BONTERRA

Bonterra Resources Inc.

Condensed Consolidated Interim Financial Statements

For the Three and Nine Month Periods Ended February 28, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

Bonterra Resources Inc.

Three and Nine Month Periods Ended February 28, 2019 and 2018

INDEX	**Page**
Condensed Consolidated Interim Financial Statements	
Management's Responsibility for Financial Reporting and Notice of No Auditor Review	
Condensed Consolidated Interim Statements of Financial Position	1
Condensed Consolidated Interim Statements of Comprehensive Loss	2
Condensed Consolidated Interim Statements of Changes in Equity	3
Condensed Consolidated Interim Statements of Cash Flows	4
Notes to the Condensed Consolidated Interim Financial Statements	5-36

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed consolidated interim financial statements of Bonterra Resources Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Gregory Gibson" (signed)
Interim Chief Executive Officer

"James Fairbairn" (signed)
Chief Financial Officer

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The condensed consolidated interim financial statements for the three and nine month periods ended February 28, 2019 and 2018 have not been reviewed and or audited by the Company's auditors.

Bonterra Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

As at,	February 28, 2019	May 31, 2018
Assets		
Current		
Cash and cash equivalents	$ **1,489,267**	$ 22,136,434
Marketable securities (note 9)	**10,000**	800,000
Receivables (notes 10 and 15)	**2,741,860**	1,744,751
Materials and supplies (note 11)	**1,743,660**	-
Prepaid expenses	**431,794**	333,252
	6,416,581	25,014,437
Security and contract deposits (note 12)	**4,765,001**	-
Property, plant and equipment (note 13)	**34,358,643**	3,111,149
	$ **45,540,225**	$ 28,125,586
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 15, 16 and 24)	$ **25,788,463**	$ 3,338,873
Royalties payable	**334,652**	-
Mining taxes payable	**1,054,706**	-
Current portion of long-term debt (note 17)	**699,773**	-
Other liabilities (note 16)	**1,013,000**	3,469,531
	28,890,594	6,808,404
Unearned revenue (note 18)	**1,608,835**	-
Asset retirement obligations (note 19)	**4,795,508**	-
Long-term debt (note 17)	**1,105,332**	-
	36,400,269	6,808,404
Shareholders' Equity		
Share Capital (note 20)	**169,237,359**	89,970,687
Share-based Payments Reserve (note 20)	**11,958,971**	7,810,473
Deficit	**(172,056,374)**	(76,463,978)
	9,139,956	21,317,182
	$ **45,540,225**	$ 28,125,586

Going Concern (note 2)
Commitments (note 23)
Subsequent Events (notes 18, 20, 23 and 24)

Approved on behalf of the Board:

"Akiba Leisman" ……………………………… Director
Akiba Leisman

"Allan Folk" ……………………………… Director
Allan Folk

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

Bonterra Resources Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three Months		Nine Months	
For the periods ended February 28,	**2019**	2018 (Restated – note 25)	**2019**	2018 (Restated – note 25)
Revenue	$ **2,404,161**	$	$ **5,784,889**	$
Operating costs	**4,424,533**	-	**11,570,715**	-
Gold purchases (note 18)	**3,801,465**	-	**3,801,465**	-
Royalties	**(29,408)**	-	**(7,134)**	-
Depreciation and depletion	**577,429**	-	**1,345,290**	-
Cost of Sales	**8,774,019**	-	**16,710,336**	-
Gross Loss	**(6,369,858)**	-	**(10,925,447)**	-
Expenses				
Consulting fees	$ **931,400**	$ 460,469	$ **2,612,427**	$ 864,957
Depreciation (note 13)	**7,671**	190,633	**21,116**	196,007
Exploration and evaluation (notes 7, 14 and 15)	**6,877,347**	4,929,544	**74,830,482**	14,364,932
Exploration and evaluation (in production)	**-**	-	**510,342**	-
Management and director fees (note 15)	**594,000**	366,000	**1,426,000**	698,000
Office and general	**122,121**	70,696	**292,601**	282,182
Professional fees (note 15)	**444,093**	83,340	**1,176,811**	190,546
Rent (note 15)	**86,626**	51,750	**199,291**	152,282
Salaries and fringe benefits (note 15)	**1,236,257**	-	**2,076,014**	-
Share-based payments (notes 15 and 20)	**3,550,000**	534,559	**3,918,229**	557,355
Shareholder communications and investor relations	**274,569**	545,232	**1,519,091**	1,159,868
Transfer agent and filing fees	**52,567**	72,345	**153,011**	78,620
Travel	**137,525**	190,048	**597,233**	423,992
Loss Before Other Items	**(20,684,034)**	(7,494,616)	**(100,258,095)**	(18,968,741)
Other Items				
Other income (note 16)	**813,319**	1,395,110	**4,178,281**	4,896,823
Interest income	**27,274**	95,388	**99,563**	193,822
Loss on disposal of property, plant and equipment	**(98,605)**	-	**(98,605)**	-
Realized gain on marketable securities (note 9)	**43,335**	-	**457,975**	-
Part XII.6 tax and penalties recovered	**(31,312)**	(808)	**112,482**	(808)
Interest on long term debt	**52,937**	-	**(71,883)**	-
Gain on spin-out of Larder Lake assets (note 6)	**-**	-	**27,128**	-
Accretion expense	**(23,545)**	-	**(39,242)**	
Net Loss and Comprehensive Loss for the Period	$ **(19,900,631)**	$ (6,004,926)	$ **(95,592,396)**	$ (13,878,904)
Basic and Diluted Loss Per Share	$ **(0.43)**	$ (0.32)	$ **(2.71)**	$ (0.74)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted (000's) [1]	**46,014**	**18,965**	**35,336**	18,822

[1] All periods are adjusted for 10:1 share consolidation completed on November 6, 2018. See Note 1.

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

Bonterra Resources Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - Expressed in Canadian Dollars)

	Share Capital								
	Number of Shares [(1)]		Share Capital		Share-based Payments Reserve		Deficit (Restated – note 25)		Total (Restated – note 25)
Balance, May 31, 2017	16,178,789	$	59,257,592	$	7,677,200	$	(54,461,118)	$	12,473,674
Private placements	6,035,700		41,494,880		-		-		41,494,880
Flow-through liability	-		(10,666,380)		-		-		(10,666,380)
Share issue costs	-		(2,790,628)		-		-		(2,790,628)
Fair value of finder's warrants	-		(184,778)		184,778		-		-
Share-based payments	-		-		557,355		-		557,355
Shares issued on exercise of stock options	60,000		168,000		-		-		168,000
Transfer of stock option fair value on exercise	-		129,851		(129,851)		-		-
Shares issued on exercise of warrants	385,034		1,333,141		-		-		1,333,141
Transfer of warrant fair value on exercise	-		479,009		(479,009)		-		-
Shares issued for exploration and evaluation expenditure	150,000		750,000		-		-		750,000
Net loss and comprehensive loss for year	-		-		-		(22,002,860)		(22,002,860)
Balance, May 31, 2018	**22,809,523**		**89,970,687**		**7,810,473**		**(76,463,978)**		**21,317,182**
Private placements	**6,119,800**		**21,917,090**		**-**		**-**		**21,917,090**
Flow-through liability	**-**		**(1,721,750)**		**-**		**-**		**(1,721,750)**
Share issue costs	**-**		**(1,423,376)**		**-**		**-**		**(1,423,376)**
Share-based payments	**-**		**-**		**3,918,229**		**-**		**3,918,229**
Shares issued on exercise of warrants	**333,351**		**1,166,839**		**-**		**-**		**1,166,839**
Transfer of warrant fair value on exercise	**-**		**167,311**		**(167,311)**		**-**		**-**
Shares issued for exploration and evaluation expenditure	**400,000**		**1,600,000**		**-**		**-**		**1,600,000**
Consideration issued for acquisition of Metanor	**16,351,312**		**64,587,686**		**397,580**		**-**		**64,985,266**
Distribution to shareholders of Gatling shares	**-**		**(7,027,128)**		**-**		**-**		**(7,027,128)**
Net loss and comprehensive loss for period	**-**		**-**		**-**		**(95,592,396)**		**(95,592,396)**
Balance, February 28, 2019	**46,013,986**	**$**	**169,237,359**	**$**	**11,958,971**	**$**	**(172,056,374)**	**$**	**9,139,956**

Balance, May 31, 2017	16,178,789	$	59,257,592	$	7,677,200	$	(54,461,118)	$	12,473,674
Private placements	6,035,700		30,828,500		-		-		30,828,500
Share issue costs	-		(2,741,853)		-		-		(2,741,853)
Fair value of finder's warrants	-		(184,778)		184,778		-		-
Stock options granted and vested	-		-		557,355		-		557,355
Shares issued on exercise of stock options	60,000		168,000		-		-		168,000
Transfer of stock option fair value on exercise	-		129,851		(129,851)		-		-
Shares issued on exercise of warrants	383,834		1,328,341		-		-		1,328,341
Transfer of warrant fair value on exercise	-		476,537		(476,537)		-		-
Net loss and comprehensive loss for period	-		-		-		(13,878,904)		(13,878,904)
Balance, February 28, 2018	22,658,323	$	89,262,190	$	7,812,945	$	(68,340,022)	$	28,735,113

[(1)] All periods are adjusted for 10:1 share consolidation completed on November 6, 2018. See Note 1.

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

Bonterra Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

Nine month periods ended February 28,	2019	2018
		(Restated – note 25)
Operating Activities		
Net loss for the period	$ (95,592,396)	$ (13,878,904)
Items not involving cash		
Shares issued for exploration and evaluation	1,600,000	-
Depreciation and depletion	1,345,290	-
Depreciation	656,572	196,007
Allocation to exploration and evaluation on Metanor acquisition	50,243,675	-
Share-based payments	3,918,229	557,355
Other income	(4,178,281)	(4,896,823)
Realized gain on marketable securities	(457,975)	-
Interest on long-term debt	71,883	-
Gain on spin-out of Larder Lake assets	(27,128)	-
Loss on disposal of property, plant and equipment	98,605	-
Accretion expense	39,242	-
Non-cash interest on unearned revenue	57,592	-
Reduction in unearned revenue	(1,650,816)	-
Changes in non-cash working capital		
Receivables	2,676,622	(344,100)
Materials, supplies and gold inventory	4,473,767	-
Prepaid expenses	10,825	(889,593)
Accounts payable and accrued liabilities	5,964,083	1,692,455
Royalties payable	(117,507)	-
Cash Used in Operating Activities	(30,867,718)	(17,563,603)
Investing Activities		
Net additions to property, plant and equipment	(1,801,938)	(3,343,863)
Proceeds on sale of marketable securities	1,257,975	-
Cash acquired on acquisition of Metanor	883,047	-
Cash paid on acquisition of Metanor	(4,000,000)	-
Cash included in spin-out of Larder Lake assets	(7,000,000)	-
Cash Used in Investing Activities	(10,660,916)	(3,343,863)
Financing Activities		
Shares and units issued for cash	23,083,929	42,991,221
Share issuance costs	(1,423,376)	(2,741,853)
Payment of long-term debt and interest	(779,086)	-
Cash Provided by Financing Activities	20,881,467	40,249,368
Inflow (Outflow) of Cash and Cash Equivalents	(20,647,167)	19,341,902
Cash and Cash Equivalents, Beginning of Period	22,136,434	13,687,072
Cash and Cash Equivalents, End of Period	$ 1,489,267	$ 33,028,974
Cash and Cash Equivalents		
Cash	$ 1,239,267	$ 4,822,938
Term deposits	250,000	28,206,036
	$ 1,489,267	$ 33,028,974

Supplemental Disclosure with Respect to Cash Flows (note 21)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Bonterra Resources Inc. (the "Company") is an exploration stage company incorporated on May 1, 2007, under the laws of the province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties, as well as the production and sale of gold, in the province of Québec, Canada. 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's head office and principal business address is 2872 Sullivan Rd,, Suite 2 Val-d'Or, Quebec, Canada, J9P 0B9. The Company's registered and records office is 1000 – 840 Howe Street, Vancouver, British Columbia, Canada, V6Z 2M1.

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.

2. GOING CONCERN

These condensed consolidated interim financial statements (the "financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the existence of economically recoverable ore reserves, the 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 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.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements of the Company should be read in conjunction with the Company's May 31, 2018 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 29, 2019.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the significant accounting policies (note 4). These condensed consolidated interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PRESENTATION (Continued)

c) Subsidiary

These condensed consolidated interim financial statements include the accounts of the Company and, as of September 24, 2018, the accounts of Metanor Resources Inc. ("Metanor"), a wholly-owned subsidiary incorporated in Canada. Metanor's principal activities are exploration and development of mining properties, as well as past production and sale of gold.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 4 to the audited financial statements for the year ended May 31, 2018, as well as the following accounting policies adopted in conjunction with the acquisition of Metanor, and a new accounting standard adopted during the year,

a) Materials, supplies and gold inventory

Materials, supplies, gold doré and gold in-circuit are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and selling costs.

For the above items, cost is determined on the following basis:

- Gold doré inventory includes doré bars in transit to, or being held at the refineries and is valued at average production cost;
- Gold in-circuit is valued at the average cost of production of the material that is currently in the process of being converted to a gold doré;
- Materials and supplies, including mine and mill operating supplies, are valued using the weighted average cost.

Any provision for obsolescence is determined by reference to specific items of materials. A review is undertaken at each reporting period to determine the extent of any provision for obsolescence. The average cost of production includes all costs directly attributable to the mineral extraction and processing process, including the systematic allocation of general fees incurred during the process.

b) Post-employment benefits and short-term employee benefits

The Company provides post-employment benefits through a defined contribution plan. A defined contribution plan is a pension plan under which the Company makes contributions, established according to a percentage of the employee's salary, to an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution during the employment period.

Short-term employee benefits, including vacation entitlement, are current liabilities included in "trade and other payables", and are measured at the undiscounted amount that the Company expects to pay.

c) Royalties payable

Royalties payable are recognized initially at fair value in accordance with the terms of each royalty agreement.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Commercial production

The Company assesses the stage of each mine site to determine when a mine has moved into the commercial production phase. During the production phase of a mine, costs incurred relating to mining assets, additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

e) Property, plant and equipment

Producing properties
Producing properties include the mine development expenditures, estimated costs of restoring the sites of the Company's producing and mines under development and are measured at cost less accumulated depletion and impairment.

Mine development expenditures
Mine development costs, which include vertical and horizontal development of the mine infrastructure, incurred after the commencement of production are capitalized to the extent that these costs benefit the entire ore body. Costs incurred to access single ore blocks are expensed as incurred.

Plant and equipment
The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the borrowing costs incurred during its construction for the asset. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Repairs and maintenance of plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalized and depreciated over the remaining useful life of the improved asset.

Depreciation and depletion
Management determines the appropriate method to depreciate mining assets over their estimated useful life taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation method is used:

- Producing properties, including mine development expenditures and deferred stripping costs, are amortized over the life-of-mine using the unit-of-production method. The depreciation rate of producing properties is calculated based on the number of ounces sold. The life-of-mine is based on the proven and probable mineral reserves and a portion of measured, indicated and inferred resources that the Company considers highly likely to be able to convert into reserves. The depreciation calculation takes into account the development costs that will be incurred in the future to be able to access these reserves and resources.

Depreciation is provided for at the following rates per annum:

Buildings and infrastructure	10-15% declining-balance
Equipment and tools	20% declining-balance
Office equipment	20% declining balance
Rolling stock	20% declining balance
Leasehold improvements	Straight-line over lease term

The asset retirement costs of the mill are depleted on a 20% declining balance basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment (continued)

The residual value, depreciation method and the useful life of each asset are reviewed at least at each reporting period.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

f) Financing fees

The financing fees related to long-term debt are presented as an offset to long-term debt and amortized using the effective interest rate method.

g) Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

Provision relating to the asset retirement obligations of property, plant and equipment

The Company reports the present value of the necessary estimated costs to settle its obligations arising from environmentally acceptable closure plans, relating notably to dismantling or demolition of infrastructures, removal of residual matter and site restoration, in the period in which the obligations are incurred. The asset retirement obligations of the property, plant and equipment are mainly related to the site restoration and the dismantling of the facilities at the mining site in production after the closure in accordance with the mining plan.

h) Revenue recognition

Revenue include sales of gold doré bars which are physically delivered to customers in the period they are produced with their sales price based on prevailing spot market metal prices. Revenue from sales is recognized when all the following conditions have been satisfied:

- The significant risks and rewards of ownership have been transferred;
- Neither continued managerial involvement to the degree usually associated with ownership, nor effective control over metals sold, has been retained;
- The amount of revenue can be measured reliably;
- It is probable the economic benefits associated with the transaction will flow to the Company;
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

These conditions are generally met when the sales price is fixed and the title has passed to the customer.

Revenue from the sales of other metal products are credited to operating costs. Interest revenue is recognized as it accrues, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance expenses.

All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

j) Borrowing costs

Interest and other financing costs that are directly attributable to the acquisition or construction of an asset are capitalized. Capitalization of borrowing costs ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete.

To the extent that funds are part of general borrowing or are borrowed specifically for the purpose of constructing an asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual borrowing costs incurred on that borrowing during the period. Interest earned on the temporary investment of borrowed funds is deducted from interest paid on the borrowed funds in arriving at the amounts so capitalized.

These costs are amortized on the same basis as the asset. No amounts were capitalized during the last two financial periods.

k) New accounting standard adopted during the year

IFRS 9 *Financial Instruments* ("IFRS 9")

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 impact on the classification and measurement of its financial instruments is set out below.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), for the classification and measurement of financial liabilities.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New accounting standard adopted during the year (continued)

- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next fiscal year are discussed below.

a) 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

b) 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.

c) 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.

d) 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.

e) 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

f) 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.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) 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.

b) Fair value of net smelter returns royalty ("NSR") agreements

As part of the Amending Agreement signed with Sandstorm Gold Ltd. ("Sandstorm") (Note 10), 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.

c) 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.

d) 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

e) 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.

f) 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. The assumptions and models used for estimating fair value for share purchase warrants are disclosed in note 20.

(Unaudited - Expressed in Canadian Dollars)

6. SPIN-OUT OF LARDER LAKE ASSETS

On September 24, 2018, 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.

The Spin-Out is treated as a distribution of non-cash assets and is recorded at the fair value of the assets distributed. A total of 33,426,512 common shares of Gatling were spun-out. Using a trading price of $0.21, the fair value is $7,027,128.

Fair value of assets distributed	$	7,027,128
Less book value of Larder Lake Project assets and liabilities		-
Less cash spun-out		(7,000,000)
Gain on spin-out of Larder Lake assets	$	27,128

7. ACQUISITION OF METANOR

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 0.16039 common shares of the Company for each Metanor share held, for a total of 16,351,312 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%.

The Company has determined that the acquisition of Metanor was a business combination in accordance with IFRS 3 *Business Combinations*. The Company incurred transaction costs of $1,346,378 related to the Acquisition which are expensed.

These consolidated financial statements include revenue of $5,784,889 and a net loss of $20,628,003 related to Metanor operations from the close of the Acquisition to February 28, 2019.

The following tables summarizes the fair value of the consideration paid and the preliminary estimates of the fair values of identified assets acquired and liabilities assumed from Metanor. Final valuations of assets and liabilities are not yet complete due to the timing required for the valuations. The Company expects to finalize the determination of the fair values of the assets and liabilities acquired and deferred taxes within 12 months of the acquisition date, which could result in material differences from the preliminary values presented in these financial statements.

Purchase Price		
Common shares issued	$	64,587,682
Loan advanced		4,000,000
Stock options issued		397,580
	$	**68,985,262**

(Unaudited - Expressed in Canadian Dollars)

7. ACQUISITION OF METANOR (Continued)

Net Assets Acquired		
Cash	$	883,047
Other current assets		10,010,525
Security and contract deposits		4,893,101
Property, plant and equipment		31,958,260
Accounts payable and other current liabilities		(18,475,117)
Long-term debt		(2,512,308)
Unearned revenue		(3,259,651)
Asset retirement obligations		(4,756,266)
Exploration and evaluation expenditures		50,243,671
	$	**68,985,262**

8. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and cash equivalents and marketable securities are classified as FVTPL; receivables and reclamation deposits as amortized cost; and accounts payable and accrued liabilities, royalties payable and long-term debt as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by levels 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

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) 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.

8. FINANCIAL INSTRUMENTS (Continued)

b) 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.

c) 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.

i) 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.

ii) 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.

iii) 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.

d) Capital management

The Company considers its capital to be equity, which is comprised of share capital, share based payments reserve and deficit, which as at February 28, 2019 totaled $9,139,956 (May 31, 2018 –$21,317,182).

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. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three and nine month periods ended February 28, 2019 and 2018. The Company is not subject to externally imposed capital requirements.

(Unaudited - Expressed in Canadian Dollars)

9. MARKETABLE SECURITIES

As at February 28, 2019, marketable securities consisted of shares in publicly-traded companies with a cost of $10,000 (May 31, 2018 - $1,200,000) and a fair value of $10,000 (May 31, 2018 - $800,000). During the nine month period ended February 28, 2019, the Company recorded a realized gain of $457,975 (2018 - $Nil)on the sale of these marketable securities for proceeds of $1,257,975 (2018 - $Nil).

10. RECEIVABLES

As at,	February 28, 2019	May 31, 2018
Sales tax receivable	$ **1,282,663**	$ 1,643,880
Mining tax credits receivable	**1,307,783**	-
Other receivables	**151,414**	100,871
Total receivables	$ **2,741,860**	$ 1,744,751

11. MATERIALS, SUPPLIES AND GOLD INVENTORY

As at,	February 28, 2019	May 31, 2018
Materials and supplies	$ **1,743,660**	$ -
	$ **1,743,660**	$ -

12. SECURITY AND CONTRACT DEPOSITS

As at February 28, 2019, the Company had $4,765,001 (May 31, 2018 - $nil) in deposits with the Government of Quebec for the settlement of asset retirement obligations, comprised of $4,000,104 (May 31, 2018 - $nil) for the mill and $394,897 (May 31, 2018 - $nil) for the Barry site. The Company also had $370,000 (May 31, 2018 - $nil) in deposits with Hydro Quebec and others.

(Unaudited - Expressed in Canadian Dollars)

13. PROPERTY, PLANT AND EQUIPMENT

	Mining Site in Production	Exploration	Finance Leases (Mining Site and Exploration)	Corporate Office	Total
Cost					
Balance, May 31, 2017	$ -	$ -	$ -	$ 66,384	$ 66,384
Additions	-	3,284,787	-	59,430	3,344,217
Disposal	-	-	-	(3,106)	(3,106)
Balance, May 31, 2018	**-**	**3,284,787**	**-**	**122,708**	**3,407,495**
Acquisition of Metanor	**26,615,529**	**2,565,394**	**2,694,747**	**82,590**	**31,958,260**
Transfers	**(312,364)**	**522,364**	**(210,000)**	**-**	**-**
Additions	**1,287,821**	**256,277**	**-**	**375**	**1,544,473**
Disposal	**-**	**-**	**(255,692)**	**-**	**(255,692)**
Balance, February 28, 2019	**$ 27,590,986**	**$ 6,628,822**	**$ 2,229,055**	**$ 205,673**	**$ 36,654,536**
Depreciation					
Balance, May 31, 2017	$ -	$ -	$ -	$ 38,897	$ 38,897
Depreciation	-	246,359	-	14,196	260,555
Disposal	-	-	-	(3,106)	(3,106)
Balance, May 31, 2018	**-**	**246,359**	**-**	**49,987**	**296,346**
Transfers	**(36,455)**	**43,016**	**(6,561)**	**-**	**-**
Depreciation	**1,318,991**	**565,790**	**95,965**	**21,116**	**2,001,862**
Disposal	**-**	**-**	**-**	**(2,315)**	**(2,315)**
Balance, February 28, 2019	**$ 1,282,536**	**$ 855,165**	**$ 89,404**	**$ 68,788**	**$ 2,295,893**
Net book value, May 31, 2018	$ -	$ 3,038,428	$ -	$ 72,721	$ 3,111,149
Net book value, February 28, 2019	**$ 26,308,450**	**$ 5,773,657**	**$ 2,139,651**	**$ 136,885**	**$ 34,358,643**

14. EXPLORATION AND EVALUATION PROPERTIES

a) Gladiator Project

(i) Coliseum Property

During the year ended May 31, 2010, the Company acquired a 100% interest in 95 claim blocks in Québec near Windfall Lake at a cost of $20,000 (paid), the issuance of 5,000 common shares to the vendors and 544 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 the share issue date. 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 entered into an option agreement on September 15, 2010, and 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), 8,750 common shares (issued) and $750,000 in exploration expenditures (incurred). The Company has 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 285 shares was paid in connection with this acquisition.

On November 7, 2013, the Company sold an additional 1% NSR to Gold Royalties Corporation ("GRO") in exchange for 100,000 common shares of GRO, valued at $325,000.

(iii) East Arena Property

On December 30, 2010, the Company closed and received approval from the 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 10,000 common shares valued at $860,000 based on the market price of the shares on the share issue date, and cash payments of $35,000. The agreement is subject to a 2% NSR of which 1% may be purchased for $1,000,000.

(iv) St-Cyr Property

On February 23, 2016, the Company entered into an agreement to acquire a 100% interest in the St-Cyr Property, located in Québec. In consideration, the Company issued 70,000 common shares of the Company (issued on March 2, 2016 and valued at $224,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(v) West Lacroix Lake Property

On February 23, 2016, the Company entered into an agreement to acquire a 100% interest in the West Lacroix Lake Property, located in Québec. In consideration, the Company issued 50,000 common shares of the Company (issued on March 2, 2016 and valued at $160,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Project (continued)

(vi) Lac Barry Property

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, located in Québec.

In consideration, the Company issued 51,948 common shares of the Company (issued on March 16, 2016 and valued at $225,973) and paid $25,000. In order to maintain the option, the Company 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 (incurred).

Golden Valley retains a 15% interest in the property and a 3% NSR, of which 1% can be purchased by the Company for $1,000,000.

(vii) Macho South Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Macho South Property, located in Québec. In consideration, the Company issued 120,000 common shares of the Company (issued on March 21, 2016 and valued at $510,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(viii) Barry Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Barry Property, located in Québec. In consideration, the Company issued 80,000 common shares of the Company (issued on March 21, 2016 and valued at $340,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(ix) Bailly Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Bailly Property, located in Québec. In consideration, the Company issued 25,000 common shares of the Company (issued on March 21, 2016 and valued at $106,250). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

On March 21, 2016, the Company issued 20,223 common shares of the Company (valued at $85,949) as finder's fees on the acquisitions of the Macho South, Barry and Bailly properties.

(x) Thubiére Property

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the Thubiére Property, located in Québec. In consideration, the Company paid $5,000 and issued 15,000 common shares (issued on March 21, 2017 and valued at $54,000).

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Project (continued)

(xi) Lac Mista Property

On March 14, 2017, the Company entered into an agreement to acquire a 100% interest in the Lac Mista Property, located in Québec. In consideration, the Company paid $10,000 and issued 15,000 common shares (issued on March 21, 2017 and valued at $54,000). The vendors retain a 2% gross overriding royalty reserve on the property, of which 1% may be repurchased by the Company for $1,000,000.

(xii) 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, located in Québec.

In consideration, the Company was required to make payments as follows:

- cash payment of $150,000 (paid) and issuance of 150,000 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 150,000 common shares of the Company on or before April 19, 2018 (issued on April 13, 2018 and valued at $750,000); 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 was required to issue to Durango 2000,000 common shares upon completion of a technical report.

The Company was also required to incur exploration expenditures of $1,000,000 by April 19, 2019. Durango retained a 2% NSR, of which 1%could 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 26,728 common shares (issued and valued at $112,259).

During the nine month period ended February 28, 2019, the Company terminated its option on the Trove Property.

(xiii) 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 work commitments totalling at least $4,500,000, as follows:

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Project (continued)

(xiii) Duke Property (continued)

i. a minimum of $1,500,000 on or before the first anniversary of this Agreement (July 6, 2019);
ii. a further $1,500,000 on or before the second anniversary of this Agreement (July 6, 2020); and
iii. a further $1,500,000 on or before the third anniversary of this Agreement (July 6, 2021).

Any excess work incurred in any year may be carried forward and applied against the subsequent year's Work Commitment.

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

(xiv) Maximus Property

On July 23, 2018, the Company entered into an agreement to acquire a 100% interest in the Maximus Property, located in Québec, at a cost of $200,000 (paid).

b) Larder Lake Project

On March 16, 2016, the Company entered into an option agreement to acquire a 100% interest in the Larder Lake Property from Kerr Mines and its wholly owned subsidiary, Bear Lake Gold Ltd., located in Ontario. The terms of the agreement were amended on April 14, 2016 and TSX-V approval for the transaction was received on April 26, 2016.

In consideration for the Larder Lake Property, the Company issued 1,000,000 common shares of the Company (issued on April 26, 2016 and valued at $3,800,000). The Company was also required to pay $1,150,000 as follows:

- $200,000 upon TSX-V approval (paid);
- $300,000 on or before December 26, 2016 (paid);
- $350,000 on or before April 26, 2017 (paid); and
- $300,000 on or before October 26, 2017 (paid).

The Company was required to accelerate the final two payments as a result of completing an equity financing for gross proceeds of $4,000,000 or more in non-flow-through financing during the year ended May 31, 2017.

In relation to the acquisition of the Larker Lake Project, the Company paid a finder's fee of 55,891 common shares (issued and valued at $212,385).

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the McVittie claim, located in Ontario. The Company issued 10,000 common shares as consideration (issued on March 20, 2017 and valued at $35,000). The vendors retain a 1.5% NSR on the claim, of which 1% may be repurchased by the Company for $750,000.

On September 24, 2018, the Larder Lake Project was included in the spin-out of assets to Gatling Exploration Inc. ("Gatling") (note 6).

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

c) Metanor Exploration Projects

(i) Barry

The Company holds a 100% interest in a mining lease and 7 mining titles in the Barry gold deposit. It is subject to a 3% NSR.

(ii) Barry United

The Company holds a 100% interest in 93 mining titles located near the Barry gold deposit. It is subject to NSRs of 1% to 4%.

(iii) Barry Extension

The Company holds a 100% interest in 79 mining titles located near the Barry gold deposit. It is subject to a 2% NSR, half of which may be repurchased by the Company for $1,000,000, and the other half at conditions to be agreed upon by the parties.

(iv) Barry Souart

The Company holds a 100% interest in 21 mining titles located near the Barry gold deposit. It is subject to a 3.5% NSR, half of which may be repurchased by the Company for $1,000,000, payable in cash or by the issuance of shares at the option of the seller.

(v) Moroy

The Company holds a 100% interest in 12 mining titles located near the Bachelor Lake property. It is subject to a 2% or 3% NSR.

(vi) MJL – Hansen

The Company holds a 100% interest in 55 mining titles located near the Bachelor Lake property. It is subject to a 2% NSR, half of which may be repurchased for $1,000,000.

(vii) MJL - 2

The Company holds a 100% interest in 51 mining titles located near the Bachelor Lake property. It is subject to a 2% NSR, half of which may be repurchased for $1,000,000, and the other half at conditions to be agreed upon by the parties.

(viii) Nelligan

The Company holds a 70% interest in 58 mining titles located near the Bachelor Lake property. It is subject to a 2% NSR, half of which may be repurchased for $1,000,000.

(ix) Geonova

The Company holds a 100% interest in 35 mining titles located near the Bachelor Lake property. It is subject to a 2% to 3% NSR.

(x) Coniagas

The Company holds a 100% interest in a mining lease located near the Bachelor Lake property.

(Unaudited - Expressed in Canadian Dollars)

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

c) Metanor Exploration Projects (continued)

(xi) Hewfran-2

The Company holds a 100% interest in 13 mining titles located near the Bachelor Lake property. It is subject to a 2% NSR.

(xii) Wahnapitei

The Company holds a 90% interest in a property comprised of 2 mining leases and 3 concessions located in Sudbury, Ontario.

A summary of exploration and evaluation expenditures for the nine months ended February 28, 2019 and 2018 is as follows:

For the Nine Months Ended February 28, 2019	Gladiator Project	Larder Lake Project	Metanor Projects	Total
Acquisition Costs	**$ 2,351,576**	**$ 13,023**	**$ 50,247,988**	**$ 52,315,367**
Total Exploration Costs	**15,848,651**	**29,444**	**6,850,142**	**15,637,768**
Total Exploration and Evaluation Expenditures	**$ 18,200,227**	**$ 42,467**	**$ 57,098,130**	**$ 75,340,824**

For the Nine Months Ended February 28, 2018	Gladiator Project	Larder Lake Project	Total
Acquisition Costs	$ 19,235	$ 83,353	$ 102,588
Total Exploration Costs	14,229,310	33,034	14,262,344
Total Exploration and Evaluation Expenditures	$ 14,248,545	$ 116,387	$ 14,364,932

15. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss:

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

(Unaudited - Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS (Continued)

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.

16. OTHER LIABILITIES

Other liabilities consisted of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances.

	Issued During the Year Ended May 31, 2017	Issued During the Year Ended May 31, 2018	Issued During the Nine Month Period Ended February 28, 2019	Total
Balance, May 31, 2017	$ 385,436	$ -	$ -	$ **385,436**
Liability incurred on flow-through shares issued June 2017	-	6,071,380	-	**6,071,380**
Liability incurred on super flow-through shares issued February 2018	-	3,059,000	-	**3,059,000**
Liability incurred on flow-through shares issued February 2018	-	1,536,000	-	**1,536,000**
Settlement of flow-through share liability by incurring expenditures	(385,436)	(7,196,849)	-	**(7,582,285)**
Balance, May 31, 2018	-	3,469,531	-	**3,469,531**
Liability incurred on flow-through shares issued November 2018	-	-	1,721,750	**1,721,750**
Settlement of flow-through share liability by incurring expenditures	-	(3,469,531)	(708,750)	**(4,178,281)**
Balance, February 28, 2019	$ -	$ -	$ 1,013,000	$ **1,013,000**

For the nine month period ended February 28, 2019

On November 8, 2018, the Company issued 3,443,500 flow-through shares at a price of $3.80 per share. The premium paid by investors was calculated as $0.50 per share. Accordingly, $1,721,750 was recorded as other liabilities.

At February 28, 2019, the Company had a remaining commitment to incur exploration expenditures of approximately $8,000,000 in relation to its November 2018 flow-through share financing. This amount is on a cash basis, and excludes any qualifying expenditures included in accounts payable.

(Unaudited - Expressed in Canadian Dollars)

16. OTHER LIABILITIES (Continued)

Included in accounts payable and accrued liabilities at February 28, 2019 is a provision for tax liabilities as a result of not meeting flow-through expenditure requirements of $100,000 from flow-through common shares issued in calendar 2012 and 2013, and $91,927 from flow-through common shares previously issued by Metanor. The Company reduced the 2012 and 2013 provision by $143,794 during the nine month period ended February 28, 2019. No payments related to calendar 2012 and 2013 flow-through penalties were made during the 2018 fiscal year or during the nine month period ended February 28, 2019.

For the year ended May 31, 2018

On June 30, 2017, the Company issued 1,785,700 flow-through shares at a price of $8.40 per share. The premium paid by investors was calculated as $3.40 per share. Accordingly, $6,071,380 was recorded as other liabilities.

On February 26, 2018, the Company issued 1,330,000 super flow-through shares at a price of $7.50 per share. The premium paid by investors was calculated as $2.30 per share. Accordingly, $3,059,000 was recorded as other liabilities.

On February 26, 2018, the Company issued 1,920,000 flow-through shares at a price of $6.00 per share. The premium paid by investors was calculated as $0.80 per share. Accordingly, $1,536,000 was recorded as other liabilities.

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.

Included in accounts payable and accrued liabilities at May 31, 2018 is a provision for tax liabilities as a result of not meeting flow-through expenditure requirements of $243,794 from flow-through common shares issued in calendar 2012 and 2013. The Company paid Part XII.6 tax of $808 during the year ended May 31, 2018 and has accrued $2,241 in relation to its June 2017 flow-through shares. The Company also reversed a $20,061 provision for Part XII.6 tax and penalties related to flow-through common shares issued in calendar 2012 and 2013.

17. LONG-TERM DEBT

As at,	**February 28, 2019**	**May 31, 2018**
Notes payable, secured by rolling stock and mining equipment having a net book value of $860,099, 0% to 6.24%, payable in monthly instalments, maturing at varying dates to 2022	$ **605,404**	$ -
Obligations under finance leases, 0% to 5.92%, payable in monthly instalments, maturing from 2019 to 2020	**1,199,701**	-
	1,805,105	-
Current portion of long-term debt	**(699,773)**	-
	$ **1,105,332**	$ -

(Unaudited - Expressed in Canadian Dollars)

17. LONG-TERM DEBT (Continued)

The instalments on long-term debt for the forthcoming years are as follows	Obligations under finance leases	Notes payable
2019	$ 582,724	$ 250,265
2020	419,365	240,451
2021	224,161	103,119
2022	187,020	11,571
2023	15,585	-
Total minimum payments	1,428,855	605,404
Interest expense included in minimum payments	(229,154)	-
	$ 1,199,701	$ 605,404

18. UNEARNED REVENUE

In 2011, Metanor entered into an agreement with Sandstorm where Sandstorm made advances totaling US $20 million. In exchange, Metanor was required to sell to Sandstorm 20% of the gold produced from its Bachelor Lake Property until 2052. For the first US $20 million of sales, Metanor received US $500 per ounce, with the difference between the prevailing market price and the US $500 reducing the US $20 million deposit. The full amount of the deposit was reduced to $Nil, and sales of gold to Sandstorm were to be completed at the lesser of US $500 and the prevailing market price per ounce of gold. The initial deposit was recorded as unearned revenue and recognized on the basis of the ounces sold over the estimated quantity of gold to be delivered over the term of the contract.

On September 29, 2017, Metanor entered into an 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 (including the surrounding exploration properties held by Metanor at September 29, 2017). 2.1% of the NSR can be repurchased upon payment of US $2M for each property, thereby reducing the NSR to 1.8%. These NSRs become effective once the Company has delivered 12,000 ounces of gold to Sandstorm at the fixed price of US $500 (minimum of 1,500 ounces quarterly). As of February 28, 2019, 8,500 ounces were delivered and or accrued, along with an additional 250 ounces for late payments. As part of the consideration, Metanor issued 3,164,156 common shares to Sandstorm with an aggregate value of $2,436,400. Subsequent to February 28, 2019, all the accrued, plus an additional 500 ounces were delivered bringing the total delivered to 9,000 ounces with a remaining 3,000 ounces required to be delivered under the agreement. Since the Company is not in production, the Company has been purchasing gold to fulfill these deliveries.

19. ASSET RETIREMENT OBLIGATIONS

The Company's production and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment. The Company has recorded the asset retirement obligations on the basis of management's best estimates of future costs, based on information available on the reporting date. Best estimates of future cost are the amount the Company would reasonably pay to settle its obligation on the closing date.

The future costs are discounted using the risk-free interest rate of the Company and are recorded to liabilities. The counterparts of these obligations are capitalized to property, plant and equipment which will be depreciated in accordance with the unit-of-production method, based on the estimated life of the mine upon beginning of commercial production. The asset retirement obligations are adjusted for accumulated accretion in accordance with the expected timing of payment of the cash flows required to settle these obligations.

(Unaudited - Expressed in Canadian Dollars)

19. ASSET RETIREMENT OBLIGATIONS (Continued)

a) Changes in obligations

The following table sets forth the changes in the asset retirement obligations:

As at,	February 28, 2019	May 31, 2018
Balance, beginning of period/year	$ -	$ -
Acquisition of Metanor	4,756,266	-
Accretion expense	15,697	-
Balance, end of period/year	$ 4,795,508	$ -

b) Information used in the calculation of obligations

The rate used to determine the future value is 2%, while the rate reflecting the current market assessments (adjusted for the risks specific to this liability) used to determine the actual value is 2.01%. The schedule of payments was determined by taking into account the reserves and resources that the Company considers highly likely to be able to convert into reserves of related mining properties and the estimated annual production level. The Company plans to settle these obligations during the financial year ending in 2030.

c) Distribution of asset retirement obligations

The following table sets forth the changes in the asset retirement obligations:

As at,	February 28, 2019	May 31, 2018
Barry site	$ 414,461	$ -
Mill	4,381,041	-
	$ 4,795,508	$ -

20. SHARE CAPITAL

a) Authorized

Unlimited number of common voting shares without par value

b) Issued and outstanding

During the nine month period ended February 28, 2019

On September 24, 2018, the Company issued 16,351,213 common shares of the Company for the acquisition of Metanor (note 7).

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.

The premium paid by investors on the flow-through shares was calculated as $0.50 per share. Accordingly, $1,721,750 was recorded as other liabilities. The underwriters received a cash fee of $1,309,026. Other share issue costs of $114,350 were incurred.

20. SHARE CAPITAL (Continued)

b) Issued and outstanding (continued)

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 month period ended February 28, 2019, the Company issued 333,351 common shares for proceeds of $1,166,839 on the exercise of 333,351 warrants. The value of the warrants of $167,311 was transferred to share capital from share-based payments reserve upon exercise.

During the nine month period ended February 28, 2019, the Company issued 400,000 common shares valued at $1,600,000 for exploration and evaluation expenditures (note 14(a)).

During the year ended May 31, 2018

On June 30, 2017, the Company closed a bought deal private placement for gross proceeds of $19,999,880. The Company issued 1,785,700 flow-through common shares of the Company at a price of $8.40 per share and 1,000,000 common shares of the Company at a price of $5.00 per share.

The premium paid by investors on the flow-through shares was calculated as $3.40 per share. Accordingly, $6,071,380 was recorded as other liabilities. The underwriters received a cash fee of $1,199,993. Other share issue costs of $143,921 were incurred.

On February 26, 2018, the Company closed a bought deal private placement for gross proceeds of $21,495,000. The Company issued 1,330,000 super flow-through common shares of the Company at a price of $7.50 per share and 1,920,000 flow-through common shares of the Company at a price of $6.00 per share.

The premium paid by investors on the super flow-through and flow-through shares was calculated as $2.30 and $0.80 per share, respectively. Accordingly, $3,059,000 and $1,536,000, respectively, was recorded as other liabilities. The underwriters received a cash fee of $1,289,700 and the Company issued 130,000 finder's warrants with an exercise price of $6.00 per unit for a period of two years. The finder's warrants were valued at $184,778 (note 20(c)). Other share issue costs of $157,014 were incurred.

During the year ended May 31, 2018, the Company issued 385,034 common shares for proceeds of $1,333,141 on the exercise of 385,034 share purchase and finder’s warrants and 60,000 common shares for proceeds of $168,000 on the exercise of 60,000 stock options. The value of the warrants of $479,009 and the value of the stock options of $129,851 were transferred to share capital from share-based payments reserve upon exercise.

During the year ended May 31, 2018, the Company issued 150,000 common shares valued at $750,000 for exploration and evaluation expenditures (note 14(a)).

(Unaudited - Expressed in Canadian Dollars)

20. SHARE CAPITAL (Continued)

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Nine Month Period Ended February 28, 2019		**Year Ended May 31, 2018**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period/year	**1,512,143**	**$ 4.40**	1,784,162	$ 4.10
Issued	**-**	**-**	130,000	$ 6.00
Addition of Metanor warrants	**4,175,774**	**$ 5.33**	-	-
Exercised	**(333,351)**	**$ 3.50**	(385,034)	$ 3.50
Expired	**(1,500,095)**	**$ 4.57**	(16,985)	$ 3.50
Outstanding, end of period/year	**3,854,471**	**$ 5.39**	1,512,143	$ 4.40

The following warrants were outstanding and exercisable:

Expiry Date	**Weighted Average Remaining Contractual Life in Years**	**Exercise Price**	**Outstanding at February 28, 2019**
March 2, 2019	0.01	$ 2.40	163,760*
March 14, 2019	0.03	$ 2.40	14,640*
March 21, 2019	0.05	$ 4.10	91,024*
March 21, 2019	0.05	$ 5.60	1,437,098*
March 23, 2019	0.06	$ 3.00	22,286*
April 21, 2019	0.14	$5.60	1,013,836*
December 28, 2019	0.83	$5.60	981,827
February 26, 2020	0.99	$ 5.20	130,000
	0.30		3,854,471

* expired unexercised subsequent to February 28, 2019

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. The fair value of each finder's warrant grant was calculated using the following weighted average assumptions:

	Nine Month Period Ended February 28, 2019	**Year Ended May 31, 2018**
Expected life (years)	N/A	2.00
Risk-free interest rate	N/A	1.79%
Expected annualized volatility	N/A	61%
Dividend yield	N/A	N/A
Stock price at grant date	N/A	$5.00
Exercise price	N/A	$6.00
Weighted average grant date fair value	N/A	$1.40

(Unaudited - Expressed in Canadian Dollars)

20. SHARE CAPITAL (Continued)

c) Warrants (continued)

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

d) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's stock option plan for the nine month period ended February 28, 2019 and year ended May 31, 2018:

	Nine Month Period Ended February 28, 2019		**Year Ended May 31, 2018**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period/year	**1,220,000**	**$ 4.20**	1,115,000	$ 3.90
Transactions during the period/year:				
Granted	**3,455,841**	**$ 3.28**	200,000	$ 5.50
Exercised	**-**	**-**	(60,000)	$ 2.80
Expired	**(105,979)**	**$ 6.15**	(35,000)	$ 4.90
Outstanding, end of period/year	**4,569,862**	**$ 3.33**	1,220,000	$ 4.20

The weighted average trading price on date of exercise for the stock options exercised during the year ended May 31, 2018 was $5.00.

(Unaudited - Expressed in Canadian Dollars)

20. SHARE CAPITAL (Continued)

d) Stock options (continued)

The following options were outstanding and exercisable as at February 28, 2019:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
July 4, 2019	0.34	$ 7.50 - $ 43.60	83,402	83,402
September 15, 2019	0.54	$ 7.50	33,277	33,277
September 17, 2019	0.55	$ 3.70	250,000	250,000
September 24,2019	0.57	$ 4.40 - $ 43.60	163,588	163,588
February 18, 2020	0.97	$ 31.20	320	320
April 3, 2020	1.09	$ 3.50	595,000	595,000
July 18, 2020	1.38	$ 43.60	1,202	1,202
September 22, 2020	1.56	$ 31.20	1,603	1,603
October 14, 2020	1.62	$ 1.70	120,000	120,000
November 25, 2020	1.74	$ 3.10	8,017	8,017
December 8, 2020	1.77	$ 1.70	40,000	40,000
February 1, 2021	1.93	$ 5.00	140,000	140,000
February 25, 2021	1.99	$ 20.00	802	802
March 30, 2021	2.08	$ 4.50	245,000	245,000
March 23, 2022	3.06	$ 4.40	4,009	4,009
May 15, 2022	3.21	$ 5.50	156,378	156,378
July 14, 2022	3.37	$ 5.10	16,039	16,039
September 14, 2022	3.54	$ 15.60	9,622	9,622
March 11, 2023	4.03	$ 15.60	1,603	1,603
February 21, 2024	4.97	$ 2.70	2,700,000	2,700,000
	3.51		4,569,862	4,569,862

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each option grant was calculated using the following weighted average assumptions:

	Nine Month Period Ended February 28, 2019	Year Ended May 31, 2018
Expected life (years)	**4.52**	2.99
Risk-free interest rate	**1.87%**	1.99%
Expected annualized volatility	**84%**	75%
Dividend yield	**N/A**	N/A
Stock price at grant date	**$2.26**	$5.40
Exercise price	**$3.24**	$5.50
Weighted average grant date fair value	**$1.254**	$2.60

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

(Unaudited - Expressed in Canadian Dollars)

21. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2019	2018
Income tax paid	**$ -**	$ -
Interest received	**$ 99,563**	$ 193,822
Interest paid	**$ 71,883**	$ -
Non-cash investing and financing activities		
Fair value of warrants exercised	**$ 167,311**	$ 476,537
Fair value of stock options exercised	**$ -**	$ 129,851
Fair value of agent's warrants issued	**$ -**	$ 184,778
Accounts payable related to property, plant and equipment (opening)	**$ 482,745**	$ -

22. SEGMENTED DISCLOSURE

The Company operates several exploration and evaluation properties in Quebec, as well as a gold mine. These operating sites are managed separately given their different locations. The Company assesses the performance of each segment. Accounting policies for each segment are the same as those used for the preparation of the condensed consolidated interim financial statements.

Prior to the acquisition of Metanor, and for the year ended May 31, 2018, the Company's only operating segment was mineral exploration and development.

Nine Month Period ended February 28, 2019	**Mining Site**	**Exploration**	**Corporate**	**Total**
Revenue	$ 5,784,889	$ -	$ -	$ 5,784,889
Operating costs	(11,570,715)	-	-	(11,570,715)
Gold purchases	(3,801,465)			(3,801,465)
Royalty expense	7,134	-	-	7,134
Depreciation and depletion	(1,345,290)	-	-	(1,345,290)
Cost of sales	(16,710,336)	-	-	(16,710,336)
Gross loss	(10,925,447)	-	-	(10,925,447)
Exploration and evaluation	(510,342)	(74,830,482)	-	(75,340,824)
Administration	-	-	(13,970,708)	(13,970,708)
Depreciation of property, plant and equipment	-	-	(21,116)	(21,116)
Operating loss	(11,435,789)	(74,830,482)	(13,991,824)	(89,332,648)
Other income (expense)	(111,125)	4,219,286	557,538	4,665,699
Net loss	$ (11,546,914)	$ (70,611,196)	$ (13,434,286)	$ (95,592,396)

23. COMMITMENTS

a) 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.

b) 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.

c) 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.

24. SUBSEQUENT EVENTS

a) 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.

b) Subsequent to February 28, 2019, the Company converted $500,000 of accounts payable and accrued liabilities, by issuing 250,000 common shares.

c) Subsequent to February 28, 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.

d) Subsequent to February 28, 2019, the Company granted 200,000 stock options. The stock options are exercisable at $2.00 for a period of 5 years.

e) Subsequent to February 28, 2019, 20,000 stock options were exercised at $1.70 for gross proceeds to the Company of $34,000.

(Unaudited - Expressed in Canadian Dollars)

25. 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. Tax credits 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 to expense exploration and evaluation expenditures has been applied retrospectively.

The impacts of this change in accounting policy in the financial statements are set out below:

Statements of Financial Position

As at May 31, 2017	**As Previously Reported**	**Effect of Change in Accounting Policy**	**As Restated Under the New Policy**
Exploration and evaluation assets	$ 27,565,156	$ (27,565,156)	$ -
Deficit	$ (26,895,962)	$ (27,565,156)	$ (54,461,118)
As at February 28, 2018			
Exploration and evaluation assets	$ 41,930,088	$ (41,930,088)	$ -
Deficit	$ (26,409,934)	$ (41,930,088)	$ (68,340,022)

Statements of Comprehensive Loss

For the Three Months Ended February 28, 2018	**As Previously Reported**	**Effect of Change in Accounting Policy**	**As Restated Under the New Policy**
Exploration and evaluation	$ -	$ 4,929,544	$ 4,929,544
Net loss for the period	$ (1,075,382)	$ (4,929,544)	$ (6,004,926)
Basic and diluted loss per share	$ (0.01)	$ (0.26)	$ (0.32)
For the Nine Months Ended February 28, 2018			
Exploration and evaluation	$ -	$ 14,364,932	$ 14,364,932
Net income (loss) for the period	$ 486,028	$ (14,364,932)	$ (13,878,904)
Basic and diluted earnings (loss) per share	$ 0.00	$ (0.76)	$ (0.74)

(Unaudited - Expressed in Canadian Dollars)

25. CHANGE IN ACCOUNTING POLICY (Continued)

Statements of Cash Flows

For the Nine Months Ended February 28, 2019	**As Previously Reported**	**Effect of Change in Accounting Policy**	**As Restated Under the New Policy**
Net income (loss) for the period	$ 486,028	$ (14,364,932)	$ (13,878,904)
Changes in non-cash working capital			
Prepaid expenses	$ (144,124)	$ (745,469)	$ (889,593)
Accounts payable and accrued liabilities	$ (48,830)	$ 1,740,885	$ 1,692,455
Cash Used in Operating Activities	$ (4,194,087)	$ (13,369,516)	$ (17,563,603)
Exploration and evaluation expenditures	$ (13,369,516)	$ 13,369,516	$ -
Cash Used in Investing Activities	$ (16,713,379)	$ 13,369,516	$ (3,343,863)