Bonterra Resources Inc.

Consolidated Financial Statements

For the Years Ended May 31, 2019 and 2018

(Expressed in Canadian Dollars)

Bonterra Resources Inc.

For the Years Ended May 31, 2019 and 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("IFRS"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Company maintains systems of internal control that are designed by management to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

The Board of Directors is responsible for reviewing and approving the consolidated 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 consolidated 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 consolidated 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.

"Greg Gibson" (signed)
Chief Executive Officer

"James Fairbairn" (signed)
Chief Financial Officer

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Independent Auditor's Report

To the Shareholders of Bonterra Resources Inc.

Opinion

We have audited the consolidated financial statements of Bonterra Resources Inc. ("the Group"), which comprise the consolidated statements of financial position as at May 31, 2019 and May 31, 2018 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2019 and May 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
September 30, 2019

Bonterra Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at May 31,		**2019**		**2018**
Assets				
Current				
Cash and cash equivalents (note 27)	$	**9,806,591**	$	22,136,434
Marketable securities (note 9)		**20,000**		800,000
Receivables (notes 10 and 16)		**1,750,282**		1,744,751
Materials and supplies (note 11)		**1,670,668**		-
Prepaid expenses		**343,149**		333,252
		13,590,690		25,014,437
Security and contract deposits (note 12)		**4,762,701**		-
Property, plant and equipment (notes 13, 14 and 24)		**39,590,787**		3,111,149
	$	**57,944,178**	$	28,125,586
Liabilities				
Current				
Trade and other payables (notes 15, 16, 20 and 27)	$	**8,663,645**	$	3,338,873
Mining taxes payable (note 17)		**1,894,000**		-
Current portion of long-term debt (note 18)		**653,875**		-
Derivative liability (note 19)		**3,165,000**		-
Flow-through premium liability (note 20)		**2,195,000**		3,469,531
		16,571,520		6,808,404
Asset retirement obligations (note 21)		**5,624,000**		-
Long-term debt (note 18)		**891,718**		-
		23,087,238		6,808,404
Shareholders' Equity				
Share Capital (note 22)		**199,432,593**		89,970,687
Share-based Payments Reserve (note 22)		**12,731,888**		7,810,473
Deficit		**(177,307,541)**		(76,463,978)
		34,856,940		21,317,182
	$	**57,944,178**	$	28,125,586

Going Concern (note 2)
Commitments and Contingent Liabilities (note 27)
Subsequent Events (notes 8, 10, 14, 19, 27 and 28)

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 consolidated financial statements.

Bonterra Resources Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended May 31,		2019		2018
Expenses				
Consulting fees (note 7)	**$**	**2,423,393**	$	1,151,332
Depreciation (note 13)		**73,096**		14,196
Exploration and evaluation (notes 7, 14 and 16)		**30,263,661**		23,669,306
Salaries, management and director fees (note 16)		**3,186,350**		764,000
Office and general		**404,794**		359,251
Professional fees (notes 7 and 16)		**1,471,386**		304,318
Rent (note 16)		**222,954**		203,583
Share-based payments (notes 16 and 22)		**4,030,000**		557,355
Shareholder communications and investor relations		**1,660,319**		1,635,655
Transfer agent and filings fees		**200,065**		106,960
Travel		**702,548**		668,316
Loss Before Other Items		**(44,638,566)**		(29,434,272)
Other Items				
Recovery of flow-through premium liability (note 20)		**5,353,531**		7,582,285
Net interest (expense) income		**(99,401)**		232,115
Part XII.6 tax and penalties recovered (note 20)		**213,465**		17,012
Loss on derivative liability (note 19)		**(973,112)**		-
Accretion expense (note 21)		**(91,000)**		-
Realized gain on marketable securities (note 9)		**57,975**		-
Unrealized loss on marketable securities (note 9)		**400,000**		(400,000)
Gain on spin-out of Larder Lake assets (note 6)		**2,359,400**		-
Impairment of mineral properties (note 7)		**(54,289,635)**		-
Net Loss from Continuing Operations		**(91,707,344)**		(22,002,860)
Net Loss from Discontinued Operations (note 24)		**(9,136,219)**		-
Net Loss and Comprehensive Loss for the year	**$**	**(100,843,563)**	$	(22,002,860)
Basic and Diluted Loss Per Share [(1)]	**$**	**(2.42)**	$	(1.11)
Basic and Diluted Loss Per Share - Continuing Operations [(1)]	**$**	**(2.20)**	$	(1.11)
Basic and Diluted Loss Per Share - Discontinued Operations [(1)]	**$**	**(0.22)**	$	-
Weighted Average Number of Common Shares Outstanding – Basic and Diluted (000's) [(1)]		**41,742**		19,811

[(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 consolidated financial statements.

Bonterra Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares [1]	**Share Capital**	**Share-based Payments Reserve**	**Deficit**	**Total**
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 premium 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 the 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	**23,752,600**	**58,658,186**	**-**	**-**	**58,658,186**
Flow-through premium liability	**-**	**(4,079,000)**	**-**	**-**	**(4,079,000)**
Share issue costs	**-**	**(3,899,486)**	**-**	**-**	**(3,899,486)**
Share-based payments	**-**	**-**	**4,030,000**	**-**	**4,030,000**
Shares issued on exercise of options	**20,000**	**34,000**	**-**	**-**	**34,000**
Transfer of options fair value on exercise	**-**	**38,447**	**(38,447)**	**-**	**-**
Shares issued on exercise of warrants	**333,351**	**1,166,839**	**-**	**-**	**1,166,839**
Transfer of warrant fair value on exercise	**-**	**195,138**	**(195,138)**	**-**	**-**
Shares issued for exploration and evaluation expenditure	**410,000**	**1,619,500**	**-**	**-**	**1,619,500**
Shares issued for debt	**250,000**	**500,000**	**-**	**-**	**500,000**
Consideration issued for acquisition of Metanor	**16,351,312**	**64,587,682**	**1,125,000**	**-**	**65,712,682**
Distribution to shareholders of Gatling shares	**-**	**(9,359,400)**	**-**	**-**	**(9,359,400)**
Net loss and comprehensive loss for the year	**-**	**-**	**-**	**(100,843,563)**	**(100,843,563)**
Balance, May 31, 2019	**63,926,786**	**$ 199,432,593**	**$ 12,731,888**	**$ (177,307,541)**	**$ 34,856,940**

[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 consolidated financial statements.

Bonterra Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years ended May 31,	**2019**	2018
Operating Activities		
Net loss for the year	$ **(100,843,563)**	$ (22,002,860)
Items not involving cash		
Depreciation	**1,131,537**	260,555
Share-based payments	**4,030,000**	557,355
Shares issued for exploration and evaluation	**1,619,500**	750,000
Recovery of flow-through premium liability	**(5,353,531)**	(7,582,285)
Accretion expense	**91,000**	-
Loss on derivative liability	**973,112**	-
Shares issued for debt	**500,000**	-
Gain on reversal of flow-through indemnity	**(243,794)**	-
Impairment of mineral properties	**54,289,635**	-
Gain on spin-out of Larder Lake assets	**(2,359,400)**	-
Realized loss on marketable securities	**(57,975)**	-
Unrealized loss on marketable securities	**(400,000)**	400,000
Changes in non-cash working capital		
Receivables	**1,925,208**	(1,453,202)
Materials and supplies	**2,304,332**	-
Prepaid expenses	**227,570**	(265,536)
Security and contract deposits	**2,300**	-
Accounts payable and accrued liabilities	**(12,424,161)**	1,641,414
Cash Used in Operating Activities	**(54,588,230)**	(27,694,559)
Investing Activities		
Sale (Purchase) of marketable securities	**1,257,975**	(1,200,000)
Purchase of property, plant and equipment	**(706,620)**	(2,861,472)
Cash acquired on acquisition of Metanor	**1,230,620**	-
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	**(9,218,025)**	(4,061,472)
Financing Activities		
Shares and units issued for cash	**59,859,025**	42,996,021
Share issuance costs	**(3,899,486)**	(2,790,628)
Settlement of derivative liability	**(3,708,112)**	-
Payment of long-term debt	**(775,015)**	-
Cash Provided by Financing Activities	**51,476,412**	40,205,393
(Outflow) Inflow of Cash and Cash Equivalents	**(12,329,843)**	8,449,362
Cash and Cash Equivalents, Beginning of Year	**22,136,434**	13,687,072
Cash and Cash Equivalents, End of Year	$ **9,806,591**	$ 22,136,434
Cash and Cash Equivalents		
Cash	$ **9,806,591**	$ 2,286,427
Term deposits	**-**	19,850,007
	$ **9,806,591**	$ 22,136,434

Supplemental Disclosure with Respect to Cash Flows (note 23)

The accompanying notes are an integral part of these consolidated 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 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 "9BR2". 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 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

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 consolidated 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 incurred a comprehensive loss of $100,843,563 for the year ended May 31, 2019 (2018 - $22,002,860) and has an accumulated deficit of $177,307,541 at May 31, 2019 (2018 - $76,463,978). As at May 31, 2019, the Company had a working capital deficiency of $2,980,830. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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 consolidated 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 consolidated financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 30, 2019.

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"). These consolidated financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for purposes of these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary Metanor Resources Inc. ("Metanor") (collectively the "Group") as at May 31, 2019 and for the period from September 24, 2018 to May 31, 2019. Control is achieved when the Company has exposure to, or has rights to, variable returns from an investee as well as the ability to affect those returns through the power to direct their relevant activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive loss from the effective date of control or up to the effective date of loss of control, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

c) Exploration and evaluation expenditures

Exploration and evaluation expenditures, including acquisition costs, are expensed in the year in which they are incurred. Mining exploration tax credits for certain exploration expenditures incurred are recorded against exploration and evaluation expenditures when received.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance. Payments related to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded upon payment.

Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to "mines under construction" on the statement of financial position.

d) Asset retirement obligations

An obligation to incur decommissioning and site rehabilitation costs ('Asset retirement obligations") occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Asset retirement obligations are recorded as liabilities when those obligations are incurred and are measured as the present value, if a reasonable estimate of the expected costs to settle the liability can be determined, discounted at a current pre-tax rate specific to the liability. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing or the amount of the original estimate of the undiscounted cash flows are accounted for as part of the carrying amount of the related long-lived asset. The carrying amount of the asset retirement obligations is reviewed to reflect current estimates and changes in the discount rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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e) 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.

f) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment (Continued)

The major categories of property, plant and equipment are depreciated on a units-of-production, straight-line basis or declining balance as follows:

Mill infrastructure and related equipment	5 – 15 years and unit-of-production
Underground infrastructure and related equipment	5 – 15 years and unit-of-production
Exploration and related equipment	5 – 15 years
Office equipment	20% declining balance
Leasehold improvements	Straight-line over lease term

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 ("PP&E") 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.

g) 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.

h) Royalties payable

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

i) 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.

j) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) 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.

l) Revenue recognition

The Company's primary product is gold; other metals produced as part of the extraction process are considered to be by-products arising from the production of gold. Revenue relating to the sale of metals is recognized when control of the metal or related services are transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. In determining whether the Company has satisfied a performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether: the Company has a present right to payment; the customer has legal title to the asset; the Company has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the asset.

Revenue also includes consideration relating to shipping and insurance services that the Company arranges and pays for on behalf of customers as required by the terms of certain of the Company's concentrate agreements to bring the goods to the named destination. The Company considers the portion of shipping and insurance services provided after the transfer of control of the concentrate as distinct performance obligations. Accordingly, the Company apportions consideration attributable to these services based on a relative stand-alone pricing basis. The consideration is deferred and recognized over time as the obligations are fulfilled.

m) 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.

n) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

p) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a pro rata method with respect to the measurement of shares and warrants issued as private placement units. 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 shares is based on the closing quoted bid price on the announcement date and the fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes option pricing model. The fair value attributed to the warrants is recorded in equity reserves.

q) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Flow-through shares

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery of flow-through premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are required to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

s) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options remain in share-based payments reserve upon their expiry or cancellation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Business combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in comprehensive loss.

Goodwill is initially measured as the excess of the aggregate of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in comprehensive loss.

u) Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at every reporting period. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable and at least annually. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income/loss.

v) Financial instruments

Financial instruments under IAS 39, Financial Instruments, are applicable to prior year comparatives and are classified as follows:

i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity (“HTM”) investments, loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- FVTPL

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Financial instruments (Continued)

i) Financial assets (Continued)

- HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. HTM investments are carried at amortized cost, using the effective interest method, less any impairment.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, using the effective interest method, less any impairment.

- AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income/loss and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income/loss are reclassified to profit or loss.

- Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

- Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period-end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Financial instruments (Continued)

i) Financial assets (Continued)

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: Borrowings and other financial liabilities, and financial liabilities at FVTPL.

- Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date.

- Financial liabilities at FVTPL

These financial liabilities are initially recognized at their fair value and are subsequently remeasured at their fair value at each reporting period with changes in the fair value recognized in profit or loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

Financial instruments under IFRS 9 applies to the current fiscal year and are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at fair value through profit and loss ("FVTPL"), amortized cost, and fair value through other comprehensive income ("FVOCI").

Cash and cash equivalents and marketable securities and derivative liability are classified as FVTPL, and are initially measured at fair value less transaction costs. They are subsequently measured at fair value and net gains/losses are recognized in the consolidated statement of comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Financial instruments (Continued)

Receivables, security and contract deposits trade and other payables, and long-term debt are classified as 'Amortized Cost', and are initially measured at fair value. They are subsequently measured at amortized cost.

There are no financial assets classified as 'FVOCI".

w) Future accounting policies and policies adopted

i) 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, FVOCI or 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;
- 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 statements of 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
Security and contract deposits	Loan and receivable (amortized cost)	Amortized cost
Trade and other payables	Other financial liabilities (amortized cost)	Amortized cost
Derivative liability	FVTPL	FVTPL
Long-term debt	Other financial liabilities (amortized cost)	Amortized cost

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Future accounting policies and policies adopted (Continued)

i) New accounting standard adopted during the year (Continued)

IFRS 15 *Revenue with Contracts from Customers* ("IFRS 15")

The Company adopted IFRS 15 which replaced IAS 11 - Construction Contracts; IAS 18 - Revenue, and other revenue interpretations.

IFRS 15 requires either a full retrospective application, whereby comparative information is restated in accordance with IFRS 15, or a modified retrospective application, whereby the cumulative impact of adoption is recognized in opening retained earnings, as of June 1, 2018, and comparative period balances are not restated. The Company elected to apply the modified retrospective approach, though the new standard had no cumulative impact as at June 1, 2018.

IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer, and introduces a revenue recognition model under which an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This new framework did not result in a change in the way the Company recognizes or measures revenue but additional disclosures will be required in future as a result of adopting IFRS 15. Further, the standard introduces the concept of performance obligations that are defined as 'distinct' promised goods or services, and requires entities to apportion revenue earned to the distinct performance obligations on a relative stand-alone selling price basis.

ii) Future accounting policies

At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. The Company expects an immaterial impact as a result of the application of these standards or amendments on the consolidated financial statements of the Company.

- IFRS 16 *Leases* ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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 consolidated 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.

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 consolidated 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 consolidated 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 consolidated 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies (Continued)

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.

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. During the year ended May 31, 2019, the Company took an impairment of mineral properties of $54,289,635 to bring the value on the statement of financial position to $nil, consistent with its accounting policy under IFRS 6. (See note 7).

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 consolidated 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 Derivative Liability

As part of the Amending Agreement signed with Sandstorm Gold Ltd. ("Sandstorm") (note 19), Metanor agreed to a minimum stream deal to Sandstorm for its Bachelor and Barry properties. The minimum stream values were recorded at fair value. The fair value was based on current value due to the short-term duration of these remaining gold deliveries as at May 31, 2019. The important assumptions in the calculation were as follows:

- Gold price of $1,732.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty (Continued)

c) 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.

d) Mineral reserve estimate

Mineral reserves and resources 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 and resources 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:

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.

e) Business combination

Determination of fair value of assets acquired, liabilities assumed and the fair value of purchase consideration requires the use of various estimates made by management.

Classification of a transaction as a business combination depends on whether the assets acquired constitute a business in accordance with the criteria set forth in IFRS 3 Business Combination, which can be a complex judgement.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty (Continued)

f) Application of accounting for plan of arrangement and spin-out of Larder Lake assets

Management has accounted for this transaction and distribution under IFRIC 17 – Distribution of Non-Cash Assets, in which the distribution of the assets is recorded as an equity transaction at fair value, with the gain on the distribution recorded in profit or loss. For presentation purposes, because the assets that were transferred did not represent the substantial activity within the Group, management did not follow discontinued operation presentation in the consolidated financial statements.

The Company determined that the fair value of the shares received as consideration from Gatling Exploration Inc. for the Larder Lake Project and cash was $0.28, being the trading price.

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 Exploration Inc. ("Gatling"), by way of plan of arrangement under the Business Corporations Act (British Columbia). Each holder of common shares of the Company received one Gatling common share for each seven common shares of the Company held.

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 received and distributed. Using a trading price of $0.28, the fair value was $9,359,400.

Fair value of Gatling shares received and distributed	$	9,359,400
Less carrying value of Larder Lake Project assets and liabilities transferred		-
Less cash spun-out		(7,000,000)
Gain on distribution	$	2,359,400

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 advanced and subsequently added to its investment $4,000,000 to Metanor prior to closing, with a term of six months and an interest rate of 10% in the event the deal never closed.

The Company determined that the acquisition of Metanor was a business combination in accordance with IFRS 3 *Business Combinations*. The Company incurred transaction costs of $2,206,241 related to the Acquisition of which $1,821,327 were expensed under consulting fees and $384,914 under professional fees.

These consolidated financial statements include revenue of $3,190,128 and a net loss on discontinued operation of $9,136,219 related to Metanor operations from the close of the Acquisition to May 31, 2019.

The following tables summarizes the fair value of the consideration paid and the preliminary fair values of identified assets acquired and liabilities assumed from Metanor.

7. ACQUISITION OF METANOR (Continued)

Purchase Price		
Common shares issued	$	64,587,682
Loan advanced		4,000,000
Replacement stock options issued		417,000
Replacement warrants issued		708,000
	$	**69,712,682**

Net Assets Acquired and Liabilities Assumed		
Cash	$	1,230,620
Marketable securities		20,000
Receivables		1,930,739
Inventory, materials and supplies		3,975,000
Prepaid expenses		237,467
Security and contract deposits		4,765,001
Property, plant and equipment		37,579,000
Mineral properties		54,289,635
Trade and other payables		(18,475,472)
Mining taxes payable		(1,894,000)
Derivative liability		(5,900,000)
Long-term debt		(2,512,308)
Asset retirement obligations		(5,533,000)
	$	**69,712,682**

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its replacement warrants and options issued. The fair value of the replacement warrants and options issued was calculated using the following weighted average assumptions:

	Options	**Warrants**
Number issued	505,841	4,175,774
Expected life (years)	1.95	0.64
Risk-free interest rate	2.03%	1.75%
Expected annualized volatility	58%	44%
Dividend yield	N/A	N/A
Stock price at issue date	$3.95	$3.95
Exercise price	$9.88	$5.33
Weighted average issue date fair value	$0.82	$0.17

Under IFRS 3, the company recorded the value of $54,289,635 associated with all Metanor's interest in mineral properties to mineral properties on the statement of financial position. The Company's accounting policy under IFRS 6 is to expense all costs related to exploration and evaluation, including the costs associated with acquisition of such mineral properties. The business of exploring for minerals involves a high degree of risk and there can be no assurance that acquired mineral properties will result in profitable mining operations, which leaves the value of such properties to be extremely subjective and unreliable. As a result, the Company has recorded an impairment on these mineral properties acquired from Metanor for the year ended May 31, 2019 of $54,289,635 to bring the value on the statement of financial position to $nil, consistent with its accounting policy under IFRS 6.

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, marketable securities and derivative liability are classified as FVTPL; receivables and security and contract deposits as amortized cost; and trade and other payables, and long-term debt as amortized cost.

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy as at May 31, 2019 and 2018:

2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 9,806,591**	**$ -**	**$ -**	**$ 9,806,591**
Marketable securities	**$ 10,000**	**$ -**	**$ 10,000**	**$ 20,000**

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 $1,689,083 (2018 - $1,643,880) owing from the Canada Revenue Agency and Revenu Québec. Management of the the Company believes it has minimal credit risk.

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 current financial liabilities of the Company as of May 31, 2019 equal $16,571,520 (2018 - $6,804,404). The cash available is not sufficient to meet the Company's financial obligations at May 31, 2019. Subsequent to May 31, 2019, the Company raised gross proceeds of $31,962,910 from a private placement. See note 28.

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.

8. FINANCIAL INSTRUMENTS (Continued)

c) Market risk (Continued)

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's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company 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.

The Company considers its capital to be equity, which is comprised of share capital, share based payments reserve and deficit, which as at May 31, 2019 totaled $34,856,940 (2018 –$21,317,182).

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 years ended May 31, 2019 and 2018.

9. MARKETABLE SECURITIES

As at May 31, 2019, marketable securities consisted of shares in publicly-traded or reporting issuer companies with a cost of $20,000 (2018 - $1,200,000) and a fair value of $20,000 (2018 - $800,000). During the year ended May 31, 2019, the Company recorded a realized gain of $57,975 (2018 - $nil) and an unrealized gain of $400,000 (2018 – loss of $400,000) on the sale of these marketable securities for net proceeds of $1,257,975 (2018 - $nil).

10. RECEIVABLES

As at May 31,		2019		2018
Sales tax receivable	$	**1,689,083**	$	1,643,880
Other receivables		**61,199**		100,871
Total receivables	$	**1,750,282**	$	1,744,751

Below is an aged analysis of the Company's other receivables:

As at May 31,		2019		2018
1 -90 days	**$**	**6,899**	$	100,871
Over 90 days		**54,300**		-
Total other receivables	**$**	**61,199**	$	100,871

At May 31, 2019 and 2018, the Company anticipates full recovery of these receivables and therefore no allowance has been recorded against these receivables. The credit risk on the receivables has been further discussed in note 8(a). The Company holds no collateral for any receivable amounts outstanding as at May 31, 2019 and 2018. Subsequent to May 31, 2019, the Company has received $12,594 of the receivables and $583,002 of the sales tax receivable and expects to receive the remaining amounts within the next six months.

11. MATERIALS AND SUPPLIES

As at May 31,		2019		2018
Materials and supplies	$	**1,670,668**	$	-
	$	**1,670,668**	$	-

Included in material and supplies as at May 31, 2019 are supplies related to underground mining and milling and safety equipment used in mining and exploration. During the year ended May 31, 2019, the Company acquired on the acquisition of Metanor (note 7) materials and supplies of $1,787,000 and gold inventory of $2,188,000. Included in costs of goods sold in discontinued operations (note 24) is $116,332 of materials and supplies and $2,188,000 of gold inventory acquired as part of the acquisition of Metanor.

12. SECURITY AND CONTRACT DEPOSITS

As at May 31, 2019, the Company had $4,762,701 (2018 - $nil) in deposits with the Government of Quebec for the settlement of asset retirement obligations, comprised of $4,000,104 (2018 - $nil) for the mill and $394,897 (2018 - $nil) for the Barry site and $367,700 (2018 - $nil) in deposits with Hydro Quebec.

13. PROPERTY, PLANT AND EQUIPMENT

Cost	Mill infrastructure and related equipment	Underground infrastructure and related equipment	Exploration and related equipment	Corporate Office	Total
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	**11,601,600**	**22,195,400**	**3,782,000**	**-**	**37,579,000**
Additions	**-**	**-**	**223,500**	**375**	**223,875**
Disposal	**-**	**-**	**(200,000)**	**(123,083)**	**(323,083)**
Balance, May 31, 2019	**$ 11,601,600**	**$ 22,195,400**	**$ 7,090,287**	**$ -**	**$ 40,887,287**
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**
Depreciation	**168,800**	**411,900**	**477,741**	**73,096**	**1,131,537**
Disposal	**-**	**-**	**(8,300)**	**(123,083)**	**(131,383)**
Balance, May 31, 2019	**$ 168,800**	**$ 411,900**	**$ 715,800**	**$ -**	**$ 1,296,500**
Net book value, May 31, 2018	$ -	$ -	$ 3,038,428	$ 72,721	$ 3,111,149
Net book value, May 31, 2019	**$ 11,432,800**	**$ 21,783,500**	**$ 6,374,487**	**$ -**	**$ 39,590,787**

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 claim blocks in Québec near Windfall Lake . 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 additional mineral claims adjacent to the Coliseum claims in Québec.

The agreement is subject to a 2% NSR of which 1% can be purchased for $500,000.

On November 7, 2013, the Company sold an additional 1% NSR.

(iii) East Arena Property

On December 30, 2010, the Company closed a property purchase agreement entered into on December 10, 2010 to acquire a 100% interest in mineral claims east of the Urban-Barry Township in Québec. The agreement is subject to a 2% NSR of which 1% may be purchased for $1,000,000.

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Project (Continued)

(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. 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. The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(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.

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. 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. 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. The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(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.

(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. 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.

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Project (Continued)

(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 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 year ended May 31, 2018, 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 (paid subsequent to May 31, 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:

i. a minimum of $1,500,000 on or before the first anniversary of this Agreement (July 6, 2019) (completed);
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.

(xiii) 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).

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Project (Continued)

(xiv) Boudreault-Duval *Property*

On March 25, 2019, the Company entered into an option agreement to acquire a right to a new property called Boudreault-Duval, consisting of a 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 (issued on March 28, 2019 and valued at $19,500), 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.

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.

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the McVittie claim, located in Ontario. 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. (note 6).

c) Metanor Exploration Projects

(i) Barry

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

(ii) Barry United

The Company holds a 100% interest in 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 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 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 $500,000, payable in cash or by the issuance of shares at the option of the seller.

14. EXPLORATION AND EVALUATION PROPERTIES (Continued)

c) Metanor Exploration Projects (Continued)

(v) Moroy

The Company holds a 100% interest in mining titles located near the Bachelor Lake property. The whole area is subject to a 1.25% NSR. In addition, certain mining titles are subject to an additional 2% NSR, half of which may be repurchased for $1,000,000.

(vi) Nelligan

The Company holds a 70% interest in 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) Coniagas

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

(viii) Wahnapitei

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

A summary of exploration and evaluation expenditures for the years ended May 31, 2019 and 2018 is as follows:

Year Ended May 31, 2019	**Quebec Properties**	**Larder Lake**	**Total**
Acquisition costs	**$ 2,094,500**	**$ -**	**$ 2,094,500**
Net exploration costs (recovery)	**28,183,574**	**(14,413)**	**28,169,161**
Total exploration and evaluation expenditures	**$ 30,278,074**	**$ (14,413)**	**$ 30,263,661**

Year Ended May 31, 2018	Quebec Properties	Larder Lake	Total
Acquisition costs	$ 919,235	$ 104,160	$ 1,023,395
Net exploration costs	22,581,009	64,902	22,645,911
Total exploration and evaluation expenditures	$ 23,500,244	$ 169,062	$ 23,669,306

Included in exploration and evaluation expenditures for the year ended May 31, 2019 is depreciation of $889,641 (2018 - $246,359). In addition, the exploration and evaluation expenditures for the year ended May 31, 2019 are net of $1,635,875 (2018 - $nil) mining tax credits received from Revenu Québec.

15. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at May 31,	
	2019	2018
Trade payables	**$ 5,526,851**	$ 3,035,837
Accrued liabilities and other payables	**3,136,794**	303,036
Total trade and other payables	**$ 8,663,645**	$ 3,338,873

16. RELATED PARTY TRANSACTIONS

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

For the Years Ended May 31,	**2019**	**2018**
Short-term compensation		
Exploration and evaluation expenditures	$ 288,000	$ 384,000
Salaries, management and director fees	1,352,000	764,000
Professional fees	127,000	165,000
Termination fees paid or accrued (note 27)	1,146,000	-
	2,913,000	1,313,000
Share-based compensation	3,159,000	-
	$ 6,072,000	$ 1,313,000

During the year ended May 31, 2019, the Company received $69,000 (2018 - $59,155) for the recovery of rent expense from companies related by a former common officer. Included in receivables at May 31, 2019 was $nil (2018 - $100,871) for the recovery of shared expenses from companies related by a former common officer. Included in accounts payable at May 31, 2019 was $22,958 (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 year ended May 31, 2019, the Company paid or accrued $18,760 (2018 - $108,807) to private companies with former common directors for exploration and evaluation expenditures.

17. MINING TAXES PAYABLE

Mining taxes payable as at May 31, 2019 was $1,894,000 (2018 - $nil). The amounts owing relates to minimum taxes owing on the mining gold production at Metanor from July 2014 to December 2018 assessed by the Ministry of Revenu Quebec. The Company is currently reviewing the assessments.

18. LONG-TERM DEBT

As at May 31,		2019		2018
Leases payable, secured by rolling stock and mining equipment, 0.00% to 5.98%, payable in monthly instalments, from 2022 to 2023	$	**534,574**	$	-
Obligations under finance leases, 5.17% to 25.16%, payable in monthly instalments, maturing from 2020 to 2023		**1,011,019**		-
		1,545,593		-
Current portion of long-term debt		**(653,875)**		-
	$	**891,718**	$	-

The instalments on long-term debt for the forthcoming years as at May 31, 2019 are as follows:

		Obligations under finance leases		Leases payable
2020		503,362		239,416
2021		309,981		240,800
2022		191,019		49,022
2023		155,850		5,336
Total minimum payments		1,160,212		534,574
Interest expense included in minimum payments		(149,193)		-
	$	**1,011,019**	**$**	534,574

19. DERIVATIVE LIABILITY

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 May 31, 2019, 9,000 ounces were delivered, 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 May 31, 2019, 3,000 ounces were delivered bringing the total delivered to 12,000 ounces delivered under the agreement.

19. DERIVATIVE LIABILITY (Continued)

Since the Company is not in production and had no intentions to fulfill the Sandstorm commitment by the sale of gold from its own production, the Company did not meet the own-use exemption under IFRS 9 and therefore recorded the gold stream amounts owing as a financial liability.

The activity of the derivative liability during the year ended May 31, 2019 is as follows:

For the Years Ended May 31,		2019		2018
Opening balance	$	-	$	-
Acquired on acquisition of Metanor (note 7)		5,900,000		-
Cost of gold purchases delivered		(5,719,350)		-
Proceeds of gold purchases delivered		2,011,238		-
Loss on derivative liability		973,112		-
	$	3,165,000	$	-

The derivative liability as at May 31, 2019 is calculated as follows:

As at May 31,	2019	2018
Gold ounces to be delivered	3,000	-
Gold price per ounce as at year end	US$ 1,279.90	-
Sale price per ounce per agreement	US$ 500.00	-
Net cost per ounce	US$ 779.90	-
US$ exchange rate at year end	1.3527	-
Liability at year end	$ 3,165,000	$ -

20. FLOW-THROUGH PREMIUM LIABILITY

Flow-through premium liability consists 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 Year Ended May 31, 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	**-**	**-**	**1,722,000**	**1,722,000**
Liability incurred on flow-through shares issued March 2019	**-**	**-**	**2,357,000**	**2,357,000**
Settlement of flow-through share liability by incurring expenditures	**-**	**(3,469,531)**	**(1,884,000)**	**(5,353,531)**
Balance, May 31, 2019	**$ -**	**$ -**	**$ 2,195,000**	**$ 2,195,000**

20. FLOW-THROUGH PREMIUM LIABILITY (Continued)

For the year ended May 31, 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, $1,722,000 was recorded as other liabilities.

On March 18, 2019, the Company issued 3,273,800 flow-through shares at a price of $2.67 per share. The premium paid by investors was calculated as $0.82 per share. Accordingly, $2,357,000 was recorded as other liabilities.

At May 31, 2019, the Company had a remaining commitment to incur exploration expenditures of approximately $8,442,000 in relation to its March 2019 flow-through share financing.

Included in trade and other payables at May 31, 2019 is a provision for tax liabilities as a result of not meeting flow-through expenditure requirements of $nil (2018 - $243,794) from flow-through common shares issued in calendar 2012 and 2013. The Company reduced the 2012 and 2013 provision by $243,794 during the year ended May 31, 2019. No payments related to calendar 2012 and 2013 flow-through penalties were made during the 2018 fiscal year or during the year ended May 31, 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 was 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. Management does not expect any significant settlement and accordingly reversed the provision during the year ended May 31, 2019.

21. ASSET RETIREMENT OBLIGATIONS

The Company’s past production and current 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.

21. ASSET RETIREMENT OBLIGATIONS (Continued)

Best estimates of future cost are the amount the Company would reasonably pay to settle its obligation on the closing date of the project.

The future costs are discounted using the risk-free interest rate of the Company and are recorded as 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.

a) Changes in obligations

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

As at May 31,		2019		2018
Balance, beginning of year	**$**	**-**	$	-
Acquisition of Metanor		**5,533,000**		-
Accretion expense		**91,000**		-
Balance, end of year	**$**	**5,624,000**	$	-

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 2.45%. 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 2038 for the Barry site and 2048 for the Mill.

c) Distribution of asset retirement obligations

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

As at May 31,		2019		2018
Barry site	**$**	**489,000**	$	-
Mill		**5,135,000**		-
	$	**5,624,000**	$	-

22. SHARE CAPITAL[1]

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

a) Authorized

Unlimited number of common voting shares without par value

22. SHARE CAPITAL (Continued)

b) Issued and outstanding

During the year ended May 31, 2019

On July 12, 2018, the Company issued 400,000 common shares valued at $1,600,000 for exploration and evaluation expenditures (note 14(a)).

On September 24, 2018, the Company issued 16,351,312 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 at $0.50 per share. Accordingly, $1,722,000 was recorded as other liabilities. The underwriters received a cash fee of $1,309,026. Other share issue costs of $114,350 were incurred.

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.

On March 12, 2019, the Company converted $500,000 of accounts payable and accrued liabilities, by issuing 250,000 common shares.

On March 18, 2019, the Company completed a brokered private placement for gross proceeds of $36,741,096. The Company issued 14,359,000 common shares of the Company at a price of $1.95 and an additional 3,273,800 flow-through common shares at a price of $2.67.

The premium paid by investors on the flow-through shares was calculated at $0.72 per share. Accordingly, $2,357,000 was recorded as other liabilities. The underwriters received a cash fee of $2,204,466. Other share issue costs of $271,644 were incurred.

On March 28, 2019, the Company issued 10,000 common shares valued at $19,500 for exploration and evaluation expenditures (note 14(a)).

During the year ended May 31, 2019, the Company issued 333,351 common shares for proceeds of $1,166,839 on the exercise of 333,351 warrants and 20,000 common shares for proceeds of $34,000 on the exercise of 20,000 stock options. Fair value of contributed surplus transferred on the exercise of warrants was $195,138 and fair value of contributed surplus transferred on the exercise of stock options was $38,447.

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.

22. SHARE CAPITAL (Continued)

b) Issued and outstanding (Continued)

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 22(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. Fair value of contributed surplus transferred on the exercise of warrants was $479,009 and fair value of contributed surplus transferred on the exercise of stock options was $129,851.

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)).

c) Warrants [(1)]

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

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

Years Ended May 31,	**2019**		**2018**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**1,512,143**	**$ 4.40**	1,784,162	$ 4.10
Issued	**-**	**-**	130,000	$ 6.00
Metanor replacement warrants	**4,175,774**	**$ 5.33**	-	-
Exercised	**(333,351)**	**$ 3.50**	(385,034)	$ 3.50
Expired	**(4,242,739)**	**$ 5.06**	(16,985)	$ 3.50
Outstanding, end of year	**1,111,827**	**$ 5.55**	1,512,143	$ 4.40

The following warrants were outstanding and exercisable as at May 31, 2019:

Expiry Date	**Weighted Average Remaining Contractual Life in Years**	**Exercise Price**	**Outstanding**
December 28, 2019	0.58	$5.60	981,827
February 26, 2020	0.74	$ 5.20	130,000
	0.60		**1,111,827**

22. SHARE CAPITAL (Continued)

c) Warrants (Continued)

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 for the years ended May 31, 2019 and 2018:

	2019	**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

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[1]

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

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. As at May 31, 2019, the Company had 2,294,385 (2018 – 1,060,952) options remaining available for issuance under the plan.

The following is a summary of option transactions under the Company's stock option plan for the years ended May 31, 2019 and 2018:

	2019		**2018**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	**1,220,000**	**$ 4.20**	1,115,000	$ 3.90
Transactions during the year:				
Granted	**3,150,000**	**$ 2.17**	200,000	$ 5.50
Metanor replacement options	**505,841**	**$ 9.88**	-	-
Exercised	**(20,000)**	**$ 1.70**	(60,000)	$ 2.80
Expired	**(757,548)**	**$ 4.34**	(35,000)	$ 4.90
Outstanding and exercisable, end of year	**4,098,293**	**$ 3.16**	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, 2019 was $1.97 (2018 - $5.00).

22. SHARE CAPITAL (Continued)

d) Stock options (Continued)

The following table provides additional information about outstanding stock options at May 31, 2019:

Range of Exercise Prices ($)	No. of Options Outstanding and Exercisable	Weighted Average Exercise Price ($)	Weighted Average Remaining Life (Years)
1.70 – 2.00	**2,980,000**	**1.99**	**4.50**
3.10 – 7.50	**1,020,865**	**4.49**	**0.96**
15.60 – 43.60	**97,428**	**25.11**	**0.45**
1.70 – 43.60	**4,098,293**	**3.16**	**3.52**

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:

Year ended May 31,	2019	2018
Expected life (years)	**4.68**	2.99
Risk-free interest rate	**1.80%**	1.99%
Expected annualized volatility	**84%**	75%
Dividend yield	**N/A**	N/A
Stock price at grant date	**$2.12**	$5.40
Exercise price	**$2.17**	$5.50
Weighted average grant date fair value	**$1.28**	$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.

23. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2019		2018
Income tax paid	**$**	**-**	$	-
Interest received	**$**	**145,609**	$	212,507
Interest paid	**$**	**245,010**	$	-
Non-cash investing and financing activities				
Fair value of warrants exercised	**$**	**195,138**	$	184,778
Fair value of stock options exercised	**$**	**38,447**	$	129,851
Fair value of agent's warrants issued	**$**	**-**	$	479,009
Fair value of shares issued for debt	**$**	**500,000**	$	-
Accounts payable related to property, plant and equipment ending	**$**	**-**	$	482,745
Accounts payable related to property, plant and equipment opening	**$**	**(482,745)**	$	-

23. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Continued)

			Non-cash changes			
	May 31, 2018 and 2017	Cash Flows	Loss on derivative liability	Acquisition	Settled against PP&E	May 31, 2019
Derivative liability	$ -	$ (3,708,112)	$ 973,112	$ 5,900,000	$ -	$ 3,165,000
Long-term debt	-	(775,015)	-	2,512,308	(191,700)	1,545,593
Total	$ -	$ (4,483,127)	$ 973,112	$ 8,412,308	$ (191,700)	$ 4,710,593

24. DISCONTINUED OPERATIONS

On September 24, 2018, the Company acquired all the shares of Metanor (note 7). The Company shut down the mining production operation at Metanor and put the mill on care and maintenance pending final clean ups and gold pours. As a result, the mining production operation has been presented as discontinued operations.

Since the acquisition of the discontinued operation only incurred in the year ended May 31, 2019, there is no impact to the comparative consolidated statement of comprehensive loss.

The results of discontinued operations presented in the consolidated statement of comprehensive loss for the year ended May 31, 2019 and 2018 are as follows:

	2019	2018
Gold sales	$ 3,190,128	$ -
Cost of goods sold and related closure costs	(12,157,547)	-
Depreciation	(168,800)	-
Loss from discontinued operations	$ (9,136,219)	$ -

The net change in consolidated cash flows related to Discontinued Operations for the year ended May 31, 2019 and 2018 are as follows:

	2019	2018
Cash used in operating activities	$ (8,967,419)	$ -
Cash used in operating activities	-	-
Cash used in financing activities	-	-
Cash used in discontinued operations	$ (8,967,419)	$ -

25. SEGMENTED DISCLOSURE

The Company operates several exploration and evaluation properties in Quebec, as well as a past producing gold mine and mill that has been put on care and maintenance. 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 consolidated financial statements.

Prior to the acquisition of Metanor, and for the year ended May 31, 2019, the Company's only operating segment was mineral exploration and development.

Year ended May 31, 2019	Mining Site	Exploration	Corporate	Total
Discontinued operations	$ 9,136,219	$ -	$ -	$ 9,136,219
Exploration and evaluation	-	30,263,661	-	30,263,661
Impairment of mineral properties	-	54,289,635	-	54,289,635
Recovery of flow-through premium liability	-	(5,353,531)	-	(5,353,531)
Administration	-	-	12,507,579	12,507,579
Net loss	$ 9,136,219	$ 79,199,765	$ 12,507,579	$ 100,843,563

25. SEGMENTED DISCLOSURE (Continued)

Year ended May 31, 2018	**Exploration**	**Corporate**	**Total**
Exploration and evaluation	$ 23,669,306	$ -	$ 23,669,306
Recovery of flow-through	(7,582,285)	-	(7,582,285)
Administration	-	5,915,839	5,915,839
Net loss	$ 16,087,021	$ 5,915,839	$ 22,002,860

26. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2019	2018
Loss before income taxes	$ **(100,843,563)**	$ (22,002,860)
Statutory income tax rate	**26.66%**	26.70%
Income tax benefit computed at statutory tax rate	**(26,885,000)**	(5,888,000)
Items not deductible (taxable) for income tax purposes	**15,242,000**	(1,811,000)
Renunciation of eligible expenditures	**4,550,000**	4,995,000
Share issue costs and other	**(960,000)**	(665,000)
Change in unrecognized benefit of deferred income tax assets	**8,053,000**	3,369,000
Deferred income tax expense	$ **-**	$ -

The significant components of the Company's deferred income tax assets and deferred income tax liabilities at May 31, 2019 and 2018 are presented below:

	2019	2018
Non-capital losses carried forward	$ 29,905,000	$ 5,174,000
Net capital losses carried forward	322,000	748,000
Canadian development expense carried forward	18,990,000	6,112,000
Share issue costs and other	4,558,000	891,000
Property, plant and equipment	387,000	78,000
Marketable securities	-	53,000
	54,162,000	13,056,000
Unrecognized deferred income tax assets	(54,162,000)	(13,056,000)
Net deferred income tax assets	$ -	$ -

The Company has capital losses of $2,427,000 (2018 - $5,644,000) available for carry-forward to reduce future years' capital gains.

26. INCOME TAXES (Continued)

The Company has federal non-capital losses of $111,279,000 (2018 - $19,524,000) and Quebec non-capital losses of $114,893,000 (2018 - $18,918,000) available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

	Federal	Quebec
2028	$ 5,401,000	$ 9,578,000
2029	9,267,000	9,446,000
2030	8,405,000	9,005,000
2031	7,501,000	7,486,000
2032	1,733,000	1,733,000
2033	1,256,000	1,256,000
2034	601,000	601,000
2035	1,370,000	1,370,000
2036	2,655,000	2,213,000
2037	44,471,000	44,687,000
2038	5,830,000	5,830,000
2039	22,789,000	21,688,000
	$ 111,279,000	$ 114,893,000

27. COMMITMENTS AND CONTINGENT LIABILITIES

a) The Company had 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 $864,000 and the total annual minimum incentive fee was $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.

On April 12, 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 for change of control payments. In connection with these proceedings, a pre-judgement garnishment order had been granted by the BC Registrar, on April 12, 2019, without prior notice to Bonterra. The Supreme Court of BC set aside the garnishment and ordered the immediate return of the funds to Bonterra on June 20, 2019 and the Court of Appeal confirmed the decision on July 26, 2019. These funds are included in the cash and cash equivalents balance as at May 31, 2019. The Company is contesting their claim for change of control and has accrued in its trade and other payables a termination fee of $528,000 each as at May 31, 2019. The Company it is not able at this time to estimate what additional liability, if any, there may be with respect to this claim.

On April 26, 2019, the Company received notice of claims in the amount of $246,000 that was filed by three former consultants of the Company, claiming a contractual breach. Two of the consultants have abandoned their claims, as payment in full had been made on such claims prior to the proceedings being filed with the Courts in the year ended May 31, 2019. One consultant’s claim remains, in the amount of $90,000. Bonterra is contesting this amount as it does not owe anything pursuant to the agreement, but it cannot at this time estimate the liability, if any, associated to this claim.

27. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

As at May 31, 2019, the total annual base fee of the officers of the Company under these types of agreements was $475,000. In the case of termination, the officers are entitled to an amount equal to $810,000 and in the case of a change of control of Metanor, the officers under certain circumstances are entitled to an amount equal to $1,020,000.

b) The Company has entered into an office sublease agreement commencing September 1, 2017 and expiring August 30, 2022. During the year ended May 31, 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 May 31, 2019.

28. SUBSEQUENT EVENTS

a) Subsequent to May 31, 2019, the Company completed a brokered private placement for gross proceeds of $31,962,910 (the "Offering"). Pursuant to the Offering, the Company issued (a) 7,385,000 units of the Company (the “Units”) at a price of $2.50 per Unit for gross proceeds of $18,462,500, (b) 2,166,670 flow-through units of the Company (the “FT Units”) at a price of $3.00 per FT Unit for gross proceeds of $6,500,010, and (c) 1,628,000 super flow-through units of the Company (the “Super FT Units”) at a price of $4.30 per Super FT Unit for gross proceeds of $7,000,400. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each FT Unit consists of one common share of the Company issued on a flow-through basis (a “FT Unit Share”) and one-half of one Warrant. Each Super FT Unit consists of one common share of the Company issued on a flow-through basis that will also qualify for the two 10% enhancements under section 726.4.9 and section 726.4.17.1 of the Quebec Taxation Act and one-half of one Warrant. Each Warrant is transferrable and entitles the holder to acquire one common share of the Company until August 20, 2021 at price of $3.10 per common share.

b) Subsequent to May 31, 2019, 100,000 stock options were exercised at $2.00 for gross proceeds to the Company of $200,000.

c) Subsequent to May 31, 2019, 546,705 stock options were cancelled or expired at a weighted average price of $8.14.