



**MONARCH GOLD CORPORATION**

**ANNUAL INFORMATION FORM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**September 24, 2019**

## TABLE OF CONTENTS

1.	PRELIMINARY COMMENTS AND FORWARD-LOOKING STATEMENTS.....	4
2.	CORPORATE STRUCTURE.....	4
2.1	NAME, ADDRESS AND INCORPORATION.....	4
2.2	INTERCORPORATE RELATIONSHIP.....	4
3.	GENERAL DEVELOPMENT OF THE BUSINESS.....	5
3.1	2020 GENERAL TRENDS.....	5
3.2	THREE-YEAR HISTORY.....	7
4.	DESCRIPTION OF THE BUSINESS.....	14
4.1	GENERAL.....	14
4.2	DESCRIPTION OF THE MINING PROPERTIES.....	15
4.3	MATERIAL MINING PROPERTIES.....	17
4.4	OTHER MINING PROPERTIES.....	84
4.5	OTHER ASPECTS OF THE BUSINESS.....	108
4.6	EMPLOYEES.....	109
4.7	RISK FACTORS.....	109
5.	DIVIDENDS AND DIVIDENDS POLICY.....	122
6.	GENERAL DESCRIPTION OF THE CAPITAL STRUCTURE.....	122
6.1	COMMON SHARES.....	122
6.2	WARRANTS.....	123
6.3	COMPENSATION OPTIONS.....	123
6.4	STOCK OPTIONS ISSUED UNDER THE STOCK OPTION PLAN.....	124
7.	MARKET FOR SECURITIES.....	124
7.1	MARKET.....	124
7.2	TRADING PRICE AND VOLUME.....	125
8.	ESCROWED SECURITIES.....	125
9.	DIRECTORS AND OFFICERS.....	126
9.1	NAME, OCCUPATION AND SECURITIES HELD.....	126
9.2	CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS.....	129
10.	AUDIT COMMITTEE.....	130
10.1	THE CHARTER OF THE AUDIT COMMITTEE.....	130
10.2	COMPOSITION OF THE AUDIT COMMITTEE.....	130
10.3	RELEVANT EDUCATION AND EXPERIENCE.....	130
10.4	AUDIT COMMITTEE OVERSIGHT.....	130
10.5	PRE-APPROVAL POLICIES AND PROCEDURES.....	130
10.6	EXTERNAL AUDITOR SERVICE FEES.....	130
11.	LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	131
12.	TRANSFER AGENT AND REGISTRAR.....	131

13.	INTERESTS OF EXPERTS .....	131
14.	MATERIAL CONTRACTS .....	132
15.	ADDITIONAL INFORMATION .....	132
	SCHEDULE A: CHARTER OF THE AUDIT COMMITTEE OF THE BOARD.....	I

## **1. PRELIMINARY COMMENTS AND FORWARD-LOOKING STATEMENTS**

*The information in this Annual Information Form is dated as at June 30, 2019, unless indicated otherwise. All dollar amounts in this Annual Information Form refer to Canadian dollars, unless otherwise indicated.*

*This Annual Information Form may contain or incorporate by reference forward-looking statements about the objectives and strategies of Monarch Gold Corporation (the “**Corporation**”) as well as management's expectations regarding its future growth, financial position and results of operations and the Corporation's activities. These statements are forward-looking because they are based on assumptions about future economic conditions and courses of action that will be undertaken by the Corporation. These statements are subject to a number of risks and uncertainties (please refer to section “**Risk Factors**”) which may cause actual results to differ materially from those contemplated by the forward-looking statements. The Corporation believes that the expectations reflected in these forward-looking statements are reasonable. However, there is no guarantee that the Corporation's expectations in this regard will prove to be accurate and the reader must not unduly depend on them. The forward-looking statements are made on the date of this Annual Information Form and, except if the applicable legislation requires it, the Corporation has no intention of updating them nor does it assume the responsibility to do so.*

## **2. CORPORATE STRUCTURE**

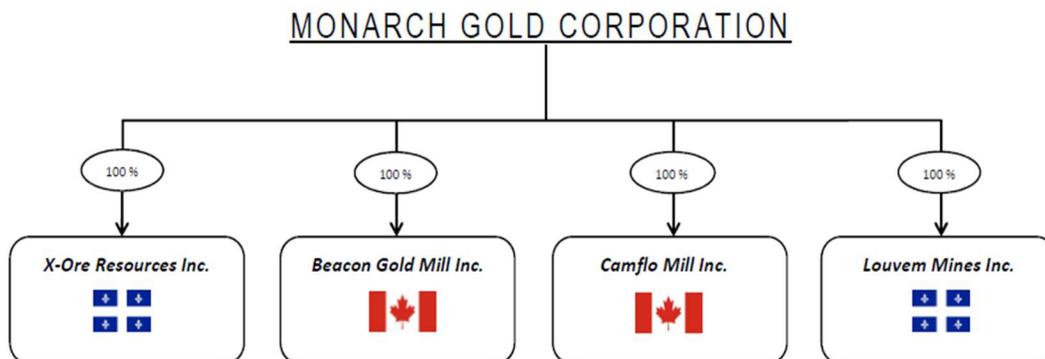
### **2.1 Name, Address and Incorporation**

The Corporation was incorporated under the *Canada Business Corporations Act* (the “**CBCA**”) by articles of incorporation on February 16, 2011 under the name “Monarques Resources Inc.” and its French version “Ressources Monarques Inc.”. On November 22, 2011, the Corporation filed articles of amendment to allow the directors of the Corporation to appoint one or more additional directors in accordance with the provisions of subsection 106(8) of the CBCA. On January 12, 2015, the Corporation changed its name for “Monarques Gold Corporation” and its French version for “Corporation Aurifère Monarques”. On January 18, 2019, the Corporation changed the English version of its name for “Monarch Gold Corporation”. Its French version remains “Corporation Aurifère Monarques”.

The Corporation's head and registered offices are located at 68 avenue de la Gare, Suite 205, Saint-Sauveur, Québec J0R 1R0.

### **2.2 Intercorporate Relationship**

The following corporate chart is a list of the subsidiaries of the Corporation as of the date of this Annual Information Form, indicating their jurisdiction of incorporation. All the shares of such subsidiaries are held directly by the Corporation.



### **3. GENERAL DEVELOPMENT OF THE BUSINESS**

The Corporation is an emerging gold mining company focused on pursuing growth through its large portfolio of quality projects in the Abitibi mining camp, in Québec, Canada. The Corporation currently owns close to 300 km<sup>2</sup> of gold properties, including the Beaufor Mine (the “**Beaufor Mine**”); the Croinor Gold Property (the “**Croinor Property**”), the Wasamac Property (the “**Wasamac Property**”), the McKenzie Break Property (the “**McKenzie Property**”), the Swanson Property (the “**Swanson Property**”) and the Fayolle Property (the “**Fayolle Property**”) advanced projects; and several promising exploration projects such as the Simcar Property (the “**Simcar Property**”) and the Monique Property (the “**Monique Property**”). See Section “*Description of the Business*” for further details.

#### **3.1 2020 General Trends**

##### ***Croinor Gold Project***

In 2018 the Corporation performed exploration work on the Croinor Property which focused on the expansion and infilling of the Croinor Gold deposit. The Corporation reported the last assay results of such work on February 4, 2019. In the short term, the Corporation intends to raise money through partnerships or other transactions to bring its fully permitted Croinor Property into production.

##### ***Wasamac Project***

The fiscal year ended June 30, 2019 was marked with the filing of the feasibility study of the Corporation’s flagship Wasamac project on December 3, 2018, on SEDAR ([www.sedar.com](http://www.sedar.com)), thereby accomplishing an important step in the development of this project.

Regarding the Wasamac project, the Corporation is taking a different approach than the project’s previous owner. The Corporation’s strategy is, as described in the project’s feasibility study, to harness the latest technology and to use a top-down rather than a bottom-up mining method in its attempt to put the Wasamac deposit into production at the best possible cost. Furthermore, the Corporation plans to use twin ramps and the Rail-Veyor system underground to haul the mineralized material on the surface of a property, acquired for the mill facility, located close to the Wasamac project, which will eliminate the hefty capital expenditures associated with building a shaft. The Rail-Veyor system is a promising new technology currently in use at several sites, including Agnico Eagle Mines Limited’s Goldex project in Val-d’Or.

The feasibility study of the Wasamac project includes the assessment, design, engineering and costing for the mine, the processing plant, the tailings management facility and all the related services and infrastructure required to develop and mine the Wasamac deposit. The study assumes a production rate of 6,000 tonnes per day. In addition, the land acquired for the mill facility provides major advantages as it lies alongside the Ontario Northland railway track, on the other side of the Trans-Canada Highway, farther away from the local communities. Finally, the Corporation is keeping open the option of custom milling the ore from the Wasamac project at one of the sites identified by BBA Inc.'s previous study.

Looking forward, the Corporation's intention is to continue to advance its Wasamac project in regard to permitting and increasing its value through partnerships and other transactions.

### ***Beaufor Mine***

The fiscal year ended June 30, 2019, was also marked by the temporary suspension of mining operations at the Beaufor Mine in Val-d'Or, Québec, which was put into care and maintenance as of June 27, 2019.

Given the current environment, the Corporation intends to allocate its capital investment primary to identifying new exploration targets at the Beaufor Mine and, through partnerships or other transactions, initiate a drilling program for the most promising targets. If a drilling program proves to be successful and gold prices are favorable, the Corporation may decide to resume production.

### ***Camflo Mill***

On July 10, 2019, the custom milling operations at the Camflo Mill in Malartic, Québec, were suspended and maintenance work was undertaken to ensure that the mill will be ready to restart its operations and receive the ore of the Corporation's properties once they go into production. The mill could also resume its activities if the needs of a potential client justify it.

### ***McKenzie Break***

The McKenzie Break 2018 drilling program delivered positive results, expanding the size of the McKenzie Break deposit and confirming the deposit's high-grade potential. The purpose of the 13,945-metre drilling program was to explore below the known lenses and on the periphery of the multi-vein Green and Orange zones. The program enabled to establish that the deposit remains open to the west, east, north and at depth and continues to hold excellent high-grade gold potential. The next resource estimate has the potential to expand the underground deposit by 250 metres to the east, 100 metres to the north and 50 metres to the west.

Considering the results of the 2018 drill program, which delivered beyond its expectations, the Corporation initiated a follow-up drilling program for McKenzie Break on September 10, 2019. The drilling program will focus on the most promising targets identified during the previous one. The Corporation intends to increase the property's value by way of further exploration work.

### ***Fayolle project***

On August 20, 2019, the Corporation announced the closing of the acquisition of an aggregate 100% interest in the Fayolle Property, which consists of 39 mineral claims covering 1,373 hectares (14 km<sup>2</sup>) in Aiguebelle and Cléricy townships, approximately 35 km northeast of Rouyn-Noranda, Québec.

In 2019, a 586-metre diamond drilling program was completed on the Fayolle deposit. The 14-hole program was designed to drill infill holes in the centre of the deposit and around the known limits of the mineralization. The results of the drilling program, reported on September 5, 2019, confirmed the property's high-grade potential near the surface.

A new mineral resource estimate, announced on September 9, 2019, reported 405,600 tonnes of pit-contained Indicated resources at an average grade of 5.42 g/t Au for a total of 70,630 ounces of gold and 300,800 tonnes of underground Indicated resources at an average grade of 4.17 g/t Au for a total of 40,380 ounces of gold.

Further to such positive results, the Corporation intends to continue developing and increasing the value of the Fayolle Property.

### ***Other Projects***

As regards to its other projects, the Corporation intends to increase their value by way of further exploration work, including drilling.

### ***Market Opportunities***

The Corporation also intends to stay abreast of market opportunities (acquisitions, partnership, financings and other transactions).

### ***Capital Allocation***

In accordance with the Corporation's disciplined and prudent capital allocation strategy, capital expenditures may be deferred, in whole or in part, subject to available funds.

## **3.2 Three-Year History**

The events described below have influenced the general development of the business of the Corporation during the last three fiscal years of the Corporation ended June 30, 2019, 2018 and 2017, and up to the date of this Annual Information Form.

### **3.2.1 Fiscal year ended June 30, 2019 and up to the date of this Annual Information Form**

On September 17, 2019, the Corporation announced the start of a new diamond drilling program on its McKenzie Property.

On September 10, 2019, the Corporation announced the results of a new mineral resource estimate for its Fayolle gold project, located 35 kilometres north east of Rouyn-Noranda, near its Camflo mill. The estimate showed a pit-constrained Indicated resource of 405,600 tonnes at an average grade of 5.42 g/t Au for a total of 70,630 ounces of gold, and an underground Indicated resource of 300,800 tonnes at an average grade of 4.17 g/t Au for a total of 40,380 ounces. The NI 43-101 technical report relating to the 2019 mineral resource estimate will be delivered and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) within 45 days after the September 10, 2019 press release.

On September 5, 2019, the Corporation reported the assay results from the 2019 diamond drilling program at its acquired, wholly owned Fayolle gold project located 35 kilometres north east of Rouyn-Noranda, near

its Camflo mill. A total of 586 metres were drilled in 14 holes. The purpose of the program was to drill infill holes in the centre of the deposit and around the known limits of the mineralization.

On September 3, 2019, the Corporation announced the results of a new mineral resource estimate for its Monique Property (the “**Monique Property**”) located near Val-d’Or, Quebec. The estimate showed a pit constrained Inferred resource of 307,000 ounces, and an underground Inferred resource of 354,400 ounces, for a total of 661,400 ounces of gold. Probe Metals Inc. (“**Probe**”) (TSXV: PRB) may earn a 60% interest in the Monique Property by spending an aggregate of \$2,000,000 on exploration before January 2021. The NI 43-101 technical report will be delivered and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) within 45 days after the September 3, 2019 press release.

On August 27, 2019, the Corporation provided new results from Probe 2019 drill program on the Monique Property. Results from eighteen (18) drill holes, totaling 5,357 metres, were received and indicated new discoveries south and southwest of the A and B gold zones. Probe is now preparing for the 2020 drill program to follow-up on the recent discoveries.

On August 20, 2019, the Corporation announced the closing of the acquisition of an aggregate 100% interest in the Fayolle Property from Hecla Quebec Inc. (“**Hecla**”) (NYSE: HL), formerly known as Aurizon Mines Ltd., and Typhoon Exploration Inc. (“**Typhoon**”) (TSXV: TYP). The transaction provides for the issuance of 12 million shares to Hecla and 3.4 million shares to Typhoon in exchange. The Corporation has also paid Typhoon an amount of \$500,000 and will pay an additional \$500,000 in five months and \$150,000 in 12 months from the date of the transaction. The shares issued to Hecla and Typhoon are subject to restrictions on their transfer for periods of up to 24 months.

On July 25, 2019, the Corporation sold its portfolio of net smelter return (“**NSR**”) royalties on the Chimo property to Chalice Gold Mines (Québec) inc. (“**Chalice Gold Québec**”) for a cash payment of \$350,000. The Corporation held a portfolio of NSR royalties ranging from 0.50% to 2.50% on the Chimo property (owned by Chalice Gold Québec), which surrounds the Chimo Mine property.

On June 19, 2019, the Corporation announced that its wholly-owned subsidiary Louvem Mines Inc. had sold a 2% NSR royalty on certain claims of the Chimo Mine property to Cartier Resources Inc. (TSXV: ECR) in consideration of a cash payment of \$350,000.

On June 18, 2019, the Corporation announced the signature of binding letters of intent for the acquisition of an aggregate 100% interest in the Fayolle property from Hecla and Typhoon. Under the terms of the binding letters of intent, (i) in consideration of Hecla’s 50% interest, the Corporation will issue 12 million common shares at an agreed price of \$0.25 per share; and (ii) in consideration of Typhoon’s 50% interest, the Corporation will pay \$1.15 million and issue 3.4 million shares at an agreed price of \$0.25 per share.

On June 10, 2019, the Corporation announced that it had been awarded the 2018 F. J. O’Connell trophy in the “Underground Operations – Less than 400,000 hours worked” category for the Beaufor Mine by the Québec Mining Association. The F. J. O’Connell trophy is awarded annually in recognition of the efforts in accident prevention during the year by members of the association. The criteria for the award of the trophy take into account improvements in a company’s safety record and its record compared to the average for all members of the Québec Mining Association.

On May 9, 2019, the Corporation acquired a block of 6.5 million shares of Unigold Inc. (TSXV: UGD) from an investor at an agreed price of \$0.115 per share, for a total of \$747,500, payable by the issuance of 3.25 million common shares of the Corporation at an agreed price of \$0.23 per share.

On March 29, 2019, the Corporation reported that it had sold its Pandora royalty to Agnico Eagle Mines Limited (“**Agnico**”) (NYSE: AEM, TSX: AEM) in consideration of a \$800,000 reduction in its payments to Agnico for the McKenzie Break and Swanson properties acquired in December 2017.

In February and March 2019, the Corporation reported on the three sets of assay results from its 2018 diamond drilling program at its wholly owned McKenzie Property located 25 kilometres north of Val-d’Or, near the Corporation’s Camflo and Beacon mills. Drilling started on September 13, 2018. The first set of assay results notably returned 61.20 g/t Au over 2.6 metres, including 265.00 g/t Au over 0.6 metres. The second set of assay results notably returned 24.40 g/t Au over 2.0 metres, including 93.80 g/t Au over 0.5 metres. The third and last set of assay results notably returned 12.60 g/t Au over 1.35 metres, including 55.90 g/t Au over 0.3 metres.

On February 4, 2019, the Corporation reported the last assay results from the additional drilling at its wholly owned Croinor Property 50 kilometres east of Val-d’Or, Québec, which notably returned 17.26 g/t Au over 1.95 metres, including 50.10 g/t Au over 0.6 metres. The initial 20,000-metre program started in March 2018 and focused on the expansion and infilling of the Croinor Gold deposit. The program was completed in early September 2018 with a total of 19,935 metres of core drilled in 89 holes. The results obtained from the initial program warranted the drilling of an additional 8,300 metres, of which 6,645 metres were completed before the winter freeze.

On November 15, 2018, the Corporation announced its graduation to the Toronto Stock Exchange (“**TSX**”) pursuant to which all of its issued and outstanding common shares commenced trading on the TSX. As a result, the common shares of the Corporation were concurrently delisted from the TSX Venture Exchange (“**TSXV**”). Listing on the TSX was an important milestone for the Corporation, as it expands its shareholder base to a larger pool of institutional investors.

On October 23, 2018, the Corporation provided new results from its partner’s, Probe, 2018 drilling program on the Monique property, located near Val-d’Or, Quebec. Results from 14 drill holes, totalling 4,783 metres, showed significant new discoveries northwest of the former Monique open-pit gold mine and southwest of the A and B gold zones.

On October 5, 2018, the Corporation announced that it acquired a 2% NSR on the Chimo-Boyd claims in exchange for the issuance of 170,000 common shares at a price of \$0.28 per share and a cash payment of \$8,400.

On August 30, 2018, the Corporation announced that production activities at the Beaufor Mine would be temporarily suspended as of December 14, 2018. As a result, the mine’s workforce would be cut to around ten employees assigned to care and maintenance of the mine and its facilities.

On August 14, 2018, the Corporation announced that it has repaid the US \$4 million senior secured gold loan borrowed from Auramet International LLC.

### **Issuances for Cash Consideration**

In April 2019, the Corporation announced the closing of a non-brokered private placement of an aggregate of 6,060,606 flow-through shares (“**FT Shares**”) at a price of \$0.33 per FT Share, for total gross proceeds of \$2 million.

On December 13, 2018, the Corporation announced the closing of a non-brokered private placement of an aggregate of 3,029,606 FT Shares at a price of \$0.33 per FT Share, for aggregate gross proceeds of \$999,769.98.

### **Mining Rights – Transfer and Acquisition**

On December 18, 2018, the Corporation reported that it had consolidated its position around its Wasamac Property through an exchange of mineral claims with Globex Mining Enterprises Inc. (“**Globex**”). The transaction has enabled the Corporation to extend the eastern part of the Wasamac Property by 16 additional claims and the western part of the property by an additional claim adjacent to the land acquired in the summer of 2018, where the proposed mining facilities will be located. The transaction also extends the Corporation’s McKenzie Property by adding a claim adjacent to that property and includes an agreement to store the old Wasamac drill core on Globex's Francoeur property for a period of two years. In return, Globex receives 63 mining claims acquired by the Corporation during the transaction with Richmond Mines Inc. (“**Richmont**”).

On September 10, 2018, the Corporation announced that it has sold its 30% interest in the Chimo property to Chalice Gold Mines Limited (“**Chalice**”) (ASX: CHN; TSX: CXN) in consideration of 3 million fully-paid ordinary Chalice shares and a NSR royalty of 0.5-1.5% (0.5% on the claims with pre-existing royalties and 1.5% on all other claims).

### **Technical Reports**

On December 3, 2018, the Corporation filed on SEDAR ([www.sedar.com](http://www.sedar.com)) a technical report entitled *NI 43-101 Technical Report, Feasibility Study of the Wasamac Project, Rouyn-Noranda, Québec, Canada*, effective as of December 1, 2018, issued on December 3, 2018. This technical report was prepared by Carl Caumartin, P. Eng., Alain Dorval, P. Eng., John Henning, P. Eng., Richard Jundis, P. Eng., Luciano Piciacchia, P. Eng. and Tudorel Ciuculescu, P. Geo. See Section “*Description of the Business – Wasamac Property*” for further details.

On August 3, 2018, the Corporation filed on SEDAR a technical report entitled *NI 43-101 Technical Report and Maiden Mineral Resource Estimate for the Swanson Project, Abitibi, Quebec* effective as of June 20, 2018, issued on August 3, 2018. This technical report was prepared by Christine Beausoleil, P. Geo., and Alain Carrier, M. Sc., P. Geo. See Section “*Description of the Business – Swanson Property*” for further details.

On July 19, 2018, the Corporation filed on SEDAR a technical report entitled *NI 43-101 Technical Evaluation Report on the McKenzie Break Project* effective as of April 17, 2018, issued on July 12, 2018. This technical report was prepared by Alain-Jean Beauregard, P. Geo., Daniel Gaudreault, Eng., and Christian D’Amours, P. Geo. See Section “*Description of the Business – McKenzie Break Property*” for further details.

### **3.2.2 Fiscal year ended June 30, 2018**

On June 20, 2018, the Corporation reported the results of a mineral resource estimate for its Swanson gold project 65 kilometres north of the Corporation’s wholly-owned Beacon Gold Mill (the “**Beacon Mill**”).

On June 14, 2018, the Corporation reported the results of a mineral resource estimate for its McKenzie Break gold project 35 km north of Val-d’Or, Québec.

On May 31, 2018, the Corporation announced that it had retained BBA Inc. to conduct a feasibility study on its Wasamac gold project. The new feasibility study will be based on an upgraded measured and indicated resource of 2,587,900 ounces of gold.

On May 17, 2018, the Corporation announced that it intends to start up its Beacon Mill in Val-d'Or.

On December 7, 2017, Camflo Mill Inc. entered into a custom milling contract with Nottaway Ressources Inc. to process ore from the Vezza Mine at the Camflo Mill. The contract covered at least 15,000 tonnes of ore per month, for at least 180,000 tonnes in 2018.

On November 14, 2017, the Corporation entered into a custom milling contract with Wallbridge Mining Company Limited (TSX: WM, FWB: WC7) to process 35,000 tonnes of ore from the Fenelon Gold property, located 75 kilometres west-northwest of Matagami, Québec, at the Corporations' Camflo Mill.

On October 26, 2017, the Corporation announced that it has poured its first gold bar from the Beaufor Mine ore since acquiring the mine on October 2, 2017. The gold bar weighs 756 ounces (23.5 kg).

On October 10, 2017, the Corporation entered into a custom milling contract with Eldorado Gold Corporation (TSX: ELD, NYSE: EGO) to process ore from the Lamaque gold mine, located east of Val-d'Or, Québec. The contract provided for the process of 50,000 to 55,000 tonnes of ore from the Lamaque mine ore at the Camflo Mill until December 31, 2017.

### **Technical Reports**

On March 23, 2018, the Corporation filed on SEDAR a technical report entitled *NI43-101 Updated Prefeasibility Study for the Croinor Gold Property* effective as of January 19, 2018, issued on March 22, 2018. This technical report was prepared by Carl Pelletier, P. Geo., Karine Brousseau, Eng., Laurent Roy, Eng., Denis Gourde, Eng., Guillaume Noël, Eng., Éric Poirier, Eng. and Stephan Bergeron, P. Geo. CEA. See Section “*Description of the Business – Croinor Property*” for further details.

On December 28, 2017, the Corporation filed on SEDAR a technical report entitled *NI43-101 Technical Report on the Mineral Resource and Mineral Reserve estimates of the Beaufor Mine* effective as of September 30, 2017 and issued on December 28, 2017. This technical report was prepared by Carl Pelletier, P. Geo., Laurent Roy, Eng., Catherine Jalbert, P. Geo., Guillaume Noël, Eng., Geneviève Auger, Eng. and Gail Amyot, Eng. See Section “*Description of the Business – Beaufor Mine*” for further details.

On October 26, 2017, the Corporation filed on SEDAR a technical report entitled *NI43-101 Technical Report on the Wasamac Project* issued on October 25, 2017. This technical report was prepared by Tudorel Ciuculescu, M.Sc., P.Geo. See Section “*Description of the Business – Wasamac Property*” for further details.

### **Issuances for Cash Consideration**

On March 12, 2018, the Corporation closed a non-brokered private placement of units with the Government of Québec, through the Capital Mines Hydrocarbures fund managed by Ressources Québec, pursuant to which the Corporation has issued 12,820,513 units priced at \$0.39 per unit for total gross proceeds of \$5 million. Each unit consists of one common share of the Corporation and one half of a purchase warrant. Each full warrant entitles its holder to purchase one common share of the Corporation at a price of \$0.45 per common share for a 36-month period following the closing date of the private placement.

On December 7, 2017, the Corporation closed a second tranche of a non-brokered private placement of an aggregate of 4,853,333 flow-through shares at a price of \$0.375 per share, for aggregate gross proceeds of \$1,819,999. The aggregate gross proceeds of the offering will be used by the Corporation to incur exploration expenses on its mining properties located in the province of Québec.

On November 17, 2017, the Corporation closed a non-brokered private placement of an aggregate of 4,130,700 flow-through shares at a price of \$0.375 per share, for aggregate gross proceeds of \$1,549,013. The aggregate gross proceeds of the offering will be used by the Corporation to incur exploration expenses on its mining properties located in the province of Québec.

### **Issuances or Payments for Mining Rights Acquisitions**

On December 21, 2017, the Corporation entered into an agreement with Agnico to acquire the McKenzie Property (nine mineral claims covering a total area of 336.3 hectares) and Swanson Property (one mineral lease and 129 claims covering a total area of 5,111 hectares), which both host gold deposits near the Beacon Mill and the Camflo Mill. The McKenzie Property hosts a high-grade gold deposit that lies just 40 kilometres north of the Beacon Mill and 25 kilometres north of Val-d'Or, Québec. The Swanson Property hosts a gold deposit located 65 kilometres from the Beacon Mill and 12 kilometres northeast of Barraute, Québec. The Corporation has acquired the McKenzie Property and the Swanson Property by paying Agnico a total of \$4.6 million, including \$1.6 million payable in cash and \$3 million payable in common shares of the Corporation over a four-year period following the signature of the agreement. Concurrent with this transaction, the Corporation bought back a 1.5% net smelter return royalty on the McKenzie Property in exchange for US\$50,000 in cash and 600,000 common shares of the Corporation.

On October 2, 2017, the Corporation acquired all the mining assets of Richmond in Québec in exchange for the issuance of 34,633,203 common shares of the Corporation to Richmond. The assets acquired consist of all of Richmond's mineral claims, mining leases and mining concessions, including the Beaufor Mine, the Chimo properties, the Monique Mine and the Wasamac Property and all the issued and outstanding shares of Camflo Mill Inc., as well as all mills, buildings, structures, equipment, inventory and property. On the same date, the Corporation also closed the following related transactions: i) a non-brokered private placement of 18,643,573 subscription receipts priced at \$0.35 each for gross proceeds of \$6,525,251; at the closing of the transaction, the receipts were exchanged for 18,643,573 common shares of the Corporation, ii) a senior secured gold loan agreement with Auramet International LLC providing the Corporation with access to a US\$4 million credit facility; the loan will be repaid in 12 installments of 287 ounces of gold commencing on October 31, 2017, and expiring on September 30, 2018 inclusive and the loan is guaranteed by the Corporation's subsidiaries, namely X-Ore Resources Inc., Beacon Gold Mill Inc. and Camflo Mill Inc. and iii) the transaction with Probe relating to the sale of the Corporation's full interest in the Courvan Property in consideration for a cash payment of \$400,000.

### **3.2.3 Fiscal Year ended June 30, 2017**

On February 14, 2017, the Corporation announced it had retained the services of InnovExplo Inc. ("InnovExplo"), to update the prefeasibility study and technical report for the Croinor Property.

On October 19, 2016, the Corporation announced that it had staked 52 new mining claims covering an additional 30 km<sup>2</sup> at the Croinor Property.

On July 20, 2016, the Corporation received an initial \$684,375 from the *Ministère de l'Énergie et des Ressources Naturelles* (“**MERN**”), enabling it to start work on the engineering design for the 25 kV power transmission line at the Croinor Property.

### **Issuances for Cash Consideration**

On March 8, 2017, the Corporation closed a bought deal private placement through a syndicate of underwriters led by Laurentian Bank Securities Inc. and including Canaccord Genuity Corp. (together the “**Underwriters**”) for aggregate gross proceeds of \$5,100,000 (the “**March 2017 Private Placement**”). Pursuant to the March 2017 Private Placement, the Corporation issued a total of 4,000,000 units, at a price of \$0.45 per unit, and 5,000,000 common shares issued as flow-through shares, at a price of \$0.66 per flow-through share. The Underwriters also exercised part of their over-allotment option and acquire an additional 38,000 flow-through shares for additional gross proceeds of \$25,080 and an additional 34,522 units for additional gross proceeds of \$15,534.90. Including the proceeds from the exercise of the over-allotment option, the total gross proceeds of the March 2017 Private Placement were \$5,140,614.90, with a total of 4,034,522 units and 5,038,000 flow-through shares being issued. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder thereof to purchase one common share, at a price of \$0.60 per common share, until March 9, 2020. In consideration for the services rendered in connection with the March 2017 Private Placement, the Underwriters received a cash commission of \$278,663.05. As additional consideration, the Corporation also issued to the Underwriters 453,626 compensation warrants. Each compensation warrant is exercisable to acquire one common share, at an exercise price of \$0.50, at any time in whole or in part until March 9, 2020.

On December 16 and December 23, 2016, the Corporation closed two tranches of a non-brokered private placement for aggregate gross proceeds of \$1,533,745.50. Pursuant to these two placements, a total of 4,382,130 common shares were issued as flow-through shares, at a price of \$0.35 per flow-through share. In connection with the first tranche of this private placement, the Corporation paid to Laurentian Bank Securities Inc., acting as finder, in consideration for its services rendered, an aggregate cash commission of \$81,680 and granted an aggregate number of 233,370 compensation options which entitle its holder thereof to subscribe for an aggregate number 233,370 common shares, at a price of \$0.35 per common share, until June 16, 2018. In connection with the second tranche of this private placement, the Corporation paid each of Canaccord Genuity Corp. and Red Cloud Klondike Strike Inc., acting as finders, in consideration for their services, a cash commission of \$12,040 (for an aggregate of \$24,080) and 34,400 compensation options (for an aggregate of 68,800 compensation options) which entitle each of its holder thereof to subscribe for an aggregate number 34,400 common shares, at a price of \$0.35 per common share, until June 23, 2018.

On July 27, 2016, the Corporation reported that it had received as of July 19, 2016 an aggregate of \$1,057,578.28 from the exercise of warrants and options, in consideration of which it has issued 7,054,817 common shares to the warrant and option holders since April 1<sup>st</sup>, 2016.

On July 7, 2016, the Corporation closed a brokered private placement through PearTree Securities Inc., for aggregate gross proceeds of \$2,082,499. Pursuant to this private placement, the Corporation issued a total of 4,083,333 flow-through units, at a price of \$0.51 per flow-through unit. Each flow-through unit is comprised of one common share and one warrant. Each warrant entitles its holder to purchase one common share at a price of \$0.51 per common share, until July 7, 2019. The Corporation did not pay any commission in connection with this private placement.

## Issuances or Payments for Mining Rights Acquisitions

On February 22, 2017, X-Ore Resources Inc. (“**X-Ore**”) entered into a royalty purchase agreement (the “**Royalty Purchase Agreement**”) and a royalty agreement with Osisko Gold Royalties Ltd (“**Osisko**”) pursuant to which X-Ore agreed to grant in favour of Osisko a 0.75% NSR royalty on the entire Croinor Gold Property in consideration of an aggregate cash payment of \$250,000. Concurrently with the execution of the Royalty Purchase Agreement, Osisko agreed to subscribe for 1,111,111 units of the Corporation, at a price of \$0.45 per unit, for a total consideration of \$500,000. On March 8, 2017, those units were subscribed by Osisko, each of which being comprised of one common share and one warrant. Each warrant entitles the holder thereof to subscribe for one common share, at a price of \$0.60 per common share, within 36 months from the closing date.

On October 31, 2016, Beacon Gold Mill Inc. entered into an asset purchase agreement with 9265-9911 Québec Inc. pursuant to which Beacon Gold Mill Inc. acquired the Beacon Gold property (the “**Beacon Property**”) which consists of a metallurgical processing plant, tailings management ponds, underground installations, a 500-metre deep shaft, a mechanical shop and all mineral rights attached to the transaction, namely one mining concession, one mining lease and 11 mineral claims totaling 180 hectares.

The acquisition was made in consideration of the payment of \$1,000,000 in cash, a balance payable in cash of US\$2,415,600 and the issuance of 3,740,550 common shares of the Corporation, as follows: i) \$1,000,000 cash and 2,431,650 common shares of the Corporation on closing of the transaction; and ii) US\$402,600 payable in cash at the 30th, 36th, 42th, 48th, 54th and 60th month following closing of the transaction (the “**Deferred Payments**”). The Corporation also issued 1,308,900 common shares in July 2016. The Deferred Payments will bear interest at a rate of 10% per annum and will be calculated semi-annually. In order to secure the payment of the Deferred Payments and the interest thereof, costs and accessories, Beacon Gold Mill Inc. granted a first ranking immovable and movable hypothec in favour of 9265-9911 Québec Inc. to the extent of an amount of \$5,000,000 on the Beacon Property.

On February 21, 2017, the Corporation entered into a sale and purchase agreement with the estate of F.D. Corcoran and David E. Agar (the “**Beneficiaries**”) to purchase back a 0.75% NSR royalty on its Croinor Property which corresponds to 50% of the existing royalty granted to the Beneficiaries pursuant to the Existing Royalty Agreement. The aggregate price of the transaction comprised the payment of a sum of \$300,000 and the issuance of 444,444 common shares of the Corporation at a deemed price of \$0.45 per common share. The Existing Royalty Agreement provided for a 1.5% royalty (0.75% to each beneficiary) on part of the Croinor Property.

## 4. DESCRIPTION OF THE BUSINESS

### 4.1 General

#### 4.1.1 The Corporation

The Corporation is an emerging gold mining company whose projects and assets are located in the Province of Québec, Canada. The Corporation has currently no mine in operation and is focused on continuing its expansion through its large portfolio of quality projects in the Abitibi mining camp, in Québec, Canada. The Corporation currently owns close to 300 km<sup>2</sup> of gold properties, including the Beaufor Mine, the Croinor Property, the Wasamac Property, the McKenzie Property, the Swanson Property and the Fayolle Property advanced projects; the Camflo and Beacon Mills; as well as a number of exploration projects. The Corporation also offers custom milling services out of its 1,600 tonne-per-day Camflo Mill.

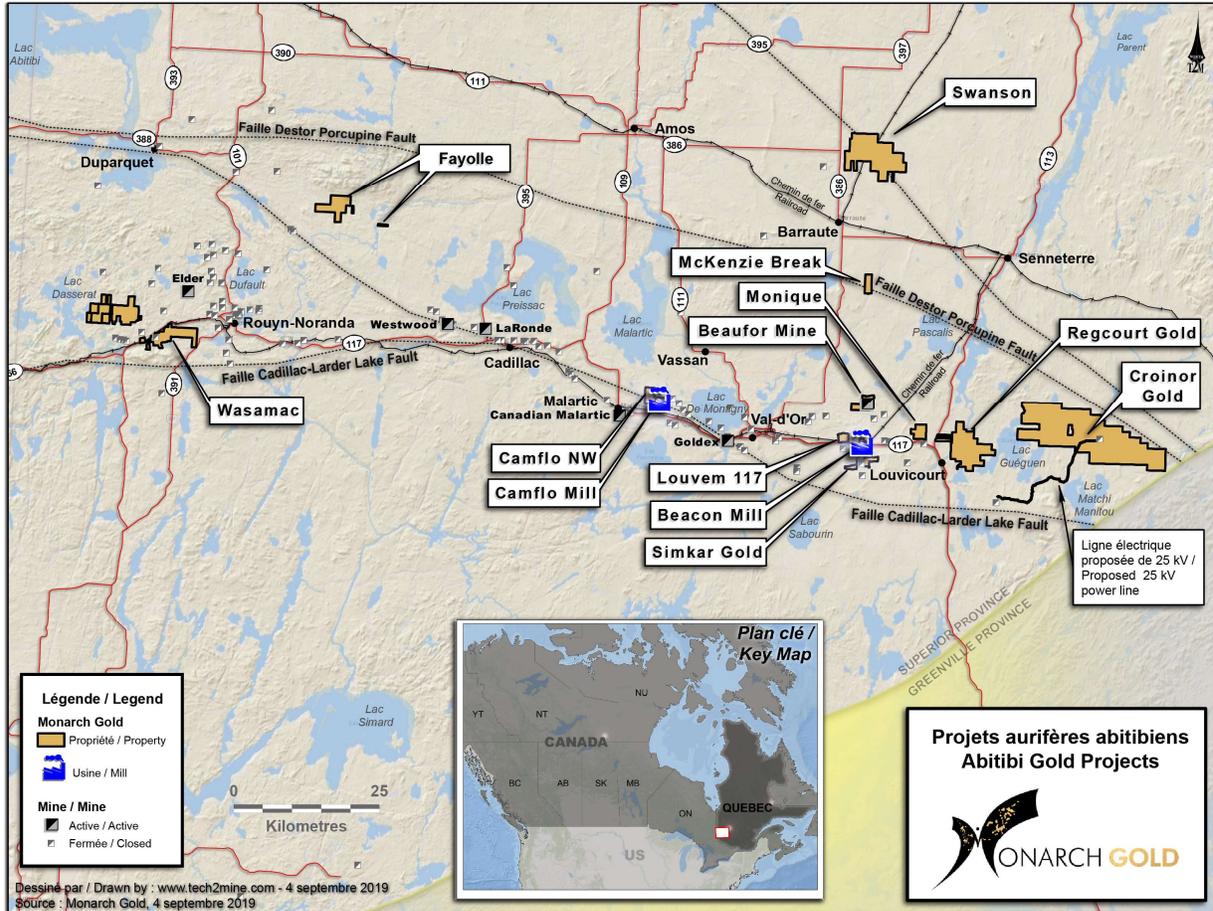
## 4.2 Description of the Mining Properties

As of the date of this Annual Information Form, the most significant properties of the Corporation and its subsidiaries are as follows:

### Mining Properties

Entity	Properties	Mining concessions			Area (ha)	Mining Lease			Area (ha)	Number of claims	Rights (%)
		Number	Date of Registration	Expiry Date		Number	Date of Registration	Expiry Date			
Monarch Gold Corporation	Mine Beaufor	CM-280PTA	1936-05-09	None	112,91	None	N/A	N/A	N/A	23	100%
		None	N/A	N/A	N/A	BM-858	2003-03-12	2023-03-11	21,83		
			N/A	N/A	N/A	BM-1018	2013-09-17	2033-09-16	32,62		
			N/A	N/A	N/A	BM-750	1986-06-03	2026-06-02	37,5		
	Fayolle	None	N/A	N/A	N/A	None	N/A	N/A	N/A	39	100%
	McKenzie Break	None	N/A	N/A	N/A	None	N/A	N/A	N/A	10	100%
	Monique	None	N/A	N/A	N/A	BM-1012	2012-02-14	2032-02-13	99,41	21	100%
	Simkar	CM-340	1946-03-08	None	184,92	None	N/A	N/A	N/A	15	100%
		CM-348	1946-09-18	None	40,57		N/A	N/A			100%
	Swanson	None	N/A	N/A	N/A	BM-885	2011-07-20	2031-07-19	93,01	127	100%
	Wasamac	CM-349	1946-11-20	None	306,02	None	N/A	N/A	N/A	30	100%
		CM-364	1948-01-13	None	349,65		N/A	N/A			100%
		CM-370	1948-11-26	None	101,98		N/A	N/A			100%
Camflo Mill Inc	Camflo Mill	CM-522	1966-03-07	None	31,65	None	N/A	N/A	N/A	22	100%
X-Ore Resources Inc.	Croinor	None	N/A	N/A	N/A	BM-862	2004-07-06	2024-07-05	89,72	334	100%
Beacon Gold Mill Inc.	Beacon Gold Mill	CM—356PTB	1947-08-12	None	92,65	None	N/A	N/A	N/A	11	100%

Figure: Map of properties



## 4.3 Material Mining Properties

### 4.3.1 Croinor Property, Val-d'Or, Québec, Canada

Unless stated otherwise, the following description of the Croinor Property has been summarized from the NI 43-101 compliant technical report entitled “*NI43-101 Updated Prefeasibility Study for the Croinor Gold Property*” (the “**Croinor Technical Report**”), prepared for the Corporation by Carl Pelletier, P. Geo., Karine Brousseau, Eng., Laurent Roy, Eng., Denis Gourde, Eng. and Guillaume Noël, Eng., each of them from InnovExplo (Val-d'Or, Québec), Éric Poirier, Eng. From WSP Canada Inc. (Val-d'Or, Québec) and Stephan Bergeron, P. Geo. CEA from Amec Foster Wheeler Environment & Infrastructure (Dorval, Québec) (collectively, the “**Authors of the Croinor Technical Report**”) with an effective date on January 19, 2018 and issued on March 22, 2018. Each of the Authors of the Croinor Technical Report is a “qualified person” and “independent” of the Corporation within the meaning of NI 43-101 and is qualified in its entirety with reference to the full text of the Croinor Technical Report. The below summary is subject to all the assumptions, conditions and qualifications set forth in the Croinor Technical Report. The Croinor Technical Report was prepared in accordance with NI 43-101 and for additional technical details, reference should be made to the complete text of the Croinor Technical Report which was filed with the applicable regulatory authorities and posted on SEDAR at [www.sedar.com](http://www.sedar.com) on March 23, 2018. Defined terms and abbreviations used in this section 4.3.1 and not otherwise defined in this Annual Information Form have the meanings attributed to them in the Croinor Technical Report.

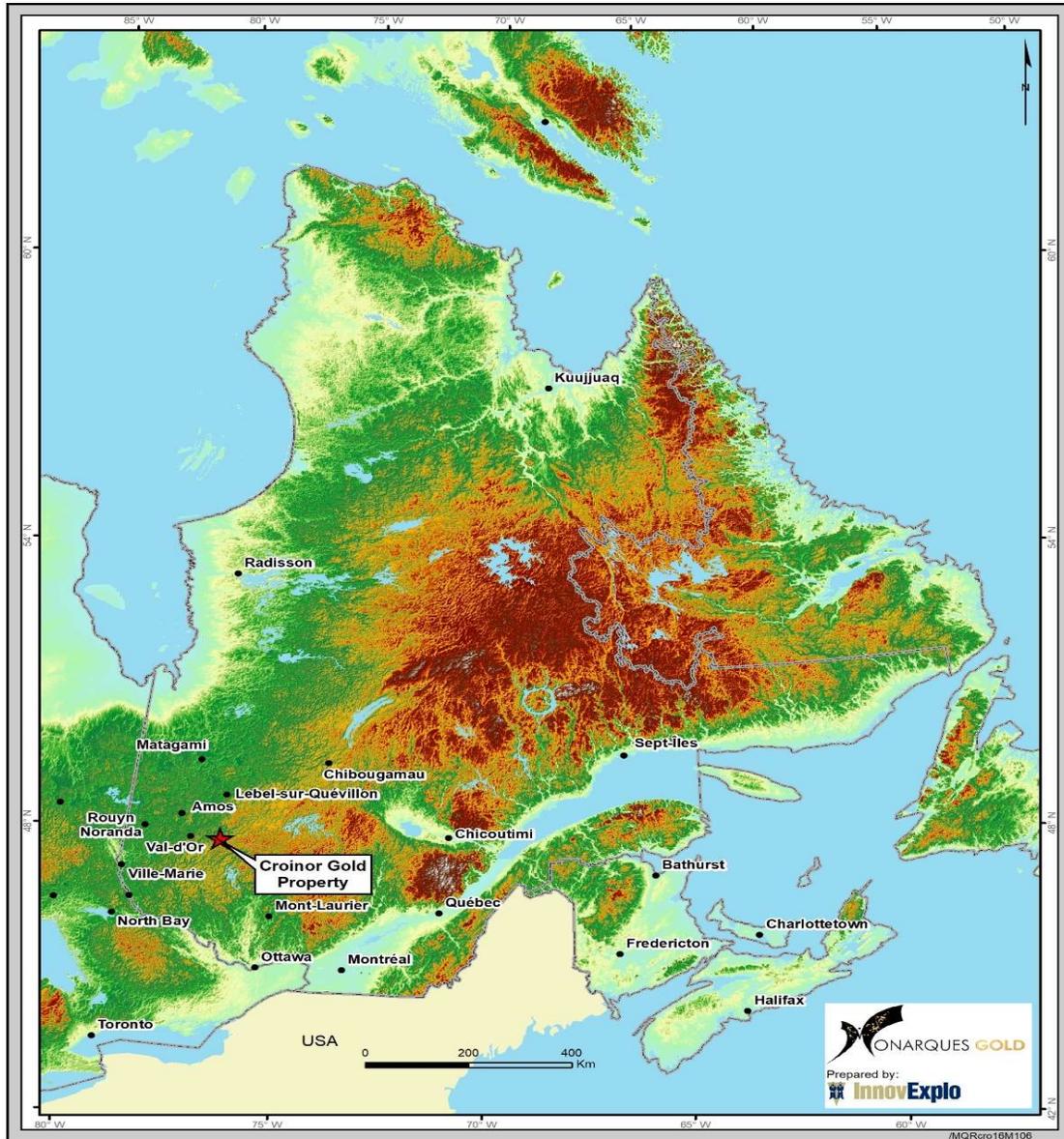
The Authors of the Croinor Technical Report have verified the disclosure below that has been summarized from the Croinor Technical Report and have consented to the use thereof in connection with the filling of the Corporation’s 2018 Annual Information Form dated October 24, 2018.

The Corporation has determined that the Croinor Property is one of its material properties considering that it is fully permitted and that the Corporation intends to, within the short term, raise money through partnerships or other transactions to bring the Croinor Property into production.

#### **PROJECT DESCRIPTION, LOCATION AND ACCESS**

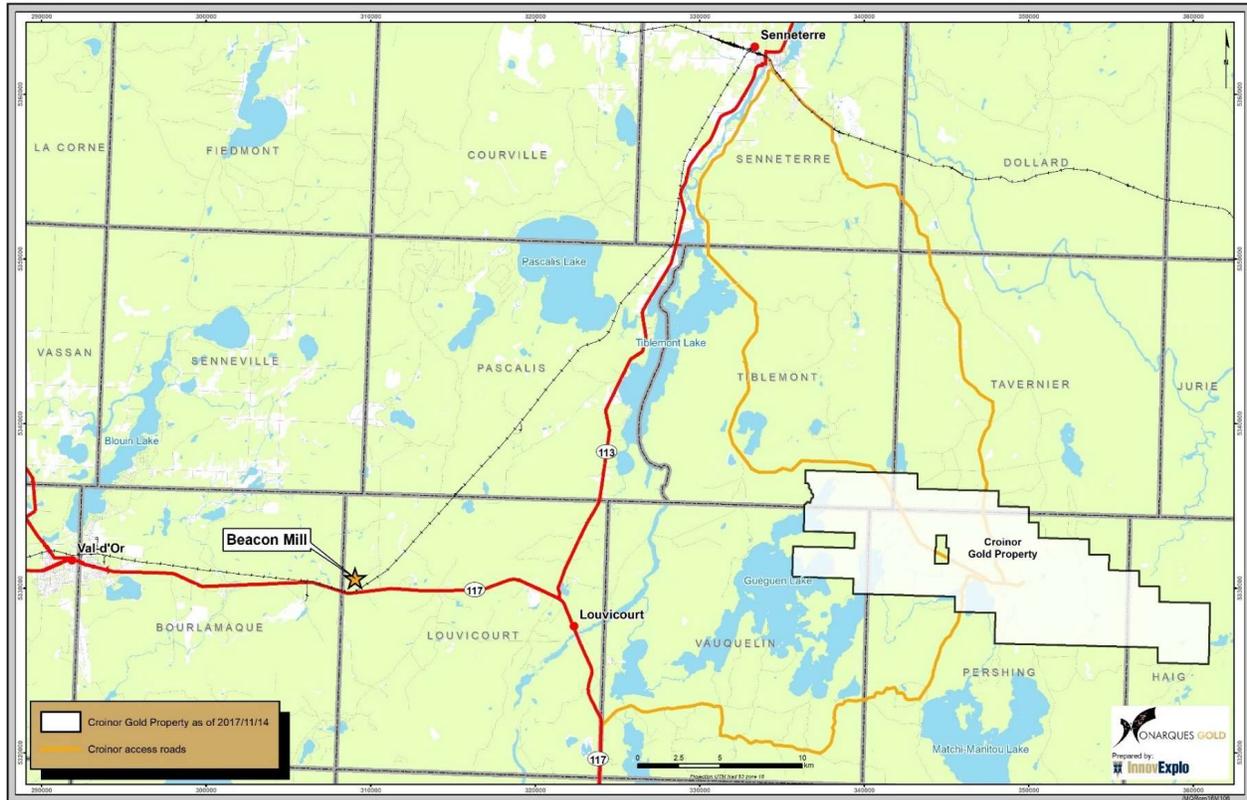
The Croinor Property is located in the Abitibi region, approximately 57 km east of the city of Val-d'Or (about 75 km by road), in the province of Québec, Canada. The approximate coordinates of the geographic centre of the Croinor Property are 77°01'20"W and 48°06'35"N (UTM coordinates: 349530E and 5330425N, NAD 83, Zone 18).

*Figure: Location of the Croinor Property*



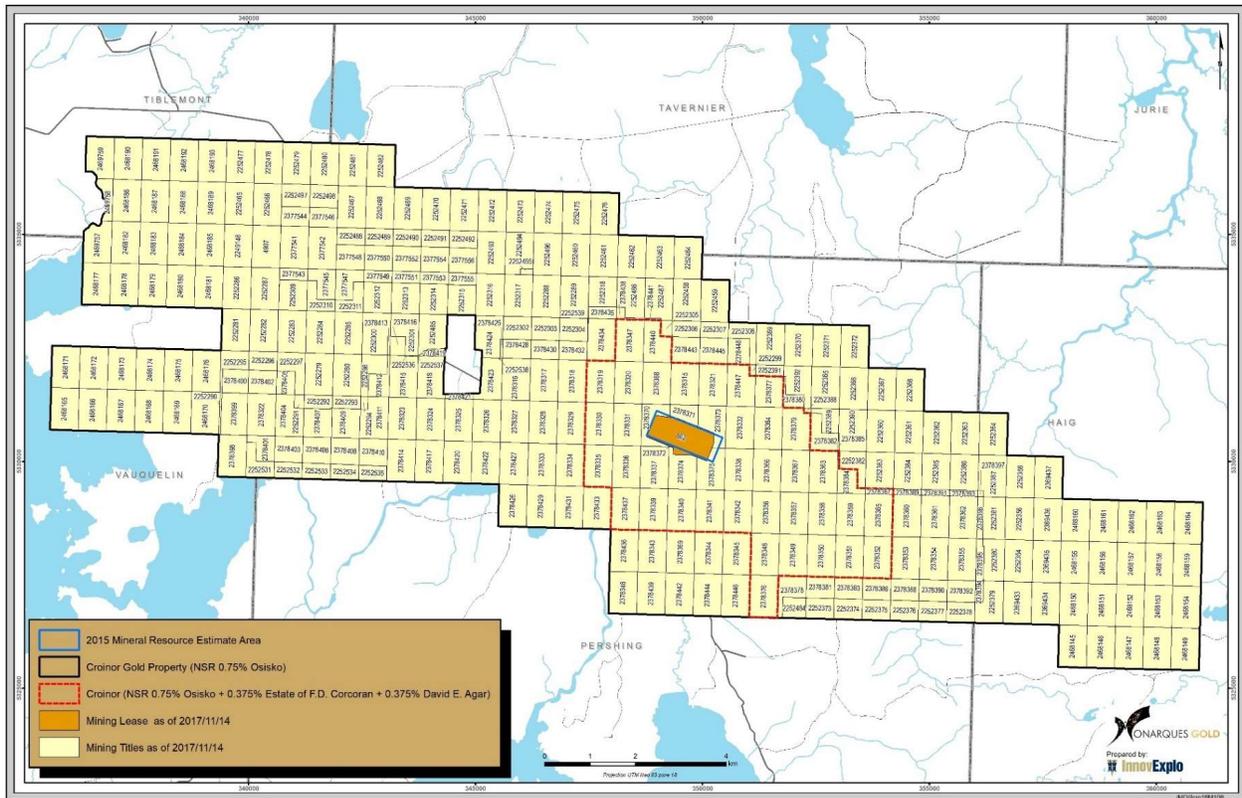
The nearest community is Louvicourt, 27 km west of the Croinor Property. From Val-d'Or, access is afforded by the paved Trans-Canada Highway (Route 117) from the village of Louvicourt. Then, at the intersection of St-Felix River and highway 117, approximately 8 km south of Louvicourt, the St-Felix – Croinor gravel road leads north over a distance of 25 km to Lake Blanchin where it crosses the southern property limit. The Croinor Property can also be accessed from the north (town of Senneterre) by heading south on either of two gravel forestry roads (C-100 road or Senneterre-Croinor road).

*Figure: Topography and accessibility of the Croinor Gold Property*



The current Croinor Property consists of one contiguous block of 334 claims staked by electronic map designation (“**map-designated cells**”) and one mining lease covering an aggregate area of 15,060.75 ha. The claims and mining lease are registered 100% in the name of X-Ore. The Corporation owns 99.99% of X-Ore’s shares. All mining titles are in good standing according to the GESTIM database.

**FIGURE: Claim Map of the Croinor Gold Property**



On February 23, 2017, X-Ore, a wholly owned subsidiary of the Corporation, entered into a royalty purchase agreement and a royalty agreement with Osisko. X-Ore entered into a purchase and sale agreement with the estate of F.D Corcoran and David E. Agar (the “**beneficiaries**”) to purchase back the 0.75% NSR royalty on 45 claims and the one mining lease, corresponding to 50% of the existing royalty to the beneficiaries pursuant to the agreement of February 28, 2014. X-Ore also agreed to grant Osisko a royalty of 0.75% NSR royalty on the entire Croinor Property in consideration of an aggregate cash payment of \$250,000. Additionally, Osisko would subscribe for 1,111,111 units of the issuer (the “**units**”) at a price of \$0.45 per unit for a total consideration of \$500,000. Each unit consisted of one common share in the capital of the issuer and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.60 within 36 months from the closing date.

As a result of the foregoing, an aggregate of 1.5% NSR royalty still applies to 45 mining claims and the one mining lease on the Croinor Property. There are no underlying agreements or encumbrances related to the current Croinor Property other than the above-mentioned royalties.

## HISTORY

Pershing Township has been explored since the early 1930s. The Croinor Property deposit was discovered around 1944, probably by a prospector named Fred Thompson. Several companies subsequently conducted exploration on and around the Croinor Property deposit. Several showings have been discovered over the years in the area around the Croinor Property deposit that now belongs to the Croinor Gold Property. These mineral occurrences are listed and described in the SIGEOM database.

### Summary of previous work on Croinor Property deposit area

Year	Company	Work	Results	References
1944-48	Midd Pershing Mines Ltd; Croinor Pershing Mines Ltd	11,215 m of U/G drilling 5,587 m of surface drilling Sinking of 195 m shaft 2,019 m of drifting and cross-cutting 189 m of raising Preliminary metallurgical test	Historical reserve estimate <sup>1</sup> (mine staff): 438,178 t @ 6.86 g/t Au (U/G) Historical reserve estimate <sup>1</sup> (James and Buffam, 1948): 107,050 t @ 7.54 g/t Au (U/G)	Ingham, 1948a; James and Buffam, 1948; Gaudreau et al., 1988
1949-69	Croinor Pershing Mines Ltd Midd-Pershing Mines Ltd Camflo Mattagami Mines Ltd Anaconda American Brass Ltd F. Corcoran and D. Agar Abigold Mines Inc.	Diamond drilling Geophysical surveys Trenching Sampling	No significant result	Schaaf and Brown, 1974; Gaudreau et al., 1988
1971-72	F. Corcoran and D. Agar	Geophysical surveys	9,979 t @ 3.7 g/t Au from ore dump (1944-1948) were milled with a recovery of 95% Historical potential ore estimate <sup>1</sup> (Middleton, 1973): 680,400 t @ 8.91 g/t Au (U/G)	Middleton, 1973; Schaaf and Brown, 1974; Gaudreau et al., 1988
1973-1976	Abigold Mines Inc.	Geophysical surveys Geological mapping Trenching Sampling	Historical indicated mineral inventory <sup>(1)</sup> (Schaaf and Brown, 1974): 259,650 t @ 8.01 g/t Au (U/G) Historical "indicated mineral inventory" (Brown, 1976): 308,729 t @ 7.89 g/t Au (U/G)	Schaaf and Brown, 1974; Brown, 1975; 1976; Gaudreau et al., 1988

Year	Company	Work	Results	References
1979-82	Harbinson Group	17,511 m of surface drilling Rehabilitation of the shaft Decline ramp to level 125 (395 m) U/G sampling	Historical reserve estimate <sup>1</sup> (Latulippe, 1982): 830,000 t @ 8.22 g/t Au (U/G)	Hill, Goettler, Delaporte Ltd, 1982; Latulippe, 1982; Gaudreau et al., 1988
1983-86	Sullivan Mines Inc. Dominion Explorers Ltd	5,196.5 m of U/G drilling 11,775.2 m of surface drilling Dewatering of shaft 128.3 m of raising Mapping and sampling Stripping	U/G bulk sample of 1,562 t @ 6.17 g/t Au Historical reserve estimate <sup>1</sup> (Dominion): 856,205 t @ 7.85 g/t Au (U/G) Historical resource estimate <sup>1</sup> (Sullivan): 386,600 t @ 7.85 g/t Au (U/G)	Duhaime, 1986; Depatie, 1983; Veilleux (1984); Gaudreau et al., 1988
1987-89	Cambior Inc. Dominion Explorers Ltd	10,472 m of surface drilling Trenching, mapping and channelling Metallurgical tests	Extended depth of mineralized zone Historical reserve estimate <sup>1</sup> (Bérubé, 1988): 479,422 t @ 6.51 g/t Au (U/G)	Bérubé, 1988; Gobeil, 1989b
1996-97	Goldust Mines Ltd	Bulk sampling (OP) of 55,000 t	Bulk sample of 55,150 t @ 2.94 g/t Au (5,332 oz) with a recovery of 97%	Annual Reports
1998-99	Explorations Malartic-Sud Inc. Huntington Exploration	Line cutting: 34 km 28.2 km of ground geophysics: Mag/VLF, 200 m spacing (east part of the deposit) 2,607 m of surface drilling	No significant result	Annual Reports; Imbeau, 1999;
2000	Explorations Malartic-Sud Inc. Huntington Exploration	Trenching between sections 500W and 900W Sampling Channelling 6,256 m of surface drilling	Geological 3D modelling	Annual Reports; Bourgoin and Gauthier, 2000
2001	Explorations Malartic-Sud Inc. Huntington Exploration	Trenching 5,341 m of surface drilling	Historical measured and indicated resources estimate <sup>(1)</sup> (Geostat, 2001): 2,471,000 t @ 3.18 g/t Au (OP)	Annual Reports; Press release of Jan. 16, 2001; Carrier, 2002.
2002	Explorations Malartic-Sud Inc. Huntington Exploration	Line cutting (176.3 km) Ground geophysics (IP) over 154.7 km 14,137 m of surface drilling	Historical measured and indicated resources estimate <sup>(1)</sup> (Geostat, 2002): 4,586,000 t @ 2.16 g/t Au (OP)	Annual Reports; Press release of Feb. 11, 2002; Chénard and Turcotte, 2003b; Bérubé, 2002

Year	Company	Work	Results	References
2003	Explorations Malartic-Sud Inc. Huntington Exploration	Trenching (11 sites = 5,720 m <sup>2</sup> ) 18,315 m of surface drilling Dewatering and surveying of Goldust pit Metallurgical tests on drill core Line cutting (56 km), IP survey (51.6 km), Mag survey (195 km) Geological prospecting Re-interpretation of metallogenic model and new geological model	Historical mineral resource inventory <sup>(1)</sup> : 2.5 Mt @ 3.46 g/t Au (OP) Bulk sample of 20,400 t @ 3.10 g/t Au (1,981 oz) with a recovery of 97.4%	Annual Reports; Saucier, 2003 Chénard and Turcotte, 2004
2004	Explorations Malartic-Sud Inc. Huntington Exploration	Geophysical surveys (IP and Mag) over western portion of property 7358 m of surface drilling Mining of the Centre pit	Milled ore from Centre pit: 30,760 t @ 2.2 g/t Au for 2,044 oz	Annual Reports; Marchand, 2004a; 2004b; Pelletier and Boudrias, 2005
2005-2006	Explorations Malartic-Sud Inc.	Mining of the West pit No work in 2006	Milled ore from West pit: 24,363 t @ 5.0 g/t Au for 3,834 oz Historical mineral resource estimate <sup>2</sup> : 620,218 t @ 10.37 g/t Au for 206,792 oz	Annual Reports; Pelletier and Boudrias, 2005
2007-2008	First Gold Inc. X-Ore Resources Inc.	16,482 m of surface drilling	Numerous significant gold grade intercepts	Annual Reports; O'Dowd, 2009
2009	First Gold Inc. X-Ore Resources Inc.	PEA on the Croinor Gold Property deposit	Historical mineral resource estimate <sup>(2)</sup> : 814,228 t @ 9.11 g/t Au @ 238,414 oz PEA using 2005 mineral resource estimate	Annual Reports; Chabot, 2009; O'Dowd, 2009
2010	Blue Note Mining Inc. First Gold Inc.	2,344 m of surface drilling Geophysical survey (3D hole-to-hole Resistivity/IP) PFS on the Croinor Gold Property deposit	PFS using 2009 mineral resource estimate Targets generated based on results of 3D IP survey	Annual Reports; Poirier et al. 2010; Perkins and Bérubé, 2010
2011	Blue Note Mining Inc. Critical Elements Corporation	13,046 m of surface drilling Revised PFS on the Croinor Gold Property deposit	Revised PFS using 2009 mineral resource estimate	Annual Reports; Poirier et al. 2011;
2012	Blue Note Mining Inc. Critical Elements Corporation	Updated PFS on the Croinor Gold Property deposit PEA that includes inferred resources potentially viable	Historical mineral resource estimate <sup>(2)</sup> : 680,100 tonnes @ 9.08 g/t Au for 198,700 oz (U/G)	Annual Reports; Poirier et al. 2012a; 2012b

Year	Company	Work	Results	References
		to mining was published in a second study	Updated PFS using new 2012 mineral resource estimate PEA using new 2012 mineral resource estimate	
2014	Monarques Resources Inc.	Updated PFS on the Croinor Gold Property	Updated PFS using 2012 mineral resource estimate and including changes in royalties, capital costs, operating costs and gold price	Poirier et al. 2014

(1): Prior to 2005, any “resources”, “reserves”, “mineral resource inventory”, “potential ore” or “indicated mineral inventory” or “measured and indicated resources” are historical in nature and should not be relied upon, and it is unlikely they would be compliant with current NI 43-101 criteria and CIM Standards on Mineral Resources and Reserves – Definition and Guidelines (“**CIM Definition Standards**”). They are included in this section for illustrative purposes only and should not be disclosed out of context.

(2): From 2005 to 2012, “mineral resources” are historical in nature and should not be relied upon. Although they are compliant with current NI 43-101 criteria and CIM Definition Standards, additional drilling results and geological information have become available, and assumptions used to determine cut-off grades are likely to have changed since the time of the estimate. Consequently, these “resources” cannot be considered as current. They are included in this section for illustrative purposes only and should not be disclosed out of context.

### Past production from the Croinor Property deposit

Production	Tonnage (t)	Recovery grade (g/t)	Recovered ounces (oz)
<b>Surface production</b>			
Goldust Ltd (1996-1997)	55,150	2.9	5,332
Bulk sampling (2003-2004)	20,400	3.1	1,981
Centre pit (2004)	30,760	2.2	2,044
West pit (2004-2005)	24,363	5.0	3,834
<b>Subtotal</b>	<b>130,673</b>	<b>3.2</b>	<b>13,391</b>
<b>Underground production</b>			
Croinor (1944-48) (milled in 1973)	9,979	3.7	1,187
Sullivan Mines Inc. (1983-86)	1,562	6.2	310
<b>Subtotal</b>	<b>11,541</b>	<b>4.0</b>	<b>1,497</b>
<b>Total</b>	<b>142,214</b>	<b>3.3</b>	<b>14,888</b>

## GEOLOGICAL SETTING, MINERALIZATION, AND DEPOSIT TYPES

### Geology and Mineralization

The Croinor Property is located in Pershing Township, 15 kilometres west of the Grenville Front and about 57 km east of the city of Val-d’Or, in the eastern portion of the Abitibi Greenstone Belt.

The Croinor Sill is located in the central part of the Croinor Property. It has a general attitude of N295° and dips north at 50°–65°. It ranges from 60 m to 120 m in thickness over a strike length of approximately 3 km. The sill, which hosts the gold mineralization in the Croinor Property deposit, can be observed on several outcrops and is intersected by numerous drill holes. Near the Croinor Property deposit, the sill is in direct contact with pyroclastic units. Elsewhere, the sill is in contact with fragmental volcanic rocks, and sometimes with massive volcanic rocks. Generally, the northern and southern contacts of the sill with the enclosing volcanic rocks are clearly observed by the sudden appearance or disappearance of pyroclastic fragments. The northern and southern contacts are generally foliated parallel to the regional S2 schistosity. They are strongly foliated to sheared in places, but practically undeformed in others.

Croinor Property deposit gold-rich lenses is made of quartz-carbonate-tourmaline-pyrite veins, altered pyritic host rock material, and/or tectonic breccia (pyritic host fragments within a quartz-carbonate-tourmaline-pyrite vein). These mineralized lenses are spatially controlled by reverse-oblique shear zones that crosscut and displaces both the lenses and its dioritic host. A hydrothermal alteration halo surrounds these structures. Zoning begins with an epidote-chlorite envelope that gradually changes into a chlorite-carbonate zone closer to the shear. Within the shear structure itself, the host rock has undergone extensive alteration characterized by a sericite-ankerite-pyrite assemblage. Several types of veins have been identified by previous authors including shear veins, brecciated quartz-tourmaline veins, quartz-tourmaline-carbonate veins, quartz-tourmaline veinlets, tourmaline veins, tension veins, and tectonic breccia. The veins consist of quartz, tourmaline and carbonates with minor amounts of pyrite, chalcopyrite and native gold.

#### *Shear veins*

Chénard and Turcotte (2004) noted that the shear veins are oriented parallel to shears and range from a few centimetres to several metres in thickness. These veins consist of quartz, tourmaline and carbonate with very little sulphides.

#### *Brecciated quartz-tourmaline veins*

Chénard and Turcotte (2004) described these veins to be metric to decimetric in thickness and composed of grey or milky white quartz with varying quantities of tourmaline veinlets and/or needles. They contain less than 20% altered and mineralized diorite fragments.

#### *Quartz-tourmaline-carbonate veins*

Chénard and Turcotte (2004) described these veins as ranging from 10 cm to 1 m in width. They are composed of white quartz, massive tourmaline and/or tourmaline veinlets and carbonates (calcite, ankerite). Tourmaline and carbonates are generally more abundant along vein wall rocks. The percentage of tourmaline is usually less than 35%.

#### *Quartz-tourmaline veinlets*

Chénard and Turcotte (2004) described the quartz veins to be millimetric to centimetric, whereas the tourmaline veinlets are usually millimetric. The density of these veins varies from 1% to 10%. Milky white quartz veinlets contain less than 1% tourmaline.

#### *Tourmaline veins*

Chénard and Turcotte (2004) noted that tourmaline veins are rarely observed. These veins are generally 1 m to 10 m thick. They consist of more than 80% massive tourmaline with less than 20% quartz.

### *Tension veins*

The only clue that can confirm the presence of tension veins is the fact that tourmaline and/or quartz grow perpendicular to the vein contacts. The veins are thin (less than 15 cm) and have a very short extension.

### *Tectonic breccia*

These tectonic breccias contain angular, leached and pyritized diorite fragments, similar to host rocks and ranging in size from 1 cm to 50 cm. Chénard and Turcotte (2004) characterized these breccias as the main gold-bearing structures within the Croinor Sill, where gold grades are the most consistent and may exceed 30 g/t Au in some cases.

## **Deposit Types**

### *Lode Gold Deposits*

The Croinor Property is characterized by the presence of epigenetic gold mineralization. Epigenetic gold deposits exhibit a number of common parameters: a) they are mainly controlled by structural elements; and b) host rocks are physically and chemically altered by metasomatism (Rocheleau et al., 1997). According to Rocheleau et al. (1997), even if all stratigraphic units in the region carry gold mineralization, a direct association is frequently observed with synvolcanic and pre-orogenic intrusions (QFPs, diorite sills and dykes, Bevcon granodiorite pluton). The structural parameters seem common to all these gold deposits. Mineralized zones are associated with shear zones, faults, stress fractures and/or tectonic breccias (Rocheleau et al., 1997). Ductile-brittle and brittle deformation appear to be dominant factors controlling gold mineralization, as is the case for many other deposits in the Abitibi Greenstone Belt (Colvine et al., 1988).

Lode gold deposits occur dominantly in terranes with an abundance of volcanic and clastic sedimentary rocks of low to medium metamorphic grade (Poulsen, 1996). Greenstone-hosted quartz-carbonate vein deposits are a subtype of lode gold deposits (Poulsen et al., 2000). They correspond to structurally controlled, complex epigenetic deposits hosted in deformed metamorphosed terranes (Dubé and Gosselin, 2007).

Greenstone-hosted quartz-carbonate vein deposits consist of simple to complex networks of gold-bearing, laminated quartz-carbonate fault-fill veins occurring in moderately to steeply dipping, compressional brittle-ductile shear zones and faults with locally associated shallowly dipping extensional veins and hydrothermal breccias. They are hosted in greenschist to locally amphibolite-grade metamorphic rocks of dominantly mafic composition and formed at intermediate depth in the crust (5 km–10 km). They are distributed along major compressional to transtensional crustal-scale fault zones in deformed greenstone terranes of all ages, but are more abundant and significant, in terms of total gold content, in Archean terranes. Greenstone-hosted quartz-carbonate veins are thought to represent a major component of the greenstone deposit clan (Dubé and Gosselin, 2007). They can coexist regionally with iron formation-hosted vein and disseminated deposits, as well as with turbidite-hosted quartz-carbonate vein deposits.

The main gangue minerals are quartz and carbonates with variable amounts of white micas, chlorite, scheelite and tourmaline. Sulphide minerals typically constitute less than 10% of the ore. The main ore minerals are native gold with pyrite, pyrrhotite and chalcopyrite without significant vertical zoning (Dubé and Gosselin, 2007).

## *Croinor Gold Deposit*

Using compiled previous data as well as new data from drilling program, Chénard and Turcotte (2004) presented an interpretation model highlighting the main controls on gold mineralization in the Croinor Sill. The main elements characterizing their metallogenic model are lithological, structural, mineralogical and metasomatic.

### **EXPLORATION**

In 2015, exploration work carried out by the issuer on the Croinor Property consisted of geophysical surveys planned through the SDEX “Field Action 2015” program and carried out by Abitibi Geophysics.

Between May and July 2015, two geophysical surveys were done on the Croinor Property. Based on the results of both surveys, nine exploration targets were generated to improve the exploration potential of the Croinor Property.

#### **IPower 3D® survey**

The primary objective of the IPower 3D® survey was to investigate the depth extensions (i.e., below 300 m) of the Croinor Sill to detect other possible gold lenses.

Note that no new drilling targets were identified within the Croinor Sill, but six targets were identified outside the Croinor Property deposit, with the same profile characteristics as the main gold deposit. These six new targets generated sufficient interest to warrant follow-up drill testing.

#### **OreVision® IP survey**

The OreVision® study followed up on the IPower 3D® survey results in an effort to locate any possible polarizable sources, ideally within a resistive environment and adjacent to a weak conductor; i.e., a shear zone and/or another relevant metallotect that could indicate the presence of a brittle fault near these anomalies.

Four of the five identified anomalies generated enough interest to warrant follow-up diamond drilling spot checks. Abitibi Geophysics noted in their report that the source of the fifth anomaly had already been surveyed.

#### **Other survey and sampling**

In 2016, a soil sampling survey was conducted on a limited area that had been targeted by the JAPOSAT satellite mapping interpretation of 2015, which covered the entire Property. Stripping and channel sampling was also conducted in 2016 in the vicinity of the Bug Lake showing.

### **DRILLING**

In 2015, the Corporation completed a three-phase exploration drilling program on the Croinor Property for a total of 16,404.5 m in 49 holes. The main goal of the 2015 program was to increase resources in the known zones, but also test a number of geophysical and geological anomalies, including some that had never been tested either at depth or on strike. Phase 1 consisted of 3,987 m in 13 holes (CR-15-420, CR-15-420B, CR15-421 to CR-15-431), reaching vertical depths of 250 to 350 m. Four of these were collared near historical hole CR-11-405, which had intersected three veins, the best of which returned 7.28 g/t over a core length of 2.6 m. The five other Phase 1 holes were drilled in the centre of the deposit, including one near historical hole CN-89-135, which had intersected 23.98 g/t over a core length of 2.76 m. Phase 1 succeeded

in demonstrating the extension of the Croinor Property deposit along strike and at depth. The identification of a 96-m-long gold-rich zone demonstrated the deposit's continuity at depth.

Phase 2 consisted of 8,971 m in 25 holes (CR-15-432, CR-15-432A, CR-15-433 to CR-15-455).

Phase 3 ended with 13 holes totalling 3,439.5 m. It was designed to test some promising historical exploration showings on the Croinor Property, outside the mining lease and the diorite sill of the Croinor Property deposit.

In 2016–2017, the Corporation completed an exploration drilling program on the Croinor Property. By the end of November 2017, a total of 25,322.6 m had been drilled in 107 holes. Of the 40 DDH drilled inside the resource estimate area (approx. 100 intersections to review), 21 would have had a positive impact on the resource estimate and 24 would have had a negative impact. This means the majority had a neutral impact as they cut similar grades and confirmed the location and thickness of the mineralized model.

## **SAMPLING, ANALYSIS AND DATA VERIFICATION**

### **Sample Preparation**

The drill core is boxed, covered and sealed at the drill rigs, and transported by the Corporation employees to the logging facility in Val-d'Or where the core is logged and sampled by the Corporation geologists. Core sample length varies from 0.5 m to 1.5 m. Within mineralized zones, core samples generally do not exceed 1 m. Each core sample is tagged with a unique number.

All quality control samples are prepared and bagged ahead of time by the Corporation personnel at the logging facility. An employee in the core shack places one half of the ticket from the core box into a bag with the sample and staples the other half in the box. One half of each quality control sample ticket is placed in the appropriate type of control sample bag, which were prepared beforehand. Five to seven samples are placed in a rice bag and the contents identified on the outside of the bag. The samples are generally shipped to the Techni-Lab S.G.B. Abitibi Inc. (“**Actlabs**”) sample preparation facility in Val-d'Or in batches of 20, 40 or 60 samples. Regardless of the number of samples per shipment to the laboratory, the sample preparation facility prepares a 20-sample batch composed of 18 regular samples plus one analytical blank and one certified material reference (CRM) standard provided by the Corporation.

At the request of the issuer, Actlabs assays one pulp replicate for every 20 samples. No field or coarse duplicates are assayed.

For the laboratory's internal QA/QC during the fusion process, four (4) additional QA/QC samples are added to every batch of 20 samples (one blank, two standards and one pulp duplicate), bringing the fusible batch to a total of 24. Using the maximum furnace charge of 24 samples ensures that the issuer's samples are not mixed with samples from other clients.

### **Fire Assay Sample Preparation and Analysis**

Once the samples are received at the Actlabs facility, they are sorted, bar-coded and logged into the Actlabs LIMS program. They are then placed in the sample drying room and dried at 60°C. Any samples received in a damaged state (i.e., punctured sample bag, loose core) are documented, including photographs, and the issuer is informed.

Samples are crushed to +80% passing 10 mesh and split using a Jones riffle splitter. A 250 g to 300 g split is pulverized to +80% passing 200 mesh. A pulp replicate is collected for every 20 samples of each work order during sample preparation. These are reported on the QA/QC portion of the report. Sieve tests are

performed on the crusher at the beginning of each day and on the pulp of the selected sample. If there is a failure, the samples are re-milled to ensure that they pass. Pulp samples are then sent for fire assay.

The basic procedure for fire assay involves mixing an aliquot of a 30 g powdered sample with soda ash (sodium carbonate), borax (sodium borate), litharge (PbO), flour (baking flour used to add carbon as a reductant), silica, and possible nitre (potassium nitrate). To this mixture, Ag as a collector can be added in solution or as a foil. The well mixed material is fired at temperatures ranging from 1100°C to 1200°C. As the lead and silver in the melt settle to the bottom of the crucible, they scavenge the gold from the melt. The lead button is cupelled at 950°C in a magnesia cupel. A tiny silver bead containing gold can be dissolved and analyzed by atomic absorption.

At the request of the issuer, any sample assaying >3 g/t Au was rerun with gravimetric finish, and any sample assaying >10 g/t Au was rerun with the metallic sieve method.

### **Gravimetric Finish**

The lead buttons from the fusion process contain all the gold from the samples as well as the silver that was added. The buttons are placed in a cupelling furnace at 950°C where all the lead is either volatilized or absorbed by the cupels. This generates a prill or doré bead for each sample consisting of the silver plus any gold present.

Once the cupels have cooled sufficiently, the bead from each is placed in a porcelain crucible and the silver is dissolved with dilute nitric acid at around 70°C. The remaining gold is washed, removing the silver solution from the crucible. The residual wash material is aspirated using a vacuum pump, then dried on a hot plate. The resulting gold flakes are annealed into a gold bead and weighed using a microbalance. A simple weight comparison is used to mathematically calculate the amount of gold in the sample.

### **Metallic Sieve**

A 250 g to 300 g split of crushed material (+80% passing 10 mesh) is pulverized using a ring and puck mill to ensure approximately 80%–85% passing 140 mesh. The material on top of the screen is referred to as the “plus” (+) fraction, and the material passing through the screen is the “minus” (-) fraction. The weights of both fractions are recorded.

The entire “plus” fraction is sent for fire assay determination, whereas two 30 g replicates of the “minus” fraction are taken for fire assay determination. The finish is gravimetric, AA or ICP-OES.

“Plus” and “minus” gold assay fractions, their weights, and the calculated “total gold” of the sample are included in every report. Upon request, individual gold assays may be reported for every fraction.

The calculation for “total gold” is as follows:

$$\text{Total gold (g/t)} = \frac{(\text{Au ("average minus") g/t} \times \text{Wt. "Minus"} \times 10^{-6} \text{ t/g}) + (\text{Au ("plus") g/t} \times \text{Wt. "Plus"} \times 10^{-6} \text{ t/g})}{(\text{Wt. ("minus")} \text{g} + \text{Wt. ("plus")} \text{g} \times 10^{-6} \text{ t/g})}$$

According to the issuer’s protocol, any sample containing visible gold was assayed by the metallic sieve method.

## Quality Control Results from the First and Second Drilling Programs

### *Blanks*

The field blank used for diamond drilling programs in 2015 was a crushed sample of gold-barren marble. One (1) field blank was inserted for every 20 field samples.

The issuer's quality control protocol stipulates that if any blank yields a gold value above 0.1 g/t Au (10x detection limit), all samples from the batch of 20 samples should be re-analyzed. To express "<0.01 g/t Au" numerically, a value of 0.005 g/t Au (half of the detection limit) was assigned.

A total of 100 blanks were assayed by Actlabs during the first and second drilling campaigns for holes CR-15-420 to CR-15-455. No blank failed the issuer's quality control procedure.

InnovExplo believes the results obtained for blanks during the first and second campaigns of the 2015 drilling program are reliable and valid.

### *Certified reference materials (standards)*

The issuer's quality control protocol stipulates that any standard that yields a gold value below or above three standard deviations is considered a fail. Only standards included with mineralized zone material should be re-analyzed. If there is no significant gold result within the batch of 20 samples, no re-assay is ordered.

A total of 109 standards were assayed by Actlabs during the first and second drilling campaigns. Only two standards did not pass the issuer's quality control procedure, which represents about 2%.

InnovExplo believes the results obtained for standards during the first and second drilling campaigns are reliable and valid.

### *Pulp Duplicates*

At the request of the Corporation, the laboratory assayed one pulp duplicate for every 20 samples. The precision of pulp duplicates can be used to determine the incremental loss of precision for the pulp pulverizing stage of the process, thereby establishing whether a given pulp size taken after pulverization is adequate enough to ensure representative fusing and analysis.

None of the 100 pulp duplicates during the first and second drilling campaigns of 2015 were considered a gross outlier. The results indicate an excellent reproducibility of gold values.

InnovExplo believes the results obtained for pulp duplicates during the first and second drilling campaigns are reliable and valid.

### *Conclusions*

A statistical analysis of the QA/QC data provided by the issuers did not identify any significant analytical issues. InnovExplo is of the opinion that the sample preparation, analysis, QA/QC and security protocols for the Croinor Property project follow generally accepted industry standards, and that the data is valid and of sufficient quality for mineral resource estimation.

## Quality Control Results for Holes CR-11 414 to CR-11-419

When the 2011 resource estimation was initiated, some results were still pending from the 2010–2011 drilling program carried out by former owner Blue Note Mining. The six holes in question (CR-11-414 to CR-11-419) were excluded from the 2011 resource database, which had a close-out date of November 1st, 2011.

InnovExplo was responsible for establishing the sample preparation, analysis and security protocols for the 2010-2011 drilling program conducted by Blue Note Mining. The QA/QC program followed the same protocols that had been implemented at the beginning of the 2010 drilling campaign with some revisions. This section presents the quality control results for the six excluded holes drilled in 2011.

### *Blanks*

The field blank used for the 2011 campaign was a crushed sample of gold-barren marble. One field blank was inserted for every 25 field samples.

Blue Note Mining's quality control protocol stipulates that if any blank yields a gold value above 0.1 g/t Au (10x detection limit), all samples from the batch of 20 samples should be re-analyzed.

A total of 16 blanks were assayed by Actlabs for holes CR-11-414 to CR-11-419. No blank failed Blue Note Mining's quality control procedure.

InnovExplo believes results obtained for blanks for holes CR-11-414 to CR-11-419 are reliable and valid.

### *Certified reference materials (standards)*

For the 2011 drilling campaign, one certified reference material (“CRM”) standard was inserted for every twenty-five (25) samples. The assigned grades for the three (3) different CRM standards used for the drilling campaign ranged from 0.976 g/t Au to 30.04 g/t Au.

The table below presents details on the CRMs used by Blue Note Mining for holes CR-11-414 to CR-11-419.

A total of 17 standards were assayed by Actlabs during this drilling program. All standards passed Blue Note Mining's quality control procedure, which represents results between  $\pm 3$  standard deviations or  $\pm 10\%$  (table below).

InnovExplo is of the opinion that the results obtained for standards from holes CR-11-414 to CR-11-419 are reliable and valid.

### *Conclusions*

A statistical analysis of the Blue Note Mining QA/QC data did not identify any significant analytical issues. InnovExplo believes the sample preparation, analysis, QA/QC and security protocols used for the Croinor Gold Property project follow generally accepted industry standards, and that the data is valid and of sufficient quality to be used for mineral resource estimation.

**Results for standards used by Blue Note Mining for the 2011 drilling program (holes CR-11-414 to CR-11-419)**

Standard (CRM)	Standard Supplier	Certified Gold Value (g/t)	Standard Deviation (SD)	Laboratory	Analytical Method	Amount of Results	Accuracy (%)	Precision (%)	Lower Process Limit (-3SD%)	Upper Process Limit (+3SD%)	Lower Process Limit (-10%)	Upper Process Limit (+10%)	Outliers	(%) Passing Quality Control
SG40	Rocklabs Ltd	0.976	0.022	Actlabs Laboratory	FA/AA	5	NA	NA	0.910	1.042	0.878	1.074	0	100.00
SL51	Rocklabs Ltd	5.909	0.136	Actlabs Laboratory	FA/AA	5	NA	NA	5.501	6.317	5.318	6.500	0	100.00
SQ36	Rocklabs Ltd	30.040	0.600	Actlabs Laboratory	FA/AA	7	NA	NA	28.240	31.840	27.036	33.044	0	100.00
<b>TOTAL</b>						<b>17</b>							<b>0</b>	<b>100.00</b>

**Data Verification**

This section was taken from Poirier et al. (2016) and refers only to the 2015 and previous drilling programs. No data verification was conducted on the 2016 and 2017 drilling programs.

*Corporation Database*

The Gemcom database was verified for consistency between the Geotic logs and the information contained in the database. Some errors were identified and corrected accordingly.

*Diamond Drilling Survey*

Downhole surveys were conducted on most holes. The Reflex survey data were verified for all drill holes from the 2015 drilling programs on the Croinor Property project. Some errors were identified and corrected accordingly. A total of seven casings were reviewed by InnovExplo during the site visit. No errors were noted.

*Corporation Logging, Sampling and Assaying Procedures*

InnovExplo reviewed some sections of mineralized core while visiting the on-site core logging and core storage facilities. All core boxes were labelled and properly stored outside. Sample tags were still present in the boxes and it was possible to validate sample numbers and confirm the presence of mineralization in reference half-core samples from the mineralized zones. The Corporation has established a QA/QC protocol, including the insertion of standards, blanks and duplicates. InnovExplo is of the opinion that the protocols in place are adequate.

*Conclusion*

InnovExplo considers the 2015 drill hole database to be valid and of sufficient quality for the mineral resource estimate.

**MINERAL PROCESSING AND METALLURGICAL TESTING**

In 2017, COREM carried out a new series of laboratory test work campaigns on samples from the Croinor Gold Property deposit and the results were published in a report titled “Evaluation of gravimetric concentration for a gold ore by the GRG method and evaluation of gold recovery by cyanidation tests”, dated May 15, 2017 (Olsen and Mahieu, 2017). The samples were prepared by the Corporation. InnovExplo cannot determine if they were representative of the deposit. Gold recovery from the feed cyanidation was

96.1% on average and increased by about 1.9% when gravity was added to an average value of 97.9%. The use of gravity reduced cyanidation time while increasing overall gold recovery, which could be advantageous in cases where the retention time of the cyanidation circuit in the plant is limited or to increase the tonnage without having loss of gold recovery.

In summary, milling performed on the Croinor Property mineralized material at the Camflo Mill confirmed the excellent response of the mineralized material to direct cyanidation, with a satisfactory gold recovery. The 75,752 t milled to date, coming from various veins with different grades, is sufficiently representative of the Croinor Property mineralized material and no problem is expected for any future operation involving the same type of mineralized material.

## MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

### Mineral Resource Estimate

Before this study, the geological interpretation had not been reviewed since 2015, even though exploration and diamond drilling campaigns were conducted on the Croinor Property in 2016 and 2017. A total of 25,645 m (110 DDH) has been drilled on the Croinor Property since November 2015. Of that total, 43 holes were drilled in the resource area but excluded from the MRE as they were completed after the database close-out date. The impact of each drill hole located inside the resource estimate area was evaluated carefully. Overall, InnovExplo is of the opinion that the new information collected from the 2016–2017 drilling program does not have a material impact on the 2015 Mineral Resource Estimate (the “**2015 MRE**”) or the present prefeasibility study (“**PFS**”) update based on that estimate. The majority of the new DDH confirm the geological model, including the location, grade and thickness of the mineralized zones.

The 2015 MRE presented herein was published in a report titled “*Technical Report and 2015 Mineral Resource Estimate update for the Croinor Gold Property*”, dated January 8, 2016 (Poirier et al., 2016). It was prepared by Karine Brousseau, Eng., under the supervision of Carl Pelletier, P.Geo., both of InnovExplo, using all available information. The main objective of the mandate in 2015 was to update the 2014 MRE, which was published in a report titled “*Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended)*”, dated October 30, 2014 (Poirier et al., 2014).

The mineral resources presented herein are not mineral reserves since they have no demonstrated economic viability. The result of the 2015 study was a single mineral resource estimate for 51 gold-bearing zones. The 2015 MRE includes measured, indicated, and inferred resources for an underground volume. The effective date is November 6, 2015.

The 2015 MRE was prepared using 3D block modelling and the inverse distance power six (ID6) interpolation method for a corridor 1,570 m long, from 910 mW to 640 mE (local grid oriented at 21.9167°Az), and down to a vertical depth of 545 m below surface.

All existing drill hole databases for the Croinor Property were compiled and merged for the 2015 MRE. The estimate also includes six holes drilled in 2011 (CR-11-414 to CR-11-419) that were not included in the previous 2014 estimate because assays were pending, as well as 36 holes drilled in 2015. In all, the estimate considered 1,257 surface and underground DDH with conventional analytical gold assay results and coded lithologies.

InnovExplo believes the 2015 MRE can be classified as Measured, Indicated and Inferred resources based on the density of the processed data, the search ellipse criteria, and the specific interpolation parameters. The estimate is compliant with CIM Definition Standards. The resources were estimated using different gold cut-off grades and a minimum width of 1.8 m (true width). The selected cut-off of 4 g/t was used to determine the mineral potential of the deposit.

The following tables display the results of the In Situ Mineral Resource Estimate for the Croinor Property deposit (51 lenses). InnovExplo is of the opinion that the 2015 MRE can be used for a PFS.

**Results of the In Situ Mineral Resource Estimate (Measured, Indicated, and Measured+Indicated Resources) at different cut-off grades (inclusive of Mineral Reserves)**

Cut-off g/t	Measured Resources			Indicated Resources			Measured + Indicated Resources		
	Tonnes	Au g/t	Oz Au	Tonnes	Au g/t	Oz Au	Tonnes	Au g/t	Oz Au
> 5.00	59,000	9.86	18,700	538,000	10.85	187,600	597,000	10.75	206,300
> 4.00	80,100	8.44	21,700	724,500	9.20	214,300	804,600	9.12	236,000
> 3.00	111,900	7.02	25,300	997,500	7.64	244,900	1,109,400	7.57	270,200

- The independent and qualified persons for the mineral resource estimate, as defined by NI 43-101, are Karine Brousseau, Eng and Carl Pelletier, P.Geo., both of InnovExplo. The effective date of the estimate is November 6, 2015.
- Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- The mineral resources are presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- The results are presented undiluted and in situ. The estimate includes 51 gold-bearing lenses, some of which contain resources below the cut-off grade.
- The mineral resources were compiled using cut-off grades of 3.0 g/t, 4.0 g/t and 5.0 g/t Au; however, the official resource is at a cut-off grade of 4.0 g/t Au.
- The cut-off grade should be reviewed in light of prevailing market conditions (gold price, exchange rate and mining cost).
- A density of 2.8 g/cm<sup>3</sup> was used for the mineralized zones and the waste rock.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground channel sample assays.
- Compositing was done on drill hole sections and underground channel sample sections falling within the mineralized zones (composite = 1 metre).
- Resources were estimated using GEOVIA GEMS 6.7 software from diamond drill holes and underground channel samples using the ID6 interpolation method in a block model (block size 5 m x 2.5 m x 2.5 m).
- The Measured, Indicated and Inferred categories were defined using the parameters for the various passes.
- Isolated blocks in the Indicated category showing no spatial continuity in terms of grade and/or information density were reclassified from Indicated to Inferred.

- Blocks in the Inferred category showing good spatial continuity in terms of grade and/or information density were reclassified from Inferred to Indicated.
- Ounce (troy) = metric tonnes x grade / 31.10348. Calculations used metric units (metres, tonnes, grams per tonne).
- The tonnage estimate was rounded to the nearest hundred tonnes. Any discrepancies in the totals are due to rounding effect; rounding followed the recommendations in Form 43-101F1.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

### Results of the In Situ Mineral Resource Estimate (Inferred Resources) at different cut-off grades

Inferred Resources			
Cut-off g/t	Tonnes	Au g/t	Oz Au
> 5.00	1,010	9.22	30,100
> 4.00	160,800	7.42	38,400
> 3.00	263,800	5.86	49,700

- The independent and qualified persons for the Mineral Resource Estimate, as defined by NI 43-101, are Karine Brousseau, Eng and Carl Pelletier, P.Geo., both of InnovExplo. The effective date of the estimate is November 6, 2015.
- Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- The mineral resources are presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- The results are presented undiluted and in situ. The estimate includes 51 gold-bearing lenses, some of which contain resources below the cut-off grade.
- The mineral resources were compiled using cut-off grades of 3.0 g/t, 4.0 g/t and 5.0 g/t Au; however, the official resource is at a cut-off grade of 4.0 g/t Au.
- The cut-off grade should be reviewed in light of prevailing market conditions (gold price, exchange rate and mining cost).
- A density of 2.8 g/cm<sup>3</sup> was used for the mineralized zones and the waste rock.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground channel sample assays.
- Compositing was done on drill hole sections and underground channel sample sections falling within the mineralized zones (composite = 1 metre).
- Resources were estimated using GEOVIA GEMS 6.7 software from diamond drill holes and underground channel samples using the ID6 interpolation method in a block model (block size 5 m x 2.5 m x 2.5 m).

- The Measured, Indicated and Inferred categories were defined using the parameters for the various passes.
- Isolated blocks in the Indicated category showing no spatial continuity in terms of grade and/or information density were reclassified from Indicated to Inferred.
- Blocks in the Inferred category showing good spatial continuity in terms of grade and/or information density were reclassified from Inferred to Indicated.
- Ounce (troy) = metric tonnes x grade / 31.10348. Calculations used metric units (metres, tonnes, grams per tonne).
- The tonnage estimate was rounded to the nearest hundred tonnes. Any discrepancies in the totals are due to rounding effect; rounding followed the recommendations in Form 43-101F1.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

### Mineral Reserve Estimate

This mineral reserve estimate is based on the 2015 MRE and originally published in a report titled “*Technical Report and 2015 Mineral Resource Estimate Update for the Croinor Gold Property*”, dated January 8, 2016 (Poirier et al., 2016).

The previous mineral reserve estimate for the Croinor Property deposit was in 2014, published in a report titled “*Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended)*”, dated October 30, 2014 (Poirier et al., 2014). The 2014 mineral reserve statement (table below) was not updated in Poirier et al. (2016).

The 2018 mineral reserve estimate is based on a gold price of \$1,657/oz, compared to a price of \$1,430/oz used in 2014.

### 2014 Statement of Mineral Reserves

Category	2014		
	Tonnes (t)	Grade (g/t Au)	Ounces (oz)
Proven	68,625	6.25	13,789
Probable	472,909	6.85	104,081
Total reserve	541,534	6.77	117,870

The main highlights of the 2018 analysis, compared to the preceding report, are as follows:

- 10% increase in proven and probable reserves;
- 16% reduction on the average operating cost (USD 639/oz);
- 13% reduction on all-in cost (USD 902/oz);

- Average annual production of 31,472 oz;
- 2.6 years of mine life production;
- After tax IRR of 30%; and
- The project still has excellent exploration potential.

For the 2018 PFS, a new cut-off grade was calculated to better reflect the current change in gold price and mining cost. The reserve was then reviewed in order to take out the tonnage that is no longer economic.

### Cut-off Grade Parameters

For the calculation of this cut-off grade, a metal price of US\$1,252 at an exchange rate of 1.323 was used. Each stope that was close to the cut-off grade was evaluated individually to determine whether it would be included in the study or discarded. The remaining parameters used in the cut-off grade estimation are presented in the table below.

#### Cut-off Grade Parameters

Parameters	Units	Mining Method	
		Long-hole	Room and pillar
Operating Cost	\$/t	175.96	225.54
Mint cost	\$/oz	5.00	5.00
Mill recovery	%	97.5	97.5
Mining dilution	%	30	5
Cut-off grade	g/t	4.42	4.57

The next table presents the estimated proven and probable 2018 reserves, which total 129,292 oz after applying the appropriate mining recovery and dilution factors for the selected method.

#### 2018 Mineral Reserve Statement for the Croinor Property

Category	2018		
	Tonnes (t)	Grade (g/t Au)	Ounces (oz)
Proven	166,540	5.33	28,543
Probable	436,454	7.18	100,759
<b>Total reserve</b>	<b>602,994</b>	<b>6.66</b>	<b>129,292</b>

- The independent and qualified persons for the mineral reserve estimate, as defined by NI 43-101 are Laurent Roy, Eng., and Denis Gourde, Eng., of InnovExplo. The effective date of the estimate is January 19, 2018.

- The economic viability of the mineral reserve has been demonstrated.
- Results include 30% dilution for the long-hole stopes, based on a minimum mining width of 1.8 m, and 5% dilution for the room-and-pillar stopes, based on a minimum mining working height of 1.8 m.
- Results reflect an ore recovery of 95% for the long-hole stopes (pillars left in place are not included in the estimate) and 85% for the room-and-pillar stopes.
- Gold recovery at the Beacon Mill is 97.5%.
- The mineral reserves were compiled using cut-off grades of 4.42 g/t Au (long-hole) and 4.57 g/t Au (room and pillar). The appropriate cut-off grade will vary depending on the economic context and the operating parameters determined.
- A density of 2.80 t/m<sup>3</sup> was used.
- Ounce (troy) = tonnes x grade / 31.1035. Calculations used metric units (metres, tonnes, grams per tonne).
- The mineral reserves were estimated using a long-term gold price of \$1,656.68 per ounce (gold price of US\$1,252.21 per ounce and an exchange rate of \$1.323/US\$1).
- Estimated tonnage and ounces were rounded to the nearest hundred. Any discrepancies in the totals are due to the effect of rounding; rounding followed the recommendations in Form 43-101F1.
- CIM guidance and definitions were followed in the preparation of this mineral reserve estimate.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

Based on the information presented in its report, InnovExplo can demonstrate the economic viability of the proposed extraction and processing of the proven and probable reserves found within the mine plan. Overall, InnovExplo considers that its basic engineering project meets the requirements of a PFS.

InnovExplo and the QPs are not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issue that would materially affect the mineral reserve estimate. InnovExplo considers the present PFS to be reliable and thorough, based on quality data, reasonable hypotheses and parameters compliant with NI 43-101 requirements and CIM Definition Standards.

### *Modifying factors*

Modifying factors are considerations used to convert mineral resources to mineral reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

## **MINING OPERATIONS**

This section of the report describes the results of the proposed mine plan developed by InnovExplo for the present PFS update on the Croinor Property. The mine plan was based on the 2015 MRE produced by InnovExplo (Poirier et al., 2016).

The 2015 measured and indicated resources were converted to proven and probable reserves, based on the parameters described in InnovExplo report, for the underground mining of narrow subvertical veins. A large portion of the identified resources dip at less than 45°. This dip is unfavourable to long-hole mining since the broken ore does not flow easily on the footwall. It is also unfavourable for the room-and-pillar method as the dip makes it hard for workers to travel in the stope with the equipment and material.

The mine plan combines conventional and mechanized mining. The approach in this study has been to force the application of long-hole mining by adding dilution to ensure a minimum footwall angle of 43°. When this approach was not convenient, room and pillar mining was selected. In a first step, the use of MSO software made these stope analyses possible by calculating optimized stope shapes according to specified mining parameters. The final stopes were manually designed to optimize ore recovery.

The ore will be transported to surface using a combination of 3.5 yd<sup>3</sup> and 6 yd<sup>3</sup> LHDs and 30 t trucks. Waste material will either be brought to surface and be stored on the existing waste pad or used to backfill mined out stopes when possible.

The deposit will be accessed via a ramp. The existing ramp will be restored to level 40 and a new section will be excavated to access all resources. The production drifts will be accessed via crosscuts connecting to the ramp. A small portion of the resources will be mined using captive methods, however the haulage will always be mechanized.

## **Mining Methods**

As mentioned earlier, two mining methods are proposed to accommodate the geometry of the mineralization: long-hole and conventional room and pillar.

### *Long-hole method*

The long-hole stopes will be mined from 3-m-high levels at 15 m vertical intervals. For stope heights exceeding 13 m, the maximum stope panel was defined as 15 m long. It is assumed that only a small number of stopes will be backfilled and that some pillars will be left between panels and mining horizons. For stope heights of 13 m or less, longer stope panels were considered on a case by case basis.

The method consists of drilling and blasting 64 mm diameter holes in a pattern parallel to the walls. Holes are drilled upward or downward depending on the context.

The development sequence consists of accessing the mineralized zone and excavating a level cut in the mineralized zone. The mining sequence will require the excavation of a raise opening, which is either developed as a conventional raise or as a drop raise when a top access is available. Once development is completed, the mineralized zone is surveyed with precision for the preparation of the drilling and blasting pattern.

### *Room and pillar*

In some areas, room and pillar was a technically better choice than long-hole due to the ore body angle lower than 43°. The proposed room and pillar stope configuration is based on typical industry practices for currently operating mines in deposits with similar vein geometry. The typical mining height will vary from a minimum of 1.8 m to a maximum of 3.0 m.

The room and pillar mining method entails the excavation of a series of rooms following the vein, leaving pillars or columns of rock in place to help support the mine roof. In conventional room and pillar mining, drilling is achieved using hand-held drill equipment and holes are loaded with explosives. Bolts and cables are then installed in the mine roof to ensure the roof is properly supported. The broken rock is scraped to either a raise or a draw point where it is taken with a LHD to be hauled to surface.

### *Dewatering*

Prior to any underground rehabilitation or development work, the existing mine infrastructure will have to be dewatered. The total estimated volume of water present in the mine and the two open pits is 504,082 m<sup>3</sup>.

Water will be pumped from the East and West pits. Initial dewatering is expected to be carried out at a rate of 4,800 m<sup>3</sup>/day, resulting in an approximate dewatering period of 92 days. Mine water will be pumped and processed through dewatering bags to clarify the water and collect the mine sludge. Discharge from the dewatering bags will be directed to the existing settling pond. The pond effluent will be monitored and managed in accordance with MMER and Directive 019 requirements.

### **Mining Rate**

The production rate will start at an average of 446 tpd during the first month following the start of the preproduction, and will slowly ramp up to an average of 575 tpd. The overall project mine life is expected to be four years, including:

- Year 1: 12 months of pre-production;
- Year 2: 12 months of full production;
- Year 3: 12 months of full production;
- Year 4: Seven months of full production and one additional month of ore processing (total of eight months).

The mine plan should be achievable given the flexibility and number of available work faces. Table below summarizes the yearly tonnage distribution according to the mine plan.

## Mine Plan Tonnage Distribution

Mine production (Ore)	Units	Year 1	Year 2	Year 3	Year 4	Total
Development	t mined	35,907	57,502	30,026	9,731	<b>133,165</b>
Grade	g/t	4.44	5.34	4.32	2.89	<b>4.69</b>
Long Hole	t mined	22,132	107,484	128,904	116,488	<b>375,007</b>
Grade	g/t	6.30	7.26	6.84	6.81	<b>6.92</b>
Room & pillar	t mined	4,362	36,657	50,984	2,818	<b>94,821</b>
Grade	g/t	6.18	8.90	8.36	6.42	<b>8.41</b>
Total mined	t mined	62,401	201,642	209,914	129,036	<b>602,994</b>
Grade	g/t	5.22	7.01	6.85	6.50	<b>6.66</b>
Total milled	t milled	62,401	201,642	209,914	129,036	<b>602,994</b>
Grade	g/t	5.22	7.01	6.85	6.50	<b>6.66</b>
Recovery	%	<b>97.50%</b>	<b>97.50%</b>	<b>97.50%</b>	<b>97.50%</b>	<b>97.50%</b>
Gold Produced	oz	<b>10,211</b>	<b>44,291</b>	<b>45,079</b>	<b>26,308</b>	<b>125,889</b>

### Development and Production Schedule

A preliminary development and production schedule was developed based on the existing underground development and mineral resources. Development and production activities are based on a schedule of:

- Two 10-hour shifts per day;
- Seven days per week, for a total of 14 shifts per week; and
- Average of 30 days per month, for a total of 360 days per year.

The underground mine design provides a mine plan producing 602,994 t of ore grading 6.66 g/t. Using a mill recovery of 97.5%, this translates to a production of 125,889 oz of gold over the mine life.

According to the mine plan, 62% of the tonnage will be from long-hole, 22% will be from sublevel development and 16% will be mined by room and pillar.

The mine plan includes all development required to access and mine the mineralized zones. Estimated development quantities and the production schedule are presented in the tables below.

### Croinor Property development Quantities

Mine development (waste)	Pre-production	Production			Total
	Year 1 (m)	Year 2 (m)	Year 3 (m)	Year 4 (m)	
<b>Development CAPEX</b>					
Main ramp (4.5 m by 4.5 m)	1,582	1,796	-	-	<b>3,378</b>
Drift (4 m by 4 m)	881	1,461	115	-	<b>2,457</b>
Drift enlargement (4 m by 4 m)	52	-	-	-	<b>52</b>
Raise	26	229	87	-	<b>342</b>
<b>Development OPEX</b>					
Drift (3 m by 3 m)	1,531	3,634	2,121	52	<b>7,338</b>
Sub level drift (3 m by 3 m)	-	183	336	-	<b>519</b>
Drift enlargement (3 m by 3 m)	567	85	-	-	<b>652</b>

### Croinor Property Production Rates

Mine production	Units	Preproduction	Production			Total
		Year 1	Year 2	Year 3	Year 4	
Total ore	t	62,401	201,642	209,914	129,036	<b>602,994</b>
Total waste	t	134,264	216,240	48,858	513	<b>399,875</b>
Total ore and waste	t	196,665	417,882	258,772	129,549	<b>1,002,869</b>
<b>Production Rates</b>						
Total ore	tpd	513	553	575	575	
Total waste	tpd	402	593	230	17	
Total ore and waste	tpd	915	1,146	805	592	

## PROCESSING AND RECOVERY OPERATIONS

### Recovery Methods

Since the last PFS was issued, the Corporation has acquired the Beacon Mill facility. This new updated version of the PFS is thus therefore based on the use of the processing ore at the Beacon Mill at an average production rate of around 575 tpd. The Beacon gold mill is situated 15 km east of Val-d'Or. The plant started operating in 1987. The flowsheet uses gravity concentration, cyanide leaching and the Merrill-Crowe process to recover the gold.

## INFRASTRUCTURE, PERMITTING AND COMPLIANCE ACTIVITIES

### Project Infrastructures

A new access road is planned to optimize ore hauling and to facilitate main access to the Croinor Property site. The new path consists of upgrading a 10-km segment of the existing ice road off Highway 113, building 8 km of new forestry road with a 25 m bridge/culvert system to cross over a river, then connecting to the existing 21 km Senneterre-Croinor forestry road which already leads to the Croinor Property site. The existing St-Felix-Croinor Road would require too many upgrades, including a new bridge over Blanchin Lake.

Since this access road is the shortest path to Hydro-Québec's grid connection, a private 25kV three-phase overhead power line will be built along the road. The power demand for the mine site is estimated to be 1,925 kW, including a 4.16kV feeder for underground mine equipment. The Croinor Property is not currently serviced by an electric power line.

No permanent or temporary camp is included in the Croinor Property project. Given the proximity to Senneterre and Val-d'Or, transportation will be organized by the Corporation for its staff and by the Contractor for its workers.

Modular buildings will be installed at the site entrance for the following:

- Gatehouse;
- Dry;
- Offices;
- Conference room;
- Mine rescue room;
- Infirmary;
- Restrooms;
- Lunch room; and
- Core shack.

The mill building also has offices, changing rooms, workshops and the refinery.

Other infrastructures on site will include the following:

- Truck scale;
- Fuel storage;
- Compressors;
- Fresh water well and treatment system;
- Microwave telecommunication tower; and
- Sewage system.

The existing garage, consisting of a single arch-type steel building (21 m x 11 m) on a concrete slab, is in good condition. The barn-type door and insulation will need to be repaired. In order to reduce the new garage footprint, a section will be heated and reserved for mechanical parts, the rest of the shed being cold storage.

For underground and surface mobile equipment maintenance, a new insulated arch-type fabric garage building will be built, and will be equipped with a 10 t crane, appropriate ventilation, and an oil recovery system. The new garage will be adjacent to the existing single arch-type steel building that will be used as a warehouse.

Two 41.8 m<sup>3</sup>/min (1,476 cfm at 125 psi) self-enclosed compressors will be located mid-distance between the portal and the main electrical substation. The enclosures will include the soft-starter, instrumentation and control panels for the 300 hp compressor.

Diesel fuel for the mine equipment and vehicles will be stored in an above-ground, double wall, skid mounted 10,000 litre tank. The tank will be installed according to prevailing environmental laws and regulations and will include delivery system, ladders, platforms, vents, level gauge, and piping.

Fencing will only be provided for the main electrical substation, the propane tanks, and for a short distance on each side of the main entrance gate.

Fresh water for the mine site will consist of pumped water from a well that will be drilled and tested for its water quality. A self-enclosed skid treatment will be installed for potable water, including if necessary, softener, UV disinfection and chlorination, 10,000 litre tanks and two distribution pumps.

A treatment system is planned for sewage water from the buildings. The system consists of three 20,000 litre buried tanks, allowing four days of capacity. A specialized contractor will empty the tanks. Depending on the soil testing results, a trade-off study should be performed to compare septic tank and bed options.

The Croinor Property site will be connected to the public telephone service using a microwave link. Two communication towers will be installed to link the Croinor Property site with the Beacon mill site. The towers will be equipped with microwave radio transmitters capable of transmitting at 80 mbps. The final location of the towers will be determined later with further topology studies. Internet could be included in the point-to-point telephone network. Further discussions with the telephone provider (Télébec) or other third-party providers should be held to evaluate all installation and operation options before completing the final design.

## **Environment and Permitting**

The Corporation has a certificate of authorization for mine operation at the Croinor Property, issued in September 2010, and a certificate of authorization for mill operation at the Beacon property, issued in February 2017. Other studies and permits relating to the environment, site restoration and the crown pillar, which are required for mine operation, have also been carried out or obtained. An authorization for mine dewatering and other accessory permits will be obtained prior to project start-up. Various permits and authorizations will also be obtained for the new transportation infrastructure, and compliance of plans and specifications with the fisheries protection provisions will be verified with the regulatory authorities if required.

Based on the geochemical characterization results, waste rock and sludge are non-acid-generating. Ore will be stored temporarily and acid generation is not anticipated in the short term considering high neutralization potentials. Some metals could be leachable. The waste rock and ore samples as a whole are not, however, expected to leach under acid rain and neutral pH conditions.

At the end of the Croinor Property project, the Croinor Property and Beacon sites must be closed and rehabilitated pursuant to the applicable regulations. An updated closure plan for the Croinor Property site was approved in January 2015. A further updated version must be tabled by 2019.

An Environmental Site Assessment (“ESA”) is required for the Croinor Property site at final mine closure and for the Beacon Mill site also at final closure. Should contamination exceed the applicable limits, a rehabilitation plan must be submitted to the MDDELCC for approval, following which the site must be rehabilitated in compliance with the plan and in a manner compatible with future site utilization.

Other permits, authorizations, approvals and leases from both the MERN and the MDDELCC, and potentially the *Ministère des Forêts, de la Faune et des Parcs* (“MFFP”), for various components of the Croinor Property and Beacon Mill sites development are required. These applications will be submitted as part of the ongoing process of developing the site, and should therefore not impact the Croinor Property project’s critical path schedule. They may include the following:

- Explosives;
- Borrow pit or quarry;
- Construction;
- Hazardous substances;
- High-risk petroleum equipment;
- Oil-water separator;
- Tree-cutting; and
- Beaver dam dismantling.

The authorizations and permits obtained to date are listed in the table below:

#### **Authorizations and permits obtained**

<b>Authorization/Permit</b>	<b>Agency</b>	<b>Site</b>	<b>Comments</b>
CA issued to the Corporation for construction of a private electrical transmission line	MDDELCC	Croinor	CA delivered in April 2017 under EQA, section 22.
Cession of CA for contract milling to Moulin Aurifère Beacon Inc.	MDDELCC	Beacon	CA delivered in February 2017 under EQA, section 24.
CA issued to X-Ore Resources Inc. and First Gold Exploration Inc. for start-up and mine operation	MDDELCC	Croinor	CA delivered in September 2010 (EQA, section 22) and modified in August 2014 (EQA, section 122.2).
Environmental Objectives for Rejects (OER - <i>Objectifs environnementaux de rejet</i> )	MDDELCC	Croinor	OER delivered to South Malartic Exploration Inc. in August 2010. OER might require updating.
Rehabilitation and Restoration Plan	MERN	Croinor Beacon	Submitted to the MERN in 2014; approved in 2015 (Mining Act, section 232.2).
Authorization for location of TSF	MERN	Beacon	Authorization issued under <i>Mining Act</i> , section 241.

Other authorizations and permits that might be required are listed in the table below. Documentation for these applications will be prepared and submitted to the regulators when a positive decision is made to implement the Croinor Property project. The application preparation time and the permitting process are variable, but they generally require roughly three to five months each.

### Potentially required permits and authorizations

Activity/Component	Agency	Site	Comments
<b>FEDERAL</b>			
Environmental Effects Monitoring Studies	Environment Canada	Croinor Beacon	Process to be initiated under MMER once Croinor Gold Property project starts. First cycle extends over 24 months.
Explosives (factory and magazine)	Natural Resources Canada	Croinor	Licence under the Explosives Act, section 7.
Bridge or Culvert in Fish Habitat	DFO	Transportation corridor	Submit a Request for Review (Fisheries Act, section 35) if required.
<b>PROVINCIAL</b>			
Dewatering	MDDELCC	Croinor	CA under EQA, section 22. Authorization under EQA, section 31.75.
Septic Installations	MDDELCC	Croinor Beacon	Soil testing, design and application for authorization under EQA section 32 to install and operate sewage installations. Waterless toilets may be used before sewage system is available.
De-pollution Attestation	MDDELCC	Beacon	Apply within 30 days following issuance of CA (EQA Chapter I, Division IV.2).
Authorization for location of processing plant	MERN	Beacon	Authorization issued under <i>the Mining Act</i> , section 240.
Environmental Objectives for Rejects (OER)	MDDELCC	Beacon	<i>See Guide d'information sur l'utilisation des objectifs environnementaux de rejet relatifs aux rejets industriels dans le milieu aquatique.</i>
Drinking water well	MDDELCC	Croinor Beacon	Drilling of well and application for authorization under EQA, section 31.75. Bottled water may be used before water well is functional.
Explosives (possession, magazine and transportation)	<i>Ministère de la Sécurité publique</i>	Croinor	Permit under the Act respecting Explosives, section 2.
Work in certain watercourses, waterbodies or wetlands	MDDELCC	Transportation corridor	CA under EQA, section 22.
Gravel Pit	MDDELCC	Croinor Beacon Transportation corridor	CA under EQA, section 22, if required; requirements are described under the Regulation respecting Pits and Quarries.
Tree-cutting and Road Construction	MFFP	Croinor Beacon Transportation corridor	Permit under the Sustainable Forest Development Act, section 73.
Public Land Lease	MERN	Beacon Transportation corridor	Lease under the Act respecting the Lands in the Domain of the State, section 47.
Atmospheric Emissions Purification Devices	MDDELCC	Croinor Beacon	Authorization under EQA, section 48.
Fuel Storage	RBQ	Croinor Beacon	Permit under the Safety Code, section 120 (Building Act).

Activity/Component	Agency	Site	Comments
Dismantling of Beaver Dams	MFFP	Croinor Beacon	Permit under Québec Fisheries Regulations, section 19.
Hazardous Materials	MDDELCC	Croinor Beacon	Permits under EQA section 70.9 and the Regulation respecting Hazardous Materials.
Buildings/Infrastructure	Municipality	Croinor Beacon	Construction plans to be prepared before Croinor Gold Property project starts; detailed plans required for construction permit.

### ***General Socio-Economic Setting***

Hunting, fishing, trapping and recreational activities occur in the Croinor Property project area. A cycling path, the Route Verte, and trails for snowmobiles and all-terrain vehicles pass through the area.

The Croinor Property project is located on Category III lands of the James Bay and Northern Québec Agreement, the Aboriginal signatories of which are the Crees and the Inuit of Québec. Generally speaking, Category III lands are Québec public lands for use by Aboriginal and non-Aboriginal peoples. The Aboriginal signatories exercise, however, exclusive rights to the harvesting of certain aquatic species and fur-bearing animals on these lands.

Some cottages and public boat ramps are located around Blanchin Lake, roughly 2 km west of the Croinor Property site. The outfitter on Matchi-Manitou Lake is situated roughly 6 km south of the Croinor Property site. No recreational infrastructure (e.g., pier, boat ramp, cottage) is found along the final effluent receiving stream. There is no water intake within 1 km of the Croinor Property site.

The residences (some ten houses) that are closest to the Beacon Mill site are located more than one kilometre away, along Route 117.

A trapline (No. 714) is located within 1 km of the Croinor Property site. Three traplines (Nos. 722, 516 and 700) are located within 1 km of the Beacon Mill site (MFFP, June 20, 2017).

The Croinor Property project area is part of the area for which the *Algonquin Anishinabeg Nation Tribal Council* (“CTNAA”) asserts land claims. A fundamental priority of the CTNAA is to protect and promote the ancestral rights of the Algonquin nation. It has seven member communities. The Corporation met the Council of the Nation Anishnabe de Lac-Simon in January 2016 to present the Croinor Property project and to answer questions. It also awarded to Ressources Menitik the contract to upgrade the road from the former Chimo Mine to the Croinor Property site for the construction of the electric transmission line.

### **CAPITAL AND OPERATING COSTS**

The PFS is based on capital pricing as of the mid year of 2017. The PFS assumes that the development and mining of the mine will be done by contractors. Contractors will supply the mobile equipment, and will provide and manage most of the consumable materials. The Corporation will manage the project with a small team of employees. The capital cost estimates are accurate within  $\pm 20\%$ .

The pre-production costs are estimated at \$33.5 million, including \$22.6 million of capitalized operating costs and capitalized revenues of \$16.4 during the pre-production period. Sustaining capital is estimated at \$17.2 million, excluding \$3.2 million for final closure costs. The capital expenditure cost breakdown is presented in the next table.

### Capital expenditure breakdown

Description	Preproduction (\$M)	Sustaining (\$M)	Total cost (\$M)
Capitalized revenues	(16.43)	-	(16.43)
Capitalized operating cost	22.61	-	22.61
Mine dewatering and rehabilitation	1.59	0.13	1.72
Surface infrastructure - Temporary	0.69	0.36	1.06
Mine infrastructure	8.08	0.30	8.38
Electrical distribution - Surface	1.69	0.51	2.19
Underground pumping system	0.20	0.42	0.62
Underground ventilation system	0.63	0.07	0.70
Lateral development	9.47	13.90	23.37
Beacon Mill refurbishing	2.17	1.28	3.46
Tailings impoundment refurbishing	0.39	-	0.39
Owner's mobile equipment	0.22	0.23	0.45
Environmental	2.20	-	2.20
<b>Total</b>	<b>33.53</b>	<b>17.20</b>	<b>50.73</b>

Operating costs are estimated in 2017 Canadian dollars with no allowance for escalation. The total operating cost and average unit operating costs are summarized in the table below. The overall unit operating cost is \$175.02/t of milled ore.

### Summary of total LOM operating costs

Description	Total cost (\$M)	Unit cost	
		(\$/t milled)	(\$/oz)
Definition drilling	1.10	2.04	9.55
Stope development	23.16	42.84	200.20
Production	22.57	41.75	195.10
Owner's staff	9.77	18.08	84.50
Contractor's daily fees	14.90	27.56	128.80
Energy cost	4.81	8.90	41.61
Milling	11.02	20.39	95.29
Ore transportation	4.26	7.88	36.81
Environmental	3.02	5.58	26.07
<b>Total</b>	<b>94.61</b>	<b>175.02</b>	<b>817.91</b>

## Economic Analysis

An after-tax model was developed for the Croinor Property. All costs are in 2017 Canadian dollars with no allowance for inflation or escalation. The Croinor Property is subject to federal and provincial taxes and taxes related to Québec mining rights.

As described in InnovExplo report, an agreement was signed in February 2014 and modified in February 2017 consolidating the former royalties by leaving a 1.5% NSR royalty. The 1.5% NSR royalty has been considered in the actual mine plan.

The economic valuation of the project was performed using the Internal Rate of Return (“IRR”) and Net Present Value (“NPV”) methods. The discount rate used in the analysis is 5%.

The following parameters were considered in the financial analysis and the details of the cash flow analysis are presented in following table:

- To reflect the Corporation preferred scenario, the study uses a gold price of US\$1,280 per ounce for the end of the first year of the Croinor Gold Property project with no increase over the mine life. This approach results in a weighted average gold price of US\$1,280 per ounce and an exchange rate of \$1.28/\$US1;
- Reserves parameters as described in InnovExplo report;
- Gold recovery of 97.5%. This value was based on the recovery obtained at the time the mine was operating;
- Royal Mint fees of \$5/oz;
- Estimated average annual tonnage of 129,036 tonnes to 209,214 tonnes;
- Estimated average annual output of 26,308 oz to 45,079 oz of gold;
- Royalty payment of 1.5%;
- Estimated future annual cash flow based on grade, gold recoveries and cost estimates as previously discussed in InnovExplo report; and
- 62,401 tonnes of ore to be processed during the preproduction period, considered as capital production and not included in either production or the revenue derived from it.

### Cash flow analysis summary

Parameters	Value	Units
Proven and probable reserves	602,994	t milled
Proven and probable reserves grade <sup>(1)</sup>	6.66	g/t milled
Total gold reserves	129,292	oz
Gold recovery	97.5	%
Minimum daily production	446	tpd
Maximum daily production	583	tpd
Average annual gold production	31,472	oz
Total amount of gold produced	125,889	oz
Average production cost	175.02	\$/t
Average operating cost	817.91	\$/oz
Total cost per ounce	1,154.54	\$/oz

Parameters	Value	Units
Average operating cost	639.00	USD/oz
Total cost per ounce	901.99	USD/oz
Total gross revenue	206.3	\$M
Capital cost <sup>(2)</sup>	50.7	\$M
Total operating cost	94.6	\$M
Total project cost	145.3	\$M
Net cash flow (before tax and royalties)	40.9	\$M
Estimated taxes	15.7	\$M
Net cash flow	25.2	\$M
Pre-tax NPV (5% discount rate)	31.9	\$M
Pre-tax IRR	47.5	%
After-tax NPV (5% discount rate)	18.3	\$M
After-tax IRR	30.0	%
Payback period	2.2	years
Preproduction period	12	months
Mine life (production period)	2.6	years

Notes:

- (1) Volume and grade account for dilution and ore recovery.  
(2) Includes approximately \$17.2 million in sustaining capital.

## Sensitivity

Sensitivity calculations were performed on the project's after-tax NPV (5%) by applying a range of variation to the parameter values: -30%, -20%, -10%, +10%, +20% and +30%.

### Sensitivity analysis, after-tax NPV 5% (\$M)

	-30%	-20%	-10%	Base Case scenario	10%	20%	30%
Gold Price (US\$/oz)	-22.60	-4.95	7.20	18.33	29.38	40.15	50.64
Revenue	-22.97	-5.20	7.21	18.33	29.34	39.61	49.40
OPEX	33.35	28.57	23.43	18.33	13.19	8.04	2.88
CAPEX	31.76	27.27	22.79	18.33	13.85	9.37	4.97

### Sensitivity analysis of grade, after-tax NPV at 5% (\$M)

	-30%	-20%	-10%	Base Case scenario	10%	20%	30%
Grade (g/t)	-22.43	-4.83	7.24	18.33	29.34	40.05	50.54

## Risks and Opportunities

The following table identifies the significant internal risks, potential impacts and possible risk mitigation measures that could affect the future economic outcome of the Croinor Gold Property project and Beacon site. The list does not include the external risks that apply to all mining projects (e.g., changes in metal prices, exchange rates, availability of investment capital, change in government regulations, etc.).

## Risks for the Croinor Property project

RISK	Potential impact	Possible risk mitigation
Geological continuity resulting in many small stopes spread far apart.	Uncertainties on the location and grade of mineralized zones could result in inadequate stope designs	Additional drilling to improve the correlation and continuity of mineralized zones. Bulk sample program to validate continuity.
Delay in obtaining dewatering permit	Cascading delays in several project components	Start permitting application as early as possible.
Non-compliant effluent	Notice of non-compliance or fine from MDDELCC / Environment Canada (“EC”) regulatory authorities. Poor image of the Croinor Property proponent. Increase in fine amounts if repetition of non-compliant effluent.	Refine water treatment process to ensure compliance of the effluent.
Non-compliant emissions	Notice of non-compliance or fine from regulatory authorities. Poor image of proponent	Refine processes and equipment to ensure compliance of emissions.
Spill of hydrocarbons or chemicals	Notice of non-compliance or fine from regulatory authorities. Poor image of Croinor Property proponent if repeated spills. Notice/fine from the MDDELCC	Ensure comprehensive emergency intervention plan and associated training are in place. Assess extent of contamination and carry out remediation of spills.
Failure of mine water basin and release of non-compliant water	Notice of non-compliance or fine from MDDELCC/EC regulatory authorities. Loss of production and poor image	Carry out regular inspections and ensure timely maintenance. Assess environmental impact in the event of a breach, carry out remediation if needed and repair fix basin.
Waste rock piles start releasing metal contaminants	Notice and of non-compliance or fine from the MDDELCC regulatory authorities, resulting in poor image and greater cost for waste rock management	Ensure geochemical characterization remains up-to-date as project progresses. Adapt waste rock management plan and closure plan.
Possible issue of discontent with potentially affected First Nation communities and non-Aboriginal communities	Poor image portrayed by the media and possible project blockages. Communications and negotiations required.	Remain proactive with stakeholder communications, consultation, accommodation and engagement involving First Nations.
Going into production without a feasibility study	Possibility that estimates provided by the PFS lack precision and that important issues are not raised.	The operation of the Croinor Property project is low capital. Modular buildings are planned and no mill will be built: Beacon Mill and site only need refurbishing.
Problems / delays in upgrading the Beacon Mill	Delay to mill at Beacon Mill site. Increase cost of milling and transportation at start.	Milling at Camflo Mill site.
Problems / delays in building and upgrading transportation infrastructure	Increase cost transportation by using longer alternative road.	Possibility of ore transportation by an alternative route.
Operating risks related to recruitment and performance of the underground workforce, specifically room-and-pillar miners	Difficulty in achieving scheduled targets and increased capital requirements and operating costs.	Special care should be taken to hire highly qualified key personnel and during contractor selection.
Property not serviced by an electric power line	Time required to service the site.	Discussion with Hydro-Québec to advance the design of the electric power line extension and initiate related permitting requests.

RISK	Potential impact	Possible risk mitigation
Ore development control	Addition of slash to optimize drilling or create undercut development and increase higher dilution of long hole production.	Assure proper ore and grade control in development.

Significant opportunities that could improve the economics, timing and permitting are identified in the next table. Further information, evaluation and study is required before these opportunities can be included in the project economics.

### Opportunities for the Croinor Property project

OPPORTUNITIES	Explanation	Potential benefit
Infill and down-plunge exploration drilling	Potential to expand inferred resources and upgrade inferred resources to the indicated category.	Adding indicated resources increases the economic value of the mining project.
Eastern and western limits of the host diorite and mineralized zones are still open	Potential to expand the eastern and western limits of the deposit.	Adding resources increases the economic value of the mining project.
Use of inert waste rock to upgrade the road to the mine site	Waste rock is a good material for road foundation and for riprap in ditches crossing the access road to the mine; must assess whether waste rock is appropriate for construction.	Savings on the cost of materials required for upgrading the mine access road.
Potential to sell waste rock if proven suitable for construction work (needs to be near Senneterre)	Inert waste rock may be used for various construction needs; economic activity near Senneterre is mostly from the struggling lumber industry; potential is limited but should be evaluated.	Increased revenue; less waste pile reclamation work; potential savings on reclamation work.
Potential for the Corporation to hire its own manpower to operate the mine	Depending on the situation of other operations in the area, qualified manpower may be available at the time of operations start-up.	Potential for improved project economics.
Synergy with Beaufor Mine	Potential to share knowledge, manpower and equipment between Beaufor Mine and Croinor Property.	Higher efficiency and lower cost.
Custom milling at Beacon	Potential to mill ore from other projects.	Increase revenue sources.

### EXPLORATION, DEVELOPMENT AND PRODUCTION

A bulk sample is highly recommended before the preproduction phase to better position the mine for preproduction and to confirm the following aspects:

- vein continuity;
- grades;
- ore development consistency;
- long hole stope dimensions;
- mining dilution; and
- shaft conditions (to better evaluate the rehabilitation work and cost).

During the bulk sampling work, neither the access road or the shaft will have been rehabilitated (refurbished). The ore will therefore be transported via Senneterre to Camflo Mill. The milling cost has been estimated at \$39/t. A genset will supply power for the duration of the program. Temporary surface infrastructure will be provided by the contractor.

Digging an access ramp and managing more than 1,000 m<sup>3</sup> of waste rock requires a CA under section 22 of the EQA. For this reason, it is recommended that the work related to the bulk sampling program be included in the dewatering CA application.

The table below presents the expected breakdown of development and production quantities for the bulk sample. The program should last about 10 months.

### Bulk sample development and production quantities

Waste	Activity	Development (m)	Tonnage (t)
Ramp	Rehabilitation	324	-
	Development	380	19,504
	Slash	40	257
Drift	Development	228	10,379
<b>Total waste:</b>			<b>30,139</b>

Ore	Activity	Tonnages (t)	Grade (g/t)
Drift	Development	6,695	5.51
Production	Long-hole	17,878	8.85
<b>Total ore:</b>		<b>24,573</b>	<b>7.94</b>

<b>Estimated time:</b>	<b>10 months</b>
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The table below presents the breakdown of the cost (OPEX and CAPEX) of the bulk sampling program that takes into account revenue:

### Bulk sample costs

BULK SAMPLE CASH FLOW	Value	Unit
<b>REVENUE</b>		
Total production (milled)	24,573	tonnes milled
Grade	7.94	g/t
Recovery	97.5	%
Total gold production	6,118	oz
Gold price	1,280	USD/oz
Exchange rate	1.28	CAD/USD
Gold price	1,638	CAD/oz
<b>GROSS REVENUE</b>	<b>10,023,161</b>	<b>\$</b>
Royal mint (cost @ \$5.00/oz)	-30,588	\$
Royalty (1.5% preproduction)	150,806	\$
<b>CAPITALIZED REVENUE</b>	<b>9,841,766</b>	<b>\$</b>

<b>BULK SAMPLE CASH FLOW</b>	<b>Value</b>	<b>Unit</b>
<b>CAPITAL EXPENDITURES</b>		
Mine dewatering and rehabilitation	1,021,636	\$
Contractor mobilization and setup	1,292,060	\$
Contractor demobilization	492,206	\$
Mine infrastructure	317,443	\$
U/G ventilation system	64,055	\$
Lateral development	1,565,921	\$
Environmental	1,832,141	\$
<b>TOTAL CAPEX</b>	<b>6,585,462</b>	<b>\$</b>
<b>OPERATING COSTS</b>		
Contractor daily fees	4,805,833	\$
Development (ore and waste)	1,591,302	\$
Mining and haulage to surface (ore)	655,005	\$
Corporation staff	605,794	\$
Energy cost	67,103	\$
Transportation (surface to Camflo Mill)	323,459	\$
Milling (Camflo) <sup>1</sup>	958,354	\$
Environmental	1,165,984	\$
<b>TOTAL OPEX</b>	<b>10,172,834</b>	<b>\$</b>
<b>TOTAL CAPEX AND OPEX</b>	<b>16,758,296</b>	<b>\$</b>
<b>NET CASH FLOW</b>	<b>-6,916,530</b>	<b>\$</b>

Note:

(1) The milling cost at the Camflo Mill has been estimated at \$39/t.

## INTERPRETATION AND CONCLUSIONS

InnovExplo concludes that the 2018 Prefeasibility Study presented herein allows the Croinor Property to advance to the production stage for which economic viability has been demonstrated. The bulk sample program will significantly help minimize the risk associated with the geological and grade continuity of the deposit, and it will also confirm the assumption for the mining method (dilution, stope and pillar dimension, rock quality, etc), confirm the processing recovery, and shorten the production period start up.

## Recommendation

The results of the study presented herein demonstrate that the Croinor Property project is technically and economically viable. In light of these results, InnovExplo recommends a preparatory work program for the Corporation to advance the development and mining operation of the Croinor Property project towards production. A cost estimate was prepared for the recommended work program to serve as a guideline. A breakdown is summarized in the next table. The total work program expenditures are estimated at \$9.4 million.

### Estimated costs for the recommended work program

Work Program	Budget Cost
General permitting for the project (Croinor Property and Beacon sites; new transportation infrastructure)	\$40,000
Update closure plans for Croinor Property and Beacon sites	\$30,000
Completion of additional engineering work to optimize mine design and production schedule	\$120,000
Detailed Beacon Mill refurbishing assessment	\$50,000
Surface infrastructure assessment	\$50,000
Preparation of tender documents for work to be contracted out	\$15,000
Definition drilling (approx. 8,000 m at \$110/m)	\$880,000
Exploration drilling (approx. 10,000 m at \$110/m)	\$1,100,000
Update resource estimates	\$75,000
Perform a compilation and structural study in the Trench No.2 and Bug Lake showings area, including the Rocheleau-3 (Trench No. 3) area	\$25,000
Underground bulk sample	\$16,758,296
Rock mechanics testing and studies	\$40,000
Infrastructure geotechnical investigation	\$75,000
<b>SUB TOTAL:</b>	<b>\$19,258,296</b>
<b>Bulk revenue</b>	<b>(\$9,841,766)</b>
<b>TOTAL:</b>	<b>\$9,416,530</b>

The recommended program is described below. All activities presented in the program could be executed in parallel.

- Pursue discussions with Hydro-Québec to negotiate an agreement for the connection of the private power line extension to the Hydro-Québec network;
- Continue to work on general permitting for the project, including the dewatering permit application;
- Prepare the updated closure plans for the Croinor Property and Beacon Mill sites. The closure plan for the former is due in fall 2019, while that for the latter is due by 2019;
- Pursue relationship-building with the concerned Aboriginal and non-Aboriginal communities;
- Complete additional engineering work to optimize the mine design and production schedule;
- Complete a detailed assessment of the Beacon Mill to precisely estimate and schedule the refurbishing;
- Prepare tender documents for the activities to be contracted out;

- Pursue negotiations to finalize agreements for the road upgrade and ore transportation to the Beacon Mill;
- Carry out infill and down-plunge exploration drilling aimed at expanding the current resources;
- Pursue an exploration drilling program based on the 2015 geological reinterpretation of zones in the lower part of the deposit;
- Gain as much information as possible on the indicated resources before mining begins;
- Convert inferred resources to indicated resources with additional drilling;
- Follow-up on the east, west and depth extensions in order to increase the extent of the inferred resources;
- Update the mineral resource estimate through further drilling;
- Perform a geological compilation and structural study in the Trench No. 2 and Bug Lake showings area, including the Rocheleau-3 (Trench No. 3) area. Consider the possibility of performing a mineral resource estimate in these areas;
- Generate a bulk sample using the existing decline ramp on the site; and
- Conduct a geotechnical investigation to confirm bedrock depth and bearing capacity for buildings, facilities, waste stockpiles and hauling road construction. Existing waste stockpile capacity shall be studied and calculated.

#### **4.3.2 Wasamac Property, Rouyn-Noranda, Québec, Canada**

Unless otherwise indicated, the following description of the Wasamac Property has been summarized from the NI 43-101 compliant technical report entitled “NI 43-101 Technical Report, Feasibility Study of the Wasamac Project, Rouyn-Noranda, Québec, Canada” (the “**Wasamac Feasibility Study**”), prepared for the Corporation by Carl Caumartin, P. Eng., Alain Dorval, P. Eng., John Henning, P. Eng., Richard Jundis, P. Eng. and Luciano Piciacchia, P. Eng. from BBA Inc., and Tudorel Ciuculescu, P. Geo. from Roscoe Postle Associates Inc. with an effective date of December 1, 2018. The authors of the Wasamac Feasibility Study are “qualified persons” and are “independent” of the Corporation within the meaning of NI 43-101 and are qualified in their entirety with reference to the full text of the Wasamac Feasibility Study. The below summary is subject to all the assumptions, conditions and qualifications set forth in the Wasamac Feasibility Study. The Wasamac Feasibility Study was prepared in accordance with NI 43-101 and for additional technical details, reference should be made to the complete text of the Wasamac Feasibility Study which was filed with the applicable regulatory authorities and posted on SEDAR at [www.sedar.com](http://www.sedar.com) on December 3, 2018. Defined terms and abbreviations used in this section 4.3.2 and not otherwise defined in this Annual Information Form have the meanings attributed to them in the Wasamac Feasibility Study.

The authors of the Wasamac Feasibility Study have verified the disclosure in this section 4.3.2 of this Annual Information Form that has been summarized from the Wasamac Feasibility Study and have consented to the use thereof.

The Corporation has determined that the Wasamac property is one of its main material properties considering the Corporation intends to, within the next year or so, raise money, through partnerships or other transactions, and devote significant resources to the development of the Wasamac Mine.

## KEY PROJECT HIGHLIGHTS

The following list details the key project highlights as determined from the Wasamac Feasibility Study:

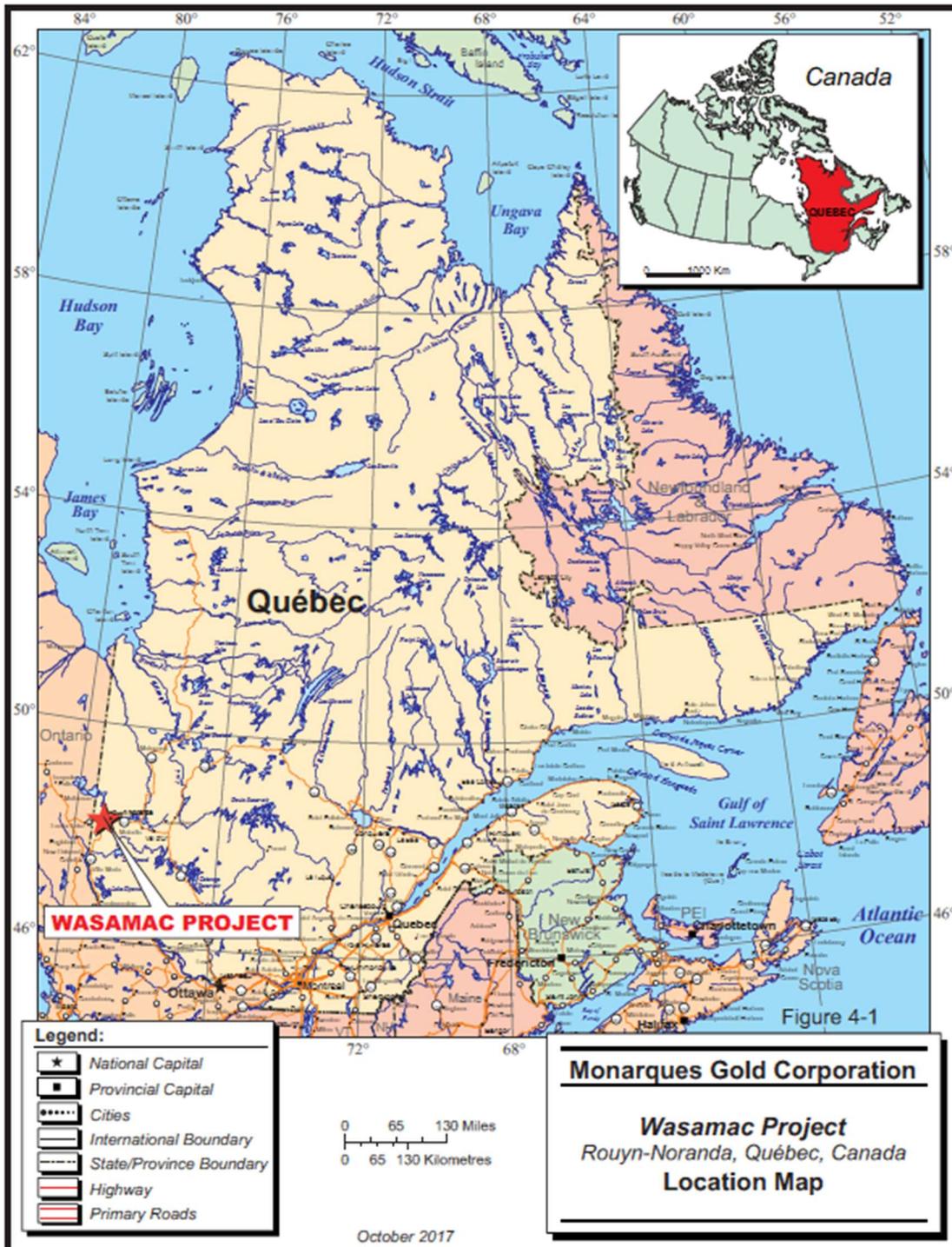
- Production of 1,556,800 ounces of gold over the LOM (“life of mine”) from 21.5 Mt of ore, with an average diluted grade of 2.56 g/t Au;
- Mine life of approximately 11 years with peak-year gold production of 195,600 ounces and average LOM annual payable gold production of approximately 142,000 oz;
- Average gold metallurgical recovery of 88.2%;
- Gross revenue (“NSR”) of \$2.65 billion;
- Total operating costs of \$1.08 billion (CA\$694/oz) and royalties of \$39.7 million;
- All-in sustaining costs<sup>1</sup> of CA\$826/oz or US\$630/oz net of by-product credits, including royalties, over LOM, generating an operating margin of over US\$877/oz or 52%;
- All-in cost (CAPEX plus OPEX) is estimated at CA\$1,124 or US\$858 payable ounce;
- Initial capital costs of \$464 million, including a \$31.2 million contingency and \$52.4 million of indirect costs (owner’s, EPCM, etc.);
- NPV of \$522 million at a 5% discount rate and an IRR of 23.6% before taxes and mining duties;
- NPV of \$311 million at a 5% discount rate and an IRR of 18.5% after taxes and mining duties;
- Payback period of 3.6 years pre-tax and 3.9 years post-tax;
- Approximately 420 workers during the peak construction period and up to 300 employees, staff and labour, will be required during operations;
- Process plant commissioning in Q2 2022; fully operational by Q4 2022;
- Full mine production in Q4 2022.

## PROPERTY DESCRIPTION, LOCATION AND OWNERSHIP

The Wasamac property is located approximately 15 km west-southwest of Rouyn-Noranda, Quebec, Canada, in Beauchastel Township, within the central portion of the Abitibi gold mining district.

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<sup>1</sup> All-in Sustaining Costs are presented as defined by the World Gold Council (“WGC”) less Corporate G&A.



On October 2, 2017, Monarch closed a transaction pursuant to which it acquired all of Richmond Mines Inc.’s (“**Richmont**”) mining and exploration assets in Québec, which included the Wasamac property, in exchange for 34,633,203 common shares of the Corporation and a 1.5% net smelter return (the “**1.5% NSR**”) royalty upon commercial production from the property. Of the 1.5% NSR, one-third (or 0.5%) can be bought back by the Corporation for \$7.5 million.

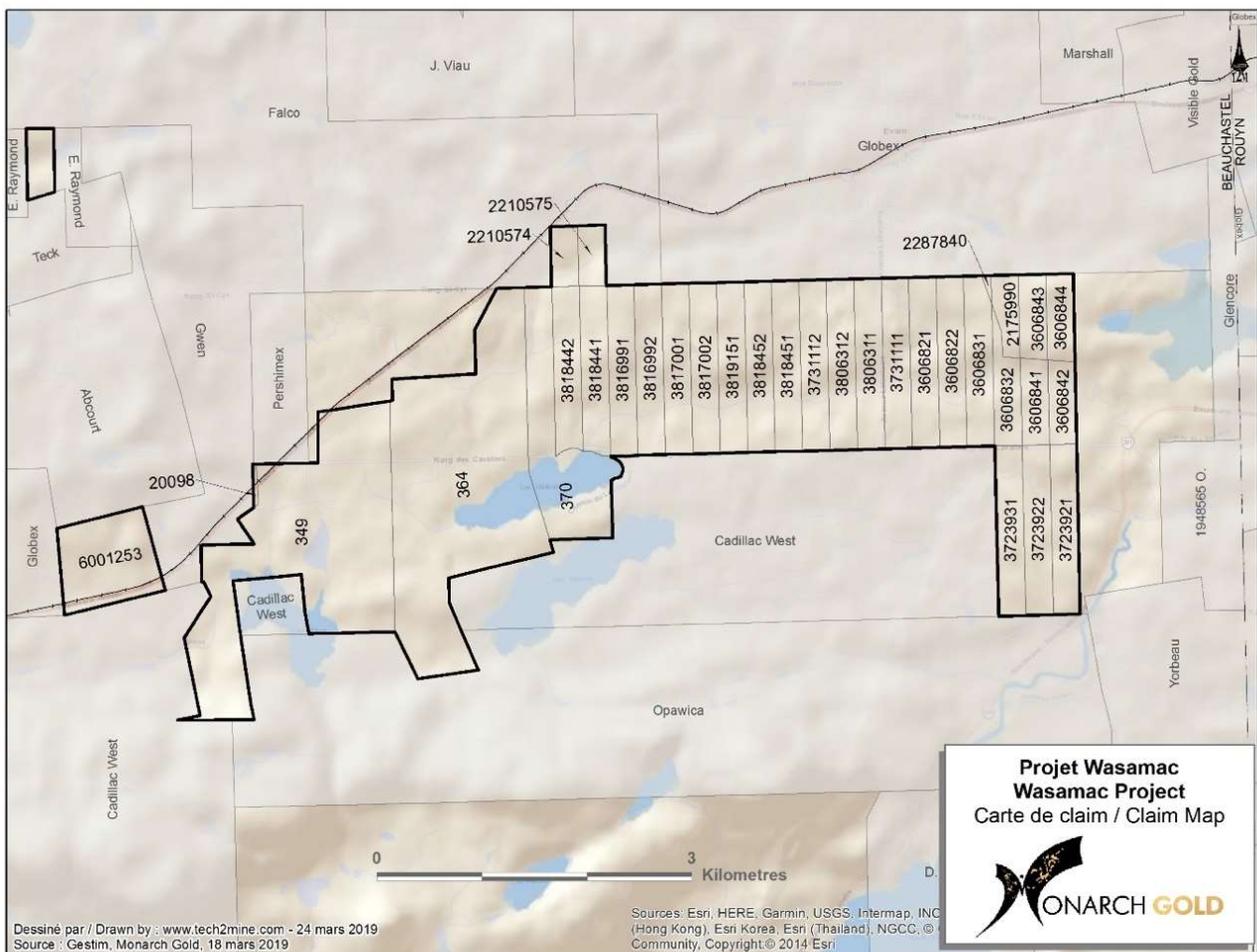
As a result, the Corporation owns 100% of the Wasamac property. RPA is not aware of any royalties (other than the 1.5% NSR royalty owned by Metalla Royalty and Streaming Ltd.), back-in rights, or other obligations related to any underlying agreement.

The Wasamac property described in the transaction and the Feasibility Study consisted of three mining concessions covering 757.65 ha and eleven mining claims covering 391.68 ha for a total area of 1,149.33 ha in Beauchastel Township.

On December 18, 2018, subsequent to the December 1, 2018 Feasibility Study, the Corporation acquired additional claims through an exchange of mineral claims with Globex Mining Enterprises Inc. With such exchange, the Wasamac Property is currently composed of three mining concessions covering 757.65 ha and 30 mining claims covering 982.25 ha for a total area of 1,739.90 ha in Beauchastel Township.

The Corporation reports that all work and/or lease payments have been met to maintain concessions and claims in good standing.

### Wasamac Claim Map as at December 18, 2018



## ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

### *Accessibility*

The property is located approximately 15 km west-southwest of Rouyn-Noranda, Quebec, Canada. Rouyn-Noranda is serviced by daily flights to Montreal. The property is accessed from Provincial Highway 117 that links Rouyn-Noranda and the community of Arntfield. A secondary road (Rang des Cavaliers) leads directly to the property from Provincial Highway 117.

### *Climate*

The property lies within the Abitibi Plains ecoregion of the Boreal Shield ecozone and is marked by warm summers and cold, snowy winters. The mean annual temperature is approximately 1°C, the mean summer temperature is 14°C, and the mean winter temperature is -12°C (Marshall and Schutt, 1999).

Despite the harsh winters, drilling and geophysical surveys can be performed year-round. Geological and geochemical surveys are generally restricted to the months from May to October.

### *Local Resources*

Rouyn-Noranda (population 41,000) is a well-established mining town offering a wide variety of general and mining related products and services including temporary and permanent accommodations, hospital services, 24-hour fuel (gas and propane) station, building supplies, post office, police services, and restaurants. The Horne copper smelter is the most significant employer in the town with a workforce of approximately 500. Skilled personnel including, technicians, geologists, mining engineers, experienced miners, and mining contractors are available in the area.

### *Infrastructure*

In the past, the Wasamac Mine had an inclined shaft dipping to the north in the footwall of the Main Zone to depth of approximately 420 m. Drifting was done on seven main levels (every 200 ft) to approximately 400 m below surface. Two lateral drifts accessed Zones 1 and 2 towards the east (at the 400 ft and 800 ft levels). Immediately to the south, the Wildcat shaft was used as a ventilation raise and connected to the Wasamac Mine by a drift at the 200 ft level.

The mine was closed in 1971 and is currently flooded. All infrastructure was dismantled, and equipment was removed from site. As ore has been processed at the mine site, there is an old non-acid generating tailings pond in the centre of the property.

The surface rights covering the area of the old infrastructure and of the tailings pond are owned by Monarch.

Hydro-Québec electric power is available from a provincial 25 kV hydro line which runs along Provincial Highway 117 and from another line along the secondary road (Rang des Cavaliers). Another Hydro-Québec 120 kV line is located approximately eight kilometres east of the property.

The Ontario Northland Railway runs north of the property, parallel to Provincial Highway 117.

## Physiography

The ecoregion is classified as having a humid, mid-boreal eco-climate. The topography is comparatively flat, with no hills rising more than 20 m in the immediate vicinity.

RPA is of the opinion that, to the extent relevant to the mineral project, there is a sufficiency of surface rights and water.

## HISTORY

The Wasamac property has been the object of extensive exploration work. Gold mineralization was originally discovered in 1936 by La Mine d'Or Champlain Ltée through surface trenching work. Subsequent surface diamond drilling intersected encouraging gold values, however, geological continuity initially appeared erratic. A 60 m shaft (“**Wildcat shaft**”) was sunk and one underground level was developed.

In 1944, Mine d'Or Champlain changed its name to Wasa Lake Gold Mines and initiated an exploration program. This led to the discovery of a new gold bearing zone, the Main Zone, located approximately 300 m north of the Wildcat Zone.

During the period from 1945 to 1948, an inclined shaft was sunk at a 55° angle down to the 1,000 ft level which was followed by significant development work on five underground levels. “Ore reserves” established at the time were approximately two million tonnes at an average grade of 5.28 g/t Au. This estimate is considered to be historical in nature and should not be relied upon, however, it does give an indication of mineralization on the property.

In 1960, Barnat Mines Ltd., in association with Little Long Lac Gold Mines, acquired control of Wasa Lake Gold Mines and changed its name to Wasamac Mines Ltd. A production decision was reached in 1964, the underground workings were dewatered, and rehabilitated, and commercial production officially commenced on April 1, 1965.

From 1965 to 1971, approximately 1.9 million tonnes of ore from the Wasamac deposit were treated by Wasamac Mines Ltd. and later by Wright-Hargreaves Mines Ltd. An average recovered grade of 4.16 g/t Au was recorded (Karpoff, 1986).

### Historical Gold Production – Wasamac Mines Ltd.

Year	Tonnes Milled	Gold Grade (g/t Au)	Ounces Recovered (oz Au)
1965	222,422	3.94	28,189
1966	368,986	4.42	52,451
1967	369,914	4.17	49,531
1968	376,236	4.41	53,280
1969	305,142	3.67	35,982
1970	212,660	4.11	28,123
1971	37,088	4.50	5,367
<b>Total</b>	<b>1,892,448</b>	<b>4.16</b>	<b>252,923</b>

In May 1971, operations ceased due to low gold prices (approximately US\$35/oz), increasing production costs, and the abolishment of Federal aid to the mining sector. Consequently, very little exploration was conducted until 1974, when Lac Minerals Ltd. (“**Lac Minerals**”) carried out limited diamond drilling on the MacWin Zone and deep diamond drilling work on the Main Zone.

During the early 1980s, Lac Minerals re-activated exploration work on the property and in 1980 completed 80 km of horizontal loop electromagnetic (“**HLEM**”), magnetometer, and very low frequency (“**VLF**”) ground geophysical surveys. This work was followed up with surface geological mapping, and in 1981 the company drilled 64 surface holes totalling 7,375 m in an attempt to:

1. Verify the down dip extension of the Main Zone.
2. Evaluate the surface pillar zone through definition drilling at 30 m spacing.
3. Evaluate the down plunge extensions of the MacWin, Wildcat, and N 2 zones.

In 1983, following pre-feasibility work on the surface pillar recovery, Lac Minerals drilled an additional 1,880 m in 33 surface holes at a 15 m spacing, to upgrade the level of confidence of this surface zone.

Several studies considering a potential open-pit operation were prepared for the surface pillar, however, low gold prices at the time prevented the company commencing production.

Following the option agreement with Lac Minerals in 1986, the exploration work conducted by Ressources Minières Rouyn (“**RMR**”), which changed its name to Richmond in 1991, consisted of 11 surface holes totalling 3,710 m, and was aimed at further evaluating the surface pillar zone along with the Zone 1 and Main Zone down dip extensions.

From November 1987 to June 1988, RMR dewatered the mine to a depth of 975 ft and rehabilitated the 400 ft and 800 ft levels in an attempt to explore the down dip extension of Zone 1 through underground drilling. Again, the Project was not developed due to low gold prices.

In 1994, Richmond reclaimed the Wasamac Mine site. All surface installations were dismantled, the shaft was capped, and the tailings pond was re-vegetated.

From 1989 to 2002, exploration work included eight surface holes totalling just over 4,500 m primarily targeting the WSZ at depth (Zones 1 and 2).

In 2002, Richmond re-activated exploration work in an attempt to evaluate the down plunge extension of Zones 1 and 2 at depth. Richmond drilled a 420 m hole from surface that targeted the down plunge extension of Zone 2. Drill hole WS-02-01 intersected 4.15 g/t Au over a true width of 6.8 m. Richmond followed up with a 15-hole (9,475 m) surface drilling program in 2003. All holes intersected the WSZ at depth which demonstrated good continuity. Nine holes returned assay values greater than 4.0 g/t Au and six holes returned grades greater than 4.5 g/t Au in Zones 2 and 3. An additional 3,859 m of drilling was completed in 2004. Results from the 2002 to 2004 drilling supported an internal Inferred Mineral Resource estimate for Zones 2 and 3 (Guay, 2004).

In 2005, one hole (WS-05-21), 745 m in length, was drilled west of Zone 1, and intersected gold values of 0.91 g/t Au over 4.1 m. In 2007, two holes were completed on the West extension of the Wildcat Zone. Hole WS-07-22 cut the Wildcat structure with a gold intercept of 1.39 g/t Au over 6.6 m. In 2008-2009, three exploration holes targeted geophysical anomalies that could indicate parallel structure to the WSZ. Alteration zones were intersected but returned no significant gold values.

From May 2011 to July 2012, Richmond completed significant exploration drilling targeting the Main Zone and Zones 1, 2 and 3. In 2011, a total of 78 holes were completed (11 holes were stopped and re-drilled due to excessive deviations), totalling approximately 52 km. In 2012, an additional 87 NQ diameter drill holes were completed, totalling approximately 44 km.

In 2012 Richmond also completed a 16-hole drill program totalling 11,803 m to test the WSZ between the vertical depths of 200 m and 1,000 m across claims optioned from Globex Mining Enterprises Inc. (“Globex”). All holes intersected the WSZ, however, where intersected, the structure appeared to be less highly deformed and not as highly altered as elsewhere. The best intersections from within the WSZ included 4.07 g/t Au across 5.60 m in hole WG-480-02, 2.25 g/t Au across 6.70 m in hole WG-480-04, 1.07 g/t Au across 8.00 m in hole WG-482-02, and 1.43 g/t Au across 5.00 m in hole WG-589-01. Several short intersections were achieved outside of the WSZ.

From December 2015 to January 2016, Richmond completed two drill holes totalling 600 m to test the eastern and western extensions of the Wildcat Zone. The best intersections included 2.55 g/t Au across 2.00 m in hole WC-15-01 east of the zone and 1.78 g/t Au across 2.00 m, 2.71 g/t Au across 3.50 m, 1.53 g/t Au across 4.5 m and 14.02 g/t Au across 1.50 m in hole WC-16-01, west of the zone.

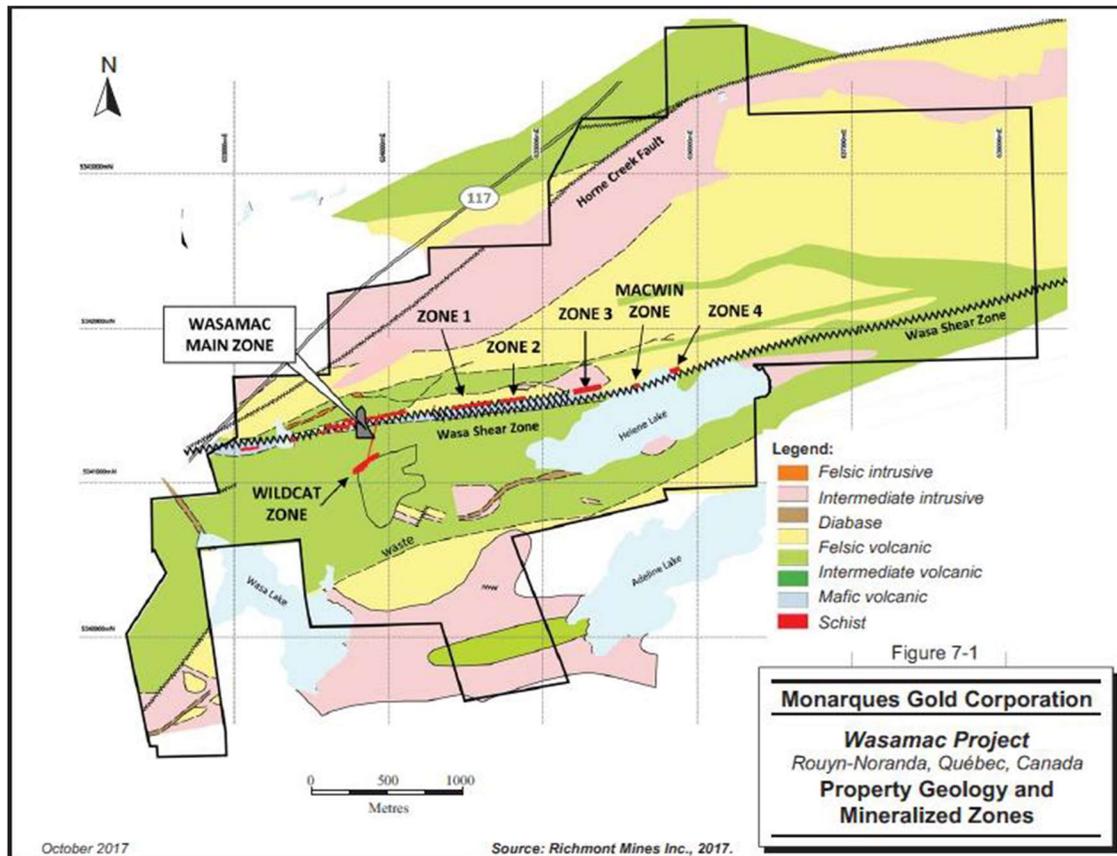
## **GEOLOGICAL SETTING AND MINERALIZATION**

The Wasamac property is located within the Rouyn-Noranda mining district, in the Abitibi greenstone belt of the Superior province of the Canadian Shield. The area consists mostly of felsic to mafic volcanic rocks of Archean age with related dioritic sills, which are concordant to the regional rock formations. The Superior Province is the largest exposed Archean craton in the world and hosts several world class gold deposits. It has produced approximately 300 million ounces of gold from hundreds of deposits since the beginning of the 20th century. One prominent characteristic of all significant gold deposits in the Superior Province is their occurrence within or immediately adjacent to greenstone belts.

The property is subdivided into two distinct volcanic sequences separated by a subsidiary fault of the Larder Lake-Cadillac tectonic zone, called the WSZ, which cross-cuts the property from east to west. The WSZ is a reverse fault with a north dipping trend and is strongly hydrothermally altered on the Wasamac property and hosts most known gold mineralization on the property.

Originally discovered in 1944 through surface drilling, the Main Zone is located near the centre of the property and is hosted by the WSZ. Higher grade portions have true widths of 10 m to 15m (up to 25 m locally) over a strike length of 400 m. Gold mineralization is associated with quartz, carbonate, sericite, albite, pyrite, and chlorite inside the shear zone. Zone 1 and Zone 2 are located 400 m and 800 m east of the Main Zone, respectively. Zone 3 is located in the lower part of the shear zone, near the footwall, below the MacWin Zone.

## Property Geology and Mineralized Zones



### Main Zone

Originally discovered in 1944 through surface drilling, the Main Zone is described as a well laminated mineralized zone. It is located near the centre of the property, within the WSZ and high-grade areas display true widths of 10 m to 15 m (up to 25 m locally) over a strike length of 400 m. Gold mineralization is associated with quartz, carbonate, sericite, albite, pyrite, and chlorite inside the shear zone. Visible gold is rare, and high-grade gold assays are generally associated with high silica content and fine-grained pyrite (Gill, 1947). If the entire mineralized zone is considered, including lower grade parts, the width of the mineralized zone can be up to 50 m.

### Zone 1

Located approximately 400 m east of the Main Zone, Zone 1 has a similar mineralogical assemblage to the Main Zone. The high-grade segments have true widths of 4.5 m to 7.5 m over a strike length of 150 m. During the last phase of production, underground development work was undertaken in an effort to mine this gold bearing lens, however, only limited tonnage was extracted in the upper part of the zone (approximately 100,000 t of ore was mined). The thickness of the mineralized envelope can be up to 20 m.

### *Zone 2*

In September 1944, surface drilling intersected Zone 2 located in the upper part of the shear zone, near the hanging wall, approximately 800 m east of the Main Zone. Higher grade portions have average thicknesses of 3 to 6 m over a strike length of 225 m. This zone was partially developed from underground, but no production was recorded.

### *Zone 3*

Zone 3 was first intersected during the 2002-2004 drilling programs and further defined during the 2011 drilling. The mineralization is located in the lower part of the shear zone, near the footwall, below the MacWin Zone. Hematized, red-coloured felsic dykes appear to be associated with the mineralized zones. These are difficult to recognize due to shearing, alteration, and mineralization.

The dykes are likely related to the shear zone deformation and have an echelon geometry within the shear zone. Since they appear to be more competent compared to the surrounding andesites, the dykes have been affected by more brittle deformation. This brittle deformation may have created the fractures which could have served as conduits to the mineralized fluids. RPA recommends additional geological studies to better understand the exact relation between the dykes and the formation of the mineralization.

### *MacWin Zone*

Formerly known as the Wingate Zone, the MacWin Zone was discovered in 1945 within the WSZ near the eastern property boundary. Gold mineralization is located outside the shear zone, within rhyolites located just at the hanging wall of the shear.

### *Wildcat Zone*

The Wildcat Zone was discovered in 1936, the first gold showing discovered on the property. Located 300 m south of the Main Zone, the mineralization is related to a carbonate altered zone at the margins of a gabbroic unit. This zone, which has been interpreted as being erratic, was investigated through underground development work in 1937 however, operations ceased a year later due to lower than expected gold grades. Further surface drilling was subsequently completed in 1944, but efforts failed to improve the grade. Limited tonnage was extracted from this zone. The Wildcat shaft was later used as a ventilation raise, and was connected to the Wasamac property by a drift on the 200 ft level.

In 1981, Exploration Long Lac completed 18 holes for 1,562 m. These vertical holes showed a possible extension of the mineralization to the southeast (Caillé, 1981). Richmond drilling in this area also indicated a possible extension of the mineralized structure to the southwest.

## **DEPOSIT TYPES**

The Wasamac property deposit is an Archean greenstone-hosted gold deposit hosted in the WSZ, a second order ductile shear zone of the Cadillac–Larder Lake Fault Zone. Gold mineralization is constrained to the altered and sheared portion of the WSZ. The following is taken from Dubé and Gosselin (2006).

Greenstone-hosted quartz carbonate vein deposits occur in deformed greenstone belts of all ages elsewhere in the world, especially those with variolitic tholeiitic basalts and ultramafic flows intruded by intermediate to felsic porphyry intrusions, and sometimes with swarms of albitite or lamprophyre dykes.

They are distributed along major compressional to transpressional crustal-scale fault zones in deformed greenstone terranes commonly marking the convergent margins between major lithological boundaries, such as volcano-plutonic and sedimentary domains. The large greenstone-hosted quartz-carbonate vein deposits are commonly spatially associated with fluvio-alluvial conglomerate (e.g., Timiskaming-type) distributed along major crustal fault zones. This association suggests an empirical time and space relationship between large-scale deposits and regional unconformities.

These types of deposits are most abundant and significant, in terms of total gold content, in Archean terranes, however, a significant number of world-class deposits are also found in Proterozoic and Paleozoic terranes. In Canada, they represent the main source of gold and are mainly located in the Archean greenstone belts of the Superior and Slave provinces. They also occur in the Paleozoic greenstone terranes of the Appalachian orogen and in the oceanic terranes of the Cordillera.

The greenstone-hosted quartz-carbonate vein deposits correspond to structurally controlled, complex epigenetic deposits characterized by simple to complex networks of gold-bearing, laminated quartz-carbonate fault-fill veins. These veins are hosted by moderately to steeply dipping, compressional, brittle-ductile shear zones and faults with locally associated shallow-dipping extensional veins and hydrothermal breccias. These deposits are hosted by greenschist to locally amphibolite-facies metamorphic rocks of dominantly mafic composition and formed at intermediate depth (5 km to 10 km). The mineralization is syn-to-late-deformation and typically post-peak greenschist-facies or syn-peak amphibolite-facies metamorphism. It is typically associated with iron carbonate alteration. Gold is largely confined to the quartz-carbonate vein network but may also be present in significant amounts within iron-rich sulphidized wall rock selvages or within silicified and arsenopyrite-rich replacement zones.

There is a general consensus that the greenstone-hosted quartz-carbonate vein deposits are related to metamorphic fluids from accretionary processes and generated by prograde metamorphism and thermal re-equilibration of subducted volcano-sedimentary terranes. The deep-seated gold transporting metamorphic fluid has been channelled to higher crustal levels through major crustal faults or deformation zones. Along its pathway, the fluid has dissolved various components, notably gold, from volcano-sedimentary packages, including a potential gold-rich precursor. The fluid then precipitated as vein material or wall rock replacement in second and third order structures at higher crustal levels through fluid pressure cycling processes and temperature, pH and other physico-chemical variations.

## **EXPLORATION AND DRILLING**

From 1989 to 2002, exploration work on the property consisted of limited surface diamond drilling to keep the mining lease in good standing. In 2002, Richmond re-activated exploration work on the Wasamac property in an attempt to evaluate the down plunge extension of Zones 1 and 2 at depth. From 2002 to 2004, Richmond drilled a total of 13,770 m which resulted in an updated Mineral Resource estimate in 2004.

From 2005 to 2009, Richmond drilled a total of six holes to test geophysical and geological targets along the WSZ.

In 2010, surface drilling targeted results in Zone 2 and a portion of Zone 1 that were identified during the 2002 to 2004 drilling.

The 2011 drilling campaign was planned to verify the extension of the mineralization below the Main Zone and delineate and verify the continuity of mineralization in Zones 1, 2 and 3. A total of 78 holes were completed (11 holes were stopped and re-drilled due to excessive deviations) totalling approximately 52,000 m. In 2012, 87 NQ diameter drill holes were drilled to further delineate and define the extent of mineralization on the various zones identified at Wasamac.

More metallurgical tests were initiated on composite samples of drill core for the four main mineralized zones of the property. Over 20 geotechnical holes were also drilled to verify the quality of the rock in the crown pillar and the hanging wall of the Main Zone and Zone 1.

In 2012, Richmond also completed a 13-hole drill program totalling 10,136 m to test the WSZ between the vertical depths of 200 m and 1,000 m across claims optioned from Globex. All holes intersected the WSZ, however, where intersected, the structure appeared to be less highly deformed and not as highly altered as elsewhere. From 2015 to 2016, Richmond completed two drill holes totalling 600 m to test the eastern and western extensions of the Wildcat Zone.

Following the acquisition of the property in October 2017, Monarch did not carry out any additional exploration work or drilling on the Wasamac property. It has repatriated all the data and documentation gathered over the years by the previous owner and others at its Val-d'Or office. All existing remaining core is safely stored at the historical Francoeur mine site, a short drive from the Wasamac property, under an agreement with Globex, the current owner of the Francoeur mine.

## **SAMPLING, ANALYSIS AND DATA VERIFICATION**

### *Core Logging and Sampling Procedures*

Limited information is available regarding sampling methods used underground, either for core drilling or wall sampling, from when the mine was in operation.

Since 2002, core logging has been performed by Richmond's geological staff using industry standard procedures.

Since 2010, logging has been done on Richmond's Francoeur mine site. Data entered into the logging software were:

- Log header, hole location, parameters, and surveys;
- Descriptions of the main and sub-geological units;
- Mineralized zones with their mineralogy, attitude, thickness; and
- Structures, alterations, and RQD.

Selected intervals were sawn in half with one half being kept as a reference in core boxes, the other half bagged, labelled, and transported to Laboratoire Expert Inc. ("**Expert Laboratory**") in Rouyn-Noranda by Richmond for assay. Assay results and core descriptions were collected and plotted onto vertical sections for interpretation and drill hole planning.

The core boxes were marked with aluminum tags and moved to permanent storage in steel core-racks on the Francoeur mine site. Since 2003, most of the split core was stored at the Francoeur mine and remains available. Since 2009, sample rejects and pulps have been stored at the Francoeur mine site.

### *Actlabs*

RPA does not have any details regarding the analytical procedures used by various laboratories prior to 2002. During the 2002-2004 surface drilling programs, diamond drill core was logged and split at Richmond's core logging facility. Samples from one half of the core were tagged and bagged and delivered directly to the Techni-Lab S.G.B. Abitibi Inc. ("**Actlabs**") assay office in Ste-Germaine-Boulé, Québec. At Actlabs, samples were counted and classified. A project list was created, and the sample identification numbers were compared with the order form provided by Richmond. Each sample is allocated two identification tags, one for the pulp and the other for the reject. Wet samples were dried in an oven at 60°C

for one hour. Samples were crushed to -2 mm, homogenized, and split with a Jones riffle splitter to retain a 250 g sample which was then pulverized to 80% passing -200 mesh for three minutes in a ring pulverizer. Pulps were analyzed using standard fire assay methods with an atomic absorption spectrometry (“AAS”) finish. If the results were greater than 10 g/t Au, a second 30 g pulp sample was fire assayed with a gravimetric finish.

Actlabs employed industry standard quality assurance/quality control (“QA/QC”) procedures including daily checks of equipment, and the insertion and review of blanks, duplicates, and Certified Reference Materials (“CRMs”).

#### *Expert Laboratory*

In 2010 and 2011, samples were sent to the Expert Laboratory in Rouyn-Noranda. Also, in 2011, approximately 20% of pulps and rejects from the mineralized zone were re-assayed by Actlabs.

At Expert Laboratory, samples were dried if necessary and then reduced to -1/4 inch with a jaw crusher which was cleaned with compressed air and barren material between samples. The sample was then reduced to 90% -10 mesh with a roll crusher. The roll crusher was cleaned between samples with a wire brush and compressed air and barren material between sample batches. The sample was then split using a Jones type riffle to approximately 300 g, which was then pulverized to 90% -200 mesh in a ring and puck type pulverizer. The pulverizer was cleaned with compressed air between samples and silica sand between batches. One assay ton samples (29.166 g) were fire assayed with an AAS finish. Samples were assayed in batches of 28, which included a reagent blank and a gold CRM. Samples assaying over 1,000 ppb were checked by fire assay with a gravimetric finish.

#### *Density Measurements*

The historic tonnage factor used for the Wasamac Mine ore was 12 ft<sup>3</sup>/ton, which corresponds to a density of 2.80 g/cm<sup>3</sup>.

In May 2010, Richmond requested that Unité de Recherche et de Service en Technologie Minérale (“URSTM”) make density measurements on samples from Zone 2 which were sent for metallurgical testing (holes WS-10-31 and WS-10-36) (Lelièvre, 2011). The average density of the 21 samples was 2.823 g/cm<sup>3</sup>.

In 2011, approximately 40 new density measurements were made by URSTM, with averages of 2.80 g/cm<sup>3</sup> for the Main Zone, 2.83 g/cm<sup>3</sup> for Zone 1, and 2.84 g/cm<sup>3</sup> for Zone 2.

The density value of 2.80 g/cm<sup>3</sup> was considered representative and was used to convert volumes to tonnages for the resource estimate.

#### *Quality Assurance/Quality Control Procedures*

There are no records of a quality control program for the period when the mine was in operation from 1965 to 1971.

Exploration completed by Exploration Long Lac in the 1980s included checks for assay results from the 1980-1981 drilling campaign. Two laboratories were used for this campaign: Laboratoire d’analyse Bourlamaque Ltée of Val-d’Or, Québec (“Bourlamaque”), and Assayers Limited of Rouyn-Noranda, Québec (“Assayers”). Some of the samples sent to one laboratory were resent to the other. Only the pulp was used, and samples were separated into two groups: one for the WSZ, the other for the Wildcat Zone. Pulps prepared by Bourlamaque and assayed by the two laboratories showed a very good correlation. Pulps prepared by Assayers and assayed by the two laboratories showed a lower correlation (Bugnon, 1982).

For the 2002 to 2004 drill campaigns, the QA/QC program for drill core samples included the re-assay of all samples with good initial results by a second laboratory facility. Chimitec Als Chemex (“**Als Chemex**”) of Val-d’Or, Québec, re-assayed those pulps.

Als Chemex conducted the second fire assay with an AAS finish on a 30 g sample. If the second assay returned a value greater than 7.0 g/t Au, another fire assay using a gravimetric finish was then performed on a 30 g sample obtained from the same pulp.

Sample preparation was according to industry standards and was judged satisfactory. The lack of very high-grade assays renders the standard 30 g fire assay method with an AAS finish as reliable.

Assay values obtained from the two distinct laboratory facilities were compared. Differences exist when comparing individual sample results, however, on the whole, results were similar.

A CRM standard from Rocklabs and a blank was inserted in every batch of 20 samples sent to the Expert Laboratory for the 2010 drill campaign. Results from the CRMs were acceptable. Although the results from the blank samples suggested potential minor contamination, the bias was low and considered within the acceptable limits.

For the 2010 drilling campaign, 199 pulp samples from Expert Laboratory were sent to the Actlabs laboratory and re-assayed. The average of the select samples for re-assay was 3.49 g/t Au with Actlabs while the average of the original assays with Expert Laboratory was 3.41 g/t Au, suggesting correlation between the two laboratories. There was no evidence of bias between the two laboratories (Adam, 2011).

For the 2011 drilling program, the QA/QC procedure consisted of the insertion of a CRM standard and a blank sample in every batch of 20 samples sent to Expert Laboratory in Rouyn-Noranda. Pulps and rejects of 229 samples from mineralized zones were also sent to Actlabs for verification.

The QA/QC procedures used for the 2011 drilling program were applied in 2012.

RPA examined the insertion rates and the performance of blanks, CRMs, and external check assays. RPA found that the blank and CRM failure rates observed are within expected ranges and that no significant assay biases were present. In RPA’s opinion, the procedures followed at Wasamac conform to the industry practices and the quality of the assay data is adequate and acceptable to support a Mineral Resource estimate.

## **DATA VERIFICATION**

The Wasamac database contains exploration, production, and geotechnical drilling data for the property and surrounding area. Since the discovery of gold in 1936 by La Mine d’Or Champlain Ltée, at least 14 companies have drilled on the Wasamac property.

### **Surface and Underground Diamond Drill Holes in Wasamac Database**

<b>Category</b>	<b>Number of holes</b>	<b>Length (m)</b>
Total diamond drill holes on the property	2,766	246,794
Total diamond drill holes outside the property	239	40,834
Total diamond drill holes in the database	3,005	287,628

Starting in 1986, diamond drill holes were captured by RMR and then Richmond with Prolog or Gemlogger logging software. Almost all the other holes were captured in Gemcom from hardcopy logs. There were approximately 200 underground definition holes measured on hardcopy maps.

Deviation tests were recorded as indicated on hardcopy logs. Survey, deviation, and assay results were verified during the capture of the diamond drill holes.

Assay results are mainly from hardcopy logs for holes completed before 2001. When assay certificates were available, all the results in the database were verified. Most of the assay certificates from the Exploration Long Lac and Richmond drilling programs are available.

RPA performed a number of checks on the drill hole database content, including visual drill hole trace inspection, extreme and zero assay values, intervals not sampled or missing, and interval overlapping. Drill hole database validation routines available in Geovia GEMS were performed on the relevant data tables. No major issues were identified.

RPA was provided with 506 assay certificates for drilling from 2003 to 2012 and 44 drill logs with assay data for older drilling. The assay certificates available in a suitable digital format were compiled and then used for comparison with database gold grades for matched samples. Approximately 20,000 assays were checked, representing approximately 25% of the assay database. Spot checks were performed on randomly selected intervals from eight drill holes with log data for approximately 200 samples. No errors were found.

RPA is of the opinion that the drill hole database complies with the industry standards and is adequate for Mineral Resource estimation.

A large number of wall channel samples were taken during the development of the Wasamac Mine, from 1944 to 1970, and most of them are present in the database. Channel samples have been captured with Promine software and then imported in GEMS. Sample length was indicated on the maps. Later, documents with channel length, assay results, and location were found in the archives. After inspecting the channel sampling location and continuity, and comparing them on plans with the closest drilling, RPA decided not to use the channel sample data for resource estimation.

Mr. Tudorel Ciuculescu, P. Geo, RPA Senior Geologist, carried out a site visit on September 29 and 30, 2017. During the site visit, Mr. Ciuculescu reviewed drill core and logs from several drill holes and visited drilling collar locations on the property. Several collar positions were recorded with a hand-held GPS and were found to be within several metres from the coordinates in the database.

## **INTERPRETATION, GEOLOGICAL AND RESOURCES MODEL**

The drill hole database was provided by Monarch as a Geovia GEMS 6.3 project. The deposit was defined by surface and underground core drilling inside the mineralized Wasamac shear zone. In all, 3,317 holes drilled, for various purpose, have been established on a local grid and UTM coordinates are also available. Of these, 2,016 holes were used for the resource estimate, consisting of 288 surface holes, with a total length of 122,781 m and 24,613 samples (24,401 m sampled), and 1,728 underground holes, with a total length of 36,842 m and 24,018 samples (32,148 m sampled).

The 3D wireframes of the mineralized shear zones were interpreted by site geologists based on vertical sections and plan views using underground and surface drilling, at a nominal cut-off of grade 1.5 g/t Au. RPA checked the interpretation criteria and the execution of the wireframe for consistency, and then adopted the mineralized shear zone wireframes. RPA developed a set of clipping contours for contiguous areas with at least 1 g/t Au and a minimum thickness of four metres. The mineralized shear zone wireframes were clipped with the 1 g/t Au contours, followed by contours surrounding the mined-out stopes to obtain the resource wireframes for the Main Zone, Upper and Lower Main Zone Hanging Wall, Zones 1 and 2, Zone 3 and Zone 4. The underground development was also removed from the resource solids.

RPA validated the database and considers it acceptable to be used to estimate Mineral Resource. Similarly, RPA reviewed the wireframe interpretation and found the wireframes to be acceptable to constrain the Mineral Resource estimate.

## MINERAL PROCESSING AND METALLURGICAL TESTING

As part of the feasibility study, a metallurgical testwork program was conducted in order to validate the PEA testwork results and to determine key process parameters required for recovery estimates, equipment selection and equipment sizing. The program was designed to yield a feasibility study level of certainty with regards to process variability. The main conclusions of the investigations are as follows:

- Two trade-off studies were conducted CIP vs CIL and grind size determination:
  - An early investigation showed that CIP is more economically favourable than CIL and thus the CIP circuit was incorporated in the flowsheet;
  - A study investigated grinding to 60 µm vs 40 µm (P80). The results established that 60 µm should be the target grind size.
- BWi and RWi results were consistent with the PEA results and implied that the Wasamac deposit is hard ore while the SMC results showed a much more competent ore than those obtained during the PEA;
- Optimized leach conditions were identified as being:
  - Feed at 40% solids w/w%;
  - 48 h of leaching residence time;
  - pH value of 10.5;
  - Cyanide concentration of 0.5 g/L;
  - Use of oxygen instead of air to reduce the cyanide consumption;
  - No pre-aeration.
- Average gold recoveries achieved were 92.0%, 81.6%, 86.2%, and 92.7% for MZ (Main Zone), Z1, Z2 and Z3 respectively;
- Cyanide destruction conditions were optimized to achieve the CNT target of 20 ppm;
- Sedimentation and filtration tests were performed in order to size the thickeners and filter presses:
  - Maximum thickener feed solids of 25% was determined with a recommended underflow between 67% and 71% solids and maximum clarifier feed solids of 3% was estimated with a recommended underflow of 25% solids;
  - Moisture filter cake between 9.2% and 10.4% with air blow only and between 8.6% and 9.8% with membrane squeeze are achievable by pressure filtration.

The Wasamac process plant is designed to treat a nominal throughput of 272 tph (~6,000 tpd), given a plant utilization of 92%, with a target grind size of 60 µm. The proposed process flowsheet is based on the laboratory testwork program performed at Base Met Labs and Pocock Industrial and on historical testwork performed at the SGS Lakefield laboratory during the PEA.

The process plant will consist of a single stage of crushing, a primary SAG mill in close circuit with a pebble crusher, a secondary ball mill in closed circuit with hydrocyclones, leaching, CIP and ADR circuit followed by cyanide destruction using the SO<sub>2</sub>/air process. Based on the mine backfill schedule, the cyanide destruction tails will be pumped to the paste backfill plant or to the tailings filtration plant where the filter cake will be trucked to a dry-stack tailings pile. The ADR circuit and gold room will recover the gold and silver from activated carbon and produce doré bars. The plant will also have a reagent preparation area, two process water circuits (cyanide bearing and cyanide-free), a fresh water circuit, and low-pressure and compressed air distribution systems to service the entire plant.

## MINERAL RESOURCE ESTIMATE

The Mineral Resource estimate was completed by RPA based on the resource database and wireframe interpretation provided and interpreted by Richmond. Sample compositing was completed using a fixed length of two metres, ensuring a minimal amount of sample splitting for the surface drilling. Assays were capped prior to compositing.

Variography analyses, were conducted for the Main Zone domain and for the combined Zones 1 and 2 domain and directional variograms were modelled using two-metre capped composites. Ranges of up to 90 m were observed in the plane of mineralization and 13 m across strike for the Main Zone, while the variogram models for the combined Zones 1 and 2 domain with a wider drill hole spacing, indicated ranges of up to 120 m in the plane of mineralization and seven metres across strike. Similar to the Main Zone models, no strong anisotropy was observed.

A density value of 2.8 g/cm<sup>3</sup>, corresponding to historical tonnage factor at the Wasamac mine, was considered appropriate and used for the resource estimation.

The estimate was supported by a block model and was constrained with mineralized wireframes capturing mineralized intercepts with a nominal grade of 1.0 g/t Au over a minimum thickness of four metres. Erratic higher-grade samples were capped at 35 g/t Au prior to compositing to two-metre-long intervals. Block gold grade was estimated using an ID3 interpolation method.

The current Mineral Resource estimate for the Wasamac Project is based on underground mining methods and includes 3.99 Mt at an average grade of 2.52 g/t Au, containing 323,300 ounces in the Measured category, and 25.87 Mt at an average grade of 2.72 g/t Au, containing 2,264,500 ounces in the Indicated category. An additional 4.16 Mt at an average grade of 2.20 g/t Au, containing 293,900 ounces, is estimated in the Inferred category. The Mineral Resources are estimated at a 1.0 g/t Au cut-off grade, based on a gold price of US\$1,500 per ounce at a USD:CAD exchange rate of 0.80, and have an effective date of October 20, 2017.

RPA is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.

## Mineral Resource Statement as of October 20, 2017

Resource Category	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (oz)
Measured Resources	3.99	2.52	323,300
Indicated Resources	25.87	2.72	2,264,500
<b>Total Measured + Indicated Resources</b>	<b>29.86</b>	<b>2.70</b>	<b>2,587,900</b>
Inferred Resources	4.16	2.20	293,900

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are inclusive of Mineral Reserves.
3. Mineral Resources are estimated at a cut-off grade of 1.0 g/t Au.
4. Mineral Resources are estimated using a gold price of US\$1,500 per ounce, and exchange rate of US\$0.80 = C\$1.00.
5. A minimum mining width of four metres was used.
6. A bulk density of 2.8 g/cm<sup>3</sup> was used.
7. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
8. Numbers may not add due to rounding.

### MINERAL RESERVE ESTIMATE

Mineral Reserves were classified complying with the CIM Definition Standards for Mineral Resources and Mineral Reserves. Mineral Reserves for the Wasamac deposit incorporate dilution and mining recovery factors based on the selected mining method and design. Mineral Reserve is the estimated tonnage and grade of ore that is considered economically viable for extraction.

The Mineral Reserve estimate for the Wasamac deposit is based on the resource block model last updated date in October 20, 2017, provided by RPA to the Corporation in 2017, along with the information in the Preliminary Economic Assessment study conducted by RPA in 2012 for the previous mine owner, Richmond (RPA, 2012) and information of the current 3D model of existing underground workings and historical stope outlines.

The price of gold is determined to be USD 1,300/oz. The trailing average exchange rate of \$1.31 CAD/USD is used in cut-off grade determination.

### Mineral Reserves statement by category as of December 1, 2018

	Tonnes (000 t)	Grade (g/t Au)	Contained Gold (000 oz)
<b>Proven</b>	1,028	2.66	88
<b>Probable</b>	20,427	2.56	1,679
<b>Total Proven and Probable</b>	<b>21,455</b>	<b>2.56</b>	<b>1,767</b>

Note: Above Reserves contain an average of 16.2% mine dilution and 86.4% mine recovery.

## MINING METHODS

### *Overview*

The Wasamac underground mine is separated into 5 zones. The overall strategy is to focus on extracting the zones with high Au ounces, primarily the Main Zone and Zone 2 (“Z2”). The mine is accessed via twin declines and ramps; one for rubber tire equipment and one for Rail-Veyor®.

The Rail-Veyor® Integrated Top Down Long Hole Stoping Method allows for the maximization of stope recovery and reduction of drilling dilution. The goal is to achieve ore production tonnes of average of 6,000 tpd when the mine is running at full production capacity. An underground paste backfill plant will be installed and paste fill will be employed to backfill mined out stopes. Main levels with Rail-Veyor® are placed mostly at every 40 m with some exceptions of 20 m, while all sublevels are in place every 20 m. Mineralized material will be extracted using Rail-Veyor® technology, Reclaim Feeders, and 7 t LHDs.

### *Mine Hydrogeology*

The hydrogeological conditions in the vicinity of Wasamac underground mine were defined based on historical pumping test results, and high-level estimation of groundwater inflow into the mine. A total groundwater volume of about 4,056,000 m<sup>3</sup> for the entire mine life in 10 years is calculated. This yields an average flowrate of 12.8 L/s. Additional sophisticated field tests and numerical modelling could be conducted to increase the accuracy of the conservative result obtained.

### *Rail-Veyor® Integrated Top Down Long Hole Stoping Method Description*

The Rail-Veyor® Integrated Top Down Long Hole Stoping Method was selected based on geometry of mineralized zones, competency of the rock, and ability to achieve a high average ore production rate of 6,000 tpd while recovering high grade zones in the early stages of the project. The method involves accessing stopes with longitudinal rubber tire drifts for drilling and Rail-Veyor® drift for hauling. Stopes will be mined following a retreating sequence towards the closest ramp, and stopes have been grouped into different horizons in each zone.

All stopes are 20 m in height and 15 m in length. During mining, the stopes will be mined in two 20 m lifts. There exist five different types of width due to ore body geometry and drill and blast requirements to achieve low dilution and good blast results. A slot raise will be needed for the first lift and the second lift can be mined by shrinkage to minimize slot drilling. The primary opening for the slot raise will be done using a V-30 attachment from Machines Rogers International. Up-holes designed on the second lift to recuperate most of the draw point pillars above. The top 20 m lift will be drilled and blasted first and the bottom 20 m lift will be drilled and blasted after. After drill and blast of the two panel stopes top and bottom, materials will be hauled, in one 40 m lift. The hauling configuration is composed of a 7 t LHD as the primary mover, Reclaim Feeder as secondary mover, and the Rail-Veyor® to haul the materials all the way up to the portal. The empty stopes are backfilled with paste backfill distributed from an underground past backfill plant in 40 m lifts.

### *Mine Design*

The Wasamac underground mine consist of five zones: Main Zone, Zone 1, Zone 2, Zone 3 and Zone 4. Existing infrastructure and mined out stopes are located above elevation 4,930 m (surface at 5,290 m) in Main Zone. There is an inclined shaft dipping to the north in the footwall of the Main Zone to a depth of approximately 420 m. The zones are accessed by two parallel declines and two parallel ramps. Majority of Rail-Veyor® drifts are placed at 40 m intervals with some at 20 m intervals for hauling the double panel 40 m blasted material. All rubber tire level drifts are placed at 20 m sub-intervals to allow access of drilling

machines to the 20 mH stopes. The drifts and ramps are all 4.0 mH x 4.0 mW. In areas with thicker ore bodies, additional longitudinal sill drifts located between 2 rubber tire level drifts and 4 m below in elevation will be developed in order to retrieve the apexes of stopes. There are three fresh air raises and five return air raises which are respectively located in Main Zone, between Main Zone and Zone 1, between Zone 1 and Zone 2, Zone 2 and between Zone 2 and Zone 3.

### *Production Rate*

The average productivity of the mine is set to be 6,000 tpd, where the mine is operating at full capacity. In the first two years of full capacity production, the Main Zone will contribute to the production plan and rate of 6,000 tpd completely, while the developments of other zones will continue in parallel. Priority of the zones to be extracted is based on grade and recovery.

### *Production Plan*

Stope production will start at 2,000 tpd and ramps up to approximately 6,000 tpd ore production over an 18-month period; and continues at this max capacity production rate for about seven years. Materials below the cut-off grade of 1.00 g/t Au are transported by the Rail-Veyor® and subsequently by trucks to the waste pile. The total waste produced will be 3.6 Mt and the waste to be sent to surface will be 2.0 Mt. The difference will be used as backfill of the mine along with the paste from the backfill plant to reduce the amount of waste needed to be hauled to the surface.

### *Electrical Distribution and Networks*

From the surface substation, four 13.8 kV feeds will be brought underground down the inclined shaft. Each of these feeds will go to a different area of the mine and provide 13.8 kV power to each electrical substation (“ESS”) in that area. The underground distribution voltage will be 13.8 kV/600 V.

The underground infrastructure for the business, equipment and control networks will be built on a ring/star topology for the main backbone with ports and fibres available for other applications such as radio (LTE or Wireless), microseismic monitoring, or safety systems. There will be a business network, equipment network and process network to support the entire underground mine equipment.

### *Permanent Mine Pumping Network*

Dewatering of the flooded decommissioned 1,000,000 m<sup>3</sup> of water will take place to comply with the mine schedule. A flowrate of 289.4 m<sup>3</sup> per hour is calculated.

As for dewatering the Wasamac underground mine, a sustainable pumping rate of 1,820 m<sup>3</sup> per day is required.

### *Ventilation*

The fresh air demand for the Wasamac underground mine has been designed to meet the Québec Provincial Regulation Respecting Occupational Health and Safety in Mines.

The Wasamac ventilation system is a push/pull system. The system will bring fresh air through the mine via the decline and a single surface fresh air raise. The system is augmented by fresh air booster stations, which are installed in a staged manner. Exhaust air will leave the mine exhaust raise and the Rail-Veyor® decline.

Because of the Rail-Veyor®, a large number of ventilation doors will be installed to prevent leakage. Airflow requirement start is approximately 180 m<sup>3</sup>/s over the 7-year peak production period.

## PROJECT INFRASTRUCTURE

### *Existing Infrastructure*

The Project is accessible from Provincial Highway 117, which connects Rouyn-Noranda to the community of Arntfield. Rouyn-Noranda (population 41,000) is a long-standing mining community offering mining equipment sales and services; and experienced administrative personnel, technicians, geologists, mining engineers, and miners.

The historical Wasamac Mine had an inclined shaft dipping to the north in the footwall of the Main Zone to a depth of approximately 420 m. Drifting was completed on seven main levels to approximately 400 m below surface. Two lateral drifts accessed Zones 1 and 2, with the Wildcat shaft used as a ventilation raise to the south. The underground mine was closed in 1971 and entirely flooded. All infrastructure was dismantled and equipment, removed.

Hydro-Québec electric power is available from a provincial 25 kV hydro line that runs along Highway 117 and from another line along the secondary road (Rang des Cavaliers). Another Hydro-Québec 120 kV line is also available about 8 km east of the Project.

The Ontario Northland Railway runs north of the property, parallel to Provincial Highway 117.

### *Proposed Surface Infrastructure*

The infrastructure required for the Wasamac Project will include:

- Rail-Veyor® portal and discharge bin;
- Primary crushing building;
- Ore stockpile and reclaim tunnel;
- Concentrator composed of the following major areas:
  - Grinding area;
  - Thickening area;
  - Leaching area;
  - Carbon-In-Pulp area;
  - Carbon regeneration area;
  - Elution circuit;
  - Gold room;
  - Reagents area;
  - Service rooms.
- Electrical substation at process plant;
- Warehouse, workshop, administrative offices, mine dry and other services;
- Tailings management facility (“TMF”) for dry stacked tailings;
- A 6.3 km service road between process plant and TMF, for tailings slurry pipe.

### *Proposed Underground Infrastructure*

The infrastructure required for the Wasamac Project will include:

- Underground Cemented Backfill Plant and Distribution System
- Underground Electrical Distribution System
- Underground Communication Network
- Underground Permanent Mine Dewatering & Pumping Network

- Underground Process Water System
- Ventilation System
- Underground Garage & Mobile Equipment Shop
  - Underground Fuel and Lube
- Underground Explosives and Detonators Storage
- Underground Refuge

## ENVIRONMENTAL AND PERMITTING

In 2013, several environmental studies and analyses have been completed by Richmond Mines at the Wasamac Mine site. After Monarch acquired the Project, additional baseline studies were carried out in 2018 at the Mine site, the Ore treatment site and the TMF site. All the collected data will be part of the environmental impact assessment (“EIA”), which will be produced later. The environmental baseline studies will also support the permitting process.

The Wasamac Project will require a provincial decree and a federal Environmental Assessment (“EA”) Decision Statement with enforceable conditions, if necessary. The Project is located in Southern Quebec and is therefore subjected to Division II, § 4 of the Environmental Quality Act. Moreover, according to the *Regulations respecting environmental impact assessment and review*, the project will be subjected to the environmental impact assessment and review since the ore production rate of the Wasamac Project exceeds 2,000 tpd.

The project will also be subject to a Federal Impact Assessment Study, according to the *Regulations Designating Physical Activities*, since it involves the construction and operations (and, eventually, the decommissioning and closure) of a new gold mine with a mineralized material production capacity of 600 tpd or more.

Once the EIA is submitted to the authorities, questions or comments to obtain clarification on the Project are answered, and the public’s comment period are completed, the provincial and federal will review the EIS and prepare their EA report for the Minister. This environmental process, once completed, will allow proceeding with the environmental permit applications required for the Project, which can then move forward.

The Project will require numerous approvals, permits and authorizations prior to start-up and throughout all stages of the Project, following the release of the provincial and federal decree. The Project must also comply with any other terms and conditions associated with the authorization issued by the provincial and federal regulations.

For the purposes of the Feasibility Study, rehabilitation concepts and cost estimation have been provided for the three sites of the Project. The overall project restoration cost is estimated to be \$6.055 million. This cost estimate is based on returning the site to a satisfactory state and includes eliminating all unacceptable risks to the health and the safety of persons. It includes the costs for dismantling of the buildings and infrastructure, the rehabilitation of the TMF and the waste rock stockpile, as well as post-closure monitoring activities.

## CAPITAL AND OPERATING COSTS ESTIMATES

### *Capital Costs*

The total pre-production capital cost for the Wasamac Project is estimated to be \$464 million including allowances for indirect costs and contingency of \$52 million and \$31 million respectively. This estimate was prepared in accordance with the American Association of Cost Engineers (“AACE”) Class 3 study definition, with an expected accuracy range of -15% on the low side and +20% on the high side. The capital cost estimate was compiled using multiple quotations, in-house proprietary database costs, and database factors. Items such as sales taxes, land acquisition, permitting, licensing, engineering studies and financing costs are not included in the cost estimate.

Costs are expressed in fourth-quarter (Q4) 2018 Canadian dollars with an exchange rate of 1.00 C\$ for 0.76 US\$ with no allowances for escalation, currency fluctuation or interest during construction.

The cumulative life of mine capital expenditure including costs for pre-production, sustaining, site reclamation and closure is estimated to be \$629 million.

### **Project capital cost summary**

<b>Cost description</b>	<b>Pre-production capital cost (\$M)</b>	<b>Sustaining capital cost (\$M)</b>	<b>Total cost (\$M)</b>
General administration (owner’s costs)	9.7	0.0	9.7
Underground mine	137.6	170.5	308.1
Surface infrastructure	50.7	(5.3)	45.4
Filter press plant	39.1	0.0	39.1
Process plant	131.8	0.0	131.8
Tailings and water management	21.2	1.5	22.6
Indirect	42.6	0.0	42.6
Contingency	31.2	7.9	39.1
<b>Total</b>	<b>464.0</b>	<b>174.5</b>	<b>638.5</b>
Site reclamation and closure	0.0	6.1	6.1
Salvage value	0.0	(15.8)	(15.8)
<b>Total - forecast to spend</b>	<b>464.0</b>	<b>164.8</b>	<b>628.8</b>

All capital costs for the Project have been distributed against the development schedule to support the economic cash flow model.

## Operating Costs

The operating cost estimate (“OPEX”) is based on a combination of experience, reference project, budgetary quotes and factors appropriate for a feasibility study. The target accuracy of the operating cost is +/-20%. No cost escalation or contingency has been included within the operating cost estimate.

The operating cost estimate in the Feasibility Study includes the costs to mine, transport and process the mineralized material to produce gold doré bars. It also includes costs for tailings management, water treatment and general and administration (“G&A”) expenses.

The average operating cost over the 11-year mine life is estimated to be \$50.24/t milled.

### Project operating cost summary

Cost description	LOM (\$M)	Annual average cost (\$M)	Average LOM (\$/tonne milled)	Average LOM (\$/oz)	OPEX (%)
Underground mining	573.2	52.1	26.72	368.15	53
Process plant	381.7	34.7	17.79	245.18	35
Tailings and water management	47.2	4.3	2.20	30.33	4
General & administration	75.8	6.9	3.53	48.66	7
<b>Total</b>	<b>1,077.9</b>	<b>98.0</b>	<b>50.24</b>	<b>692.31</b>	<b>100</b>

It is anticipated that around 300 employees (staff and labour, peaking at 319) will be required for the operations over the LOM. Construction will contribute another 180 to 290 contract employees totalling to a peak nearing 420.

## PROJECT ECONOMICS

The economic/financial assessment of the Wasamac Project was carried out using a discounted cash flow approach on a pre-tax and after-tax basis, based on Q4 2018 metal price projections in US currency (“US\$”) and cost estimates capital expenditure (“CAPEX”) and (“OPEX”) in Canadian (“C\$”) currency. Inflation or cost escalation factors were not taken into account. An exchange rate of US\$ 0.76 for C\$ 1.00 has been assumed over the life of the Wasamac Project. The base case gold price is US\$1,300/oz. No credit for silver were considered in the economic analysis as silver was not estimated in the mineral resources nor incorporated in the mine plan.

The economic analysis presented in this section contains forward-looking information with regard to the mineral resource estimates, commodity prices, exchange rates, proposed mine production plan, projected recovery rates, operating costs, construction costs and project schedule. The results of the economic analysis are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here.

On an after-tax basis, the base case financial model resulted in an IRR of 18.5% and a NPV of \$311.1 million using a 5% discount rate. The after-tax payback period is 3.9 years.

The pre-tax base case financial model resulted in an IRR of 23.6% and a NPV of \$521.5 million using a 5% discount rate. The pre-tax payback period is 3.6 years.

The all-in sustaining costs (“AISC”) over the LOM are C\$826/oz or US\$630/oz including royalties.

## Financial analysis summary

Description	Unit	Value
Long term gold price	USD/oz	1,300
Exchange rate	CAD:USD	1.31
Mine life	year	11
Total Tonnes Mined	M tonnes	21.5
Average Diluted Gold Grade	g/t	2.56
Total Gold Contained	kOz	1,767
Total Gold Produced	kOz	1,558
Total Gold Payable	kOz	1,557
Average Annual Gold Produced	kOz per year	141.6
Total Pre-production Capital Cost	\$M	464.0
Sustaining Capital	\$M	174.5
Site Restoration Cost	\$M	6.1
Salvage Value	\$M	(15.8)
Operating Costs	\$/tmilled	50.24
All-in Sustaining Costs (AISC)	USD/oz	630.4
Total LOM NSR Revenue	\$M	2,648.1
Total LOM Operating Cash Flow	\$M	1,081.0
Total LOM Pre-Tax Cash Flow	\$M	901.6
Average Annual Pre-tax Cash Flow	\$M	82.0
LOM Royalties	\$M	39.7
LOM Income Taxes	\$M	327.0
Total LOM After-Tax Free Cash Flow	\$M	574.6
Average Annual After-Tax Free Cash Flow	\$M	52.2
Discount Rate	%	5
<b>Pre-Tax Summary</b>		
Pre-Tax NPV	\$M	521.5
Pre-Tax IRR	%	23.6
Pre-Tax Payback	year	3.6
<b>After-Tax Summary</b>		
After-Tax NPV	\$M	311.1
After-Tax IRR	%	18.5
After-Tax Payback	year	3.9

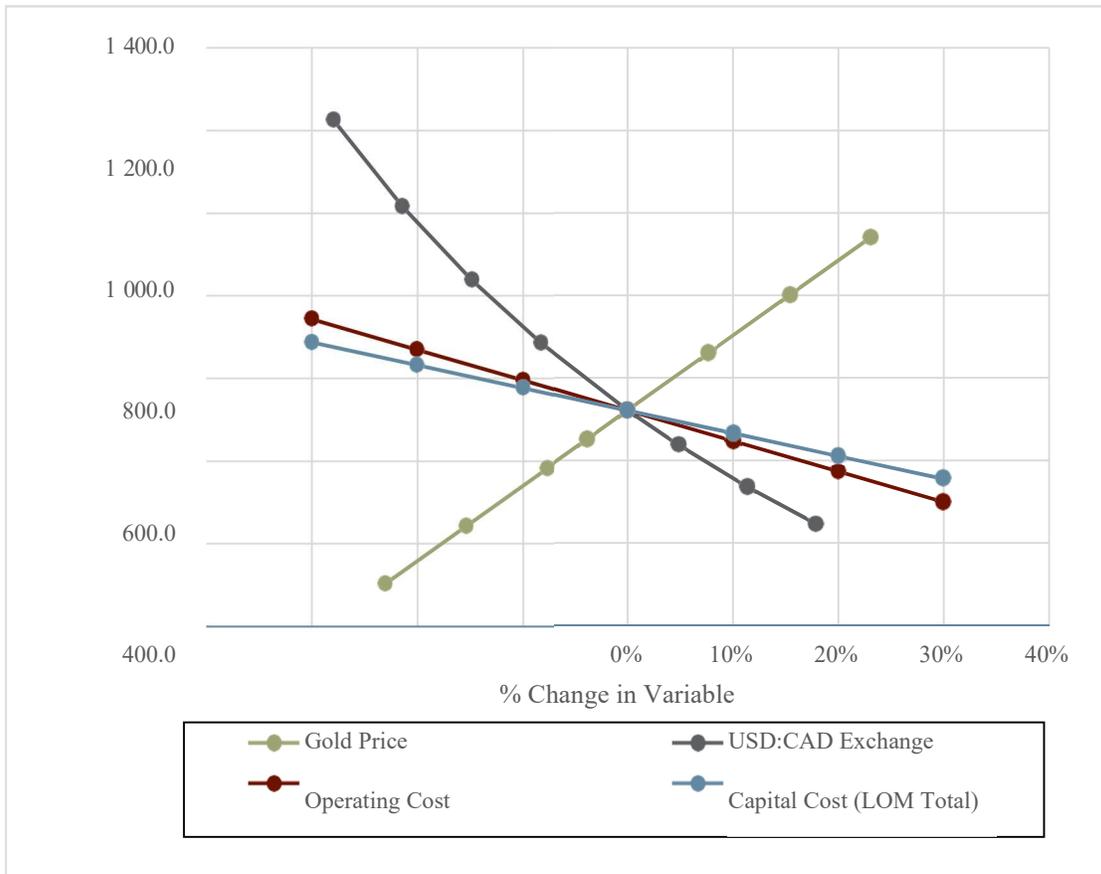
A financial sensitivity analysis was conducted on the Project's pre-tax NPV and IRR using the following variables: capital cost (pre-production and sustaining) operating costs, USD:CAD exchange rate, and the price of gold.

The sensitivity analysis reveals that the USD:CAD exchange rate has the most significant influence on both NPV and IRR compared to the other parameters, based on the range of values evaluated. After the USD:CAD exchange rates, NPV was most impacted by changes in the gold price and then to a lesser but equal extent by variations in operating costs and capital costs.

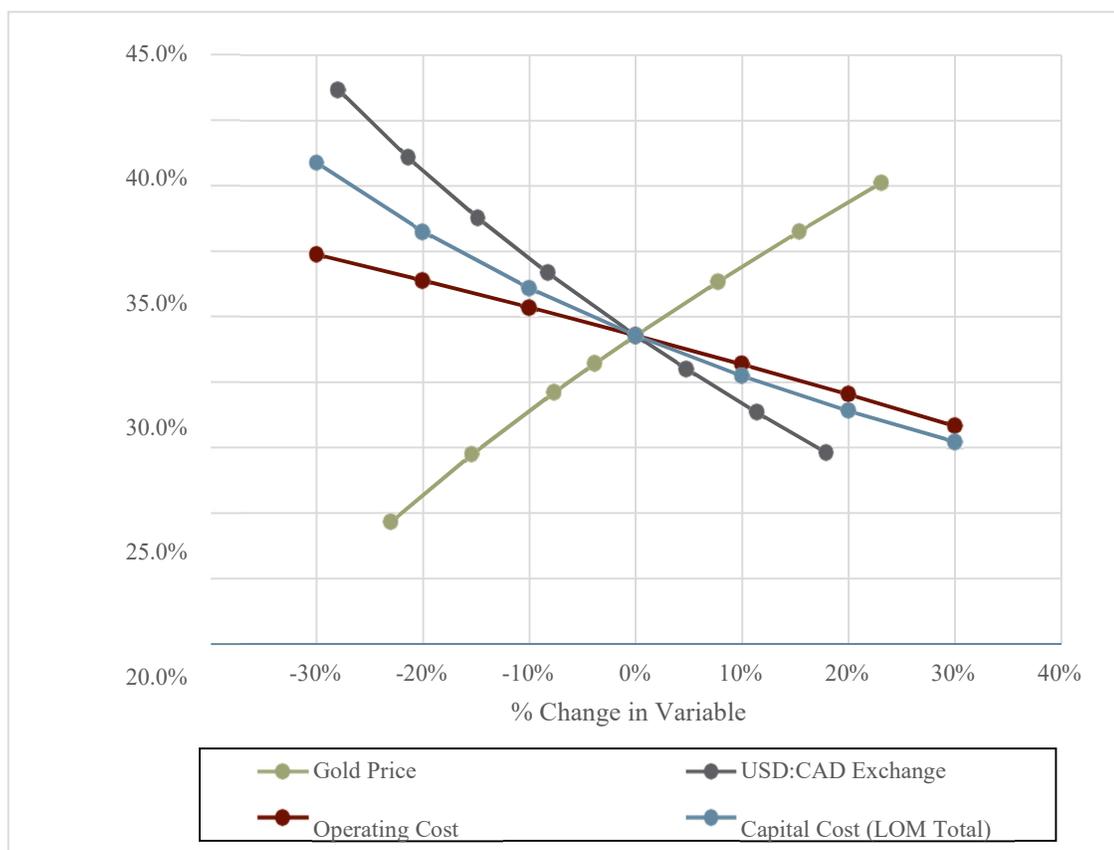
After the USD:CAD exchange rates, the Project's IRR was most impacted by variation in gold price, then capital cost and to a lesser extent by the operating cost.

Overall, the NPV and IRR of the Project are generally positive over the range of values used for the sensitivity analysis when analyzed individually. Exceptions to this occur at a gold price of \$925/oz, which results in a Project NPV of -1.4M and an IRR of 4.9% and/or when the CAD:USD exchange rate sinks below 0.93:1, which then results in a Project NPV of -4.3M and an IRR of 4.8%.

**Pre-tax sensitivity analysis – Net present value (NPV)**



### Pre-tax sensitivity analysis – Internal rate of return (IRR)



### PROJECT SCHEDULE AND ORGANIZATION

All Project phases, including detailed engineering, procurement, pre-production and construction activities, will be under the direction of the Corporation’s Vice-President, Engineering and Construction; this position will need to be created before the EPCM phase. Permitting and project financing will be supported by the Corporation’s Environmental and Financial executive teams respectively. The engineering and construction works will be contracted out to qualified firms and contractors under the supervision of the Corporation’s technical team.

The preliminary on-site workforce requirement for construction, including infrastructure, process plant, and development of the underground mines is expected to average 250 construction personnel, peaking at approximately 420 individuals. It is anticipated that around 300 employees (staff and labour, peaking at 319) will be required for the operations over the LOM.

The Project critical path runs through the basic engineering, the completion of the environmental impact study, the reception of the certificate of authorization, the detail engineering, and the procurement and construction of the process plant facility. The ongoing environmental baseline study will feed the environmental impact study to be presented at the “Bureau des audiences Publiques sur l’Environnement”, which will guide the ministry’s recommendations and decision on issuing the CA for the construction of the process plant.

The construction of the process plant is subject to the obtention of appropriate financing, the completion of all studies and the receipt of the required permits.

## **INTERPRETATIONS AND CONCLUSIONS**

BBA was mandated by the Corporation to prepare a feasibility study assessment conforming to NI 43-101 standards to demonstrate the economic viability of the Wasamac Project. The Project is based on the mineral resources estimate prepared by RPA and dated October 27, 2017 for the Wasamac deposit.

This NI 43-101 compliant technical report on Wasamac Project was prepared by a multidisciplinary team of experienced and competent engineering consultants using accepted geologic and engineering methodologies and standards. It provides a summary of the results and findings from each major area of investigation including exploration, geological modelling, mineral resource, mine design, metallurgy, process design, infrastructure, environmental management, tailings and water management, capital and operating costs and economic analysis. The level of investigation for each of these areas is considered to be consistent with that normally expected with a feasibility study assessment for advanced resource development projects.

The mutual conclusion of the QPs is that the Wasamac Project as summarized in this feasibility study contains adequate detail and information to support the positive economic outcome shown. The Wasamac Project contains substantial precious metal resources that can be mined by innovative underground methods that fully integrate the Rail-Veyor® system technologies to a top down automated mining approach and recovered using conventional processing technologies sustaining a 6,000 tpd production rate. To date the Qualified Persons are not aware of any fatal flaws in the Wasamac Project and the results are considered sufficiently reliable to guide the Corporation's management in a decision to further advance the Project. This would involve the preparation of a detailed and value engineering study to ultimately, upon securing financing or locking into a strategic partnership, launch into the development of the Wasamac project under an EPCM mandate. As with most mining projects, there are risks that could affect the economic viability of the Project. Many of these risks are based on a lack of detailed knowledge and can be managed as more sampling, testing, design, and engineering are conducted at the next study stages.

There are significant opportunities that could improve the economics, timing, and/or permitting potential of the Project. Further information and assessments are needed before these opportunities should be included in the project economics.

## **RECOMMENDATIONS**

The results of the Feasibility Study demonstrate that the Wasamac Project is technically feasible and has financial merit at the base case assumptions considered. Analysis of the results and findings from each major area of investigation completed as part of this feasibility assessment suggests numerous recommendations for further investigations to mitigate risks and/or improve/optimize the base case designs.

In summary, the QPs recommend that the Project proceed to basic/detailed engineering study phase. A number of short optimization and value engineering studies that could readily improve the project economics are likewise warranted. It is also recommended that environmental and permitting continue as needed to support Wasamac's development plans and project schedule.

## 4.4 Other Mining Properties

### 4.4.1 Beaufor Mine, Val-d'Or, Québec, Canada

Unless otherwise indicated, the following description of the Beaufor Mine has been summarized from the *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) compliant technical report entitled “*NI 43-101 Technical Report of the mineral resource and mineral reserve estimates of the Beaufor Mine*” (the “**Beaufor Technical Report**”), prepared for the Corporation by Carl Pelletier, P. Geo., Laurent Roy, Eng., Catherine Jalbert, P. Geo. and Guillaume Noël, Eng., each of them from InnovExplo (Val-d'Or, Québec), Geneviève Auger, Eng. from InnovExplo (Longueuil, Québec) and Gail Amyot, Eng. from InnovExplo (Québec, Québec) (collectively, the “**Authors of the Beaufor Technical Report**”) with an effective date on September 30, 2017 and issued on December 28, 2017. Each of the Authors of the Beaufor Technical Report is a “qualified person” and “independent” of the Corporation within the meaning of NI 43-101 and is qualified in its entirety with reference to the full text of the Beaufor Technical Report. The below summary is subject to all the assumptions, conditions and qualifications set forth in the Beaufor Technical Report. The Beaufor Technical Report was prepared in accordance with NI 43-101 and for additional technical details, reference should be made to the complete text of the Beaufor Technical Report which was filed with the applicable regulatory authorities and posted on SEDAR at [www.sedar.com](http://www.sedar.com) on December 28, 2017. Defined terms and abbreviations used in this section 4.4.1 and not otherwise defined in this Annual Information Form have the meanings attributed to them in the Beaufor Technical Report.

The Authors of the Beaufor Technical Report have verified the disclosure below that has been summarized from the Beaufor Technical Report and have consented to the use thereof in connection with the filling of the Corporation's 2018 Annual Information Form dated October 24, 2018.

On August 30, 2018, the Corporation announced that production activities at the Beaufor Mine will be temporarily suspended as of December 14, 2018. The suspension is primarily due to the low grades of the ore mined at Beaufor in recent quarters, combined with the persistent weakness in the price of gold and difficulties recruiting qualified manpower in the region. As a result, the mine's workforce will be cut to around ten employees who will be assigned to care and maintenance of the mine and its facilities.

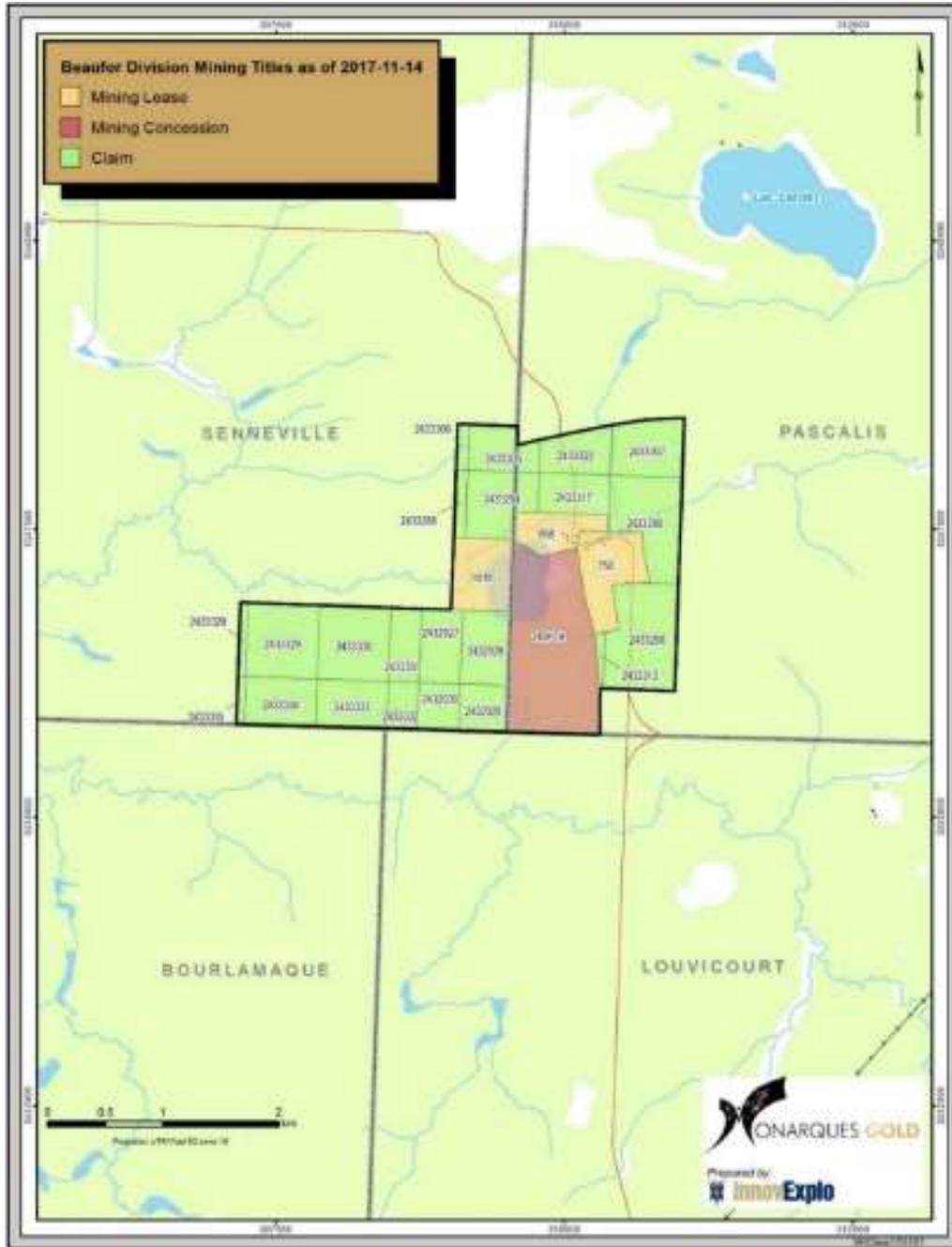
#### PROPERTY DESCRIPTION, LOCATION AND ACCESS

The Beaufor Mine is located approximately 20 km northeast of the city of Val-d'Or in the Vallée-de-l'Or regional county municipality, which is part of the Abitibi-Témiscamingue administrative region of northwestern Québec, Canada. The coordinates for Perron shaft No. 5, the approximate centre of the Beaufor Mine, are 48°9'42.13"N, 77°33'16.63"W (NAD 83), (UTM coordinates: 310040 E and 5337429 N, Zone 18). The Beaufor Mine is situated on NTS map sheet 32C/04, in the townships of Senneville, Pascalis and Louvicourt. It lies at the northern part of a group of seven adjacent properties known as the “**Beaufor Division Properties**”.

The main access to the Beaufor Mine is by heading east on provincial highway 117 from Val-d'Or to Chemin Pascalis (20 km), and then driving north on a gravel road to the village of Perron (8 km), which borders the mine area. The mine can also be reached by driving north on highway 397 from Val-d'Or to Val-Senneville (18 km), and then heading south on Chemin Paré to Perron (10 km).

Beaufor Division Properties comprises 22 mining claims, three mining leases and one mining concession, for an aggregate area of 686.8 ha. All mining titles are in good standing according to the GESTIM database.

Figure: Claim Map of the Beaufor Mine



## GEOLOGY

The Beaufor Mine is located in the southeastern Abitibi Subprovince of Archean age in the southern Superior Province of the Canadian Shield. The Abitibi Greenstone Belt has been historically subdivided into northern and southern volcanic zones defined by stratigraphic and structural criteria (Dimroth et al., 1982; Ludden et al., 1986; Chown et al., 1992), mainly based on an allochthonous greenstone belt development model (i.e., interpreting the belt as a collage of unrelated fragments).

The Beaufor Mine is located in the Val-d'Or mining camp. The Val-d'Or mining camp is situated in the eastern segment of the southern part of the Abitibi Subprovince at its boundary with the Pontiac Subprovince, which is marked by the Cadillac Tectonic Zone ("CTZ"). The region can be divided into four stratigraphic groups based on regional tectonics and volcano-sedimentary stratigraphy (Pilote et al., 1999): the upper Louvicourt Group (subdivided into the Héva and Val-d'Or formations), the basal Malartic Group (subdivided into the Jacola, Dubuisson and La Motte–Vassan formations), the Pontiac Group and the Piché Group. The Malartic Group comprises ocean floor komatiite and tholeiitic basalt flows and sills, with minor sedimentary rocks, which are interpreted to have formed in an extensional environment related to mantle plumes. The Louvicourt Group is composed mainly of mafic to felsic volcanic rocks that formed in a subduction-related deep marine volcanic arc. The Pontiac Group is dominated by detrital sediments. The Piché Group is dominated by ultramafic flows.

The volcanic and structural architecture is intruded by two vast plutons, the Bourlamaque and La Corne batholiths, as well as several other smaller satellite bodies.

The Beaufor Mine is located within the Bourlamaque Pluton at the eastern contact with the Dubuisson Formation. The Bourlamaque Batholith is a major geological feature of the Val-d'Or mining camp. It is described as a quartziferous granodiorite cut by fine-grained dioritic dykes. The Bourlamaque Batholith is a massive, round syn-volcanic intrusion, 12 km across. The pluton cuts the mafic and ultramafic rocks of the Dubuisson and Jacola formations (Malartic Group), as well as the intermediate rocks of the Val-d'Or Formation (Louvicourt Group). The pluton hosts several past-producing mines, among them Belmoral, Wrightbar, Bussièrès (a.k.a. Old Cournor), Bras d'Or and Lac Herbin.

## MINERALIZATION

Gold mineralization occurs in veins associated with shear zones dipping moderately south. Mineralization is associated with quartz-tourmaline veins resulting from the filling of shear and extension fractures. Gold-bearing veins show a close association with mafic dykes intruding the granodiorite. The dykes seem to have influenced the structural control of the gold-bearing veins. Sulphide content within the veins is generally less than 10%, and the principal mineral is pyrite with some minor chalcopyrite and pyrrhotite. Gold is associated with pyrite in native form, filling the void inside the pyrite crystals.

Veins strike at 115° azimuth and dips moderately to the south from 30° to 65°. The thickness of the veins varies from 5 cm to 5 m, but generally, the thickness of the quartz veining system is 30 cm to 120 cm. All the gold-bearing veins are contained in a strongly-altered granodiorite in the form of chlorite-silica forming anastomosing corridors of 5 m to 30 m in thickness. The veins at the Beaufor Mine sometimes form panels of more than 300 m long by 350 m high. The major zones like the C and Q zones could be traced along strike over 700 m and along dip over 400 m.

The multiple vein systems of the Beaufor Mine deposit are cut and split apart by numerous steeply dipping discreet shear zones, striking 70° azimuth. The Beaufor Fault marks the limits of several major mineralized zones. The Beaufor Fault strikes roughly at 295° azimuth, with a steep dip of 60° to the north. The Beaufor Fault may have been one of the main conduits for mineralizing hydrothermal fluids at the Beaufor Mine. Several post-mineralization faults intersect and displace the quartz veins. Mafic dykes that predate mineralization are associated with shear-hosted gold-bearing veins. Shallowly dipping extensional gold-bearing veins are commonly observed at the Beaufor Mine. The main gold-bearing quartz veins are intimately associated with dioritic dykes.

## MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

### Mineral Resource Estimate

The Mineral Resource Estimate presented herein, the 2017 MRE, was prepared by Beaufor Mine geologists and reviewed by Carl Pelletier, P. Geo. (OGQ 384). The main objective was to review and update the previous mineral resource estimate using 2017 drilling data and mining depletion as of September 30, 2017. The mineral resources in the 2017 MRE are not mineral reserves as they do not have demonstrated economic viability. The estimate includes Measured, Indicated and Inferred resources for an underground volume.

The Beaufor Division diamond drill hole databases used for the 2017 MRE contain 10,308 DDH including 184,520 assays as of September 30, 2017.

The Beaufor Mine Mineral Resource Estimate, exclusive of Mineral Reserves, as at September 30, 2017, is presented in the following table and is compared to the 2016 estimate. The current Measured and Indicated resources total 346,200 t at an average grade of 7.68 g/t Au for 85,400 oz while Inferred resources are estimated at 46,100 t at an average grade of 8.34 g/t Au for 12,400 oz.

### Mineral Resource Estimate for the Beaufor Mine as at September 30, 2017

September 2017				2016			
Category	Tonnes	Grade (g/t Au)	Gold ounces	Category	Tonnes	Grade (g/t Au)	Gold ounces
Measured	74,400	6.71	16,100	Measured	53,000	6.27	10,700
Indicated	271,700	7.93	69,300	Indicated	300,000	7.57	73,000
Total M+I	346,200	7.67	85,400	Total M+I	353,000	7.37	83,700
Inferred	46,100	8.34	12,400	Inferred	36,000	6.44	7,500

Notes:

- The independent and qualified person (“QP”) for the Mineral Resource Estimate as required by NI 43-101 is Carl Pelletier, P. Geo. (OGQ 384), employee of InnovExplo. The effective date of the estimate is September 30, 2017.
- Mineral resources which are not mineral reserves do not have demonstrated economic viability.
- Mineral reserve has been subtracted from mineral resources.
- Results are presented in-situ and undiluted. The reported mineral resource is considered by the QP to have reasonable prospects for underground economic extraction.
- The estimate includes 63 mineralized zones in the Beaufor Mine.
- Mineral Resources are estimated at variable cut-off grades ranging from 3.95 g/t Au (long-hole) to 4.66 g/t Au (room-and-pillar). Cut-off grades must be re-evaluated in light of prevailing market conditions (gold price, exchange rate and mining cost).
- A specific gravity value of 2.75 t/m<sup>3</sup> was used.
- A minimum true vein width of 2.40 m was used.
- Capping of high-grade values was done at 68.5 g/t Au for zones 8, B, M, M1 and Q, while all other zones were capped at 34.25 g/t Au and drill hole intersections were capped at 16.5 g/t over 2.40 m. Capping was done on raw assays.
- The estimation method was polygonal on cross section.

- Polygons for measured resources extend 8 m above and below development and up to 10 m laterally. Polygons for indicated resources do not extend more than 20 m from drill hole intercepts, along dip and along strike. Polygons for inferred resources do not extend more than 40 m from drill hole intercepts, along dip and along strike; they are generated where the drill spacing generally ranges from 20 m to 40 m and/or in areas of isolated drill holes where mineralization is interpreted to be the extension of known mineralized zones.
- Ounce (troy) = metric tons x grade / 31.1035. Calculations used metric units (metres, tonnes, g/t)
- Mineral Resources are estimated using a long-term gold price of CAD 1,638.40 per ounce (metal price of USD 1,280 per ounce and an exchange rate of 1.28 CAD/1 USD).
- Tonnage and ounce estimates were rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Form 43-101F.
- CIM definitions and guidelines were followed in estimating mineral resources.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

## Mineral Reserve Estimate

The mineral reserve estimate for the Beaufor Mine was prepared by Laurent Roy, Eng. (OIQ No. 109779), of InnovExplo, and is effective as of September 30, 2017. The statement of mineral reserves herein (table below), is consistent with CIM Definition Standards on Mineral Resources and Mineral Reserves and is suitable for public reporting. The mineral reserves are based on the Measured and Indicated resources of the 2017 MRE, and do not include any Inferred resources. Measured and Indicated resources are exclusive of Proven and Probable reserves.

The 2017 MRE provided the basis for developing the feasibility-level LOM plan and mineral reserve estimate. As of the date of this report, the QP had not identified any legal, political or environmental risks that would materially affect the potential development of the 2017 Mineral Reserves.

### Statement of Mineral Reserves

Category	Tonnes (t)	Grade (g/t Au)	Gold ounces
Proven	28 100	5.95	5 400
Probable	111 500	7.05	25 200
Total Proven + Probable	139 500	6.83	30 600

Notes:

- The independent and qualified person for the mineral reserve estimate, as defined by NI 43-101 is Laurent Roy, Eng. (OIQ No. 109779), of InnovExplo. The effective date of the estimate is September 30, 2017.
- The economic viability of the mineral reserve is proven.
- Results are presented including dilution. Dilution varies from 10% to 15% for the long-hole stopes based on the position of the dyke, and is 0% for the room-and-pillar stopes as the stope width is less than 2.40m.
- Results are presented including mining recovery rates. Mining recovery varies from 85% to 90% for long-hole stopes based on the position of the dyke and is 90% for room-and-pillar stopes.
- The metallurgical gold recovery at the Mill is 98%.
- The mineral reserve was compiled using cut-off grades of 3.95 g/t Au (long-hole) to 4.66 g/t Au (room-and-pillar). Cut-off grades must be re-evaluated in light of prevailing market conditions (gold price, exchange rate and mining cost).
- A constant specific gravity value of 2.75 t/m<sup>3</sup> was used.
- A minimum true thickness of 2.40 m was applied.
- Ounce (troy) = metric tons x grade / 31.1035. Calculations used metric units (metres, tonnes, and g/t).
- The mineral reserve was estimated using a long-term gold price of CAD 1,638.40 per ounce (metal price of USD 1,280 per ounce and a USD: CAD exchange rate of 1.28).
- Tonnage and ounces estimates were rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Form 43-101F1.
- The mineral reserve estimate is compliant with CIM standards and guidelines.

## EXPLORATION STRATEGY

The exploration strategy at the Beaufor Mine will aim to grow the high-grade gold resource over a longer-term horizon. The many factors leading the Corporation to continue exploring at Beaufor, which has produced more than 1.1 million ounces over its lifetime, include the multiple high-grade results obtained since the end of 2017 and the fact that the mine still has excellent exploration potential along strike and at depth.

### 4.4.2 McKenzie Property, Val-d'Or, Québec, Canada

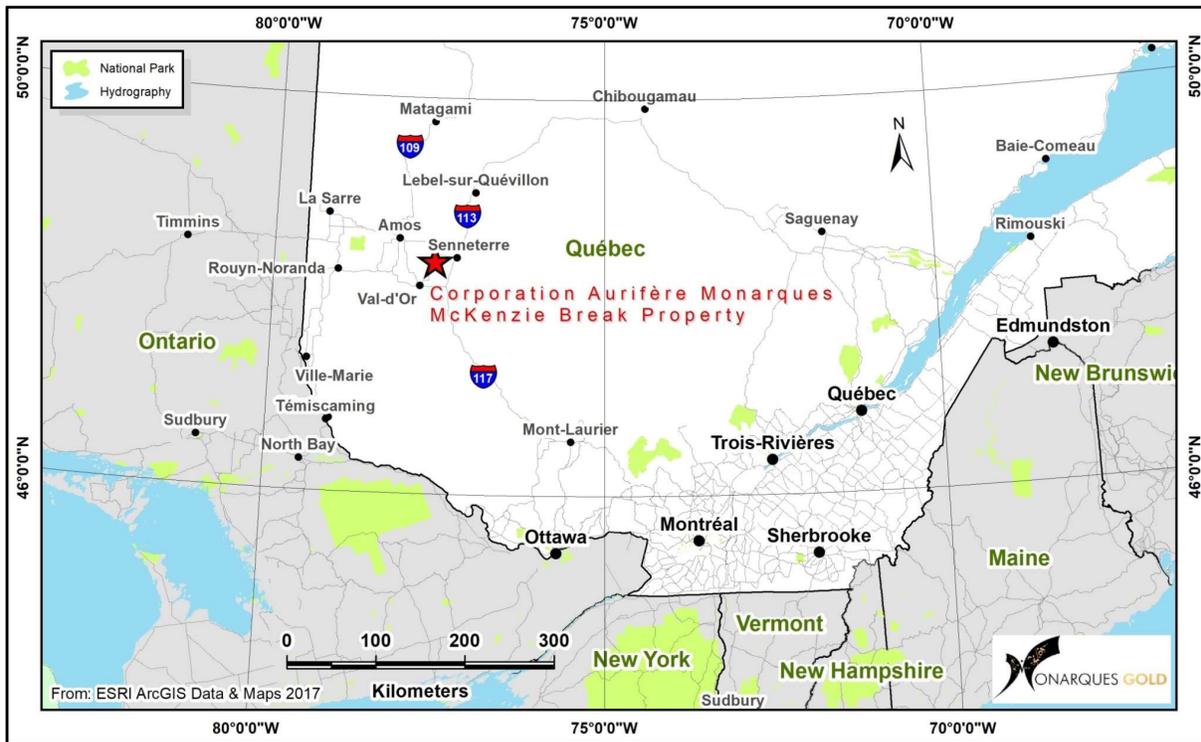
Unless otherwise indicated, the following description of the McKenzie Property has been summarized from the NI 43-101 compliant technical report entitled: *NI 43-101 Technical Evaluation Report on the McKenzie Break Project* (the “**McKenzie Technical Report**”) prepared for the Corporation by Alain-Jean Beauregard, P. Geo., and Daniel Gaudreault, Eng. from Geologica Groupe-Conseil Inc., and Christian D’Amours, P. Geo. from GeoPointCom (the “**Authors of the McKenzie Technical Report**”) with an effective date of April 17, 2018. Each of the Authors of the McKenzie Technical Report is a “qualified person” and “independent” of the Corporation within the meaning of NI 43-101 and is qualified in its entirety with reference to the full text of the McKenzie Technical Report. The below summary is subject to all the assumptions, conditions and qualifications set forth in the McKenzie Technical Report. The McKenzie Technical Report was prepared in accordance with NI 43-101 and for additional technical details, reference should be made to the complete text of the McKenzie Technical Report, which was filed with the applicable regulatory authorities and posted on SEDAR at [www.sedar.com](http://www.sedar.com) on July 19, 2018. Defined terms and abbreviations used in this section 4.4.3 and not otherwise defined in this Annual Information Form have the meanings attributed to them in the McKenzie Technical Report.

The Authors of the McKenzie Technical Report have verified the disclosure below that has been summarized from the McKenzie Technical Report and have consented to the use thereof in connection with the filing of the Corporation’s 2018 Annual Information Form dated October 24, 2018.

## PROPERTY DESCRIPTION AND LOCATION

The McKenzie Property which is composed of nine (9) claims totaling 326 hectares (Fiedmont Township ranges 4 and 5, lots 60 to 62 and Courville Township range 4 lot 1 and range 5 lots 1 and 2) is located in the Abitibi region approximately 35 km north of the city of Val-d’Or and about 8 km south of the municipality of Barraute.

Figure 1 – McKenzie Property General Location

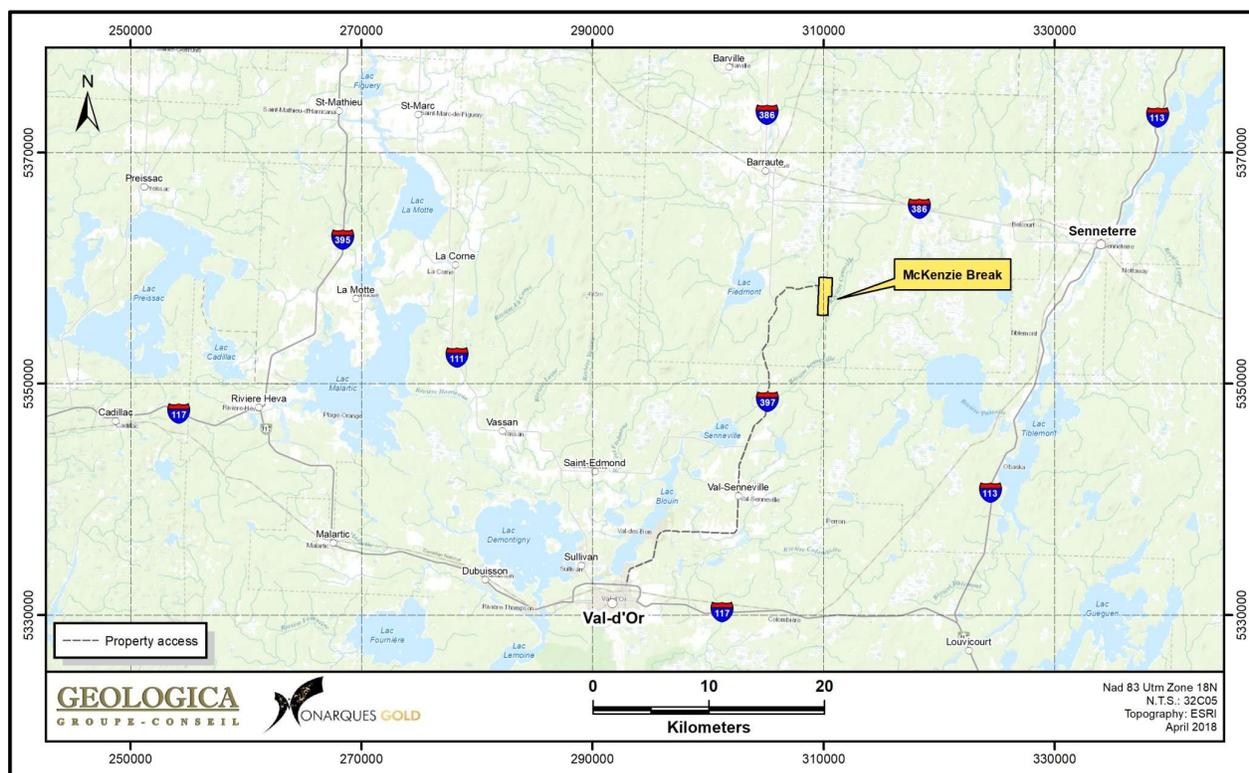


## GEOLOGY

The McKenzie Property is located at a narrow saddle of supracrustal rocks located between the syn-to-post kinematic Pascalis and Lacorne Batholiths approximately 5 km south of the Porcupine-Destor-Manneville Break and approximately two (2) kms south of subsidiary subparallel fault zone (Figure 3). In this area, the lithologies display an unusual departure from regional N-S to NW-SE striking, steeply dipping attitudes. The Property is mainly dominated by the Pascalis Batholith with a small part of the “Lanaudière” Formation to the west.

The Lanaudière Formation is composed of abundant ultramafic lavas, mafic - felsic volcanics (Sanschagrin and Leduc 1979, Goutier 1997) and numerous tonalitic to monzonitic intrusions. These units are oriented E-W and have a moderate to low dip towards the north. They show a polarity systematically facing south. Two of the rhyolitic complexes of this formation, which define tholeiitic suites, yielded U-Pb zircon ages of  $2718.7 \pm 0.7$  Ma and  $2716.2 \pm 0.8$  Ma (see V. McNicoll, in Pilot and al., 2009). These ages, as well as the close spatial association observed between ultramafic lavas and rhyolitic complexes of this formation, suggest several significant comparisons with the Kidd Munro assemblage (Bleeker et al., 1999, Berger, 2002, Ayer et al., 2002). The Lanaudière Formation is delimited by the Aiguebelle and Manneville North faults, which are weakly dipping to the north (Mueller et al., 1996, Daigneault et al., 2002). These faults represent possible alternatives to the Destor-Porcupine system recognized further west (Goutier, 1997, Legault et al., 2005). Goutier (1997) proposed that the Deguisier and Lanaudière formations were originally contiguous to be subsequently separated by faults.

**Figure 2 - Detailed Location of the McKenzie Property**



Known gold mineralization on the McKenzie Property occurs in a shallow embayment or indenture in the Pascalis Batholith contact marked by a distinct high-magnetic susceptibility signature. This is underlain successively by magnetic porphyritic and equigranular diorites, mafic volcanic rocks and felsic volcanic rocks. This sequence is cut by oblique quartz-diorite dykes recognized to be apophysis of the Pascalis Batholith, swarms of small aplitic intermediate dykes carrying 5% distinct white plagioclase microlites, and rare ultramafic pyroxenite dykes.

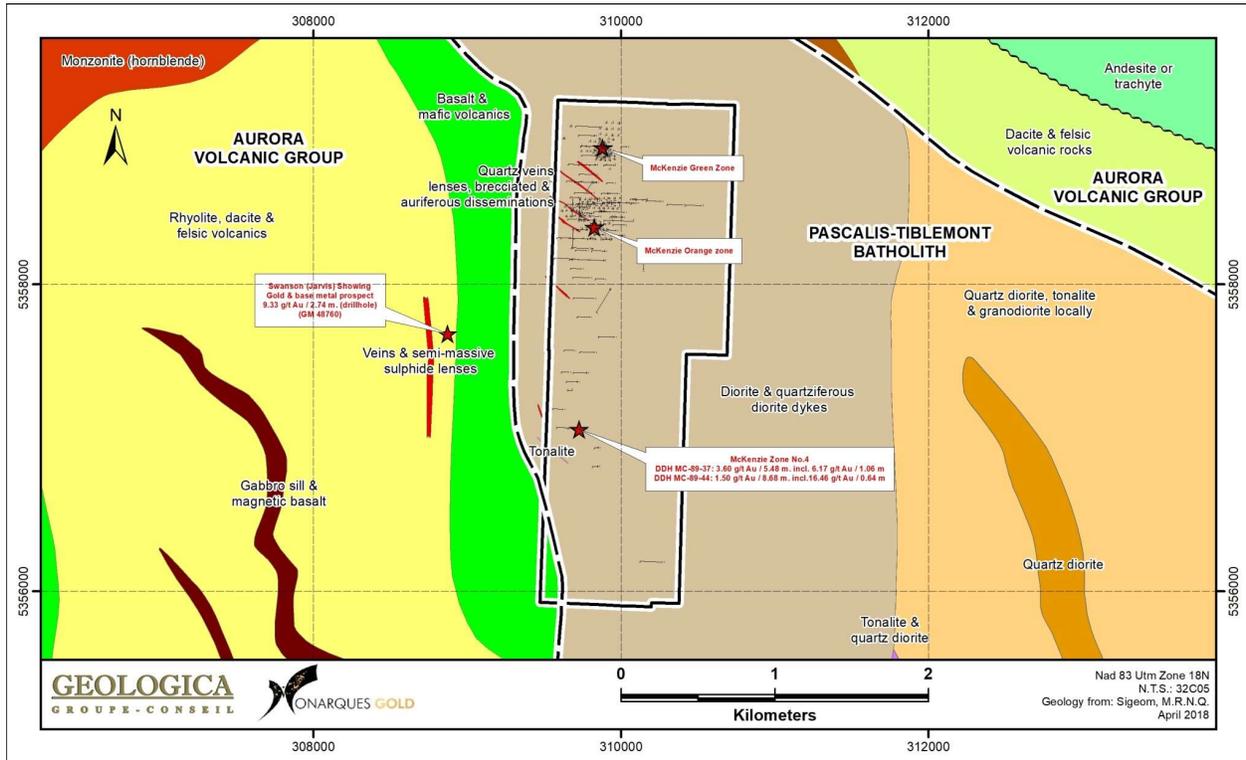
## MINERALIZATION

Gold mineralization is structurally controlled by what appears to be a significant anastomosing ductile shear zone system. Deformation is concentrated in the diorite-volcanic contact area, which hosts the Orange Zone mineralization. Discrete subsidiary shears or splays host the Green Zone mineralization within the overlying diorites. Shear zone propagation also appears to have been lithological-contact-controlled displaying a fractal geometrical sequence from property to sub-zone scale (Figure 3).

The Green Zone mineralization is typified by visually distinctive white quartz-chlorite ribbon veins and sheeted veinlet complexes in which the gold distribution is free and coarse. These shear veins range in thickness from 1 cm to 2 m and average approximately 20-30 cm. The shear zones range in thickness from 2 m to 10 m and are characterised by weakly foliated, recrystallized and granoblastic sections displaying pervasive chlorite-calcite-albite alteration.

As previously described, two main mineralized zones (The Green and lower Orange Zones) have been found on the McKenzie Property. The Green Zone is a series of “en échelon” diorite hosted discrete shear zones (identified Upper, Murray, No.1 to No.4A lenses). The Orange Zone underlies the diorite, which hosts the Green Zone and consists of a broad quartz-carbonate-sericite schist shear zone, which hosts two gold enriched sub-zones called the Orange and the Sulphide zones (including No. 5 to No. 11). All the zones are subparallel, striking northwest (N290°) and dipping 20-25° northeast.

**Figure 3 – McKenzie Property Geology with the mineralization**



### Green Zone

Within the Green Zone, several specks of fine grained gold are frequently visible. Mineralized corridors commonly divide into separate narrower eight (8) subzones named Upper, Murray, No.1, No.2, No.2A, No.3, No. 4 and No.4A. These parallel sub-corridors, within the upper part of the diorite, are within a few meters to tens of meters of each other and often merge again further along strike. The most significant gold results obtained by past drilling were intersected within the Murray, No.1 and No.2 subzones.

### Orange Zone

Gold mineralization in the Orange Zone is also structurally controlled by what appears to be a significant anastomosing ductile shear system and also commonly divide into separate narrower thirteen (13) subzones named No.5 to No.11 including No.5A, No.5B, No.7A, No.8A, No.9A and No.10A. Deformation is concentrated in the lower diorite near the intrusive/volcanic contact. The most significant gold results obtained by past drilling were intersected within the No.6 and No.7 subzones.

## South No.4 Zone

South No.4 Zone has been identified for some 600m in a N-S direction by Tundra Gold Mines Ltd. and has a minimum down-dip extension of 90m. This southern zone typically contains marginal grades (1.00 g/t to 3.00 g/t Au) over widths of 3.0 m to 6.0 m. Two “corridors” have been identified to date. The upper corridor dips to the NNE at between 10° and 25° and is confined to the magnetic diorite as well as some lesser granodiorite. The deeper or lower corridor dips to the east at between 10° to 15° with little variation in depth from one section to the next. This zone occurs primarily within a non-magnetic diorite, near the intrusive/volcanic contact.

No diamond drill holes were completed by the Corporation since the acquisition of the property from Agnico in December 2017.

## MINERAL RESOURCE ESTIMATES

Two scenarios are included in this report; the first one has two parts: A proposed open pit for the material near the surface and an underground operation for the remaining zones deep underground. The second scenario is considering only an underground production.

By definition, the cut-off is the breakeven point considering total cost and revenue generated by the operation. As per the end of April 2018, the 3-year average gold value in the London market is US\$1,234.82. At the current dollar exchange rate, this represents C\$1,586.87 per ounce.

Considering a total production cost for the open pit of C\$28 per metric ton (Mining cost \$3, transport cost \$5 and milling cost \$20), 95% recovery with no dilution and a Pit slope of 50°, the theoretical Cut-Off (conceptual) is estimated at 0.58 g/t.

The production cost has to account for 385,031 cubic meters of Overburden in the average thickness of 5.02m (Average thickness locally of 5.9m on top of the big Open pit and 2.13m on top of the smallest one) at a cost of C\$3 per cubic meter.

The underground mining total production cost of C\$145 per metric ton (Mining cost \$120, transport cost \$5 and milling cost \$20), 95% recovery and 15% dilution at 0 g/t, the theoretical Cut-Off is estimated at 3.5 g/t.

Actual estimation will state an in-situ cut-off for conceptual Open pit at 0.58 g/t. The official resources figure for feeding material to the mill is using an incremental cut-off of 0.52 g/t. Other cut-offs grade results were also compiled, for comparative purposes. Following this information, there is a table of the remaining mineralized zones below the proposed open pit with cut-offs of 3.5 g/t. Other cut-offs grade results were also compiled, for comparative UG purposes. The cut-off grade can and should be re-evaluated in light of prevailing market conditions and other factors including gold price, exchange rate, mining method, related costs, etc.

Given all parameters listed above, in **Scenario 1**: The Capped Indicated Resource of the Open pit can be estimated as 939,860 metric tons at a grade of 1.59 g/t. This represents 48,133 ounces of gold. The Capped Indicated Underground Resources are estimated at 281,739 metric tons at a grade of 5.90 g/t. This represents 53,448 ounces of gold, for a total amount of 101,580 ounces. The Capped Inferred Resource for the Open pit can be estimated as 304,677 metric tons at a grade of 1.52 g/t. This represents 14,897 ounces of gold. And the Capped Inferred Resources for the Underground are estimated at 270,103 metric tons at a grade of 5.66 g/t. This represents 49,130 ounces, for a total amount of 64,027 ounces.

The Underground operation in **Scenario 2**: The Capped Indicated Resource can be estimated as 422,166 metric tons at a grade of 6.27 g/t. This represents 85,059 ounces of gold. The Capped Inferred Resource can be estimated as 318,459 metric tons at a grade of 5.70 g/t. This represents 58,373 ounces of gold.

GeoPointCom is of the opinion that the current Mineral Resource Estimate is fairly accurate and representative of what is currently known from this zone. This estimate is compliant with CIM standards and guidelines for reporting mineral resources and reserves.

## RECOMMENDATIONS

Based on the recent resource estimate, the McKenzie Property offers a significant mining potential. However, additional exploration work is proposed. Geologica and GeoPointCom recommend the herebelow exploration program on the McKenzie Property. In the first phase, a complementary and definition drilling program should be carefully completed using thorough sampling protocol and geological follow-up (detailed geological and structural approach). This program will have two (2) main objectives: (i) confirming the mineralization for the realization of two small open-pit exploitations; (ii) to complete an update of the resource estimate followed by a Preliminary Economic Assessment (PEA). The lateral and depth continuities of the mineralized subzones previously defined in the Green and Orange Zones require some additional drilling. The second work phase will verify all other zones and/or geophysical and geological anomalous targets in order to outline new mineralizations on the McKenzie Property.

### PHASE 1a: COMPILATION, COMPLEMENTARY DRILLING, RESSOURCE ESTIMATE AND PEA

- Complementary Geoscientific Compilation, update the DDH database : \$30,000
- Drilling (NQ type) to validate the open-pit potential:  
5 000 m @ \$150 / m (all included) \$750,000
- Updated Resources estimate of the open-pit mineralized zones : \$35,000
- Preliminary Economic Assessment (PEA): \$200,000

### PHASE 1b: COMPLEMENTARY DRILLING

- Complementary Drilling (NQ type) to verify the lateral and depth extensions of all the sub-zones:  
10 000 m @ \$150 / m (all included) \$1,500,000
- Sub-total: \$2,515,000
- Administration (~5%): \$125,750
- Contingencies (~10%): \$264,250
- TOTAL PHASE 1:** **\$2,905,000**

## PHASE 2: BASIC EXPLORATION AND DIAMOND DRILLING (if warranted in Phase 1)

• Geological, Geophysical, Geochemical compilation and Metallogenic Modelling	\$50,000
• Exploration Drilling (NQ type) on prioritized and significant geophysical, geochemical and geological targets over the whole McKenzie Property: 5 000 m @ \$150 / m (all included)	\$750,000
Sub-total Phase 2:	\$800,000
Administration (~5%):	\$40,000
Contingencies (~10%):	\$84,000
<b><u>TOTAL PHASE 2:</u></b>	<b><u>\$924,000</u></b>
<b><u>TOTAL PHASES 1 AND 2:</u></b>	<b><u>\$3,829,000</u></b>

### 4.4.3 Fayolle Property, Rouyn-Noranda, Québec, Canada

Unless otherwise indicated, the following description of the Fayolle Property has been summarized from the mineral resource estimate disclosed in the press release dated September 10, 2019, and the acquisition of the property disclosed in the press release dated August 20, 2019. The estimate was prepared by Alain Carrier, P.Geo., M.Sc., of InnovExplo Inc., a qualified and independent person as defined by NI 43-101. The estimate was prepared using all available information, including new results from the 2012, 2014 and 2019 drilling programs. The effective date of the mineral resource estimate is August 30, 2019.

The NI 43-101 technical report relating to the 2019 mineral resource estimate was not available at the time of this AIF and will be delivered and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) within 45 days after the September 10, 2019 press release.

#### PROPERTY DESCRIPTION, LOCATION AND ACCESS AND OWNERSHIP

The Fayolle property consists of 39 mineral claims covering an area of 1,373 hectares (14 km<sup>2</sup>) in Aiguebelle and Cléricy townships, approximately 35 km northeast of Rouyn-Noranda, Quebec. Access is from St-Norbert de-Mont-Brun by way of Chemin de la Montagne, an asphalt road, and then a gravel road leading onto the property.

On August 20, 2019, the Corporation announced the closing of the acquisition of an aggregate 100% interest in the Fayolle property from Hecla Quebec Inc. (“**Hecla**”) (NYSE: HL), formerly known as Aurizon Mines Ltd., and Typhoon Exploration Inc. (“**Typhoon**”) (TSXV: TYP). In exchange, the Corporation has issued 12 million shares to Hecla and will issue 3.4 million shares to Typhoon. The Corporation has also paid Typhoon an amount of \$500,000 and will pay an additional \$500,000 in five months and \$150,000 in 12 months from the date of the transaction. The shares issued to Hecla and the shares to be issued to Typhoon are subject to restrictions on their transfer for periods of up to 24 months.

## 2019 MINERAL RESOURCE ESTIMATE

The 2019 mineral resource estimate includes three mineralized zones and a dilution envelope. Basic univariate statistics and geostatistics analysis were performed on datasets of individual raw gold assays and composites for each zone and for the dilution envelope. In the current resource statement, all blocks were classified in the Indicated resource category.

The Fayolle mineral resource estimate was prepared considering a potential scenario combining pit-constrained and underground resources. The results are summarized in table 1 and are presented at cut-off grades of 0.9 g/t Au for the pit-constrained resource and 2.2 g/t Au for the underground resource. Tables 2 and 3 show the cut-off grade sensitivity analysis of the Fayolle mineral resource estimate for both scenarios.

**Table 1 - Fayolle 2019 mineral resource estimate for a combined pit-constrained and underground scenario at cut-off grades of 0.9 g/t Au (in-pit) and 2.2 g/t Au (underground)**

FAYOLLE	Indicated Resources		
	Tonnes (t)	Grade Au (g/t)	Ounces Au
In-pit (> 0.9 g/t Au)	405,600	5.42	70,630
Underground (> 2.2 g/t Au)	300,800	4.17	40,380
<b>TOTAL</b>	<b>706,400</b>	<b>4.89</b>	<b>111,010</b>

Notes to the mineral resource table:

- (1) The independent and qualified person for the mineral resource estimate, as defined by NI 43-101, is Alain Carrier, M.Sc., P.Geo. (InnovExplo), and the effective date of the estimate is August 30, 2019.
- (2) These mineral resources are not mineral reserves as they do not have demonstrated economic viability.
- (3) The mineral resource estimate follows 2014 CIM definitions and guidelines for mineral resources.
- (4) Results are presented in situ and undiluted and considered to have reasonable prospects for economic extraction.
- (5) The estimation encompasses three mineralized zones and a dilution envelope with a minimum true thickness of 2.5 m using the grade of the adjacent material when assayed or a value of zero when not assayed.
- (6) High-grade capping of 40 g/t Au (Zones 1 and 2), of 90 g/t Au (Zone 3) and of 5 g/t Au (dilution envelope) were applied to assay grades prior to compositing grade for interpolation using an Inverse Squared Distance (ID2) interpolation method based on 1.5 m composite and block size of 5 m x 5 m x 5 m, with bulk density values of 2.82 g/cm<sup>3</sup> applied to the rocks and of 2.0 g/cm<sup>3</sup> applied to the overburden.
- (7) All blocks were classified as Indicated resources. Indicated corresponds to a densely drilled area (within 20 to 25 m spacing) interpolated in pass 1 using a minimum of 2 drill holes. Indicated blocks have an average composite closest distance of 10 m and have used a minimum of 10 composites during interpolation.
- (8) The estimate is reported for a potential scenario combining pit-constrained and underground at cut-off grades of 0.9 g/t Au (in-pit) and 2.2 g/t Au (underground). The cut-off grades were calculated using a gold price of USD1,300/oz, a CAD:USD exchange rate of 1.33, and the following parameters (CAD): (a) Pit-constrained scenario: mining cost \$4.94/t; processing cost \$27.00/t; G&A \$4.00/t, pit slopes of 45° (rock) and of 30° (overburden) during Whittle optimization; (b) Underground scenario (CAD): mining cost \$65.00/t; processing cost \$27.00/t; G&A \$8.00/t. The cut-off grades should be re-evaluated in light of future prevailing market conditions (metal prices, exchange rate, mining cost, etc.).
- (9) The number of metric tons was rounded to the nearest hundred and the metal contents are presented in troy ounces (tonne x grade / 31.10348) rounded to the nearest tenth.
- (10) InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in this Technical Report that could materially affect the mineral resource estimate.

Tables 2 and 3 display the sensitivity of the 2019 mineral resource estimate at different cut-off grades for the pit-constrained and underground portions for the same pit shell scenario. The reader should be cautioned that the figures provided in Tables 2 and 3 should not be interpreted as a mineral resource statement. The reported quantities and grade estimates at different cut-off grades are presented with the sole purpose of demonstrating the sensitivity of the resource model to the selection of a reporting cut-off grade.

**Table 2 – Cut-off grade sensitivity analysis on the Indicated resources for the pit-constrained portion**

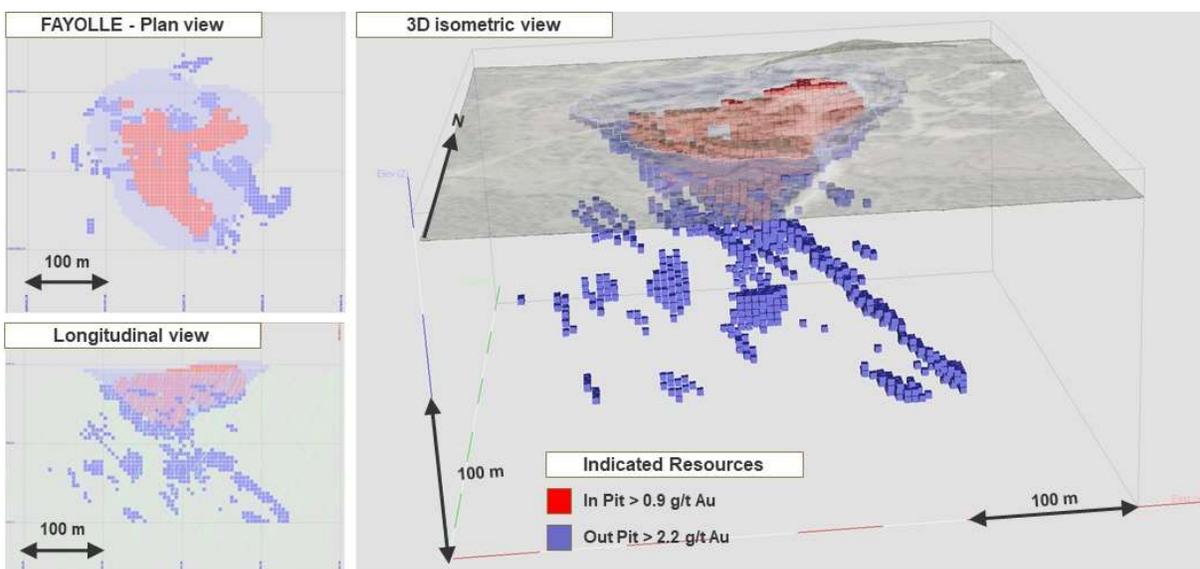
Cut-off grade	Indicated Resources		
	Tonnes (t)	Grade Au (g/t)	Ounces Au
> 0.6 g/t Au	460,500	4.86	71,920
> 0.7 g/t Au	436,900	5.09	71,420
> 0.8 g/t Au	420,000	5.26	71,020
<b>&gt; 0.9 g/t Au</b>	<b>405,600</b>	<b>5.42</b>	<b>70,630</b>
> 1.0 g/t Au	389,700	5.60	70,140
> 1.5 g/t Au	334,200	6.32	67,910

**Table 3 – Cut-off grade sensitivity analysis on the Indicated Resources for the underground portion**

Cut-off grade	Indicated Resources		
	Tonnes (t)	Grade Au (g/t)	Ounces Au
> 2.0 g/t Au	347,600	3.90	43,530
<b>&gt; 2.2 g/t Au</b>	<b>300,800</b>	<b>4.17</b>	<b>40,380</b>
> 2.5 g/t Au	246,400	4.58	36,290
> 3.0 g/t Au	174,100	5.36	30,000
> 4.0 g/t Au	105,200	6.62	22,400
> 5.0 g/t Au	70,800	7.67	17,480

The 2019 mineral resource estimate was prepared using Leapfrog GEO and GEOVIA GEMS software. Leapfrog was used for 3D modelling of topographic and bedrock surfaces while GEMS was used for the interpretation of the zones and for grade estimation and block modelling. Statistical studies were done using Snowden Supervisor and Microsoft Excel software. The estimate was performed using 3D block modelling with the Inverse Squared Distance (ID2) interpolation method.

**Figure 1 – Fayolle 2019 resource block model**



#### 4.4.4 Swanson Property, Val-d'Or, Québec, Canada

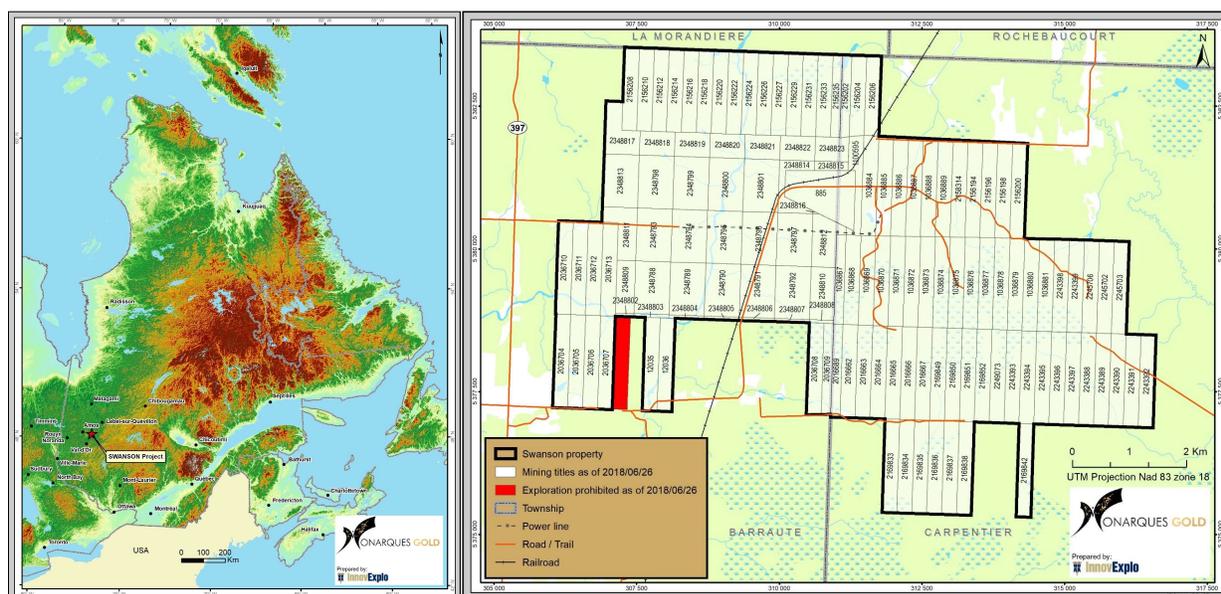
Unless otherwise indicated, the following description of the Swanson Property has been summarized from the NI 43-101 compliant technical report entitled: *NI 43-101 Technical Report and Maiden Mineral Resource Estimate for the Swanson Project, Abitibi, Québec* (the “**Swanson Technical Report**”) prepared for the Corporation by Christine Beausoleil, P.Geo., and Alain Carrier, M.Sc., P.Geo. of InnovExplo Inc. (the “**Authors of the Swanson Technical Report**”) with an effective date of June 20, 2018. Each of the Authors of the Swanson Technical Report is a “qualified person” and “independent” of the Corporation within the meaning of NI 43-101 and is qualified in its entirety with reference to the full text of the Swanson Technical Report. The below summary is subject to all the assumptions, conditions and qualifications set forth in the Swanson Technical Report. The Swanson Technical Report was prepared in accordance with NI 43-101 and for additional technical details, reference should be made to the complete text of the Swanson Technical Report, which was filed with the applicable regulatory authorities and posted on SEDAR at [www.sedar.com](http://www.sedar.com) on August 3, 2018. Defined terms and abbreviations used in this section 4.4.2 and not otherwise defined in this Annual Information Form have the meanings attributed to them in the Swanson Technical Report.

The Authors of the Swanson Technical Report have verified the disclosure below that has been summarized from the Swanson Technical Report and have consented to the use thereof in connection with the filing of the Corporation’s 2018 Annual Information Form dated October 24, 2018.

#### PROPERTY DESCRIPTION AND LOCATION

The Swanson Property is located in the Abitibi-Témiscamingue administrative region in the province of Québec, Canada, approximately 65 kilometres north-northeast of the city of Val-d’Or. The property is accessible via highway 397, which branches off provincial highway 117 at Val-d’Or. A gravel road from highway 397 provides access to the Swanson Property. The Swanson project currently consists of one block of 127 mining claims staked by electronic map designation and one mining lease, for an aggregate area of 5,062 ha (50.62 km<sup>2</sup>). The Swanson Property is 100% owned by the Corporation and is subject to a 2% net smelter royalty (“**NSR**”) on gold resources claims and 1% on some exploration claims. The expiry date for the claims range from October 30, 2019 to January 16, 2021.

**Figure 1 - Location map and mining titles of the Swanson Property**



Over the years, the previous owners of the Swanson Property have performed exploration and underground work. However, at present, there is no commercial production on the Swanson Property.

## GEOLOGICAL SETTING AND MINERALIZATION

The Swanson Property is located in the Taschereau-Amos-Senneterre volcanic segment of the Abitibi. The Swanson gold deposit is hosted in a syenite plug located at the interface between basalt and peridotite units of the Amos Group.

Seven lithological units are distinguished in the Swanson deposit. They are classified into two groups: volcanic effusive and volcanic intrusive units.

The Swanson gold deposit is interpreted as a syenite-associated disseminated gold deposit. The gold mineralization is typical of structurally controlled gold deposits associated with felsic intrusions. Gold occurs in tensional structures in or near the syenite intrusion. The syenite unit usually carries background values of gold between 0.3 and 1.0 g/t Au.

Two types of gold mineralization are found directly or indirectly associated with the syenite.

No diamond drill holes were completed by Monarch since the acquisition of the property from Agnico in December 2017.

## MINERAL RESOURCE ESTIMATES

The 2018 mineral resource estimate (the “**2018 MRE**”) was prepared by Christine Beausoleil, P.Geo. and Alain Carrier, P.Geo., using all available information.

The resource area measures 500–m along strike, 400–m wide and 500–m deep. The estimate is based on a compilation of historical and recent diamond drill holes and the wireframed mineralized zones constructed by InnovExplo.

The GEMS databases contain 166 drill holes corresponding to a subset of the Corporation's database covering specifically the resource area for a total of 9,312 sampled intervals (4,035 samples in mineralized zones) representing 12,623.7 m of drilled core (5,157 m drilled in mineralized zones).

InnovExplo based the mineralization wireframe model on the drill hole information and created four (4) distinct mineralized solids that honour the drill hole database.

InnovExplo is of the opinion that the current mineral resource estimate can be classified as Indicated and Inferred resources. InnovExplo considers the 2018 MRE to be reliable and based on quality data, reasonable hypotheses and parameters that follow CIM Definition Standards.

Next table presents the combined resources (in-pit and underground) by category for the Swanson deposit at the selected cut-off grade (0.8 g/t Au for the in-pit resources and 2.7 g/t Au for the underground resource).

**Swanson Maiden Mineral Resource Estimate for a combined open pit and underground scenario at a cut-off of 0.8 g/t Au (in pit) and 2.7 g/t Au (underground) (Table 14.12)**

Area	Indicated Resources			Inferred Resources		
	Tonnes (t)	Grade Au (g/t)	Ounces Au	Tonnes (t)	Grade Au (g/t)	Ounces Au
In-Pit	1,694,000	1.80	98,100	17,400	2.53	1,400
Underground	58,100	3.17	5,900	56,600	3.10	5,600
<b>TOTAL</b>	<b>1,752,100</b>	<b>1.85</b>	<b>104,100</b>	<b>74,000</b>	<b>2.96</b>	<b>7,100</b>

Notes to the mineral resource table:

- These mineral resources are not mineral reserves, as they do not have demonstrated economic viability.
- The 2014 CIM definitions and guidelines for mineral resources have been followed.
- Results are presented in situ and undiluted and considered to have reasonable prospects for economic extraction.
- The estimation encompasses four zones with a minimum true thickness of 2.5 m using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- A high-grade capping of 30 g/t Au (4 g/t Au for the dilution envelope) was applied to assay grades prior to compositing grade for interpolation using an Ordinary Kriging interpolation method, based on 1.5 m composite for block size of 3 m x 3 m x 3 m.
- Bulk density values were applied on the following lithological basis (g/cm3): I2 = 2.78; I4O, V3, V4 = 2.90, and OVB = 1.5.
- The number of metric tons and ounces was rounded to the nearest unit. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Form 43-101F1.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in this Technical Report that could materially affect the mineral resource estimate.

**INTERPRETATIONS AND CONCLUSIONS**

InnovExplo concludes the following after conducting a detailed review of all pertinent information and completing the 2018 MRE:

- Geological and grade continuity were demonstrated for the four (4) goldbearing zones of the Swanson Project;
- The recent and historical drill holes provided sufficient information to complete the 2018 MRE;
- The estimated results are reported for combined open pit and underground scenarios;
- The total Indicated Resources stand at 104,100 ounces of gold (98,100 oz in-pit, 5,900 oz underground) corresponding to a total of 1,752,100 t at 1.85 g/t Au;
- The total Inferred Resources stand at 7,100 ounces of gold (1,400 oz in-pit, 5,600 oz underground) corresponding to a total of 74,000 t at 2.96 g/t Au;

- It is likely that additional diamond drilling at depth would increase the Inferred Resource tonnage and upgrade some of the Inferred Resources to the Indicated category;
- There is also the potential for upgrading resource categories through infill drilling with strict QA/QC protocols and by drilling twin holes to confirm the historical results.

InnovExplo believes there are opportunities to add additional resources to the Project:

- Target 1: Zones 1, 2 and 4 may continue at depth along their north-dipping projections. Currently, the deeper north side of the deposit is fairly open;
- Target 2: The northeast area can also be considered open with only one hole located 80 m to the east, beyond the mineralized zones;
- Target 3: Zones 1, 2 and 4 may continue on the western side of the deposit, at depths from 120 to 250 m.

InnovExplo concludes that the 2018 MRE presented herein allows the Swanson Project to advance to the PEA stage following a positive test results of the bulk sample regarding the metallurgy, the mining and the resource model.

InnovExplo considers the 2018 MRE to be reliable, thorough, based on quality data, reasonable hypotheses, and parameters that conform to NI 43-101 and CIM Definition Standards.

## RECOMMENDATIONS

Based on the results of the 2018 Mineral Resource Estimate, InnovExplo recommends that the Swanson Project be advanced to the PEA stage.

Accordingly, more work is warranted. The Corporation should complete the surface surveying of the 2011 drill holes, three (3) of which are located in the resource area, and should also review the correspondence between the local and UTM grids.

Before commencing the PEA study, the Corporation should complete a bulk sampling program, including the metallurgical testwork at their own mill. The issuer should also complete the permitting process, conduct the environmental and hydrogeological studies, commence a trade-off study for the potential displacement of the railroad, and include the Swanson Project in their global social licence management system.

Contingent upon positive results from the bulk sampling program, a diamond drilling campaign should test the lateral and depth extensions of the deposit and update the mineral resource estimate which will provide the foundation for the PEA. The Corporation should establish a thorough QA/QC protocol for the diamond drilling program and it is recommended that all new core and pulp witness samples be properly stored.

In summary, InnovExplo recommends a two-phase work program as follows:

- Phase 1 – Bulk Sampling:
  - Complete the documentation for permitting the surface bulk sample (approximately 20,000 t);
  - Environmental and hydrogeological characterization testing;
  - Social licence management;
  - Initiate railroad displacement trade-off study;
  - Bulk sample and metallurgical testing; and
  - Bulk sample reconciliation and resource block model calibration.

- Phase 2 – Diamond Drilling and Preliminary Economic Assessment (PEA):
  - Delineation drilling program, potential upgrade and addition of resources by testing lateral and depth continuities;
  - Update the mineral resource estimate; and
  - PEA study and updated NI 43-101 technical report.

InnovExplo has prepared a cost estimate for the recommended two-phase work program to serve as a guideline for the Project. Expenditures for Phase 1 are estimated at C\$1,518,000 (incl. 15% for contingencies). Expenditures for Phase 2 are estimated at C\$1,322,500 (incl. 15% for contingencies). The grand total is C\$2,840,500 (incl. 15% for contingencies). Phase 2 is contingent upon the success of Phase 1.

InnovExplo is of the opinion that the recommended two-phase work program and proposed expenditures are appropriate and well thought out, and that the character of the Project is of sufficient merit to justify the recommended program. InnovExplo believes that the proposed budget reasonably reflects the type and amount of the contemplated activities.

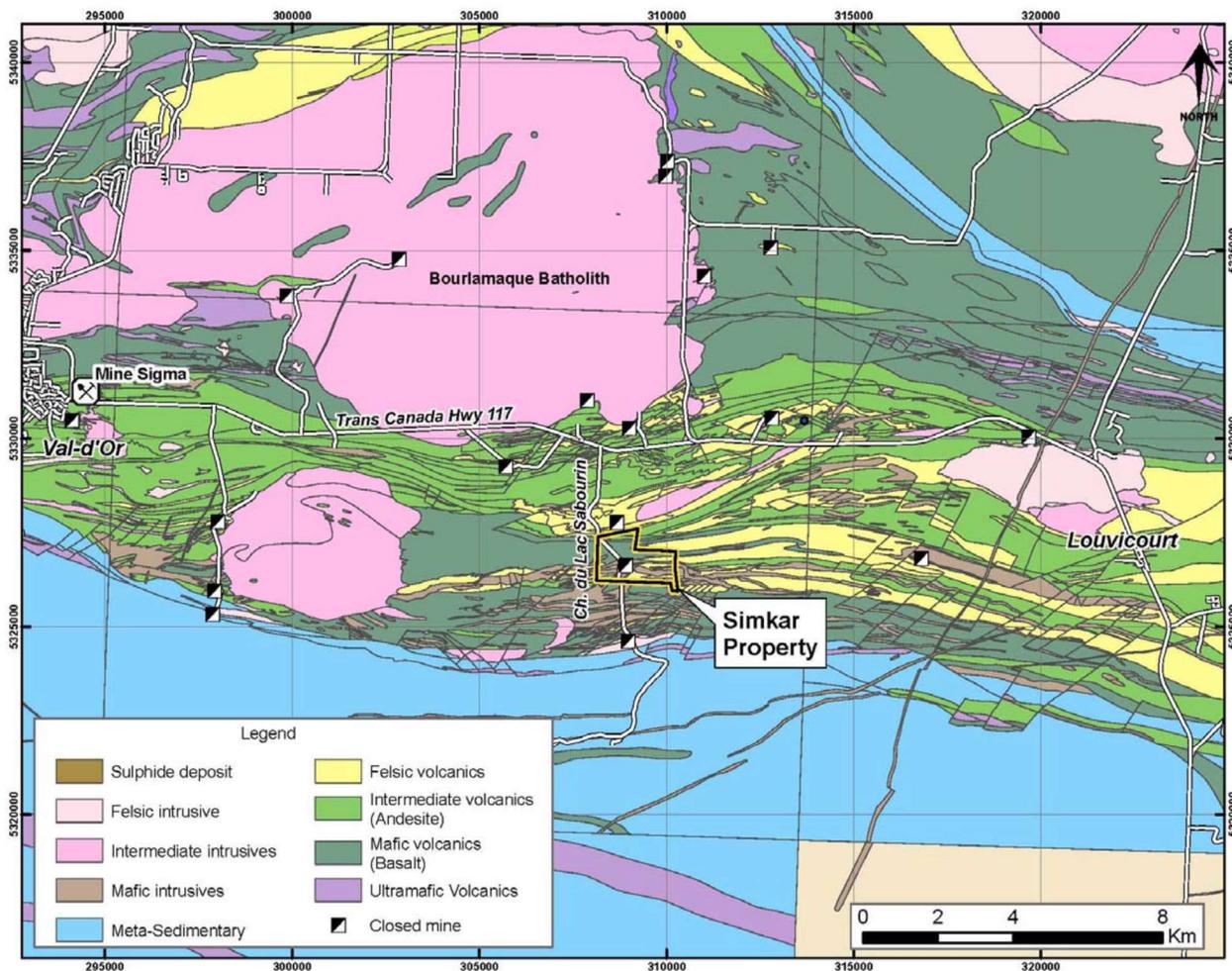
#### 4.4.5 Simkar Property, Val-d'Or, Québec, Canada

Unless otherwise indicated, the following description of the Simkar Property has been summarized from the NI 43-101 compliant technical report entitled: *Technical Report – Simkar Gold Property* (the “**Simkar Technical Report**”) prepared for the Corporation by Mr. Abderrazak Ladidi, M. Eng., P. Geo. (the “**Author of the Simkar Technical Report**”) with a effective date on January 21, 2015. The Author of the Simkar Technical Report is a “qualified person” and “independent” of the Corporation within the meaning of NI 43-101 and is qualified in its entirety with reference to the full text of the Simkar Technical Report. The below summary is subject to all the assumptions, conditions and qualifications set forth in the Simkar Technical Report. The Simkar Technical Report was prepared in accordance with NI 43-101 and for additional technical details, reference should be made to the complete text of the Simkar Technical Report which was filed with the applicable regulatory authorities and posted on SEDAR at [www.sedar.com](http://www.sedar.com) on May 12, 2015. Defined terms and abbreviations used in this section 4.4.4 and not otherwise defined in this Annual Information Form have the meanings attributed to them in the Simkar Technical Report.

The Author of the Simkar Technical Report has verified the disclosure below that has been summarized from the Simkar Technical Report and has consented to the use thereof in connection with the filing of the Corporation’s Annual Information Form dated June 12, 2018. **PROPERTY DESCRIPTION AND OWNERSHIP**

The Simkar Property is an early-stage exploration property within the National Topographic System (NTS) map sheet 32C/04 in Louvicourt Township, approximately 20 km east of Val-d’Or, Québec. The Simkar Property consists, as of the date of this Annual Information Form, of two contiguous mining concessions and 15 claims totalling 5 km<sup>2</sup>). The Property hosts a high-grade, intrusion-related, shear zone, gold-quartz vein system, characteristic of most gold deposits in Val-d’Or Gold Mining District.

*Figure: Local geology and location of the Simkar Property*



At present, there is no commercial production on the Simkar Property; however, there are extensive underground mine workings and stopes, from a former gold producer (Louvicourt Goldfield) on the Simkar Property.

Prior production from the mine on the Simkar Property came from three main zones – the A Zone, B Zone, and C Zone. Exploration by Megastar Resources (1996-2004) identified three additional gold-bearing zones (Pillar Zone, F Zone, and Montana Zone), and identified a high-potential structure named the East Zone Shear.

Previous Production from Louvicourt Goldfields Mine				
From	To	Tons of ore mined	Grade (grams/tonne)	oz produced
1945	1949	261,591	4.62	31,915
1987	1993	71,068	8.42	20,000

## GEOLGY AND MINERALIZATION

The Simkar Property is located within the Late Archean Abitibi Greenstone Belt. It is underlain by a thick sequence of complexly intercalated volcanic flows and pyroclastics of the Malartic Group. Typical of the region, the sequence strikes east-west and dips steeply to the north with top directions to the south. The rocks have undergone greenschist facies metamorphism.

Quartz-feldspar porphyry dykes and sills intrude the intercalated volcanic flows and pyroclastic sequences in the central and southern parts of the Property. These intrusions trend east and northeast, and dip steeply to the south. Five diorite sills underlie the Property, south of the baseline (from north to south); B-diorite, A-diorite, East diorite, Southwest diorite, and the Southeast diorite. The diorites are closely associated, spatially, with mineralization.

The Simkar Property contains Archean gold-vein systems that generally strike easterly. The high-grade, intrusion-centred gold-quartz vein system is similar to the Sigma-Lamaque deposit in Val-d'Or and many other camps in the Abitibi Belt. A secondary type of target on the Simkar Property, little-investigated to date, are Noranda- or Matagami-type volcanogenic massive sulphide (VMS) deposits, one of which may underlie the northwest part of the Property, at around 1000 m depth.

Shear zones and intrusions play an important role in controlling the mineralization along the Larder Lake - Cadillac Tectonic Zone, the focus of gold mining activity in the south eastern Abitibi Greenstone Belt. The mineralized zones or "shoots" at Simkar Property follow second order (Riedel) shear patterns and consist of quartz-carbonate-tourmaline vein systems that locally form stock-works (vein arrays). The mineralized zones contain mainly pyrite, minor chalcopyrite, and trace pyrrhotite, sphalerite, molybdenite, tellurobismuthite and native gold. Gold occurs mainly in quartz-pyrite veins as fine inclusions within pyrite or at its boundaries, and is closely associated with the bismuth telluride.

The primary (most abundant) set of Riedel veins dips 40° towards 320°. A second set dips 35° towards 220°. The intersection of these two sets plunges 25° towards 270°, and defines the long axis and plunge of the ore zones.

The various mineralized veins and structures on the Simkar Property exhibit a variety of features individually; however, they all have certain characteristics in common, which are also typical of most Abitibi camps. Typically, mineralized zones on the Simkar Property feature quartz-tourmaline veinlets/veins/stockwork with some carbonate and sulphides. The sulphide content of veins varies from 3 percent to over 50%, with pyrite by far the dominant sulphide, typically 70-95% of total sulphides. Other sulphides are chalcopyrite with lesser gold/electrum, galena, and sphalerite.

## RECENT EXPLORATION

The 2004 and earlier exploration work has been described in a previous Technical Report (Pelletier, 2004).

Megastar Development Corp. undertook additional work in 2006 and 2007. Their work consisted of digitization of underground mine workings, the creation of a diamond-drill hole database, surface geophysics, and a 2007 drilling program of 15 NQ diamond-drill holes totalling 4,340 metres.

The holes intersected targets in the B, C, and East Shear zones, plus other targets. These 15 holes were added to the pre-existing database of over 500 drill holes and sample channels.

A 2008 NI 43-101 Technical Report commissioned by Megastar, and prepared by Chlumsky, Armbrust & Meyer (Bourgoin and Sandefur, 2008) included a Resource Estimate of the Simkar Property; however, the

estimate is no longer considered valid as it was calculated using an unconstrained, nearest-neighbour method.

From 2009-2013 Eloro Resources Ltd. (“**Eloro**”) were the principle operators on the Property completing 23,778 cumulative metres of diamond-drilling in 54 surface holes, and collecting 8,352 core interval samples for assay.

In October 2013, the Corporation took over as operators on the Project pursuant to an option agreement with Eloro, whereby the Corporation was granted the right to earn a 50% interest in the Project. The Corporation completed a diamond-drilling programme on the Property in 2013, which ultimately comprised 19 holes aggregating 8,027 metres. From this core, 3,550 core-interval samples were collected and analyzed.

In June of 2014, Eloro sold its remaining equity interest in the Simkar Gold Project to the Corporation and retaining a 1.5% NSR on the two Simkar Mining Licences and a 0.5% NSR on the contiguous mineral claims (the Louvicourt Claims). The Corporation can redeem one-third (0.5%) of the Simkar Mining Licence NSR by paying Eloro \$1 million.

## **RESOURCE ESTIMATION**

The mineral Resources reported herein were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on Dec 11, 2005.

The current Simkar Project Mineral Resource Estimate was calculated using conventional statistical analysis, variography and grade interpolation via Gemcom® block modelling. Utilizing 1.0 m long assays for gold (Au), the block models, within an interpreted threedimensional (3D) solid domain were coded with the rock codes, bulk density, and classified into the Measured, Indicated and Inferred categories.

The database for the current Mineral Resource Estimate modelling incorporates 467 surface and underground diamond-drill holes, comprising 81,108 total metres, and results from 18,055 sampled intervals.

The Inferred Resource estimate in this report was developed to determine whether further exploration on the Simkar Property was warranted. Highlights of the estimation procedure include:

- A GEMCOM database developed by MRB was used in the estimate, using the GEMCOM down-hole survey calculations and GEMLOGGER drill-logs;
- Some inconsistencies and minor errors were noted in the database. MRB believes that the effect of these is not significant, given the inherent uncertainty in the Resource estimation process;
- Calculations were done using the GEMCOM block models software system;
- Ordinary Kriging algorithm was used for the primary estimate within anisotropic elliptical search ranges (where appropriate) and using suitable parameters. The search distances used for the estimates are based upon an expansion factor of the semivariogram ranges. A block size of 10 m x 1 m x 10 m was employed;
- MRB calculated a density value in 2013 using drill hole intervals. A density of 2.80 g/cm<sup>3</sup> was derived from five (5) samples measured by Activation Laboratory Ltd. (“ActLabs”), of Val-d’Or, Québec (formerly Techni-Labs). This value was assigned to the entire envelope for the current Resource Estimate. The highest measurement determined by ActLabs was 2.91 g/cm<sup>3</sup> and the lowest was 2.72 g/cm<sup>3</sup>, for an average of 2.80 g/cm<sup>3</sup>.

The following table presents a summary of the Resources<sup>(1)</sup>, using ore blocks. Based on these parameters, a 3.0 gpt cut-off grade appears reasonable at this stage of the project.

Cut_off (gpt)	Measured			Indicated			Total Measured + Indicated			Inferred		
	Tonnes (T)	Grade (gpt)	Ounces	Tonnes (T)	Grade (gpt)	Ounces	Tonnes (T)	Grade (gpt)	Ounces	Tonnes (T)	Grade (gpt)	Ounces
2	56,000	3.79	6,822.5	341,870	4.39	48,297.2	397,870	4.31	55,119.7	230,970	4.10	30,469.5
3*	33,570	4.71	5,078.7	208,470	5.66	37,905.3	242,040	5.52	42,984.0	98,320	6.36	20,103.2
4	17,410	5.87	3,284.3	137,390	6.78	29,965.7	154,800	6.68	33,250.0	70,060	7.57	17,061.4

\*\* a cut-off grade of 3 g/t was used for this project

<sup>(1)</sup> The current Mineral Resource Estimate was calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The mineral resource estimate may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. Furthermore, the quantity and grade of estimated Inferred Resource reported herein are uncertain and there has been insufficient exploration to categorize them as an Indicated or Measured Resource. It is uncertain if further exploration will result in reclassification of Inferred Mineral Resources to the Indicated or Measured Mineral Resource categories. The tonnage numbers are rounded according to NI 43-101 standards. Grades are calculated from Au concentrations determined from sample assays completed by ALS Minerals using conventional Fire Assaying with 30 g fusions and AAS finish.

Mineral Resources are not mineral Reserves and therefore do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The quantity and grade of reported Inferred Resources in this estimation are conceptual in nature. There has been insufficient exploration to define an Indicated mineral resource on the Property, and it is uncertain if further exploration will result in discovery of an Indicated or Measured mineral Resource on the Property.

## CONCLUSIONS AND RECOMMENDATIONS

Recent work on the Simkar Property has confirmed that the formerly explored and exploited gold bearing structures on these properties continue to show potential for hosting additional mineralization, and merit additional exploration work.

The resources estimate was calculated using ordinary kriging. A “parallel” estimate was calculated using the inverse-distance-squared method, as a check. The block size dimension (10 m X 1 m X 10 m) was based on the existing drilling pattern and mine planning considerations.

The majority of the resource has been classified as Indicated and Measured; additional drilling information is judged necessary to expand this resource and to convert the Inferred resources to the Measured and Indicated category. The mineralization at Simkar Property is discontinuous, making it difficult to identify the richest parts of the mineralized zones. The author recommends that prior to the next diamond-drilling program, detailed IP geophysical surveys be carried out over those parts of the property to be drilled, in order to better target the drill-holes in that area.

It is also strongly recommended to allocate a large percentage of the diamond-drilling to the southwest part of the Property as several of the 2013 holes drilled in this area deviated from their target. As the land conditions in this area are difficult, it has been somewhat “avoided” in the past; however, the geological model shows that this is an area of high-potential for mineralization.

The next diamond-drilling campaign should continue to focus on the favourable known “horizons” along the gabbro-porphry contact corridor. The spacing of the drill-holes should be kept close to 25 m - 40 m.

Based on his review of the Simkar Property, the author makes the following recommendations:

- Phase I - additional diamond-drilling should be carried out with a concurrent, thorough sampling protocol, to expand the estimated Mineral Resources and provide core material for metallurgical testing, which will help to determine the characteristics of the mineralized zones;
- Phase II - Additional diamond-drilling to further increase the resource volume and to upgrade Inferred Resources to the Measured + Indicated category. Supplementary metallurgical testing and bulk sampling to determine potential processing and recovery scenarios.

The recommended Phase II exploration programme is contingent on favourable results from the Phase I programme.

The total investment required for both phases is \$3,450,000; expenditures for Phase I of the work program are estimated at \$1,000,000, whereas expenditures for Phase II of the work program are estimated at \$2,000,000.

#### **WORK PLANNED**

The Corporation is not planning any exploration work on the property.

#### **4.4.6 Monique Mine, Val-d'Or, Québec, Canada**

##### **PROPERTY DESCRIPTION**

The Monique Mine consists of one mining lease and 21 mining claims covering an area of 5.5 km<sup>2</sup> located 25 km east of Val-d'Or, in the province of Québec. The Monique Mine is located approximately 10km east of the Beaufor Mine and 50 km from the Corporation's Camflo Mill.

The mining lease was obtained on February 14, 2012, from the MERN, and the environmental certificates of authorization for an open pit operation were received at the beginning of 2013. Open pit mining ended in January 2015, and surface infrastructure was removed during this year. The stockpile remaining at the end of 2015 was processed in the first quarter of 2016 and there was no production at the Monique Mine for the remainder of this year. The Camflo Mill processed 16,063 tonnes of the Monique stockpile at an average grade of 2.31 g/t gold and produced 1,165 ounces of gold for this year. The Monique Mine is now closed.

On January 16, 2017, Richmont signed an agreement with Probe to sell an interest of up to 60% in the Monique Mine. Probe needs to make expenditures in the amount of \$0.5 million annually, from January 16, 2018 to January 16, 2021. Subject to completion of the option, the Corporation will transfer to Probe an undivided 60% legal and beneficial interest in the Monique Mine and the parties will then form a joint venture. Probe will be the operator with all responsibility for the operations of the Monique Mine. Probe shall be responsible for the remediation of all surface and environmental disturbances resulting from all activities on the Monique Mine. The parties shall be responsible for the closure liabilities up to \$1.5 million on a *pro rata* basis and the Corporation will be solely responsible for any liabilities in excess of such amount.

##### **Geology**

Monique Mine is located in the central-east of the Archean Abitibi Greenstone belt of the Superior Province, north of the Larder Lake-Cadillac Fault deformation corridor. The Monique Property is characterized by a volcanic sequence belonging to the Jacola Formation of the Malartic Group. The general orientation of the units is N270 degrees E to N292 degrees E, dipping steeply to the north. The units are metamorphosed to

the greenschists facies. Two main volcanic domains are interpreted on the property, the north and south domains.

The north volcanic domain is predominantly underlain by basalts and are interlayered with ultramafic flows. Some diorite dykes are intruded into the ultramafics. They are generally magnetic and vary in thickness from a few centimeters to five meters.

Two types of felsic dykes are observed in the north domain, mainly in the ultramafic units. The first type has a homogeneous, aphanitic texture and is very hard. The second type are grey porphyritic dykes with feldspar phenocrysts ranging from two to three millimeters which are frequently cut by quartz carbonate veinlets.

The south volcanic domain is composed of nonmagnetic andesite flows and breccias with intermediate tuff and felsic dykes. These dykes are more abundant near the contact between the two main volcanic domains. The intermediate tuffs are characterized by the presence of centimetric fragments of variable composition in an intermediate matrix. Their thickness varies from a few meters up to 100 meters

### **Mineralization**

Several gold zones have discovered on the property. These zones are defined by a series of quartz, carbonate and tourmaline veins and veinlets ranging in width from one centimeter to 100 centimeters. They are found mainly in volcanic units, altered in chlorite, carbonate, sericite and silica, albite with fuschite locally observed. The quartz veining is roughly parallel to the stratigraphy. Gold is generally associated with 1% to 5% finely disseminated pyrite, and visible gold is common in the quartz and carbonate veins and veinlets. The mineralized zones are orientation at 290 degrees dipping steeply to north at 75 degrees. The mineralized lenses extend laterally over a few hundred meters

### **Work Planned**

On September 3, 2019, the Corporation announced the results of a new mineral resource estimate for its Monique Property. The estimate showed a pit constrained Inferred resource of 307,000 ounces, and an underground Inferred resource of 354,400 ounces, for a total of 661,400 ounces of gold. Probe Metals Inc. may earn a 60% interest in the Monique Property by spending an aggregate of \$2,000,000 on exploration before January 2021.

## **4.5 Other Aspects of the Business**

### **4.5.1 Beacon Mill**

The Beacon Mill has a 750 tpd capacity and is located on a property that consists of a mining lease and 11 mineral claims covering an area of 1.8km<sup>2</sup>. The property also has tailings management ponds, underground installations, a 500-metre deep shaft and a mechanical shop. The Beacon Mill is located in Val-d'Or, Québec on highway 117 and at proximity to the railroad at less than 500 m.

The Beacon Mill is fully permitted, including a certificate of authorization by the MDELCC for the processing of 1,800,000 tonnes of tailings, equivalent to approximately nine years of mineral processing at full capacity.

Currently, the Corporation is continuing its evaluation work associated with the possibility of restarting the Beacon Mill.

#### **4.5.2 Camflo Mill**

The Camflo Mill has a rated capacity of 1,200 tonnes per day and the Corporation has permission for a rate of 1,600 tonnes per day. It is a Merrill-Crow conventional type mill with circuits for crushing, grinding, gold cyanidation and precipitation using zinc powder. The historic average rate of recovery of the mill is 98.5% when ore from the Corporation's Beaufor Mine is being milled.

No major operating problems have occurred at this plant and none are expected in the near future. On July 10, 2019, the custom milling operations of the Camflo Mill were suspended, and maintenance work were undertaken to ensure that the mill will be ready to restart its operations and receive the ore of the Corporation's properties once they go into production. The mill could also resume its activities if the needs of a potential client justified it.

#### **4.6 Employees**

On June 30, 2019, the Corporation had 52 full time-employees and 10 contractors.

The Camflo Mill's three-year collective agreement ended on December 31, 2018. As at the date of this Annual Information Form, no new collective agreement has been reached for the Camflo Mill.

The employees at the Beaufor Mine were unionized in October 2016 and, during a first half of 2017, a collective agreement was negotiated and was finally concluded on July 13, 2017 for a three-year period ending on December 31, 2019.

#### **4.7 Risk Factors**

The Corporation operates in an industry that contains various risks and uncertainties. The risks and uncertainties listed below are not the only ones to which the Corporation is subject. Additional risks and uncertainties not presently known by the Corporation, or which the Corporation deems to be currently insignificant, may impede the Corporation's performance. The materialization of one of the following risks could harm the Corporation's activities and have significant negative impacts on its financial situation and its operating results. In that case, the Corporation's stock price could be affected.

#### **Operational Risks**

##### **Profitability**

The Corporation's profitability is significantly affected by the costs and results of its exploration and development programs. As mines have limited lives based on Proven and Probable Mineral Reserves, the Corporation actively seeks to replace and expand its Mineral Reserves, primarily through exploration and development as well as through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. Substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Accordingly, the Corporation's current or future exploration and development programs may not result in any new economically viable mining operations or yield new Mineral Reserves to replace and expand current Mineral Reserves.

## Commodity prices

The Corporation's earnings are directly related to commodity prices as revenues are derived principally from the sale of gold. Gold prices fluctuate widely and are affected by numerous factors beyond the Corporation's control, including central bank purchases and sales, producer hedging and de-hedging activities, expectations of inflation, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand, political and economic conditions, production costs in major gold-producing regions and worldwide production levels. The aggregate effect of these factors is impossible to predict with accuracy. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may materially adversely affect the Corporation's financial performance or results of operations. If the market price of gold falls below the Corporation's total cash costs per ounce of production at one or more of its projects at that time and remains so for any sustained period, the Corporation may experience losses and/or may curtail or suspend some or all of its exploration, development and mining activities at such projects or at other projects. Also, the Corporation's evaluations of the proven and probable reserves at its Wasamac project were based on a market price of gold of C\$1,700 per ounce. If the market price of gold falls below this level, the mine may be rendered uneconomic and production may be suspended. The Corporation's policy and practice is not to sell forward its future gold production; however, under the Corporation's price risk management policy, approved by the Corporation's board of directors, the Corporation may review this practice on a project-by-project basis. The Corporation may occasionally use derivative instruments to mitigate the effects of fluctuating by-product metal prices; however, these measures may not be successful.

The volatility of gold prices is illustrated in the following table which sets out, for the periods indicated, the high, low and average afternoon fixing prices for gold on the London Bullion Market (the “**London P.M. Fix**”).

(US\$ per ounce)	2018	2017	2016	2015	2014
High Price	1,355	1,346	1,366	1,296	1,385
Low Price	1,178	1,151	1,077	1,049	1,142
Average Price	1,268	1,257	1,251	1,160	1,266

On September 24, 2019, the London P.M. Fix was US\$1,520 per ounce of gold.

The Corporation has no U.S. dollar exchange contracts but, as described in its financial statements available on SEDAR ([www.sedar.com](http://www.sedar.com)), it has some gold hedging contracts. However, the Corporation may engage in currency hedging activities in the future. Hedging activities are intended to protect a corporation from the fluctuations of the price of gold and to minimize the effect of declines in gold prices on results of operations for a period of time. Hedging activities may protect a corporation against low gold prices, however, they may also limit the price that can be realized on gold that is subject to forward sales and call options where the market price of gold exceeds the gold price in a forward sale or call option contract. The Corporation continually evaluates the potential short- and long-term benefits of engaging in such derivative strategies based upon current market conditions. However, the use of metal derivative strategies may not benefit the Corporation in the future. There is a possibility that the Corporation could lock in forward deliveries at prices lower than the market price at the time of delivery. In addition, the Corporation could fail to produce enough precious metals to offset its forward delivery obligations, causing the Corporation to purchase the metal in the spot market at higher prices to fulfill its delivery obligations or, for cash-settled contracts, make cash payments to counterparts in excess of precious metals revenue. If the Corporation is locked into a lower than market price forward contract or has to buy additional quantities at higher prices, its net income could be adversely affected.

The Corporation's operating results and cash flows are significantly affected by changes in the U.S. dollar/Canadian dollar exchange rate. All of the Corporation's precious metals revenues are earned in U.S. dollars but the majority of its costs are in Canadian dollars. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. On September 24, 2019, the U.S. dollar/Canadian exchange rate was C\$1.3249 per US\$1.00. Historical fluctuations in the U.S. dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations.

Also, the Corporation may in the future, if it considers it advisable, enter into hedging arrangements with a view to reducing some risks associated with foreign exchange exposure. However, such hedging strategies may not prove to be successful and foreign exchange fluctuations may materially adversely affect the Corporation's financial performance and results of operations.

### **Project risk**

The ability of the Corporation to reach, sustain or increase levels of gold production is dependent in part on the success of its projects. Significant projects contemplated for the next few years include the Wasamac, Beaufor Mine, Croinor Gold, Fayolle and McKenzie Break projects. However, some or all of these projects may not proceed, and other projects may arise. Risks and unknowns inherent in all projects include, but are not limited to, the accuracy of reserve estimates; metallurgical recoveries; geotechnical and other technical assumptions; capital and operating costs of such projects; the future price of gold; and scoping of major projects including delays, aggressive schedules and unplanned events and conditions. The significant capital expenditures and long time period required to develop new mines or other projects are considerable and changes in costs and market conditions or unplanned events or construction schedules can affect project economics. Actual costs and economic returns may differ materially from the Corporation's estimates or the Corporation could fail or be delayed in obtaining the governmental approvals necessary for the execution of a project, in which case, the project may not proceed either on its original timing or at all.

The Corporation may be unable to develop projects that demonstrate attractive economic feasibility at low gold prices. The number of projects in the future may outweigh the Corporation's capital, financial and staffing capacity restricting the ability to concurrently execute multiple projects and adversely affecting the potential timing of when those projects can be put into production. The inability to execute adequate governance over developmental projects can also have a major negative impact on project development activities.

### **Exploration**

The exploration process generally begins with the identification and appraisal of mineral prospects. Exploration and development projects have no operating history upon which to base estimates of future operating costs and capital requirements. Mining projects frequently require a number of years and significant expenditures during the mine development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits, acquiring title to prospects and the receipt of adequate financing. The economic feasibility of development projects is based on many factors such as:

- estimation of reserves;
- anticipated metallurgical recoveries;
- environmental considerations and permitting;
- estimates of future gold prices; and
- anticipated capital and operating costs of such projects.

Exploration and development of mineral deposits thus involve significant financial risks which a combination of careful evaluation, experience and knowledge may not eliminate. The discovery of an ore body may result in substantial rewards, however, few properties which are explored are ultimately developed into producing mines. A mine must generate sufficient revenues to offset operating and development costs such as the costs required to establish reserves by drilling, to develop metallurgical processes, to construct facilities and to extract and process metals from the ore. Once in production, it is impossible to determine whether current exploration and development programs at any given mine will result in the establishment of new reserves.

### **Mineral reserves and mineral resources**

Mineral reserves and mineral resources are based on estimates of mineral content and quantity derived from limited information acquired through drilling and other sampling methods and requires judgmental interpretations of geology, structure, grade distributions and trends, and other factors. No assurance can be given that the estimates are accurate or that the indicated level of metal will be produced. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Market price fluctuations of gold as well as increased production and capital costs, reduced recovery rates or technical, economic, regulatory or other factors may render the Corporation's proven and probable reserves unprofitable to develop or continue to exploit at a particular site or sites for periods of time or may render mineral reserves containing relatively lower-grade mineralization uneconomic. Successful extraction requires safe and efficient mining and processing. Moreover, short-term operating factors relating to the mineral reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore types, may cause mineral reserves to become uneconomic or the Corporation to be unprofitable in any particular reporting period. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require the Corporation to reduce its mineral reserves and resources, which could have a negative impact on the Corporation's financial results. Failure to adequately allocate resources at a pace equal to, or better than mine depletion will also impact the estimates. Failure to obtain or maintain necessary permits or government approvals, or revocation of or regulatory changes affecting necessary permits or government approvals, or environmental concerns could also cause the Corporation to reduce its mineral reserves. There is also no assurance that the Corporation will achieve indicated levels of gold recovery or obtain the prices for gold production assumed in determining the amount of such reserves. Anticipated levels of production may be impacted by numerous factors, including, but not limited to, mining conditions, labour availability and relations, weather, seismic events, civil disturbances and supply shortages.

### **Advanced project development studies**

The Corporation internally and/or along with third party specialists conducts advanced project development studies, including prefeasibility studies and feasibility studies to advance and demonstrate the economic viability of a project and to further refine the engineering designs, mine plans, ore body models, infrastructure and environmental requirements, capital and operating costs and financial models. The results of the advanced project development studies represent forward-looking information and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such information. Such information speaks only as of the date of the assessment report and is based on a number of assumptions which are believed to be valid as of that date, but which may prove to be incorrect in the future. Advanced project development studies are intended to provide an increased level of analysis versus preliminary economic assessments; however they are still only estimated to a relatively wide confidence interval and there is no certainty that the projected economic and production results may be realized.

## **Life of mine plans**

The life of mine estimates for each of the material properties of the Corporation are based on a number of factors and assumptions and may prove to be incorrect. In addition, life of mine plans, by design, may have declining grade profiles and increasing rock hardness over time and mine life could be shortened if the Corporation increases production, experiences increased production costs or if the price of gold declines significantly. Reserves at operating sites can be replaced by upgrading existing resources to mineral reserves generally by the completion of additional drilling and/or development to improve the estimate confidence and by demonstrating their economic viability, by expanding known deposits, by locating new deposits, or by making acquisitions. Substantial expenditures are required to delineate resources and ultimately establish proven and probable reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by resource conversions, expansions, discoveries, or acquisitions.

## **New mines**

The Corporation's ability to replace its existing mineral reserves as they are produced and depleted will be dependent upon locating new or expanding production from existing economic mineral reserves and developing new mines or extending and expanding existing mining operations. The Corporation's ability to achieve full production rates at its new and expanded mines on schedule is subject to a number of risks and uncertainties. New mines may require the construction of significant new underground mining operations and may present problems in acquiring and achieving access to mine locations. The construction of underground mining facilities is subject to a number of risks, including unforeseen geological formations, implementation of new mining processes, delays in obtaining required title to mining deposits and access to locations, construction, environmental or operating permits and engineering and mine design adjustments and construction delays. These occurrences may result in delays in the planned start-up dates and in additional costs being incurred by the Corporation beyond those budgeted. Moreover, the construction activities at possible mine extensions may take place concurrently with normal mining operations at, which may result in conflicts with, or possible delays to, existing mining operations.

## **Mine closure**

In the event of a sustained decline of the gold price and declining revenues, the Corporation may consider putting operation(s) on temporary care and maintenance whereby the Corporation would cease production, but keep the site in a condition to possibly reopen it at a later date. Additionally, closure may materialize earlier than planned to reflect market conditions. An unplanned catastrophic event such as underground seismic activity, pit slope failure, a major tailings breach or other event could occur and cause a temporary or permanent mine closure. Ultimately, closure will eventually occur at all mines due to depletion of the resource. Closure costs may not be fully known for a period of time. Closure plans and site rehabilitation plans may be incomplete, inaccurately estimated, and/or not fully documented.

## **Consumables**

The profitability of the Corporation's business is affected by the market prices and availability or shortages of commodities which are consumed or otherwise used in connection with the Corporation's operations and projects, such as diesel fuel and heavy fuel oil, steel, concrete, grinding media, equipment spare parts, explosives and cyanide. Prices of such commodities can also be subject to volatile price movements, which can be material and can occur over short periods of time and are affected by factors that are beyond the Corporation's control. Operations consume significant amounts of energy and are dependent on suppliers or governments to meet these energy needs and to allow declines in oil prices to filter through to the Corporation. In some cases, no alternative source of energy is available. An increase in the cost, or decrease in the availability, of construction materials such as equipment, steel and concrete may affect the timing and

cost of the Corporation's projects. If the costs of certain commodities consumed or otherwise used in connection with the Corporation's operations and projects were to increase significantly, and remain at such levels for a sustained period of time, the Corporation may determine that it is not economically feasible to resume commercial production at its Beaufor Mine or continue the development of some or all of the Corporation's current projects, which could have a material adverse impact on the Corporation. Costs at any particular mining location are also subject to variation due to a number of factors, such as changing ore grade, changing metallurgy and revisions to mine plans in response to changes in the estimated physical shape and location of the ore body or due to operational or processing changes. A material increase in costs could have a significant effect on the Corporation's capital expenditures, production schedules, profitability and operating cash flow.

### **Equipment malfunctions**

The Corporation's various operations may encounter delays in or losses of production due to the delay in the delivery of equipment, key equipment or component malfunctions or breakdowns, damage to equipment through accident or misuse, including potential complete write-off of damaged units, or delay in the delivery or the lack of availability of spare parts, which may impede maintenance activities on equipment. In addition, equipment may be subject to aging if not replaced, or through inappropriate use or misuse, or improper storage conditions may become obsolete. Any one of these factors, or other factors could adversely impact the Corporation's operations, profitability and financial results.

### **Titles**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral deposits may be disputed. Although the Corporation believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims on underlying portions of the Corporation's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Corporation may be unable to operate its properties as permitted or to enforce its rights in respect of its properties. Moreover, where the Corporation's interest in a property is less than 100%, or a third party holds a form of profit sharing interest, the Corporation's entitlement to, and obligations in respect of, the property are subject to the terms of the agreement relating to that property, or in the absence of an agreement subject to provincial or federal laws and regulations, which in certain circumstances may be the subject of differing interpretations between the parties.

### **Permitting**

Mineral exploration and mining activities may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. No guarantee can be given that the necessary exploration and mining permits and licenses will be issued to the Corporation in a timely manner, or at all, or, if they are issued, that they will be renewed, or that the Corporation will be in a position to comply with or can afford to comply with all conditions that may be imposed.

### **Mining accidents**

The Corporation's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts, slope and pit wall failures, dams, fires or flooding or as a result of other operational problems such as a failure of mining, production and milling equipment. In addition, production may be reduced or curtailed if, during the course of mining, unfavourable, unusual or unexpected geological or geotechnical formations or seismic activity are encountered, or ore grades are lower than expected, the

physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment, data on which engineering assumptions are made prove faulty or dilution increases. The Corporation may also encounter shortages or interruptions of economical electricity and adequate water supplies at its mines and production facilities which may adversely affect operations. Finally, inclement weather conditions, floods and the occurrence of other adverse natural phenomena at its mine and production sites may curtail, interrupt or delay mining and production operations and the ability of the Corporation to transport and market its production. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Corporation's failure to achieve current or future production estimates and may make profitable mineral deposits unprofitable for continued production. In addition, the occurrence of industrial accidents may result in personal injury or death and damage to property, which may result in possible legal liability to the Corporation, and if not adequately covered by insurance possible adverse financial consequences to the Corporation. The occurrence of any of these factors could materially and adversely affect a project and as a result materially and adversely affect the Corporation's business, financial condition, results of operations and cash flows.

### **Government regulations**

The Corporation's mining and mineral processing operations and exploration activities are subject to the laws and regulations of federal, provincial, and local governments in the jurisdictions in which the Corporation operates. These laws and regulations are extensive and govern prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, environmental protection, mine safety and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, closing, reclaiming and rehabilitating mines and other facilities. New laws, regulations or taxes, amendments to current laws, regulations or taxes governing operations and activities of mining corporations or more stringent implementation or interpretation thereof could have a material adverse impact on the Corporation, cause a reduction in levels of production and delay or prevent the development of new mining properties.

The Canadian mining industry is subject to federal and provincial environmental protection legislation. This legislation sets high standards on the mining industry in order to reduce or eliminate the effects of waste generated by extraction and processing operations and subsequently emitted into the air or water. Consequently, drilling, refining, extracting and milling are all subject to the restrictions imposed by such legislation. In addition, the construction and commercial operation of a mine typically entail compliance with applicable environmental legislation and review processes, as well as the obtaining of permits, particularly for the use of the land, permits for the use of water, and similar authorizations from various governmental bodies. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating and closing mines and other facilities.

All of the Corporation's operations are subject to reclamation, site restoration and closure requirements. Costs related to ongoing site restoration programs are expensed when incurred. The Corporation calculates its estimates of the ultimate reclamation liability based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing its operating mine sites. It is possible that the Corporation's estimates of its ultimate reclamation liability could change as a result of possible changes in laws and regulations and changes in cost estimates.

Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may become subject to civil or criminal fines or penalties for violations of applicable laws or regulations.

New or expanded environmental regulations, if adopted, or more stringent enforcement of existing laws and regulations, could affect the Corporation's projects or otherwise have a material adverse effect on its operations. As a result, expenditures on any and all projects, actual production quantities and rates and cash operating costs, among other things, may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs, and estimated production dates may be delayed materially, in each case. Any such event would materially and adversely affect the Corporation's business, financial condition, results of operations and cash flows.

### **Indigenous rights**

The Corporation operates and does exploration on properties, which are subject to Indigenous traditional land use. The Corporation, under local laws and regulations, is committed to consult with the First Nations group about any impact of its potential rights or claims, and traditional land use. This may potentially cause delays in making decisions or project startups. Further, there is no assurance of favourable outcomes of these consultations. The Corporation may have to face potential adverse consequences such as significant expenses on account of lawsuits and loss of reputation.

### **Key personnel**

Production at the Corporation's mines and mine projects is dependent on the efforts of the Corporation's employees and contractors. Changes in the relationship between the Corporation and its employees or contractors may have a material adverse effect on the Corporation's business, results of operations and financial condition.

The Camflo Mill's three-year collective agreement ended on December 31, 2018. As at the date of this Annual Information Form, no new collective agreement has been reached for the Camflo Mill. The employees at the Beaufor Mine were unionized in October 2016 and, during the first half of 2017, a collective agreement was negotiated and was finally concluded on July 13, 2017, for a three-year period ending on December 31, 2019.

The Corporation is also dependent upon a number of key management personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Corporation. The Corporation's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. The Corporation faces significant competition for qualified personnel and the Corporation may not be able to attract and retain such personnel.

### **Competition**

The mining industry is intensely competitive, and the Corporation is in competition with other mining corporations for the acquisition of interests in precious and other metal or mineral mining properties which are in limited supply. In the pursuit of such acquisition opportunities, the Corporation competes with other Canadian and foreign companies that may have substantially greater financial and other resources. As a result of this competition, the Corporation may be unable to maintain or acquire attractive mining properties on acceptable terms, or at all.

On a regular basis, the Corporation evaluates potential acquisitions of mining properties and/or interests in other mining corporations, which may entail certain risks.

Consistent with its growth strategy, the Corporation evaluates the potential acquisition of advanced exploration, development and production assets on a regular basis. From time to time, the Corporation may also acquire securities of or other interests in corporations with whom the Corporation may complete acquisition or other transactions. These transactions involve inherent risks, including, without limitation:

- Accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- Ability to achieve identified and anticipated operating and financial synergies;
- Unanticipated costs;
- Diversion of management attention from existing business;
- Potential loss of key employees or the key employees of any business the Corporation acquires;
- Unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- Decline in the value of acquired properties, corporations or securities.

Any one or more of these factors or other risks could cause the Corporation not to realize the benefits anticipated to result from the acquisition of properties or corporations, and could have a material adverse effect on the Corporation's ability to grow and, consequently, on the Corporation's financial condition and results of operations.

The Corporation continues to seek acquisition opportunities consistent with its acquisition and growth strategy, however, it may not be able to identify additional suitable acquisition candidates available for sale at reasonable prices, to consummate any acquisition, or to integrate any acquired business into its operations successfully. Acquisitions may involve a number of special risks, circumstances or legal liabilities, some or all of which could have a material adverse effect on the Corporation's business, results of operations and financial condition. In addition, to acquire properties and corporations, the Corporation could use available cash, incur debt, issue common shares or other securities, or a combination of any one or more of these. This could limit the Corporation's flexibility to raise additional capital, to operate, explore and develop its properties and to make additional acquisitions, and could further dilute and decrease the trading price of the common shares. When evaluating an acquisition opportunity, the Corporation cannot be certain that it will have correctly identified and managed the risks and costs inherent in the business that it is acquiring.

From time to time, the Corporation engages in discussions and activities with respect to possible acquisitions. At any given time, discussions and activities can be in the process on a number of initiatives, each at different stages of development. Potential transactions may not be successfully completed, and, if completed, the business acquired may not be successfully integrated into the Corporation's operations. If the Corporation fails to manage its acquisition and growth strategy successfully, it could have a material adverse effect on its business, results of operations and financial condition.

### **Joint ventures**

Mining projects are often conducted through an unincorporated joint venture or an incorporated joint venture corporation. Joint ventures can often require unanimous approval of the parties to the joint venture or their representatives for certain fundamental decisions, such as an increase or reduction of registered capital, merger, division, dissolution, including indebtedness and the pledge of the joint venture assets, which means that each joint venture party has a veto right with respect to such decisions, which could in turn lead to a deadlock. The Corporation's existing or future joint venture partners may veto the Corporation's business plans, with regard to a specific joint venture, and prevent the Corporation from achieving its objectives.

Also, any failure of any partner to meet its obligations to the Corporation or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Corporation.

### **IT systems security**

The Corporation may be exposed to pilferage of private and sensitive data to deliberate cyber attacks or inadvertent loss of media, such as loss of laptops, phones, etc. in public places. Furthermore, unauthorized access to confidential information would have a negative effect on the Corporation's reputation, business, prospects, results of operations and financial condition. The systems that are in place may not be enough to guard against loss of data due to the rapidly evolving cyber threats. The Corporation may be required to increasingly invest in better systems, software, and use of consultants to periodically review and adequately adapt and respond to dynamic cyber risks.

### **Asset valuation**

The Corporation tests the valuation of its property, plant and equipment and exploration and evaluation assets when indications of potential impairment or reversal of a previously recognized impairment are identified.

Management's assumptions and estimates of future cash flows are subject to risks and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of the Corporation's control. Therefore, it is reasonably possible that changes could occur with evolving economic and market conditions, which may affect the fair value of the Corporation's property, plant and equipment and exploration and evaluation assets resulting in either an impairment charge or reversal of impairment.

If the Corporation fails to achieve its valuation assumptions or if any of its property, plant and equipment, exploration and evaluation assets or cash generating units have experienced a decline in fair value, an impairment charge may be required to be recorded, causing a reduction in the Corporation's earnings.

Conversely, if there are observable indicators that any of its property, plant and equipment, exploration and evaluation assets or cash generating units have experienced an increase in fair value, a reversal of a prior impairment may be required to be recorded, causing an increase in the Corporation's earnings. As at June 30, 2019, there are no prior impairments of exploration and evaluation assets which are subject to potential reversal.

### **Financial Risks**

#### **Stock price volatility**

The market price of the Corporation's common shares may fluctuate due to a variety of factors relating to the Corporation's business, including the announcement of expanded exploration, development and production activities by the Corporation and its competitors, gold price volatility, exchange rate fluctuations, consolidations, dispositions, acquisitions and financing, changes or restatements in the amount of the Corporation's mineral resources, fluctuations in the Corporation's operating results, sales of the Corporation's common shares in the marketplace, failure to meet analysts' expectations, changes in quarterly revenue or earnings estimates made by the investment community, speculation in the press or investment community about the Corporation's strategic position, results of operations, business or significant transactions and general conditions in the mining industry or the worldwide economy. In addition, wide price swings are currently common in the markets on which the Corporation's securities trade. This volatility may adversely affect the prices of the Corporation's common shares regardless of the Corporation's operating performance. The market price of the Corporation's common shares may experience

significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### **Stock dilution**

Issuance of a substantial number of the Corporation's common shares by the Corporation, for example, in connection with a potential acquisition or to raise additional capital for operations, or to reduce indebtedness, or pursuant to existing agreements, or the availability of a large number of Corporation common shares that may be available for sale, could adversely affect the prevailing market prices for the Corporation's outstanding common shares. A decline in the market price of the Corporation's outstanding common shares could impair the Corporation's ability to raise additional capital through the issuance of securities should the Corporation desire to do so.

### **Credit and capital markets**

The Corporation may need to secure additional capital through loans or other forms of capital, to fund future construction of mining facilities for projects such as the Wasamac, McKenzie Break, Swanson, Croinor Gold and Fayolle projects. The Corporation may also require funds for exploration and development of the Corporation's properties and continuing exploration projects that may require substantial capital expenditures. In addition, a portion of the Corporation's activities may be directed to the search and exploration for new mineral deposits and their development. The availability of this capital is subject to general economic conditions and lender and investor interest in the Corporation and its projects. The Corporation may be required to seek a continuation of the current financial arrangements with its lenders and/or seek additional financing to maintain its capital expenditures at planned levels. Financing may not be available when needed or, if available, may not be available on terms acceptable to the Corporation or the Corporation may be unable to find a partner for financing. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of the Corporation's properties. In addition, there can be no certainty that the Corporation may be able to renew or replace its current credit facility or debt financing on similar or favourable terms to the Corporation prior to, or upon, its maturity.

### **Dividends**

The Corporation has not declared or paid any dividends on its common shares since its incorporation and it has no current plans to pay dividends on its common shares. Its present policy is to retain earnings to finance its capital expenditures program. The Board of Directors assesses its dividend policy on a yearly basis. In the future, the Board of Directors may declare dividends according to its assessment of the financial position of the Corporation, taking into account its financing requirements for future growth and other factors that the Board of Directors may deem relevant in the circumstances.

### **Liabilities**

The business of gold mining is generally subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected rock formations, changes in the regulatory environment, cave-ins, rock bursts, rock falls, slope and pit wall failures and flooding and gold bullion losses. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Corporation carries insurance to protect itself against certain risks of mining and processing which may not provide adequate coverage in certain unforeseen circumstances. The Corporation may also become subject

to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it has elected not to insure because of high premium costs or other reasons, or the Corporation may become subject to liabilities which exceed policy limits. In these circumstances, the Corporation may be required to incur significant costs that could have a material adverse effect on its financial performance and results of operations.

## **Litigation**

The Corporation is subject to litigation arising in the normal course of business and may be involved in legal disputes or matters with other parties, including governments and their agencies, regulators and members of the Corporation's own workforce, which may result in litigation. The causes of potential litigation cannot be known and may arise from, among other things, business activities, employment matters, including compensation issues, environmental, health and safety laws and regulations, tax matters, volatility in the Corporation's stock price, failure to comply with disclosure obligations or labour disruptions at its mine sites. Regulatory and government agencies may initiate investigations relating to the enforcement of applicable laws or regulations and the Corporation may incur expenses in defending them and be subject to fines or penalties in case of any violation, and could face damage to its reputation in the case of recurring workplace incidents resulting in an injury or fatality for which the Corporation is found responsible. The results and costs of litigation and investigations cannot be predicted with certainty. If the Corporation is unable to resolve these disputes or matters favourably, this may have a material adverse impact on the Corporation's financial performance, cash flows and results of operations.

## **Bankruptcy, liquidation or reorganization**

In the event of a bankruptcy, liquidation or reorganization of the Corporation, holders of certain of its indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Corporation before any assets are made available for distribution to the shareholders. The common shares of the Corporation will be effectively subordinated to most of the other indebtedness and liabilities of the Corporation.

## **Taxes and tax audits**

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

The Corporation is subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest and penalties, which would negatively affect the Corporation's financial condition and operating results. Changes in tax rules and regulations or in the interpretation of tax rules and regulations by the courts or the tax authorities may also have a substantial negative impact on the Corporation's business.

## **Going concern and insolvency**

The Corporation's financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

## **Conflicts of interest**

Some of the directors and officers of the Company are engaged as directors or officers of other corporations involved in the exploration and development of mineral resources. Such engagement could result in conflicts of interest. Any decision taken by these directors and officers and involving the Company will be in conformity with their duties and obligations to act fairly and in good faith with the Company and these other corporations. Moreover, these directors and officers will declare their interests and refrain from voting on any issue which could give rise to a conflict of interest.

## **Shareholder activism**

Recently, there has been increased shareholder activism in the mining industry. Should an activist shareholder engage with the Corporation, it could cause disruption to its strategy, operations and leadership organization, resulting in a material unfavourable impact on the financial performance and longer-term value creation strategy of the Corporation.

## **Inadequate controls over financial reporting**

The Corporation assessed and tested, for its 2019 fiscal year, its internal control procedures in order to satisfy the requirements of NI 52-109 – Certification and Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”). NI 52-109 requires an annual assessment by management of the effectiveness of the Corporation's internal control over financial reporting. The Corporation's failure to satisfy the requirements of NI 52-109 on an ongoing and timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Corporation's business and negatively impact the trading price of its Common Shares or market value of its other securities. In addition, any failure to implement required new or improved control(s), or difficulties encountered in their implementation could harm the Corporation's operating results or cause it to fail to meet its reporting obligations. No evaluation can provide complete assurance that the Corporation's internal control over financial reporting will detect or uncover all failures of persons within the Corporation to disclose material information required to be reported. Accordingly, the Corporation’s management does not expect that its internal control over financial reporting will prevent or detect all errors and all fraud. In addition, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that the Corporation continue to improve its internal control over financial reporting.

## **Public company obligations**

As a publicly traded company, listed on the TSX, the Corporation is subject to numerous laws, including, without limitation, corporate, securities and environmental laws, compliance with which is both very time consuming and costly. The failure to comply with any of these laws, individually or in the aggregate, could have a material adverse effect on the Corporation, which could cause a significant decline in the Corporation’s stock price.

Furthermore, laws applicable to the Corporation constantly change and the Corporation’s continued compliance with changing requirements is both very time consuming and costly. The Corporation’s continued efforts to comply with numerous changing laws and adhere to a high standard of corporate governance have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

## **Sensitivity to general economic conditions**

The Corporation's business is influenced by a variety of economic and business conditions (including inflation, interest rates, exchange rates and access to debt and capital markets), as well as by monetary and regulatory policies. Deterioration in economic conditions increase in interest rates or a decrease in consumer demand and/or a decrease in investment demand, could have an adverse impact on the Corporation's financial performance and condition, cash flows and growth prospects.

## **Cryptocurrencies**

Cryptocurrencies and other blockchain-based mediums of exchanges (digital currencies) are becoming more integrated with the global economy and have the potential to become a means of storing wealth outside of conventional financial markets. These digital currencies may offer a compelling alternative to financial instruments exchangeable for government-issued currencies because they are held and traded on a decentralized network of computers, often beyond the control of individual governments or companies. Since gold serves a substantially similar wealth-storing function, the growing acceptance and popularity of cryptocurrencies and other blockchain-based mediums of exchanges may have an adverse effect on the market for gold and put significant downward pressure on gold prices.

## **5. DIVIDENDS AND DIVIDENDS POLICY**

Since its incorporation and as of the date of this Annual Information Form, the Corporation has not paid any dividends or made any distributions on its issued and outstanding common shares.

The Corporation's current policy is to reinvest future earnings in order to finance the growth and development of its business. The Corporation does not intend to pay dividends in the foreseeable future. Any future determination to pay cash dividends is at the discretion of Board of Directors and will depend on the Corporation's financial condition, results of operation, capital requirements and such other factors as the Board of Directors deems relevant.

## **6. GENERAL DESCRIPTION OF THE CAPITAL STRUCTURE**

### **6.1 Common Shares**

The Corporation's authorized capital is made up of an unlimited number of common shares without par value. As of June 30, 2019, 249,121,119 common shares were issued and outstanding as fully paid and non-assessable. As of the date of this Annual Information Form, 261,121,119 common shares were issued and outstanding as fully paid and non-assessable. The holders of common shares of the Corporation are entitled to vote at all shareholder meetings. They are also entitled to dividends, if, as and when declared by the Board and, upon liquidation or winding-up of the Corporation, to share the residual assets of the Corporation. The common shares do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the common shares, all of which rank equally as to all benefits which might accrue to the holders of the common shares.

## 6.2 Warrants

As of June 30, 2019, an aggregate number of 14,528,111 warrants issued by the Corporation were outstanding, collectively entitling the holders to purchase an aggregate of up to 14,528,111 common shares as follows:

	Number of Warrants	Exercise Price (\$)	Expiry Date
	4,083,333	0.51	July 2019
	4,034,522	0.60	March 2020
	6,410,256	0.45	March 2021
<b>Total</b>	<b>14,528,111</b>		

For further details about the warrants issued by the Corporation as of June 30, 2019, reference is made to note 16 to the Corporation's audited consolidated financial statements for the fiscal year ended June 30, 2019, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Between June 30, 2019 and the date of this Annual Information Form, no transaction occurred related to these warrants. As a result, and as of the date of this Annual Information Form, an aggregate number of 14,528,111 warrants issued by the Corporation are outstanding, collectively entitling the holders thereof to purchase an aggregate of up to 14,528,111 common shares.

## 6.3 Compensation Options

As of June 30, 2019, an aggregate number of 1,099,650 compensation options, broker warrants and finder's options issued by the Corporation were outstanding, collectively entitling the holders to purchase an aggregate of up to 1,099,650 common shares as follows:

	Number of Options	Exercise Price \$	Expiry Date
	280,000	0.38	November 2019
	247,842	0.38	December 2019
	453,626	0.50	March 2020
	118,182	0.33	April 2021
<b>Total</b>	<b>1,099,650</b>		

For further details about the compensation options, broker warrants and finder's options issued by the Corporation as of June 30, 2019, reference is made to note 16 to the Corporation's audited consolidated financial statements for the fiscal year ended June 30, 2019, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Between June 30, 2019 and the date of this Annual Information Form, no transaction occurred related to these warrants. As a result, and as of the date of this Annual Information Form, an aggregate number of 1,099,650 compensation options, broker warrants and finder's options issued by the Corporation are outstanding, collectively entitling the holders thereof to purchase an aggregate of up to 1,099,650 common shares.

## 6.4 Stock Options Issued Under the Stock Option Plan

As of June 30, 2019, an aggregate number of 8,910,000 stock options issued by the Corporation were outstanding, collectively entitling the holders to purchase an aggregate of up to 8,910,000 common shares as follows:

	Number of Stock Options	Number of Vested Stock Options	Exercise Price \$	Expiry Date
	200,000	200,000	0.13	January 2020
	750,000	750,000	0.12	May 2020
	25,000	25,000	0.38	May 2020
	75,000	75,000	0.10	November 2020
	825,000	825,000	0.08	January 2021
	500,000	500,000	0.50	August 2021
	1,265,000	1,265,000	0.33	November 2021
	2,195,000	623,750	0.37	October 2022
	245,000	72,500	0.37	December 2022
	2,580,000	-	0.31	July 2023
	250,000	-	0.25	February 2024
<b>Total</b>	<b>8,910,000</b>	<b>4,336,250</b>		

For further details about the stock options issued by the Corporation as of June 30, 2019, reference is made to note 17 to the Corporation's audited consolidated financial statements for the fiscal year ended June 30, 2019, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Between June 30, 2019 and the date of this Annual Information Form, 25,000 stock options expired, and no stock options were issued nor exercised. As a result, and as of the date of this Annual Information Form, an aggregate number of 8,885,000 stock options issued by the Corporation were outstanding, collectively entitling the holders thereof to purchase an aggregate of up to 8,885,000 common shares.

The Board may grant stock options in accordance with the Corporation's Amended and Restated 2011 Stock Option Plan as adopted by the Board on October 28, 2011 and amended as of November 2, 2012, December 16, 2013, August 4, 2017 and May 22, 2018 (the "Plan") to employees, officers, directors or consultants of the Corporation or any subsidiary thereof, and to persons employed to perform investor relations activities for an initial, renewable or extended period of twelve months or more.

## 7. MARKET FOR SECURITIES

### 7.1 Market

The common shares of the Corporation were listed on the TSXV on June 11, 2011, under the trading symbol "MQR". Effective November 15, 2018, all of the issued and outstanding common shares of the Corporation commenced trading on the TSX under the symbol "MQR". As a result, the common shares of the Corporation were concurrently delisted from the TSXV.

## 7.2 Trading Price and Volume

The following table shows the variation in price and the trading volume of the common shares on the TSXV (from July to November 14, 2018) and on the TSX (after November 14, 2018) on a monthly basis for each month of the fiscal year ended June 30, 2019 and up to the date of this Annual Information Form.

Month	High (\$)	Low (\$)	Trading volume
July 2018	0.31	0.23	1,558,560
August 2018	0.26	0.18	3,291,020
September 2018	0.19	0.145	2,698,940
October 2018	0.295	0.155	2,772,310
November 2018	0.29	0.19	3,731,510
December 2018	0.285	0.195	811,365
January 2019	0.245	0.20	2,270,710
February 2019	0.255	0.205	2,124,100
March 2019	0.325	0.215	2,633,400
April 2019	0.325	0.22	1,449,280
May 2019	0.235	0.20	1,236,090
June 2019	0.265	0.205	1,990,730
July 2019	0.25	0.22	3,079,318
August 2019	0.285	0.235	3,388,780
September 2019	0.27	0.235	1,478,040

## 8. ESCROWED SECURITIES

As of June 30, 2019, there were no securities of the Corporation held in escrow.

## 9. DIRECTORS AND OFFICERS

### 9.1 Name, Occupation and Securities Held

The following table contains certain information on the Corporation's current directors and executive officers. The directors of the Corporation are elected at the annual general meeting of shareholders for a term of office ending at the following annual general meeting or until their successor is duly elected, unless their position becomes vacant earlier.

<p>Jean-Marc Lacoste Québec, Canada</p> <p><i>President and Chief Executive Officer of the Corporation since October 2012 and Director since April 2012</i></p> <p><i>President, Chief Executive Officer and Secretary of X-Ore since May 2014 and Director since February 2014</i></p> <p><i>President and Secretary of Beacon Gold Mill Inc. since August 2016 and Director since August 2016</i></p> <p><i>President and Secretary of Camflo Mill Inc. since October 2017 and Director since October 2017</i></p> <p><b>Number of common shares held:</b> <b>3,643,000<sup>(1)</sup></b></p>	<p>Mr. Jean-Marc Lacoste earned his bachelor's degree in Economics from McGill University in Montréal. In 1993, Mr. Lacoste started a career in finance at the Montréal Stock Exchange where he worked for National Bank Financial and, subsequently, Merrill Lynch Canada Inc. In 2000, he left Montréal for Toronto to join Northland Power Inc., a wind power energy corporation, as Vice President of Acquisitions. He returned to Montréal in 2002 where he joined the boards of a few public and private corporations. From October 2004 to December 2010, he took a major role in Golden Goose Resources Inc., a corporation principally engaged in mineral exploration and acquisition, where he became President, Chief Executive Officer and Chairman of the board of directors. Since December 2010, he is the President of Lacoste International Inc., a holding corporation specialized in the management of corporations.</p>
<p>Michel Baril Québec, Canada</p> <p><i>Director of the Corporation since February 2011</i></p> <p><i>President of the Audit Committee of the Corporation</i></p> <p><i>Member of the Human Resources, Compensation and Nominating Committee of the Corporation</i></p> <p><b>Number of common shares held: 839,762</b></p>	<p>Mr. Michel Baril graduated from Montréal's École Polytechnique in 1976. Since 2003, Mr. Baril has served on several boards of directors. He was a Director of The Hockey Co. from June 2003 to June 2004. He was also Director of Groupe Laperrière &amp; Verreault Inc., a corporation that specializes in the fields of pulp and paper and water treatment, from September 2004 to August 2007. He has also been Director of Raymor Industries Inc., a corporation specialized in the production of metallic powder and carbon nanotubes, from January 2005 to February 2009 and from June 2009 to February 2010. Also, he has been a Director of Komet Manufacturers Inc., a corporation specialized in the manufacturing of vanities and kitchen cabinets, from June 2007 to September 2011. Within the Corporation, he previously served as Chairman of the Board from March 2011 to July 2016. He is currently a Director of Imaflex Inc., a corporation specialized in the manufacturing of polymer-based films, since April 2008 and of Nemaska Lithium Inc. ("Nemaska"), an exploration mining corporation, since October 2008. He is also Chairman of the Board of Directors of Nemaska since October 2008. From June 1979 to November 2003, he held various senior administrative positions with Bombardier Inc. Notably, he has been President, Mass Transit Division, responsible for all Bombardier Transportation activities in Canada and the United States, Executive Vice President, Operations, Bombardier Aerospace Group, responsible for all manufacturing and procurement activities of Canadair, Havilland,</p>

	Learjet and of Shorts, Executive Vice President, Bombardier Transportation Group, responsible for the worldwide operations of Bombardier Transportation and President and Chief Operating Officer of Bombardier Recreational Products Inc.
<p>Guy Bourassa Québec, Canada</p> <p><i>Director of the Corporation since February 2011</i></p> <p><i>Member of the Human Resources, Compensation and Nominating Committee of the Corporation</i></p> <p><b>Number of common shares held: 481,308</b></p>	<p>Mr. Guy Bourassa has graduated in law from the Université Laval in 1983. He has been member of the Québec Bar from 1983 to October 2011. During his career as an attorney, he has mainly worked with Québec mining exploration businesses. He has been President and Director of Radisson Mining Resources Inc. from November 1988 to June 1991. He has also been President and Director of Dufresnoy Industrial Minerals Inc. from May 1994 to November 1996, and Corporate Secretary of Mazarin Mining Corporation Inc. from September 1991 to June 1994. He is President and Chief Executive Officer of Nemaska, an exploration mining corporation, since January 2008. Within the Corporation, he previously served as President and Chief Executive Officer from March 2011 to October 2012. From June 2004 to October 2007, he was President and Chief Executive Officer of T-Rex Vehicles Inc., a corporation specialized in the construction of three-wheels vehicles.</p>
<p>Michel Bouchard Québec, Canada</p> <p><i>Chairman of the Board of Directors of the Corporation since July 2016</i></p> <p><i>Director of the Corporation since December 2012</i></p> <p><i>Member of the Audit Committee of the Corporation</i></p> <p><b>Number of common shares held: 594,060<sup>(2)</sup></b></p>	<p>Mr. Michel Bouchard, who has been involved in the exploration, development and production aspects of the mining sector for over 30 years, brings a wealth of knowledge and experience with him. Mr. Bouchard was President and Chief Executive Officer of Clifton Star Resources Inc., a corporation specialized in the mining sector, from November 2011 to April 2016, Vice President, Exploration and Development for North American Palladium Ltd., a corporation specialized in the mining sector, from May 2009 to November 2011, and President and Chief Executive Officer of Cadiscor Resources Inc., a mining corporation, from May 2006 to May 2009. Mr. Bouchard is also a Director of Cartier Resources Inc. since May 2013, a Director of First Mining Gold Corp. since April 2016, and a Director of Sirios Resources Inc. since September 2016, all corporations specialized in the mining sector. He has been a Director and Senior Officer of several public corporations in the mining sector. Mr. Bouchard is a geologist and earned a bachelor's and master's degree in Geology from Montréal University and a master's degree in Business Administration (MBA) from HEC Montréal.</p>
<p>Christian Pichette Québec, Canada</p> <p><i>Director of the Corporation since June 2014</i></p> <p><i>Chairman of the Human Resources, Compensation and Nominating Committee of the Corporation</i></p> <p><i>Member of the Audit Committee of the Corporation</i></p> <p><b>Number of common shares held: 475,000</b></p>	<p>Mr. Christian Pichette earned a bachelor's degree in Mining Engineering and a master's degree in Rock Mechanics from École Polytechnique de Montréal. He has over 35 years of experience in the mining industry. Mr. Pichette has held managerial positions with many Canadian corporations, including Placer Dome Inc., TVX Gold Inc., Barrick Gold Corporation and Cambior Inc. From September 2005 to May 2012, he held the position of Vice President Operations of Richmond Mines Inc., a mining exploration and exploitation corporation, and from May 2012 to December 2013, he served as Vice President Executive and Chief Operating Officer of this corporation.</p>

<p>Alain Lévesque Québec, Canada</p> <p><i>Chief Financial Officer of the Corporation since December 2015</i></p> <p><b>Number of common shares held: 105,000<sup>(3)</sup></b></p>	<p>Mr. Alain Lévesque has 20 years of experience in the field of financial reporting and the management of corporations including several in the mining sector. His experience in the mining industry is diverse ranging from exploration corporations to those in production. Mr. Lévesque began his career as an auditor in two majors accounting firms, Raymond Chabot Grant Thornton L.L.P. from 2001 to 2006 and Deloitte LLP from 1997 to 2001. He was Vice President Finances from July 2010 to May 2011 and then Chief Financial Officer from May 2011 to July 2014 of Ranaz Corporation, a corporation specializing in the manufacture and sale of protein and dietary supplements. He was also the Chief Financial Officer of Maya Gold &amp; Silver Inc., a mining corporation listed on the TSXV focused on the exploration and development of gold and silver deposits in Morocco from 2014 to 2017. Mr. Lévesque is CPA, CA and a member of the <i>Ordre des comptables professionnels agréés</i> du Québec. He earned a bachelor's degree in Business Administration from the Université Laval in 1995.</p>
<p>Lucie Desjardins Québec, Canada</p> <p><i>Director of Legal Services and Corporate Secretary of the Corporation since December 2017</i></p> <p><b>Number of common shares held: Nil</b></p>	<p>Ms. Lucie Desjardins has graduated in Common Law from the <i>Université de Moncton</i>, in Moncton, New Brunswick and in civil law from the <i>Université de Montréal</i>, in Montréal, Québec. She is a member of the <i>Barreau du Québec</i> since 1986. Ms. Desjardins specialized in business law, in particular securities law, with major law firms in Montreal, Québec, including Desjardins Ducharme Stein Monast, LLP, from 2000 to 2002, and Lavery, de Billy, LLP, from 1997 to 2000 where she worked almost exclusively with exploration mining companies. After her years in private practice, Ms. Desjardins gained an extensive experience as corporate counsel with international companies. Before joining the Corporation, Ms. Desjardins was corporate legal counsel, from 2015 to 2017, for Groupe Optimum Inc., a Canadian financial group of companies with international operations; Senior Legal Counsel and Assistant Corporate Secretary, from 2010 to 2014, for MEGA Brands Inc., an international corporation in the construction toy industry; Legal Counsel and Assistant Corporate Secretary, from 2008 to 2010, for Quebecor World Inc., an international print solutions company; Senior Legal Counsel and Assistant Corporate Secretary, from 2006 to 2007, for IAMGold Corporation, an international natural resource company; and Director of Legal Affairs and Corporate Secretary, from 2002 to 2006, for Cambior Inc., (now part of IAMGold Corporation) also an international resource company.</p>

Notes:

- (1) Mr. Lacoste holds 3,643,000 common shares through a registered retirement savings plan.
- (2) Mr. Bouchard personally holds 504,060 common shares and 90,000 common shares through a registered retirement savings plan.
- (3) Mr. Lévesque personally holds 15,000 common shares and 90,000 common shares through a registered retirement savings plan.

As of the date of this Annual Information Form, the Corporation's directors and executive officers beneficially owned, directly or indirectly, an aggregate of 6,138,130 common shares representing approximately 2.35% of the Corporation's outstanding common shares.

## 9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the members of the Board of Directors and based on the information provided by the nominees for directorship, none of these nominees:

- (a) is, as at the date of this Annual Information Form, or has been, within ten years before this date, a director, chief executive officer or chief financial officer of any corporation, including the Corporation, which has been subject to one of the following orders:
  - (i) a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the nominee exercised these duties;
- (b) is, as at the date of this Annual Information Form, or has been within ten years before this date, a director or executive officer of any corporation, including the Corporation, that, while that person was acting in that capacity, or within a year of that nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the nominee; or
- (d) has been imposed any penalties or sanctions by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority nor has been imposed any penalties or sanctions by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a nominee for directorship.

Notwithstanding the above, Mr. Michel Baril was, until February 8, 2010, a director of Raymor Industries Inc., a reporting issuer in the provinces of Québec, Alberta and British Columbia that filed a notice of intention to make a proposal to its unsecured creditors under the Companies' Creditors Arrangement Act (Canada) on January 16, 2009. The proposal was approved by the unsecured creditors, as amended and approved by the Superior Court on January 27, 2010.

## 10. AUDIT COMMITTEE

### 10.1 The charter of the audit committee

The Audit Committee's charter describes the duties, responsibilities and skills required from its members as well as the terms of their nomination and dismissal and their relationship with the Board. The charter is attached to this Annual Information Form as Schedule "A".

### 10.2 Composition of the audit committee

As of the date of this Annual Information Form, the Audit Committee is made up of the following individuals:

Name	Independent	Financially Literate
Michel Baril (President)	Yes	Yes
Christian Pichette	Yes	Yes
Michel Bouchard	Yes	Yes

### 10.3 Relevant education and experience

For the relevant education and experience of the Audit Committee members, please refer to the table included in the section "Directors and Officers" of this Annual Information Form.

### 10.4 Audit committee oversight

Since the beginning of the Corporation's fiscal year ended June 30, 2019, there was no recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board.

### 10.5 Pre-approval policies and procedures

The Audit Committee has not adopted specific policies or procedures with respect to the awarding of contracts for non-audit services. However, the Audit Committee approves, from time to time, expenses made for non audit-related services contracts.

### 10.6 External auditor service fees

The following external auditor service fees were invoiced by KPMG during the fiscal years ended June 30, 2019 and June 30, 2018.

	2019	2018
Audit Fees	\$181,490	\$60,499
Audit-Related Fees <sup>(1)</sup>	\$11,500	\$16,000
Tax Fees <sup>(2)</sup>	\$43,870	\$25,725
All Other Fees	\$13,449	14,085
<b>Total</b>	<b>\$250,309</b>	<b>\$116,309</b>

Notes:

(1) Fees related to translation services.

(2) Fees related to preparation of the tax returns, the mining duties returns and other tax services.

## **11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Since the beginning of the fiscal year ended June 30, 2019 and up to the date of this Annual Information Form, there was no legal proceedings outstanding or regulatory actions pending involving the Corporation or any of its properties or to which the Corporation is a party or to which its properties are subject, nor to the knowledge of the Corporation are any such legal proceedings contemplated or such regulatory actions threatened, as of the date hereof, which could become material to a purchaser of securities of the Corporation.

Since the beginning of the fiscal year ended June 30, 2019 and up to the date of this Annual Information Form: i) the Corporation has not been the subject of penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority; ii) the Corporation has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority; and iii) no penalties or sanctions has been imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision.

## **12. TRANSFER AGENT AND REGISTRAR**

The Corporation's transfer agent and registrar is Computershare Investor Services Inc. ("Computershare"). The register of transfers of the Corporation's common shares is held at Computershare's offices located in its place of business at 1500 Robert-Bourassa Blvd., 7<sup>th</sup> Floor, Montréal, Québec H3A 3S8.

## **13. INTERESTS OF EXPERTS**

KPMG LLP are the Corporation's auditors and are independent of the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada.

As of the date of this Annual Information Form, the Authors of the Croinor Technical Report and qualified persons under NI 43-101 for the review and approval of certain technical and scientific content included in this Annual Information Form, have no beneficial or registered interests, direct or indirect, in the Corporation's securities or properties.

As of the date of this Annual Information Form, the Authors of the Wasamac Feasibility Study and qualified person under NI 43-101 for the review and approval of certain technical and scientific content included in this Annual Information Form, have no beneficial or registered interests, direct or indirect, in the Corporation's securities or properties.

As of the date of this Annual Information Form, the Authors of the Beaufor Technical Report and qualified persons under NI 43-101 for the review and approval of certain technical and scientific content included in this Annual Information Form, have no beneficial or registered interests, direct or indirect, in the Corporation's securities or properties.

As of the date of this Annual Information Form, the Authors of the Swanson Technical Report and qualified person under NI 43-101 for the review and approval of certain technical and scientific content included in this Annual Information Form, have no beneficial or registered interests, direct or indirect, in the Corporation's securities or properties.

As of the date of this Annual Information Form, the Authors of the McKenzie Technical Report and qualified person under NI 43-101 for the review and approval of certain technical and scientific content included in this Annual Information Form, have no beneficial or registered interests, direct or indirect, in the Corporation's securities or properties.

As of the date of this Annual Information Form, the Author of the Simkar Technical Report and qualified person under NI 43-101 for the review and approval of certain technical and scientific content included in this Annual Information Form, has no beneficial or registered interests, direct or indirect, in the Corporation's securities or properties.

#### **14. MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the following are the only material contracts entered into by the Corporation within the most recently completed fiscal year or before the last fiscal year if that material contract is still in effect:

1. The Underwriting Agreement dated March 8, 2017 between the Underwriters and the Corporation pertaining to the services rendered by the Underwriters in connection with the March 2017 Private Placement; and
2. The Warrant Indenture dated March 8, 2017 between the Corporation and Computershare Trust Company of Canada ("**Computershare Trust**") regarding the appointment of Computershare Trust as warrant agent for the warrants issued under the March 2017 Private Placement.

Material contracts are available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **15. ADDITIONAL INFORMATION**

Additional information regarding the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's Management Proxy Circular dated December 6, 2018, prepared in connection with the annual general and special meeting of shareholders held on January 16, 2019.

Also, additional financial information is provided in the audited consolidated financial statements and the Management Discussion and Analysis for the Corporation's fiscal year ended June 30, 2019.

Additional information regarding the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's Web site at [www.monarquesgold.com](http://www.monarquesgold.com).

## **SCHEDULE A**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD**

#### **OF MONARCH GOLD CORPORATION (the “Corporation”)**

##### **I. PURPOSE**

The Audit Committee is a committee of the Corporation’s Board. The primary role of the Audit Committee is to help the Board to fulfill its responsibilities with respect to financial information and controls toward the shareholders of the Corporation and the financial community. The external auditors report directly to the Audit Committee. The primary duties and responsibilities of the Audit Committee are as follows:

- to ensure the integrity of the Corporation’s financial statements, and to review all financial reports and financial information provided by the Corporation to any government authority or issued to the public as well as all other relevant document;
- to recommend the nomination of external auditors and to review and assess their efficiency, to ensure their competence and independence, and to maintain open line of communication between the external auditors, financial operations management, executive officers and the Board;
- to act as an objective, outside party to oversee the methods of preparing the financial information, the application of internal controls and of rules respecting business management and financial risk, and compliance with legal, ethical and regulatory requirements; and
- to encourage the continuous improvement and observance, at all levels, of the practices, methods and policies of the Corporation.

##### **II. COMPOSITION**

The Audit Committee, including its Chairman, is made up of at least three directors of the Corporation, the majority of whom may not be employees, officers or “control persons” of the Corporation as defined herein below. The Board must ensure that all members are “financially literate” as defined herein below. The members of the Audit Committee are nominated by the Board, at the annual meeting of the Board following the Annual Meeting, for the next year or until their successors are nominated or elected. The Board may dismiss a member of the Audit Committee by resolution at any time, at its discretion. Unless the Chairman of the Audit Committee is nominated by the entire Board, the members of the Audit Committee may appoint the Chairman of the Audit Committee by majority vote of all members of the Audit Committee.

### III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee is responsible for the following:
  - a) to review the audited annual consolidated financial statements and to recommend them to the Board for approval;
  - b) to review with the Corporation's financial operations management and external auditors the financial statements, management's discussion & analysis, press releases and any other documents relating to the financial results before they are filed with regulatory agencies and reported;
  - c) to review any document that contains the audited annual consolidated financial statements or includes them by reference, such as prospectuses, press releases announcing financial results and interim results before they are reported; and
  - d) to amend or add to the Corporation's security policies from time to time. The Audit Committee reports to the Board annually on the relevance of the instructions in effect for management of the Corporation's security programs.
2. In fulfilling its mandate, the Audit Committee is required:
  - (a) to see to the implementation of internal control measures and processes enabling the Chief Executive Officer and Chief Financial Officer to certify the financial statements and any other information document required under securities legislation;
  - (b) to recommend external auditors to the Board, to evaluate their independence and effectiveness, and to approve the external auditors fees and any other remuneration paid to the external auditors;
  - (c) to oversee relations between management and the external auditors, including the review of any letter of recommendation or any other external auditor's report, to discuss any significant difference of opinion or disagreement between management and the external auditors regarding financial reporting and to see that they are resolved;
  - (d) to review annually all significant relations between the Corporation and the external auditors in order to evaluate the external auditors' independence and discuss this with them, and to report to the Board;
  - (e) to review the performance of the external auditors and to approve any proposal for replacement when circumstances so warrant. To examine, with management, the reasons for retaining the services of other firms;
  - (f) to meet periodically with the external auditors, without management in attendance, to discuss the main risks, internal controls and any approach undertaken by management to control these risks, and to discuss the accuracy and completeness of the financial statements. Specific attention should be paid to the capability of internal controls to detect any payment, transaction or method that may be deemed illegal or otherwise inappropriate;
  - (g) to see to the availability of the external auditors in accordance with the needs of the Audit Committee and the Board. To ensure that the external auditors report directly to the Audit Committee and that they answer to the Board and the Audit Committee as auditor representatives towards whom the auditors are ultimately responsible;

- (h) to oversee the work of the external auditors retained for the preparation and issuance of an auditor's report or for other audit, review or attest services;
- (i) to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
- (j) to review the external audit program and fees;
- (k) to review the external auditor's report on the audited annual financial statements;
- (l) to review the problems identified during the audit and, if applicable, the limitations and restrictions imposed by management or any significant accounting issue for which management requests a second opinion;
- (m) to review the observations, both positive and negative, made by the external auditors during their audit;
- (n) to review with management and the external auditors the Corporation's main accounting policies, the impact of other applicable accounting policies, and the forecasts and decisions of management that may have a significant impact on the financial results;
- (o) to review new accounting issues and their potential impact on the financial information of the Corporation;
- (p) to review and approve any request for consultation with external auditors and to be informed of any request from management for non-audit services and the fees related thereto;
- (q) to review with management, the external auditors and legal counsel any legal proceedings or claim, including tax assessments, that could have a significant impact on the Corporation's financial position and operating results, and to ensure that they are disclosed in an appropriate manner;
- (r) to review the conclusions of the external auditor's evaluation of the internal control system as well as management's response;
- (s) to review with management the manner of ensuring and verifying the security of the Corporation's assets (including intellectual property) and information systems, the competence of the personnel holding key positions, and improvement projects;
- (t) to review management's code of conduct and compliance with corporate governance policies;
- (u) to review annually the legal requirements, the requirements of regulatory authorities, and the impact of any breach of these requirements on the financial information reported and on the Corporation's reputation;
- (v) to receive periodic reports on the nature and scope of compliance with security policies. The Board must be informed of any non-compliance having significant consequences, and of the corrective measures and schedule proposed for remedying it;
- (w) to see that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and must periodically assess the adequacy of those procedures;
- (x) to review with management the accuracy and timeliness of the filings with regulatory authorities;

- (y) to review the Corporation's business plans periodically;
  - (z) to review the annual audit program of the Corporation's external auditors;
  - (aa) to review annually the Corporation's general insurance coverage to ensure sufficient protection of the Corporation's assets, including without limitation, directors and officers liability insurance and coverage of key personnel;
  - (bb) to carry out any other task required by the Corporation's articles and any relevant securities policy or regulation; and
  - (cc) to establish procedures for:
    - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
    - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
3. The Audit Committee may engage independent counsels and other advisors as it determines necessary to carry out its duties, set and pay the compensation for these advisors and communicate directly with the internal and external auditors.
  4. The Audit Committee reviews the Charter of the Audit Committee annually and recommends any amendment it deems appropriate to the Board.

#### **IV. SECRETARY**

The Secretary of the Audit Committee is nominated by the Chairman of the Audit Committee.

#### **V. MEETINGS**

1. The Audit Committee meets on the dates, at the times and in the places determined by the Audit Committee, at least four times a year. The Audit Committee meets with management and the external auditors separately at least once a year.
2. The members of the Audit Committee may meet in person, by telephone or by videoconference.
3. A written resolution signed by all members of the Audit Committee has the same value as one adopted at a meeting of the Audit Committee.
4. Meetings of the Audit Committee will be held from time to time, as decided by the Audit Committee or the Audit Committee Chairman, upon 48 hours' notice to all Audit Committee members. A quorum of Audit Committee members may waive the notice period.
5. A meeting of the Audit Committee may be called by any member of the Audit Committee or by the external auditors. The external auditors receive notice of all meetings of the Audit Committee.
6. The minutes of each Audit Committee meeting are tabled at the first meeting of the Board following such Audit Committee meeting.

## VI. QUORUM

A majority of members of the Audit Committee constitutes quorum at any Audit Committee meeting.

## VII. DEFINITIONS

“**Financially literate**” means an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

“**Control person**” means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.