CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

MONARQUES GOLD

THREE-MONTH PERIOD ENDED
SEPTEMBER 30, 2018

MONARQUES GOLD CORPORATION
68 AVENUE DE LA GARE, SUITE 205
SAINT-SAUVEUR (QUÉBEC) J0R 1R0
TEL.: 1-888-994-4465

TSX: MQR
WWW. MONARQUESGOLD.COM

Three-month periods ended September 30, 2018 and September 30, 2017

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

MONARQUES GOLD CORPORATION

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated condensed interim 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. Management is responsible for the preparation, integrity and objectivity of the unaudited consolidated condensed interim financial statements and other financial information presented in this quarterly Report. Other information included in these unaudited consolidated condensed interim financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the unaudited consolidated condensed interim financial statements are presented fairly in all material respects.

An administrative, internal accounting and disclosure control system has been developed and is 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 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 unaudited consolidated condensed interim financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The unaudited consolidated condensed interim financial statements for the three-month period ended September 30, 2018 have not been reviewed by the independent auditors of the firm KPMG LLP.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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 standards.

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 consolidated condensed interim 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 financial statements. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

/s/ Jean-Marc Lacoste	*/s/ Alain Lévesque*
Jean-Marc Lacoste, President and CEO	Alain Lévesque, Chief Financial Officer

	NOTES	SEPTEMBER 30, 2018	JUNE 30, 2018
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**10,737,361**	15,046,248
In trust deposits		**545,000**	545,000
Investments		**420,000**	29,167
Commodity taxes and other receivables		**1,176,776**	1,007,443
Inventory		**3,257,920**	2,638,168
Prepaid expenses and deposits		**738,252**	899,606
		16,875,309	20,165,632
NON-CURRENT ASSETS			
In trust deposits	5	**4,253,706**	7,301,962
Property, plant and equipment	6	**14,306,141**	14,496,654
Mining properties	7	**22,109,186**	21,774,775
Exploration and evaluation assets	8	**13,006,952**	9,926,146
		53,675,985	53,499,537
		70,551,294	73,665,169
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**8,610,128**	8,492,478
Derivative financial instruments		**–**	9,182
Current portion of long-term debt		**2,040,490**	2,046,258
Contract liabilities		**39,893**	1,297,200
Liability related to flow-through shares		**588,262**	1,392,491
		11,278,773	13,237,609
NON-CURRENT LIABILITIES			
Deferred grant		**177,456**	179,328
Long-term debt		**5,778,933**	5,763,525
Deferred income taxes and mining taxes		**4,396,987**	3,904,058
Asset retirement obligations		**9,848,160**	9,798,336
		20,201,536	19,645,247
		31,480,309	32,882,856
SHAREHOLDERS' EQUITY			
Share capital and warrants	9	**63,264,631**	63,237,031
Contributed surplus		**1,462,505**	1,350,888
Deficit		**(25,656,151)**	(23,805,606)
		39,070,985	40,782,313
		70,551,294	73,665,169

Reporting entity and nature of operations (Note 1); Going concern (Note 2); Commitments (Note 11).

The notes on pages 6 to 21 are an integral part of these consolidated condensed interim financial statements.

On behalf of the Board:

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

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(UNAUDITED)

THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

	NOTES	2018	2017
		$	$
Revenue	12	**7,777,365**	–
Cost of sales	13	**8,283,177**	–
Gross margin		**(505,812)**	–
Administration	14	**1,867,631**	589,463
Exploration		**287,292**	–
Operating loss		**2,660,735**	589,463
Finance income		**(11,613)**	(10,635)
Finance expense	15	**78,567**	11,444
Change in fair value of derivative financial instruments		**160,993**	–
Gain on foreign exchange		**(57,998)**	(126,404)
Gain on disposal of investments		**(32,065)**	–
Change in fair value of investments		**(30,000)**	–
Gain on disposal of non-financial assets		**(640,000)**	–
Other income related to flow-through shares		**(804,229)**	(123,468)
Loss before income taxes		**1,324,390**	340,400
Current income taxes		**33,226**	–
Deferred income taxes and mining taxes		**492,929**	158,354
		526,155	158,354
Net loss and comprehensive loss		**1,850,545**	498,754
Basic and diluted net loss per share		**0.008**	0.003
Basic and diluted weighted average number of shares outstanding		**233,151,125**	147,708,463

The notes on pages 6 to 21 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(UNAUDITED)

THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	$	**$**	**$**	**$**
BALANCE AS AT JUNE 30, 2018	**63,237,031**	**1,350,888**	**(23,805,606)**	**40,782,313**
OPTIONS				
Granted to employees, officers, directors, consultants or I.R. representatives (Note 10)	**–**	**121,217**	**–**	**121,217**
Exercise of options	**27,600**	**(9,600)**	**–**	**18,000**
	63,264,631	**1,462,505**	**(23,805,606)**	**40,921,530**
NET LOSS FOR THE PERIOD	**–**	**–**	**(1,850,545)**	**(1,850,545)**
BALANCE AS AT SEPTEMBER 30, 2018	**63,264,631**	**1,462,505**	**(25,656,151)**	**39,070,985**

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	$	$	$	$
BALANCE AS AT JUNE 30, 2017	35,068,180	1,215,327	(19,369,428)	16,914,079
EQUITY FINANCING				
Exercise of warrants	38,840	–	–	38,840
Share issuance costs	–	–	1,143	1,143
OPTIONS AND WARRANTS GRANTED TO BROKERS				
Options issued to employees, officers, directors, consultants or I.R. Representatives	–	6,233	–	6,233
	35,107,020	1,221,560	(19,368,285)	16,960,295
NET LOSS FOR THE PERIOD	–	–	(498,754)	(498,754)
BALANCE AS AT SEPTEMBER 30, 2017	35,107,020	1,221,560	(19,867,039)	16,461,541

The notes on pages 6 to 21 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(UNAUDITED)

THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
	$	$
Operating activities		
Net loss for the period	**(1,850,545)**	(498,754)
Adjustments for:		
Change in contract liabilities	**(1,257,307)**	–
Amortization	**414,955**	–
Share-based payments	**121,217**	6,233
Accretion expense on asset retirement obligations	**49,824**	9,995
Change in fair value of derivative financial instruments	**160,993**	–
Other income related to flow through shares	**(804,229)**	(123,468)
Unrealized gain on foreign exchange	**(63,410)**	(128,486)
Gain on disposal of a mining property	**(390,000)**	–
Gain on disposal of investments	**(32,065)**	–
Gain on disposal of a royalty	**(250,000)**	–
Change in fair value of investments	**(30,000)**	–
Deferred income taxes and mining taxes	**492,929**	158,354
Change in non-cash operating working capital	**(1,846,790)**	(340,331)
	(5,284,428)	(916,457)
Financing activities		
Exercise of warrants	**–**	38,840
Exercise of options	**18,000**	–
Share issuance costs	**–**	1,143
Repayment of finance leases	**(99,868)**	–
	(81,868)	39,983
Investing activities		
Cash from intrust deposits	**3,048,256**	–
Acquisition of property, plant and equipment	**(136,536)**	(73,318)
Acquisition of mining properties	**(251,271)**	(3,717)
Disposal of mining properties	**250,000**	–
Disposal of investments	**61,232**	–
Acquisition of derivative financial instruments	**(170,175)**	
Increase in exploration and evaluation assets	**(1,744,097)**	(697,361)
	1,057,409	(774,396)
Net decrease in cash and cash equivalents	**(4,308,887)**	(1,650,870)
Cash and cash equivalents, beginning of period	**15,046,248**	7,356,155
Cash and cash equivalents, end of period	**10,737,361**	5,705,285

Supplemental cash flow information (Note 16)

The notes on pages 6 to 21 are an integral part of these consolidated condensed interim 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 exploitation and exploration of mining properties. Its shares trade on the TSX Stock Exchange under the symbol MQR since November 15, 2018 (previously on TSX Venture Stock Exchange). Its activities are in Canada.

The address of the Company's head office is 68, avenue de la Gare, Suite 205, Saint-Sauveur, Québec, Canada J0R 1R0 and its website is www.monarquesgold.com.

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 to cover its budget for the next twelve months for operating and general administrative expenses, to meet its short-term obligations, and to balance its planned exploration budget for the next twelve months. However, the Company will need to periodically obtain new funds to continue as a going concern and meet its obligations. The Company's ability to continue as a going concern depends on its ability to realize its assets and obtain additional financing. In this regard, the Company began to generate revenues in October 2017 following the acquisition of the Québec mining assets of Richmont Mines Inc. However, it has not yet succeeded in producing profitable results and must use its available cash to maintain the operation of these assets. As a result, on August 30, 2018, the Company decided to temporarily suspend the activities of the Beaufor mine and place it on care and maintenance, as of December 2018. 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 and there is no assurance that these sources of financing and initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company.

As at September 30, 2018, the Company's current financial liabilities totaled $10,650,618 and the Company had enough funds to meet them. At the same date, the Company had $8,320,258 in cash and cash equivalents not reserved for exploration, or for the design and construction of the power line on the Croinor property ($10,585,767 as at June 30, 2018). The total working capital (excluding funds reserved for exploration, design and construction of the Croinor property power line, the liability related to flow-through shares and contract liabilities) of $3,807,588 will be used to meet its future financial liabilities from its commitments, mainly related to the Beacon property acquisition, McKenzie Break and Swanson properties acquisition and Croinor property development and its operational activities at the Beaufor mine and Camflo mill. As at September 30, 2018, the Company had $2,239,647 ($4,281,153 as at June 30, 2018) of funds reserved for exploration, $177,456 for the design and construction of the power line on the Croinor property ($179,328 as at June 30, 2018) and $545,000 in trust.

Despite having positive working capital and a positive cash position as at September 30, 2018, the Company incurred a net loss of $1,850,545 for the three-month period ended September 30, 2018 ($498,754 in 2017) and was unable, at this date, to generate positive operational cash flows.

2. GOING CONCERN (CONTINUED)

These unaudited consolidated condensed interim 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 unaudited consolidated condensed interim financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the going concern assumption proves to be unfounded.

3. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These unaudited consolidated condensed interim financial statements have been prepared in accordance with IFRS ("IFRS") issued by the International Accounting Standards Board ("IASB") and in accordance with the accounting policies used by the Company in the most recent audited annual financial statements, except where noted hereunder. These unaudited consolidated condensed interim financial statements have been prepared in accordance with IFRS applying to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. Some information ordinarily included in the audited annual consolidated financial statements prepared in accordance with IFRS, in particular the notes thereto, has been omitted or condensed. Accordingly, these unaudited consolidated condensed interim financial statements do not contain all disclosures required for full consolidated financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements, including the notes thereto, for the year ended June 30, 2018. The Board of Directors approved the unaudited consolidated condensed interim financial statements on November 27, 2018.

B) BASIS OF MEASUREMENT

The unaudited consolidated condensed interim financial statements have been prepared on the historical cost basis, except for investments and derivative financial instruments which are recorded at fair value.

The unaudited consolidated condensed interim 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 the unaudited consolidated condensed interim 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.

3. BASIS OF PREPARATION (CONTINUED)

D) USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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

In preparing these unaudited consolidated condensed interim financial statements, the significant judgments made by management applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the Company's audited consolidated financial statements for the year ended June 30, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated condensed interim financial statements have been prepared following the same accounting policies used in the consolidated audited financial statements for the year ended June 30, 2018, except for the new accounting policies adopted as of July 1, 2018:

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 replaces 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.

As of July 1, 2018, the Company has adopted IFRS 15 retrospectively and revised its revenue recognition policy in accordance with IFRS 15 requirements. Management concluded that based on its current operations, the adoption of IFRS 15 had no significant impact on the Company's consolidated condensed interim financial statements.

Accounting policy- revenue recognition

Revenue includes precious metals revenue (gold and silver) and milling revenue.

Precious metals revenue, based on spot metal prices, is recorded when the goods are physically delivered. The performance obligations are satisfied when the metals are transferred to customer accounts. At this point in time, the Company physically transfers the product and the significant risks and rewards related to ownership of the metals to clients. Revenue from gold sales is recorded based on the contract price.

Milling revenue is recorded when the ore processing service is rendered by the Company, accepted by the client and collection is reasonably assured. The performance obligations are satisfied when the milling services have been completed. At this point in time, the Company physically transfers the milling products and the significant risks and rewards related to the metals to customers.

Lastly, following the adoption of IFRS 15, nomenclature for deferred revenue was revised to contract liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22")

IFRIC 22 applies to a foreign currency transaction (or part of it) when a consideration is denominated or set in foreign currency and an entity recognizes a non-monetary asset or non-monetary liability related to this consideration before recognizing the related asset, expense or income. The date of the transaction for the purpose of determining the exchange rate is the date of initial recognition of the non-monetary asset or liability. If there are multiple payments or receipts in advance, a date of transaction is determined for each payment or receipt. As of July 1, 2018, the Company has adopted IFRIC 22 retrospectively and concluded that based on its current operations, it had no significant impact on the Company's consolidated financial statements.

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

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

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- 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.

As of July 1, 2018, the Company has adopted the amendments to IFRS 2 retrospectively and concluded that based on its current operations, the amendments had no significant impact on the Company's consolidated financial statements.

IFRS 9 *Financial Instruments*

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets, including impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

Classification and Measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on the three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured based on two categories: amortized costs or FVTPL. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9 *Financial Instruments* (continued)

The following table summarizes the classification impacts upon adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in significant changes in measurement or the carrying amount of financial assets and liabilities.

Asset/Liability	Classification under IAS 39	Classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
In-trust deposits	Loans and receivables	Amortized cost
Investments	FVOCI	FVTPL
Trade and other payables	Loans and receivables	Amortized cost
Derivative financial instruments	FVTPL	FVTPL
Long-term debt	Other financial liabilities	Amortized cost

Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

Impairment

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (“ECL”) model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments and contractual assets.

Impairment losses, if any, would be recorded in the Company’s administration expenses in the consolidated condensed statement of net loss and comprehensive loss, with the carrying amount of the financial asset or group of financial assets reduced through the use of allowance account for credit losses. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated condensed interim statement of net loss and comprehensive loss. The impairment reversal would be limited to the impairment decrease and, following the reversal, the carrying amount of the financial asset at the date the impairment is reversed cannot exceed what the amortized cost would have been had the impairment not been recognized.

5. IN TRUST DEPOSITS

During the quarter ended September 30, 2018, the Company withdrew security deposits totalling $5,080,427 in exchange for a under written bond from an insurance company. To purchase this insurance, the Company made a $2,032,171 deposit and pays annual interest of 2.5% of the insured amount.

6. PROPERTY, PLANT AND EQUIPMENT

	POWER LINE UNDER CONSTRUCTION (A)	LEASEHOLD IMPROVEMENTS	MINING ASSETS UNDER CONSTRUCTION (A)	BEAUFOR MINING PROPERTY	BUILDINGS AND EQUIPMENT	TOTAL
	$	$	$	$	$	$
COST						
Balance as at June 30, 2017	**96,531**	**–**	**7,327,203**	**–**	**–**	**7,423,734**
Acquisitions	287,271	167,306	289,275	–	2,198,651	2,942,503
Business combination	–	–	–	1,000,000	4,500,000	5,500,000
Disposal	–	–	(4,800)	–	–	(4,800)
Capitalized interest	–	–	336,295	–	–	336,295
Adjustments of asset retirement obligations	–	–	39,285	–	–	39,285
Grant	(215,453)	–	–	–	–	(215,453)
Balance as at June 30, 2018	**168,349**	**167,306**	**7,987,258**	**1,000,000**	**6,698,651**	**16,021,564**
Acquisitions	2,495	7,212	–	–	126,829	136,536
Capitalized interest	–	–	89,778	–	–	89,778
Grant	(1,872)	–	–	–	–	(1,872)
Balance as at September 30, 2018	**168,972**	**174,518**	**8,077,036**	**1,000,000**	**6,825,480**	**16,246,006**
Cumulative amortization						
Balance as at June 30, 2017	–	–	–	–	–	–
Amortization	–	23,343	–	204,451	1,297,116	1,524,910
Balance as at June 30, 2018	–	**23,343**	–	**204,451**	**1,297,116**	**1,524,910**
Amortization	–	10,323	–	39,844	364,788	414,955
Balance as at September 30, 2018	**–**	**33,666**	**–**	**244,295**	**1,661,904**	**1,939,865**
Net carrying amount						
Balance as at June 30, 2018	**168,349**	**143,963**	**7,987,258**	**795,549**	**5,401,535**	**14,496,654**
Balance as at September 30, 2018	**168,972**	**140,852**	**8,077,036**	**755,705**	**5,163,576**	**14,306,141**

A) Since these items are not available for use, the power line under construction and mining assets under construction have not yet been depreciated.

7. MINING PROPERTIES

PROPERTIES [1]	ROYALTIES [2]	JUNE 30, 2018	ACQUISITION	SEPTEMBER 30, 2018
		$	$	$
Wasamac	1.5 %	**14,463,252**	**251,271**	**14,714,523**
Croinor Gold	1.5 %	**2,843,889**	**–**	**2,843,889**
McKenzie Break [1]	1.5 %	**2,558,624**	**49,884**	**2,608,508**
Swanson [1]	1.5 %	**1,705,749**	**33,256**	**1,739,005**
Regcourt Gold	2.5 %	**112,255**	**–**	**112,255**
Simkar Gold	1.5 %	**91,006**	**–**	**91,006**
		21,774,775	**334,411**	**22,109,186**

An amount of $83,140 of interest was capitalized during the quarter ended September 30, 2018.

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.

Chimo property

On September 7, 2018, the Company sold its 30% interest in the Chimo property, acquired subsequent to the acquisition of Richmont’s Québec mining assets, to Chalice Gold Mines Limited (“Chalice”) in consideration of 3 million fully paid Chalice common shares, with a fair value of $390,000, and an NSR royalty of 0.5% and 1.5% (0.5% on the claims with pre-existing royalties and 1.5% on all other claims). Chalice is entitled to buy back 0.5% of the Company’s NSR royalty for $1.0 million at any time.

Previously, Chalice exercised an option in March 2018, to acquire a 70% interest in the property under an option and farm-in agreement that called for it to incur $3.1 million in exploration expenditures, make option payments totalling $200,000 and grant the Company a 1% NSR royalty on certain claims.

The Company realized a $390,000 gain on disposal.

Sale of the East Amphi property royalty

On August 21, 2018, the Corporation sold its 2% net smelter return royalty on the East Amphi property to Canadian Malartic GP for the sum of $250,000. The Company realized a $250,000 gain on disposal.

8. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are as follows:

	JUNE 30, 2018	EXPLORATION EXPENSES	SEPTEMBER 30, 2018
	$	$	$
Croinor Gold	**7,728,116**	**1,718,324**	**9,446,440**
Wasamac	**497,601**	**1,140,246**	**1,637,847**
McKenzie Break	**170,571**	**157,033**	**327,604**
Swanson	**116,233**	**34,874**	**151,107**
Regcourt Gold	**45,973**	**20,857**	**66,830**
Simkar Gold	**1,367,652**	**9,472**	**1,377,124**
	9,926,146	**3,080,806**	**13,006,952**

Changes in exploration and evaluation assets by nature are as follows:

	QUARTER ENDED SEPTEMBER 30, 2018	YEAR ENDED JUNE 30, 2018
	$	$
Exploration and evaluation expenses:		
Salaries, supervision and consultants	**1,311,661**	570,201
Geology and geophysics	**408,647**	1,731,396
Test, sampling and prospecting	**339,474**	150,387
Drilling, equipment rental and other material	**1,021,024**	1,332,680
Lodging, meals and travel expenses	**–**	1,806
Increase in exploration and evaluation expenses	**3,080,806**	3,786,470
Balance, beginning of period	**9,926,146**	6,139,676
Balance, end of period	**13,006,952**	9,926,146

9. 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 as at June 30, 2018	**24,081,009**	**233,052,967**	**63,237,031**
Options exercised	–	120,000	27,600
Balance as at September 30, 2018	**24,081,009**	**233,172,967**	**63,264,631**

A) WARRANTS GRANTED TO NON-BROKERS

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

	QUARTER ENDED SEPTEMBER 30, 2018		YEAR ENDED JUNE 30, 2018	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	**23,099,541**	**0.41**	22,693,674	0.33
Granted	**–**	**–**	6,410,256	0.45
Expired	**–**	**–**	(107,634)	0,18
Exercised	**–**	**–**	(5,896,755)	0.15
Outstanding, end of period	**23,099,541**	**0.41**	23,099,541	0.41

The following table summarizes the information relating to the warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT SEPTEMBER 30, 2018	EXERCISE PRICE	EXPIRY DATE
	$	
8,571,430 (exercisable)	0.25	May 2019
4,083,333 (exercisable)	0.51	July 2019
4,034,522 (exercisable)	0.60	March 2020
6,410,256 (exercisable)	0.45	March 2021
23,099,541		

9. SHARE CAPITAL AND WARRANTS (CONTINUED)

B) 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:

	QUARTER ENDED SEPTEMBER 30, 2018		YEAR ENDED JUNE 30, 2018	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	**981,468**	**0.45**	1,041,753	0.36
Granted	**–**	**–**	1,181,556	0.31
Expired	**–**	**–**	(380,565)	0.25
Exercised	**–**	**–**	(861,276)	0.22
Outstanding, end of period	**981,468**	**0.45**	981,468	0.45

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

NUMBER OF WARRANTS OUTSTANDING AS AT SEPTEMBER 30, 2018	EXERCISE PRICE	EXPIRY DATE
	$	
280,000 (exercisable)	0.375	November 2019
247,842 (exercisable)	0.375	December 2019
453,626 (exercisable)	0.500	March 2020
981,468		

10. 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 and outstanding shares of the Company.

The maximum number of common shares which may be reserved for issuance with regards to share purchase options to a single holder 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 investor relations representatives. 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 holder 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 acquisition date and the life of the options varies from two to five years.

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

		QUARTER ENDED SEPTEMBER 30, 2018		**YEAR ENDED JUNE 30, 2018**
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**7,567,500**	**0.28**	5,410,000	0.22
Granted	**2,580,000**	**0.31**	3,445,000	0.37
Expired	**(120,000)**	**0.15**	–	–
Cancelled	**(37,500)**	**0.33**	(497,500)	0.37
Exercised	**(120,000)**	**0.15**	(790,000)	0.20
Outstanding, end of period	**9,870,000**	**0.29**	7,567,500	0.28
Exercisable, end of period	**4,255,000**	**0.22**	4,495,000	0.22

During the quarter ended September 30, 2018, 120,000 share purchase options were exercised at a price of $0.15 per common share, while the closing market price of the shares was between $0.15 and $0.31.

10. SHARE PURCHASE OPTIONS (CONTINUED)

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

NUMBER OF OPTIONS OUTSTANDING AS AT SEPTEMBER 30, 2018		EXERCISE PRICE	EXPIRY DATE
Outstanding	Exercisable	$	
450,000	450,000	0.14	June 2019
200,000	200,000	0.13	January 2020
825,000	825,000	0.12	May 2020
75,000	75,000	0.10	November 2020
925,000	925,000	0.08	January 2021
500,000	500,000	0.50	August 2021
1,280,000	1,280,000	0.33	November 2021
2,585,000	–	0.37	October 2022
200,000	–	0.37	December 2022
100,000	–	0.38	March 2023
150,000	–	0.37	April 2023
2,580,000	–	0.31	July 2023
9,870,000	**4,255,000**		

For the quarter ended September 30, 2018, using the fair value model resulted in share-based payments expenses of $121,217 ($6,233 in 2017).

The fair value of the share purchase options granted is established according to the Black-Scholes pricing model using the following assumptions:

	QUARTER ENDED SEPTEMBER 30, 2018	YEAR ENDED JUNE 30, 2018
Risk-free interest rate	**2.46 %**	1.66 %
Expected dividend rate	**nil**	nil
Expected volatility	**80 %**	80 %
Expected life of options	**5 years**	5 years

	QUARTER ENDED SEPTEMBER 30, 2018	YEAR ENDED JUNE 30, 2018
	$	$
Weighted average fair value of share purchase options granted during the period	**0.20**	0.19

11. COMMITMENTS

FLOW-THROUGH SHARES

During the year ended June 30, 2018, the Company committed to disburse eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and the Québec *Taxation Act*, of $3,369,013 by December 31, 2018 and to transfer the related tax deductions to the subscribers of the flow-through share placement completed on November 16, 2017 and December 7, 2017. In relation to this commitment, the Company had incurred a cumulative amount of $1,129,366 in eligible expenses as at September 30, 2018 (nil as at June 30, 2018) and had $2,239,647 in funds reserved for exploration and evaluation ($3,369,013 as at June 30, 2018).

During the year ended June 30, 2018, the Company committed to disburse eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and the 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 placement completed on March 8, 2017. In relation to this commitment, the Company incurred a cumulative amount of $3,325,080 in eligible expenses as at June 30, 2018 ($2,412,939 as at June 30, 2018) and had no funds reserved for exploration and evaluation or liability related to flow through shares related to this commitment ($912,141 as at June 30, 2018).

12. REVENUE

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Precious metal sales	**4,974,450**	–
Custom milling sales	**2,776,494**	–
Other	**26,421**	–
	7,777,365	–

13. COST OF SALES

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Mining	**7,767,603**	–
Definition drilling	**83,193**	–
Royalties	**27,749**	–
Amortization	**404,632**	–
	8,283,177	–

14. ADMINISTRATION

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Salaries, directors' fees and related benefits	**1,071,235**	108,394
Share-based payments	**121,217**	6,233
Consultants and professional fees	**223,696**	347,580
Insurance, taxes and permits	**143,024**	44,605
Office expenses and telecommunications	**49,783**	4,581
Amortization	**10,323**	–
Other	**248,353**	78,070
	1,867,631	589,463

15. FINANCE EXPENSE

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Interest on finance lease obligations	**9,086**	–
Accretion expense	**49,824**	9,995
Other	**19,657**	1,449
	78,567	11,444

16. SUPPLEMENTAL CASH FLOW INFORMATION

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Commodity taxes and other receivables	**(169,333)**	12,177
Inventory	**(619,752)**	–
Prepaid expenses and deposits	**161,354**	(542,035)
Trade and other payables	**(1,219,059)**	189,527
	(1,846,790)	(340,331)

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Non-cash items:		
Changes in trade and other payables related to exploration and evaluation assets	**1,336,709**	(292,352)
Issuance of shares related to the acquisition of mining properties and a royalty	**–**	1,670,100
Capitalized interest on property, plant and equipment	**89,778**	216,776
Capitalized interest on mining properties	**83,140**	–

17. COMPENSATION

A) TOTAL COMPENSATION

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Salaries, directors' fees, premiums and other benefits	**4,794,991**	162,406
Professional fees paid to members of the Board of Directors	**4,999**	15,250
Share-based payments	**121,217**	6,233
Defined contribution plan	**161,885**	–
Government plans	**518,455**	8,966
	5,601,547	192,855

B) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel includes members of the Board of Directors and the Company's senior executives, namely the President and CEO, VP Finance and Chief Financial Officer and VP Operations.

Key management personnel compensation includes the following expenses:

	QUARTER ENDED SEPTEMBER 30, 2018	QUARTER ENDED SEPTEMBER 30, 2017
	$	$
Salaries, directors' fees, premiums and other benefits	**316,936**	76,931
Professional fees paid to members of the Board of Directors	**4,999**	15,250
Share-based payments	**77,717**	2,044
Defined contribution plan	**9,760**	–
Government plans	**15,332**	2,477
	424,744	96,702

During the quarter ended September 30, 2018, key management personnel exercised 120,000 options (nil in 2017) with a total exercise price of $18,000 (nil in 2017).

As at September 30, 2018, trade and other payables included an amount of $2,126,783 payable on salaries and other benefits ($2,503,115 as at June 30, 2018).

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, other receivables and trade and other payables, approximate their fair value due to the immediate or short-term maturity of these financial instruments. Consequently, information on their fair values is not presented below.

The carrying amount of the non-current liability, which includes the long-term debt, approximates its fair value since market conditions did not change significantly between the transaction dates and September 30, 2018.

The carrying amount of in trust deposits approximates their fair value due to their nature.

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 have not changed since June 30, 2018.