Metanor Resources Inc.

Financial Statements
Years ended June 30, 2015 and 2014

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Independent Auditor's Report

To the Shareholders of
Metanor Resources Inc.

We have audited the accompanying financial statements of Metanor Resources Inc., which comprise the statements of financial position as at June 30, 2015 and June 30, 2014 and the statements of comprehensive loss, changes in equity and cash flows for the years ended June 30, 2015 and June 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metanor Resources Inc. as at June 30, 2015 and June 30, 2014 and their financial performance and cash flows for the years ended June 30, 2015 and June 30, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

BDO Canada s.r.l./S.E.N.C.R.L./LLP [1]

Montréal, Québec
October 28, 2015

[1] CPA auditor, CA public accountancy permit no. A125523

METANOR RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
As at June 30 (in Canadian dollars)

	Notes	2015	2014
		$	$
ASSETS			
Current			
Cash	24	3,043,728	5,729,487
Marketable security		10,000	-
Sales taxes receivable		700,861	859,972
Mining tax credits receivable		602,048	2,651,002
Other receivables	4	98,125	308,976
Prepaid expenses		349,038	507,939
Materials, supplies and gold inventory	5	6,265,522	6,677,340
		11,069,322	16,734,716
Non-current			
Security deposits	6	1,642,344	559,938
Exploration and evaluation assets	7	17,372,168	16,256,124
Property, plant and equipment	8	61,818,911	73,068,841
		80,833,423	89,884,903
Total assets		91,902,745	106,619,619

METANOR RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
As at June 30 (in Canadian dollars)

	Notes	2015	2014
		$	$
LIABILITIES			
Current			
Trade and other payables	9	4,449,795	6,605,607
Other liabilities	14.1	411,337	507,500
Provision for compensation	2.16	3,251,277	3,345,747
Royalties payable		961,006	1,501,398
Mining taxes payable		357,490	-
Short-term instalments on long-term debt and obligations under finance leases	10	543,813	4,080,515
		9,974,718	16,040,767
Non-current			
Long-term debt and obligations under finance leases	10	253,433	375,801
Convertible debentures	11	7,693,205	8,884,815
Unearned revenue	12	9,890,611	12,950,099
Asset retirement obligations	13	4,673,777	4,379,932
Derivative financial instrument	11	387,602	810,745
Deferred income and mining taxes	18	4,312,395	5,267,037
Total liabilities		37,185,741	48,709,196
EQUITY			
Share Capital	14.1	113,521,713	111,028,928
Warrants	14.2	248,000	158,750
Contributed surplus	15	10,264,645	9,775,351
Deficit		(69,317,354)	(63,052,606)
Total equity		54,717,004	57,910,423
Total liabilities and equity		91,902,745	106,619,619

Basis of presentation and going concern (Note 1.1),
Contingencies and commitments (Note 24)

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

Signed
Ghislain Morin, - President and CEO

Signed
Claudine Lévesque, - CFO

METANOR RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
Year ended June 30 (in Canadian dollars)

	Note	2015	2014
		$	$
OPERATIONS			
Revenue		55,097,921	38,488,620
Operating costs		42,308,556	25,685,932
Royalties		988,221	720,855
Depreciation and depletion		13,133,401	8,573,572
Cost of sales		56,430,178	34,980,359
GROSS PROFIT		(1,332,257)	3,508,261
OTHER EXPENSES			
Administration			
Salaries and fringe benefits		1,463,064	1,155,214
Professional fees		776,963	519,468
Share-based payments		375,023	7,662
Investors' relations		258,984	452,158
Travel and entertainment		200,750	255,801
Office expenses		176,294	161,120
Insurance		126,050	109,524
Bank charges, interest and penalties		78,259	131,284
Trustees and registration fees		72,937	103,325
Maintenance and repairs		46,689	53,704
Rental expenses		46,200	42,350
Depreciation of non-financial assets		38,119	91,122
Reports to shareholders		28,564	27,261
Part X11.6 income taxes		6,020	23,773
Impairment of exploration and evaluation assets	**7**	282,498	9,510
Exploration and project evaluation		878,411	936,280
Loss on disposal of non-financial assets		15,479	60,517
		(4,870,304)	(4,140,073)
OPERATING LOSS		(6,202,561)	(631,812)
FINANCIAL EXPENSES			
Interest on long-term debt		1,862,109	1,540,892
Financing fees		313,427	389,536
Accretion expense		70,801	113,824
Gain on extinguishment of debt		(1,007,439)	-
Unrealized loss (gain) on derivative financial instrument		(423,143)	749,846
		(815,755)	(2,794,098)
FINANCIAL REVENUES			
Interest income		60,253	19,221
		(755,502)	(2,774,877)
LOSS BEFORE INCOME TAXES		(6,958,063)	(3,406,689)
Income taxes		693,315	531,298
NET LOSS AND COMPREHENSIVE LOSS		(6,264,748)	(2,875,391)
LOSS PER SHARE			
Basic and diluted loss per share		(0.02)	(0.01)
Weighted average number of common shares outstanding		312,174,171	271,654,514

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

	Notes	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total equity
			$	$	$	$	$
Balance as at June 30, 2013		267,266,066	106,916,029	639,963	9,085,345	(60,177,215)	56,464,122
Units issued through private placements	14.1	15,875,000	2,381,250	158,750	-	-	2,540,000
Shares issued through flow through private placements	14.1	10,150,000	1,522,500	-	-	-	1,522,500
Shares issued as a payment on debt	14.1	3,266,667	522,666	-	-	-	522,666
Issuance cost of units	14.1	-	(313,517)	-	-	-	(313,517)
Expired warrants	14.2	-	-	(639,963)	639,963	-	-
Share-based payments	15	-	-	-	50,043	-	50,043
Transactions with owners		296,557,733	111,028,928	158,750	9,775,351	(60,177,215)	60,785,814
Net loss and comprehensive loss for the year		-	-	-	-	(2,875,391)	(2,875,391)
Balance as at June 30, 2014		296,557,733	111,028,928	158,750	9,775,351	(63,052,606)	57,910,423
Units issued through private placement	14.1	28,340,500	1,417,025	-	-	-	1,417,025
Units issued through flow-through private placement	14.1	31,659,500	1,582,975	-	-	-	1,582,975
Issuance cost of units	14.1	-	(507,215)	-	-	-	(507,215)
Cancelled warrants	14.1	-	-	(18,750)	18,750	-	-
Share-based payments	15	-	-	108,000	470,544	-	578,544
Transactions with owners		356,557,733	113,521,713	248,000	10,264,645	(63,052,606)	60,981,752
Net loss and comprehensive loss for the year		-	-	-	-	(6,264,748)	(6,264,748)
Balance as at June 30, 2015		356,557,733	113,521,713	248,000	10,264,645	(69,317,354)	54,717,004

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

METANOR RESOURCES INC.
STATEMENTS OF CASH FLOWS
Year ended June 30 (in Canadian dollars)

	Notes	2015	2014
OPERATING ACTIVITIES		$	$
Loss before income taxes		(6,958,063)	(3,406,689)
Adjustments for:			
Share-based payments		439,757	15,550
Depreciation of non-financial assets		38,119	91,122
(Gain) Loss on disposal of non-financial assets		15,479	60,517
Unrealized loss (gain) on derivative financial instrument		(423,143)	749,846
Gain on extinguishment of debt		(1,007,439)	-
Impairment of exploration and evaluation assets		282,498	9,510
Gold income - accounting adjustment to the unearned revenue		(3,059,489)	(2,842,682)
Financing fees		276,049	389,536
Accretion expense		70,801	113,824
Depreciation and depletion		13,133,401	8,573,572
Interest on long term debt		609,342	358,025
		3,417,312	4,112,131
Interest on long - term debt and convertible debentures		1,862,109	1,128,179
Interest paid		(1,553,776)	(794,847)
Interest income		(60,253)	(19,221)
Interest income received		60,253	19,221
Changes in working capital items	19	(1,546,096)	1,358,544
Cash flows from operating activities		2,179,549	5,804,007
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,916,097)	(2,287,194)
Acquisition of mining properties		(53,845)	(52,992)
Security deposits		(1,082,406)	(60,000)
Additions of marketable security		(10,000)	-
Additions to exploration and evaluation assets		(1,785,055)	(25,532,616)
Disposal of property, plant and equipment		8,536	89,091
Tax credits received		2,101,406	3,032,170
Gold sales		-	20,315,824
Interest on long-term debt		-	744,489
Interest paid		-	(744,489)
Cash flows used by investing activities		(2,737,461)	(4,495,717)
FINANCING ACTIVITIES			
Long-term debt		137,821	361,616
Reimbursements of long-term debt		(3,790,337)	(2,797,874)
Reimbursements of obligations under finance leases		(76,116)	(145,843)
Reimbursement of the debenture		(1,000,000)	-
Issuance of units		3,000,000	4,570,000
Issuance costs of units		(399,215)	(313,517)
Cash flows from (used by) financing activities		(2,127,847)	1,674,382
Net change in cash		(2,685,759)	2,982,672
Cash, beginning of year		5,729,487	2,746,815
Cash, end of year		3,043,728	5,729,487

Additional information on cash flows 19

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

1. INCORPORATION AND NATURE OF OPERATIONS

Metanor Resources Inc. (the «Company») is incorporated under the Canada Business Corporations Act. The address of the Company's registered office and its principal place of business is 2872 Sullivan Road, Suite 2, Val-d'Or, Quebec, Canada. Its activities include the acquisition, exploration and development of mining properties. Furthermore, on December 1st, 2013, the Company declared reaching the commercial production status for its Bachelor Lake and Hewfran properties. As a result, the Company grouped its expenses as operation and financial expenses and changed 2013 accordingly. The exploration and evaluation assets of this property were transferred to property, plant and equipment and depreciated using the units-of-production method on the useful life of the mine. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties and the proceeds from the disposal of properties.

1.1 Basis of presentation and going concern

These financial statements were prepared on a going concern basis, using the historical cost method, except for derivative financial instruments, which are measured at fair value through profit or loss.

For the year ended June 30, 2015, the Company generated a loss of $6,264,748 and has a deficit of $69,317,354 as of that date. In addition to its current working capital requirements, the Company must obtain additional financing to meet its commitments and obligations in respect to its exploration and evaluation programs, its funds reserved for exploration following the issuance of flow-through shares and its long-term debt contractual commitments.

The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future and no guarantees that the financing sources or initiatives will be accessible to the Company or that they will be available under such conditions acceptable for the Company. The application of International Financial Reporting Standards ("IFRS") on a going concern basis may be inappropriate, since there is material uncertainty that casts significant doubt as to the appropriateness of the going concern assumption.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

1.2 Statement of compliance

The Company prepares its financial statements under the principles of the International Financial Reporting Standards ("IFRS"). IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRS, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs"). The Company requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Company's accounting policies.

The financial statements for the year ended June 30, 2015 (including the comparative financial statements) were approved and authorized for issue by the Board of Directors on October 28, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Overall considerations

The financial statements have been prepared using accounting policies specified by IFRS in effect as at June 30, 2015.

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement
IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

Amendments to IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements, provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is in the process of evaluating the impact of these amendments.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Foreign currency translation

The Company's financial statements are presented in Canadian dollars, which represents the functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the prevailing exchange rates on the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of comprehensive loss.

2.4 Materials, supplies and gold inventory

Materials, supplies, gold bullion and gold in-circuit are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and selling costs.

For the above items, cost is determined on the following basis:

- Gold bullion inventory includes gold doré in transit to, or is being held at, the refineries and is valued at average production cost; and
- Gold in-circuit is valued at the average production cost of the material that is currently in the process of being converted to a saleable product;

Materials and supplies, including mine and mill operating supplies, are valued using the weighted average cost formula. Any provision for obsolescence is determined by reference to specific items of stock. A quarterly review is undertaken to determine the extent of any provision for obsolescence.

2.5 Unearned revenue

The Company concluded a gold sale agreement with Sandstorm Gold Ltd. ("Sandstorm"), formerly Sandstorm Resources Ltd., (Note 12). The Company received three payments that were recorded as unearned revenue. The initial payments received were for the future delivery of gold ounces at contractual prices. When the Company proceeds with the delivery of the gold to Sandstorm, it recognizes the revenue prorated by the quantity of gold delivered over the estimated quantity of gold to be delivered over the term of the contract.

2.6 Post-employment benefits and short-term employee benefits

The Company provides post-employment benefits through a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays contributions, established according to a percentage of the employee's salary, to an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution during the employment period.

Short-term employee benefits, including vacation entitlement, are current liabilities included in "trade and other payables", and are measured at the undiscounted amount that the Company expects to pay.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial instruments

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

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value and their subsequent measurement depends on their classification as described below:

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables;

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Cash, marketable security, other receivables and security deposits fall into this category of financial instruments.

Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- a breach of contract such as a default of interest or principal payment; or
- increased probability that the borrower will enter into a bankruptcy or financial reorganization.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in profit or loss within Other operating expenses, if applicable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

Financial liabilities

The Company's financial liabilities include trade and other payables, other liabilities, royalties payable, long-term debt, convertible debentures and derivative financial instrument.

Financial liabilities are measured subsequently at amortized cost using the effective interest method. The derivative financial instrument is revaluated at fair value through profit and loss at each end of period of presentation of the financial information.

All interest-related charges are reported in profit or loss within Financial Expenses, if applicable.

2.8 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the year or, if later, at the date of issue of the potential common shares.

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of common shares at the average market price of common shares during the year. For the periods presented, the diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options and warrants as explained in Notes 14 and 15.

2.9 Credit on duties refundable and refundable tax credit for resources

The Company is entitled to a refundable tax credit on qualified expenditures incurred in the province of Quebec. The refundable tax credits may reach 15% of qualified exploration expenditures incurred.

In accordance with IAS 20, *Accounting for government grants and disclosure of government assistance*, the exploration tax credits have been applied against the costs incurred.

2.10 Royalties payable

Royalties payable are recognized initially at fair value in accordance with the terms of each royalty agreement. The amounts recognised are settled 45 days to one year subsequent to each financial reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Exploration and evaluation expenditures, and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenditures related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenditures related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are included in the cost of exploration and evaluation assets, on a property-by-property basis, pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 2.15); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in Mining site in production. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 2.15) and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company’s titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with option agreements

On the disposal of interest in connection with the option agreements, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash consideration received directly from the acquirer is credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Commercial Production

The Company assesses the stage of each mine site to determine when a mine has moved into the commercial production phase. Capitalization of costs, including certain mine development and construction costs, ceases when the related mining property has reached a pre-determined level of operating capacity intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized and proceeds from sales during this period are offset against capitalized costs. During the production phase of a mine, costs incurred relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

2.13 Property, plant and equipment

Producing properties

Producing properties include the acquisition costs, exploration and evaluation assets, mine development expenditures, and estimated costs of restoring the sites of the Company's producing and mines under development and are measured at cost less accumulated depletion and impairment.

Mine development expenditures

Expenditures incurred, which include drilling and related costs to define and delineate a mineral deposit that has established mineral resources and reserves, are capitalized as mine development expenditures when management determines that it is probable that the expenditures will result in future economic benefit to the Company.

Mine development costs, which include vertical and horizontal development of the mine infrastructure, incurred after the commencement of production are capitalized to the extent that these costs benefit the entire ore body. Costs incurred to access single ore blocks are expensed as incurred.

Plant and equipment

The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the borrowing costs incurred during its construction for the asset. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Repairs and maintenance of plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalized and depreciated over the remaining useful life of the improved asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Property, plant and equipment (Continued)

Depreciation and depletion (Continued)

Management determines the appropriate method to depreciate mining assets over their estimated useful life taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation method is used:

- Producing properties, including mine development expenditures and deferred stripping costs, are amortized over the life-of-mine using the unit-of-production method. The life-of-mine is based on the proven and probable mineral reserves and a portion of resources that the Company expects to convert into reserves related to the associated ore body.

Depreciation is recognized on a straight-line basis to amortize the cost to its estimated residual value, with a constant charge over the useful life of the asset. The depreciation periods are as follows:

	Years
Buildings	8 - 15
Mine buildings	8
Equipment and tools	8 - 10
Office equipment	8
Rolling stock	8 - 15
Leasehold improvements	5

The asset retirement costs of the mill will be depleted on a straight-line basis over a 15-year period.

The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

2.14 Financing fees

The financing fees related to long-term debt are recorded in reduction of long-term debt and amortized using the effective interest method.

2.15 Impairment of exploration and evaluation assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Impairment of exploration and evaluation assets and property, plant and equipment (Continued)

Impairment reviews for exploration and evaluation assets are carried out on a property by property basis, with each property representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;

- no further exploration or evaluation expenditures in the area are planned or budgeted;

- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;

- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount of an asset of a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

2.16 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

Provision relating to the asset retirement obligations of fixed assets

The Company reports the present value of the necessary estimated costs to settle its obligations arising from environmentally acceptable closure plans, relating notably to dismantling or demolition of infrastructures, removal of residual matter and site restoration, in the period in which the obligations are incurred. The asset retirement obligations of the fixed assets are mainly related to the site restoration and the dismantling of the facilities at the mining site after the closure in accordance with the mining plan (Note 2.20).

Years ended June 30, 2015 and 2014 (in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Provisions and contingent liabilities (Continued)

Other provisions

Provisions relate to various taxation claims. The Company is not eligible for any reimbursement by third parties in this regard. Usually, these claims are settled between three and eighteen months from initiation, depending on the procedures used for negotiating the claims. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiation with various counterparties and governmental authorities, the Company cannot reliably estimate the amounts that will eventually be paid in settlement after more than twelve months from the reporting date. Therefore, the amount was classified as current.

	$
Carrying amount at June 30, 2014	3,345,747
Amounts paid during the year	(94,470)
Carrying amount at June 30, 2015	3,251,277

Management, on the advice of counsel, does not expect that the outcome of any of the remaining cases will give rise to any significant loss beyond the amounts recognized as at June 30, 2015. None of the provisions will be discussed here in further detail so as to not seriously prejudice the Company's position.

2.17 Income and mining taxes

Current income and mining tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred taxation is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized as income or expense and included in earnings for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period directly in components of equity, or a business combination that is an acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Income and mining taxes (Continued)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off the tax assets and tax liability and the deferred income taxes relate to the same taxable entity and the same taxation authority**.** A reduction in respect of the benefit of a future tax asset is recorded against any future tax asset if it is probable that the asset will not be realized.

Income taxes related to flow-through shares

According to the provisions of tax legislation relating to flow-through shares, the Company has to transfer its right to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has fulfilled its obligation to transfer its right, which happens when the Company has incurred eligible expenditures and has the firm intention to renounce its right to tax deductions, a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

2.18 Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus and warrants. In addition, if shares are issued as consideration for the acquisition of a mineral property, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Warrants

Proceeds from issuance of units are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants. The fair value of the warrants issued to lenders and brokers is determined by using the Black-Scholes option pricing model.

Flow-through shares

Issuance of flow-through shares represents in substance an issue of common shares and the sale of a right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds are allocated to the liability. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Equity (Continued)

Other elements of equity

Contributed surplus includes charges related to share options until such equity instruments are exercised and charges related to expired warrants. When the share options are exercised, the corresponding charges are transferred to share capital.

Warrants include charges related to warrants until such equity instruments are exercised or expired. When the warrants are exercised, the corresponding charges are transferred to share capital. When the warrants are expired, the corresponding charges are transferred to contributed surplus.

Deficit includes all current and prior period retained profits or losses.

2.19 Share-based payments

The Company operates equity-settled share-based payment plans for its eligible directors, employees, officers and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except option units issued to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Asset retirement obligations

Asset retirement obligations are recorded as liabilities when those obligations are incurred and are measured as the present value, if a reasonable estimate of the expected costs to settle the liability can be determined, discounted at a current pre-tax rate specific to the liability. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing or the amount of the original estimate of the undiscounted cash flows are accounted for as part of the carrying amount of the related long-lived asset. The carrying amount of the asset retirement obligations is reviewed to reflect current estimates and changes in the discount rate.

2.21 Revenue Recognition

Gold sales include sales of refined gold which are generally physically delivered to customers in the period they are produced with their sales price based on prevailing spot market metal prices. Revenue from metal sales is recognized when all the following conditions have been satisfied:

- The significant risks and rewards of ownership have been transferred;
- Neither continued managerial involvement to the degree usually associated with ownership, nor effective control over metals sold, has been retained;
- The amount of revenue can be measured reliably;
- It is probable the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

These conditions are generally met when the sales price is fixed and the title has passed to the customer.

Revenue from the sales of other metal products are credited to operating costs.

Interest revenue is recognized as it accrues, using the effective interest method.

2.22 Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance expenses.

All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Borrowing costs

Interest and other financing costs that are directly attributable to the acquisition or construction of an asset are capitalized. Capitalization of borrowing costs ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete.

To the extent that funds are part of general borrowing or are borrowed specifically for the purpose of constructing an asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual borrowing costs incurred on that borrowing during the period. Interest earned on the temporary investment of borrowed funds is deducted from interest paid on the borrowed funds in arriving at the amounts so capitalized. These costs are amortised on the same basis as the asset.

The borrowing costs recorded in the assets are as follows:

	Exploration and evaluation assets	Property, plant and equipment	Total
	$	$	$
Balance as at June 30, 2014	2,651,497	1,079,078	3,730,575
Financing fees	-	-	-
Interest on long-term debt	-	-	-
Balance as at June 30, 2015	2,651,497	1,079,078	3,730,575

	Exploration and evaluation assets	Property, plant and equipment	Total
	$	$	$
Balance as at June 30, 2013	1,867,827	742,184	2,610,011
Financing fees	121,545	63,569	185,114
Interest on long-term debt	662,125	273,325	935,450
Balance as at June 30, 2014	2,651,497	1,079,078	3,730,575

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Segmented information

The Company operates a producing gold mine in Val-d'Or as well as several exploration and evaluation properties in the same area.

The Company presents and discloses segmented information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that there are two segments, being the producing Bachelor Lake Property and the sector of exploration and evaluation of mineral resources. (See Note 21).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management makes various estimates and assumptions in determining the reported amounts of assets and liabilities, revenue and expenses for each year presented. Changes in the estimates and assumptions will occur based on additional information and the occurrence of future events and actual results could differ from those estimates. The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortization calculations, environmental, reclamation and closure obligations, estimates of recoverable gold and other materials in in-circuit inventory, asset impairments, write-downs of inventory to net realizable value, share-based payments, the fair value and accounting treatment of derivative financial instruments and deferred income and mining taxes.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Estimates:

i) **Carrying value of property, plant and equipment**

Mobile and other equipment are depreciated over the estimated useful life of the asset. Producing properties and mine development assets are amortized using the units-of-production method where the mine operating plan calls for production from proven and probable mineral reserves and a portion of resources that the Company expects to convert into reserves.

The calculation of the units-of-production rate of amortization could be impacted to the extent that actual production in the future is different from current forecast production based on proven and probable mineral reserves and a portion of resources that the Company expects to convert into reserves. This would generally result from the extent that there are significant changes in any of the factors or assumptions used in estimating mineral reserves. These factors could include:

- Change in proven and probable mineral reserves and resources;
- Differences between actual gold prices and gold price assumptions;
- Unforeseen operational issues;
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- Changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of mine.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimates: (Continued)

i) **Carrying value of property, plant and equipment (Continued)**

The recoverable amounts of the Company's CGUs and individual assets have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of property, plant and equipment.

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable by comparing expected future cash flows to these carrying values. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows of each group of assets. Expected future cash flows used to determine the value in use and fair value less costs to sell of property, plant and equipment are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

ii) **Mineral reserves estimates**

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. In order to calculate the reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques and recovery rates.

Estimating the quantity and grade of the mineral reserves requires the size, shape and depth of ore bodies to be determined by analyzing geological data such as the logging and assaying of drill samples. This process may require complex and sophisticated geological models and calculations to interpret the data.

The Company is required to determine and report on the mineral reserves in accordance with the requirements of the Canadian Institute of Mining Standards. Estimates of mineral reserves may change from year to year due to the change in economic assumptions used to estimate ore reserves and due to additional geological data becoming available during the course of operations. Changes in reported proven and probable mineral reserves and a portion of resources that the Company expects to convert into reserves may affect the Company's financial results and position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated cash flows;
- Depreciation and amortization charges to the statement of comprehensive loss may change as these are calculated on the units-of production method, or where the useful economic lives of assets change;
- Deferred stripping costs recorded in the statement of financial position or charged to the statement of comprehensive loss may change due to changes in stripping ratios or the units-of-production method of depreciation; and
- Asset retirement obligations and environmental provisions may change where changes in ore reserves affect expectations about the timing or cost of these activities.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimates: (Continued)

iii) **Asset retirement obligations**

The Company assesses its asset retirement obligations annually. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of maintenance and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the allowance. At the date of the statement of financial position, asset retirement obligations represent management's best estimate of the charge that will result when the actual obligations are terminated.

iv) **Gold in-circuit and product inventories**

Costs that are incurred in or benefit the production process are accumulated as gold in-circuit and product inventories. Net realizable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

v) **Share-based payments**

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes option pricing model.

vi) **Measurement of financial instruments at fair value**

The Company measures certain of its financial instruments at fair value. The determination of such fair value is based on the most readily available market data. When no readily available data is available, management is required to estimate the fair value of the instrument using various inputs that are either, directly or indirectly observable, or not based on observable market data.

Judgements:

i) **Exploration and evaluation assets**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits will be achieved at certain properties, which may be based on assumptions about future events or circumstances. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written down in the statement of comprehensive loss in the period when the new information becomes available.

The total impairment loss of the exploration and evaluation assets recognized in profit or loss amounts to $282,498 for the year ended June 30, 2015 ($9,510 for the year ended June 30, 2014). No reversal of impairment losses has been recognized for the reporting periods.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Judgements: (Continued)

ii) **Commercial production**

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of exploration and evaluation assets and proceeds from sales are offset against capitalized costs. Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity intended by management have been reached. Management considers several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- when the mine is substantially complete and ready for its intended use
- the ability to produce a saleable product
- the ability to sustain ongoing production at a steady or increasing level
- the mine has reached a level of pre-determined percentage of design capacity
- mineral recoveries are at or near the expected production level
- the completion of a reasonable period of testing of the mine plant and equipment

The results of operations of the Company during the periods presented in these financial statements have been impacted by management's determination that its Bachelor Lake and Hewfran properties had reached the commercial production phase on December 1st, 2013. When a mine development project moves into the production stage, the capitalization of certain mine development and construction costs ceases. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

iii) **Income and mining taxes**

Significant judgement is required in determining the provision for income and mining taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and mining taxes and deferred tax provisions in the period in which such determination is made.

Management carries out a comprehensive review of the carrying amount of deferred tax assets at each financial reporting date. The deferred tax assets will reduce to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit its ability to obtain tax deductions in future periods.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Judgements: (Continued)

iv) **Deferred tax liabilities and assets**

Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

v) **Provisions and contingent liabilities**

Judgements are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received from previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

4. OTHER RECEIVABLES

	2015	2014
	$	$
Receivables	91,697	303,326
Advances to employees, without interest	6,428	5,650
	98,125	308,976

5. MATERIALS, SUPPLIES AND GOLD INVENTORY

	2015	2014
	$	$
Materials and supplies	1,670,150	1,522,132
Doré bars	775,273	1,647,159
Gold in circuit	3,820,099	3,508,049
	6,265,522	6,677,340

6. SECURITY DEPOSITS

As at June 30, 2015, the Company has $1,642,344 ($559,938 as at June 30, 2014) in deposits with the government of Quebec for the settlement of asset retirement obligations which comprise $1,111,294 ($111,438 in 2014) for the mill, $185,500 ($185,500 in 2014) for the Barry site, and $345,550 ($263,000 in 2014) for Hydro Quebec.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows:

	Balance as at June 30, 2014	Additions	Credit on duties and tax credit	Transfer of properties	Impairment	Balance as at June 30, 2015
	$	$	$	$	$	$
Ontario						
Wahnapitei Property (1)						
Mining rights	-	4,709	-	-	(4,709)	-
Exploration and evaluation	-	-	-	-	-	-
	-	4,709	-	-	(4,709)	-
Quebec						
Dubuisson Property (1)						
Mining rights	-	809	-	-	(809)	-
Exploration and evaluation	-	-	-	-	-	-
	-	809	-	-	(809)	-
Hewfran-2 Property						
Mining rights (b)	424,534	-	-	(67,032)	-	357,502
Exploration and evaluation	374,844	17,336	(26)	-	-	392,154
	799,378	17,336	(26)	(67,032)	-	749,656
MJL- Hansen Property						
Mining rights	199,846	1,249	-	-	-	201,095
Exploration and evaluation	158,099	-	-	-	-	158,099
	357,945	1,249	-	-	-	359,194
Barry Property (2)						
Mining rights	2,049,432	5,098	-	-	(6,768)	2,047,762
Exploration and evaluation	2,368,429	270,212	-	-	(270,212)	2,368,429
	4,417,861	275,310	-	-	(276,980)	4,416,191

Years ended June 30, 2015 and 2014 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

	Balance as at June 30, 2014	Additions	Credit on duties and tax credit	Transfer of properties	Impairment	Balance as at June 30, 2015
	$	$	$	$	$	$
Barry United Property						
Mining rights	10,192	2,122	-	-	-	12,314
Exploration and evaluation	2,651,500	341,104	(18,378)	-	-	2,974,226
	2,661,692	343,226	(18,378)	-	-	2,986,540
Barry Extension Property	172,057	-	-	-	-	172,057
Mining rights	399,321	-	-	-	-	399,321
Exploration and evaluation	571,378	-	-	-	-	571,378
MJL-2 Property						
Mining rights	458,300	1,604	-	-	-	459,904
Exploration and evaluation	99,106	-	-	-	-	99,106
	557,406	1,604	-	-	-	559,010
Nelligan Property						
Mining rights	106,854	11,132	-	-	-	117,986
Exploration and evaluation	417,426	-	-	-	-	417,426
	524,280	11,132	-	-	-	535,412
Barry- Souart Property						
Mining rights	75,000	27,122	-	-	-	102,122
Exploration and evaluation	269,827	10,787	(124)	-	-	280,490
	344,827	37,909	(124)	-	-	382,612
Geonova Property						
Mining rights (I)	4,234,219	-	-	(846,844)	-	3,387,375
Exploration and evaluation	1,787,138	516,481	(26,996)	-	-	2,276,623
	6,021,357	516,481	(26,996)	(846,844)	-	5,663,998

Years ended June 30, 2015 and 2014 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

	Balance as at June 30, 2014	Additions	Credit on duties and tax credit	Transfer of properties	Impairment	Balance as at June 30, 2015
	$	$	$	$	$	$
Moroy Property						
Mining rights (m)	-	-	-	829,192	-	829,192
Exploration and evaluation	-	241,229	(6,928)	-	-	234,301
	-	241,229	(6,928)	829,192	-	1,063,493
Coniagas Property						
Mining rights (n)	-	-	-	84,684	-	84,684
Exploration and evaluation	-	-	-	-	-	-
	-	-	-	84,684	-	84,684
Summary						
Mining rights	7,730,434	53,845	-	-	(12,286)	7,771,993
Exploration and evaluation	8,525,690	1,397,149	(52,452)	-	(270,212)	9,600,175
	16,256,124	1,450,994	(52,452)	-	(282,498)	17,372,168

(1) Impairment was recognized on the property because substantive expenditures on further exploration for an evaluation of mineral resources in a specific area is neither budgeted nor planned.

(2) Impairment was recognized on the property because sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

All impairment charges (or reversals, if any) are included in Impairment of exploration and evaluation assets in profit or loss.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

The carrying amount can be analyzed as follows:

	Balance as at June 30, 2013	Additions	Credit on duties and tax credit	Gold sales	Transfer of properties	Transfer to property plant and equipment Mining site	Impairment	Balance as at June 30, 2014
	$	$	$	$	$	$	$	$
Ontario								
Wahnapitei Property (4)								
Mining rights	-	4,078	-	-	-	-	(4,078)	-
Exploration and evaluation	-	-	-	-	-	-	-	-
	-	4,078	-	-	-	-	(4,078)	-
Quebec								
Bachelor Lake Property (3)								
Mining rights	4,318,734	-	-	-	(4,234,053)	(84,681)	-	-
Exploration and evaluation	39,629,487	19,281,638	(1,630,339)	(21,867,162)	-	(35,413,624)	-	-
	43,948,221	19,281,638	(1,630,339)	(21,867,162)	(4,234,053)	(35,498,305)	-	-
Hewfran-2 Property								
Mining rights	-	-	-	-	424,534	-	-	424,534
Exploration and evaluation	-	437,792	(62,948)	-	-	-	-	374,844
	-	437,792	(62,948)	-	424,534	-	-	799,378
Hewfran Property (3)								
Mining rights	447,466	653	-	-	(424,534)	(23,585)	-	-
Exploration and evaluation	2,845,024	-	(61,376)	-	-	(2,783,648)	-	-
	3,292,490	653	(61,376)	-	(424 534)	(2,807,233)	-	-
MJL- Hansen Property								
Mining rights	196,943	2,903	-	-	-	-	-	199,846
Exploration and evaluation	118,913	43,712	(4,526)	-	-	-	-	158,099
	315,856	46,615	(4,526)	-	-	-	-	357,945
Barry Property (5)								
Mining rights	2,047,762	7,102	-	-	-	-	(5,432)	2,049,432
Exploration and evaluation	2,303,987	193,202	66,113	(194,873)	-	-	-	2,368,429
	4,351,749	200,304	66,113	(194,873)	-	-	(5,432)	4,417,861

Years ended June 30, 2015 and 2014 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

	Balance as at June 30, 2013	Additions	Credit on duties and tax credit	Gold sales	Transfer of properties	Transfer to property plant and equipment Mining site	Impairment	Balance as at June 30, 2014
	$	$	$	$	$	$	$	$
Barry United Property								
Mining rights	10,073	119	-	-	-	-	-	10,192
Exploration and evaluation	1,529,597	1,507,188	(385,285)	-	-	-	-	2,651,500
	1,539,670	1,507,307	(385,285)	-	-	-	-	2,661,692
Barry Extension Property								
Mining rights	162,396	9,661	-	-	-	-	-	172,057
Exploration and evaluation	184,100	238,788	(23,567)	-	-	-	-	399,321
	346,496	248,449	(23,567)	-	-	-	-	571,378
MJL-2 Property								
Mining rights	456,400	1,900	-	-	-	-	-	458,300
Exploration and evaluation	108,511	-	(9,405)	-	-	-	-	99,106
	564,911	1,900	(9,405)	-	-	-	-	557,406
Nelligan Property								
Mining rights	105,444	1,410	-	-	-	-	-	106,854
Exploration and evaluation	439,337	-	(21,911)	-	-	-	-	417,426
	544,781	1,410	(21,911)	-	-	-	-	524,280
Barry- Souart Property								
Mining rights	50,000	25,000	-	-	-	-	-	75,000
Exploration and evaluation	57,440	252,152	(39,765)	-	-	-	-	269,827
	107,440	277,152	(39,765)	-	-	-	-	344,827
Geonova Property								
Mining rights	-	166	-	-	4,234,053	-	-	4,234,219
Exploration and evaluation	-	2,039,895	(252,757)	-	-	-	-	1,787,138
	-	2,040,061	(252,757)	-	4,234,053	-	-	6,021,357

Years ended June 30, 2015 and 2014 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

	Balance as at June 30, 2013	Additions	Credit on duties and tax credit	Gold sales	Transfer of properties	Transfer to property plant and equipment Mining site	Impairment	Balance as at June 30, 2014
	$	$	$	$	$	$	$	$
Summary								
Mining rights	7,795,218	52,992	-	-	-	(108,266)	(9,510)	7,730,434
Exploration and evaluation	47,216,396	23,994,367	(2,425,766)	(22,062,035)	-	(38,197,272)	-	8,525,690
	55,011,614	24,047,359	(2,425,766)	(22,062,035)	-	(38,305,538)	(9,510)	16,256,124

(3) During the year, on December 1st, 2013, the Company declared reaching the commercial production status. The mining rights and exploration and exploration expenses were transferred to property, plant and equipment.

(4) Impairment was recognized on the property because substantive expenditures on further exploration for an evaluation of mineral resources in a specific area is neither budgeted nor planned.

(5) Impairment was recognized on the property because sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

All impairment charges (or reversals, if any) are included in Impairment of exploration and evaluation assets in profit or loss.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Bachelor Lake

The Company holds a 100% interest in the Bachelor Lake Property located in the Lesueur Township, Province of Québec. There is a royalty on the net smelter return (“NSR”) payable to a former owner of the property. This royalty will be calculated with a percentage varying from 0.25% to 2%, referring to the price of gold being between $425 and $560 per once, with a maximum amount totaling $1,750,000. This property is also subject to 1% NSR royalty. The property is comprised of 51 claims and in 2014, 50 of these claims were transferred to the Geonova Property. Furthermore, on December 1st, 2013, the Company declared reaching the commercial production status for this property. The exploration and evaluation assets were transferred to property, plant and equipment - mining site.

(b) Hewfran-2

The property is comprised of 38 claims and 6 of these claims were transferred to the Moroy Property.

(c) Wahnapitei

The Company holds a 90% interest in a property comprised of 2 mining leases and 3 concessions located in Sudbury, Ontario. During the year, the Company wrote down the mining property for an amount of $4,709 ($4,078 in 2014).

(d) Hewfran

The Company holds a 100% interest in a mining lease adjacent to the Bachelor Lake Property. The mining lease comprises portions of 6 claims of the Hewfran block. In 2014, the balance of the Hewfran block was transferred to the Hewfran-2 Property. Furthermore, on December 1st, 2013, the Company declared reaching the commercial production status for this property. The exploration and evaluation assets were transferred to property, plant and equipment - mining site.

(e) MJL – Hansen

The Company holds a 100% interest in 88 mining claims located near the Bachelor Lake property. The property is subject to a 2% NSR royalty, 1% of which is redeemable for the sum of $1,000,000.

(f) Barry

The Company holds a 100% interest in the Barry gold deposit, located 65 Km southeast of the Bachelor Lake mine. On August 29, 2007, the Company repurchased 7% of the 8% NSR royalty, for which an advance on royalty of $250,000 was paid. In return, the Company paid $800,000 and issued 1,000,000 shares. The Company disbursed a further $200,000 advance on the 1% NSR royalty. This advance will be reimbursed as contemplated in the December 12, 2006 agreement. During the year, the Company wrote down the mining property and the exploration and evaluation expenses for an amount of $6,768 and $270,212 respectively ($5,432 and $nil in 2014).

(g) Barry United

The Company holds a 100% interest in the Barry United Property. The property is subject to NSR royalties of 1% and 3% of which half of a 1% royalty is redeemable for the sum of $500,000. Furthermore, the property is subject to another 2% NSR royalty.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(h) Barry Extension

The Company holds a 100% interest in this property. The property is subject to a 2% NSR royalty, half of which is redeemable for the sum of $1,000,000 and the other half at conditions to be agreed upon by the parties.

(i) MJL - 2

The Company holds a 100% interest in 64 mining claims located on the neighboring land of the Bachelor Lake Property. The property is subject to a 2% NSR royalty, half of which is redeemable for the sum of $1,000,000 and the other half at conditions to be agreed upon by the parties.

(j) Nelligan

On August 29, 2007, the Company was granted an option to acquire a 70% interest in 58 mining claims located immediately to the west of the Bachelor property. Under the terms of the agreement, the Company paid $50,000, issued 60,000 shares and incurred a total of $450,000 in exploration expenses over a three-year period ending August 29, 2010. The property is subject to a 2% NSR royalty.

(k) Barry-Souart

On June 12, 2012, the Company was granted an option to acquire a 100% interest in 40 mining claims located near the Barry Property. The amount paid by the Company is: i) $25,000 paid in cash as at the signature of the agreement (commitment fulfilled) and $25,000 respectively paid in cash or at the option of the seller by the issuance of shares on or before January 1st, 2013 (commitment fulfilled), 2014 (commitment fulfilled) and 2015 ii) the execution of $400,000 of exploration work on the property in the next three years allocated as follows: $50,000 on or before January 1st, 2013 (commitment fulfilled), $100,000 on or before January 1st, 2014 (commitment fulfilled) and $250,000 on or before January 1st, 2015 (commitment fulfilled after year end). This transaction also includes the payment of a 1.5% NSR royalty, half of which is redeemable by the Company for the sum of $500,000 payable in cash or at the option of the seller by the issuance of shares.

(l) Geonova

The property is comprised of 50 claims and 1 of these claims was transferred to the Coniagas Property and 9 claims were transferred to the Moroy Property.

(m) Moroy

The property is comprised of 15 claims of which 9 of these claims were transferred from the Geonova Property and 6 of these claims were transferred from the Hewfran-2 Property.

(n) Coniagas

The property is comprised of 1 claim and was transferred from the Geonova Property.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Mining site in production See - (i)	Exploration See - (ii)	Capital finance leases / Mining site in production and exploration See - (iii)	Corporate office See - (iii)	Total
	$	$	$	$	$
Gross carrying amount					
Balance at June 30, 2014	88,677,602	1,215,592	335,432	659,408	90,888,034
Transfers	150,483	-	(150,483)	-	-
Additions	2,051,225	-	5,000	-	2,056,225
Disposal	(37,780)	-	(11,743)	-	(49,523)
Balance at June 30, 2015	90,841,530	1,215,592	178,206	659,408	92,894,736
Depreciation and depletion					
Balance at June 30, 2014	16,735,567	552,800	44,459	486,367	17,819,193
Transfers	32,734	-	(32,734)	-	-
Additions	13,111,126	109,935	22,960	38,119	13,282,140
Disposal	(24,236)	-	(1,272)	-	(25,508)
Balance at June 30, 2015	29,855,191	662,735	33,413	524,486	31,075,825
Carrying amount at June 30, 2015	60,986,339	552,857	144,793	134,922	61,818,911

Years ended June 30, 2015 and 2014 (in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(i)	Mining site in production							
	Mining properties	Development costs	Building	Equipment and tools	Underground Infrastructures	Vehicles	Assets retirement costs	**Total**
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance at June 30, 2014	108,266	38,197,272	23,954,671	7,043,517	14,982,717	802,305	3,588,854	88,677,602
Transfers	-	-	150,483	-	-	-	-	150,483
Additions	-	-	190,561	293,542	1,249,174	177,820	140,128	2,051,225
Disposal	-	-	-	-	-	(37,780)	-	(37,780)
Balance at June 30, 2015	108,266	38,197,272	24,295,715	7,337,059	16,231,891	942,345	3,728,982	90,841,530
Depreciation and depletion								
Balance at June 30, 2014	14,764	5,208,832	6,728,535	1,571,805	1,717,289	225,650	1,268,692	16,735,567
Transfers	-	-	32,734	-	-	-	-	32,734
Additions	20,974	7,399,822	1,992,926	484,493	2,865,793	107,861	239,257	13,111,126
Disposal	-	-	-	-	-	(24,236)	-	(24,236)
Balance at June 30, 2015	35,738	12,608,654	8,754,195	2,056,298	4,583,082	309,275	1,507,949	29,855,191
Carrying amount at June 30, 2015	72,528	25,588,618	15,541,520	5,280,761	11,648,809	633,070	2,221,033	60,986,339

As required by IAS 36, an impairment test was performed on the mining site in production assets. The fair value of the assets included in the cash-generating unit ("CGU") of Bachelor were estimated using the income approach by estimating the future expected cash flows to be generated by the sale of gold over the expected life of the mine.

Significant assumptions used include the future price of gold (USD $1200), the future foreign currency rate (1.32), and the discount rate used (6%). Management has concluded that there was no impairment as at June 30, 2015. Expected future cash flows used to determine the fair value less costs to sell of property, plant and equipment are inherently uncertain and could materially change over time. Any significant change in these assumptions could result in a fair value that is less than the carrying value.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(ii)

	Exploration			
	Buildings	Equipment and tools	Vehicles	**Total**
	$	$	$	$
Gross carrying amount				
Balance at June 30, 2014	781,950	362,743	70,899	1,215,592
Additions	-	-	-	-
Disposal	-	-	-	-
Balance at June 30, 2015	781,950	362,743	70,899	1,215,592
Depreciation and depletion				
Balance at June 30, 2014	281,028	213,816	57,956	552,800
Additions	96,494	8,715	4,726	109,935
Disposal				
Balance at June 30, 2015	377,522	222,531	62,682	662,735
Carrying amount at June 30, 2015	404,428	140,212	8,217	552,857

(iii)

	Capital finance leases			Corporate office			
	Mining site in production / Building	Exploration / Vehicles	Total	Leasehold improvements	Office equipment	Vehicles	**Total**
	$	$	$	$	$	$	$
Gross carrying amount							
Balance at June 30, 2014	323,689	11,743	335,432	88,078	332,340	238,990	659,408
Transfers	(150,483)	-	(150,483)	-	-	-	-
Additions	5,000	-	5,000	-	-	-	-
Disposal	-	(11,743)	(11,743)	-	-	-	-
Balance at June 30, 2015	178,206	-	178,206	88,078	332,340	238,990	659,408
Depreciation and depletion							
Balance at June 30, 2014	43,872	587	44,459	87,619	324,554	74,194	486,367
Transfers	(32,734)	-	(32,734)	-	-	-	-
Additions	22,275	685	22,960	459	7,786	29,874	38,119
Disposal	-	(1,272)	(1,272)	-	-	-	-
Balance at June 30, 2015	33,413	-	33,413	88,078	332,340	104,068	524,486
Carrying amount at June 30, 2015	144,793	-	144,793	-	-	134,922	134,922

Years ended June 30, 2015 and 2014 (in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Mining site in production See - (i)	Exploration See - (ii)	Capital finance leases / Mining site in production See - (iii)	Corporate office See - (iii)	Total
	$	$	$	$	$
Gross carrying amount					
Balance at June 30, 2013	-	48,575,857	697,935	661,040	49,934,832
Transfers	87,416,466	(49,110,928)	(552,452)	-	37,753,086
Additions	1,433,686	1,750,663	189,949	61,974	3,436,272
Disposal	(172,550)	-	-	(63,606)	(236,156)
Balance at June 30, 2014	88,677,602	1,215,592	335,432	659,408	90,888,034
Depreciation and depletion					
Balance at June 30, 2013	-	7,712,491	75,127	413,134	8,200,752
Transfers	8,259,978	(8,259,978)	(60,578)	-	(60,578)
Additions	8,544,249	1,100,287	29,910	91,122	9,765,568
Disposal	(68,660)	-	-	(17,889)	(86,549)
Balance at June 30, 2014	16,735,567	552,800	44,459	486,367	17,819,193
Carrying amount at June 30, 2014	71,942,035	662,792	290,973	173,041	73,068,841

On December 1st, 2013, the Company declared commercial production status for the Bachelor and Hewfran properties. The mining rights and exploration and development expenses were transferred to property, plant and equipment. The assets of this mine were transferred from “Exploration” to “Mining site in production”. Revenues and expenses associated to this mine were included in the results from operations in the statement of comprehensive loss.

As required by IFRS 6, an impairment test was performed on the assets transferred on the date of the reclassification. The fair value of the assets included in the cash-generating unit (“CGU”) of Bachelor were estimated using the income approach by estimating the future expected cash flows to be generated by the sale of gold over the expected life of the mine.

Significant assumptions used include the future price of gold (between USD $1,225 and $1,275), the future foreign currency rate (ranging from 1.08 to 1.09), and the discount rate used (7%). Management has concluded that there was no impairment as at December 1st, 2013.

All depreciation and impairment charges (or reversals, if any) are included within depreciation of non-financial assets and Impairment of non-financial assets, except for depreciation charges relating to exploration and evaluation equipment used for specific projects which are capitalized as exploration and evaluation assets.

An amount of $110,620 ($1,040,297 in 2014) was capitalized as exploration and evaluation assets during the year.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT(Continued)

(i)	Mining site in production							
	Mining properties	Development costs	Building	Equipment and tools	Underground Infrastructures	Vehicles	Assets retirement costs	**Total**
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance at June 30, 2013	-	-	-	-	-	-	-	-
Transfers	108,266	38,197,272	23,785,020	7,001,216	14,353,205	684,513	3,286,974	87,416,466
Additions	-	-	169,651	42,301	629,512	290,342	301,880	1,433,686
Disposal	-	-	-	-	-	(172,550)	-	(172,550)
Balance at June 30, 2014	108,266	38,197,272	23,954,671	7,043,517	14,982,717	802,305	3,588,854	88,677,602
Depreciation and depletion								
Balance at June 30, 2013	-	-	-	-	-	-	-	-
Transfers	-	-	5,593,227	1,285,605	-	240,281	1,140,865	8,259,978
Additions	14,764	5,208,832	1,135,308	286,200	1,717,289	54,029	127,827	8,544,249
Disposal	-	-	-	-	-	(68,660)	-	(68,660)
Balance at June 30, 2014	14,764	5,208,832	6,728,535	1,571,805	1,717,289	225,650	1,268,692	16,735,567
Carrying amount at June 30, 2014	93,502	32,988,440	17,226,136	5,471,712	13,265,428	576,655	2,320,162	71,942,035

On December 1st, 2013, the Company declared commercial production status for the Bachelor and Hewfran properties. The mining rights and exploration and development expenses were transferred to property, plant and equipment. The assets of this mine were transferred from “Exploration” to “Mining site in production”. Revenues and expenses associated to this mine were included in the results from operations in the statement of comprehensive loss.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT(Continued)

(ii)

	Exploration					
	Buildings	Equipment and tools	Underground Infrastructures	Vehicles	Assets retirement	**Total**
	$	$	$	$	$	$
Gross carrying amount						
Balance at June 30, 2013	23,804,756	7,223,922	13,534,307	725,898	3,286,974	48,575,857
Transfers	(23,785,020)	(7,001,216)	(14,353,205)	(684,513)	(3,286,974)	(49,110,928)
Additions	762,214	140,037	818,898	29,514	-	1,750,663
Disposal	-	-	-	-	-	-
Balance at June 30, 2014	781,950	362,743	-	70,899	-	1,215,592
Depreciation and depletion						
Balance at June 30, 2013	4,910,767	1,402,230	-	258,629	1,140,865	7,712,491
Transfers	(5,593,227)	(1,285,605)	-	(240,281)	(1,140,865)	(8,259,978)
Additions	963,488	97,191	-	39,608	-	1,100,287
Disposal	-	-	-	-	-	-
Balance at June 30, 2014	281,028	213,816	-	57,956	-	552,800
Carrying amount at June 30, 2014	500,922	148,927	-	12,943	-	662,792

On December 1st, 2013, the Company declared commercial production status for the Bachelor and Hewfran properties. The mining rights and exploration and development expenses were transferred to property, plant and equipment. The assets of this mine were transferred from “Exploration” to “Mining site in production”. Revenues and expenses associated to this mine were included in the results from operations in the statement of comprehensive loss.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT(Continued)

(iii)

	Capital finance leases / Mining site in production			Corporate office			
	Building	Vehicles	Total	Leasehold improvements	Office equipment	Vehicles	**Total**
	$	$	$	$	$	$	$
Gross carrying amount							
Balance at June 30, 2013	697,935	-	697,935	88,078	332,340	240,622	661,040
Transfers	(552,452)	-	(552,452)	-	-	-	-
Additions	178,206	11,743	189,949	-	-	61,974	61,974
Disposal	-	-	-	-	-	(63,606)	(63,606)
Balance at June 30, 2014	323,689	11,743	335,432	88,078	332,340	238,990	659,408
Depreciation and depletion							
Balance at June 30, 2013	75,127	-	75,127	70,003	283,011	60,120	413,134
Transfers	(60,578)	-	(60,578)	-	-	-	-
Additions	29,323	587	29,910	17,616	41,543	31,963	91,122
Disposal	-	-	-	-	-	(17,889)	(17,889)
Balance at June 30, 2014	43,872	587	44,459	87,619	324,554	74,194	486,367
Carrying amount at June 30, 2014	279,817	11,156	290,973	459	7,786	164,796	173,041

On December 1st, 2013, the Company declared commercial production status for the Bachelor and Hewfran properties. The mining rights and exploration and development expenses were transferred to property, plant and equipment. The assets of this mine were transferred from “Exploration” to “Mining site in production”. Revenues and expenses associated to this mine were included in the results from operations in the statement of comprehensive loss.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

9. TRADE AND OTHER PAYABLES

	2015	2014
	$	$
Trade accounts	2,891,256	4,916,983
Other	1,250,206	1,355,292
Accrued interest	308,333	333,332
Trade and other payables	4,449,795	6,605,607

10. LONG-TERM DEBT

	2015	2014
	$	$
Notes payable, secured by rolling stock and mining equipment having a net book value of $610,185, 0% to 6.49%, payable in monthly instalments, maturing at varying dates from 2015 to 2019.	438,659	481,652
Principal loan secured by first and second rank hypothec on the universality of the assets of the Company, payable such as detailed in Note (a) plus interest calculated at the rate of 12%, (effective rate of 22.95%) until August 31, 2015.	323,810	3,933,333
Obligations under finance leases, 9.5%, payable in monthly instalments, maturing in 2016.	34,777	110,893
	797,246	4,525,878
Deferred financing fees (a)	-	(69,562)
	797,246	4,456,316
Instalments due within one year	(543,813)	(4,080,515)
	253,433	375,801

(a) An amount of $nil ($69,562 as at June 30, 2014), representing financing fees has been presented as a reduction of long-term debt. This amount is amortized and charged to earnings using the effective interest rate method. On February 27, 2014, the Company signed a new agreement under which the repayment of capital on the balance due for an amount of $5,600,000 as at January 31, 2014 will be a cash amount of $266,667 on February 28, 2014, a share amount of $466,666 on March 31, 2014, a monthly cash amount of $466,667 from May 31, 2014 to February 28, 2015 and a cash amount of $200,000 on March 31, 2015 at an interest rate of 12%. On January 21, 2015, the Company signed a new agreement under which the repayment of capital will be a cash amount of $233,333 on December 31, 2014, and January 31, 2015, a monthly cash amount of $161,905 from February 28, 2015 to July 31, 2015 and $161,904 as at August 31, 2015.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

10. LONG-TERM DEBT (Continued)

The instalments on long-term debt for the forthcoming years are as follows :

		Obligations under finance leases	Other loans
		$	$
	2016	35,747	509,036
	2017	-	131,810
	2018	-	85,734
	2019	-	35,889
Total minimum payments		35,747	762,469
Amount included in minimum payments			
Interest expenses		(970)	
		34,777	

11. CONVERTIBLE DEBENTURES

On August 22. 2012, the Company issued subordinated secured convertible debentures for an amount of $10,000,000. The debentures will accrue interest at a rate of 10.0% per annum, payable semi-annually six (6) months after the closing date and twelve (12) months after the closing date, starting on February 22, 2013. The debentures have a three (3) year term, maturing on August 22, 2015. The debentures are convertible at any time, in whole or in part, at the option of the holder. When a holder makes such a request, the Company has the option to convert the debentures into common shares at the price of $0.28 per share or to make them payable in cash on the basis of the common shares that would have been issued upon conversion, multiplied by the weighted average price per volume of the common shares on the TSX during a period of five consecutive trading days preceding the date of the request to convert. The debentures are secured by a hypothec over the Bachelor Lake mine and all movable and immovable property, present and future, tangible and intangible, used at or in connection with or derived from the Bachelor Lake Property with a book value of $54,484,166 ($77,727,141 in 2014). On March 27, 2015, the Company signed the amendment to the trust indenture under which the maturity date has been extended to August 22, 2017.

The amendment to the due date of the convertible debentures resulted in a substantial modification of the terms and has therefore been accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The fair value of the debt component was determined by calculating the present value of expected future cash outflows, using a market rate of interest for a debt with similar terms and conditions, without a conversion feature. The company used a discount rate of 20% that was estimated through comparable companies.

The difference between the fair value of the new convertible debentures and the amortized cost of the original debentures was recognized as a gain on extinguishment of debt in the statement of comprehensive loss.

The embedded derivative is measured at fair value and is revalued at each end of period.

	June 30, 2015	June 30, 2014
Share price	$0.07	$0.15
Expected dividend rate	0%	0%
Exercise price	$0.28	$0.28
Risk-free interest rate	0.599%	1.016%
Expected life	2.14 years	1.15 years
Expected volatility	89.66%	79.41%

Years ended June 30, 2015 and 2014 (in Canadian dollars)

11. CONVERTIBLE DEBENTURES (Continued)

The volatility is a significant unobservable input which was estimated based on the Company's historical volatility.

During the year, an amount of $423,143 was accounted for in earnings as an unrealized gain on derivative financial instrument (unrealized loss of $749,846 in 2014). During the year an amount of $609,343 (2014 - $548,986) was recorded as interest on the convertible debentures, representing the accretion of the debt component of the convertible debentures. The carrying amount of the debentures will accrete gradually to its par value until maturity.

	2015	2014
	$	$
Convertible debentures	10,000,000	10,000,000
Less : Conversion option	(1,709,901)	(1,709,901)
	8,290,099	8,290,099
Accretion	1,414,860	936,173
Less : Deferred financing fees	(134,971)	(341,457)
	9,569,988	8,884,815
Reimbursement	(1,000,000)	-
Gain on extinguishment of debt	(1,007,439)	-
New debt	7,562,549	-
Accretion	130,656	-
Balance as at June 30	7,693,205	8,884,815

	2015	2014
Derivative financial instrument	$	$
Balance as at beginning	810,745	60,899
(Gain) Loss unrealized loss on derivative financial instrument	(423,143)	749,846
Balance as at end	387,602	810,745

The fair value of the convertible debentures valued by discounting expected cash flows at rates currently offered to the Company for debts with the same maturities and conditions was $7,930,907 as at June 30, 2015 compared to the carrying value of $7,693,205.

12. UNEARNED REVENUE

On January 14, 2011, the Company entered into a gold sale agreement with Sandstorm to sell a portion of the gold production from its Bachelor Lake gold mine. Sandstorm has agreed to purchase 20% of the gold produced from its Bachelor Lake gold mine for US$20 million, plus ongoing per ounce payments equal to the lesser of US$500 and the then prevailing market price per ounce of gold. Sandstorm will be making the following staged payments: (i) US$5 million upon signature of the agreement (received), (ii) US$9 million once the Company has achieved certain funding conditions relating to financing (received) and (iii) US$6 million, on September 1, 2011 (received). The initial payments were recorded as unearned revenue.

The Company is committed to providing a minimum of 50,000 ounces over a period of 12 consecutive months and this, within 48 months of signing the agreement. If it does not meet this guarantee, the Company will have to reimburse part of the deposit of US$20 million to Sandstorm. During 2015, the Company fulfilled this commitment.

The Company has provided a guarantee that Sandstorm will receive a minimum of US$20 million in pre-tax cash flows over the next six years. If, at the end of the agreement in 40 years, the Company has not paid to Sandstorm an amount corresponding to the cash flows determined at the signature of the agreement, it will have to reimburse a portion of the prepaid unearned revenue.

The amortization of the unearned revenue for the year ended June 30, 2015 is $3,059,488 ($4,588,893 in 2014).

13. ASSET RETIREMENT OBLIGATIONS

The Company's production and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment. The Company has recorded the asset retirement obligations on the basis of management's best estimates of future costs, based on information available on the reporting date. Best estimates of future cost are the amount the Company would reasonably pay to settle its obligation on the closing date.

The future costs are discounted using the credit-adjusted risk-free interest rate of the Company and are recorded to liabilities. The counterpart of these obligations is capitalized to property, plant and equipment or to exploration and evaluation assets, which will be respectively depreciated in accordance with the unit-of-production method, based on the estimated life of the mine upon beginning of commercial production. The asset retirement obligations are adjusted for accumulated accretion in accordance with the expected timing of payment of the cash flows required to settle these obligations.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

13. ASSET RETIREMENT OBLIGATIONS (Continued)

a) Changes in obligations

The following table sets forth the changes in the asset retirement obligations for the year ended June 30:

	2015	2014
	$	$
Balance, beginning of year	4,379,932	4,169,357
Accretion expense	70,801	113,824
Changes to estimated cash flow and payment schedules	223,044	96,751
Balance, end of year	4,673,777	4,379,932

The review of the schedule and the amount of the estimated cash flows was recorded by increasing the property, plant and equipment assets by $140,128 and the exploration and evaluation assets by $82,916.

b) Information used in the calculation of obligations

The rate used to determine the future value is 2%, while the rate reflecting the current market assessments (adjusted for the risks specific to this liability) used to determine the actual value is 0.87% and 1.92%. (1.62% and 1.57% in 2014). The schedule of payments was determined by taking into account the proven and probable reserves and the estimated annual production level.

c) Distribution of asset retirement obligations

The following table sets forth the distribution of asset retirement obligations as at June 30:

	2015	2014
	$	$
Barry Site	387,220	299,600
Mill	4,286,557	4,080,332
	4,673,777	4,379,932

14. EQUITY

14.1 Share capital

The share capital of the Company consists only of fully paid common shares, except for subscribed shares.

Authorized:

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

Unlimited number of preferred shares without par value, voting, issuable in series, the directors defining the rights and privileges of these shares upon issuance.

Year ended June 30, 2015

On March 27, 2015, the Company completed a private placement of 28,340,500 units priced at $0.05 each, which consist of one common share, and for 9,450,500 of those units, an additional common share purchase warrant having an exercise price of $0.055 and a term of 36 months, for gross proceeds of $1,417,025 and 31,659,500 flow-through units priced at $0.05 each, which consist of one flow-through common share and one half of one common share purchase warrant having an exercise price of $0.055 and a term of 36 months, for gross proceeds of $1,582,975. A cash commission of 9% of the gross proceeds was paid to the brokers and 5,400,000 warrants were issued. These warrants can be exercised at a price of $0.055 over a period of 24 months and were valued at $108,000.

Year ended June 30, 2014

On May 12, 2014, the Company completed a private placement and issued 10,150,000 flow-through common shares at a price of $0.20 per share for total proceeds of $2,030,000 and 15,875,000 non flow-through common units at a price of $0.16 per share for total proceeds of $2,540,000. Each non flow-through common unit consisted of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to acquire one common share at a price of $0.30 per share until May 2016. A cash commission equal to 6.0% of the gross proceeds raised was paid to the brokers. An amount of $158,750 related to issued warrants was recorded as an increase to warrants. An amount of $507,500 related to the liability component was recorded within other liabilities in the statement of financial position.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

14. EQUITY (Continued)

14.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

Investors	June 30, 2015		June 30, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance at beginning	15,875,000	0.30	11,156,249	0.40
Granted	25,370,250	0.055	15,875,000	0.30
Expired	-	-	(11,156,249)	0.40
Canceled	(1,875,000)	0.30	-	-
Balance at end	39,370,250	0.14	15,875,000	0.30

Brokers	June 30, 2015		June 30, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance at beginning	-	-	-	-
Granted	5,400,000	0.055	-	-
Balance at end	5,400,000	0.055	-	-

Years ended June 30, 2015 and 2014 (in Canadian dollars)

14. EQUITY (Continued)

14.2 Warrants (Continued)

Outstanding warrants are as follows :

Investors		June 30, 2015	June 30, 2014
Expiry date	Exercise price	Number	Number
	$		
May 12, 2016	0.30	14,000,000	15,875,000
March 27, 2018	0.055	25,370,250	-
		39,370,250	15,875,000

B*rokers*		June 30, 2015	June 30, 2014
Expiry date	Exercise price	Number	Number
	$		
March 27, 2017	0.055	5,400,000	-

15. SHARE-BASED PAYMENTS

On December 4, 2014, the Company granted to an officer 200,000 stock options exercisable at $0.08 per share valid for 5 years. These options were granted at an exercise price equal to the closing market value of the shares the day prior to the grant. The fair value of these share options amount to $9,420 for an estimated weighted-average fair value of $0.047 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model with no expected dividend yield, 79.57% weighted-average expected volatility, 1.47% weighted-average risk-free interest rate and 5 years weighted-average expected life.

On September 18, 2014, the Company granted to its directors and executive officers 5,150,000 stock options exercisable at $0.12 per share valid for 5 years. These options were granted at an exercise price equal to the closing market value of the shares the day prior to the grant. The fair value of these share options amount to $396,390 for an estimated weighted-average fair value of $0.077 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model with no expected dividend yield, 79.49% weighted-average expected volatility, 1.68% weighted-average risk-free interest rate and 5 years weighted-average expected life.

On September 2, 2014, the Company granted to an officer 700,000 stock options exercisable at $0.13 per share valid for 5 years. These options were granted at an exercise price equal to the closing market value of the shares the day prior to the grant. The fair value of these share options amount to $58,473 for an estimated weighted-average fair value of $0.084 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model with no expected dividend yield, 79.86% weighted-average expected volatility, 1.57% weighted-average risk-free interest rate and 5 years weighted-average expected life.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

15. SHARE-BASED PAYMENTS (Continued)

On March 12, 2014, the Company granted to a consultant in investors' relations 100,000 options exercisable at $0.225 per share valid for 5 years. These options were granted at an exercise price equal to the closing market value of the shares the day prior to the grant. The fair value of these share options amount to $13,405 for an estimated weighted-average fair value of $0.14 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model with no expected dividend yield, 77.34% weighted-average expected volatility, 1.63% weighted-average risk-free interest rate and 5 years weighted-average expected life.

On December 17, 2013, the Company granted to an officer 100,000 options exercisable at $0.12 per share valid for 5 years. These options were granted at an exercise price equal to the closing market value of the shares the day prior to the grant. The fair value of these share options amount to $7,662 for an estimated weighted-average fair value of $0.08 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model with no expected dividend yield, 78.81% weighted-average expected volatility, 1.79% weighted-average risk-free interest rate and 5 years weighted-average expected life.

An amount of $439,757 ($15,550 in 2014) and of $30,788 ($34,493 in 2014) of the share-based payments of the officers was recorded respectively in earnings and in exploration and evaluation assets and credited to contributed surplus.

	June 30, 2015		June 30, 2014	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
		$		$
Outstanding , beginning of year	13,035,000	0.48	13,055,000	0.51
Granted	6,050,000	0.12	700,000	0.23
Cancelled	(300,000)	0.25	(78,750)	0.25
Expired	(475,000)	0.47	(641,250)	0.83
Outstanding, end of year	18,310,000	0.36	13,035,000	0.48
Exercisable, end of year	18,310,000	0.36	12,960,000	0.48

Years ended June 30, 2015 and 2014 (in Canadian dollars)

15. SHARE-BASED PAYMENTS (Continued)

The table below summarizes the information related to share options as at June 30, 2015:

Expiry Date	Exercise Price	Number of shares exercisable	Number of shares outstanding	Remaining life (years)
	$			
October 5, 2015	0.70	50,000	50,000	0.27
November 29, 2016	0.50	375,000	375,000	1.42
March,14,2017	0.25	100,000	100,000	1.70
May 28, 2017	0.80	100,000	100,000	1.92
August 30, 2017	0.67	75,000	75,000	2.17
September 14, 2017	0.25	345,000	345,000	2.20
January 23, 2018	0.80	28,000	28,000	2.56
February 3, 2018	1.00	1,850,000	1,850,000	2.58
August 12, 2018	0.25	500,000	500,000	3.12
December 17, 2018	0.12	100,000	100,000	3.46
February 16, 2019	0.59	44,000	44,000	3.63
March 19, 2019	0.225	100,000	100,000	3.70
July 1, 2019	0.43	75,000	75,000	4.00
September 2, 2019	0.41	100,000	100,000	4.17
September 2, 2019	0.13	700,000	700,000	4.17
September 15, 2019	0.12	5,150,000	5,150,000	4.21
September 28, 2019	0.66	100,000	100,000	4.25
December 4, 2019	0.08	200,000	200,000	4.42
January 17, 2020	0.57	100,000	100,000	4.54
February 18, 2020	0.50	44,000	44,000	4.63
March 31, 2020	0.70	2,050,000	2,050,000	4.75
April 11, 2020	0.70	350,000	350,000	4.79
July 18 , 2020	0.70	75,000	75,000	5.05
September 22, 2020	0.50	100,000	100,000	5.23
February 25, 2021	0.32	274,000	274,000	5.65
September 14, 2022	0.25	5,225,000	5,225,000	7.20
March 11, 2023	0.25	100,000	100,000	7.48
		18,310,000	18,310,000	

The weighted fair value of the granted options of $0.08 ($0.06 in 2014) was determined using the Black-Scholes option pricing model and is based on the following weighted-average assumptions:

	2015	2014
Expected dividend yield	-	-
Expected weighted volatility	79.54 %	78.27%
Risk-free average interest rate	1.66 %	1.75%
Expected average life	5 years	5 years

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

Years ended June 30, 2015 and 2014 (in Canadian dollars)

16. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

		2015		2014	
	Notes	Carrying amount	Fair value	Carrying amount	Fair value
		$	$	$	$
Financial assets					
Loans and receivables					
Cash		3,043,728	3,043,728	5,729,487	5,729,487
Marketable security		10,000	10,000	-	-
Other receivables	4	98,125	98,125	308,976	308,976
Security deposits	6	1,642,344	1,642,344	559,938	559,938
Financial liabilities					
Financial liabilities measured at amortized cost					
Trade and other payables	9	4,449,795	4,449,795	6,605,607	6,605,607
Other liabilities		411,337	411,337	507,500	507,500
Royalties payable		961,006	961,006	1,501,398	1,501,398
Long-term debt	10	762,469	762,469	4,345,423	4,377,855
Convertible debentures	11	7,693,205	7,930,907	8,884,815	9,838,262

Years ended June 30, 2015 and 2014 (in Canadian dollars)

16. FINANCIAL ASSETS AND LIABILITIES (Continued)

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers between Levels in the reporting periods.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

The financial liability at fair value that is classified at level 3 is the derivative financial instrument which is described in note 11.

17. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year divided by the weighted-average number of shares outstanding during the year. In calculating the diluted loss per share, dilutive potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are disclosed in Notes 14 and 15.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2015 and 2014.

	2015	2014
Net loss	(6,264,748)	(2,875,391)
Weighted-average number of common shares	312,174,171	271,654,514
Basic and diluted loss per share	(0.02)	(0.01)

Years ended June 30, 2015 and 2014 (in Canadian dollars)

18. INCOME TAXES

	2015	2014
Income taxes		
Mining and income tax expense consists of :		
Current taxes	357,490	-
Deferred taxes	(1,050,805)	(531,298)
	(693,315)	(531 298)

The reconciliation of the income tax expense, calculated using the statutory income tax rates of the federal government and the Province of Quebec to the income tax expense as per the financial statements, is as follows:

	2015	2014
	$	$
Loss before income taxes	(6,958,053)	(3,406,689)
Combined federal and provincial income tax rate at 26.9% (26.9% as at June 30, 2014)	(1,871,719)	(916,399)
Tax effect of renounced flow-through shares expenses	234,659	665,220
Adjustments from previous years	(11,768)	-
Non-deductible expenses for income tax purposes	152,577	280,561
Flow-through premium	(96,163)	(337,335)
Change in the tax effect of temporary differences not recognized	1,496,251	(29,382)
Provision for mining taxes	(597,152)	(193,963)
Income taxes	(693,315)	(531,298)

Composition of deferred income taxes in the statement of comprehensive loss

	2015	2014
Recording and reversal of temporary differences	(2,673,784)	(829,801)
Tax effect of renounced flow-through shares expenses	234,659	665,220
Flow-through premium	(96,163)	(337,335)
Adjustments from previous years	(11,768)	-
Change in the tax effect of temporary differences not recognized	1,496,251	(29,382)
	(1,050,805)	(531,298)

Years ended June 30, 2015 and 2014 (in Canadian dollars)

18. INCOME TAXES (Continued)

As at June 30, 2015, the Company has accumulated, for federal and provincial income tax purposes, non-capital losses for which no deferred tax asset was recorded, which can be applied against future years' taxable income and which will expire as follows:

	June 30, 2015	
	Federal	Quebec
	$	$
2033	6,003,185	5,988,363
2032	7,566,063	7,558,371
2031	8,984,233	8,957,080
2030	12,121,780	12,090,779
2029	2,366,483	1,882,974
	37,041,744	36,477,567

The Company has $180,812 ($180,812 in 2014) of investment tax credits that have not been recognized. These credits can be used to reduce federal income taxes and expire at different dates between 2027 and 2034.

The Company has $337,241 ($337,241 in 2014) of refundable tax credits for resources that have not been recognized. These credits can be used to reduce Quebec income taxes and expire in 2017 and 2018.

Significant components of the Company's deductible temporary differences for which no deferred tax asset was recorded are as follows:

	June 30, 2015		June 30, 2014	
	Federal	Quebec	Federal	Quebec
	$	$	$	$
Exploration and evaluation assets	-	22,733,462	-	10,197,785
Non-capital losses	24,308,076	36,477,567	17,245,906	41,591,656
Share issue expenses	1,305,284	1,305,284	1,975,013	1,975,013
Asset retirement obligations	4,673,777	4,673,777	4,379,932	4,379,932
Other	815,386	815,386	744,533	744,533
Mining rights	4,312,395	4,312,395	5,267,037	5,267,037
	35,414,918	70,317,871	29,612,421	64,155,956

The Company has deductible temporary differences relating to the Quebec mining rights for an amount of $4,673,777 ($4,379,932 in 2014) for which no deferred tax asset was recorded.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

18. INCOME TAXES (Continued)

Changes in deferred income and mining taxes recorded during the year:

	Assets (liabilities) Balance July 1st, 2014	Recognized in profit or loss	Assets (liabilities) Balance June 30, 2015
	$	$	$
Property, plant and equipment	(11,232,173)	4,587,815	(6,644,358)
Tax credits receivable	(65,402)	59,160	(6,242)
Exploration and evaluation assets	2,297,171	(1,869,016)	428,155
Non-capital losses	3,733,367	(1,823,317)	1,910,050
	(5,267,037)	954,642	(4,312,395)
Flow-through premium		96,163	
Deferred income and mining taxes accounted for in the statement of comprehensive loss		1,050,805	

	Assets (liabilities) Balance July 1st, 2013	Recognized in profit or loss	Assets (liabilities) Balance June 30, 2014
	$	$	$
Property, plant and equipment	382,405	(11,614,578)	(11,232,173)
Tax credits receivable	-	(65,402)	(65,402)
Exploration and evaluation assets	(12,999,398)	15,296,569	2,297,171
Derivative financial instrument	(443,581)	443,581	-
Non-capital losses	7,015,779	(3,282,412)	3,733,367
Asset retirement obligations	583,795	(583,795)	-
	(5,461,000)	193,963	(5,267,037)
Flow-through premium		337,335	
Deferred income and mining taxes accounted for in the statement of comprehensive loss		531,298	

Years ended June 30, 2015 and 2014 (in Canadian dollars)

19. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	2015	2014
	$	$
Sales tax receivable	159,111	(143,074)
Other receivables	210,851	(288,041)
Prepaid expenses	158,901	(98,027)
Material, supplies and gold inventory	411,818	(1,101,833)
Trade and other payables	(1,851,915)	2,660,134
Royalties payable	(540,392)	583,638
Provision for compensation	(94,470)	(254,253)
	(1,546,096)	1,358,544

	2015	2014
	$	$
Non-cash investing and financing activities:		
Trade and other payables related to exploration and evaluation assets	22,164	634,394
Financing fees capitalized to exploration and evaluation assets	-	121,545
Financing fees capitalized to property, plant and equipment	-	63,569
Stock-based payments capitalized to exploration and evaluation assets	30,788	34,493
Accretion expense capitalized to exploration and evaluation assets	82,916	(205,129)
Depreciation of property, plant and equipment capitalized to exploration and evaluation assets	110,620	1,040,297
Interest capitalized to exploration and evaluation assets	-	149,731
Interest capitalized to property, plant and equipment	-	41,230
Asset retirement costs capitalized to property, plant and equipment	140,128	301,880
Tax credits receivable in reduction of exploration and evaluation assets	52,452	1,951,146
Issuance of shares in counterpart of a debt payment	-	466,666
Exploration and evaluation assets reclassified in property, plant and equipment	-	38,305,538
Property, plant and equipment acquired under finance leases	-	189,949
Obligations under finance leases	-	189,949
Gold sales in exploration and evaluation assets	-	1,746,211
Issuance of shares in counterpart of issuance cost	108,000	-

Years ended June 30, 2015 and 2014 (in Canadian dollars)

20. RELATED PARTY TRANSACTIONS

The Company's related parties include companies under common control and joint key management, as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

20.1 Transactions with key management

Key management includes members of the Board of Directors and executive officers of the Company consisting of the Vice-President of operations, General Director and Chief Financial Officer. The remuneration of key management includes the following expenses:

	2015	2014
	$	$
Wages, directors' fees, bonuses and benefits	1,202,242	984,495
Professional fees	395,445	412,575
Defined contribution pension plan	55,422	63,820
Share-based payments	398,861	19,449
	2,051,970	1,480,339
Less: salaries capitalized in exploration and evaluation assets	-	(177,128)
Employee benefits expense	2,051,970	1,303,211

21. SEGMENTED INFORMATION

The Company operates a gold mine in Quebec as well as several exploration and evaluation properties in the area. These operating sites are managed separately given their different locations. The Company assesses the performance of each segment based on earnings before taxes. Accounting policies for each segment are the same as those used for the preparation of the financial statements.

There was no difference in 2015 compared to annual financial statements of 2014 in the basis of segmentation or the basis of evaluation of segment result.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

21. SEGMENTED INFORMATION (Continued)

2015

Segmented information concerning the income statement	Mining site $	Exploration $	Corporate $	Total $
Revenues	55,097,921	-	-	55,097,921
Operating costs and royalties	(43,296,777)	-	-	(43,296,777)
Depreciation and depletion	(13,133,401)	-	-	(13,133,401)
Gross profit	(1,332,257)	-	-	(1,332,257)
Exploration and project evaluation	(878,411)	-	-	(878,411)
Administration	-	-	(3,655,797)	(3,655,797)
Depreciation of non-financial assets	-	-	(38,119)	(38,119)
Loss on disposal of non-financial assets	(13,144)	(2,335)	-	(15,479)
Impairment loss	-	(282,498)	-	(282,498)
	(891,555)	(284,833)	(3,693,916)	(4,870,304)
Operation profit (loss)	(2,223,812)	(284,833)	(3,693,916)	(6,202,561)
Financial expenses	(1,527,703)	(4,704)	716,652	(815,755)
Financial revenues	-	-	60 253	60 253
Profit (Loss) before income taxes	(3,751,515)	(289,537)	(2,917,011)	(6,958,063)
Addition of property, plant and equipment	2,056,225	-	-	2,056,225
Addition of exploration and evaluation assets	-	1,450,994	-	1,450,994

2014

Segmented information concerning the income statement	Mining site $	Exploration $	Corporate $	Total $
Revenues	38,488,620	-	-	38,488,620
Operating costs and royalties	(26,406,787)	-	-	(26,406,797)
Depreciation and depletion	(8,573,572)	-	-	(8,573,572)
Gross profit	3,508,261	-	-	3,508,261
Exploration and project evaluation	(936,280)	-	-	(936,280)
Administration	-	-	(3,042,644)	(3,042,644)
Depreciation of non-financial assets	-	-	(91,122)	(91,122)
Loss on disposal of non-financial assets	(60,517)	-	-	(60,517)
Impairment loss	-	(9,510)	-	(9,510)
	(996,797)	(9,510)	(3,133,766)	(4,140,073)
Operation profit (loss)	2,511,464	(9 510)	(3,133,766)	(631,812)
Financial expenses	(2,284,359)	(13,412)	(496,327)	(2,794,098)
Financial revenues	-	-	19,221	19,221
Profit (Loss) before income taxes	227,105	(22,922)	(3,610,872)	(3,406,689)
Addition of property, plant and equipment	1,623,635	1,750,663	61,974	3,436,272
Addition of exploration and evaluation assets	-	24,047,359	-	24,047,359

22. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the Company; and
- to provide an adequate return to owners of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally-imposed capital requirements, except when the Company issues flow-through shares for which an amount should be used for exploration work as summarized in Notes 14.1 and 24.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements, public offerings or debt.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

23. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 16. The main types of risks the Company is exposed to are currency risk, commodity price risk, credit risk and liquidity risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to currency risk and commodity price risk. The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

23.1 Market risk

Foreign currency risk sensitivity

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Most of the Company's transactions are carried out in Canadian dollars. Exposure to currency risk arises from revenues from the sale of precious metals that are realized in U.S. dollars because the price of gold is established in U.S. dollars.

The Company does not enter into arrangements to hedge its foreign exchange risk.

Commodity price risk sensitivity

The commodity price risk is the risk of fluctuation of the gold price. The Company did not enter into any hedging contracts to reduce its exposure to the fluctuations of the price of gold.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

23. FINANCIAL INSTRUMENT RISKS (Continued)

23.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at June 30, 2015 and 2014, the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2015	2014
	$	$
Cash	3,043,728	5,729,487
Other receivables	98,125	308,976
Carrying amounts	3,141,853	6,038,463

Other receivables are comprised of advances to employees and gold sales receivable. The exposure to credit risk for the Company's receivables is considered limited. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented.

The Company's management considers that all the above financial assets, that are not impaired or past due for each of the reporting dates under review, are of good credit quality.

The credit risk for cash is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

23.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings and debt.

Years ended June 30, 2015 and 2014 (in Canadian dollars)

23. FINANCIAL INSTRUMENT RISKS (Continued)

23.3 Liquidity risk (Continued)

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	Less than twelve months	Between one and five years
	$	$
June 30, 2015		
Trade and other payables	4,449,795	-
Other liabilities	411,337	-
Royalties payable	961,006	-
Long-term debt and obligations under finance leases (including interest payments)	553,784	257,154
Convertible debentures	-	9,000,000
Derivative financial instrument	-	387,602
Total	6,375,922	9,644,756
June 30, 2014		
Trade and other payables	6,605,607	-
Other liabilities	507,500	-
Royalties payable	1,501,398	-
Long-term debt and obligations under finance leases (including interest payments)	4,164,839	372,978
Convertible debentures	-	10,000,000
Derivative financial instrument	-	810,745
Total	12,779,344	11,183,723

Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long-term debt and obligations under finance leases bear interest at a fixed rate, thus exposing the Company to the risk of changes in fair value arising from interest rate fluctuations.

Interest rate sensitivity analysis

A variance of 1% in the interest rate would not have a significant impact on the Company's losses and cash flows.

24. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is committed to performing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements; and
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the year, the Company received $1,582,975 following flow-through placements for which the Company renounced tax deductions.

The Company has renounced qualifying expenses to its investors for an amount of $2,030,000 as at December 31, 2014 and will renounce for an amount of $1,582,975 as at December 31, 2015. Management is required to fulfil its commitments within the stipulated deadline of one year from these dates. As at June 30, 2015, exploration work of $1,645,350 must be spent before December 31, 2015 and of $1,582,975 before December 31, 2016.

On September 9, 2013, the Ministry of Natural Resources of Quebec approved the update of the restoration plan of Bachelor Lake. The financial guarantee covering the restoration costs amount to $4,000,103 of which $1,111,294 has already been paid for a net balance owing of $2,888,809 as at June 30, 2015.

The Company is involved in various claims and legal actions arising in the ordinary course of business. The Company is vigorously defending the various claims and legal actions, including a current criminal claim in relation to a workplace accident, and in the opinion of management, the possibility of any outflow in settlement is remote or will not have a material adverse effect on the Company’s financial position or liquidity.

25. SUBSEQUENT EVENTS

There are no subsequent events.