BONTERRA

REPORT FOR THE THREE MONTH PERIOD AND YEAR ENDED MAY 31, 2019
MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS

This report on results for three month period and year ended May 31, 2019 contains forward-looking information, including forward-looking information about Bonterra Resources Inc.'s (the "Company" or "Bonterra") operations, estimates, and exploration and acquisition spending.

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

GENERAL

This Management Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for three month period and year ended May 31, 2019 should be read in conjunction with the audited consolidated financial statements as at and for the years ended May 31, 2019 and 2018. This MD&A is effective September 30, 2019. Additional information relating to the Company is available on SEDAR at www.sedar.com.

The Company has prepared its audited consolidated financial statements for the years ended May 31, 2019 and 2018 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

DESCRIPTION OF BUSINESS

The Company is incorporated under the laws of the province of British Columbia on May 1, 2007. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "BTR". The Company's shares also trade on the OTC Exchange in the United States under the symbol "BONXF" and on the Frankfurt Stock Exchange under the symbol "9BR2".

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties in the province of Quebec. On September 24, 2018, the Company completed the acquisition of Metanor Resources Inc. ("Metanor"), a Québec based corporation engaged in the exploration and development of mining properties. The Company remains focused on exploration.

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

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

BOARD OF DIRECTORS

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

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

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

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

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

During the year ended May 31, 2019, Nav Dahliwal, R. Dale Ginn, Richard Boulay and Robert Gagnon resigned as directors and officers of the Company. In addition, P. Joseph Meagher resigned as an officer and director of the Company.

ABOUT THE MINERAL PROPERTIES

The Abitibi Greenstone Belt hosts significant gold mineralization in several parallel NE to SW trending zones. Gold in the Urban-Barry Township is primarily associated with quartz-carbonate veins mineralized with sulphides. The Company's projects include the Gladiator Deposit, the Moroy Deposit and Bonterra Mill, and the Barry Deposit.

Bonterra's recent acquisition of Metanor and consolidation of the Company's databases and management have resulted in broader exploration and resource development plans. Bonterra conducted a NI 43-101 mineral resource estimate for all its advanced Urban-Barry exploration assets, being the Gladiator, Barry and Moroy deposits.

The results of the Mineral Resource Estimates for the Gladiator, Barry, and Moroy deposits are summarized in table 1. The Mineral Resource Estimates for the Gladiator and Barry deposits are reported at a 3.5 gram per tonne Au cut-off grade. The Mineral Resource Estimate for the Moroy deposit is reported at a 3.0 gram per tonne cut-off grade. The resource models are tabulated at various cut-off grades in tables 2 – 4 below. The Mineral Resource Estimates have been prepared by SGS Geological Services, Blainville, QC, and has been reviewed internally by the Corporation. The full technical reports, which were being prepared in accordance with National Instrument 43-101 ("NI-43-101"), are available on SEDAR (www.sedar.com) under the Corporation's issuer profile. The effective date of the current mineral resource estimate is May 24, 2019.

Table 1. Mineral Resource Estimate (effective May 24, 2019)

Deposit	Measured			Indicated			Inferred		
	Tonnes	Au (g/t)	Ounces Au	Tonnes	Au (g/t)	Ounces Au	Tonnes	Au (g/t)	Ounces Au
Gladiator				743,000	8.46	202,000	3,065,000	9.10	897,000
Barry				2,052,000	5.84	385,000	2,740,000	5.14	453,000
Moroy	302,000	5.66	55,000	365,000	4.77	56,000	396,000	4.32	55,000
Total	**302,005**	**5.66**	**55,000**	**3,160,000**	**6.33**	**643,000**	**6,201,000**	**7.04**	**1,405,000**

1. *The classification of the current Mineral Resource Estimates into Measured, Indicated and Inferred are consistent with current 2014 CIM Definition Standards - For Mineral Resources and Mineral Reserves.*
2. *Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to a Measured and Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.*
3. *All figures are rounded to reflect the relative accuracy of the estimate. Composites have been capped where appropriate.*
4. *Resources are presented undiluted and in situ and are considered to have reasonable prospects for economic extraction. In order to meet this requirement, the Gladiator, Barry and Moroy Deposit mineralization are considered amenable for underground extraction.*
5. *Underground mineral resources are reported at a cut-off grade of 3.5 g/t Au for Gladiator and Barry, and 3.0 for Moroy. Cut-off grades are based on a gold price of US$1,300 per ounce, a foreign exchange rate of US$0.75, gold recoveries of 93% - 95%, and reasonable mining, processing and transportation costs.*
6. *High grade capping was done on composite data. Capping values of 30 to 55 g/t Au were applied to all 3D grade controlled wireframe models. A fixed specific gravity value of 2.82 was used to estimate the tonnage from block model volumes for Moroy and Barry, and 2.78 for Gladiator.*
7. *Mineral Resources for Barry and Moroy are exclusive of material that has been mined.*

Table 2. Gladiator Mineral Resource Estimate tabulated at various cut off grades

Cut-off (Au g/t)	Indicated			Inferred		
	Tonnes	Au (g/t)	Ounces Au	Tonnes	Au (g/t)	Ounces Au
2	1,244,000	6.13	245,000	5,079,000	6.53	1,067,000
2.5	1,019,000	6.99	229,000	4,162,000	7.48	1,001,000
3	859,000	7.78	215,000	3,511,000	8.35	943,000
3.5	743,000	8.46	202,000	3,065,000	9.10	897,000
4	653,000	9.10	191,000	2,696,000	9.83	852,000

Values in this table are reported to illustrate the sensitivity of the block model to cut-off grade relative to the base case resource estimate. The Gladiator Resource Estimate is based on a cut-off grade of 3.5 g/t Au (see table 1) and values presented here above and below the base case should not be interpreted as a mineral resource statement.

Table 3. Barry Mineral Resource Estimate tabulated at various cut off grades

Cut-off (Au g/t)	Indicated			Inferred		
	Tonnes	Au (g/t)	Ounces Au	Tonnes	Au (g/t)	Ounces Au
2	4,507,000	4.11	595,000	5,716,000	3.87	712,000
2.5	3,449,000	4.67	518,000	4,577,000	4.28	630,000
3	2,662,000	5.25	449,000	3,675,000	4.66	551,000
3.5	2,052,000	5.84	385,000	2,740,000	5.14	453,000
4	1,587,000	6.47	330,000	2,127,000	5.54	379,000

Values in this table are reported to illustrate the sensitivity of the block model to cut-off grade relative to the base case resource estimate. The Barry Resource Estimate is based on a cut-off grade of 3.5 g/t Au *(see table 1) and values presented here above and below the base case should not be interpreted as a mineral resource statement. Mineral Resources are exclusive of material that has been mined.*

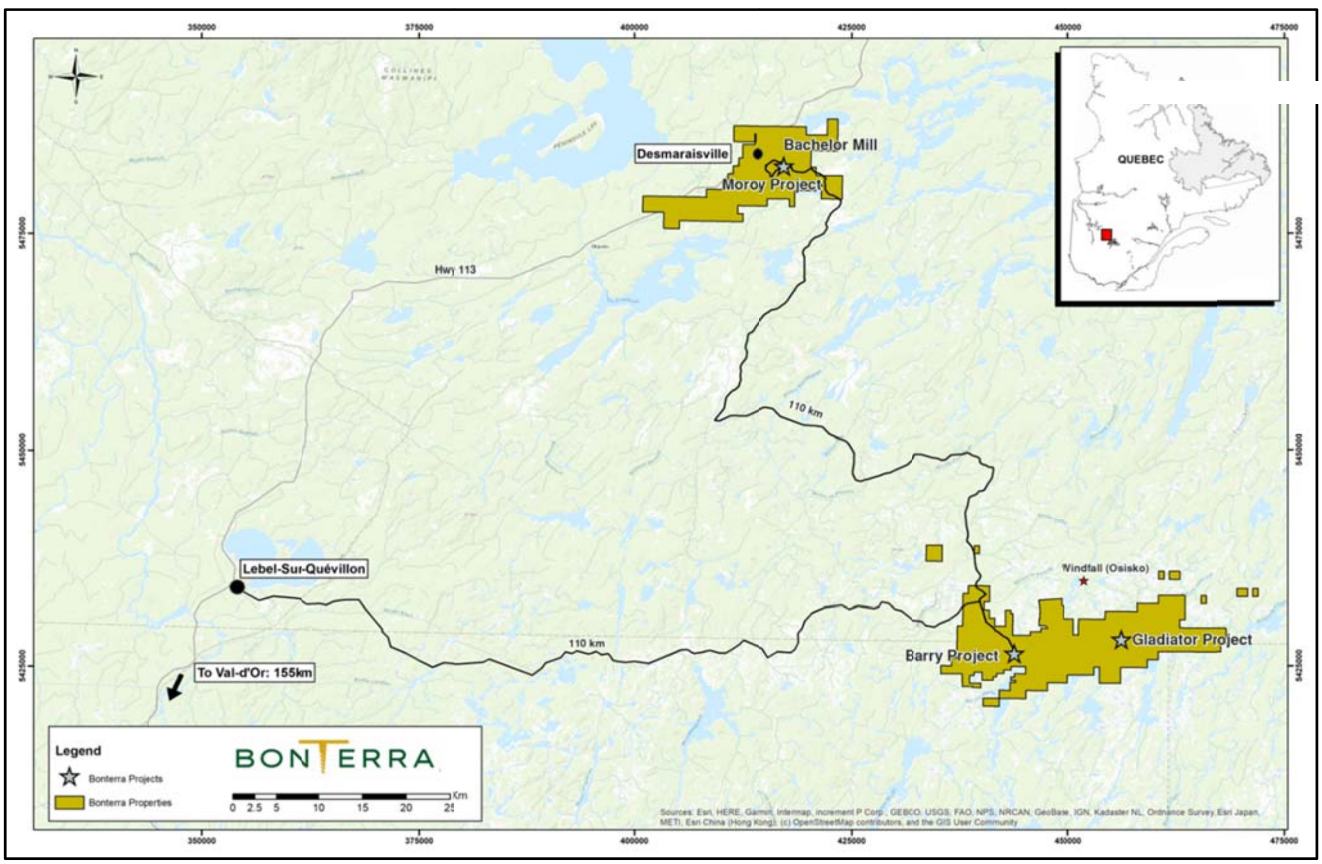
Table 4. Moroy Mineral Resource Estimate tabulated at various cut off grades

Cut-off (Au g/t)	Indicated			Inferred		
	Tonnes	Au (g/t)	Ounces Au	Tonnes	Au (g/t)	Ounces Au
2	1,017,004	4.25	139,000	701,000	3.55	80,000
2.5	840,004	4.70	127,000	563,000	3.87	70,000
3	667,005	5.17	111,000	396,000	4.32	55,000
3.5	531,005	5.68	97,000	271,000	4.93	43,000
4	432,006	6.19	86,000	202,000	5.23	34,000

Values in this table are reported to illustrate the sensitivity of the block model to cut-off grade relative to the base case resource estimate. The Moroy Resource Estimate is based on a cut-off grade of 3.0 g/t Au (see table 1) and values presented here above and below the base case should not be interpreted as a mineral resource statement. Mineral Resources are exclusive of material that has been mined.

The combined mineral resource estimate is part of Bonterra's strategy to fast track the development of the three deposits simultaneously, to optimize feed to the Urban-Barry Mill over the life of the three mines.

BONTERRA EXPLORATION PROJECTS – URBAN-BARRY, QUÉBEC



COLISEUM PROPERTY

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

WEST ARENA PROPERTY

The Company acquired a 100% interest in 23 additional mineral claims adjacent to the Coliseum claims in Québec subject to the NSR below.

The agreement is subject to a 2% NSR, of which 1% can be purchased for $500,000. On November 7, 2013, the Company sold a 1% NSR interest in the West Arena property.

EAST ARENA PROPERTY

On December 30, 2010, the Company acquired a 100% interest in 57 mineral claims east of the Urban-Barry Township in Québec. The agreement is subject to a 2% NSR, of which 1% may be purchased for $1,000,000.

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

ST-CYR AND WEST LACROIX LAKE PROPERTIES

On February 23, 2016, the Company acquired a 100% interest in the St-Cyr and West Lacroix Lake Properties, located in the Urban-Barry Gold Camp, Barry Township, Québec. Both vendors retain a 2% NSR, each of which 1% can be purchased by Bonterra for $1,000,000.

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

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

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

LAC BARRY

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

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

MACHO SOUTH, BARRY AND BAILLY PROPERTIES

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

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

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

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

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

THUBIERE PROPERTY

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the Thubiére Property. The Thubiére Property (6 claims covering 338 hectares) is a strategic acquisition to the northwest of the Gladiator and Barry deposits.

LAC MISTA PROPERTY

On March 14, 2017, the Company acquired a 100% interest in the Lac Mista Property. The vendors retain a 2% gross overriding royalty reserve on the claim, of which 1% may be repurchased by the Company for $1,000,000.

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 (paid) on or before July 6, 2019; and
- An additional $250,000 on or before July 6, 2020.

The Company must also incur exploration expenditures as follows:

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

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

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

Maximus Property

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

Bordreault-Duval Property

In March 2019, the Company entered into an option agreement to acquire a right to a new property called Boudreault-Duval, consisting of one mining claim covering an area of 56 ha, located 20 km north of the Barry project. To acquire the right to the property option, the Company made a cash payment of $25,000 and issued 10,000 common shares (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.

Moroy Deposit

The Moroy Deposit is a recent discovery near the Urban-Barry Mill property with access via the Bachelor Mine. Current development consists of three sub-drifts and a series of raises, accessed from the 11th level and 14th level at Bachelor. Extensive drill information exists from surface, as well as from the 11th level to a depth of approximately 700 feet, effectively resulting in the existence of two unmined parallel mineralized zones.

Barry Deposit

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

Bachelor Mine

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

Urban-Barry Mill

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

From the date of acquisition to May 31, 2019, a total of 2,569 tonnes were milled at a feed grade of 3.0 (g/t) and a mill recovery rate of 96%. A total of 312 ounces were produced and 2,014 ounces were sold, before the mill was put on care and maintenance.

SELECTED ANNUAL INFORMATION

The following tables summarize selected annual financial data of the Company for the three most recent years ended May 31, 2019, 2018 and 2017:

	2019	2018	2017 (restated[1])
Recurring revenue	$NIL	$NIL	$NIL
Net loss and Comprehensive loss[2]	(100,843,563)	(22,002,860)	(14,569,838)
Basic and diluted loss per share[3]	(2.42)	(1.11)	(1.41)
Total assets	57,944,178	28,125,586	14,073,824
Total current liabilities	16,571,520	6,808,404	1,600,150

[1] See "Change in Accounting Policy"
[2] Includes costs allocated as part of Metanor acquisition and discontinued operations
[3] All periods are adjusted for 10:1 share consolidation completed on November 6, 2018

SELECTED QUARTERLY INFORMATION

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

For the Quarters Ending	May 31, 2019 $	February 28, 2019 $	November 30, 2018** $	August 31, 2018 $
Exploration expenses and impairment of mining properties	9,722,814	6,877,347	59,586,497	8,366,638
Loss for the period	5,251,167	19,900,631	68,108,881	7,582,884
Basic and diluted loss per share	0.09	0.43	2.26	0.33
Total assets	57,944,178	45,540,225	57,437,651	21,215,157
Total current liabilities	16,571,520	28,890,594	23,209,072	5,305,859

**includes costs allocated as part of Metanor acquisition

For the Quarters Ending	May 31, 2018 $	February 28, 2018 $	November 30, 2017 $	August 31, 2017 $
Exploration expenses	9,304,374	4,929,544	5,031,388	4,404,000
Loss for the period	8,123,956	6,004,926	3,520,119	4,353,859
Basic and diluted loss per share	0.36	0.32	0.19	0.24
Total assets	28,125,586	37,797,275	23,449,188	28,179,386
Total current liabilities	6,808,404	9,062,162	5,264,204	7,460,026

OPERATIONS

During the three months ended May 31, 2019, the Company reported a net loss of $5,251,167 compared to a net loss for the three months ended May 31, 2018 of $8,123,956. Variations in expenses from the three month periods ended May 31, 2019 to 2018 are as follows:

- Exploration and evaluation of $9,212,472 (2018 - $9,304,374). The Company expects to maintain this level of exploration and evaluation expenditures in the coming quarter in order to meet its flow-through share obligations;
- Professional fees increased to $294,575 in 2019 from $113,772 in 2018 due to increased audit fees relating to the acquisition of Metanor and legals related to claims brought by former officers and directors. The Company expects these professional fees to decrease in the coming quarters;
- The Company incurred costs of $141,228 in shareholder communications and investor relations as compared to $475,787 in 2018 and $105,315 in travel as compared to $244,324 in 2018. The

decreases are due to less travel, marketing and promotional activity in 2019 as the Company focuses its resources on exploration. The Company expects these shareholder communications and investor relations and travel costs to be consistent in the coming quarter; and
- Recovery of flow-through premium liability of $1,175,250 (2018 - $2,685,462) related to the reduction of the flow-through premium liability created by the issuance of flow-through shares at a premium. The decrease was the result of qualified expenditures made by the Company during 2019 related to flow-through shares with a lower premium;
- Unrealized loss on marketable securities of $nil (2018 - $400,000) related to a change in the share price of marketable securities at period end.

During the year ended May 31, 2019, the Company reported a net loss of $100,843,563 compared to a net loss for the year ended May 31, 2018 of $22,002,860. Variations in expenses from the year ended May 31, 2019 to 2018 are as follows:

- Loss on discontinued operations of $9,136,219 (2018 - $Nil) is new for 2019 as a result of the acquisition of Metanor. The Company wound down its production operations in October 2018;
- Consulting fees of $2,423,393 (2018 - $1,151,332) increased in 2018 due to the cost of the fairness opinion and success fees for the acquisition of Metanor;
- Exploration and evaluation of $30,263,661 (2018 - $23,669,306) increased due to the acquisition of Metanor, along with more drilling and exploration on the Company's properties. Exploration and evaluation expenditures vary based on the availability of cash and the requirements to spend under the Company's flow-through agreements;
- Impairment of mineral properties of $54,289,635 (2018 - $nil) is new for 2019 as a result of the acquisition of Metanor. This is the fair value assigned to the mineral properties on the date of acquisition under IFRS 3. Due to the subjectiveness of the value and trying to be consistent with the Company's policy under IFRS 6 to expense all exploration and evaluation expenditures, the Company took this one time impairment;
- Salaries, management and director fees of $3,186,350 (2018 - $764,000) were higher in 2019 due to bonuses paid to former officers for the Metanor acquisition as well as for hard dollar financings and termination payments paid and or accrued to former officers of the Company. In addition, the management team has increased due to the acquisition of Metanor to oversee the Company and run the day-to-day operations;
- Professional fees increased to $1,471,386 in 2019 from $304,318 in 2018 due to increased legal and audit fees relating to the acquisition of Metanor;
- The Company had share-based payments of $4,030,000 (2018 - $557,355). Share-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and the underlying assumptions used in the model;
- Recovery of flow-through premium liability of $5,353,531 (2018 - $7,582,285) related to the reduction of the flow-through premium liability created by the issuance of flow-through shares at a premium. The decrease was the result of qualified expenditures made by the Company during 2019 related to flow-through shares with a lower premium;
- Realized and unrealized gain on marketable securities of $457,975 (2018 – loss of $400,000) related to the sale proceeds on disposition of the marketable securities in 2019 as compared to a change in the share price of marketable securities at year end in 2018;
- Part XII.6 tax and penalties recovered of $213,465 (2018 – expense of $17,012) was a result of a reduction in the provision for tax liabilities related to the Company's fiscal 2012 and 2013 flow-through share issuances; and
- Loss on derivative liability of $973,112 (2018 - $nil) related to the difference between the amounts paid for the gold delivered under the Sandstorm agreement compared to the fair value on the date of acquisition from Metanor. In addition, the fair value of the gold to be delivered is revalued and any difference is recorded as a gain or loss on derivative liability for that period.
- Gain on spin-out of Larder Lake assets of $2,359,400 (2018 - $nil) related to the fair value associated with the Gatling Exploration Inc. ("Gatling") shares spun out to shareholders of Bonterra compared to the carrying value of the assets spun-out.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at May 31, 2019 was $9,806,591 compared to $22,136,434 at May 31, 2018. The working capital was a deficit of $2,980,830 at May 31, 2019, compared to working capital of $18,206,033 at May 31, 2018.

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

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 closed 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 per common share, and an additional 3,273,800 Common Shares of the Company on a flow-through basis at a price of $2.67.

During the year ended May 31, 2019, the Company issued 333,351 common shares for proceeds of $1,166,839 on the exercise 333,351 warrants and the Company issued 20,000 common shares for proceeds of $34,000 on the exercise of 20,000 stock options.

Subsequent to May 31, 2019, the Company completed a brokered private placement for gross proceeds of $31,962,910. 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. In addition, the Company issued 100,000 common shares for proceeds of $200,000 on the exercise of 100,000 stock options.

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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

For the 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	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 $71,000 (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.

RISKS AND UNCERTAINTIES

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

CAPITAL DISCLOSURES

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

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

FINANCIAL INSTRUMENTS

As at May 31, 2019, the Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, security and contract deposits and, trade and other payables, derivative liability and long-term debt.

Fair Value

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

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3 - Inputs that are not based on observable market data

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

May 31, 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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Title to mineral property interests

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

Income taxes

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

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

Going concern risk assessment

The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation projects when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Provisions and contingent liabilities

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

Establishing cash-generating units ("CGU")

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

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

Impairment of long-term assets

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

Asset retirement obligations

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

Fair value of 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.

Valuation of flow-through premium

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

Mineral reserve estimate

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

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

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

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

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

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

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.

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 for the Larder Lake Project and cash was $0.28, being the trading price.

NEW ACCOUNTING STANDARD ADOPTED DURING THE YEAR

IFRS 9 *Financial Instruments*

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

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

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Marketable securities	FVTPL	FVTPL
Receivables	Loan and receivable (amortized cost)	Amortized cost
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

IFRS 15 *Revenue from Contracts with Customers*

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.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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 *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.

CHANGE IN ACCOUNTING POLICY

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

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

The new accounting policy was applied retrospectively. The impacts of this change in accounting policy are detailed in note 25 to the unaudited condensed consolidated interim financial statements for the three and nine month periods ended February 28, 2019 and 2018.

COMMITMENTS AND CONTINGENT LIABILITIES

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.

As at September 30, 2019, the total annual base fee of the three officers of the Company under these types of agreements was $800,000. In the case of termination, the officers are entitled to an amount equal to $1,135,000 and in the case of a change of control of Bonterra, one officer under certain circumstances is entitled to an amount equal to $650,000 and in the case of a change of control of Metanor, two officers under certain circumstances are entitled to a combined amount of $1,020,000.

As 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.

Asset retirement obligations

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.

Bachelor-Moroy

A closure plan for the mill, tailing storage, and underground facilities at both Bachelor and Moroy is in good standing. The Bond is in place for the site, and funded at 100%. The closure plan is approved for the current mill, and the existing tailing storage at 800 tpd. A revised closure plan will be submitted in the coming months to the Ministry of Natural Resources (MERN) after the 2,400 tonnes per day mill expansion, and the 8 millions tailing storage facility is being reviewed by the Ministry of Environment (MELCCC). Once the revised closure plan is approved by the MERN, the bond will be adjusted to reflect the revised closure costs.

Barry

A closure plan for the underground and surface facilities at Barry is in good standing. The Bond is in place for the site, and funded at 100%. The closure plan is currently being revised to include the sleep camp built in 2018. The revised closure plan will be presented in the Fall 2019 to the MERN. Once the revised closure plan is approved by the MERN, the bond will be adjusted to reflect the revised closure costs.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

	September 30, 2019	May 31, 2019	May 31, 2018
Common shares	75,206,456	63,926,786	22,809,523
Warrants	6,701,662	1,111,827	1,512,143
Stock options	3,451,588	4,098,293	1,220,000
Fully diluted shares	85,359,706	69,136,906	25,541,666

RISKS AND UNCERTAINTIES

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral claims, concessions, rights or other interests. Similarly, any non-compliance with or non-satisfaction of the terms of an option agreement by the Company could affect its ability to exercise the option and earn its interest in the claims, concessions and assets relating to mineral properties.

Mining claims, concessions or other interests may not include surface rights and there can be no assurance that the Company will be successful in negotiating long-term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

The Company's current or future operations, including exploration and evaluation activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

Additional Capital
The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and evaluation of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Commodity Price Risk
The price of the common shares in the capital the Company, its financial results, exploration and evaluation activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold, silver and other commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests in properties related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Acquisition
The Company uses its best judgment to acquire mining properties for exploration and evaluation. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and evaluation, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Political Risk
All of the Company's properties are located in Quebec, Canada. Accordingly, the Company is subject to risks normally associated with exploration for and evaluation of mineral properties in these countries. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

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.

Market Risk

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

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

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

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The 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.

Environmental and Permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

OTHER INFORMATION

Additional information is accessible at the Company's website www.btrgold.com or through the Company's public filings at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this MD&A. The audited consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the audited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved these audited consolidated financial statements on the recommendation of the Audit Committee.