



Pure Gold Mining Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

**Notice of no Auditor Review of
Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Pure Gold Mining Inc. (the "Company") as at March 31, 2019, and for the three months ended March 31, 2019, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada ("CPA Canada") for a review of interim financial statements by an entity's auditor.

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	As at March 31, 2019	As at December 31, 2018
ASSETS		
Current Assets		
Cash	\$ 7,164,562	\$ 4,254,624
Short-term investments (Note 5)	23,000	23,000
Amounts receivable (Note 6)	101,345	309,686
Prepaid expenses (Note 7)	336,035	289,397
Interest receivable	176	176
	7,625,118	4,876,883
Non-current Assets		
Exploration and evaluation asset acquisition costs (Note 8a)	7,945,732	7,846,101
Property, plant and equipment (Note 9)	7,140,934	6,520,902
Reclamation deposits (Note 10)	1,322,799	1,322,799
Deposits (Note 14)	305,280	305,280
Total Assets	\$ 24,339,863	\$ 20,871,965
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,027,088	\$ 1,006,138
Flow-through premium liability (Note 16b)	849,637	-
Lease liabilities (Note 12)	131,856	13,270
	2,008,581	1,019,408
Non-current Liabilities		
Provision for closure and reclamation (Note 11)	2,550,414	2,438,919
Lease liabilities (Note 12)	540,123	-
Total Liabilities	5,099,118	3,458,327
Equity		
Share capital (Note 13a)	113,064,940	107,996,948
Equity reserves (Note 13c and Note 13d)	10,146,285	10,552,337
Accumulated deficit	(103,970,480)	(101,135,647)
Total Equity	19,240,745	17,413,638
Total Liabilities and Equity	\$ 24,339,863	\$ 20,871,965

Commitments & Contingencies (Note 16)

Approved by the Audit Committee of the Board of Directors on May 21, 2019:

"Lenard Boggio", Audit Committee Chair

"Graeme Currie", Director

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Expenses		
Exploration and evaluation expenditures (Note 8b)	\$ 1,646,481	\$ 7,619,266
Wages, consulting and director fees	391,403	399,148
Professional fees	226,351	89,969
Listing and filing fees	146,570	7,045
Share-based compensation (Note 13d)	129,765	277,648
Office and rent	127,165	196,454
Investor relations and communication	127,128	152,461
Depreciation	39,281	3,482
Total Expenses	(2,834,144)	(8,745,473)
Other Income and Expenses		
Finance income	25,350	53,835
Accretion expense (Note 11)	(11,864)	(12,100)
Finance expense	(14,175)	(1,924)
Loss before Income Taxes	(2,834,833)	(8,705,662)
Income tax recovery (Note 16a)	-	1,508,723
Net Loss and Comprehensive Loss for the Period	(2,834,833)	(7,196,939)
Weighted Average Number of Common Shares Outstanding		
	256,762,916	223,317,162
Basic and Diluted Loss per Common Share	\$ (0.01)	\$ (0.03)

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	Number of Common Shares	Share Capital	Equity Reserves	Accumulated Deficit	Total
Balance – December 31, 2017	223,219,384	\$ 90,030,212	\$ 7,877,426	\$ (72,037,524)	\$ 25,870,114
Exercised stock options	100,000	20,000	-	-	20,000
Fair value of exercised stock options (Note 13d)	-	16,060	(16,060)	-	-
Share-based compensation (Note 13d)	-	-	277,648	-	277,648
Net loss for the period	-	-	-	(7,196,939)	(7,196,939)
Balance – March 31, 2018	223,319,384	\$ 90,066,272	\$ 8,139,014	\$ (79,234,463)	\$ 18,970,823
Flow-through common share issuance (Note 13b)	4,000,000	3,000,000	-	-	3,000,000
Flow-through premium liability	-	(360,000)	-	-	(360,000)
Common share issuance (Note 13b)	28,930,000	17,936,600	-	-	17,936,600
Share issue costs – cash	-	(1,087,980)	-	-	(1,087,980)
Fair value of warrants issued with common shares (Note 13b)	-	(1,683,070)	1,683,070	-	-
Share issue costs allocated to warrants	-	91,024	(91,024)	-	-
Exercised stock options	91,666	20,033	-	-	20,033
Fair value of exercised stock options (Note 13d)	-	14,069	(14,069)	-	-
Share-based compensation (Note 13d)	-	-	835,346	-	835,346
Net loss for the period	-	-	-	(21,901,184)	(21,901,184)
Balance – December 31, 2018	256,341,050	\$ 107,996,948	\$ 10,552,337	\$ (101,135,647)	\$ 17,413,638
Flow-through common share issuance (Note 13b)	7,723,975	5,175,063	-	-	5,175,063
Flow-through premium liability	-	(849,637)	-	-	(849,637)
Share issue costs – cash	-	(520,051)	-	-	(520,051)
Exercised stock options	2,110,000	726,800	-	-	726,800
Fair value of exercised stock options (Note 13d)	-	535,818	(535,818)	-	-
Share-based compensation (Note 13d)	-	-	129,765	-	129,765
Net loss for the period	-	-	-	(2,834,833)	(2,834,833)
Balance – March 31, 2019	266,175,025	\$ 113,064,941	\$ 10,146,284	\$ (103,970,480)	\$ 19,240,745

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Operating Activities		
Net loss for the period	\$ (2,834,833)	\$ (7,196,939)
Items not affecting cash:		
Deferred income tax recovery	-	(1,508,723)
Share-based compensation (Note 13d)	129,765	277,648
Depreciation (Note 9)	75,308	46,442
Accretion expense (Note 11)	11,864	12,100
Finance expense	14,175	1,924
Finance income	(25,350)	(53,835)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	20,950	1,223,157
Provisions	-	195,085
Prepaid expenses	(46,638)	(175,790)
Amounts receivable	208,341	(276,706)
Net cash used in operating activities	(2,446,418)	(7,455,637)
Investing Activities		
Interest received	25,350	53,617
Property, plant and equipment (Note 9)	(5,422)	(47,695)
Net cash provided by investing activities	19,928	5,922
Financing Activities		
Proceeds from financing (Note 13b)	5,175,063	-
Proceeds from exercised stock options (Note 13d)	726,800	20,000
Share issue costs	(520,051)	-
Payment of lease liabilities (Note 12)	(45,384)	(7,200)
Net cash provided by financing activities	5,336,428	12,800
Net Increase (Decrease) in Cash	2,909,938	(7,436,915)
Cash - Beginning of the Period	4,254,624	14,856,993
Cash - End of the Period	\$ 7,164,562	\$ 7,420,078

Supplemental Cash Flow Information (Note 17)

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

1. GENERAL INFORMATION

Pure Gold Mining Inc. (“Pure Gold” or the “Company”), is a publicly listed company incorporated and domiciled in Canada. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “PGM.” The Company’s head office and principal address is located at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company’s records office and registered office address is c/o McMillan LLP, 1500 Royal Centre PO Box 1117, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Pure Gold is an exploration stage business focusing on the acquisition, exploration and development of gold and other precious and base metal properties in Canada. Currently, the Company’s principal mineral property is the Madsen Gold Project located near Red Lake, Ontario.

In March 2019, Pure Gold filed a technical report for a feasibility-study on the Madsen Gold Project. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of the properties.

2. BASIS OF PREPARATION

Change in Year End

During the nine months ended December 31, 2018, the Company changed its fiscal year end to December 31, from March 31. The Company’s transition period is the nine months ended December 31, 2018, and the comparative period for these condensed interim consolidated financial statements is the three months ended March 31, 2018. The new financial year aligns the Company with its peer group in the mineral resources sector.

Statement of Compliance

The Company prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”).

These condensed interim consolidated financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company’s most recent annual consolidated financial statements as at and for the nine month period ended December 31, 2018.

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company’s audited financial statements for the nine month period ended December 31, 2018, except as described in Note 3.

3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the annual consolidated financial statements, except as described below.

IFRS 16 – Leases

On January 1, 2019 the Company adopted IFRS 16 – Leases (“IFRS 16”). The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been

Pure Gold Mining Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS (continued)

restated and continues to be reported under IAS 17. On transition to IFRS 16, the Company recognized a right-of-use asset of \$689,918, and a lease liability of \$689,918. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate of 8%.

The following table sets forth the adjustments to the Company's operating lease commitments as disclosed in the Company's financial statements for the nine month period ended December 31, 2018, used to derive the lease obligations recognized on initial application of IFRS 16 at January 1, 2019:

Finance lease commitment - December 31, 2018	\$	13,270
Add: operating lease commitment at December 31, 2018		1,379,589
Effect of excluding variable lease payments (Note 12)		(546,036)
Effect of discounting commitment using the incremental borrowing rate of 8%		(143,635)
Lease liabilities recognized at January 1, 2019	\$	703,188

The following are the significant accounting policies which have been amended as a result of IFRS 16, and applied at January 1, 2019:

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method, and is re-measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property, plant & equipment', and lease liabilities in 'lease liabilities' in the statement of financial position. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Pure Gold Mining Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements. In addition, the Company made the following critical estimate upon adopting IFRS 16:

Determining the Discount Rate for Leases

IFRS 16 requires the Company to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

5. SHORT-TERM INVESTMENTS

As of March 31, 2019, the Company has invested \$23,000 (December 31, 2018 - \$23,000) into a Guaranteed Investment Certificate ("GIC") with a Canadian financial institution. The GIC yields interest at a rate of 1.35% and has an original maturity date of greater than three months but not more than one year.

6. AMOUNTS RECEIVABLE

Amounts receivable comprised of the following:

	March 31, 2019	December 31, 2018
Refundable goods and services tax/ harmonized sales tax	\$ 92,982	\$ 255,476
Other receivables	8,363	54,210
Total	\$ 101,345	\$ 309,686

7. PREPAID EXPENSES

Prepaid expenses comprised of the following:

	March 31, 2019	December 31, 2018
Advances for Madsen work programs	\$ 122,689	\$ 120,439
Software licenses	99,513	75,440
Investor relations and communication	65,190	10,394
Surety bond premium	28,293	44,460
Insurance and benefits premiums	13,433	28,431
Other prepaid expenses	6,917	10,233
Total	\$ 336,035	\$ 289,397

Pure Gold Mining Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

a. Acquisition Costs

Details of the Company's acquisition costs for its exploration and evaluation assets are as follows:

	Madsen Gold Project
Balance – March 31, 2018	\$ 7,818,750
Change in estimate of provision for closure and reclamation	27,351
Balance – December 31, 2018	\$ 7,846,101
	Madsen Gold Project
Balance – December 31, 2018	\$ 7,846,101
Change in estimate of provision for closure and reclamation	99,631
Balance – March 31, 2019	\$ 7,945,732

b. Expenditures

Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the consolidated statement of loss and comprehensive loss, are as follows:

For the three months ended March 31, 2019	Madsen Gold Project	Other Properties ⁽¹⁾	Total
Salaries, wages and benefits	372,608	-	372,608
Feasibility Study	348,399	-	348,399
Contractors / consultants	234,524	-	234,524
Engineering	207,850	-	207,850
Preliminary Economic Assessment	188,866	-	188,866
Utilities	122,559	-	122,559
Equipment rental	15,719	-	15,719
Camp & field costs	40,385	-	40,385
Travel and accommodation	29,309	-	29,309
Property fees	23,678	-	23,678
Community & safety	18,956	-	18,956
Depreciation	36,027	-	36,027
Administration and other	7,601	-	7,601
Expenditures for the period	1,646,481	-	1,646,481
Cumulative balance – December 31, 2018	77,208,536	8,258,097	85,466,633
Cumulative balance – March 31, 2019	\$ 78,855,017	\$ 8,258,097	\$ 87,113,114

⁽¹⁾ Other properties include Van Horne and generative projects.

Pure Gold Mining Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

For the nine months ended December 31, 2018	Madsen Gold Project	Other Properties ⁽¹⁾	Total
Drilling	\$ 2,406,534	\$ -	\$ 2,406,534
Contractors / consultants	2,494,080	-	2,494,080
Bulk Sample	5,718,051	-	5,718,051
Feasibility Study	2,630,674	-	2,630,674
Assaying and geochemical	1,060,350	-	1,060,350
Engineering	1,534,944	-	1,534,944
Salaries, wages and benefits	1,233,390	-	1,233,390
Equipment rental	351,201	-	351,201
Camp & field costs	434,428	-	434,428
Travel and accommodation	241,296	-	241,296
Utilities	624,316	-	624,316
Property fees	74,160	3,955	78,115
Supplies	126,131	-	126,131
Community & safety	239,887	-	239,887
Depreciation	120,720	-	120,720
Administration and other	32,705	-	32,705
Refundable mineral exploration tax credit	-	33,891	33,891
Expenditures for the period	19,322,867	37,846	19,360,713
Cumulative balance – March 31, 2018	57,885,669	8,220,251	66,105,920
Cumulative balance – December 31, 2018	\$ 77,208,536	\$ 8,258,097	\$ 85,466,633

⁽¹⁾ Other properties include Van Horne and generative projects.

c. Madsen Gold Project, Ontario

On March 4, 2014, the Company acquired a 100% interest in the Madsen Gold Project from Claude Resources Inc. (“Claude”). The Madsen Gold Project is located in the Red Lake gold camp of Northwestern Ontario.

On June 24, 2014, the Company acquired a 100% interest in the Newman-Madsen Property from Sabina Gold and Silver Corp (“Sabina”). The Newman-Madsen Property is considered part of the Madsen Gold Project. Certain of the Newman-Madsen claims acquired are subject to royalty arrangements based on Net Smelter Returns (“NSRs”) ranging from 0.5% to 3%. Of the known resources on the Madsen Gold Project, only the Russet South resources are subject to a 2% NSR which is capped at \$2,000,000.

On December 30, 2015, the Company entered into an agreement (the “Buffalo Agreement”) to sell 28 mineral claims of the Madsen Gold Project to Premier Gold Mines Ltd (“Premier”), in exchange for \$2,500,000 in cash, \$2,500,000 in common shares of Premier, and a 1% NSR royalty on substantially all of the claims sold. On December 30, 2015, the Company received cash of \$2,000,000, and 1,001,721 common shares of Premier, while Premier received the underlying mineral rights of the claims being sold. On May 20, 2016, the Company received the final \$500,000 while Premier received the surface rights to the claims.

Derlak

On March 10, 2017, the Company acquired a 100% interest in the Derlak Gold Property from Orefinders Resources Inc. (“Orefinders”). The Derlak Gold Property is considered part of the Madsen Gold Project.

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8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

Upon completion of the acquisition, Pure Gold issued 1,290,322 of its common shares to Orefinders (fair value of \$696,774), and paid \$500,000 in cash. The 11 claims acquired are subject to a royalty arrangement based on a Net Smelter Return (“NSR”) of 3%.

d. Van Horne Property, Ontario

During the year ended March 31, 2018, the Company completed the acquisition of surface rights at its Van Horne property.

On March 12, 2018, the Company signed an option agreement with KG Exploration Canada Inc. (“Kinross”) a subsidiary of Kinross Gold Corp. whereby Kinross has the option to acquire up to a 70% interest in the Company’s Van Horne property. To earn its 70% interest Kinross must spend a total of \$4,000,000 on Van Horne over a four year period, with a committed minimum of \$750,000 in year one (completed), and pay to the Company \$100,000. Kinross may also satisfy the expenditures by making a cash payment to the Company.

9. PROPERTY, PLANT AND EQUIPMENT

Three Months Ended March 31, 2019									
	Computer Equipment & Software	Office Furniture & Other Equipment	Buildings	Land	Vehicles	Exploration Equipment & Infrastructure	Mill	Mine Property & Equipment	Total
Cost	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
December 31, 2018	132,680	67,133	-	5,048,767	33,396	1,001,177	616,650	173,245	7,073,048
Right-of-use asset	-	-	689,918	-	-	-	-	-	689,918
Additions	5,422	-	-	-	-	-	-	-	5,422
Disposals	-	-	-	-	-	-	-	-	-
March 31, 2019	138,102	67,133	689,918	5,048,767	33,396	1,001,177	616,650	173,245	7,768,388
Accumulated									
Depreciation									
December 31, 2018	(123,886)	(34,999)	-	-	(19,082)	(341,094)	-	(33,085)	(552,146)
Depreciation	(2,916)	(1,744)	(36,311)	-	(1,221)	(29,162)	-	(3,954)	(75,308)
Disposals	-	-	-	-	-	-	-	-	-
March 31, 2019	(126,802)	(36,743)	(36,311)	-	(20,303)	(370,256)	-	(37,039)	(627,454)
Carrying Amounts									
December 31, 2018	8,794	32,134	0	5,048,767	14,314	660,083	616,650	140,160	6,520,902
March 31, 2019	11,300	30,390	653,607	5,048,767	13,093	630,921	616,650	136,206	7,140,934

Pure Gold Mining Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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9. PROPERTY, PLANT & EQUIPMENT (continued)

Nine Months Ended December 31, 2018								
	Computer Equipment & Software	Office Furniture & Other Equipment	Land	Vehicles	Exploration Equipment & Infrastructure	Mill	Mine Property & Equipment	Total
Cost	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
March 31, 2018	132,130	66,486	5,066,363	33,396	908,462	616,650	140,325	6,963,812
Additions	550	647	-	-	92,715	-	32,920	126,832
Disposals	-	-	(17,596)	-	-	-	-	(17,596)
December 31, 2018	132,680	67,133	5,048,767	33,396	1,001,177	616,650	173,245	7,073,048
Accumulated								
Depreciation								
March 31, 2018	(116,674)	(29,184)	-	(14,692)	(243,526)	-	(19,958)	(424,034)
Depreciation	(7,212)	(5,815)	-	(4,390)	(97,568)	-	(13,127)	(128,112)
Disposals	-	-	-	-	-	-	-	-
December 31, 2018	(123,886)	(34,999)	-	(19,082)	(341,094)	-	(33,085)	(552,146)
Carrying Amounts								
March 31, 2018	15,456	37,302	5,066,363	18,704	664,936	616,650	120,367	6,539,778
December 31, 2018	8,794	32,134	5,048,767	14,314	660,083	616,650	140,160	6,520,902

No depreciation or depletion has been recorded for the mill as these assets are not ready for use as intended by management. Land has not been depreciated as it has an unlimited useful life.

10. RECLAMATION DEPOSITS

In December 2017, the Company established a surety bonding arrangement with a United States-based surety group (the "Surety"), with respect to two separate Closure Plans for the Madsen Gold Project, to replace certain letters of credit on file with the Minister of Northern Development and Mines ("MNDM"). As a condition for the Surety providing two surety bonds pertaining to the Closure Plans, the Company was required to make a deposit of \$1,322,799, as collateral with a US bank. The deposit currently yields interest at a rate of 2.20% per annum and has no maturity date.

The collateral required by the Surety has resulted in a reclamation deposit balance at March 31, 2019 of \$1,322,799 (December 31, 2018 - \$1,322,799). All deposits are classified as long-term, regardless of their term, as the funds will remain on deposit until the surety bonds are extinguished.

11. PROVISION FOR CLOSURE AND RECLAMATION

The Company has recognized a liability relating to its Madsen Gold Project and has determined that no significant closure and reclamation liabilities exist in connection with the exploration activities on its other exploration and evaluation assets. The Company has calculated the present value of the closure and reclamation provision at March 31, 2019 using a pre-tax discount rate of 1.62% and inflation rate of 2.00% (December 31, 2018 – 1.96% and 2.00%, respectively). The estimated total future undiscounted, but inflation-adjusted, cash flows to settle the provision for closure and reclamation at March 31, 2019 is \$3,168,327 (December 31, 2018 - \$3,231,694). The Company has estimated that payments will be made in 2032 (December 31, 2018 – 2033).

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11. PROVISION FOR CLOSURE AND RECLAMATION (continued)

	Three Months Ended March 31, 2019	Nine Months Ended December 31, 2018
Balance, beginning of the period	\$ 2,438,919	\$ 2,372,958
New estimated cash flows and changes in estimates	99,631	27,351
Accretion on discounted obligation	11,864	38,610
Balance, end of the period	\$ 2,550,414	\$ 2,438,919

12. LEASES

a. Right-of-use assets

The Company leases assets such as office space (Note 14) and equipment. These assets are classified as property, plant and equipment in the statement of financial position.

The Company's lease with respect to its head office premises is paid by Oxygen pursuant to the Oxygen Agreement (Note 14).

Balance - December 31, 2018	\$ 722,231
Depreciation	(37,266)
Balance – March 31, 2019	\$ 684,965

b. Lease liabilities

Below is a maturity analysis of the Company's lease payments:

	Head Office Lease	Equipment Lease
2019	\$ 127,152	\$ 10,000
2020	171,891	-
2021	178,955	-
2022	178,955	-
2023	134,216	-
Total undiscounted lease payments	\$ 791,169	\$ 10,000

Total undiscounted lease payments excludes leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

For the three months ended March 31, 2019, the Company recognized \$14,175 in interest expense on lease liabilities.

The Company's lease with respect to its head office premises includes variable payments that do not depend on an index or rate. As such, these payments have been excluded from the lease liability. The Company expensed \$24,315 of variable lease payments during the three months ended March 31, 2019.

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13. EQUITY

a. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

b. Private Placements

On March 29, 2019 the Company completed a bought deal private placement of 7,723,975 Flow Through Shares (the "FT Shares") at a price of \$0.67 per FT Share, for gross proceeds of \$5,175,063. In connection with the private placement the Company paid commissions, legal fees and filing fees totaling \$520,051.

On May 24, 2018 the Company completed a bought deal private placement of 16,130,000 units at a price of \$0.62 per unit (the "Units"), and 4,000,000 Flow Through Shares (the "FT Shares") at a price of \$0.75 per FT Share, for gross proceeds of \$13,000,600. Each Unit consists of one common share of the Company (a "Unit Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant is transferrable and entitles the holder to acquire one common share of the Company until May 24, 2020 at a price of \$0.85. In connection with the private placement, the Company paid the underwriters a cash commission equal to 6.0% of the gross proceeds.

Concurrent with the above bought deal private placement, the Company completed a non-brokered private placement with AngloGold Ashanti Limited for 12,800,000 Units of the Company at \$0.62 per Unit for gross proceeds of \$7,936,000, increasing its ownership percentage in the Company to 14.9% of the common shares issued and outstanding on a non-diluted basis. Each Warrant issued as part of the non-brokered private placement is transferrable and entitles the holder to acquire one common share of the Company until May 24, 2020 at a price of \$0.85.

In connection with the above transactions the Company paid commissions, legal fees and filing fees totaling \$1,087,980.

The Warrants issued have been valued at \$1,592,046 (\$1,683,070 net of allocated share issuance costs of \$91,024) using the Black-Scholes option pricing model with the following assumptions:

Assumptions	
Risk-free interest rate	1.99%
Expected stock price volatility	50.62%
Expected dividend yield	0.00%
Expected life of warrants	2 years

c. Share Purchase Warrants

Details of share purchase warrants issued, exercised, expired and outstanding as at and during the three months ended March 31, 2019 and the nine months ended December 31, 2018 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding Balance - March 31, 2018	-	-
Issued	14,465,000	\$0.85
Outstanding Balance – December 31, 2018 and March 31, 2019	14,465,000	\$0.85

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13. EQUITY (continued)

At the time of issuance, the 14,465,000 share purchase warrants had a fair value of \$1,592,046 (\$1,683,070 net of allocated share issuance costs of \$91,024), which is included in equity reserves in the Company's consolidated statement of financial position at March 31, 2019.

d. Stock Options

The Company has established a share purchase option plan (the "Stock Option Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or technical and administrative company employees (Note 14). Options granted must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The Company applies the fair value based method of accounting for options.

At March 31, 2019, the following options are outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Life in Years	Number of Options Exercisable
April 8, 2019	\$0.35	1,600,000	0.02	1,600,000
February 10, 2020	\$0.35	200,000	0.28	200,000
March 19, 2020	\$0.28	650,000	0.35	650,000
December 3, 2020	\$0.11	50,000	1.68	50,000
December 11, 2020	\$0.11	2,700,000	1.70	2,700,000
May 26, 2021	\$0.63	400,000	2.16	266,666
October 11, 2021	\$0.72	300,000	2.53	200,000
November 14, 2021	\$0.72	75,000	2.63	75,000
December 21, 2021	\$0.44	4,645,000	2.73	3,696,669
June 16, 2022	\$0.54	200,000	3.21	200,000
July 24, 2022	\$0.54	100,000	3.32	33,333
December 15, 2022	\$0.49	5,170,000	3.71	2,923,334
June 5, 2023	\$0.65	50,000	4.18	-
June 11, 2023	\$0.65	200,000	4.20	100,000
	\$0.40	16,340,000	2.52	12,695,002

The options exercisable at March 31, 2019 have a weighted average exercise price of \$0.37.

Details of options granted, exercised, expired and forfeited during the three months ended March 31, 2019 and the nine months ended December 31, 2018 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – March 31, 2018	18,291,666	\$0.39
Granted during the period	250,000	\$0.65
Exercised during the period	(91,666)	\$0.22
Balance – December 31, 2018	18,450,000	\$0.39
Exercised during the period	(2,110,000)	\$0.34
Balance – March 31, 2019	16,340,000	\$0.40

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13. EQUITY (continued)

Granting of Options

The fair value of newly granted options are calculated using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other conditions and assumptions for options granted in the three months ended March 31, 2019 and the nine months ended December 31, 2018 were as follows:

Issue Date	Expected Life of Options in Years	Exercise Price	Risk-free Interest Rate	Volatility ¹	Weighted Average Black-Scholes Fair Value
June 5, 2018	5.0	\$0.65	2.16%	84.23%	\$0.44
June 11, 2018	5.0	\$0.65	2.17%	84.16%	\$0.44

¹Volatility was determined using the average historic volatility of a number of comparable companies, calculated over the same period as the expected life of the option.

Options granted are typically subject to vesting provisions whereby one third vest one year from the grant date, one third vest two years from the grant date, and one third vest three years from the grant date. The following option grants are subject to alternate vesting provisions:

- (i) The 200,000 options granted June 11, 2018 were granted to a consultant and subject to vesting provisions whereby one half will vest six months from the grant date, and one half will vest one year from the grant date.

Exercise of Options

During the three months ended March 31, 2019, 1,930,000 stock options with an exercise price of \$0.35, 150,000 stock options with an exercise price of \$0.32, and 30,000 stock options with an exercise price of \$0.11 were exercised for total proceeds of \$726,800. The weighted average share price on the date the options were exercised during the period was \$0.57. In connection with these option exercises, the related fair value amount of \$535,818 was transferred from equity reserves to share capital.

During the nine months ended December 31, 2018, 30,000 stock options with an exercise price of \$0.35, 53,333 stock options with an exercise price of \$0.11, and 8,333 stock options with an exercise price of \$0.44 were exercised for total proceeds of \$20,033. The weighted average share price on the date the options were exercised during the period was \$0.64. In connection with these option exercises, the related fair value amount of \$14,069 was transferred from equity reserves to share capital.

Forfeiture of Options

No options were forfeited during the three months ended March 31, 2019, or the nine months ended December 31, 2018.

Expiry of Options

No options expired during the three months ended March 31, 2019, or the nine months ended December 31, 2018.

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14. RELATED PARTY TRANSACTIONS

Oxygen Capital Corp (“Oxygen”).

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company under an Amended Technical and Administrative Services Agreement (the “Oxygen Agreement”) at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at March 31, 2019, Oxygen holds a refundable deposit of \$305,280 on behalf of the Company (December 31, 2018 - \$305,280). During the three months ended March 31, 2019, a total of \$548,890 (March 31, 2018 - \$471,802) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at March 31, 2019, the Company has a payable amount to Oxygen of \$161,257 (December 31, 2018 - \$123,567). This amount was paid subsequent to March 31, 2019.

The Oxygen Agreement was amended on October 1, 2017, and may be terminated by either party giving at least 180 days’ prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, the Company’s share of committed lease costs, any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement, and the Company’s share of any contractual obligations entered into on its behalf by Oxygen.

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the VP of Operations, the Chief Financial Officer, and the Corporate Secretary. The total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Salaries and other short-term employee benefits	\$ 301,250	\$ 226,250
Directors fees	102,500	215,000
Share-based compensation	77,958	185,156
Total	\$ 481,708	\$ 626,406

15. SEGMENTED INFORMATION

The Company conducts its business in a single operating segment which is the mining business in Canada. All of the Company’s exploration and evaluation assets are located in Canada. Any investment revenues were earned principally from Canadian sources.

16. COMMITMENTS & CONTINGENCIES

- The Company had incurred the full qualifying resource expenditures relating to the May 24, 2018 private placement (Note 13b) by November 30, 2018. The Company filed its renunciation forms in December 2018, and therefore reversed the associated flow-through liability and recognized a deferred tax recovery of \$360,000 in the Company’s consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2018.

The Company had incurred the full qualifying resource expenditures relating to the Super FT Shares of \$6,300,250, and the full qualifying resource expenditures relating to the FT Shares of \$5,159,120, pursuant to the November 1, 2017 private placement (Note 13b) by June 30, 2018. The Company filed its renunciation forms in February 2018, and therefore reversed the remaining portion of the Super FT

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16. COMMITMENTS & CONTINGENCIES (continued)

Share and FT Share flow-through liabilities and recognized a deferred tax recovery of \$402,506 in the Company's consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2018. The Company recognized a deferred tax recovery of \$1,508,723 in the Company's consolidated statement of loss and comprehensive loss for the year ended March 31, 2018.

- b. As at March 31 2019, the Company is committed to incur, on a best efforts basis, qualifying resource expenditures pursuant to the March 29, 2019 private placement (Note 13b).

The Company must incur the \$5,175,063 of qualifying resource expenditures in relation to the FT Shares before January 1, 2021. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints.

17. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Non-Cash Investing and Financing Activities		
Change in estimate of provision for closure and reclamation	\$ (99,631)	\$ 29,659

18. FINANCIAL INSTRUMENTS

a. Financial Assets and Liabilities

At March 31, 2019, the carrying amounts of cash, short-term investments, amounts receivable, interest receivable, deposits, reclamation deposits, accounts payable, and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

b. Fair Value

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial assets and liabilities measured and recognized at fair value on a non-recurring basis, nor any non-financial assets and liabilities measured at fair value on a recurring basis. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between levels in the fair value hierarchy during the three months ended March 31, 2019.

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19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial instrument related risks. The Board provides oversight for the Company's risk management processes. The type of risk exposure and the way in which such exposure is managed is explained as follows:

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. Financial instruments that potentially subject the Company to credit risk consist of cash, restricted cash, short-term investments and amounts receivable. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company deposits its cash, restricted cash and short-term investments with high credit quality major Canadian financial institutions as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At March 31, 2019, the Company had cash of \$7,164,562 (December 31, 2018 - \$4,254,624) and short-term investments of \$23,000 (December 31, 2018 - \$23,000) to settle current liabilities of \$2,008,581 (\$1,158,944 excluding the flow-through premium liability of \$849,637) (December 31, 2018 - \$1,019,408). As at March 31, 2019, the Company is committed to incur, on a best efforts basis, \$5,175,063 in qualifying resource expenditures.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. Cash and short-term investments include deposits which are at variable interest rates. For the three months ended March 31, 2019, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash, restricted cash and short-term investments by approximately \$6,000.

20. SUBSEQUENT EVENTS

- a. 1,010,000 stock options with an exercise price of \$0.35, 16,667 stock options with an exercise price of \$0.11, 6,667 stock options with an exercise price of \$0.44, and 3,333 stock options with an exercise price of \$0.49 were exercised by employees and directors between April 3, 2019 and April 5, 2019 for total proceeds of \$359,900.
 - b. 590,000 stock options with an exercise price of \$0.35 expired on April 8, 2019.
 - c. 200,000 stock options with an exercise price of \$0.54 were granted to an employee on May 6, 2019.
 - d. The Company began trading on the London Stock Exchange effective May 21, 2019.
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