
Condensed interim financial
statements of
Maple Gold Mines Ltd.
(An Exploration Stage Company)
(Unaudited)

June 30, 2019

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Notice of no auditor review of condensed interim financial statements

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Maple Gold Mines Ltd.
Condensed interim statement of financial position

As at June 30, 2019

(Unaudited)

(Expressed in Canadian dollars)

	Notes	June 30, 2019 \$	December 31, 2018 \$
Assets			
Current assets			
Cash and cash equivalents	3	4,037,184	2,786,340
Receivable from JV partner	6	34,687	—
Sales taxes receivable		190,351	43,011
Sublease receivables	4	305,871	—
Prepaid expenses and deposits		383,175	425,556
Mineral exploration tax credit receivable		—	1,919,456
		4,951,268	5,174,363
Sublease receivables - non current	4	591,166	—
Property and equipment	5	870,664	193,325
		6,413,098	5,367,688
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		635,323	896,422
Flow-through share premium liability	7	422,047	254,750
Payable to Revenu Quebec	8	426,357	405,031
Lease liabilities – current portion	9	578,763	—
Lease inducement – current portion	2(d)	—	47,518
		2,062,490	1,603,721
Non-current liabilities			
Lease liabilities	9	1,014,703	—
Provision for site reclamation and closure		50,384	50,384
Lease inducement	2(d)	—	127,514
		3,127,577	1,781,619
Equity			
Share capital	10	48,194,373	46,315,337
Reserves	10	11,372,237	11,022,877
Deficit		(56,281,089)	(53,752,145)
		3,285,521	3,586,069
		6,413,098	5,367,688

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

Approved by the Board

(signed) B. Matthew Hornor

B. Matthew Hornor, Director

(signed) Sean Charland

Sean Charland, Director

Maple Gold Mines Ltd.**Condensed interim statement of loss and comprehensive Loss**

Three and six months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
		\$	\$	\$	\$
Operating expenses (income)					
Exploration and evaluation expenses	6	1,045,989	1,364,184	1,708,288	5,362,739
General and administrative	11	511,491	1,179,679	1,222,026	2,327,775
Finance income		(60,984)	(15,804)	(135,256)	(34,634)
Finance expense		92,627	4,039	201,621	4,978
Amortization of flow-through share premium	7	(191,723)	(98,688)	(292,703)	(1,574,122)
Loss on disposition of property and equipment		—	—	—	15,328
Loss and comprehensive loss for the period		1,397,400	2,433,410	2,703,976	6,102,064
Basic and diluted loss per share					
		0.01	0.01	0.01	0.03
Weighted average number of common shares outstanding (basic and diluted)					
		227,406,075	200,801,670	219,170,580	191,937,713

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

Maple Gold Mines Ltd.

Condensed interim statement of changes in equity

Three and six months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian dollars, except share amounts)

Equity attributable to shareholders

	Notes	Share capital		Reserves		Deficit	Total
		Number	Amount	Share-based payments reserve	Warrants reserve		
			\$	\$	\$	\$	\$
Balance, December 31, 2018 (as reported)		208,468,772	46,315,337	2,903,618	8,119,259	(53,752,145)	3,586,069
Adjustment on initial application of IFRS 16 (Note 2(d))		—	—	—	—	175,032	175,032
Balance, January 1, 2019		208,468,772	46,315,337	2,903,618	8,119,259	(53,577,113)	3,761,101
Shares issued pursuant to a private placement, net of share issue costs and flow-through share premium liability	10(b)(i)	18,400,000	1,816,536	—	—	—	1,816,536
Shares issued in settlement of debt	10(b)(ii)	568,182	62,500	—	—	—	62,500
Share-based payments	10(c)	—	—	349,360	—	—	349,360
Comprehensive loss		—	—	—	—	(2,703,976)	(2,703,976)
Balance, June 30, 2019		227,436,954	48,194,373	3,252,978	8,119,259	(56,281,089)	3,285,521
Balance, December 31, 2017		181,871,414	40,455,261	2,486,598	8,246,065	(48,070,233)	3,117,691
Shares issued pursuant to a private placement, net of share issue costs and flow-through share premium liability	10(b)(iii)	24,791,634	5,461,962	—	13,457	—	5,475,419
Options exercised	10(c)	872,500	117,693	(27,243)	—	—	90,450
Warrants exercised	10(d)	933,224	280,421	—	(140,263)	—	140,158
Share-based payments	10(c)	—	—	461,502	—	—	461,502
Comprehensive loss		—	—	—	—	(6,102,064)	(6,102,064)
Balance, June 30, 2018		208,468,772	46,315,337	2,920,857	8,119,259	(54,172,297)	3,183,156

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

Maple Gold Mines Ltd.**Condensed interim statement of cash flows**

Three and six months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Operating activities				
Loss for the period	(1,397,400)	(2,433,410)	(2,703,976)	(6,102,064)
Adjustments for				
Amortization of flow-through share premium	(191,723)	(98,688)	(292,703)	(1,574,122)
Depreciation	107,258	18,666	214,518	37,124
Share-based payments	61,243	215,694	349,360	461,502
Finance income	(44,282)	—	(93,874)	—
Finance expense	84,752	—	178,124	—
Lease inducement	—	10,700	—	31,459
Loss on disposition of property and equipment	—	—	—	15,328
Changes in non-cash working capital items				
Receivable from JV partner	(34,687)	(183,284)	(34,687)	(183,284)
Sales taxes receivable	(109,522)	35,051	(147,340)	(482,621)
Mineral exploration tax credit receivable	—	(390,023)	1,919,456	(390,023)
Prepaid expenses and deposits	60,191	56,358	42,381	(19,813)
Accounts payable and accrued liabilities	(337,572)	(2,657,045)	(198,599)	5,583
Payable to Revenu Quebec	8,449	(6,561)	21,326	(82,456)
	(1,793,293)	(5,432,542)	(746,014)	(8,283,387)
Investing activity				
Acquisition of property and equipment	—	—	—	(31,269)
Financing activities				
Proceeds from issuance of common shares, net of share issue costs	(3,563)	6,058,750	2,276,536	6,058,750
Proceeds from option exercise	—	—	—	90,450
Proceeds from warrant exercise	—	—	—	140,158
Repayment of lease liabilities	(252,249)	—	(504,498)	—
Receipt of sublease receivables	112,410	—	224,820	—
	(143,402)	6,058,750	1,996,858	6,289,358
Net change in cash and cash equivalents	(1,936,695)	626,208	1,250,844	(2,025,298)
Cash and cash equivalents, beginning of period	5,973,879	3,253,634	2,786,340	5,905,140
Cash and cash equivalents, end of period	4,037,184	3,879,842	4,037,184	3,879,842

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

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

1. Corporate information

Maple Gold Mines Ltd. (the "Company" or "Maple Gold") is a company domiciled in Canada. Maple Gold was incorporated on June 3, 2010 under the Ontario Business Corporations Act and was continued under the Canada Corporations Act by articles of continuance dated June 22, 2011. The address of the Company's registered office is 250 Place d'Youville, 2e etage, Montreal, Quebec, H2Y 2B6. The Company is primarily involved in the exploration of mineral resources.

The Company's financial statements have been prepared on a going concern basis, which presumes the realization of assets and satisfaction of liabilities in the normal course of business.

For the period ended June 30, 2019, the Company had no operating revenues and incurred a loss of \$2,703,976. At June 30, 2019, the Company had cash and cash equivalents of \$4,037,184 (\$2,786,340 as at December 31, 2018) and working capital of \$2,888,778 (\$3,570,642 as at December 31, 2018).

At June 30, 2019, the Company believes that it has adequate resources to maintain its minimum obligations, including general corporate activities, based on its cash position and ability to pursue additional sources of financing, including equity placements.

The Company currently has no source of operating cash flow, and has no assurance that additional funding will be available to it for additional exploration programs at its properties, or to enable the Company to fulfill its obligations under any applicable agreements. The Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore and evaluate its mineral properties and, ultimately, to achieve profitable operations. As such, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's condensed interim financial statements do not reflect adjustments to the carrying values and classification of condensed interim assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. Basis of presentation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's most recent audited financial statements for the year ended December 31, 2018 except as described in note 2(d) below.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 22, 2019.

(b) Basis of preparation

These condensed interim financial statements have been prepared on a historical cost basis. The presentation currency is the Canadian dollar; therefore all amounts are presented in Canadian dollars unless otherwise noted.

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of presentation (continued)

(c) Critical accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's critical accounting judgements and estimates were presented in Note 2(c) of the audited annual financial statements for the year ended December 31, 2018 and have been consistently applied in the preparation of these condensed interim financial statements. No new judgements and estimates were applied for the periods ended March 31, 2019 and 2018 except as described in note 2(d) below.

(d) Changes in accounting policies

Leases

Effective January 1, 2019, the Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified, including adjustments to the opening deficit balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company:

- recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- recognizes the depreciation of ROU assets and interest on lease liabilities in the statement of loss and comprehensive loss; and
- separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented within operating activities) in the statement of cash flows.

For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis, and this expense is presented within exploration and evaluation expenses and general and administrative in the statement of loss and comprehensive loss.

When the Company is an intermediate lessor, it determines at lease inception date whether each sub-lease is a finance lease or an operating lease based on whether the contract transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the sub-lease is a financial lease; if not, then it is an operational lease.

For financial leases, and when the Company acts as intermediate lessor, it recognizes a sublease receivable and derecognizes the ROU assets relating to the head lease that it transfers to the sub lessees. ROU assets and lease receivables relating to the sub leases are measured in the same way as the ROU assets and lease liabilities for the head lease, using the same discount rate for the actualization of future payments to be received.

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of presentation (continued)

(d) Changes in accounting policies (continued)

Leases (continued)

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the ROU assets equal to the lease liability calculated for each lease;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively;
- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. This analysis identified contracts containing leases that have an equivalent increase to both the Company's ROU assets and lease liabilities by \$1,919,840. The Company derecognized right-of use assets relating to the head lease that it transfers to sub lessees (for the sublease of a part of its office space) and recognizes receivables from the subleases for a total amount of \$1,027,983, with no impact on deficit.

In addition, \$175,032 of leasehold inducements was written-off to opening deficit balance, as the ROU asset was not reduced by any lease incentives received.

The incremental borrowing rate for lease liabilities and sublease receivables initially recognized on adoption of IFRS 16 was 20%.

The cumulative effect of the changes made to the January 1, 2019 statement of financial position for the adoption of IFRS 16 is as follows:

	Balance at December 31, 2018 (as reported) \$	IFRS 16 adjustments \$	Balance at January 1, 2019 \$
Assets			
Sub-lease receivables	—	1,027,983	1,027,983
Property and equipment	193,325	891,857	1,085,182
Liabilities			
Lease liabilities	—	1,919,840	1,919,840
Lease inducement	175,032	(175,032)	—
Equity			
Deficit	(53,752,145)	175,032	(53,577,113)

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of presentation (continued)

(d) Changes in accounting policies (continued)

Leases (continued)

The operating lease obligations as at December 31, 2018 are reconciled as follows to the recognized lease liabilities as at January 1, 2019:

	January 1, 2019 \$
Operating lease commitments as at December 31, 2018	983,449
Operating lease commitments on adoption of IFRS 16	1,528,848
Effect of discounting	<u>(592,457)</u>
Lease liabilities due to initial application of IFRS 16	<u>1,919,840</u>

New accounting policy for leases under IFRS 16

Lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the statement of loss and comprehensive loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease, if this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Lessor

Lessor leases are classified as either operating leases or finance leases according to the substance of the contract. Leases transferring substantially all of the risks incidental to asset ownership are classified as finance leases, while all other leases are classified as operating leases. Subleases are classified as either operating or finance leases in reference to the ROU asset arising from the head lease.

Assets under finance lease are recognized in finance lease receivables at the value of the net investment in the lease. The net investment in the lease is measured at the net present value of the future amounts receivable, discounted using the interest rate implicit in the lease, if this rate cannot be readily determined, the Company uses its incremental borrowing rate. Finance income is recognized over the lease term in a pattern reflecting a consistent rate of return on the finance lease receivable.

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of presentation (continued)

(d) Changes in accounting policies (continued)

Leases (continued)

ROU assets are included in property and equipment, and sublease receivables and the lease liability are presented as separate lines in the statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the statement of loss and comprehensive loss.

Use of judgments and estimates

Judgments

Management applies judgment to determine whether a contract is, or contains, a lease from both a lessee and lessor perspective. This assessment is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Key judgments include whether a contract identifies an asset (a portion of an asset may be identified), whether the lessee obtains substantially all of the economic benefits of the asset over the contract term, and whether the lessee has the right to direct the asset's use. Judgment is also applied in determining the rate used to discount the lease payments.

Estimates

Management applies its best estimate with respect to the likelihood of renewal, extension and termination option exercise in determining the lease term.

3. Cash and cash equivalents

	June 30, 2019	December 31, 2018
	\$	\$
Components of cash and cash equivalents		
Cash	2,243,720	1,007,117
Cash equivalents	1,793,464	1,779,223
	4,037,184	2,786,340

As at June 30, 2019, the Company had the obligation to pay approximately \$2,206,720 (\$1,125,108 as at December 31, 2018) in exploration expenditures related to flow-through share issuances by December 31, 2019.

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

4. Sublease receivables

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Balance, beginning of period	965,165	—	—	—
Sublease receivables recognized on adoption of IFRS 16	—	—	1,027,983	—
Lease payments received	(112,410)	—	(224,820)	—
Interest income on sublease receivables	44,282	—	93,874	—
	897,037	—	897,037	—
Less: current portion	(305,871)	—	(305,871)	—
Balance, end of period	591,166	—	591,166	—

5. Property and equipment

	Right of use assets	Camp equipment	Computer equipment	Office furniture	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, December 31, 2017	—	71,175	112,981	35,247	89,851	309,254
Additions	—	—	13,334	—	17,935	31,269
Disposals	—	—	—	(18,033)	—	(18,033)
Balance, December 31, 2018	—	71,175	126,315	17,214	107,786	322,490
Adjustment on initial application of IFRS 16 (Note 2)	891,857	—	—	—	—	891,857
Balance, June 30, 2019	891,857	71,175	126,315	17,214	107,786	1,214,347
Accumulated depreciation						
Balance, December 31, 2017	—	3,559	34,592	4,495	—	42,646
Depreciation	—	14,235	36,826	5,740	32,423	89,224
Disposals	—	—	—	(2,705)	—	(2,705)
Balance, December 31, 2018	—	17,794	71,418	7,530	32,423	129,165
Depreciation	167,915	7,118	19,524	2,513	17,448	214,518
Balance, June 30, 2019	167,915	24,912	90,942	10,043	49,871	343,683
Net book value						
December 31, 2018	—	53,381	54,897	9,684	75,363	193,325
June 30, 2019	723,942	46,263	35,373	7,171	57,915	870,664

ROU assets include the Company's camp and vehicles located at the Douay Gold Project and the portion of the Company's office space in Vancouver and Toronto that is not subject to a sublease.

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

6. Douay Gold Project

The accumulated exploration and evaluation expenses, which have been incurred, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Camp set up, camp costs and field supplies	94,913	455,157	159,864	1,340,088
Depreciation	59,780	—	119,560	—
Drilling and core assaying	586,505	1,066,548	744,753	3,325,655
Equipment rental and fuel	2,851	58,339	10,197	185,476
Engineering	—	—	—	35,109
Environmental	3,762	—	3,762	8,667
Geology	17,344	27,368	53,166	144,471
Geophysics	52,703	—	126,608	—
Licences and permits	4,166	6,695	10,017	27,138
Other exploration support costs	15,114	32,199	38,324	90,116
Salaries and benefits	249,135	459,047	440,363	921,456
Share-based payments	(5,597)	27,923	36,361	53,655
	1,080,676	2,133,276	1,742,975	6,131,831
Recoveries from JV partner	(34,687)	(367,259)	(34,687)	(367,259)
Mineral exploration tax credits	—	(401,833)	—	(401,833)
	1,045,989	1,364,184	1,708,288	5,362,739
Opening accumulated expenses	44,146,912	43,144,154	43,484,613	39,145,599
Closing accumulated expenses	45,192,901	44,508,338	45,192,901	44,508,338

7. Flow-through share premium liability

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Balance, beginning of period	613,770	—	254,750	1,475,434
Flow-through share premium liability at issuance (i) (ii)	—	583,331	460,000	583,331
Amortization of flow-through share premium	(191,723)	(98,688)	(292,703)	(1,574,122)
Balance, end of period	422,047	484,643	422,047	484,643

- (i) On March 26, 2019, the Company completed a non-brokered private placement for gross proceeds of \$2,300,000 through the issuance of 18,400,000 flow-through shares at a price of \$0.125 per flow-through share (note 10(b)(i)). The flow-through shares were issued at a premium of \$0.025 per flow-through share, with the total flow-through share premium liability related to the 18,400,000 flow-through shares issued being \$460,000, representing the Company's obligation to spend the \$2,300,000 on eligible expenditures, which the Company expects to complete during the period ending December 31, 2020. As of June 30, 2019, approximately \$189,759 of eligible expenditures has been incurred, of which \$93,280 has been paid, and the liability has been amortized accordingly.

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

7. Flow through share premium liability (continued)

- (ii) On June 1, 2018, the Company completed a non-brokered private placement for gross proceeds of approximately \$2,499,990 through the issuance of 8,333,300 flow-through shares at a price of \$0.30 per flow-through share. The flow-through shares were issued at a premium of \$0.07 per flow-through share, with the total flow-through share premium liability related to the 8,333,300 flow-through shares issued being \$583,331, representing the Company's obligation to spend the \$2,499,990 on eligible expenditures. The liability has been fully amortized as of June 30, 2019.
- (iii) On June 26, 2017 and July 14, 2017, the Company completed a brokered private placement for gross proceeds of approximately \$6,000,001 through the issuance of 14,634,150 flow-through shares at a price of \$0.47 per flow-through share. The flow-through shares were issued at a premium of \$0.16 per flow-through share, with the total flow-through share premium liability related to the 14,634,150 flow-through shares issued being \$2,341,464 representing the Company's obligation to spend the \$6,000,001 on eligible expenditures. The liability has been fully amortized as of March 31, 2018.

8. Payable to Revenue Quebec

Revenue Quebec has conducted audits of the Company's mineral exploration tax credit filings for the 2011 to 2017 tax years. Revenue Quebec has disallowed certain amounts that the Company believes are claimable qualifying expenditures. The Company intends to defend its filing positions and the Company has filed notice of objections with Revenue Quebec's Appeals Division for each of the years 2011 to 2014.

9. Lease liabilities

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Balance, beginning of period	1,760,963	—	—	—
Lease liabilities recognized on adoption of IFRS 16	—	—	1,919,840	—
Lease payments made	(252,249)	—	(504,498)	—
Interest expense on lease liabilities	84,752	—	178,124	—
	1,593,466	—	1,593,466	—
Less: current portion	(578,763)	—	(578,763)	—
Balance, end of period	1,014,703	—	1,014,703	—

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

10. Share capital and reserves

(a) *Authorized*

Unlimited common shares without par value

(b) *Share issuances*

Six months ended June 30, 2019:

- (i) On March 26, 2019, the Company closed a non-brokered private placement of 18,400,000 flow through common shares at a price of \$0.125 per share for gross proceeds of \$2,300,000. In connection with the flow-through share placement, the Company incurred a total of \$23,464 in cash share issuance costs.

A reconciliation of the impact of the non brokered private placement on the common shares is as follows:

	Number of common shares	Amount \$
Private placement – flow-through shares	18,400,000	2,300,000
Share issuance costs	—	(23,464)
	<u>18,400,000</u>	<u>2,276,536</u>
Flow-through share premium liability (Note 7)	—	(460,000)
	<u>18,400,000</u>	<u>1,816,536</u>

- (ii) On April 8, 2019, the Company issued 568,182 common shares at a price of \$0.11 per common share in settlement of certain outstanding obligations.

Six months ended June 30, 2018:

- (iii) On April 11, 2018, the Company closed a non-brokered private placement of 16,458,334 common shares at a price of \$0.24 per share for gross proceeds of \$3,950,000. In connection with the placement, the Company incurred a total of \$257,991 in cash share issuance costs.

On June 1, 2018, the Company closed a non-brokered private placement of 8,333,300 flow through common shares at a price of \$0.30 per share for gross proceeds of \$2,499,990. In connection with the flow-through share placement, the Company incurred a total of \$133,249 in cash share issuance costs, inclusive of \$119,990 in finders' fees. In addition, 399,998 broker warrants with an exercise price of \$0.35 per common share and an expiry date of December 1, 2019 were issued.

The fair value of the 399,998 broker warrants was estimated, using the Black-Scholes option pricing model, to be \$13,457 or \$0.03 per warrant using the following assumptions: risk-free interest rate of 1.88%, expected dividend yield of \$nil, stock price volatility of 69%, expected life of the warrants – 1.5 years. The expected volatility assumption is based on the historical and implied volatility of the Company's common shares. The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields and treasury bills with a remaining term that approximates the expected life of the stock options.

Maple Gold Mines Ltd.**Notes to the condensed interim financial statements**

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(Expressed in Canadian dollars, unless otherwise stated)

10. Share capital and reserves (continued)*(b) Share issuances (continued)*

Six months ended June 30, 2018:

(iii) (continued)

A reconciliation of the impact of the non-brokered private placements on the common shares is as follows:

	Number of common shares	Amount \$
Private placement – common shares	16,458,334	3,950,000
Private placement – flow-through shares	8,333,300	2,499,990
Share issuance costs	—	(391,240)
	<u>24,791,634</u>	<u>6,058,750</u>
Valuation of warrants issued (note 8(d))	—	(13,457)
Flow-through share premium liability (note 6)	—	(583,331)
	<u>24,791,634</u>	<u>5,461,962</u>

(c) Stock options

The Company maintains a Rolling Stock Option Plan providing for the issuance of stock options up to 10% of the Company's issued and outstanding common shares at the time of the grant. The Company may grant stock options from time to time to its directors, officers, employees and other service providers. The stock options granted have vesting periods that range from two to three years.

The continuity of the number of stock options issued and outstanding is as follows:

	Number of stock options #	Weighted average exercise price \$
Outstanding, December 31, 2017	15,735,000	0.24
Granted	450,000	0.30
Exercised	(872,500)	0.10
Expired	(1,110,000)	0.12
Cancelled/Forfeited	(3,957,500)	0.24
Outstanding, December 31, 2018	<u>10,245,000</u>	<u>0.27</u>
Granted	7,330,000	0.16
Cancelled/Forfeited	(2,660,000)	0.22
Outstanding, June 30, 2019	<u>14,915,000</u>	<u>0.23</u>

Maple Gold Mines Ltd.**Notes to the condensed interim financial statements**

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(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

10. Share capital and reserves (continued)*(c) Stock options (continued)*

As at June 30, 2019, the number of stock options outstanding and exercisable was:

Expiry date	Number of options	Exercise price	remaining contractual life (years)	Number of options	Exercise price	remaining contractual life (years)
		\$			\$	
November 18, 2020	647,500	0.10	1.39	647,500	0.10	1.39
July 11, 2021	300,000	0.24	2.03	225,000	0.24	2.03
August 30, 2021	200,000	0.24	2.17	200,000	0.24	2.17
November 28, 2021	1,360,000	0.25	2.42	1,165,000	0.25	2.42
March 2, 2022	300,000	0.40	2.67	250,000	0.40	2.67
May 3, 2022	3,300,000	0.30	2.84	2,475,000	0.30	2.84
August 28, 2022	1,500,000	0.30	3.16	750,000	0.30	3.16
October 10, 2022	462,500	0.30	3.28	107,500	0.30	3.28
January 25, 2023	300,000	0.30	3.58	150,000	0.30	3.58
January 17, 2024	6,545,000	0.16	4.55	1,961,667	0.16	4.55
	14,915,000	0.23	3.52	7,931,667	0.23	3.09

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services.

During the three and six months period ended June 30, 2019 the Company recorded stock based compensation expense of \$61,243 and \$349,360 (2018 - \$215,694 and \$461,502), respectively, net of a total stock based compensation expense reversal, recorded in the three months ended June 30, 2019, of \$56,530 relating to the cancellation of 660,833 unvested stock options upon certain employees ceasing employment with the Company.

The fair values of the share options granted during the three and six months ended June 30, 2019 and 2018 were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	Option grants	Option grants	Option grants	Option grants
Risk-free interest rate	N/A	2.12%	1.92%	1.89%
Expected dividend yield	N/A	nil	nil	nil
Stock price volatility	N/A	69%	78%	70%
Expected life in years	N/A	5	5	5
Weighted average grant date fair value	N/A	\$0.11	\$0.06	\$0.15

The expected volatility assumption is based on the historical and implied volatility of the Company's common shares. The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields and treasury bills with a remaining term that approximates the expected life of the stock options.

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

10. Share capital and reserves (continued)

(d) Share purchase warrants

The continuity of the number of share purchase warrants is as follows:

	Warrants outstanding #	Exercise price \$
Outstanding, December 31, 2017	74,921,872	0.32
Issued	1,333,222	0.30
Exercised	(933,224)	0.15
Outstanding, December 31, 2018 and June 30, 2019	75,321,870	0.32

As at June 30, 2019, the expiration date on the share purchase warrants outstanding is as follows:

Expiry date	Number of warrants	Exercise price \$
July 25, 2019	1,872,500	0.13 ⁽ⁱ⁾
November 15, 2019	40,728,558	0.28
November 15, 2019	1,286,664	0.15 ⁽ⁱⁱ⁾
December 1, 2019	399,998	0.35
June 27, 2022	31,034,150	0.40
	75,321,870	0.32

(i) These warrants expired unexercised.

(ii) These finders' warrants are exercisable into one common share unit which consists of one common share and one common share warrant. Each common share warrant entitles the holder to purchase one additional common share at an exercise price \$0.28 per share until November 15, 2019.

10. General and administrative

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Business development	33,476	78,915	80,875	176,978
Depreciation	47,478	15,109	94,958	30,006
Directors' fees	5,018	41,414	14,018	80,144
Office and general	36,065	93,983	71,428	303,532
Professional fees	85,656	148,968	177,338	218,108
Regulatory transfer agent and shareholder information	31,961	46,987	44,037	127,903
Salaries and benefits	124,144	368,858	278,840	582,501
Share-based payments	66,840	187,771	312,999	407,847
Travel, marketing and investor relations	80,853	197,674	147,533	400,756
	511,491	1,179,679	1,222,026	2,327,775

Maple Gold Mines Ltd.

Notes to the condensed interim financial statements

June 30, 2019

(Unaudited)

(Expressed in Canadian dollars, unless otherwise stated)

12. Related party balances and transactions

Compensation of key management personnel

During the period, compensation to key management personnel was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Salaries and benefits	100,500	143,000	231,000	281,500
Share-based payments	86,045	134,347	275,513	312,969
	186,545	277,347	506,513	594,469

13. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

14. Contingencies

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.