



ABCOURT MINES INC.
INTERIM FINANCIAL STATEMENTS
ENDED MARCH 31, 2019 (unaudited)

INTERIM FINANCIAL STATEMENTS

Interim statements of financial position

Interim statements of comprehensive income

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Interim statements of cash flows

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ABCOURT MINES INC.
INTERIM STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars)

		March, 31	June 30,
		2019	2018
		(nonaudited)	(audited)
		\$	\$
ASSETS	Notes		
Current assets			
Cash		1,637,377	2,531,099
Receivables	5	2,092,913	2,321,283
Prepaid expenses		113,448	72,797
Inventory	6	5,458,183	3,209,448
Tax credit related to resources receivable		15,627	15,627
Total current assets		9,317,548	8,150,254
Non current assets			
Deposits for restoration	11	4,525,389	4,508,489
Property, plant and equipment	7	20,669,671	20,907,090
Exploration and evaluation assets	8	8,868,723	7,941,199
Total non current assets		34,063,783	33,356,778
Total assets		43,381,331	41,507,032
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	4,743,697	4,159,492
Income taxes payable		1,158,332	1,507,314
Other liability	10	51,000	154,900
Total current liabilities		5,953,029	5,821,706
Decommissioning provisions for mining sites	11	4,189,532	5,851,259
Total liabilities		10,142,561	11,672,965
EQUITY			
Capital stock	12	43,696,519	42,921,032
Contributed surplus	13	7,086,035	7,049,135
Warrants	13	31,500	19,500
Deficit		(17,575,284)	(20,155,600)
Total Equity		33,238,770	29,834,067
Total liabilities and equity		43,381,331	41,507,032

ON BEHALF OF THE BOARD,
(s) Renaud Hinse _____, Director

(s) Christine Lefebvre _____, Chief Financial Officer

ABCOURT MINES INC.

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

Three and nine months ended March 31

(in Canadian dollars)

(unaudited)

	2019		2018	
	3 months	9 months	3 months	9 months
	\$	\$	\$	\$
ELDER MINE PRODUCTION				
Sales of gold and silver ingots	5,745,611	17,110,953	6,360,000	16,949,947
Operating mining cost	3,541,690	12,345,346	4,677,168	13,398,375
Royalties	130,463	345,080	190,298	505,924
Amortization and depletion	528,204	1,496,269	510,404	1,177,504
Costs of sales	4,200,357	14,186,695	5,377,870	15,081,803
GROSS PROFIT	1,545,254	2,924,258	982,130	1,868,144
CHARGES				
Part XII.6 & III.14 taxes	4,512	4,512	-	-
Professional fees	37,118	140,287	13,936	102,353
Interest and penalties	49,914	54,105	28,929	47,919
Taxes, licences and permits	473	1,435	1,786	4,285
Advertising	1,471	3,880	2,579	9,494
Software and internet	711	1,056	5,723	7,142
Salaries and payroll charges	23,373	145,604	55,904	158,726
Insurance	2,987	8,870	2,507	6,463
Office expenses	17,231	61,283	26,342	72,596
Accretion expense	19,020	39,409	21,089	63,349
Shareholders and investor relations	40,806	76,043	22,566	58,590
Share-based compensation	-	32,000	-	-
Bank expenses	3,893	5,429	780	3,240
Other expenses	44,363	752,649	-	-
Amortization of property, plant and equipment	2,017	6,051	1,237	3,711
	247,889	1,332,613	183,378	537,868
INCOME BEFORE OTHER REVENUES	1,297,365	1,591,645	798,752	1,330,276

ABCOURT MINES INC.

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

Three and nine months ended March 31

(in Canadian dollars)

(unaudited)

	2019		2018	
	3 months \$	9 months \$	3 months \$	9 months \$
INCOME BEFORE OTHER REVENUES	1,297,365	1,591,645	798,752	1,330,276
OTHER REVENUES				
Interest income	513	4,939	846	2,354
Other income	233,516	1,203,906	3,978	21,262
	234,029	1,208,845	4,824	23,616
INCOME BEFORE INCOME TAXES	1,531,394	2,800,490	803,576	1,353,892
Income taxes and deferred taxes recovery	113,600	175,100	51,368	90,755
INCOME AND COMPREHENSIVE INCOME	1,417,794	2,625,390	752,208	1,263,137
INCOME PER SHARE				
Basic	0.00	0.01	0.00	0.00
Diluted	0.00	0.01	0.00	0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
Basic	290,845,486		285,365,897	
Diluted	292,278,486		285,365,897	

ABCOURT MINES INC.

INTERIM STATEMENTS OF CHANGES IN EQUITY

(in Canadian dollars)

(unaudited)

	Notes	Capital Stock \$	Warrants \$	Contributed Surplus \$	Déficit \$	Total Equity \$
Balance as at June 30, 2018		42,921,032	19,500	7,049,135	(20,155,600)	29,834,067
Net Income and comprehensive income		-	-	-	2,625,390	2,625,390
Options granted in relation with the plan		-	-	32,000	-	32,000
Warrants issued to intermediaries	12 - 13	-	-	4,900	(4,900)	-
Units issued	12 - 13	108,000	12,000	-	-	120,000
Flow-through shares	12	667,487	-	-	-	667,487
Share issued expenses		-	-	-	(40,174)	(40,174)
Balance as at March 31, 2019		43,696,519	31,500	7,086,035	(17,575,284)	33,238,770
Balance as at June 30, 2017		42,131,970	262,453	6,782,573	(21,515,380)	27,661,616
Net income and comprehensive income		-	-	-	1,415,608	1,415,608
Warrants issued to intermediaries	12 - 13	-	-	4,109	(4,109)	-
Warrants expired	12 - 13	-	(262,453)	262,453	-	-
Units issued	12 - 13	182,250	19,500	-	-	201,750
Flow-through shares	12	606,812	-	-	-	606,812
Share issued expenses		-	-	-	(51,719)	(51,719)
Balance as at June 30, 2018		42,921,032	19,500	7,049,135	(20,155,600)	29,834,067

MINES ABCOURT INC.

INTERIM STATEMENTS OF CASH FLOWS

Nine months ended March, 31

(in Canadian dollars)

(unaudited)

		<u>2019</u>	<u>2018</u>
		\$	\$
	Note		
OPERATING ACTIVITIES			
Net income and comprehensive income		2,625,390	1,263,137
Items not involving cash:			
Accretion expense		39,409	63,349
Share-based compensation		32,000	-
Amortization and depletion		1,502,320	1,181,215
Deferred taxes		<u>(154,900)</u>	<u>(49,363)</u>
		4,044,219	2,458,338
Net change in non-cash operating working capital items	4	<u>(1,825,793)</u>	<u>1,947,856</u>
		<u>2,218,426</u>	<u>4,406,194</u>
FINANCING ACTIVITIES			
Units issuance		120,000	201,750
Flow-through shares issuance		718,487	793,462
Share issuance expenses		<u>(40,174)</u>	<u>(51,719)</u>
		798,313	943,493
INVESTING ACTIVITIES			
Tax credits related to resources received		-	8,788
Deposit for restoration of Elder mine		(16,900)	-
Acquisition of property, plant and equipment		(2,966,037)	(3,561,808)
Acquisition of exploration and evaluation assets		<u>(927,524)</u>	<u>(404,956)</u>
		<u>(3,910,461)</u>	<u>(3,957,976)</u>
NET CHANGE IN CASH		(893,722)	1,391,711
CASH BEGINNING OF YEAR		<u>2,531,099</u>	<u>1,289,470</u>
CASH END OF YEAR		<u>1,637,377</u>	<u>2,681,181</u>

ABCOURT MINES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

(in Canadian dollars)

(unaudited)

1- STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Abcourt Mines Inc. was constituted by letters patent of amalgamation in January 1971 and continued its existence under Part 1A of the Quebec Companies Act in March 1981. On February 14, 2011, the Company was automatically continued under Business Companies Act (Quebec) following the entry into force of this law. The Company is engaged in the acquisition, exploration, evaluation and exploitation of mining properties in Canada, principally gold. Its shares are trading on TSX Venture Exchange under the symbol ABI, on Berlin Stock Exchange under the symbol AML-BE and on Frankfurt Exchange under the symbol AML-FF. The address of the Company's head office is 475 de l'Église Avenue, Rouyn-Noranda, (Quebec) J0Z 1Y0.

These interim financial statements were approved by the Board of Directors on Mai 18, 2019.

2- GENERAL INFORMATION AND BASIS OF PREPARATION

These interim financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards («IFRS»), as established by the International Accounting Standards Board and in accordance with IAS 34 «Interim Financial Reporting». These interim financial statements were prepared using the same basis of presentation and accounting policies outlined in the annual financial statements on June 30, 2018. They do not include all the information required in annual financial statements in accordance with IFRS and must be read in conjunction with the financial statements for the year ended June 30, 2018.

3- JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumption applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended June 30, 2018.

4- COMPLEMENTARY INFORMATIONS RELATED TO CASH FLOWS

Net change in non-cash operating working capital items:

	March 31, 2019	March 31, 2018
	\$	\$
Receivables	228,370	2,058,131
Prepaid expenses	(40,651)	4,579
Inventory	(2,248,735)	(1,223,384)
Accounts payable and accrued liabilities	584,205	1,211,402
Income taxes payable	(348,982)	(102,872)
	<u>(1,825,793)</u>	<u>1,947,856</u>

Items not affecting cash :

	March 31, 2019	March 31, 2018
	\$	\$
Warrants issued to Intermediaries	4,900	4,109
Decommissioning provision adjustments for the mining sites accounted for as Property, Plant and Equipment	(1,718,036)	(113,928)
Tax credit related to resources adjustment accounted for in exploration and evaluation assets	-	12,212
Tax credit related to resources accounted for in exploration and evaluation assets	-	6,380

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
MARCH 31, 2019
(in Canadian dollars)
(unaudited)

5- RECEIVABLES

	March 31, 2019 \$	June 30, 2018 \$
Account receivable	910,614	1,257,558
Taxes receivable	1,164,592	1,043,593
Others	<u>17,707</u>	<u>20,132</u>
	<u><u>2,092,913</u></u>	<u><u>2,321,283</u></u>

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the Company's accounts receivable and others receivables have been reviewed for indicators of impairment. No impairment was accounted during the nine-month period ended March 31, 2019 and as at June 30, 2018.

6- INVENTORY

	March 31, 2019 \$	June 30, 2018 \$
Gold and silver inventory	2,865,084	1,125,770
Ore stock piles	1,873,103	1,369,443
Mine supplies	<u>719,996</u>	<u>714,235</u>
	<u><u>5,458,183</u></u>	<u><u>3,209,448</u></u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019
(in Canadian dollars)

(unaudited)

7- PROPERTY, PLANT AND EQUIPMENT

	Cost				Accumulated Amortization			March 31, 2019
	June 30, 2018	Acquisition	Decommissioning provisions for mining sites adjustment	March 31, 2019	June 30, 2018	Amortization	March 31, 2019	Net book value
	\$	\$		\$	\$	\$	\$	\$
Abcourt-Barvue Site								
Equipment for mill	2,702,476	-	-	2,702,476	-	-	-	2,702,476
Water treatment plant	76,628	-	-	76,628	-	-	-	76,628
Expenses incurred for the tailings pond	40,728	-	-	40,728	-	-	-	40,728
	<u>2,819,832</u>	<u>-</u>	<u>-</u>	<u>2,819,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,819,832</u>
Elder Mine Site								
Lands	37,263	-	-	37,263	-	-	-	37,263
Mobile equipment	61,920	28,000	-	89,920	59,832	3,621	63,453	26,467
Furniture and equipment	1,950,566	91,600	-	2,042,166	1,006,960	143,559	1,150,519	891,647
Elder mine	13,035,086	1,695,409	11,930	14,742,425	2,014,805	989,688	3,004,493	11,737,932
	<u>15,084,835</u>	<u>1,815,009</u>	<u>11,930</u>	<u>16,911,774</u>	<u>3,081,597</u>	<u>1,136,868</u>	<u>4,218,465</u>	<u>12,693,309</u>
Sleeping Giant Mine Site								
Sleeping Giant Mine	2,027,600	928,386	(1,713,066)	1,242,920	-	-	-	1,242,920
Mill facility and production equipment	3,840,247	207,141	-	4,047,388	523,015	275,477	798,492	3,248,896
Building	491,054	-	-	491,054	71,216	33,328	104,544	386,510
Lands	19,000	-	-	19,000	-	-	-	19,000
Mobile equipment	347,927	13,315	-	361,242	115,192	52,724	167,916	193,326
Computer equipment	14,964	2,186	-	17,150	2,349	3,923	6,272	10,878
	<u>6,740,792</u>	<u>1,151,028</u>	<u>(1,713,066)</u>	<u>6,178,754</u>	<u>711,772</u>	<u>365,452</u>	<u>1,077,224</u>	<u>5,101,530</u>
	<u>24,645,459</u>	<u>2,966,037</u>	<u>(1,701,136)</u>	<u>25,910,360</u>	<u>3,793,369</u>	<u>1,502,320</u>	<u>5,295,689</u>	<u>20,614,671</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019
(in Canadian dollars)
(unaudited)

7- **PROPERTY, PLANT AND EQUIPMENT** (continued)

	Cost			Accumulated Amortization			March 31, 2019
	June 30, 2018	Acquisition	Decommissioning provisions for mining sites adjustment	March 31, 2019	June 30, 2018	Amortization	March 31, 2019
	\$	\$	\$	\$	\$	\$	\$
Exploration							
Lands	55,000	-	-	55,000	-	-	55,000
	55,000	-	-	55,000	-	-	55,000
	24 700 459	2,966,037	(1,701,136)	25,965,360	3,793,369	1,502,320	5,295,689
							20,669,671

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019
(in Canadian dollars)

(unaudited)

							June 30, 2018
	Cost			Accumulated Amortization			Net Book value
	June 30, 2017	Acquisition	June 30, 2018	June 30, 2017	Amortization	June 30, 2018	\$
	\$	\$	\$	\$	\$	\$	\$
Abcourt-Barvue Site							
Equipment for mill	2,702,476	-	2,702,476	-	-	-	2,702,476
Water treatment plant	7,628	-	76,628	-	-	-	76,628
Expenses incurred for the tailings pond	40,728	-	40,728	-	-	-	40,728
	<u>2,819,832</u>	<u>-</u>	<u>2,819,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,819,832</u>
Elder Mine Site							
Lands	37,263	-	37,263	-	-	-	37,263
Mobile equipment	61,920	-	61,920	58,937	895	59,832	2,088
Furniture and equipment	1,654,590	295,976	1,950,566	812,828	194,132	1,006,960	943,606
Elder mine	10,727,101	2,307,985	13,035,086	857,322	1,157,483	2,014,805	11,020,281
	<u>12,480,874</u>	<u>2,603,961</u>	<u>15,084,835</u>	<u>1,729,087</u>	<u>1,352,510</u>	<u>3,081,597</u>	<u>12,003,238</u>
Sleeping Giant Mine Site							
Sleeping Giant Mine	844,558	1,183,042	2,027,600	-	-	-	2,027,600
Mill facility and production equipment	3,523,530	316,717	3,840,247	224,078	298,937	523,015	3,317,232
Building	491,054	-	491,054	32,462	38,754	71,216	419,838
Lands	19,000	-	19,000	-	-	-	19,000
Mobile equipment	244,389	103,538	347,927	47,832	67,360	115,192	232,735
Computer equipment	-	14,964	14,964	-	2,349	2,349	12,615
	<u>5 122 531</u>	<u>1,618,261</u>	<u>6,740,792</u>	<u>304,372</u>	<u>407,400</u>	<u>711,772</u>	<u>6,029,020</u>
	<u>20 423 237</u>	<u>4,222,222</u>	<u>24,645,459</u>	<u>2,033,459</u>	<u>1,759,910</u>	<u>3,793,369</u>	<u>20,852,090</u>

ABCOURT MINES INC.**NOTES TO INTERIM FINANCIAL STATEMENTS****MARCH 31, 2019**

(in Canadian dollars)

(unaudited)

7- PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost			Accumulated Amortization			June 30, 2018
	June 30, 2017	Acquisition	June 30, 2018	June 30, 2017	Amortization	June 30, 2018	Net Book value
	\$	\$	\$	\$	\$	\$	\$
Exploration							
Lands	-	55,000	55,000	-	-	-	55,000
	-	55,000	55,000	-	-	-	55,000
	20,423,237	4,277,222	24,700,459	2,033,459	1,759,910	3,793,369	20,907,090

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
MARCH 31, 2019
(in Canadian dollars)
(unaudited)

8- EXPLORATION AND EVALUATION ASSETS

	March 31,	June 30,
	2019	2018
	\$	\$
Mining properties	1,950,048	1,935,394
Exploration and evaluation expenses	6,918,675	6,005,805
	<u>8,868,723</u>	<u>7,941,199</u>

Mining properties

	Balance as at June 30, 2018	Addition	Balance as at March 31, 2019
	\$	\$	\$
Properties in Quebec			
Abcourt-Barvue (100 %)	226,132	2,350	228,482
Vendôme (100 %)	97,323	4,205	101,528
Royalty on Beauchastel property	100	-	100
Aldermac (100 %)	1,566,057	516	1,566,573
Jonpol (100 %)	1,451	717	2,168
Discovery - Flordin	7,427	5,192	12,619
Dormex - Harricana	6,529	1,413	7,942
Laflamme	4,364	261	4,625
Others (Variable %)	26,011	-	26,011
	<u>1,935,394</u>	<u>14,654</u>	<u>1,950,048</u>

Exploration and evaluation expenses

	Balance as at June 30, 2018	Addition	Balance as at March 31, 2019
	\$	\$	\$
Abcourt-Barvue,	4,829,444	380,347	5,209,791
Vendôme	205,510	112	205,622
Aldermac	754,668	87,484	842,152
Discovery - Flordin	34,483	442,044	476,527
Dormex - Harricana	176,048	2,633	178,681
Others (Variable %)	5,652	250	5,902
	<u>6,005,805</u>	<u>912,870</u>	<u>6,918,675</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
MARCH 31, 2019
(in Canadian dollars)
(unaudited)

8- EXPLORATION AND EVALUATION ASSETS (Continued)

For the nine-month period ended March 31, 2019 and 2018, the following expenses, associated to discovery of mineral resources, have been included in the cost of exploration and evaluation expenses.

	March 31, 2019	March 31, 2018
	\$	\$
Drilling	410,731	164,873
Assays	18,612	15,315
Fees and engineers expenses	454,867	189,236
General exploration and evaluation expenses	28,660	26,745
Total	<u>912,870</u>	<u>396,169</u>
Adjustment to tax credit related to resources	-	12,212
Tax credit related to resources	-	<u>(6,380)</u>
Increase of exploration and evaluation expenses	<u>912,870</u>	<u>402,001</u>
Balance, beginning of year	6,005,805	5,492,649
Balance, end of year	<u><u>6,918,675</u></u>	<u><u>5,894,650</u></u>

9- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	June 30, 2018
	\$	\$
Accounts payable	2,000,512	1,146,958
Royalties payable	846,079	903,438
Salaries and holidays payable	595,284	775,684
Due to governments	1,301,822	1,333,412
	<u>4,743,697</u>	<u>4,159,492</u>

10- OTHER LIABILITY

	March 31, 2019	June 30, 2018
	\$	\$
Balance, beginning of year	154,900	35,613
Increase of the year	51,000	186,650
Decrease related to the incurring of expenses	<u>(154,900)</u>	<u>(67,363)</u>
Balance, end of year	<u><u>51,000</u></u>	<u><u>154,900</u></u>

Other liability results from the sale of tax deductions to investors following flow-through share financings

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
MARCH 31, 2019
(in Canadian dollars)
(unaudited)

11- DECOMMISSIONING PROVISIONS FOR MINING SITES

The following table sets forth the variation in the decommissioning provisions for mining sites

	March 31, 2019	June 30, 2018
	\$	\$
Balance, beginning of period	5,851,259	5,911,000
Changes to estimates	(1,701,136)	(150,161)
Accretion expense	39,409	90,420
Balance, end of year	<u>4,189,532</u>	<u>5,851,259</u>

The rate used to determine the future value is 2% and 1.8% (2% as at June 30, 2018), while the rate reflecting the current market assessments used to determine the present value of the provisions is 1.57% and 1.85% (1.91% and 2.06% as at June 30, 2018). The payments schedule was determined by taking into account the measured and indicated resources, the estimated annual production level and the estimated mine life. The changes to estimates was accounted for as property, plant and equipment.

The following table sets forth the estimated undiscounted cash flows of future retirement costs used in the calculation of the asset retirement obligations as at Mach 31, 2019.

	Anticipated cash flows payment schedule
	\$
Elder Mine	497,570
Sleeping Giant Mine	<u>3,625,865</u>
	<u>4,123,435</u>

The following table sets forth the distribution of decommissioning provisions for mining sites:

	March 31, 2019	June 30, 2018
	\$	\$
Elder Mine	498,758	479,259
Sleeping Giant Mine	3,690,774	5,372,000
	<u>4,189,532</u>	<u>5,851,259</u>

12- CAPITAL STOCK

Authorized

Unlimited number of preferred shares without par value which may be issued in one or more series; the privileges, rights, conditions and restrictions will be determined by the Board of Directors (none outstanding).

Unlimited number of subordinate class « A » shares, without par value, non-voting (none outstanding).

Unlimited number of class « B » shares, without par value, voting.

ABCOURT MINES INC.
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(in Canadian dollars)
(unaudited)

12- CAPITAL SOCIAL (suite)

Changes in Company class « B » capital stock were as follows:

	March 31, 2019		June 30, 2018	
	Number	Amount \$	Number	Amount \$
Balance, beginning of period	288,703,071	42,921,032	276,678,219	42,131,970
Paid in cash ⁽¹⁾	1,980,000	106,920	2,690,000	182,250
Flow-through shares ⁽²⁾	8,851,100	575,598	9,334,852	606,812
	<u>299,534,171</u>	<u>43,603,550</u>	<u>288,703,071</u>	<u>42,921,032</u>
<u>Shares to be issued</u>				
Paid in cash ⁽¹⁾	20,000	1,080	-	-
Flow-through shares ⁽²⁾	1,413,000	91,889	-	-
Balance, end of period	<u>300,967,171</u>	<u>43,696,519</u>	<u>288,703,071</u>	<u>42,921,032</u>

As at March, 31 2019 and June 30, 2018, shares issued were fully paid.

- (1) The value of capital stock paid in cash is presented net of the fair value of warrants amounting to \$12,000 (\$19,500 as at June 30, 2018).
- (2) The value of flow-through shares is presented net of premium related to the sale of tax deductions amounting to \$51,000 (\$186,650 as at June 30, 2018).

In December 2018, the Company closed a private placement constituted of 200 units at a price of \$600 per unit. Each unit consisted of 10,000 class « B » shares at a price of \$0.06 per share and 5,000 warrants, each warrant entitling its holder to purchase one share at a price of \$0.10 over a 24-month period. The total gross proceeds of \$120,000 was presented net of the fair value of warrants amounting to \$12,000.

In December 2018, the Company closed a flow-through private placement of 10,264,100 flow-through shares at \$0.07 per share. The total gross proceeds of \$718,487 was presented net of a premium on flow-through shares of \$51,000.

In connection with the private placement, 380,768 warrants were issued to an intermediary. Each warrant entitling its holder to purchase one share at a price of \$0.10 for a 12-month period.

Year ended June 30, 2018

In December 2017, the Company closed a private placement constituted of 269 units at a price of \$750 per unit. Each unit consisted of 10,000 class « B » shares at a price of \$0.075 per share and 5,000 warrants, each warrant entitling its holder to purchase one share at a price of \$0.10 over a 24-month period. The total gross proceeds of \$201,750 was presented net of the fair value of warrants amounting to \$19,500.

In December 2017, the Company closed a flow-through private placement of 9,334,852 flow-through shares at \$0.085 per share. The total gross proceeds of \$793,462 was presented net of a premium on flow-through shares of \$186,650.

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13- SHARE PURCHASE OPTIONS AND WARRANTS

The shareholders of the Company approved a stock option plan (the « plan ») whereby the Board of Directors may grant to employees, officers, directors and suppliers of the Company, share purchase options to acquire shares in such numbers, for such terms and at such exercise price as may be determined by the Board of Directors. It was originally adopted in October 1996 and approved by shareholders of the Company on December 1st, 1997, and has subsequently been modified several times with the approval of shareholders in December 2001 and December 2012. The exercise price cannot be lower than the market price of the shares at the time of grant.

The plan provides that the maximum number of shares in the capital of the Company that can be reserved for issuance under the plan shall be equal to 14,500,000 shares. The maximum number of shares that can be reserved for issuance of option to any one person may not exceed 5% of the outstanding shares at the time of grant and the maximum number of shares which may be reserved for issuance to an investor relations representative, a consultant or a supplier may not exceed 2% of the outstanding shares at the time of grant.

The acquisition conditions of share purchase options are without restriction. However, the options granted to investor relations representatives will be acquired at a rate of 25% per quarter. These options will expire no later than five years after being granted.

Share Purchase Options

Changes in Company share purchase options were as follows:

	March 31,		June 30,	
	2019		2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, beginning of period	7,800,000	0.12	8,100,000	0.12
Granted	800,000	0.07	-	-
Cancelled and expired	<u>(1,400,000)</u>	0.12	<u>(300,000)</u>	0.10
Outstanding and exercisable, end of period	<u>7,200,000</u>	0.12	<u>7,800,000</u>	0.12

During the nine-month period ended March 31, 2019, the Company issued share purchase options to directors of the Company. The weighted average fair value of the share purchase options of \$0.04 was determined using the Black-Scholes options pricing model and based on the following weighted average assumptions:

	March 31,
	2019
Average share price at date of grant	\$0.065
Expected dividends yield	-
Expected weighted volatility	84%
Average risk-free interest rate	1.9%
Expected average life	5 years
Average exercise price	\$0.07

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the share purchase options granted. No special features inherent to the warrants were incorporated into measurement of fair value.

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13- SHARE PURCHASE OPTIONS AND WARRANTS (continued)

Share Purchase Options (continued)

In total, \$32,000 of share-based payments (all of which related to equity-settled share-based payment transactions) were accounted for in profit or loss and credited to contributed surplus.

The following tables summarize the information related to the share purchase options granted under the plan

Outstanding as at March 31, 2019	Weighted average remaining contractual life	Exercise price
		\$
150,000	0.6 year	0.125
6,250,000	2.3 years	0.125
<u>800,000</u>	4.8 years	0.07
<u>7,200,000</u>		

Outstanding as at June 30, 2018	Weighted average remaining contractual life	Exercise price
		\$
300,000	0.6 year	0.10
800,000	0.7 year	0.125
<u>6,700,000</u>	3 years	0.125
<u>7,800,000</u>		

Warrants

Changes in Company warrants were as follows:

	March 31, 2019		June 30, 2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, beginning of period	1,345,000	0.10	12,745,000	0.13
Granted	990,000	0.10	1,345,000	0.10
Expired	-	-	<u>(12,745,000)</u>	0.13
Outstanding and exercisable, end of period	<u>2,335,000</u>	0.10	<u>1,345,000</u>	0.10
<u>Warrants to be issued</u>				
Granted	<u>10,000</u>	0.10	-	-
Balance at the end	<u>2,345,000</u>	0.10	<u>1,345,000</u>	0.10

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13- SHARE PURCHASE OPTIONS AND WARRANTS (continued)

Warrants (suite)

During the nine-month period ended March 31, 2019, the Company issued warrants to investors through private placements. The weighted average fair value of the warrants of \$0.015 (\$0.0145 as at June 30, 2018) was determined using the Black-Scholes options pricing model and based on the following weighted average assumptions:

	March 31,	June 30,
	2019	2018
Average share price at date of grant	\$0.065	\$0.065
Expected dividends yield	-	-
Expected weighted volatility	66%	62%
Average risk-free interest rate	1.81%	1.77%
Expected average life	2 years	2 years
Average exercise price	\$0.10	\$0.10

The underlying expected volatility was determined by reference to historical data of the Company 's shares over the expected average life of the share purchase options granted. No special features inherent to the warrants were incorporated into measurement of fair value.

The following tables summarize the information related to the warrants.

Outstanding as at March 31, 2019	Exercise price	Expiry Date
	\$	
1,345,000	0.10	December 2019
<u>990,000</u>	0.10	December 2020
<u>2,335,000</u>		
<u>To be issued</u> 10,000	0.10	December 2020
<u>2,345,000</u>		

Outstanding as at June 30, 2018	Exercise price	Expiry Date
	\$	
<u>1,345,000</u>	0.10	December 2019
<u>1,345,000</u>		

Warrants to intermediaries

Changes in Company intermediaries' warrants were as follows:

	March 31,		June 30,	
	2019		2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, beginning of period	261,694	0.10	-	-
Granted	<u>380,768</u>	0.10	<u>261,694</u>	0.10
Outstanding and exercisable, end of period	<u>642,462</u>	0.10	<u>261,694</u>	0.10

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13- SHARE PURCHASE OPTIONS AND WARRANTS (continued)

Warrants to intermediaries (continued)

During the nine-month period ended March 31, 2019, the Company issued warrants to intermediaries through private placements. The weighted average fair value of the warrants of \$0.0129 (\$0.0157 as at June 30, 2018) was determined using the Black-Scholes options pricing model and based on the following weighted average assumptions:

	March 31, 2019	June 30, 2018
Average share price at date of grant	\$0.07	\$0.065
Expected dividends yield	-	-
Expected weighted volatility	76%	66%
Average risk-free interest rate	1.91%	1.66%
Expected average life	1 year	2 years
Average exercise price	\$0.10	\$0.10

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the warrants granted. No special features inherent to the warrants were incorporated into measurement of fair value.

The total fair value of the units issued to intermediaries of \$4,900 was accounted for as share issued expenses in deficit and credited to contributed surplus.

The following table summarizes the information related to intermediaries' warrants.

Outstanding as at March 31, 2019	Exercise price	Expiry Date
	\$	
<u>642,462</u>	0.10	December 2019
Outstanding as at June 30, 2018	Exercise price	Expiry Date
	\$	
<u>261,694</u>	0.10	December 2019

14- CONTINGENT LIABILITIES

- a) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company is committed to take all the necessary measures for this purpose. Refusal of certain expenses by tax authorities would have negative tax consequences for the Company or for the investors. In the past, the Company has respected all its obligations under the flow-through share agreements signed. During the reporting period ended March 31, 2019, the Company received \$718,487 following flow-through placements for which the Company renounced tax deductions to investors as at December 31, 2018. Management is required to fulfil its commitments within the stipulated deadline of one year from this date.

As at March 31, 2019 the product of unspent funding related to flow-through financings totals \$718,487 to be spend before December 31, 2019.

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15- COMMITMENTS

- a) In relation with the Sleeping Giant mine rehabilitation and restoration plan of 2013 (« the 2013 plan »), the Company was required to make guarantee payments to the Ministry of Energy and Natural Resources (« the Ministry ») according to the following schedule: \$671,121 by August 17, 2016 and two other payments of \$335,638 were required for August 17, 2017 and 2018. The 2013 plan estimated the restoration costs at \$5,370,214. To date an amount of \$4,027,817 has been paid to the Ministry. A new rehabilitation and restoration plan (“the new plan”) was prepared by a consultant and submitted to the Ministry in October 2018. The new plan is presently under review. The restoration costs of the new plan are estimated at \$3,625,865 (See note 11). The Elder mine tailings are basic and will be used to cover the Sleeping Giant mine tailings this will reduce considerably the future restoration costs of the mine site. If the new plan is accepted, the Company won’t have to disburse any additional amount.
- b) In January 2015, the Company, Auramet International LLC and Royal Canadian Mint signed an agreement by which all Company’s precious metals refined by the Royal Canadian Mint shall be transferred to Auramet International LLC, in relation to their sale process. This agreement will end upon the first of the following occurrences: the expiry or termination of the refining agreement with Royal Canadian Mint or receipt by Royal Canadian Mint of a written notification of termination of this agreement from Auramet International LLC. Presently, this agreement is still in force.

16- RELATED PARTY TRANSACTIONS

Key Management

Key management personnel of the Company are members of the Board, as well as the President and the Chief Financial Officer.

Key management remuneration is as follows:

	2019		2018	
	3 months \$	9 months \$	3 months \$	9 months \$
Salaries and payroll charges	29,858	83,269	-	-
Share-based compensation	-	32,000	-	-
Total remuneration	29,858	115,269	-	-

Other related party transactions

In addition to the amounts listed above in the remuneration to key management, following are the related party transactions for the six-month period ended March 31, 2019:

- Transactions with a company controlled by the Chief Executive Officer and President of the Company
 - Consulting fees amounting to \$292,074 (\$277,214 as at March 31, 2018) of which \$44,499 (\$28,565 as at March 31, 2018) was capitalised to exploration and evaluation expenses and \$29,665 to property, plant and equipment (\$44,609 as at March 31, 2018) and \$199,366 (\$204,074 as at March 31, 2018) was expensed to operating mining costs and \$18,544 (\$19,086 as at March 31, 2018) to charges.
 - Payments of a royalty of \$335,468 (2% NSR on the Elder property which was acquired from « Canuc Resources Company » in 2001) (210 581 \$ as at March 31, 2018).
- Professional fees and disbursements of \$26,075 (\$20,768 as at March 31, 2018) have been paid to the Corporate Secretary of which \$12,150 (\$5,300 as at March 31, 2018) was recorded in professional fees, \$6,182 (\$1,834 as at March 31, 2018) in shareholders and investor relations and \$7,743 (\$13,634 as at March 31, 2018) in share issue expenses..

As at March 31, 2019, the balance due to related parties amounted to \$213,195 (\$215,676 in 2018). These transactions are measured at the value of the consideration paid or received, which was established and agreed by the related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash.