



NORTHERN VERTEX
MINING CORP

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended March 31, 2019 and 2018

(Expressed in United States Dollars)
(Unaudited)

NORTHERN VERTEX MINING CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

(Unaudited)

			<i>Restated (Note 3)</i>	
	Note	March 31 2019	June 30 2018*	July 1 2017*
ASSETS				
Current assets				
Cash		\$ 6,302	\$ 5,720	\$ 19,254
Trade and other receivables	4	34	26	64
Inventory	5	20,929	7,707	-
Prepaid expenses and deposits		248	508	141
Total current assets		27,513	13,961	19,459
Non-current assets				
Restricted cash		1,160	1,766	906
Plant and equipment	6	45,087	54,270	13,138
Mineral properties	6	28,298	22,902	21,858
Total assets		\$ 102,058	\$ 92,899	\$ 55,361
LIABILITIES				
Current liabilities				
Trade and other payables	7	\$ 7,333	\$ 7,227	\$ 2,857
Current portion of debt	8	8,918	13,427	556
Current portion of lease obligation	9	1,773	1,686	-
Current portion of silver stream obligation	10	3,315	-	-
Total current liabilities		21,339	22,340	3,413
Non-current liabilities				
Debt	8	4,040	14,527	12,011
Lease obligation	9	3,537	4,909	-
Silver stream obligation	10	17,026	-	-
Gold call options	11	750	505	419
Provision for reclamation	12	2,046	1,766	1,602
Derivative liabilities	13	3,088	-	-
Total liabilities		51,826	44,047	17,445
SHAREHOLDERS' EQUITY				
Share capital	14	55,626	46,893	35,400
Subscriptions received in advance	14	-	-	2,078
Share option reserve	14	6,211	5,695	5,454
Warrant reserve	14	21,928	21,928	17,548
Equity component of convertible debentures		1,013	1,052	1,115
Accumulated other comprehensive loss		(5,743)	(5,660)	(6,275)
Deficit		(28,803)	(21,056)	(17,404)
Total shareholders' equity		50,232	48,852	37,916
Total liabilities and shareholders' equity		\$ 102,058	\$ 92,899	\$ 55,361

*Restated due to the Company's change in presentation currency from to USD (Note 3)

Nature of operations and going concern	1
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Approved and authorized on behalf of the Board:

"Kenneth Berry"
Director

"David Farrell"
Director

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

NORTHERN VERTEX MINING CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

(Unaudited)

	Note	For the Three Months Ended		For the Nine Months Ended	
		2019	March 31, 2018*	2019	March 31, 2018*
		<i>(Restated – Note 3)</i>		<i>(Restated – Note 3)</i>	
Revenue	15	\$ 8,577	\$ -	\$ 15,553	\$ -
Cost of sales					
Production costs	16	(5,652)	-	(11,439)	-
Depreciation and depletion		(2,047)	-	(3,360)	-
Royalties		(528)	-	(975)	-
		(8,227)	-	(15,774)	-
Earnings (loss) from mine operations		350	-	(221)	-
Corporate administrative expenses	17	(902)	(559)	(2,252)	(1,757)
Operating loss		(552)	(559)	(2,473)	(1,757)
Finance costs	18	(609)	(278)	(5,370)	(515)
Foreign exchange gain (loss)		(173)	(17)	96	(1,244)
Other		-	(27)	-	(27)
Net loss for the period		(1,334)	(881)	(7,747)	(3,543)
Foreign currency translation		-	(495)	(83)	67
Comprehensive loss for the period		\$ (1,334)	\$ (1,376)	\$ (7,830)	\$ (3,476)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.02)
Weighted average number of shares outstanding		236,206,348	175,031,695	202,809,007	171,587,112

*Restated due to the Company's change in presentation currency to USD (Note 3)

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

NORTHERN VERTEX MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

	Notes	Number of Shares	Share Capital	Subscriptions Received in Advance	Share Option Reserve	Warrant Reserve	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balance, June 30, 2017* (Restated - Note 3)		141,279,215	\$ 35,400	\$ 2,078	\$ 5,454	\$ 17,548	\$ 1,115	\$ (6,275)	\$ (17,404)	\$ 37,916
Shares issued for:										
Private placements	14	29,679,730	8,140	-	-	4,129	-	-	-	12,269
Convertible debt interest payment	8	369,837	158	-	-	-	-	-	-	158
Long term debt fees		1,267,024	486	-	-	-	-	-	-	486
Subscriptions received in advance		-	-	(1,465)	-	-	-	-	-	(1,465)
Conversion of convertible debentures	8	500,000	286	-	-	-	(67)	-	-	219
Exercise of warrants		943,000	412	-	-	(66)	-	-	-	346
Exercise of stock options		750,000	347	-	(109)	-	-	-	-	238
Share-based payments	14	-	-	-	283	-	-	-	-	283
Foreign currency translation		-	-	-	-	-	-	67	-	67
Net loss		-	-	-	-	-	-	-	(3,543)	(3,543)
Balance, March 31, 2018		174,788,806	\$ 45,229	\$ 613	\$ 5,628	\$ 21,611	\$ 1,048	\$ (6,208)	\$ (20,947)	\$ 46,974
Balance, June 30, 2018* (Restated - Note 3)		180,308,552	\$ 46,893	\$ -	\$ 5,695	\$ 21,928	\$ 1,052	\$ (5,660)	\$ (21,056)	\$ 48,852
Shares issued for:										
Private placements	14	59,220,740	7,505	-	-	-	-	-	-	7,505
Convertible debt interest payment	8	620,395	122	-	-	-	-	-	-	122
Long term debt fees	8	4,116,759	933	-	-	-	-	-	-	933
Conversion of convertible debentures	8	500,000	173	-	-	-	(39)	-	-	134
Share-based payments	14	-	-	-	516	-	-	-	-	516
Foreign currency translation		-	-	-	-	-	-	(83)	-	(83)
Net loss		-	-	-	-	-	-	-	(7,747)	(7,747)
Balance, March 31, 2019		244,766,446	\$ 55,626	\$ -	\$ 6,211	\$ 21,928	\$ 1,013	\$ (5,743)	\$ (28,803)	\$ 50,232

*Restated due to the Company's change in presentation currency to USD (Note 3)

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

NORTHERN VERTEX MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

	Note	For the Three Months Ended		For the Nine Months Ended	
		2019	March 31, 2018	2019	March 31, 2018
		<i>(Restated – Note 3)</i>		<i>(Restated – Note 3)</i>	
Cash flows from operating activities					
Net loss for the period		\$ (1,334)	\$ (881)	\$ (7,747)	\$ (3,543)
Items not affecting cash:					
Share-based payments	14	402	107	516	288
Depreciation and depletion		2,051	3	3,368	9
Fair value (gain) loss on gold call options	11	(389)	314	245	476
Fair value change on derivative liabilities	13	(434)	-	117	-
Interest expense		1,735	21	5,311	250
Drawdown of silver stream obligation		(500)	-	(500)	-
Unrealized foreign exchange loss (gain)		300	552	(21)	1,974
Changes in non-cash working capital:					
Trade and other receivables		(18)	6	(8)	(12)
Inventory	16	(2,445)	(2,447)	(7,900)	(2,451)
Prepaid expenses and deposits		77	(18)	260	(64)
Trade and other payables		(1,720)	66	590	108
Cash used in operating activities		(2,275)	(2,277)	(5,769)	(2,965)
Cash flows from financing activities					
Proceeds of debt, net		-	5,870	4,825	16,045
Proceeds of lease obligation, net		-	-	-	8,622
Proceeds from silver stream obligation, net		-	-	19,615	-
Repayment of debt		(44)	(30)	(20,979)	(30)
Repayment of lease obligation		(425)	(254)	(841)	(1,716)
Issuance of share capital, net		2,492	-	10,424	12,593
Subscriptions received in advance		-	555	-	(1,330)
Deferred financing costs		-	28	-	8
Interest paid		(396)	(631)	(2,076)	(1,426)
Non-current deposits		-	-	-	(864)
Cash provided by financing activities		1,627	5,538	10,968	31,902
Cash flows from investing activities					
Mineral properties expenditures		(532)	(82)	(2,129)	(235)
Restricted cash		-	-	30	-
Plant and equipment expenditures		(82)	(7,521)	(2,667)	(33,936)
Cash used in investing activities		(614)	(7,603)	(4,766)	(34,171)
Effect of foreign exchange on cash		(114)	(200)	149	(867)
(Decrease) increase in cash during the period		(1,376)	(4,542)	582	(6,101)
Cash, beginning of the period		7,678	17,695	5,720	19,254
Cash, end of the period		\$ 6,302	\$ 13,153	\$ 6,302	\$ 13,153

*Restated due to the Company's change in presentation currency from to USD (Note 3)

Supplemental disclosure of non-cash activities 19

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

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended March 31, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

1 Nature of operations and going concern

Nature of operations

Northern Vertex Mining Corp. (the "Company") is incorporated under the laws of the province of British Columbia, Canada and its principal business activity is the exploration, development and production of precious metals. The address of the Company's registered office is Suite 1650 – 1075 West Georgia Street, Vancouver, British Columbia, Canada.

The Company's primary project is the Moss Gold-Silver deposit (the "Moss Mine") located in Mohave County, Arizona. The Company transitioned into commercial production on September 1, 2018.

Going concern

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

The Company has experienced operating losses and negative operating cash flows since inception and has no assurances that sufficient financing will be available to continue in operation for the foreseeable future. Ongoing operations of the Moss Mine are dependent on the Company's ability to generate sufficient cash flow from production.

To continue operations at the Moss Mine, the Company may require additional financing. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future.

These condensed interim consolidated financial statements do not reflect any adjustments, which may be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

As at March 31, 2019 and June 30, 2018 the Company had the following working capital and deficit balances:

	March 31, 2019	June 30, 2018
Working capital (deficit)	\$ 6,174	\$ (8,379)
Deficit	\$ (28,803)	\$ (21,056)

NORTHERN VERTEX MINING CORP.

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(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

2 Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and Interpretations ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 29, 2019.

3 Significant accounting policies

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended June 30, 2018 except as noted below. These condensed interim consolidated statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2018.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. These consolidated financial statements include the accounts of two wholly-owned subsidiaries, Golden Vertex Corp. ("GVC") and Golden Vertex (Idaho) Corp. ("GVIC"), both incorporated in the United States. GVIC is an inactive subsidiary with less than \$10 in net assets. All inter-company balances, and gains and losses on intercompany transactions, have been eliminated for consolidation purposes.

During the period the Company adopted the following significant accounting policies:

Foreign currency translation

Functional currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's revenue and the mine operating costs are denominated and settled in United States dollar ("USD"). In addition, the Company has recently completed financing activities with significant funds denominated in USD. As a result of these changes in underlying transactions, events and circumstances, the functional currency of the Canadian parent entity was reassessed. The functional currency of the Company has effectively changed from the Canadian dollar ("CAD" or "C\$") to the USD on October 1, 2018. The change in functional currency was accounted for on a prospective basis, including derivative liabilities arising from warrants issued (Note 13), with no impact of this change on prior period comparative information.

Presentation currency

On October 1, 2018, the Company elected to change its presentation currency from CAD to USD. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the mining industry. The Company applied the change to USD presentation currency retrospectively and restated the comparative financial information as if the new presentation currency had always been the Company's presentation currency.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended March 31, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

3 Significant accounting policies (continued)

From October 1, 2018, the USD presentation currency is consistent with the functional currency of the Company. For periods prior to October 1, 2018, the statements of financial position for each period presented have been translated from the CAD functional currency to the new USD presentation currency at the rate of exchange prevailing at the respective financial position date with the exception of equity items which have been translated at accumulated historical rates from the Company's date of incorporation in 2007. The statements of loss and comprehensive income (loss) were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of transactions. Exchange differences arising on translation from the CAD functional currency to the USD presentation currency have been recognized in other comprehensive income (loss) and accumulated as a separate component of equity.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. 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 profit or loss for the period.

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgement which impacts when the Company recognizes revenue, operating costs and depreciation and depletion. In making this determination, management considers specific facts and circumstances. These factors include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning and consistent operating results being achieved at pre-determined levels of design capacity for a reasonable period of time. The Company determined commercial production was achieved for the Moss Mine on September 1, 2018.

Stripping costs

Capitalization of stripping costs requires the Company to make judgments and estimates in determining the amounts to be capitalized. In open pit mining it may be required to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalized and included in the carrying amount of the related mining property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs incurred to provide access to gold and silver which will be produced in future periods that would not have otherwise been accessible are capitalized and included in the carrying amount of the related mineral property. Stripping costs incurred and capitalized during the production phase are depleted using the unit-of-production method over the estimated contained proven and probable reserves and measured and indicated resources that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in production costs.

NORTHERN VERTEX MINING CORP.

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For the Three and Nine Months Ended March 31, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

3 Significant accounting policies (continued)

Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs related to the acquisition or construction of the qualifying assets.

Depreciation

Depreciation of plant and equipment commences when the asset is in the condition and location necessary for it to operate in the manner intended by management. Plant and equipment assets are depreciated using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of plant and equipment. A majority of mine and site infrastructure assets are depreciated using a unit-of-production method over the life of the mine. Depreciation is determined each period using gold ounces mined over the estimated contained proven and probable reserves and measured and indicated resources of the mine. Depreciation is recognized in the statement of loss and comprehensive loss upon commercial production having been achieved.

Other ancillary assets are depreciated using the straight-line method to allocate cost over their estimated useful lives, as follows:

	Estimated useful life
Ancillary machinery and equipment	2-5 years
Light vehicles	3-5 years
Office furniture, leaseholds and computer equipment	3-5 years

Asset useful life and residual values are reviewed on an annual basis and adjusted, if required, on a prospective basis.

Silver stream obligation

The Company has a silver stream obligation which has been accounted for in accordance with IFRS 9. Management has determined that based on the terms of the agreement there is a financial liability component and an embedded derivative component. The financial liability is measured at amortized cost. The Company values the liability at the present value of its expected future cash outflows at each reporting period. The embedded derivative is valued at fair value with changes in fair value at each reporting period being reflected in the consolidated statements of loss.

Financial instruments

The Company has adopted IFRS 9 Financial Instruments ("IFRS 9") as of July 1, 2018. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended March 31, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

3 Significant accounting policies (continued)

Classification and measurement of financial assets and financial liabilities

IFRS 9 eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale. IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) measured as amortized cost; (ii) measured at fair value through other comprehensive income ("FVOCI"); and (iii) measured at fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated and instead, the financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

IFRS 9 retains the existing requirements in IAS 39 for the classification of financial liabilities. Under IAS 39, all fair value changes on liabilities designated under the fair value option were recognized in earnings or loss. Under IFRS 9, those fair value changes are generally presented as follows: (i) the amount that is attributable to changes in the credit risk of the liabilities is presented in other comprehensive income ("OCI") and (ii) the remaining amount of change in the fair value is presented in earnings or loss. All other financial liabilities are measured at amortized cost unless the fair value option is applied.

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss ("ECL") model for calculating impairment of financial assets. An entity is required to recognize ECL when financial instruments are initially recognized and to update the amount of ECL recognized at each reporting date to reflect changes in the credit risk of the financial instruments. IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Transition to IFRS 9

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. On adoption of IFRS 9, there were no differences in the carrying amounts of the Company's financial assets and financial liabilities.

NORTHERN VERTEX MINING CORP.
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(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

3 Significant accounting policies (continued)

The original measurement categories under IAS 39 and the new measurement categories under IFRS 9 are summarized as follows:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Financial Liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost
Lease obligation	Other financial liabilities	Amortized cost
Gold call options	FVTPL	FVTPL

Future accounting policy changes issued but not yet in effect

Pronouncements that are not applicable or that do not have a significant impact to the Company have not been included in these condensed interim consolidated financial statements. The following standards are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company is currently evaluating the impact of these standards on its condensed interim consolidated financial statements.

On July 1, 2019, the Company will adopt IFRS 16 – Leases (“IFRS 16”), replacing IAS 17 – Leases. The new standard introduces significant changes to how lessees account for leases and aims to bring most leases into which a lessee has entered on-balance sheet. IFRS 16 may result in significant increases to both the asset and liability positions of lessees, as well as affect the reported depreciation expense, finance costs and classification of cash flows of these entities.

The Company has developed an inventory of contracts and has identified contracts that may contain a lease. At this time, it is not possible for the Company to make reasonable quantitative estimates of the effects of adoption of IFRS 16. The Company expects the time frame to develop the accounting policies, estimates and processes will continue into the fourth quarter of 2019.

4 Trade and other receivables

	March 31, 2019	June 30, 2018
Trade accounts receivable	\$ 6	\$ 11
Value-added taxes receivable	28	15
	\$ 34	\$ 26

5 Inventory

	March 31, 2019	June 30, 2018
Heap leach ore	\$ 18,520	\$ 6,534
Dore	1,032	702
Stockpiled ore	1,022	296
Consumables and supplies	355	175
	\$ 20,929	\$ 7,707

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For the Three and Nine Months Ended March 31, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)
(Unaudited)

6 Mineral properties, plant and equipment

Mineral properties, plant and equipment for the nine months ended March 31, 2019 and the year ended June 30, 2018 were as follows:

	Depletable mineral properties	Non-depletable mineral properties	Plant and equipment	Construction in progress	Total
Cost					
Balance at June 30, 2018	\$ 21,498	\$ 1,404	\$ 2,573	\$ 53,255	\$ 78,730
Additions	1,063	779	1,687	390	3,919
Transfer from construction in progress	5,780	107	47,758	(53,645)	-
Balance at March 31, 2019	\$ 28,341	\$ 2,290	\$ 52,018	\$ -	\$ 82,649
Accumulated Depreciation					
Balance at June 30, 2018	\$ -	\$ -	\$ 1,558	\$ -	\$ 1,558
Depreciation and depletion	2,333	-	5,373	-	7,706
Balance at March 31, 2019	\$ 2,333	\$ -	\$ 6,931	\$ -	\$ 9,264
Net book value at March 31, 2019	\$ 26,008	\$ 2,290	\$ 45,087	\$ -	\$ 73,385

	Depletable mineral properties	Non-depletable mineral properties	Plant and equipment	Construction in progress	Total
Cost					
Balance at June 30, 2017	\$ 20,937	\$ 921	\$ 1,362	\$ 12,875	\$ 36,095
Additions	561	483	1,211	40,380	42,635
Balance at June 30, 2018	\$ 21,498	\$ 1,404	\$ 2,573	\$ 53,255	\$ 78,730
Accumulated Depreciation					
Balance at June 30, 2017	\$ -	\$ -	\$ 1,099	\$ -	\$ 1,099
Depreciation	-	-	459	-	459
Balance at June 30, 2018	\$ -	\$ -	\$ 1,558	\$ -	\$ 1,558
Net book value at June 30, 2018	\$ 21,498	\$ 1,404	\$ 1,015	\$ 53,255	\$ 77,172

Depletable mineral properties consist of the Moss Mine Property. Non-depletable mineral properties consist of exploration on the Moss Mine Property and the Silver Creek Property.

During the nine months ended March 31, 2019, \$3,368 (2018 - \$9) of depreciation and depletion was recognized in the statement of loss and comprehensive loss and \$50 (2018 - \$243) was capitalized within construction in progress prior to the Company declaring commercial production on September 1, 2018.

During the nine months ended March 31, 2019, the Company capitalized borrowing costs of \$773 (June 30, 2018 - \$3,925) related to the Moss Mine project into construction in progress prior to the Company declaring commercial production on September 1, 2018 at a capitalization rate of 8.56% (June 30, 2018 - 13.83%).

Moss Mine Property – Mohave County, Arizona

The Company owns 100% of the Moss Mine and has royalty agreements with various parties whereby the Company pays net smelter returns ("NSR") royalties ranging from 1% to 3.5% on certain patented and unpatented claims related to the Moss Mine.

In addition, a fee of up to \$15 per troy ounce of gold produced and up to \$0.35 per troy ounce of silver produced is payable to a non-related party. The fee can be purchased by the Company for \$2,400 in cash and/or shares of the Company within 90 days of the commencement of commercial production as defined by the agreement. During the period, the Company purchased a twelve month extension to repurchase this royalty for \$100 until November 29, 2019.

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6 Mineral properties, plant and equipment (continued)

Silver Creek Property – Mohave County, Arizona

On May 7, 2014, the Company secured an option on the Silver Creek property, located adjacent to the Moss Mine with La Cuesta International, Inc. ("LCI"). To fulfill the terms of the 35 year mineral lease and option agreement, the Company paid LCI \$5 and issued 100,000 common shares of the Company upon execution of the agreement.

On June 28, 2017, the Company entered into an amendment to the mineral lease and option agreement to defer the minimum work commitment of \$200 from May 7, 2017 to May 7, 2019. Upon the execution of the amendment, the Company must meet the following commitments:

- i. Pay LCI \$10 cash (paid) and fund a minimum of \$15 (completed) on work commitments by May 7, 2015;
- ii. Pay LCI \$20 cash (paid) and fund a minimum of \$20 (completed) on work commitments by May 7, 2016;
- iii. Pay LCI \$30 cash (paid) by May 7, 2017 and \$20 cash (paid) by July 28, 2017;
- iv. Pay LCI \$45 cash by May 7, 2018 (paid);
- v. Pay LCI \$50 cash by May 7, 2019 and fund a minimum of \$200 on work commitments by May 7, 2019; and
- vi. Pay LCI \$25 cash every six months, thereafter.

The agreement provides for a production royalty of 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling \$4,000 in any combination of aggregate royalty payments and lump-sum payments at its sole discretion. All payments other than the work commitments are credited against the royalty. Once \$4,000 has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%.

7 Trade and other payables

	March 31, 2019	June 30, 2018
Trade accounts payable	\$ 4,530	\$ 4,435
Accrued liabilities	2,803	2,792
	\$ 7,333	\$ 7,227

8 Debt

	Note	March 31, 2019	June 30, 2018
Senior secured credit facility, net of issue costs	(i)	\$ -	\$ 18,082
Convertible debentures – 2016	(ii)	3,944	3,847
Convertible debentures – 2018	(iii)	5,872	5,763
Debt facility – 2019	(iv)	2,948	-
Equipment loans, net of costs	(v)	194	262
		\$ 12,958	\$ 27,954
Current portion of debt		(8,918)	(13,427)
		\$ 4,040	\$ 14,527

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8 Debt (continued)

(i) Senior secured credit facility:

Pursuant to the terms of the \$20 million senior secured credit facility ("the Facility"), interest was due monthly at an annual interest rate of 8% plus the greater of twelve month USD LIBOR or 1.25%. The Facility was secured with a first charge over assets and shares of all subsidiaries. Fees of 3% of the principal amount outstanding were due on November 4 of each year and were payable in cash or shares at the option of the lender. In connection with the Facility the Company issued call options (the "Gold Call Options") to purchase 6,000 ounces of gold (Note 11).

An amendment was made to the Facility agreement whereby the Company extended the maturity date of the Facility from November 2019 to December 2020. As part of the amendment monthly principal payments of \$1,111 were waived from July 2018 to October 2018.

During the nine months ended March 31, 2019, pursuant to the terms of the Facility agreement, the Company issued an aggregate of 4,116,759 common shares with a fair value of \$933 in satisfaction of the anniversary fee and an amendment to extend the maturity date of the Facility.

As at March 31, 2019, the Company has fully repaid the Facility and the security has been released.

(ii) Convertible debentures – 2016:

The unsecured convertible debentures issued in fiscal 2017 mature on May 31, 2021 and bear interest at 5% per year with interest payable semi-annually on November 30 and May 31. The convertible debentures are convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of C\$0.50 per common share. The debentures may be redeemed in cash on or after July 14, 2018 upon redemption notice at a redemption price equal to their face value plus accrued interest provided the trading price of the common shares for 20 consecutive trading days, ending five trading days prior to the date of the redemption notice, must be less than the conversion price. The Company also has the option, to repay the face value of the debentures in common shares, provided certain circumstances are met including: no default has occurred and the trading price of the common shares for 20 consecutive trading days ending five trading days prior to the date of the redemption notice or maturity date is at least 150% of the conversion price. Interest may be payable in cash or common shares at the option of the Company.

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ 3,847	\$ 3,882
Converted debentures	(141)	(352)
Interest accretion	294	239
Foreign exchange movement	(56)	78
Balance, end of period	\$ 3,944	\$ 3,847

During the nine months ended March 31, 2019, C\$250 of convertible debentures were converted to 500,000 common shares with a fair value of \$134.

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8 Debt (continued)

(iii) Convertible debentures – 2018

On January 17, 2018 and March 7, 2018, the Company completed two tranches of an unsecured subordinated non-revolving loan facility in the amount of \$3,000 each for a total of \$6,000.

The convertible debentures mature on January 31, 2020 at which time the principal amount is to be repaid in full, subject to the holder having not elected to convert the principal amount outstanding. The convertible debentures bear interest at 12% per annum, payable quarterly in arrears in cash and are convertible at the holder's option at any time prior to the maturity date. The conversion price is the lower of: (i) C\$0.70; and (ii) if the Company has announced a potential merger, amalgamation, arrangement, acquisition or other type of business transaction that results in a change of control, or a merger and acquisition transaction, including the issuance by the Company of more than 20% of its stock, the 20 day volume weighted average price prior to such announcement, subject to the conversion price not being less than C\$0.51 for tranche one and C\$0.52 for tranche two. The conversion price of debentures issued under any subsequent advance will be as above, but will be subject to the minimum market price determined on the date preceding the date of issuance of any such subsequent debentures. Cash fees of 3% of the amount of each advance were paid upon completing the tranches and 3% of the aggregate amount outstanding is due on the anniversary date.

	Nine Months Ended March 31, 2018	Year Ended June 30, 2018
Balance, beginning of period	\$ 5,763	\$ -
Issued	-	6,000
Financing costs	-	(288)
Interest accretion	109	51
Balance, end of period	\$ 5,872	\$ 5,763

(iv) Debt facility – 2019

On November 5, 2018 the Company entered into a definitive agreement in respect of an unsecured non-revolving loan facility for up to \$10,000, bearing interest at 12% per annum, payable quarterly in arrears in cash, and available to be drawn in up to five tranches. The first two tranches totalling \$5,000 were drawn and are repayable by October 3, 2019 with the first tranche of \$2,500 convertible into common shares of the Company at C\$0.30 per common share and the second tranche of \$2,500 not convertible into common shares. Cash fees of 3% were paid on the second tranche. The non-revolving loan facility is payable on demand and \$2,000 of the non-convertible debt (tranche two) was repaid upon closing of the silver stream agreement (Note 10).

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ -	\$ -
Issued	5,000	-
Financing costs	(85)	-
Principal payments	(2,000)	-
Interest accretion	33	-
Balance, end of period	\$ 2,948	\$ -

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8 Debt (continued)

(v) Equipment loans

At March 31, 2019, the Company had equipment loans outstanding totalling \$194 (June 30, 2018 - \$262) at interest rates ranging from 4.34% to 11.99% with monthly payments of \$8.

9 Lease obligation

During the year ended June 30, 2018, the Company executed a definitive Master Lease Agreement (the "MLA") for up to \$9,000 of equipment purchases. The significant terms and conditions of the MLA include: a maximum of \$9,000 available to fund equipment purchases with 10% to 30% due as advance payments at lease commencement, fixed quarterly payments over a four year lease period, interest rate of 3-month USD LIBOR plus additional interest rates ranging from 5.00% to 6.25% per annum and the right to buy the equipment at the end of the lease period for nominal consideration. The MLA is secured with the acquired assets in favour of the lender and a guarantee from the Company.

The Company paid fees of \$225 in connection with the MLA and commitment fees of 0.5% of the unused portion of the MLA are due quarterly. As of March 31, 2019, \$2,405 of the MLA remains unused.

Minimum lease payments and present value of finance lease are as follows:

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ 6,595	\$ -
Minimum lease payments	-	9,910
Principal payments	(1,253)	(2,123)
Finance charges	(32)	(1,192)
	5,310	6,595
Current portion of finance lease	(1,773)	(1,686)
Balance, end of period	\$ 3,537	\$ 4,909

	Within 1 Year	2-5 Years	Total
Future minimum lease payments	2,111	3,844	5,955
Finance charges	(371)	(274)	(645)
Present value of finance lease	\$ 1,740	\$ 3,570	\$ 5,310

10 Silver stream obligation

During the period, the Company entered into a \$20,000 silver streaming transaction with an effective date of October 1, 2018. Under the terms of the agreement the Company will deliver 100% of payable silver production from the Moss Mine over the life of the mine on a monthly basis. Production is subject to a ratio of silver to actual gold produced which, in the event the ratio is not met, the Company would be required to purchase silver ounces required to achieve the ratio. The silver stream obligation is secured with a first charge over assets.

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10 Silver stream obligation (continued)

In addition to the silver advance of \$20,000, the Company will receive 20% of the average spot silver price at the time each ounce of silver is delivered. The Company recognizes silver revenue for silver ounces delivered under the arrangement at the spot price at the time of delivery. The silver advance is reduced by silver ounces delivered at the forward spot price at the inception of the agreement, offset by the financial liabilities accretion over the life of the mine.

The silver stream obligation has been accounted for as a financial liability with an embedded derivative which relates to changes in silver price and expected production. The financial liability is measured at amortized cost. The embedded derivative is recorded at fair value each reporting period with changes reflected in the condensed interim consolidated statement of loss and comprehensive loss. At March 31, 2019, the fair value of the embedded derivative was \$1,044 (Note 13).

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ -	\$ -
Silver advance	20,000	-
Financing costs	(236)	-
Silver deliveries	(373)	-
Settlement gain	(276)	-
Interest accretion	1,226	-
	20,341	-
Current portion of silver stream obligation	(3,315)	-
Balance, end of period	\$ 17,026	\$ -

11 Gold call options

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ 505	\$ 419
Gold Call Options revaluation	245	86
Balance, end of period	\$ 750	\$ 505

In connection with the senior secured credit facility (Note 8), the Company issued Gold Call Options to the lender to purchase 6,000 ounces of gold at an exercise price of \$1,350 per ounce. Pursuant to a third amendment to the Facility agreement, the exercise price was reduced from \$1,275 to \$1,200 per ounce as at December 31, 2018. The Gold Call Options expire on November 4, 2021 and may be settled by a cash payment. These unsecured gold call options remain outstanding even though the senior secured credit facility (Note 8) was fully repaid in the period.

The fair value of the Gold Call Options was calculated when issued and are revalued each subsequent reporting period using the Black-Scholes option pricing model with the fair value gain or loss recorded in the consolidated statements of loss. The following assumptions were used when valuing the options:

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11 Gold call options (continued)

	March 31, 2019	June 30, 2018	At Issue
Exercise price (\$ per ounce)	\$1,200	\$1,275	\$1,350
Gold price (\$ per ounce)	\$1,295	\$1,250	\$1,303
Volatility	8.9%	11.0%	14.5%
Interest rate	1.55%	1.91%	0.52%
Expected life of options (years)	1.10	1.85	2.5

12 Provision for reclamation

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ 1,766	\$ 1,602
Change in estimate	248	127
Accretion	32	37
Balance, end of period	\$ 2,046	\$ 1,766

The Company's provision for reclamation relates to the environmental restoration and closure costs associated with the Moss Mine. The provision has been recorded at its net present value using a discount rate of 2.69% and a long-term inflation rate of 2%, with expenditures anticipated over a ten year period beginning in 2028. The provision is remeasured at each reporting date, with accretion being charged to the associated property asset.

The total undiscounted amount of the Company's estimated obligation, based on land disturbances at the Moss Mine as of March 31, 2019, was \$2,642. All assumptions used in the calculation of the reclamation and remediation provision are subject to change.

13 Derivative liabilities

	Note	March 31, 2019	June 30, 2018
Derivative liability – warrants	(i)	\$ 2,044	\$ -
Derivative liability – silver stream obligation	(ii)	1,044	-
		\$ 3,088	\$ -

(i) Derivative liability - warrants:

The Company's functional currency is in USD. As the exercise price of the Company's share purchase warrants is fixed in CAD, a variable amount of cash in the Company's functional currency will be received on warrant exercise. Upon the change in functional currency from CAD to USD on October 1, 2018 the Company's warrants issued are accounted for as derivative liabilities with changes to fair value recorded through net income or loss at each reporting period. Outstanding warrants at September 30, 2018 were not reclassified as a financial liability as the change is accounted for on a prospective basis. The fair value of warrants issued is estimated using the Black-Scholes option-pricing model.

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13 Derivative liabilities (continued)

The following assumptions were used for the Black-Scholes valuation of warrants issued:

	March 31, 2019	June 30, 2018
Risk-free interest rate	1.55%	1.31%-1.63%
Expected life of warrants	1.7 – 1.9 years	3.5 years
Dividend rate	Nil	Nil
Expected share price volatility	71 - 74%	115%-116%
Fair value per warrant issued and/or amended (C\$)	\$0.05	\$0.35-\$0.37

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ -	\$ -
Issuance of warrants in private placements (Note 14)	2,971	-
Change in fair value	(980)	-
Foreign exchange movement	53	-
Balance, end of period	\$ 2,044	\$ -

(ii) Derivative liability – silver stream obligation embedded derivative:

The silver stream obligation embedded derivative is valued using the Monte Carlo simulation valuation models. The key inputs used by the Monte Carlo simulation is the silver forward curve price, long-term silver price volatility, the risk-free interest rate, and the Company's credit spread.

The valuation of the silver stream obligation embedded derivative also required estimation of the Company's anticipated production schedule of gold and silver ounces delivered over the life of mine.

	Nine Months Ended March 31, 2019	Year Ended June 30, 2018
Balance, beginning of period	\$ -	\$ -
Change in fair value	1,044	-
Balance, end of period	\$ 1,044	\$ -

14 Share capital, option reserve and warrant reserve

a) Share capital

Authorized share capital consists of an unlimited number of common shares without par value.

Private placements completed during the nine months ended March 31, 2019 and the year ended June 30, 2018 were as follows:

In February 2019, the Company closed a non-brokered private placement, issuing an aggregate of 14,624,074 units (each a "Unit") at a purchase price of C\$0.24 per Unit for gross proceeds of \$2,667. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of C\$0.40 per share for a period of two years from the date of issuance of the warrant. Cash finder's fees of \$121 were paid to arm's length parties.

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14 Share capital, option reserve and warrant reserve (continued)

In December 2018, the Company closed a non-brokered private placement, raising gross proceeds of \$8,000 and issued an aggregate of 44,596,666 units at a purchase price of C\$0.24 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant has a term of two years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.40 until December 12, 2020.

In April 2018, the Company closed a non-brokered private placement, raising gross proceeds of \$1,862. Pursuant to the private placement, the Company issued an aggregate of 4,623,076 units at a purchase price of C\$0.52 per unit. Each unit consists of one common share of the Company and one-half non-transferable common share purchase warrant. Each warrant has a term of two years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.68 until April 27, 2020. The fair value at the date of issuance was \$316. Cash finders' fees of 6% on a portion of the gross proceeds raised, totaling \$79, were paid to certain finders at arm's length to the Company.

In July 2017 the Company completed the final tranche of a \$20,000 non-brokered private placement, issuing 23,849,230 units at a price of C\$0.52 per unit for gross proceeds of \$9,418. Each unit consists of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant has a term of five years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.91 for a period of two years from the date of issuance of the warrant and at a price of C\$1.04 for the remainder of the term of the warrant.

In July 2017 the Company also closed a non-brokered private placement raising gross proceeds of \$2,421, of which \$1,901 was received during the year ended June 30, 2017. Pursuant to the private placement, the Company issued an aggregate of 5,830,500 units at a purchase price of C\$0.52 per unit. Each unit consists of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant has a term of five years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.91 for a period of two years from the date of issuance of the warrant and at a price of C\$1.04 for the remainder of the term of the warrant. The fair value of the warrants at the date of issuance was \$829. Cash finders' fees of 6% on a portion of the gross proceeds raised under the private placement, totaling \$118 were paid to certain finders at arm's length to the Company.

b) Stock options

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to employees, consultants, directors and officers, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years with vesting terms determined by the Board of Directors. No individual may be granted options exceeding 5% of the Company's common shares outstanding in any 12-month period.

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14 Share capital, option reserve and warrant reserve (continued)

Continuity of the Company's stock options issued and outstanding was as follows:

	2019		2018	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Outstanding, beginning of period	5,505,000	\$ 0.47	8,505,000	\$ 0.71
Granted	10,000,000	0.24	1,300,000	0.61
Exercised	-	-	(775,000)	0.38
Forfeited	(100,000)	0.52	(625,000)	0.36
Expired	(685,000)	0.65	(2,900,000)	1.28
Outstanding, end of period	14,720,000	\$ 0.30	5,505,000	\$ 0.47

As at March 31, 2019, the following stock options were outstanding and exercisable:

Exercise price (C\$)	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
0.25	1,600,000	February 24, 2020	1,600,000	0.90
0.46	1,420,000	July 15, 2021	1,420,000	2.29
0.46	250,000	September 14, 2021	250,000	2.46
0.46	250,000	October 26, 2021	250,000	2.58
0.68	750,000	September 29, 2022	750,000	3.50
0.52	450,000	May 20, 2023	150,000	4.14
0.24	10,000,000	February 27, 2024	2,018,750	4.92
	14,720,000		6,438,750	4.05

The weighted-average remaining contractual life of options outstanding at June 30, 2018 was 2.66 years.

c) Share-based payment

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. Share-based payment expense recognized in the condensed interim consolidated statements of loss and comprehensive loss for the nine months ended March 31, 2019 totalled \$516 (2018: \$283).

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2019	June 30, 2018
Risk-free interest rate	1.80%	1.75% - 2.22%
Expected life of options	5.0 years	5.0 years
Dividend rate	Nil	Nil
Expected forfeiture rate	0%	0%
Expected volatility	106%	108% - 109%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

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14 Share capital, option reserve and warrant reserve (continued)

d) Warrants

Share purchase warrants enable the holders to acquire common shares of the Company upon exercise. Continuity of warrants issued and outstanding for the nine months ended March 31, 2019 and the year ended June 30, 2018 were as follows:

	March 31, 2019		June 30, 2018	
	Number of warrants	Weighted average exercise price (C\$)	Number of warrants	Weighted average exercise price (C\$)
Outstanding, beginning of period	46,682,807	\$ 0.82	38,246,845	\$ 0.72
Issued	59,220,740	0.40	17,151,403	0.88
Exercised	-	-	(943,000)	0.45
Expired	(9,198,000)	0.65	(7,772,441)	0.48
Outstanding, end of period	96,705,547	\$ 0.58	46,682,807	\$ 0.82

As at March 31, 2019, the Company had outstanding share purchase warrants as follows:

Number of warrants	Exercise price (C\$)	Expiry date
500,000	0.50	April 4, 2019
516,600	0.50	July 14, 2019
2,311,538	0.68	April 27, 2020
44,596,666	0.40	December 12, 2020
11,112,500	0.40	February 20, 2021
3,511,574	0.40	February 27, 2021
5,356,804	1.00	March 24, 2021
13,960,000	0.91	June 9, 2022
2,676,250	0.91	July 13, 2022
11,924,615	0.91	July 19, 2022
239,000	0.91	September 14, 2022
96,705,547	\$ 0.59	

The weighted average remaining life of the outstanding warrants as at March 31, 2019 was 2.18 years (June 30, 2018: 3.03 years).

15 Revenue

Prior to the commencement of commercial production on September 1, 2018, gold and silver revenue was recorded as a reduction of costs capitalized within construction in progress. Revenue shown below represents revenue for the seven months ended March 31, 2019, with September 2018 being the first month of commercial production.

Revenue by metal during the seven months ended March 31, 2019 of commercial production is shown below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Gold sales	\$ 8,351	\$ -	\$ 15,161	\$ -
Silver sales	258	-	498	-
	8,609	-	15,659	-
Treatment and refining charges	(32)	-	(106)	-
	\$ 8,577	\$ -	\$ 15,553	\$ -

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16 Production costs

Prior to the commencement of commercial production on September 1, 2018, production costs were capitalized within construction in progress. Production costs for the nine months ended March 31, 2019 shown below represent production costs for the seven months ended March 31, 2019, with September 2018 being the first month of commercial production.

	Three Months Ended		Nine Months Ended	
	2019	March 31, 2018	2019	March 31, 2018
Contractors and outside services	\$ 3,690	\$ -	\$ 9,186	\$ -
Employee compensation and benefits expense	1,932	-	4,455	-
Materials and consumables	1,666	-	4,035	-
Other expenses	724	-	1,536	-
Stock based compensation	85	-	127	-
Changes in inventories	(2,445)	-	(7,900)	-
	\$ 5,652	\$ -	\$ 11,439	\$ -

17 Corporate administrative expenses

	Three Months Ended		Nine Months Ended	
	2019	March 31, 2018	2019	March 31, 2018
Direct general and administrative	\$ 368	\$ 327	\$ 1,368	\$ 1,129
Employee general and administrative	213	122	487	331
Share-based compensation	317	107	389	288
Depreciation and depletion	4	3	8	9
	\$ 902	\$ 559	\$ 2,252	\$ 1,757

18 Finance costs

	Three Months Ended		Nine Months Ended	
	2019	March 31, 2018	2019	March 31, 2018
Interest on debt	\$ (1,767)	\$ (21)	\$ (5,398)	\$ (250)
Fair value gain (loss) on warrant derivatives	1,531	-	980	-
Fair value gain (loss) on Gold Call Options	389	(314)	(245)	(476)
Settlement gain on silver stream obligation	251	-	276	-
Fair value loss on silver stream obligation embedded derivative	(1,044)	-	(1,044)	-
Interest income	31	57	61	211
	\$ (609)	\$ (278)	\$ (5,370)	\$ (515)

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19 Supplemental disclosure of non-cash activities

The following non-cash investing and financing activities occurred:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Shares issued as convertible debenture interest payment	\$ -	\$ -	\$ 122	\$ 155
Shares issued as financing fees for debt	\$ -	\$ -	\$ 933	\$ 477
Changes in trade and other payables included in mining interests	\$ 162	\$ 3	\$ 88	\$ 11
Changes in trade and other payables included in property, plant and equipment	\$ (55)	\$ 264	\$ (1,211)	\$ 6,049
Depreciation and accretion included in mining interests	\$ -	\$ 127	\$ 56	\$ 229

20 Related party transactions

Related party transactions were incurred in the normal course of business and measured at their fair value as determined by management. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

Related party balances are as follows:

	March 31, 2019	June 30, 2018
Shared office expenses receivable	\$ 4	\$ 4
Consulting fees payable	\$ 8	\$ -

Related party transactions are as follows:

	Note	Three Months Ended March 31,		Nine Months Ended March 31,	
		2019	2018	2019	2018
Consulting fees	(i)	\$ 23	\$ 53	\$ 246	\$ 180
Shared office recovery	(ii)	\$ (9)	\$ (10)	\$ (36)	\$ (19)

(i) Consulting fees charged by companies controlled by certain directors of the Company are included in employee compensation and benefits expense, mineral properties, plant and equipment, and financing costs netted against debt.

(ii) Shared office expenses recovered from and charged to a company with directors in common are included in marketing and travel, and other general expenses.

Commitments with related parties

The Company has a corporate services agreement with a related company for clerical, accounting, regulatory filing and geological services. The minimum monthly fee under the agreement is \$7 (C\$10) and renews annually.

Debt with a significant shareholder

As at March 31, 2019, the Company has two outstanding non-revolving loan facilities (Note 8) with a significant shareholder.

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20 Related party transactions (continued)

Balances due to the significant shareholder are as follows:

	March 31,		June 30,
	2019		2018
Convertible debentures – 2018	\$ 5,872	\$	5,763
Debt facility - 2019	\$ 2,948	\$	-

Transactions with the significant shareholder are as follows:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Interest expense	\$ 271	\$ 97	\$ 710	\$ 97

21 Key management personnel compensation

The remuneration of the Company's directors and other key management personnel for the three and nine months ended March 31, 2019 and 2018 is as follows:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Salaries and short-term benefits	\$ 189	\$ 275	\$ 565	\$ 698
Share-based payments	\$ 297	\$ 75	\$ 355	\$ 204

22 Commitments

The Company has entered into contracts for leased premises, which expire at various dates through to December 2022. Total future minimum lease payments (net of sub-lease arrangement) under these contracts are as follows:

Within 1 year	\$	252
2 to 3 years	\$	98
4 to 5 years	\$	21

23 Fair value measurements and financial risk management

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

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23 Fair value measurements and financial risk management (continued)

Level 3 – Inputs that are not based on observable market data. The Company has no financial instruments classified in Level 3.

The following tables present the carrying amounts and fair values of the Company's financial assets and liabilities, including their levels within the fair value hierarchy. Fair value information for financial assets and financial liabilities not measured at fair value is not presented if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2019	Carrying value			Fair value		
	Fair value through profit or loss	Amortized cost	Fair value through OCI	Level 1	Level 2	Level 3
Financial assets						
Cash	-	6,302	-	6,302	-	-
Trade and other receivables	-	34	-	34	-	-
Restricted cash	-	1,160	-	1,160	-	-
	\$ -	\$ 7,496	\$ -	\$ 7,496	\$ -	\$ -
Financial liabilities						
Trade and other payables	-	(7,334)	-	(7,334)	-	-
Current and long term debt	-	(12,958)	-	(12,958)	-	-
Lease obligation	-	(5,310)	-	(5,310)	-	-
Silver stream obligation	-	(20,341)	-	(20,341)	-	-
Derivative liabilities	(3,088)	-	-	-	(3,088)	-
Gold call options	(750)	-	-	-	(750)	-
	\$ (3,838)	\$ (45,943)	\$ -	\$ (45,943)	\$ (3,838)	\$ -

As at June 30, 2018	Carrying value			Fair value		
	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets						
Cash	-	5,720	-	5,720	-	-
Trade and other receivables	-	26	-	26	-	-
Restricted cash	-	1,766	-	1,766	-	-
	\$ -	\$ 7,512	\$ -	\$ 7,512	\$ -	\$ -
Financial liabilities						
Trade and other payables	-	-	(7,227)	(7,227)	-	-
Current and long term debt	-	-	(27,954)	(27,954)	-	-
Lease obligation	-	-	(6,595)	(6,595)	-	-
Gold call options	(505)	-	-	-	(505)	-
	\$ (505)	\$ -	\$ (41,776)	\$ (41,776)	\$ (505)	\$ -

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies.

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23 Fair value measurements and financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and reclamation deposits. The Company considers the risk of loss relating to cash and reclamation deposits to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at March 31, 2019 related primarily to value-added taxes which is expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company manages its liquidity risk through the preparation of budgets and forecasts, which are regularly monitored and updated as management considers necessary and through the Company's capital management activities.

(c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. Some of the Company's operating and corporate administration expenditures are incurred in Canadian dollars and the fluctuation of the US dollar in relation to Canadian dollar will have an impact on the Company's profitability and the Company's financial assets and liabilities. The Company has assessed the impact to be low. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

(ii) Commodity price risk

Commodity price risk is the risk that the current and future cash flows from the Company's financial instruments will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and US dollar, as outlined above. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows. Fluctuations in gold prices affect the fair market value of the Gold Call Options as the fair value is based on the market price of gold at the end of each period. Fluctuations in silver prices affect the payment price per ounce for the silver stream obligation. A 10% fluctuation in the price of gold would result in an impact of approximately \$792 on the consolidated statements of loss. A 10% fluctuation in the price of silver would result in an impact of approximately \$50 on the condensed interim consolidated statements of loss and comprehensive loss.

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23 Fair value measurements and financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash, which are held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by \$64. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

24 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern (Note 1) while maximizing the return to stakeholders through the optimization of the debt and equity. The Company manages capital through its operating and financial budgeting and forecasting processes on a regular basis. The Company reviews its working capital and future cash flow forecasts which are reviewed and approved by the Board of Directors. The Company continually makes strategic and financial adjustments according to market conditions to meet its objectives.

The capital structure of the Company consists of debt, convertible debt, share capital, share options, warrants, accumulated other comprehensive loss and deficit.

The Company is in compliance for externally imposed debt covenants relating to its debt facilities and lease obligations as at March 31, 2019.

25 Segmented information

The Company has one reportable operating segment, being the acquisition, exploration and future development of mineral properties. Reporting by geographical area follows the same accounting policies as those used to prepare the consolidated financial statements. Non-current assets (other than financial instruments) by geographic location are as follows:

	March 31, 2019		
	Canada	USA	Total
Mineral properties	\$ -	\$ 28,298	\$ 28,298
Plant and equipment	16	45,071	45,087
Restricted cash	-	1,160	1,160
	\$ 16	\$ 74,529	\$ 74,545

	June 30, 2018		
	Canada	USA	Total
Mineral properties	\$ -	\$ 22,902	\$ 22,902
Plant and equipment	16	54,254	54,270
Restricted cash	-	1,766	1,766
	\$ 16	\$ 78,922	\$ 78,938

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26 Subsequent events

Subsequent to March 31, 2019:

- 1,066,667 stock options of the Company with exercise prices between C\$0.24 and C\$0.68 were forfeited.
- the Company granted 1,200,000 stock options to employees at an exercise price of C\$0.24 with a five year expiry period.
- 500,000 warrants of the Company with an exercise price of C\$0.50 expired.