,281 (2018 - $4,896,823) related to the reduction of the other liability created by the issuance of flow-through shares at a premium. The decrease was the result of qualified expenditures made by the Company during 2018 related to flow-through shares with a lower premium;
- Realized gain on marketable securities of $457,975 (2018 - $nil) related to a change in the share price of marketable securities at period-end.;
- Part XII.6 tax and penalties recovered of $112,482 (2018 – expense of $808) was a result of a reduction in the provision for tax liabilities related to the Company's fiscal 2012 and 2013 flow-through share issuances; and
- Interest on long-term debt of $71,883 (2018 - $nil) related to notes payable and leases of rolling stock and mining equipment acquired in the Metanor transaction.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at February 28, 2019 was $1,489,267 compared to $22,136,434 at May 31, 2018. The working capital was a deficit of $22,474,013 at February 28, 2019, compared to working capital of $18,206,033 at May 31, 2018.

On November 6, 2018, the Company closed a private placement for gross proceeds of $21,817,100. The Company issued 3,443,500 flow-through common shares of the Company at a price of $3.80 and 2,646,000 common shares of the Company at a price of $3.30. On November 14, 2018, the Company closed an additional tranche for gross proceeds of $99,990. The Company issued 30,300 common shares of the Company at a price of $3.30.

During the nine months ended February 28, 2019, the Company issued 333,351 common shares for proceeds of $1,166,839 on the exercise 333,351 warrants.

Other liabilities of $1,013,000 at February 28, 2019 represents the remaining premium on flow-through share expenditures, and is not a cash liability. At February 28, 2019, the Company had a remaining commitment to incur exploration expenditures in relation to its November 2018 flow-through share financings of approximately $8,000,000. This amount includes any qualifying expenditures included in accounts payable.

Subsequent to February 28, 2019, the Company completed a brokered private placement for gross proceeds of $36,741,096 (the "Offering"). Pursuant to the Offering, the Company issued 14,359,000 common shares of the Company at a price of $1.95 per common share, and an additional 3,273,800 Common Shares of the Company on a flow-through basis ("FT Shares") at a price of $2.67 per FT Share. In connection with the Offering, the Agents received a cash fee in an amount equal to 6% of the gross proceeds of the Offering. In addition, the Company converted $500,000 of accounts payable and accrued liabilities, by issuing 250,000 common shares. Lastly, 20,000 stock options were exercised at $1.70 for gross proceeds to the Company of $34,000. As at April 29, 2019, the Company currently has cash and cash equivalents of approximately $13,000,000 and accounts payable and accrued liabilities of $5,000,000.

Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and, as such, alternative funding programs are also being pursued by the Company.

The Company must utilize its current cash reserves, funds obtained from the exercise of options and warrants, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, and ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company anticipates that it will raise additional capital when and if the opportunity arises.

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:

For the Nine Months Ended February 28,	2019	2018
Short-term compensation		
Exploration and evaluation expenditures	$ 898,000	$ 288,000
Management and director fees	832,000	698,000
Professional fees	127,500	142,500
Operating costs and salaries and fringe benefits	1,542,612	-
	3,400,112	1,128,500
Defined contribution pension plan (included in operating costs and salaries and fringe benefits)	14,305	-
Share-based compensation	2,925,749	-
	$ 6,340,166	$ 1,128,500

During the nine months ended February 28, 2019, the Company received $71,000 (2018 - $41,155) for the recovery of rent expense from companies related by a former common officer. Included in receivables at February 28, 2019 was $Nil (May 31, 2018 - $100,871) for the recovery of shared expenses from companies related by a former common officer. Included in accounts payable at February 28, 2019 was $Nil (May 31, 2018 - $2,974) due to former officers for expense reimbursements and unpaid fees. The amounts payable are non-interest-bearing, uncollateralized and are repayable on demand.

During the nine months ended February 28, 2019, the Company paid or accrued $716,533 (2018 - $133,307) to private companies with former common directors for exploration and evaluation expenditures.

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 February 28, 2019, 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:

February 28, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 1,489,267	$ -	$ -	$ 1,489,267
Marketable securities	$ 10,000	$ -	$ -	$ 10,000

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

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 $2,590,446 (May 31, 2018 - $1,643,880) owing from the Canada Revenue Agency and Revenu Québec. Of the amounts owing from the Canada Revenue Agency and Revenu Québec, $1,472,700 has been subsequently collected. Accordingly, the Company has minimal credit risk.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

- Currency risk – The Company has no funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at period-end.

- Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates. Long-term debt bears interest at fixed rates, thus exposing the Company to the risk of changes in fair value arising from interest rate fluctuations.

- Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is exposed to other price risk on its marketable securities and the gold price.

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 financial liabilities of the Company as of February 28, 2019 equal $36,400,269 (May 31, 2018 - $6,804,404). The cash available is not sufficient to meet the Company's financial obligations at February 28, 2019.

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 its assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation projects 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 assets 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.

Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received from previous experience and the probability of a loss being realized. Several of these factors are a source of estimated uncertainty.

Establishing cash-generating units ("CGU")

For the purpose of assessing impairment of its long-term assets, the Company determines the CGU, defined as being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The determination of the CGU and the classification of the Company's assets to the determined CGU require significant judgement having a potentially significant incidence on the result of the subsequent impairment analysis.

The Company periodically reviews the determination of the CGU and the corresponding grouping of the Company's assets, including its assets classified as common assets.

Impairment of long-term assets

The evaluation if an impairment test in accordance with IAS 36 needs to be performed on its long-term assets requires judgement in determining whether it is likely that future economic benefits will be achieved at certain mining properties, which may be based on assumptions about future events or circumstances. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written down in the statement of comprehensive loss in the period when the new information becomes available.

Asset retirement obligations

The Company assesses its asset retirement obligations annually. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of maintenance and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the allowance. At the date of the statement of financial position, asset retirement obligations represent management's best estimate of the charge that will result when the actual obligations are terminated.

Fair value of NSR agreements

As part of the Amending Agreement signed with Sandstorm (Note 18), Metanor granted a NSR to Sandstorm for its Bachelor and Barry properties. The NSR's were recorded at fair value against property plant and equipment and as recovery of exploration and evaluation expenses. The fair value was based on expected future discounted cash flows. The important assumptions in the calculation were as follows:

- Expected future production based on the life of mine calculation inherent to each property;
- Discount rate (between 5% and 8%);
- Future gold price (between $1,604 and $1,616).

A change in those assumptions may generate a significant impact on the outcome of the fair value calculated.

Gold in-circuit

Given the non-observable nature of the asset, the determination of the ounces of gold in the circuit that ends up in the inventory for the statement of financial position of the Company represents a significant estimate. A sampling is performed at each stage of the production process and recalculates the total ounces of gold included in the circuit by using an established scientific model.

Valuation of flow-through premium

The determination of the valuation of flow-through premium and warrants 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.

Mineral reserve estimate

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Company’s properties. In order to calculate the reserves and resources that the Company considers highly likely to be able to convert into reserves, which form the life-of-mine of producing mining properties of the Company, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques and recovery rates.

Estimating the quantity and grade of the mineral reserves requires the size, shape and depth of ore bodies to be determined by analyzing geological data such as the logging and assaying of drill samples. This process may require complex and sophisticated geological models and calculations to interpret the data.

The Company is required to determine and report on the mineral reserves in accordance with the requirements of the Canadian Institute of Mining Standards. Estimates of mineral reserves may change from period to period due to the change in economic assumptions used to estimate ore reserves and due to additional geological data becoming available during the course of operations. Changes in reported proven and probable mineral reserves and a portion of measured, indicated and inferred resources that the Company expects to convert into reserves may significantly affect the Company’s financial results and position in a number of ways, including the following:

Asset carrying values may be affected due to changes in estimated cash flows;

Depreciation and amortization charges to the statement of comprehensive loss may change as these are calculated on the unit-of production method, or where the useful economic lives of assets change;

Asset retirement obligations and environmental provisions may change where changes in ore reserves affect expectations about the timing or cost of these activities.

Included in the life-of-mine estimate are measured, indicated and inferred resources that are not converted in reserves but over which the Company has a high expectation to convert to reserves in the future. The inclusion of these resources is an estimate that has a significant impact on the above-mentioned items impacted by the life-of-mine estimate.

As at November 1, 2017, Metanor adjusted the life-of-mine estimate of its mining properties in production based on updated geological data. Consequently, the life-of-mine estimate was decreased, which will result in an increase of the yearly depreciation of property, plant and equipment amortized over the life-of-mine.

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.

NEW ACCOUNTING STANDARD ADOPTED DURING THE YEAR

IFRS 9 *Financial Instruments*

The Company adopted all of the requirements of IFRS 9 as of June 1, 2018. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Marketable securities	FVTPL	FVTPL
Receivables	Loan and receivable (amortized cost)	Amortized cost
Reclamation deposits	Loan and receivable (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Royalties payable	Other financial liabilities (amortized cost)	Amortized cost
Long-term debt	Other financial liabilities (amortized cost)	Amortized cost

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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 25 to the unaudited condensed consolidated interim financial statements for the three and nine month periods ended February 28, 2019 and 2018.

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 was $1,274,000 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.

Subsequent to February 28, 2019, the Company received notice of a civil claim, filed by two former officers and directors seeking payment in the amount of $1,092,000 each under these agreements. The Company is not able at this time to estimate what liability, if any, there may be with respect to this claim.

As at February 28, 2019, the total annual base fee of the officers and consultants under these types of agreements was $420,000.

The Company has entered into an office sublease agreement commencing September 1, 2017 and expiring August 30, 2022. During the nine month period ended February 28, 2019, the Company transferred its responsibility under the lease to another party.

On September 9, 2013, the Ministry of Natural Resources of Quebec approved the update of the restoration plan of the Bachelor mine. The financial guarantee covering the restoration costs amount to $4,000,104 which has been paid as at February 28, 2019.

OTHER INFORMATION

The Company had the following securities issued and outstanding:

	April 29, 2019	February 28, 2019	May 31, 2018
Common shares	63,926,786	46,013,986	22,809,558
Warrants	1,111,827	3,854,471	1,512,143
Stock options	4,458,293	4,569,862	1,220,000
Fully diluted shares	69,496,906	54,438,319	25,541,701