CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

JUNE 30, 2017 AND 2016

MONARQUES GOLD CORPORATION

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Years ended June 30, 2017 and 2016

Consolidated Financial Statements

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MONARQUES GOLD CORPORATION

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The management is responsible for the preparation, integrity and objectivity of the audited consolidated financial statements and other financial information presented in this Report. Other information included in these audited consolidated financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the audited consolidated financial statements are presented fairly in all material respects.

Administrative, internal accounting and disclosure control systems have been developed and are maintained by management to provide reasonable assurance that assets are safeguarded and that financial information is accurate and reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the audited consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is mainly composed of independent directors. The Audit Committee meets periodically with management and the independent auditors to review accounting, auditing and internal control matters. These audited consolidated financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The audited consolidated financial statements for the years ended June 30, 2017 and 2016 have been audited by KPMG LLP, the independent auditors. The independent auditors have full and free access to the Audit Committee.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that all transactions are being made only in accordance with the authorizations of management and/or directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

/s/ *Jean-Marc Lacoste*
Jean-Marc Lacoste, President and CEO

/s/ *Alain Lévesque*
Alain Lévesque, Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Monarques Gold Corporation

We have audited the accompanying consolidated financial statements of Monarques Gold Corporation, which comprise the consolidated statements of financial position as at June 30, 2017 and June 30, 2016, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Monarques Gold Corporation as at June 30, 2017 and June 30, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that Monarques Gold Corporation is still in exploration stage and, as such, no revenue has been yet generated from its operating activities. Accordingly, Monarques Gold Corporation depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about Monarques Gold Corporation's ability to continue as a going concern.

KPMG LLP*

October 24, 2017

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A115894

	NOTE	JUNE 30, 2017	JUNE 30, 2016
		$	$
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	13 (E) (G)	**7,356,155**	4,706,477
Sales tax receivable		**314,352**	43,826
Tax credits and mining rights receivable		**-**	7,500
Prepaid expenses and deposits		**158,839**	20,750
		7,829,346	4,778,553
NON-CURRENT ASSETS:			
In trust deposits	5	**2,221,535**	312,117
Property, plant and equipment	6	**7,423,734**	13,545
Mining properties	7	**3,043,433**	3,021,429
Exploration and evaluation assets	8	**6,139,676**	3,115,463
		18,828,378	6,462,554
TOTAL ASSETS		**26,657,724**	11,241,107
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		**636,539**	213,532
Liability related to flow-through shares	10 (ii) (iii)	**1,394,153**	15,285
		2,030,692	228,817
NON-CURRENT LIABILITIES:			
Deferred grant	9	**394,781**	643,740
Purchase price balance payable	6	**3,346,971**	-
Deferred income taxes and mining taxes	17	**1,236,208**	500,341
Asset retirement obligations	14	**2,734,993**	416,155
		7,712,953	1,560,236
TOTAL LIABILITIES		**9,743,645**	1,789,053
EQUITY:			
Share capital and warrants	10	**35,068,180**	24,825,829
Contributed surplus		**1,215,327**	738,379
Deficit		**(19,369,428)**	(16,112,154)
		16,914,079	9,452,054
TOTAL LIABILITIES AND EQUITY		**26,657,724**	11,241,107

Reporting entity and nature of operations (Note 1); Going concern (Note 2); Contingencies (Note 12); Commitments (Note 13); Subsequent events (Note 21).

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

On behalf of the Board:

'Jean-Marc Lacoste', Director *'Michel Bouchard'*, Director

	NOTE	2017	2016
		$	$
Expenses:			
Compensation	16	**456,150**	285,497
Share-based payments	11	**440,285**	51,514
Rent, office and other expenses		**350,021**	55,278
Registration, listing fees and		**76,387**	43,625
Promotion and advertising		**178,293**	49,581
Representation, missions and trade shows		**146,944**	39,420
Consultant fees		**309,843**	98,886
Professional fees		**404,672**	118,407
Total expenses		**2,362,595**	742,208
Net finance (income) expense:			
Finance income		**(42,574)**	(9,123)
Finance expense		**25,257**	3,978
		(17,317)	(5,145)
Loss before other items and income taxes		**2,345,278**	737,063
Other items:			
Other income related to flow-through shares	10 (ii) (iii)	**(698,173)**	(166,400)
Other revenue		-	(8,813)
Change in fair value of available-for-sale		-	(8,515)
Impairment of exploration and evaluation assets	8	-	2,449
Impairment of mining properties	7	-	3,453
Gain on foreign exchange		**(99,422)**	-
		(797,595)	(177,826)
Loss before income taxes		**1,547,683**	559,237
Income taxes	17	**(2,360)**	(20,199)
Deferred income and mining taxes	17	**735,867**	309,570
		733,507	289,371
Net loss for the year		**2,281,190**	848,608
Other comprehensive loss:			
Items that are or may be reclassified subsequently to income or loss:			
Available-for-sale marketable securities - Change in fair value		-	11,500
Net loss and comprehensive loss		**2,281,190**	860,108
Basic and diluted loss per share		**0,017**	0,010
Weighted average number of shares outstanding		**132,259,557**	89,825,258

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	$	$	$	$
BALANCE AS AT JUNE 30, 2016	**24,825,829**	**738,379**	**(16,112,154)**	**9,452,054**
EQUITY FINANCING:				
Issuance of shares related to acquisitions of property, plant and equipment	1,670,100	-	-	**1,670,100**
Issuance of shares related to acquisition of a royalty	200,000	-	-	**200,000**
Issuance of shares	8,756,860	-	-	**8,756,860**
Flow-through shares premium	(2,077,041)	-	-	**(2,077,041)**
Exercise of warrants	1,488,082	-	-	**1,488,082**
Share issuance costs	-	-	(866,821)	**(866,821)**
OPTIONS AND WARRANTS GRANTED TO BROKERS:				
Granted to employees, officers, directors, consultants or I.R. representatives (note 11)	-	440,285	-	**440,285**
Granted to brokers (note 10)	-	109,263	(109,263)	**-**
Exercise of options	204,350	(72,600)	-	**131,750**
	35,068,180	**1,215,327**	**(17,088,238)**	**19,195,269**
NET LOSS FOR THE YEAR	-	-	(2,281,190)	**(2,281,190)**
BALANCE AS AT JUNE 30, 2017	**35,068,180**	**1,215,327**	**(19,369,428)**	**16,914,079**

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL
	$	$	$	$	$
BALANCE AS AT JUNE 30, 2015	**20,274,089**	**698,643**	**11,500**	**(14,924,013)**	**6,060,219**
EQUITY FINANCING:					
Issuance of shares	3,365,001	-	-	-	**3,365,001**
Flow-through shares	220,000	-	-	-	**220,000**
Flow-through shares premium	(60,000)	-	-	-	**(60,000)**
Exercise of warrants	990,951	-	-	-	**990,951**
Share issuance costs	-	-	-	(337,523)	**(337,523)**
OPTIONS AND WARRANTS GRANTED TO BROKERS:					
Granted to employees, officers, directors, consultants or I.R. representatives (note 11)	-	51,514	-	-	**51,514**
Granted to brokers (note 10)	2,010	-	-	(2,010)	**-**
Exercise of options	33,778	(11,778)	-	-	**22,000**
	24,825,829	**738,379**	**11,500**	**(15,263,546)**	**10,312,162**
NET LOSS FOR THE YEAR	-	-	-	(848,608)	**(848,608)**
OTHER COMPREHENSIVE LOSS:					
Change in fair value of available-for-sale marketable securities	-	-	(11,500)	-	**(11,500)**
BALANCE AS AT JUNE 30, 2016	**24,825,829**	**738,379**	**-**	**(16,112,154)**	**9,452,054**

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

	2017	2016
	$	$
Cash flows from operating activities:		
Net loss for the year	**(2,281,190)**	(848,608)
Adjustments for:		
Share-based payments	**440,285**	51,514
Other income related to flow-through shares	**(698,173)**	(166,400)
Accretion expense on asset retirement obligations	**19,539**	-
Change in fair value of available-for-sale marketable securities	**-**	(8,515)
Impairment of mining properties-	**-**	3,453
Impairment of exploration and evaluation assets-	**-**	2,449
Deferred income tax recovery	**-**	(20,199)
Gain on foreign exchange	**(109,366)**	-
Deferred income and mining taxes	**735,867**	309,570
Change in non-cash operating working capital	**(270,460)**	197,491
	(2,163,498)	(479,245)
Cash flows from financing activities:		
Proceeds from issuance of shares	**1,815,535**	3,365,001
Proceeds from issuance of flow-through shares	**6,941,325**	220,000
Exercise of warrants	**1,488,082**	990,951
Exercise of options	**131,750**	22,000
Share issuance costs	**(866,821)**	(342,469)
Proceeds received from a deferred grant	**-**	684,375
	9,509,871	4,939,858
Cash flows from investing activities:		
Net change in acquisition and disposal of a royalty on a mining property	**200,000**	-
Disposal of marketable securities	**-**	11,515
Increase in in trust deposit	**(556,728)**	(104,039)
Addition to mining properties	**(22,004)**	(2,627)
Increase in exploration and evaluation assets	**(2,731,861)**	(983,453)
Addition to property, plant and equipment	**(1,586,102)**	(54,180)
	(4,696,695)	(1,132,784)
Net increase in cash and cash equivalents,	**2,649,678**	3,327,829
Cash and cash equivalents, beginning of year	**4,706,477**	1,378,648
Cash and cash equivalents, end of year	**7,356,155**	4,706,477

Items not affecting cash and cash equivalents (Note 15)

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

1. REPORTING ENTITY AND NATURE OF OPERATIONS:

Monarques Gold Corporation (the "Company"), incorporated on February 16, 2011, under the *Canada Business Corporations Act*, is engaged in the acquisition and exploration of mining properties. Its shares trade on the TSX Venture Stock Exchange under the symbol MQR. Its activities are in Canada.

The address of the Company's head office is 1, Place Ville Marie, Suite 2901, Montréal (Québec), Canada H3B 0E9 and the website is www.monarquesgold.com.

The Company has not yet determined if the properties contain ore reserves that are economically recoverable. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The recoverability of amounts shown for property, plant and equipment, mining properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. As at the date of the audited consolidated financial statements, management has determined that the carrying amount of property, plant and equipment, mining properties and exploration and evaluation assets represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

2. GOING CONCERN:

Management estimates that the working capital available to the Company at the end of the period will provide the Company with adequate funding in order to cover its 2017-2018 fiscal year budget for general administrative expenses, meet its short-term obligations, and complete its planned 2017 and 2018 calendar year exploration budget. However, since the Company does not generate revenues, the Company will need to periodically obtain new funds to continue as a going concern and meet its obligations related to the acquisition of the Beacon Mill and the design and construction of the Croinor property power line (refer to note 9). Although it has been able to raise funds in the past, there is no assurance that the Company will be able to do so in the future.

As at June 30, 2017, all of the Company's financial liabilities (except the purchase price balance payable) had contractual maturities of less than one year and the Company had enough funds available to meet its current financial liabilities. At the same date, the Company had $2,989,534 in cash and cash equivalents not reserved for exploration or for the design and construction of the power line on the Croinor property ($4,006,291 as at June 30, 2016). The total working capital (excluding funds reserved for exploration, design and construction of the Croinor property power line) of $1,432,033 will be used to meet its financial liabilities and future financial liabilities from its commitments, mainly related to the Beacon Mill acquisition and Croinor property development. The Company had $3,971,840 ($56,046 as at June 30, 2016) of funds reserved for exploration and $394,781 for the design and construction of the power line on the Croinor property as at June 30, 2017 ($643,740 as at June 30, 2016).

2. GOING CONCERN (CONTINUED):

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on a going concern basis. The application of IFRS under the assumption of going concern may be inappropriate because the above condition indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

3. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

These consolidated financial statements have been prepared in accordance with IFRS.

The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect at the reporting date. On October 24, 2017, the Board of Directors approved, for issuance, these consolidated financial statements.

(B) BASIS OF MEASUREMENT:

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been prepared on a going concern basis, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(D) USE OF ESTIMATES AND JUDGMENTS:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 4 (D) - Mining properties and exploration and evaluation assets, and the acquisition of the Beacon mill as an addition to assets instead of a business acquisition in Note 6.

3. BASIS OF PREPARATION (CONTINUED):

(D) USE OF ESTIMATES AND JUDGMENTS (CONTINUED):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 2 - Going concern;
- Notes 4, 6, 7 and 8 - Recoverability of property, plant and equipment, mining properties and capitalization of exploration and evaluation assets;
- Notes 4 and 17 - Recoverability of deferred income tax assets;
- Note 14 - Asset retirement obligations.

4. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

(A) BASIS OF CONSOLIDATION:

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company reassesses control on an ongoing basis. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries X-Ore Resources Inc. ("X-Ore") and Beacon Gold Mill Inc. ("Beacon").

(ii) ***Transactions eliminated between the Company and the subsidiaries***

Inter-company balances and transactions, and any unrealized losses and profits arising from inter-company transactions, have been eliminated in preparing the consolidated financial statements.

(B) FINANCIAL INSTRUMENTS:

(i) Non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(B) FINANCIAL INSTRUMENTS (CONTINUED):

(i) Non-derivative financial assets (continued):

Loans and receivables **(continued)**

Cash and cash equivalents comprise cash balances and short-term investments with original maturities of three months or less from the acquisition date or that can be cashed at any time.

Cash and cash equivalents include proceeds of flow-through financing not yet expensed. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by the related financing.

Cash and cash equivalents include proceeds from the government grant not yet expensed. The Company must use these funds for the power line construction in accordance with restrictions imposed by the related grant.

For purposes of the cash flow statements, proceeds from flow-through financings used for exploration and evaluation assets and proceeds from the grant used for property, plant and equipment are included under investment activities.

(ii) Non-derivative financial liabilities:

The Company classifies its accounts payable and accrued liabilities and the purchase price balance payable as financial liabilities, which are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Fair value of financial instruments:

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring the Company to develop its own assumptions.

(C) PROPERTY, PLANT AND EQUIPMENT:

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(C) PROPERTY, PLANT AND EQUIPMENT (CONTINUED):

The estimated useful lives, depreciation method and rates for the year ended and comparative years are as follows:

Assets	Basis	Useful life
Power line [1]	Straight-line	20 years
Mining assets [1]	Straight-line	5 to 20 years

[1] The mining assets under construction had not yet been used on June 30, 2017. The depreciation period will begin after completion of the construction work.

(D) MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS:

Mining properties correspond to acquired interests in mining exploration permits/claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, meaning costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities in an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned.

Costs incurred include appropriate technical and administrative overheads as well as borrowing costs related to the financing of exploration activities. Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

(E) IMPAIRMENT:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(E) IMPAIRMENT (CONTINUED):

(i) Financial assets (continued):

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets:

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing mining properties and exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the CGU on a pro rata basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(E) IMPAIRMENT (CONTINUED):

(ii) Non-financial assets (continued):

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(F) PROVISION:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(G) DEFERRED GRANT:

Cash payments received pursuant to contractual arrangements are recorded as deferred grant until all of the foregoing conditions of grant recognition have been met.

Grant is measured at the fair value of the consideration received or receivable. Grant is recognized when the amount can be reliably measured, when it is probable that future economic benefits will flow to the Company and when specific criteria have been met. Government grant is recorded as grant against the underlying expenses according to the work progress.

(H) FINANCE INCOME AND FINANCE COSTS:

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Interest received is classified under operating activities in the consolidated statements of cash flows as part of the net loss for the year.

(I) SHARE CAPITAL AND WARRANTS:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares, share options and warrants are recognized as an increase to deficit, net of any tax effects.

Flow-through shares

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(I) SHARE CAPITAL AND WARRANTS (CONTINUED):

***Flow-through shares* (continued)**

These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time of the share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liability related to flow-through shares using the residual method, by deducting the quoted price of common shares from the price of the flow-through shares at the date of the financing announcement.

A company may renounce the deductions for tax purposes under either what is referred to as the “general” method or the “look-back” method.

When tax deductions are renounced under the general method, the Company records a deferred tax liability with the corresponding charge to income tax expense when the Company has the expectation of renouncing and has capitalized the expenditures. At the same time the liability related to flow-through shares is reduced, with a corresponding increase to other income related to flow-through shares.

When tax deductions are renounced under the look-back method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are incurred and capitalized. At the same time, the liability related to flow-through shares would be reduced to nil, with a corresponding increase to other income related to flow-through shares.

Warrants

Warrants are classified as equity when they are derivatives over the Company’s own equity and will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments; otherwise they are classified as liabilities.

(J) SHARE-BASED PAYMENTS:

The grant date fair value of share-based payment awards granted to employees, members of the Board of Directors and consultants is recognized as an expense, with a corresponding increase in contributed surplus, over the period during which the participants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount recognized as an expense is based on the number of awards that meet the related service conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(J) SHARE-BASED PAYMENTS (CONTINUED):

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the goods or services received, and the direct corresponding increase in equity at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

(K) INCOME TAX:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from business combinations and transactions recognized in equity.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities which intend to settle current tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(L) REFUNDABLE CREDIT ON MINING DUTIES AND REFUNDABLE TAX CREDIT RELATED TO RESOURCES:

The Company is eligible for a refundable credit on mining duties under the *Québec Mining Duties Act*. This refundable credit on mining duties is equal to 16% and applicable to 50% of the eligible expenses. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets.

Currently, it is management's intention to go into production in the future. Credits on mining duties are therefore recorded as recovery of income taxes.

The Company is also eligible for a refundable resource tax credit for mining industry companies on eligible expenses incurred. The refundable resource tax credit represents up to 31% for eligible expenses incurred and is recorded as a government grant against exploration and evaluation assets. Since the expenses for exploration and evaluation assets have been financed with flow-through shares, the Company is not currently eligible for these tax credits since they have been transferred to investors.

Credits related to resources recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. The credits are recognized in profit or loss on a systematic basis and over the useful life of the related assets.

(M) EARNINGS PER SHARE:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares, which also include flow-through shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, after adjusting for shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, after adjusting for shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(N) LEASES:

Leases are classified as either operating or finance, based on the substance of the transaction at inception of the lease. Classification is reassessed if the terms of the lease are changed. Leases in which a significant portion of the risks and rewards of ownership are not assumed by the Company are classified as operating leases. All leases are classified as operating leases and, as such, the leased assets are not recognized in the Company's consolidated statements of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(O) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE:

The following new Standards and Interpretations are not yet effective and have not been applied in preparing these consolidated financial statements:

***Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2)**

On June 20, 2016, the International Accounting Standards Board ("IASB") issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the following disclosures:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- the recognition of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the fiscal year beginning July 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 9, *Financial Instruments*

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and the standard should be applied retrospectively, subject to certain exceptions. Early adoption is permitted. Restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(O) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED):

IFRS 9, *Financial Instruments* (continued)

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which will align hedge accounting with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize hedge ineffectiveness. However, it will provide more hedging strategies for risk management purposes, in accordance with the application conditions for hedge accounting, and further require the use of judgment in measuring the effectiveness of a hedging relationship.

Special transitional requirements have been developed to apply the new general hedge accounting requirements.

The Company intends to adopt IFRS 9 (2014) in its consolidated financial statements for the fiscal year beginning July 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the fiscal year beginning July 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(O) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED):

IFRS 16, *Leases*

On January 13, 2016, the IASB issued IFRS 16, *Leases*.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its consolidated financial statements for the fiscal year beginning July 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

5. IN TRUST DEPOSITS:

The Company's provision consists primarily of asset retirement obligations for costs associated with mine reclamation and closure activities at the Croinor and Beacon properties.

(A) Croinor Gold Property

Following the restoration plan submitted in 2014 by the Company to the Ministère des Ressources Naturelles et de la Faune of the province of Québec ("MRNF"), the MRNF advised the Company on January 23, 2015 that the total amount of the financial guarantee for the restoration of the mining site would be $416,155. As at June 30, 2017, the Company had investments totaling $416,155 ($312,177 as at June 30, 2016) in term deposits in accordance with the current financial guarantee requirements set by the MRNF for future site restoration costs at the Croinor mining site. These term deposits bear interest ranging from 1.00% to 1.50% and mature between January 4, 2018 and September 7, 2018.

(B) Beacon Property ("Beacon")

The seller of Beacon submitted a restoration plan to the MRNF in 2014. On May 27, 2015, the MRNF advised the seller of Beacon that the total amount of the financial guarantee for the restoration of the mining site would be $1,805,380. As at June 30, 2017, the Company had investments totalling $1,805,380 (nil as at June 30, 2016), including $1,352,690 in cash and $452,690 in term deposits in accordance with the current financial guarantee requirements set by the MRNF for future site restoration costs at the Beacon mining site. The term deposit bears interest at 1.05% and matures on June 19, 2018.

6. PROPERTY, PLANT AND EQUIPMENT:

	POWER LINE UNDER CONSTRUCTION (NOTE 9)	MINING ASSETS UNDER CONSTRUCTION	TOTAL
	$	$	**$**
Balance as at June 30, 2015	-	-	-
Acquisition	54,180	-	54,180
Grant	(40,635)	-	(40,635)
Balance as at June 30, 2016	**13,545**	**-**	**13,545**
Acquisition	331,945	151,844	483,789
Beacon acquisition	-	6,958,583	6,958,583
Capitalized interest	-	216,776	216,776
Grant	(248,959)	-	(248,959)
Balance as at June 30, 2017	**96,531**	**7,327,203**	**7,423,734**

Since the items of property, plant and equipment are not available for use, the power line under construction and mining assets under construction have not yet been depreciated.

ACQUISITION OF THE BEACON PROPERTY

On October 31, 2016, the Company acquired the Beacon property ("Beacon"). The property consists of a metallurgical processing plant, tailings management ponds, underground installations, a 500-metre deep shaft, a mechanical shop and all mineral rights attached to the transaction, namely one mining concession, one mining lease and 11 mineral claims totalling 180 hectares. The Company also assumed all asset retirement obligations and a deposit held by the Ministère des Finances du Québec, of which $1,352,690 has already been paid.

The Company concluded the Beacon acquisition in consideration of an amount of $1,000,000, a cash balance payable of US$2,415,600 and the issuance of 3,740,550 common shares, as follows: (i) $1,000,000 cash and 2,431,650 common shares on closing of the transaction; and (ii) US$402,600 payable in cash the 30th, 36th, 42nd, 48th, 54th and 60th month following closing of the transaction. Lastly, the Company issued 1,308,900 common shares in July 2016, upon signing a letter of intent, with a fair value of $746,073, and issued 2,431,650 common shares in October 2016 with a fair value of $924,027.

The purchase price balance will bear interest at the rate of 10% per annum, compounded semi-annually. Interest on the deferred payments will be capitalized and added to the unpaid principal as deferred payments for the first 24 months. The Company recognized the fair value of the purchase price balance using a 10% interest rate, which is the rate negotiated between the two parties acting independently.

The Company may, at any time after October 1, 2018 and before March 1, 2019, postpone payment of one or more of the first three deferred payments by paying a 20% premium on the deferred payment that is postponed. The premium will be added to the deferred payment that is postponed. The deferred payment that is postponed will then be payable in three equal instalments the 48th, 54th and 60th month after closing, in addition to the deferred payment initially payable at that time. This option was valued at nil as at June 30, 2017.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED):

ACQUISITION OF THE BEACON PROPERTY (CONTINUED)

The acquisition of the Beacon property does not meet the definition of a business acquisition because the property does not hold ore reserves and has no processing process. Consequently, the transaction was recognized as an asset acquisition.

The following table shows the purchase price allocation between assets acquired and liabilities assumed, based on the fair value of the total consideration at the transaction closing date. The fair value was estimated based on market participant information that management considered reasonable for assessment purposes and on other factors such as current asset conditions:

	$
Fair value of consideration paid:	
Cash	1,000,000
Common shares issued	1,670,100
Purchase price balance	3,239,561
Transaction costs	102,313
	6,011,974
Fair value of assets acquired:	
In trust deposit	1,352,690
Plant equipment (1)	6,405,783
Land and building (1)	500,000
Vehicles1)	52,800
Asset retirement obligations	(2,299,299)
	6,011,974

(1) Presented as mining assets under construction.

As at June 30, 2017, the purchase price balance payable of US$2,415,600 included the following items:

	$
Balance, acquisition date	3,239,561
Accrued interest for the year	216,776
Exchange rate impact	(109,366)
Balance as at June 30, 2017	3,346,971

The principal payments over the next few years are as follows:

	$
2019	522,454
2020	1,044,908
2021	1,044,908
2022	522,454
	3,134,724

7. MINING PROPERTIES:

PROPERTIES [1]	LOCATION	ROYALTIES	JUNE 30, 2016	NET ACQUISITION	JUNE 30, 2017
			$	$	$
Belcourt Gold	SNRC 32C06	1.5%	**-**	**-**	**-**
Croinor Gold	SNRC 32C02, 32C03	1.5%	**2,822,488**	**21,401**	**2,843,889**
Regcourt Gold	SNRC 32C03	2.5%	**108,538**	**-**	**108,538**
Simkar Gold	SNRC 32C04	1.5%	**90,403**	**603**	**91,006**
			3,021,429	**22,004**	**3,043,433**

PROPERTIES [1]	LOCATION	ROYALTIES [2]	JUNE 30, 2015	NET ACQUISITION	IMPAIRMENT	JUNE 30, 2016
			$	$	$	$
Belcourt Gold	SNRC 32C06	1.5%	**3,453**	**-**	**(3,453)**	**-**
Croinor Gold	SNRC 32C02, 32C03	1.5%	**2,822,488**	**-**	**-**	**2,822,488**
Regcourt Gold	SNRC 32C03	2.5%	**105,911**	**2,627**	**-**	**108,538**
Simkar Gold	SNRC 32C04	1.5%	**90,403**	**-**	**-**	**90,403**
			3,022,255	**2,627**	**(3,453)**	**3,021,429**

(1) All mining properties are located in the Province of Québec, Canada.

(2) The claims comprising the properties have either been acquired with different agreements or by map designation and therefore any applicable royalties are covered under specific agreements (see Note 13).

In March 2017, the Company acquired a 0.75% royalty on the Croinor Gold property for $500,000, including cash consideration of $300,000 and the issuance of 444,444 common shares with a fair value of $200,000. Subsequent to this transaction, the Company sold the 0.75% royalty for cash consideration of $500,000, which reduced the cost of the Croinor Gold property. The purchaser of the 0.75% royalty also invested $500,000 by way of a private placement concluded in March 2017.

8. EXPLORATION AND EVALUATION ASSETS:

Exploration and evaluation assets are as follows:

	June 30, 2016	Exploration expenses	June 30, 2017
	$	$	$
Belcourt Gold	-	-	-
Croinor Gold	1,990,241	2,793,761	4,784,002
Regcourt Gold	41,512	-	41,512
Simkar Gold	1,083,710	230,452	1,314,162
	3,115,463	3,024,213	6,139,676

	June 30, 2015	Exploration expenses	Resource credits	Impairment	June 30, 2016
	$	$	$	$	$
Belcourt Gold	2,449	-	-	(2,449)	-
Croinor Gold	1,222,262	763,359	4,620	-	1,990,241
Regcourt Gold	41,512	-	-	-	41,512
Simkar Gold	1,038,333	49,576	(4,199)	-	1,083,710
	2,304,556	812,935	421	(2,449)	3,115,463

8. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation assets by nature are as follows:

	JUNE 30, 2017	JUNE 30, 2016
	$	$
Exploration and evaluation expenses:		
Salaries, supervision and consultants	**380,806**	149,303
Geology and geophysics	**1,378,412**	306,619
Test, sampling and prospecting	**268,347**	45,744
Drilling, equipment rental and other material	**976,619**	295,012
Lodging, meals and travel expenses	**20,029**	16,257
Increase in exploration and evaluation expenses	**3,024,213**	**812,935**
Resource tax credit	**-**	421
Impairment	**-**	(2,449)
Balance, beginning of year	**3,115,463**	2,304,556
Balance, end of year	**6,139,676**	**3,115,463**

9. DEFERRED GRANT:

The Company has an agreement with the Ministère de l'Énergie et des Ressources Naturelles ("MERN") whereby the latter funds a portion of the construction cost, based on expenditures incurred by the Company.

In January 2016, MERN allocated a grant to the Company in the amount of $2,737,500, representing 75% of the total budget for the design and construction of the Croinor property power line over the next 36 months.

The Company committed to reduce its future GHG emissions by 8,626.8 tonnes of CO_2 equivalent per year compared to the reference project presented to the MERN, which was based on diesel energy, over a seven-year period herein defined as the duration of its commitment. If this objective is not reached, the grant will be prorated for actual results achieved. In addition, the project must be completed within 36 months of the effective date of the agreement.

The grant is payable in four equal payments of $684,375. The first portion of the grant was disbursed in May 2016 after receipt of the first purchase orders. The second portion will be payable after at least 50% of the project has been completed. The third payment will be payable after approval of the start-up report and the fourth upon approval of the project report.

As at June 30, 2017, the Company had incurred $386,125 of capital expenditures ($54,180 as at June 30, 2016). Consequently, the Company reduced the deferred revenues by $289,594 ($40,635 as at June 30, 2016), representing 75% of the costs incurred to date. The net balance of $96,531 ($13,545 as at June 30, 2016) was recorded as property, plant and equipment on the consolidated statements of financial position. Deferred revenues as at June 30, 2017 were $394,781 ($643,740 in 2016).

If the total cost of the project is lower than the budget, the grant will be adjusted.

10. SHARE CAPITAL AND WARRANTS:

Authorized:

Unlimited number of common shares without par value

Changes in the Company's share capital and warrants were as follows:

	NUMBER OF WARRANTS	NUMBER OF SHARES	AMOUNT
			$
Balance at June, 2015	30,655,724	83,871,765	20,274,089
Paid in cash (i)	13,921,311	21,705,360	3,367,011
Flow-through shares (ii)	-	2,000,000	160,000
Warrants and warrants granted to brokers exercised	(6,528,049)	6,528,049	990,951
Options exercised	-	175,000	33,778
Expired	(12,608,971)	-	-
Balance at June 30, 2016	**25,440,015**	**114,280,174**	**24,825,829**
Paid in cash (i)	4,034,522	4,034,522	1,815,535
Flow-through shares (iii)	4,083,333	13,503,463	4,864,284
Warrants and warrants granted to brokers exercised	(10,578,239)	10,578,239	1,488,082
Issuance of shares for acquisition of property, plant and equipment	-	3,740,550	1,670,100
Issuance of shares for acquisition of a royalty	-	444,444	200,000
Options exercised	-	1,020,000	204,350
Granted	755,796	-	-
Balance at June 30, 2017	**23,735,427**	**147,601,392**	**35,068,180**

(i) 9,072,522 shares are subject to a holding period until July 2017.

(ii) The carrying amount of these flow-through shares is presented net of the $60,000 liability related to the premium on flow-through shares that was recorded when the flow-through shares were issued during the financing that occurred in December 2015. There was no longer any liability related to this financing as at June 30, 2017. An amount of $15,285 was recognized as other income related to flow-through shares in the consolidated statements of loss and comprehensive loss for the year ended June 30, 2017, representing the portion of the liability related to the increase in exploration and evaluation assets during the periods affected by the flow-through share financing.

(iii) The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of $2,077,041 that was recorded when the flow-through shares were issued during the financings of July 7, 2017, December 16, 2016 and March 8, 2017. As at June 30, 2017, the balance of the liability related to the premium on flow-through shares was $1,394,153. An amount of $682,888 was recognized as other income related to flow-through shares in the consolidated statements of loss and comprehensive loss, representing the portion of the liability related to the increase in exploration and evaluation assets during the period affected by the total flow-through share financing.

10. SHARE CAPITAL AND WARRANTS (CONTINUED):

(A) YEAR ENDED JUNE 30, 2017:

In March 2017, the Company closed a brokered private placement of an aggregate of 4,034,522 units and 5,038,000 flow-through shares, priced at $0.45 per unit and $0.66 per flow-through share, for gross proceeds of $5,140,615. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.60 per share for a period of 36 months following the closing of the private placement.

The Company issued 444,444 common shares in March 2017 as payment for the purchase of a royalty (see Note 7). As at March 8, 2017, the price of the common shares was $0.45. As the Company was unable to reliably determine the fair value of the royalty, the fair value of the shares was established based on the market price on the grant date.

In December 2016, the Company closed a brokered private placement for an aggregate of 4,382,130 flow-through shares, priced at $0.35 per share, for gross proceeds of $1,533,745.

In July 2016, the Company closed a brokered private placement of an aggregate of 4,083,333 flow-through units (the “FT Units”), priced at $0.51 per FT Unit, for gross proceeds of $2,082,500. Each FT Unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.51 for a period of 36 months following the closing of the private placement.

The Company issued 1,308,900 common shares in July 2016 and 2,431,650 common shares in October 2016 as payment for the acquisition of the Beacon property (see Note 6). The price of the common shares was $0.57 as at July 21, 2016, and $0.38 as at October 31, 2016. As the Company was unable to reliably determine the fair value of services received, the fair value of the shares was established based on the market price on the grant date.

Between July 1, 2016 and June 30, 2017, 1,020,000 options were exercised at an exercise price of $0.14 and 10,578,239 warrants were exercised at an exercise price of $0.14. At year-end, the Company obtained a total amount of $1,619,832 and issued a total of 11,598,239 common shares.

(B) YEAR ENDED JUNE 30, 2016:

On November 6, 2015, the Company closed a non-brokered private placement of an aggregate of 3,875,000 units, priced at $0.08 per unit, for gross proceeds of $310,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 per share for a period of 24 months following the closing of the private placement.

10. SHARE CAPITAL AND WARRANTS (CONTINUED):

(B) YEAR ENDED JUNE 30, 2016 (CONTINUED):

On December 18, 2015, the Company closed a brokered private placement for aggregate gross proceeds of $275,000. Pursuant to this placement, the Company issued a total of 500 “flow-through units” at a price of $550 per unit. Each “flow-through unit” consists of i) 4,000 common shares in the capital of the Company issued as flow-through shares, priced at $0.11 per flow-through share; ii) 1,375 common shares in the capital of the Company, priced at $0.08 per common share; and iii) 2,688 common share purchase warrants of the Company. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 per common share, until December 18, 2017. In consideration for its services, the agent received a cash commission of $24,805 and 130,881 agent’s compensation warrants to purchase, until December 18, 2017, a total of 130,881 common shares at a price of $0.10 per common share.

On May 26, 2016, the Company closed a brokered private placement of an aggregate of 17,142,860 units, priced at $0.175 per unit, for gross proceeds of $3,000,001. Each unit is comprised of one common share in the capital of the Company and one half share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.25 for a period of 36 months following the closing of the private placement.

(C) WARRANTS GRANTED TO OTHERS THAN BROKERS:

Changes in the Company’s warrants granted to others than brokers were as follows. Each warrant can be converted into one common share of the Company:

		JUNE 30, 2017		**JUNE 30, 2016**
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	**24,562,565**	**0.18**	28,959,139	0.21
Granted	**8,117,855**	**0.55**	13,790,430	0.19
Exercised	**(9,986,746)**	**0.14**	(6,357,423)	0.15
Expired	**-**	**-**	(11,829,581)	0.27
Outstanding, end of year	**22,693,674**	**0.33**	**24,562,565**	**0.18**

During the year ended June 30, 2017, 9,986,746 warrants granted to others than brokers were exercised at a price of $0.14 per common share, while the closing market price of the shares was between $0.26 and $0.62.

10. SHARE CAPITAL AND WARRANTS (CONTINUED):

(C) WARRANTS GRANTED TO OTHERS THAN BROKERS (CONTINUED):

The following table summarizes the information relating to the warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT JUNE 30, 2016		EXERCISE PRICE	EXPIRY DATE
		$	
50,000	(exercisable)	0.14	September 2017
1,250,000	(exercisable)	0.10	November 2017
3,895,301	(exercisable)	0.18	December 2017
809,088	(exercisable)	0.10	December 2017
8,571,430	(exercisable)	0.25	May 2019
4,083,333	(exercisable)	0.51	July 2019
4,034,522	(exercisable)	0.60	March 2020
22,693,674			

(D) WARRANTS GRANTED TO BROKERS:

Changes in the Company's warrants granted to brokers were as follows. Each warrant can be converted into one common share of the Company:

	JUNE 30, 2017		JUNE 30, 2016	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	**877,450**	**0.13**	1,696,585	0.17
Granted	**755,796**	**0.44**	130,881	0.10
Exercised	**(591,493)**	**0.12**	(779,390)	0.21
Expired	**-**	**-**	(170,626)	0.13
Outstanding, end of year	**1,041,753**	**0.36**	877,450	0.13

During the year ended June 30, 2017, a total of 591,493 warrants granted to brokers were exercised at a price of $0.12 per common share, while the closing market prices of the shares was between $0.26 and $0.62.

10. SHARE CAPITAL AND WARRANTS (CONTINUED):

(D) WARRANTS GRANTED TO BROKERS (CONTINUED):

The weighted average fair value of share purchase warrants granted to brokers during the year ended June 30, 2017 is $0.14 ($0.02 for the year ended June 30, 2016). The fair value of the warrants granted is established according to the Black & Scholes pricing model using the following weighted average assumptions:

	JUNE 30, 2017	JUNE 30, 2016
Risk-free interest rate	**0.90%**	0.60%
Expected annual dividend rate	**0%**	0%
Expected annualized volatility	**84%**	74%
Expected life of warrants	**2.4 years**	2 years

The following table summarizes the information relating to the warrants granted to brokers:

Number of warrants outstanding as at June 30, 2017	Exercise price	Expiry date
	$	
285,957 (exercisable)	0.13	December 2017
302,170 (exercisable)	0.35	June 2018
453,626 (exercisable)	0.50	March 2020
1,041,753		

11. SHARE PURCHASE OPTIONS:

The shareholders of the Company approved a share purchase option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors and consultants of the Company share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The exercise price may not be lower than the market price of the common shares at the time of grant.

The Plan provides that the maximum number of common shares of the Company that may be reserved for issuance under the Plan shall not be greater than 10% of the issued shares of the Company being outstanding from time to time.

The maximum number of common shares which may be reserved for issuance to any option may not exceed 5% of the outstanding common shares at the time of vesting and may not exceed 2% of the outstanding common shares for consultants and investors relation representative. These options are not assignable or transferable unless by legacy or inheritance and expire no later than five years after being granted. If an option leaves the Company, his options normally expire no later than one year following his departure, subject to the conditions established under the common share purchase option plan. The vesting period for the share purchase options and warrants to brokers varies from immediate vesting up to 36 months following the vesting date and the life of the options varies from two to five years.

11. SHARE PURCHASE OPTIONS (CONTINUED):

Changes in the Company's share purchase options granted to directors, officers, employees and consultants were as follows:

	JUNE 30, 2017		JUNE 30, 2016	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	**5,750,000**	**0.19**	5,095,000	0.22
Granted	**1,905,000**	**0.37**	1,175,000	0.08
Exercised	**(1,225,000)**	**0.40**	(345,000)	0.21
Expired	**(1,020,000)**	**0.14**	(175,000)	0.13
Outstanding, end of year	**5,410,000**	**0.22**	**5,750,000**	**0.19**
Exercisable, end of year	**5,257,500**	**0.22**	**5,750,000**	**0.19**

	JUNE 30, 2017	JUNE 30, 2016
	$	$
Weighted average fair value of share purchase options granted during the year	**0.24**	0.04

During the year ended June 30, 2017, a total of 1,020,000 share purchase options were exercised at a price of $0.13 per common share, while the closing market price of the shares, during the same period, was between $0.26 and $0.62.

The fair value of the options granted is established according to the Black & Scholes pricing model using the following weighted average assumptions:

	JUNE 30, 2017	JUNE 30, 2016
Risk-free interest rate	**0.87%**	0.68%
Expected annual dividend rate	**-%**	-%
Expected annualized volatility	**101%**	101%
Expected life of options	**5 years**	5 years

For the year ended June 30, 2017, using the fair value model resulted in share-based payments expenses of $440,285 ($51,514 in 2016).

11. SHARE PURCHASE OPTIONS (CONTINUED):

The following table summarizes the information relating to the share purchase options:

NUMBER OF OPTIONS OUTSTANDING AS AT JUNE 30, 2017		Exercise price	Expiry date
Outstanding	Exercisable	$	
100,000	100,000	0.125	July 2017
400,000	400,000	0.250	October 2017
50,000	50,000	0.250	December 2017
480,000	480,000	0.150	September 2018
450,000	450,000	0.140	June 2019
200,000	200,000	0.130	January 2020
825,000	825,000	0.120	May 2020
75,000	75,000	0.100	November 2020
925,000	925,000	0.080	January 2021
500,000	500,000	0.500	August 2021
1 405,000	1,252,500	0.330	November 2021
5,410,000	**5,257,500**		

12. CONTINGENCIES:

(A) The Company's operations are governed by environmental protection laws and regulations. Environmental consequences are difficult to identify in terms of level, impact or timing. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. Asset retirement obligations are accrued in the financial statements only when it can be determined that a present obligation exists that would give rise to environmental consequences for the exploration activities performed on the lands, and when it can be reliably estimated. Such obligations will be capitalized to the cost of the related assets at that time.

(B) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors or the Company. In such an event, the Company would indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

13. COMMITMENTS:

(A) REGCOURT GOLD

The Company has agreed to pay Plato Gold Inc. a 1% Net Smelter Return ("NSR") on all metals on some of the claims forming the property and has the right, at any time before commercial production, to purchase this 1% NSR by paying the seller $1,000,000 in cash. The Company has also agreed to pay Eloro a 1.5% NSR on all metals from the claims and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying Eloro $1,000,000 in cash.

13. COMMITMENTS (CONTINUED):

(B) SIMKAR GOLD

The Company has agreed to pay Eloro a royalty equal to 1.5% NSR on all metals on the claims acquired and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying the beneficiary a total of $1,000,000 in cash. This buyback clause does not apply to 11 of the claims forming the property.

(C) BELCOURT GOLD

The Company has agreed to pay Eloro a royalty equal to 1.5% NSR on all metals on the claims acquired and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying the beneficiary a total of $1,000,000 in cash.

(D) CROINOR GOLD

The Company has agreed to pay the beneficiaries a total royalty of 1.5% NSR on all metals on some of the claims acquired.

(E) FLOW-THROUGH SHARES

The Company has committed to disburse eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $220,000 by December 31, 2016, and to transfer the related tax deductions to the subscribers to the flow-through investment completed on December 18, 2015. In relation to this commitment, the Company had incurred a cumulative amount of $220,000 of eligible expenses as at June 30, 2017 and had no funds reserved for exploration and evaluation related to this commitment.

The Company has committed to disburse eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $2,082,500 by December 31, 2017, and to transfer the related tax deductions to subscribers to the flow-through investment completed on July 7, 2016. In relation to this commitment, the Company had incurred cumulative eligible expenses of $2,082,500 as at June 30, 2017 and had no funds reserved for exploration and evaluation related to this commitment.

The Company has committed to disburse eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $1,533,745 by December 31, 2017, and to transfer the tax deductions related to these expenditures to the subscribers to the flow-through investments completed on December 16 and 23, 2016. In relation to this commitment, the Company had incurred cumulative eligible expenses of $886,985 as at June 30, 2017 and had $646,760 in funds reserved for exploration and evaluation.

The Company has committed to disburse eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $3,325,080 by December 31, 2018, and to transfer the related tax deductions to the subscribers to the flow-through investment completed on March 8, 2017. In relation to this commitment, the Company had not yet incurred any eligible expenses as at June 30, 2017 and had $3,325,080 in funds reserved for exploration and evaluation.

13. COMMITMENTS (CONTINUED):

(F) LEASE

The Company rents office space for a monthly amount of $3,067 until June 30, 2022. As at June 30, 2017, the total contractual payments remaining until June 30, 2022, assuming the lease will not be terminated before the end of the term, amounted to $161,000.

(G) GRANT

The Company is also committed to incur capital expenditures amounting to $3,650,000 related to the design and construction of the Croinor property power line pursuant to the government grant agreement, which will total $2,737,500 when received in full. As at June 30, 2017, $684,373 of the government grant had been received and capital expenditures of $386,125 had been incurred (Note 9).

14. ASSET RETIREMENT OBLIGATIONS:

Asset retirement obligations represent legal and contractual obligations related to the potential decommissioning of the Company's assets. The laws and regulations are constantly changing and are becoming more restrictive overall. The Company operates its business with a view to protecting public health and the environment.

The Company has recorded an asset retirement obligation for costs associated with mine reclamation and closure activities at the Croinor and Beacon properties, which reflects the present value of the estimated amount of cash flows required to satisfy the asset retirement obligation. The primary component of this obligation is for the decommissioning of facilities, revegetation of the site including waste piles and overburden, unfilled area, and polishing pond. Following the restoration plan submitted by the Company to the MRNF in 2014, the MRNF advised the Company that a financial guarantee for the full amount would be required to cover the asset retirement obligation of $416,155 for Croinor and $1,805,380 for Beacon. The Company recognized an additional provision of $493,919 for restoration of the Beacon property, bringing the total provision for the Beacon property to $2,299,299.

As at June 30, 2017, the Company had invested $2,221,535 ($312,117 as at June 30, 2016) in term deposits and cash in accordance with the current financial guarantee requirements set by the MRNF for future site restoration costs at the Croinor and Beacon mining sites.

Should the Company have no intention of operating the mine, it will be required to restore the mining site. However, if the Company goes into production on the Croinor and Beacon properties, it will be required to provide an updated closure plan to the MRNF for purposes of reassessing the asset retirement obligation related to site operations.

As at June 30, 2017, estimated inflation-adjusted discounted cash flows required asset retirement obligations of $2,734,993 ($416,155 as at June 30, 2016). A 1.71% discount rate was used and the disbursements should be made in 2027. The undiscounted amount of this liability was estimated using the expected value method which combines the adjusted results based on the probabilities for various scenarios ranging from $2,509,140 to $2,927,737 ($416,155 in 2016) and adjusts for normal inflation over time until 2027, for inflation-adjusted costs increasing from $2,981,407 to $3,494,457.

14. ASSET RETIREMENT OBLIGATIONS (CONTINUED):

The asset retirement obligations changed as follows:

	$
Balance, beginning of year	416,155
Acquisition of Beacon (Note 6)	2,299,299
Accretion expense	19,539
Balance as at June 30, 2017	2,734,993

15. ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS

	JUNE 30, 2017	**JUNE 30, 2016**
	$	$
Non-cash items:		
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	**(292,352)**	(190,518)
Share issuance related to acquisition of property, plant and equipment	**1,670,100**	-
Share issuance costs related to the acquisition of a royalty	**200,000**	-
Share issuance costs settled through share issuance	**250,000**	-
Capitalized interest on property, plant and equipment	**216,776**	-
Changes in accounts payable and accrued liabilities related to share issuance costs	**-**	(4,946)
Deposits to suppliers subsequently recorded to exploration and evaluation assets	**-**	20,000

16. COMPENSATION:

	JUNE 30, 2017	**JUNE 30, 2016**
	$	$
Wages and fringe benefits paid to key management personnel	**266,094**	212,128
Wages and fringe benefits paid to the other staff employees	**134,871**	42,124
Fees paid to members of the Board of Directors	**55,185**	31,245
	456,150	**285,497**

During the year ended June 30, 2017, the Company incurred $440,285 ($51,514 in 2016) in share-based payment expenses, of which $127,116 ($12,746 in 2016) were attributed to key management personnel and $150,229 ($38,768 in 2016) were attributed to members of the Board of Directors.

17. DEFERRED INCOME TAXES AND MINING TAXES:

The income tax expense differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.85% (26.90% in 2016) to the loss before income taxes due to the following:

	JUNE 30, 2017	JUNE 30, 2016
	$	$
Loss before income taxes	**(1,547,683)**	(559,237)
Expected tax recovery	**(415,561)**	(179,991)
Increase (decrease) in income taxes resulting from:		
Non-deductible share-based payment	**118,217**	13,857
Deferred tax arising from exploration and evaluation assets		218,680
financed through flow-through shares	**801,766**	
Non-deductible expenses and other	**59,651**	44,382
Change in unrecognized tax assets	**(349,782)**	(17,177)
Deduction of mining tax recovery	**(175,634)**	(34,989)
Permanent difference arising from non-taxable income		(44,762)
related to flow-through shares	**187,459**	
Deferred mining tax expense	**484,374**	289,371
Impact of change in tax rate	**23,017**	-
Income tax expense	**733,507**	289,371

Movements in temporary differences during the years ended June 30, 2017 and June 30, 2016 are as follows:

	BALANCE JUNE 30, 2016	RECOGNIZED IN PROFIT OR LOSS	BALANCE JUNE 30, 2017
	$	$	**$**
Deferred tax assets:			
Operating losses	496,067	455,546	**951,613**
Asset retirement obligation	111,946	(111,946)	**-**
	608,013	343,600	**951,613**
Deferred tax liabilities:			
Deferred mining duties	(500,349)	(483,874)	**(984,223)**
Mining properties	(499,345)	7,180	**(492,165)**
Property plant and equipment	29,305	(61,025)	**(31,720)**
Exploration and evaluation assets	(137,965)	(541,748)	**(679,713)**
	(1,108,354)	(1,079,467)	**(2,187,821)**
	(500,341)	**(735,867)**	**(1,236,208)**

17. DEFERRED INCOME TAXES AND MINING TAXES (CONTINUED):

	BALANCE JUNE 30, 2015	RECOGNIZED IN PROFIT OR LOSS	BALANCE JUNE 30, 2016
	$	$	$
Deferred tax assets:			
Operating losses	216,651	279,416	496,067
Asset retirement obligation	111,946	-	111,946
Property plant and equipment	29,305	-	29,305
Share issuance costs	77,172	(77,172)	-
Exploration and evaluation assets	65,271	(203,236)	(137,965)
	500,345	(992)	499,353
Deferred tax liabilities:			
Deferred mining duties	(190,771)	(309,578)	(500,349)
Mining properties	(500,345)	1,000	(499,345)
	(691,116)	(308,578)	(999,694)
	(190,771)	(309,570)	(500,341)

Deferred tax assets have not been recognized in respect of the following items:

	BALANCE JUNE 30, 2017	BALANCE JUNE 30, 2016
	$	$
Non-capital loss carryforwards	1,081,213	1,363,116
Share issuance costs	110,922	183,898
Asset retirement obligation	614,492	-
Capital losses	3,498	3,551
	1,810,125	1,550,565

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company could utilize benefits therefrom.

17. DEFERRED INCOME TAXES AND MINING TAXES (CONTINUED):

As at June 30, 2017, the Company had the following non-capital tax losses available to reduce future years' income for tax purposes:

YEAR INCURRED	FEDERAL	PROVINCIAL	EXPIRY
	$	$	
2007	569,407	511,578	2027
2008	566,242	563,958	2028
2009	187,288	186,829	2029
2011	61,391	61,391	2030
2011	174,690	174,690	2031
2012	1,152,397	1,152,397	2032
2013	644,585	644,585	2033
2014	1,029,279	1,024,668	2034
2015	1,271,160	1,269,245	2035
2016	1,069,300	1,065,932	2036
2017	973,302	973,302	2037
	7,699,041	**7,628,575**	

18. EARNINGS PER SHARE:

Warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss. Therefore, their effect would have been antidilutive.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of short-term financial assets and liabilities, which include cash and cash equivalents and accounts payable and accrued liabilities, approximate their fair value due to the immediate or short-term maturity of these financial instruments.

The carrying amount of the non-current liability, which includes the purchase price balance payable, approximates its fair value since market conditions did not change significantly between the transaction date and June 30, 2017.

RISK EXPOSURE AND MANAGEMENT

The Company is exposed to a number of risks at different levels. The type of risk and the way the exposure is managed are described hereafter.

(i) MARKET RISK:

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

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED):

RISK EXPOSURE AND MANAGEMENT (CONTINUED)

(i) MARKET RISK (CONTINUED):

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash equivalents bear interest at a fixed rate ranging from 0.50% to 0.75% per year. In relation to these items, there is limited exposure to changes in fair value due to the fact that they are redeemable at any time. The Company's exposure to cash flow risk related to the interest rate on its financial liabilities is limited since the purchase price balance payable bears interest at a fixed rate.

Currency risk:

The Company is exposed to financial risks due to currency fluctuations and volatility. The US dollar-denominated purchase price balance including capitalized interest was CA$3,346,971 (US$2,579,156) as at June 30, 2017 and nil as at June 30, 2016. The Company has not entered into foreign exchange contracts to mitigate this risk.

(ii) CREDIT RISK:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents and the carrying amount of these financial assets represents the Company's maximum exposure to credit risk as at the date of the consolidated financial statements. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(iii) LIQUIDITY RISK:

Liquidity risk is the risk that the Company will not be able to meet the financial obligations associated with its financial liabilities as they fall due.

The Company manages liquidity risk through the management of its capital structure as outlined in Note 20. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at June 30, 2017, all of the Company's financial liabilities had contractual maturities of less than one year (except for the purchase price balance payable) and the Company had enough funds available to meet its current financial liabilities. At the same date, the Company had $2,989,534 in cash and cash equivalents not reserved for exploration ($4,006,691 as at June 30, 2016), $314,352 in sales tax receivable ($43,826 as at June 30, 2016) and nil in tax credits and mining rights receivable ($7,500 as at June 30, 2016) to meet its financial liabilities and future financial liabilities from its commitments. The Company also had $3,971,840 ($566,046 as at June 30, 2016) of funds reserved for exploration as at June 30, 2017 and $394,781 ($643,740 as at June 30, 2016) for the design and construction of the Croinor property power line.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED):

RISK EXPOSURE AND MANAGEMENT **(CONTINUED)**

(iii) LIQUIDITY RISK (CONTINUED):

The following table shows the Company's financial liabilities based on the contractual maturities, including any interest, as at June 30, 2017:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	0 TO 12 MONTHS	12 TO 24 MONTHS	Over 24 months
	$	$	$	$	$
Accounts payable and accrued liabilities	636,539	636,539	636,539	-	-
Purchase price balance payable	3,346,971	3,780,036	-	485,479	3,294,557
	3,983,510	4,416,575	636,539	485,479	3,294,557

20. CAPITAL MANAGEMENT:

There were no significant changes in the Company's approach to capital management during the current year compared with the prior year.

As at June 30, 2017, the Company's capital consists of shareholders' equity amounting to $16,914,079 ($9,452,054 as at June 30, 2016).

The Company's capital management objective is to have sufficient capital to be able to pursue its exploration activities plan in order to ensure the growth of its assets. It also aims to have sufficient liquidity to finance its exploration expenses, investing activities and working capital requirements.

In order to maintain or adjust the capital structure, the Company may issue new capital instruments, obtain debt financing and acquire or sell mining properties to improve its financial performance and flexibility.

Access to financing depends on the economic situation and equity and credit market conditions.

The Company is subject to regulatory requirements related to the use of funds obtained by flow-through share financing. These funds have to be used for eligible exploration expenses in accordance with the Canada *Income Tax Act* and Québec *Taxation Act* (see Note 13 (E)). During the year, the Company complied with all of its regulatory requirements. The Company has no dividend policy.

21. SUBSEQUENT EVENTS:

(i) ACQUISITION:

On October 2, 2017, the Company acquired all the assets of Richmont Mines Inc. ("Richmont") in Quebec (the "Transaction"). The assets acquired include all of Richmont's claims, mining leases and mining concessions, including the Beaufor mine, the Chimo, Monique and Wasamac properties and all the issued and outstanding shares of Camflo Mill Inc., as well as all plants, mills, buildings, structures, equipment, inventory and property.

21. SUBSEQUENT EVENTS (CONTINUED):

(i) ACQUISITION (CONTINUED):

In exchange, the Company issued 34,633,203 shares, representing 19.9% of its issued and outstanding common shares on an undiluted basis.

The Company will also assume the environmental obligations, estimated at $7 million, for the Beaufor mine, Camflo mill and Monique mine restoration plans, should these facilities close in future.

Lastly, the Company will pay Richmont royalties on the following NSRs:

- 1.5% for the Wasamac property with a option to purchase 0.5% of the royalty for $7.5 million;
- 1.0% on claims owned by Richmont in the Camflo property;
- 1.0% for the Beaufor property after the Company has produced 100,000 ounces of gold, following the closing of the Transaction.

(ii) FINANCING:

On October 2, 2017, the Company completed a non-brokered private placement for the issuance of 18,643,573 subscription receipts (the “receipts”) priced at $0.35 per receipt, for gross proceeds of $6,525,251.

(iii) DEBT:

On October 2, 2017, the Company entered into a senior secured gold loan agreement with Auramet International LLC under which the Company will have access to a US$4 million credit facility. The loan will be repaid in 12 payments of 287 gold ounces commencing on October 31, 2017 and expiring on September 30, 2018, inclusive. The loan will be guaranteed by the Company’s subsidiaries X-Ore, Beacon Gold Mill Inc. and Camflo Mill Inc.