Kintavar Exploration Inc.

Financial Statements

For the years ended December 31, 2018 and 2017

Independent auditor's report

To the Shareholders of Kintavar Exploration Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kintavar Exploration Inc. (the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at December 31, 2018 and 2017;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 23, 2019

[1] CPA auditor, CA, public accountancy permit No. A128042

Kintavar Exploration Inc.

Statements of Financial Position
As of December 31, 2018 and 2017
(In Canadian Dollars)

	Note	As at December 31, 2018	As at December 31, 2017
		$	**$**
Assets			
Current assets			
Cash and cash equivalents	5	1,125,844	1,095,504
Investments	6	5,000,000	-
Sales tax receivable		307,325	147,301
Tax credits and mining rights receivable		244,494	117,097
Prepaid expenses and others		381,579	4,757
Assets held for sale	8	1,922,859	-
Current assets		8,982,101	1,364,659
Non-current assets			
Tax credits and mining rights receivable		41,701	-
Exploration and evaluation assets	7	1,112,805	2,977,810
Property and equipment	9	28,317	6,364
Non-current assets		1,182,823	2,984,174
Total assets		**10,164,924**	**4,348,833**
Liabilities			
Current liabilities			
Trade and other payables		450,378	240,914
Obligations under finance leases	10	68,686	2,305
Liability related to the premium on flow-through shares	11	120,167	69,227
Current liabilities		639,231	312,446
Non-current liabilities			
Obligations under finance leases	10	1,501	4,508
Non-current liabilities		1,501	4,508
Total liabilities		**640,732**	**316,954**
Equity			
Share capital	12	15,481,922	7,127,210
Warrants	13	1,174,607	234,205
Broker options	14	50,259	12,448
Stock options	15	945,835	100,921
Contributed surplus		4,176	176
Deficit		(8,132,607)	(3,443,081)
Total equity		**9,524,192**	**4,031,879**
Total liabilities and equity		**10,164,924**	**4,348,833**

Subsequent events (note 22)

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

Kintavar Exploration Inc.

Statements of Loss and Comprehensive Loss
For the years ended December 31, 2018 and 2017
(In Canadian Dollars)

	Note	2018 $	2017 $
Operating expenses			
Exploration and evaluation, net of tax credits	17	3,628,804	1,007,356
Salaries and benefits	16	211,461	120,179
Share-based compensation	15	853,984	97,097
Professional fees		170,973	111,074
Travel, conference and investor relations		522,113	24,983
Administration		28,740	21,340
Filing fees		27,286	32,048
Rent		9,350	6,750
Insurances and taxes		10,278	7,249
Depreciation of property and equipment	9	26,587	1,536
Loss on disposal of property and equipment	9	2,493	-
Gain on disposal of exploration and evaluation assets	7	-	(49,000)
Impairment of exploration and evaluation assets	7	56,648	535,893
Listing expense	4	-	753,340
Operating loss		**(5,548,717)**	**(2,669,845)**
Other income (expenses)			
Interest income		78,789	1,334
Finance costs		(6,773)	(1,170)
		72,016	164
Net loss before income taxes		**(5,476,701)**	**(2,669,681)**
Deferred income taxes recovery	19	819,248	601,542
Net loss – continued operations		**(4,657,453)**	**(2,068,139)**
Net loss – discontinued operations	8	(32,073)	(362,615)
Net loss and comprehensive loss		**(4,689,526)**	**(2,430,754)**
Basic and diluted loss per share		(0.07)	(0.06)
Basic and diluted loss per share - continued operations		(0.07)	(0.06)
Basic and diluted loss per share - discontinued operations		(0.00)	(0.01)
Weighted average number of basic and diluted outstanding shares		69,304,626	40,010,974

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

Kintavar Exploration Inc.

Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(In Canadian Dollars)

	Note	Number of shares outstanding	Capital stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at January 1, 2018		**54,406,503**	**7,127,210**	**234,205**	**12,448**	**100,921**	**176**	**(3,443,081)**	**4,031,879**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(4,689,526)	(4,689,526)
Issuance of shares under a private placement	12	17,598,182	5,975,901	1,063,372	40,830	-	-	-	7,080,103
Issuance of shares under a flow-through private placement	12	5,767,247	3,114,314	-	-	-	-	-	3,114,314
• Less: premium		-	(927,958)	-	-	-	-	-	(927,958)
Exercised stock options	15	48,750	11,895	-	-	(5,070)	-	-	6,825
Exercised warrants	13	2,195,109	482,023	(99,700)	-	-	-	-	382,323
Exercised broker options	14	48,758	10,796	-	(3,019)	-	-	-	7,777
Acquisition of mining properties for shares	7	40,000	14,800	19,600	-	-	-	-	34,000
Repurchase of mining royalties for shares	7	131,578	50,000	-	-	-	-	-	50,000
Options expired	15	-	-	-	-	(4,000)	4,000	-	-
Stock-based compensation	15	-	-	-	-	853,984	-	-	853,984
Share issue costs		-	(377 059)	(42,870)	-	-	-	-	(419,929)
Balance as at December 31, 2018		**80,236,127**	**15,481,922**	**1,174,607**	**50,259**	**945,835**	**4,176**	**(8,132,607)**	**9,524,192**

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

Kintavar Exploration Inc.

Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(In Canadian Dollars)

	Note	Number of shares outstanding	Capital stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at January 1, 2017		17,168,786	2,398,652	47,061	-	-	-	(1,012,327)	1,433,386
Loss and comprehensive loss for the period		-	-	-	-	-	-	(2,430,754)	(2,430,754)
Acquisition of mining properties from Geomega Resources Inc.	4	17,857,143	2,500,000	-	-	-	-	-	2,500,000
Share issuance in connection with the amalgamation									
Issuance of Class A common shares and stock options in connection with the amalgamation	4	4,125,000	577,500	-	-	4,000	-	-	581,500
Issuance of shares as part of finder's fee	4	571,428	80,000	-	-	-	-	-	80,000
Private placements	12	8,623,496	912,391	191,393	-	-	-	-	1,103,784
Flow-through private placements	12	5,975,650	883,932	-	-	-	-	-	883,932
• Less: premium		-	(158,252)	-	-	-	-	-	(158,252)
Issuance of shares for the acquisition of mining properties	7	85,000	13,600	2,762	-	-	-	-	16,362
Stock-based compensation		-	-	-	-	97,097	-	-	97,097
Options forfeited		-	-	-	-	(176)	176	-	-
Share issuance costs		-	(80,613)	(7,011)	12,448	-	-	-	(75,176)
Balance as at December 31, 2017		**54,406,503**	**7,127,210**	**234,205**	**12,448**	**100,921**	**176**	**(3,443,081)**	**4,031,879**

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

Kintavar Exploration Inc.

Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(In Canadian Dollars)

	Note	2018	2017
		$	$
Operating activities			
Net loss – continued operations		(4,657,453)	(2,068,139)
Net loss – discontinued operations	8	(32,073)	(362,615)
Net loss for the period		(4,689,526)	(2,430,754)
Adjustments for:			
Non-cash components of listing expense		-	570,788
Accrued interests on investments		(58,858)	-
Stock-based compensation		853,984	97,097
Depreciation of property and equipment	9	26,587	1,536
Loss on disposal of property and equipment	9	2,493	-
Gain on disposal of exploration and evaluation assets	7	-	(49,000)
Impairment of exploration and evaluation assets	7	56,648	535,893
Deferred income tax recovery	19	(819,248)	(601,542)
Changes in non-cash working capital items	20	(382,995)	(76,209)
Cash flows used in operating activities		**(4,978,842)**	**(1,952,191)**
Investing activities			
Cash acquired through the amalgamation with Black Springs	4	-	90,712
Addition to investments		(7,500,000)	(300,000)
Disposal or maturities of investments		2,500,000	300,000
Additions of exploration and evaluation assets		(30,102)	(66,331)
Proceeds from disposal of exploration and evaluation assets		-	50,000
Additions of property, and equipment		(29,500)	-
Cash flows from (used in) investing activities		**(5,059,602)**	**74,381**
Financing activities			
Private placements	10	7,080,103	1,103,784
Flow-through private placements	10	3,114,314	883,932
Options exercised		6,825	-
Share issuance costs		(477,699)	(85,099)
Exercise of broker options		7,777	-
Exercise of warrants		382,323	-
Obligations under financial leases repayment		(12,786)	(1,087)
Cash flows from financing activities		**10,100,857**	**1,901,530**
Net change in cash and cash equivalents		30,340	23,720
Cash and cash equivalents – beginning		1,095,504	1,071,784
Cash and cash equivalents – ending		**1,125,844**	**1,095,504**

Non-cash transactions (note 20)

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

1. NATURE OF OPERATIONS

Kintavar Exploration Inc. (the “Corporation”) was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the *Business Corporations Act* (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation’s class A common shares (“Shares”) are listed on the TSX Venture Exchange (the “Exchange”) under the symbol KTR. The address of the Corporation's registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

The present audited financial statements (the ”Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In 2018, the Corporation reported a net loss of $4,689,526 ($2,430,754 in 2017) and has an accumulated deficit of $8,132,607 ($3,443,081 in 2017). As at December 31, 2018, the Corporation had working capital of $8,342,870 ($1,052,213 as at December 31, 2016).

Management of the Corporation believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the *International Financial Reporting Standards* (“IFRS”) as issued by the *International Accounting Standards Board* (“IASB”).

The financial statements were approved by the Corporation’s Board of Directors on April 23, 2019.

2.2 Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for certain assets carried at fair value. The Corporation has elected to present the statement of loss and comprehensive loss in a single statement.

2.3 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the Corporation’s functional currency.

2.4 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

a) Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Amortized cost:
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and cash equivalents, investments and accounts receivable are classified within this category.

b) Financial liabilities

Amortized cost:
Accounts payable and accrued liabilities are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

c) Impairment of financial assets

Amortized cost:
The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

2.5 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

2.6 Taxes credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred. As the Corporation intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Short-term investments

The Corporation considers short-term investments to be those whose terms at the time of purchase are more than 90 days but less than one year.

2.8 Exploration and evaluation expenses

Exploration and evaluation ("E&E") assets include rights in exploration properties, paid or acquired through a business combination or an acquisition of assets. Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

E&E expenses include costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. E&E expenses also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for the Corporation's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

The E&E expenses are recorded in the statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval, at which time the mine project moves into the development phase.

E&E include overhead expenses directly attributable to the related activities.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded when they are made or received. Proceeds on the sale of exploration properties are applied by property in reduction of the exploration properties and any residual is recorded in the statement of comprehensive loss unless there is contractual work required in which case the residual gain is deferred and will reduce the contractual disbursements when done.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Vehicles	3 years
Right-of-use assets	3 to 5 years

The depreciation expense for each period is recognized in the statement of loss and comprehensive loss. In the case of certain items of property and equipment related to E&E activities on a project that has not reached the phase at which the Corporation capitalizes its E&E expenses, the depreciation expense is recognized in the statement of loss and comprehensive loss. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of loss.

2.10 Leases

The Corporation leases certain equipment. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases with a term in excess of twelve months and for other than low-value assets are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of loss. Low-value assets comprise IT and exploration equipment and small items of office furniture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of non-financial assets

E&E assets are reviewed for impairment, by area of interest, if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. 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 which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.12 Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker options relating to financing.

Contributed surplus includes charges related to stock options until they are exercised and the warrants that are expired and not exercised. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

2.14 Flow-through shares

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amount recorded as common share and the amount paid by the investors for the shares (the "premium"), measured with the residual value method, is accounted for as flow-through share premium, which is reversed to income as recovery of deferred income taxes when the eligible expenses are incurred. The Corporation recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred.

2.15 Stock-based compensation

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes option pricing model and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognized as an expense in the statement of loss and comprehensive loss with a corresponding credit to contributed surplus, in equity. Broker options, in respect of an equity financing are recognized as share issue expense reducing the equity with a corresponding credit to warrants.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then also transferred to capital stock.

2.16 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of shares outstanding during the year for the calculation of the dilutive effect of warrants and stock options unless they have an anti-dilutive effect.

2.17 Segment disclosures

The Corporation currently operates in a single segment – the acquisition, exploration and evaluation of exploration properties. All of the Corporation's activities are conducted in Canada.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

JUDGMENTS

3.1 Impairment of E&E assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances.

These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

The total impairment loss of the E&E assets recognized is $56,648 for 2018 ($535,893 for 2017). No reversal of impairment losses has been recognized for the reporting periods.

3.2 Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

3.3 Valuation of credit on duties refundable for loss and the refundable tax credit for resources.

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority.

Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods.

The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

3.4 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.5 Discontinued operations and assets held for sale

A non-current asset (or disposal group) is reclassified as held for sale and reclassified to current assets if the Corporation expects that its carrying value will be recovered principally through a sale transaction and not through its continued use provided that the asset (or disposal group) is available for immediate sale in its present condition and realization of its sale is highly probable. A high probability of sale is considered to exist when the Corporation is committed to a plan to sell the asset (or disposal group), has undertaken an active program to actively market the asset (or disposal group) and locate a buyer at a price reasonable in relation to fair value of the asset (or disposal group), and expects the sale process to be concluded within one year following the date of reclassification. The assets and liabilities of any subsidiary for which the Corporation is committed to sell and for which loss of control of the subsidiary is expected to occur are also reclassified as held for sale.

Any component of the Corporation which, while in use, represented one or more cash-generating units ("CGUs") of the Corporation, has been disposed of or classified as held for sale, and represents a major line of business or geographical area of operations or is part of a single plan to dispose of such a business or operation or is otherwise a subsidiary acquired exclusively for resale is classified as a discontinued operation. The assets, liabilities, comprehensive income, and cash flows relating to a discontinued operation of the Corporation are segregated and reported separately from the continuing operations of the Corporation in the period of reclassification.

As of December 31, 2018, the Anik property is classified as held for sale. See note 8 for more information

4. AMALGAMATION AND RELATED TRANSACTIONS

Pursuant to the terms and conditions of the Amalgamation Agreement dated January 3, 2017, between Black Springs Capital Corp. ("Black Springs") and Groupe Ressources Géomines Inc. ("Géomines"), those two entities were amalgamated on March 24, 2017. The amalgamated entity is named Kintavar Exploration Inc.

Immediately prior to the amalgamation, Géomines acquired from Geomega Resources Inc. ("Geomega") mineral claims on gold bearing prospects, including the claims comprising the Anik, MacDonald, Rivière à l'aigle, Gaspard, Lac Storm, 3G, Comptois and Maryse properties, located in the Province of Québec in consideration of the issuance of 17,857,143 Géomines shares.

(In Canadian Dollars)

4. AMALGAMATION AND RELATED TRANSACTIONS (CONT'D)

Upon the amalgamation, the following instruments of the Corporation were issued to the respective instrument holders:

Black Springs	4,125,000 Shares [1]
	250,000 replacement stock options [1]
Existing shareholders of Géomines	17,168,786 Shares [2]
	1,001,250 replacement warrants [2]
Geomega	17,857,143 Shares [2]

[1] Reflects an exchange ratio of two Black Springs common share for one Corporation share
[2] Reflects an exchange ratio of one Géomines common share for one Corporation share

This transaction is accounted for as the successive acquisitions by Géomines of Geomega's mining claims and 100% of the issued and outstanding shares of Black Springs. Consequently, these financial statements reflect only the assets, liabilities, operations and cash flows of Géomines for dates and periods prior to March 24, 2017 and include also Geomega's mining claims and Black Spring's assets and liabilities since March 24, 2017.

Neither of the acquisitions meet the definition of a business combination under IFRS 3 *Business Combinations*; accordingly, the purchase of Geomega's mining claims and Black Springs' net assets is accounted for as an equity-settled share-based payment under IFRS 2 *Share-based Payment*.

In accordance with IFRS 2, equity instruments issued were recognized at fair value of net assets acquired and services received. Services received by the Corporation consist in the listing of Black Springs as a publicly listed entity on the Exchange and are measured at the amount of the excess of the fair value of equity instruments issued to Black Springs' shares and stock options holders at the time of the amalgamation over Black Springs' net assets acquired. The transaction with Black Springs is thus recognized in substance as if Géomines had proceeded to the issuance of shares and stock options to acquire Black Springs' net assets.

In connection with the transaction with Black Springs, the Corporation paid a finder's fee of $80,000 by the issuance of 571,428 shares of the Corporation and incurred transaction costs of $131,208.

The acquisition of Black Springs has been accounted for as follows:

	$
Net assets of Black Springs acquired	
Cash	90,712
Accounts payables and accrued liabilities	(51,344)
	39,368
Consideration paid	
4,125,000 shares to Black Springs' shareholders	577,500
250,000 replacement options to Black Springs' option holders	4,000
571,428 shares as finder's fee	80,000
Transaction costs paid	131,208
	792,708
Listing expense	**(753,340)**

4. AMALGAMATION AND RELATED TRANSACTIONS (CONT'D)

The amount for the replacement options was determined by measuring the fair value of Black Springs' stock options outstanding at the time of the amalgamation. Since 200,000 of the replacement options expired in April 2017, their fair value was considered nil. The fair value of $4,000 for the 50,000 replacement options expiring on July 2, 2020 was estimated using the Black-Scholes valuation model using the following average assumptions: expected life of 3.25 years, a volatility of 100%, a risk-free interest rate of 1.12%, an exercise price of $0.20 and a share price of $0.14. The expected volatility was estimated by benchmarking comparable situations for companies that are similar to the Corporation.

Concurrently with the closing of the amalgamation, the Corporation completed a concurrent financing pursuant to a non-brokered private placement of (i) 1,183,510 shares, issued on a flow through basis, at a price of $0.18 per share, and (ii) 5,173,293 units at a price of $0.14 per unit for aggregate gross proceeds of $937,293. Each unit being comprised of one share and one half of one warrant, each whole warrant entitling the holder hereof to acquire one share at a price of $0.18 per share until March 24, 2019.

From the total proceeds received from the units of $724,261, $125,149 has been allocated to warrants and $599,112 to capital stock, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk free interest rate of 0.76% and an expected life of the warrants of 2 years.

In connection with this financing, the Corporation paid to an arm's length party an aggregate amount of $7,842 and issued an aggregate of 43,568 broker options. Each finder warrant entitles the holder to purchase one share at a price of $0.18 until March 24, 2019. The total compensation warrants cost amounted to $2,832 and this fair value was estimated using the Black-Scholes model with the same assumptions as the warrants.

Concerning the March 24, 2017 flow-through private placement, the Corporation's share value at closing is deemed to be $0.14, therefore the residual value attributed to the benefit related to flow-through shares renunciation is $0.04 for a total value of $47,340 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees and compensation warrants, totalled $37,583 of which $30,510 was allocated to capital stock, $4,471 to warrants and $2,602 to flow-through premium.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include a redeemable with no penalty guaranteed investment certificate with a 2.2% interest payable annually, maturing on October 31, 2019 and having a Maturity Value of $1,033,489.

All the exploration work imposed by the November and December 2017 flow-through financings were completed before December 31, 2018.

The balance on flow-through financing not spent according to the restrictions imposed by the June 15 and 27, 2018 financings represents $430,041 as at December 31, 2018. The Corporation has to dedicate these funds to Canadian mining properties exploration to be completed before December 31, 2019.

(In Canadian Dollars)

6. INVESTMENTS

The investments consist of two guaranteed investment certificates that are non-cashable prior to maturity. The first certificate with a maturity value of $1,517,467 bears interest at 2.31% payable at maturity on January 25, 2019. The second certificate with a maturity value of $3,591,000 bears interest at 2.6% payable at maturity, July 25, 2019.

7. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Jan. 1, 2018	Additions	Impairment	Transferred – held for sale (note 8)	As at Dec. 31, 2018
	$	$	$	$	$
Mitchi	871,365	59,799	-	-	931,164
Anik	1,918,950	3,909	-	(1,922,859)	-
Rivière à l'aigle	160,324	-	(43,278)[1)]	-	117,046
Gaspard nord	1,133	-	-	-	1,133
Cousineau	3,785	-	-	-	3,785
New Mosher	8,883	-	-	-	8,883
Dalime	13,370	-	(13,370)[2)]	-	-
Wabash	-	25,534	-	-	25,534
Baie Johann Beetz	-	25,260	-	-	25,260
	2,977,810	**114,502**	**(56,648)**	**(1,922,859)**	**1,112,805**

Mineral properties acquisition costs	As at Jan. 1, 2017	Acquisition from Geomega	Additions	Disposal	Impairment	As at Dec. 31, 2017
	$	$	$	$	$	$
Mitchi [3)]	932,010	-	35,388	-	(96,033)[1)]	871,365
Anik	-	1,949,500	1,410	-	(31,960)[1)]	1,918,950
McDonald	-	371,250	577	-	(371,827)[2)]	-
Rivière à l'aigle	-	148,000	17,874	-	(5,550)[1)]	160,324
Gaspard	-	9,750	-	-	(9,750)[2)]	-
Gaspard nord	-	-	1,133	-	-	1,133
Lac Storm	-	2,250	273	-	(2,523)[2)]	-
3G	-	10,500	-	-	(10,500)[2)]	-
Comptois	-	1,000	-	(1,000)	-	-
Maryse	-	7,750	-	-	(7,750)[1)]	-
Cousineau	-	-	3,785	-	-	3,785
New Musher	-	-	8,883	-	-	8,883
Dalime	-	-	13,370	-	-	13,370
	932,010	**2,500,000**	**82,693**	**(1,000)**	**(535,893)**	**2,977,810**

1) Some claims were dropped and the Corporation impaired partially the property.

2) The Corporation wrote off the property since no exploration program is planned for the near future and or dropped all the claims.

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

7.1 Mitchi

In December 2016, the Corporation issued 1,996,550 shares amounting to $250,000 as consideration of the acquisition of the Boisvert property held by a company controlled by the Géomines' president. In December 2016, these shares held by Géomines' president where redeemed as part of the negotiations relating to amalgamation (note 4). Some claims are subject to a 1% or 2% Net Smelter Return royalty ("NSR").

On August 7, 2018, the Corporation signed an agreement with Minière Osisko inc. ("Osisko") to repurchase a 1% NSR royalty on 21 claims from the Mitchi property for 131,578 shares issued at a price of $0.38, the equivalent of $50,000.

7.2 Anik

Certain institutional investors of Geomega received different options allowing them to exchange their share in a subsidiary of Geomega depending on the Phase 1A results of the separation process of Geomega and one of these options comprises a 0.2% royalty on the net proceeds from the commercial gold production on the Anik property. This royalty can be bought back any time for $250,000. On September 19, 2017, Geomega announced that the total capacity of the prototypes reaching approximately 1kg of rare earth oxides per run was reached with a purity of 95% of rare earths elements and discussion are being held with the institutional investors on the potential conclusion outcome of phase 1A.

On January 24, 2019, the Corporation signed a letter of intent to sell a property to Monster Exploration. As a result, the asset related to this property has been reclassified as held for sale. Refer to note 8 for more details on this transaction.

7.3 Comptois

On November 3, 2017, the Corporation completed a transaction with Osisko Mining Inc. ("Osisko") whereby Osisko acquired the Comptois property for total proceeds of $50,000 in cash and a 2% NSR royalty of which 1% can be bought back for $1,000,000. The Corporation realized a $49,000 gain on disposal of E&E assets.

7.4 Dalime and New Musher

On July 27, 2017, the Corporation signed a purchase agreement with 3 individuals for claims located in proximity to various properties of the Corporation's Abitibi projects. The properties were purchased under the following considerations: issuance of 85,000 shares (fair value of $13,600), issuance of 42,500 warrants exercisable for 24 months at $0.24 and the grant of 1% NSR royalty that can be bought back by the Corporation for $1,000,000.

Total warrants costs amount to $2,762 for an estimated fair value of $0.065 per warrant. The fair value of the warrants issued was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.22% risk-free interest rate and 1.8 year expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

As at December 31, 2018, it was decided that the claims on the Dalime property will not be renewed during the 2019 fiscal year. Thus, the property has been depreciated.

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

7.5 Wabash and Baie Johan Beetz

On July 20, 2018, the Corporation signed a purchase agreement with an individual to acquire the Wabash property in the Parent region, Québec. The property is purchased under the following considerations: $5,000 in cash, issuance of 20,000 shares at the closing price on the previous day, which was $0.37 and issuance of 50,000 warrants exercisable for 24 months, also at $0.37. The property is subject to a 0.25% net smelter return ("NSR") royalty.

The same day, the Corporation signed a purchase agreement with a private company to acquire the Baie Johan Beetz ("BJB") property in the Havre-Saint-Pierre region, Québec. The property is purchased under the following considerations: $5,000 in cash, issuance of 20,000 shares and issuance of 50,000 warrants exercisable for 24 months at $0.37.

7.6 Rivière à l'aigle

As of December 31, 2018, the Corporation has decided that 44 of the 163 claims on the Rivière à l'aigle property will be abandoned during the 2019 fiscal year, based on the work done over the past two years on this property. An impairment loss has been recorded to reflect this decision in the financial statements.

8. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On January 24, 2019, the Corporation has entered into a letter of intent ("LOI"), with an arm's length party, with respect to the acquisition by Monster Exploration the 100% interests in the Anik gold project ("Anik"). Monster Exploration is the proposed spin-out (the "Spin-Out") of TomaGold of all its interests in the Monster Lake (joint venture with IAMGOLD – 50%) and Irene Lake exploration projects. It is expected that upon closing of the transaction, Kintavar will own approximately 14% of Monster Exploration.

Upon closing of the Spin-Out, the assets of Monster Exploration will be divided as follows:

- Monster Lake joint venture: 50% interest in the Monster Lake, Winchester and Lac à l'eau jaune properties (IAMGOLD 50%)
- 100% interest in six adjacent properties (Monster Lake East, Monster Lake West, Anik, Lac Doda, Irene Lake and Diego)
- 70% interest in the Hazeur property

Since discussions related to the sale of the property were in progress as of December 31, 2018, the exploration and evaluation assets related to the property were reclassified to assets held for sale while the expenditures and cash flows were reclassified as discontinued operations.

(In Canadian Dollars)

8. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONT'D)

Assets held for sale

The book value of Anik's assets recorded on the statement of financial position has been reclassified as held for sale as of December 31, 2018. The balances recorded are as follows:

	As at December 31, 2018
	$
Exploration and evaluation assets	1,922,859
Assets held for sale	**1,922,859**

As at December 31, 2018, there is no indication for impairment of assets held for sale.

Loss from discontinued operations

The loss related to the Anik property has been separated from continuing operations. The loss from discontinued operations consists of the following items:

	2018	2017
	$	$
Exploration and evaluation, net of tax credits	32,073	362,615
Loss from discontinued operations	**32,073**	**362,615**

Cash flows from discontinued operations

Cash flows attributable to the Anik Property were separated from continuing operations. Net cash flows from discontinued operations consist of:

	2018	2017
	$	$
Cash flows from operating activities	32,073	362,615
Cash flows from discontinued operations	**32,073**	**362,615**

(In Canadian Dollars)

9. PROPERTY AND EQUIPMENT

	Vehicles	Right-of-use assets	Total
	$	$	$
2018			
Net book value - opening	-	6,364	6,364
Additions	29,500	76,160	105,660
Depreciation	(4,914)	(21,673)	(26,587)
Write-off	-	(57,120)[1)]	(57,120)
Net book value - closing	24,586	3,731	28,317
As at December 31, 2018			
Cost	29,500	7,900	37,400
Accumulated depreciation	(4,914)	(4,169)	(9,083)
Net book value – closing	**24,586**	**3,731**	**28,317**

1) A vehicle acquired in 2018 suffered an accident during the year leading to its total loss. A claim has been submitted to the insurance company. As at December 31, 2018, an amount receivable of $54,627 for the purpose of extinguishing the debt was recorded in the prepaids and others.

	Right-of-use assets
	$
2017	
Net book value – opening	-
Additions	7,900
Depreciation	(1,536)
Net book value – closing	6,364
As at December 31, 2017	
Cost	7,900
Accumulated depreciation	(1,536)
Net book value – closing	**6,364**

10. OBLIGATIONS UNDER FINANCE LEASE

	As at December 31, 2018	As at December 31, 2017
	$	$
Obligation under finance lease, at 26.9%, payable in monthly installments, maturing in May 2020. At the end of the term, the Corporation may buy the equipment at a price of $10.	4,509	6,813
Obligation under finance lease, at 7.3%, payable in monthly installments, maturing in January 2023.[1)]	65,678	-
Current portion	(68,687)	(2,305)
Obligation under finance lease non-current portion	**1,501**	**4,508**

1) The vehicle under financial lease suffered an accident during the year leading to its total loss. A claim has been submitted to the insurance company. As at December 31, 2018, an amount receivable of $54,627 for the purpose of extinguishing the debt was recorded in the prepaids and others.

(In Canadian Dollars)

10. OBLIGATIONS UNDER FINANCE LEASE (CONT'D)

The obligation under finance lease is as follows:

	1 year	1 to 5 years	Total
	$	$	$
Minimum lease payments	81,860	1,592	83,452
Interest included in minimum lease payments	(13,173)	(91)	(13,264)
	68,687	**1,501**	**70,188**

11. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	2018	2017
	$	$
Balance, beginning	69,227	282,707
Addition, net of issue costs	870,188	148,329
Reduction related to qualifying exploration expenditures	(819,248)	(361,809)
Liability related to the premium on flow through shares	**120,167**	**69,227**

12. SHARE CAPITAL

12.1 Authorized

The Corporation is authorized to issue an unlimited number of class A, B, C common shares and class A, B, C and D special shares. Only shares are issued with the following restrictions and privileges: voting, participating with dividend as declared by the Board of Directors.

There are 10,803,073 shares held in escrow as at December 31, 2018 (18,005,129 as at December 31, 2017).

12.2 Private placements

a) April and June 2018

On April 6, June 15 and June 27, 2018, the Corporation closed a private placement in three tranches consisting of 5,767,247 flow through shares at a price of $0.54 per share and of 17,598,182 units at a price of $0.40 per unit for aggregate gross proceeds of $10,153,587. Each unit being comprised of one share and one half warrant, each whole warrant entitling the holder hereof to acquire one share at a price of $0.70 per share for 2 years.

From the total proceeds received from the 17,598,182 emitted units for $7,039,273, $1,063,372 has been allocated to warrants and $5,975,901 to capital stock, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk-free interest rate of 1.78% and an expected life of 2 years.

Concerning the flow-through private placement, the Corporation's share value at closing is deemed to be $0.385 and $0.375 for June 15 and 27, 2018, respectively. Therefore, the residual value attributed to the benefit related to flow-through shares renunciation is $0.155 and $0.165 respectively, for a total value of $927,958 credited to the liability related to the premium on flow-through shares.

12. SHARE CAPITAL (CONT'D)

In connection with this financing, the Corporation issued an aggregate of 243 613 finder warrants. Each finder warrant entitles the holder to purchase one share at a price of $0.54 for 2 years. The total compensation warrants cost amounted to $40,830 and this fair value was estimated using the Black-Scholes model with the same assumptions as the warrants.

b) November and December 2017

On November 16, November 28 and December 28, 2017, the Corporation closed a private placement in three tranches consisting of 4,792,140 flow through shares at a price of $0.14 per share and of 3,450,203 units at a price of $0.11 per unit for aggregate gross proceeds of $1,050,423. Each unit being comprised of one share and one half warrant, each whole warrant entitling the holder hereof to acquire one share at a price of $0.14 per share for 2 years.

From the total proceeds received from the units of $379,522, $66,244 has been allocated to warrants and $313,278 to capital stock, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk free interest rate of 1.43% and an expected life of the warrants of 2 years.

In connection with this financing, the Corporation paid finders fees of an aggregate amount of $23,328 and issued an aggregate of 166,630 finder warrants. Each finder warrant entitles the holder to purchase one share at a price of $0.14 for 2 years. The total compensation warrants cost amounted to $9,616 and this fair value was estimated using the Black-Scholes model with the same assumptions as the warrants.

Concerning the flow-through private placement, the Corporation's share value at closing is deemed to be $0.115, $0.11 and $0.12 for November 16, November 28 and December 28, 2017, respectively. Therefore the residual value attributed to the benefit related to flow-through shares renunciation is $0.025, $0.03 and $0.02 respectively, for a total value of $110,912 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees and compensation warrants, totalled $59,964 of which $50,103 was allocated to capital stock, $2,540 to warrants and $7,321 to flow-through premium.

12.3 Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential common shares such as stock options, broker options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

12.4 Capital management

The Corporation's objective in managing capital is to safeguard its ability to continue its operations as well as its E&E programs. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares and acquire or sell mining rights to improve its financial performance and flexibility. The Corporation's capital is composed of equity and balances thereof and changes therein are depicted in the statement of changes in shareholders' equity.

(In Canadian Dollars)

12. SHARE CAPITAL (CONT'D)

The Corporation is not subject to externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

13. WARRANTS

Changes in the Corporation's warrants are as follow:

	2018			2017		
	Number of warrants	**Carrying Value**	**Weighted average exercise price**	**Number of warrants**	**Carrying Value**	**Weighted average exercise price**
		$	$		$	$
Balance, beginning	5,355,498	234,205	0.168	1,001,250	47,061	0.180
Issued	8,899,091	1,040,102	0.696	4,354,248	187,144	0.165
Exercised	(2,195,109)	(99,700)	0.174	-	-	-
Balance, end	**12,059,480**	**1,174,607**	**0.557**	**5,355,498**	**234,205**	**0.168**

Warrants outstanding as at December 31, 2018 are as follows:

Number of warrants	Exercise price	Expiry date
	$	
1,747,697	0.18	March 24, 2019
28,500	0.24	July 27, 2019
454,545	0.14	November 15, 2019
929,647	0.14	December 28, 2019
3,125,000	0.70	April 6, 2020
3,165,341	0.70	June 15, 2010
2,508,750	0.70	June 27, 2020
100,000	0.37	July 20, 2020
12,059,480		

14. BROKER OPTIONS

Changes in the Corporation's broker options are as follow:

	2018			2017		
	Number of broker options	**Carrying Value**	**Weighted average exercise price**	**Number of broker options**	**Carrying Value**	**Weighted average exercise price**
		$	$		$	$
Balance, beginning	210,198	12,448	0.150	-	-	-
Issued	243,613	40,830	0.540	210,198	12,448	0.150
Exercised	(48,758)	(3,019)	0.159	-	-	-
Balance, end	**405,053**	**50,259**	**0.383**	**210,198**	**12,448**	**0.150**

(In Canadian Dollars)

14. BROKER OPTIONS (CONT'D)

Broker options outstanding as at December 31, 2018 are as follows:

Number of broker options	Exercise price	Expiry date
	$	
19,810	0.18	March 24, 2019
53,830	0.14	November 28, 2019
87,800	0.14	December 28, 2019
90,593	0.54	June 15, 2020
153,020	0.54	June 27, 2020
405,053		

15. STOCK OPTIONS

Changes in stock options are as follow:

	2018		2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Balance, beginning	1,595,000	0.14	-	-
Replacement options issued upon the amalgamation	-	-	250,000	0.200
Granted	6,225,000	0.36	1,550,000	0.140
Exercised	(48,750)	0.14	-	-
Forfeited	(175,000)	0.40	(5,000)	0.140
Expired	(50,000)	0.20	(200,000)	0.200
Balance, end	**7,546,250**	**0.34**	**1,595,000**	**0.142**
Balance, end exercisable	2,360,000	0.29	361,250	0.148

Stock options outstanding as at December 31, 2018 are as follow:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
1,196,250	885,000	0.14	March 23, 2022
150,000	75,000	0.14	August 28, 2022
150,000	75,000	0.14	December 29, 2022
5,300,000	1,325,000	0.40	June 27, 2023
400,000	-	0.35	September 17, 2023
350,000	-	0.17	December 10, 2023
7,546,250	**2,360,000**		

On August 28, 2017 and June 28, 2018, the shareholders of the Corporation renewed the stock option plan which provides that the maximum number of shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the shares outstanding.

15. STOCK OPTIONS (CONT'D)

On December 10, 2018, the Corporation granted to two consultants a total of 350,000 options exercisable at $0.17. Total stock-based compensation costs amount to $49,350 for an estimated fair value of $0.141 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 2.01% risk-free interest rate and 3.75 years options expected life.

On September 17, 2018, the Corporation granted to an employee 400,000 options exercisable at $0.35. Total stock-based compensation costs amount to $88,400 for an estimated fair value of $0.221 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 2.21% risk-free interest rate and 3.75 years options expected life.

On June 27, 2018, the Corporation granted to its directors, officers, employees and consultants 5,475,000 options exercisable at $0.40. Total stock-based compensation costs amount to $1,522,050 for an estimated fair value of $0.278 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.94% risk-free interest rate and 5 years options expected life.

On December 29, 2017, the Corporation granted to a consultant 150,000 options exercisable at $0.14.Total stock-based compensation costs amount to $15,750 for an estimated fair value of $0.105 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.64% risk-free interest rate and 5 years options expected life.

On August 28, 2017, the Corporation granted to a director 150,000 options exercisable at $0.14. Total stock-based compensation costs amount to $15,600 for an estimated fair value of $0.104 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.48% risk-free interest rate and 5 years options expected life.

On March 24, 2017, the Corporation granted to its directors, officers, employees and consultants 1,250,000 options exercisable at $0.14. Total stock-based compensation costs amount to $130,000 for an estimated fair value of $0.104 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.12% risk-free interest rate and 5 years options expected life.

All options granted bear the same conditions. From the grant date, the options are vest 25% per 6 months, are valid for 5 years and were granted at an exercise price equal to the closing market value of the shares preceding the grant.

The expected life of stock options was estimated by benchmarking comparable situations for companies similar to the Corporation. The expected volatility is determined by calculating the historical volatility of the price of the Corporation's common shares prior to the issue date and for a period corresponding to the expected life of the Options.

(In Canadian Dollars)

16. REMUNERATION

	2018	2017
	$	$
Salaries	977,125	409,963
Directors fees	20,000	14,167
Benefits	167,591	74,943
Salaries and benefits	1,164,716	499,073
Remuneration recharged by Geomega	-	187,177
Salaries and benefits presented in the exploration and evaluation expenses	(953,255)	(566,071)
Salaries and benefits presented in the statement of loss	**211,461**	**120,179**

17. EXPLORATION AND EVALUATION EXPENSES

	2018	2017
	$	$
Salaries and benefits	953,255	566,071
Geology and prospecting	292,653	86,220
Drilling	1,048,189	275,137
Analysis	267,881	116,143
Geophysics	595,772	148,418
Geochemistry	18,483	-
Lodging and travel	371,534	157,547
Supplies	342,650	129,516
Taxes, permits and insurance	36,165	9,485
Exploration and evaluation expenses before tax credits	**3,926,582**	**1,488,537**
Tax credits	(265,705)	(118,566)
	3,660,877	**1,369,971**
Transferred to discontinued activities	(32,073)	(362,615)
Exploration and evaluation expenses	**3,628,804**	**1,007,356**

18. RELATED PARTY TRANSACTIONS

18.1 Transactions with Geomega:

Following the amalgamation and related transaction of March 24, 2017, Geomega emerged as the major shareholder holding 38.8% of the shares of the Corporation and is considered to have significant influence over the Corporation. As at December 31, 2018, Geomega holds 22.3% of the Corporation (32.8% as at December 31, 2017).

(In Canadian Dollars)

18. RELATED PARTY TRANSACTIONS (CONT'D)

Effective on January 1, 2017, the Corporation signed an agreement to hire Geomega as subcontractor to execute the exploration work after January 1, 2017. Geomega charged the following expenses, in the normal course of operations:

	2018	2017
	$	$
Exploration and evaluation assets	-	21,590
Salaries and benefits	-	41,123
Exploration and evaluation expenses	63,709	326,908
Travel, conference and investor relations	11,976	8,999
Rent	9,350	6,750
Administration	(99)	1,246
Total	**84,936**	**406,616**

As at December 31, 2018, the Corporation owes $36,382 ($20,487 as at December 31, 2017) to Geomega, and this due to a shareholder with significant influence is non-interest bearing, unsecured and due on demand. In addition, the Corporation has an accounts receivable from Geomega of ($569 as at December 31, 2017).

18.2 In the normal course of operations, since March 24, 2017:

- A firm in which a director and officer is a partner charged legal professional fees amounting to $48,549 ($89 239 in 2017) recorded as professional fees, share issue expenses and listing fees (in 2017);
- A company controlled by an officer (in position from March 24, 2017 to November 19, 2018) charged professional fees CFO and bookkeeping services for a total of $86,782 ($64,652 in 2017);
- As at December 31, 2018, the balance due to the related parties mentioned in this section amounted to $8,078 ($10,611 as at December 31, 2017).

18.3 Out of the normal course of operations, since March 24, 2017:

- Directors and officers of the Corporation participated in the following private placements under the same terms and conditions set forth to all subscribers:
  - Concurrent flow-through placement (note 4) for $15,000 and units for $5,600 in 2017;
  - November and December 2017 (note 12.2b)) flow-through for $27,010 and units for $14,438.

18.4 In the normal course of operations, between January 1, 2016 and March 24, 2017 for Géomines:

For the period from January 1, 2017 up to March 24, 2017, Géomines incurred exploration and evaluation expenses totalling $4,500 with Maxima.

These transactions are measured at the amount of consideration established and agreed by the related parties.

(In Canadian Dollars)

19. INCOME TAXES

The income tax expense is made up of the following component:

	2018	2017
	$	$
Recovery of deferred income taxes		
Premium on flow-through share issuance	819,248	361,809
Deferred taxes recovery	-	239,733
Total - deferred income taxes recovery	**819,248**	**601,542**

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined Canadian Statutory tax rate as a result of the following:

	2018	2017
	$	$
Loss before income taxes – Continued operations	(5,476,701)	(2,669,681)
Loss before income taxes – Discontinued operations	(32,073)	(362,615)
Net loss before income taxes	(5,508,774)	(3,032,296)
Combined federal and provincial income tax of 26.70% (26.80% in 2017)	(1,470,843)	(812,655)
Non-deductible expenses	221,150	144,058
Tax effect of renounced flow-through share expenditures	840,863	323,370
Amortization of flow-through share premiums	(819,248)	(361,809)
Current tax losses for which no deferred income tax asset was recognized	408,782	104,391
Other elements	48	1,103
	(819,248)	**(601,542)**

Significant components of the Corporation's deferred income tax assets and liabilities are as follows:

	2018	2017
	$	$
Deferred income tax assets		
Non-capital losses	113,210	67,506
Total deferred income tax assets	113,210	67,506
Deferred income tax liabilities		
Fixed assets	(15,451)	-
E&E assets	(97,759)	(67,506)
Total deferred income tax liabilities	(113,210)	(67,506)
Deferred income tax assets (liabilities)	**-**	**-**

The ability to realize the tax benefits is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to $669,465.

(In Canadian Dollars)

19. INCOME TAXES (CONT'D)

As of December 31, the Corporation had unrecognized deferred tax assets as follows:

	2018	2017
	$	$
E&E expenses	189,942	-
Share issue costs	156,779	66,645
Obligations under financial leases	18,740	1,194
Non-capital losses	304,004	57,078
Deferred income tax assets	**669,465**	**124,917**

As of December 31, 2018, expiration dates of losses available to reduce future years' income tax are:

	Federal	Provincial
	$	$
2033	133	133
2034	5,546	5,546
2035	10,782	10,677
2036	66,670	66,564
2037	43,987	43,924
2037	331,823	331,682
2038	1,103,840	1,103,840
	1,562,781	1,562,366

20. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	2018	2017
	$	**$**
Sales tax receivable	(160,024)	(136,893)
Tax credits and mining rights receivable	(169,098)	(117,097)
Prepaid expenses and others	(263,337)	(4,757)
Trade and other payables	209,464	182,538
	(382,995)	(76,209)

Non-cash transactions

	2018	2017
	$	**$**
Interests received	**-**	1,334
Right-of-use assets acquired	76,160	7,900
Write-off of a fixed asset for insurance receivable	54,627	-
Acquisition of exploration and evaluation assets through issuance of shares	14,800	2,513,600
Acquisition of exploration and evaluation assets through issuance of warrants	19,600	2,762
Repurchase of mining royalties through issuance of shares	50,000	-

21. FINANCIAL INSTRUMENTS AND RISKS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

21.1 Market Risk

Interest rate fair value risk
Since the guaranteed investment certificates are at fixed rates, the Corporation is not exposed to interest rate risk on the instruments themselves. The Corporation's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

21.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents, investments and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents and its investments in financial instruments held with a Canadian chartered bank, with a broker which is a subsidiary of a Canadian chartered bank or with an independent investment dealer member of the Canadian Investor Protection Fund.

As at December 31, 2018, the investments are composed of guaranteed investment certificates issued by Canadian banks or guaranteed by the Canadian Investor Protection Fund. Amounts receivables are non significative and the carrying amount of cash and cash equivalents and investments represents the Corporation's maximum credit exposure. Nevertheless, management considers the credit risk to be minimal.

21.3 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management believes that it has sufficient funds to finance its operations and meet its obligations as they come due.

21.4 Fair value

The carrying value of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments.

The estimated fair value is determined at the statement of financial position date based on relevant market information and other financial instrument information and is therefore classified as Level 1 in the fair value hierarchy.

22. SUBSEQUENT EVENTS

On January 24, 2019, the Corporation signed a letter of intent to sell a property to a new company, Monster Exploration. The letter of intent is for the sale of the 100% owned Anik Gold Property. See note 8 for more details.