



Harfang Exploration Inc.

Unaudited Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended April 30, 2019

*The attached financial statements have been prepared by Management of
Harfang Exploration Inc. and have not been reviewed by the auditor*

Harfang Exploration Inc.

Statements of Financial Position

(Unaudited, in Canadian Dollars)

	Note	As at April 30, 2019 \$	As at January 31, 2019 \$
Assets			
Current assets			
Cash	5	3,323,174	2,287,057
Sales tax receivable		59,421	32,773
Tax credits receivable		43,837	43,837
Prepaid expenses and others		17,320	3,939
Current assets		3,443,752	2,367,606
Non-current assets			
Exploration and evaluation assets	6	750,349	744,344
Equipment		1,021	1,167
Non-current assets		751,370	745,511
Total assets		4,195,122	3,113,117
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		62,618	155,577
Advance received for exploration work		32	1,220
Liability related to the premium on flow-through shares		285,442	36,393
Total Liabilities		348,092	193,190
Equity			
Share capital	7	6,409,276	5,300,917
Warrants	8	370,593	370,593
Contributed surplus		216,467	212,592
Deficit		(3,149,306)	(2,964,175)
Total equity		3,847,030	2,919,927
Total liabilities and equity		4,195,122	3,113,117

Subsequent events

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

Harfang Exploration Inc.

Statements of Loss and Comprehensive Loss (Unaudited, in Canadian Dollars)

		Three months ended April 30	
	Note	2019	2018
		\$	\$
Revenues			
Project management fees		56	16
Operating Expenses			
Exploration and evaluation expenditures, net of tax credits	10	143,916	53,749
Salaries and benefits		36,587	45,745
Stock-based compensation		3,875	12,375
Consulting and professional fees		32,661	39,085
Office and administrative		11,743	15,034
Travel, conference and investor relations		7,593	16,467
Filing fees		9,902	13,412
Depreciation of equipment		146	146
Operating expenses		(246,423)	(196,013)
Other income			
Interest income		15,943	10,910
Loss before income taxes		(230,424)	(185,087)
Deferred income taxes recovery		45,293	20,100
Net loss and comprehensive loss		(185,131)	(164,987)
Net loss per common share - basic and diluted		(0.01)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		34,235,988	28,048,135

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

Harfang Exploration Inc.

Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

	Note	Number of shares outstanding	Share Capital	Warrants	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$	\$
Balance at February 1, 2018		28,048,135	4,451,487	295,499	131,610	(1,796,410)	3,082,186
Net loss and comprehensive loss		-	-	-	-	(164,987)	(164,987)
Stock-based compensation		-	-	-	12,375	-	12,375
Balance at April 30, 2018		28,048,135	4,451,487	295,499	143,985	(1,961,397)	2,929,574
Balance at February 1, 2019		31,819,385	5,300,917	370,593	212,592	(2,964,175)	2,919,927
Net loss and comprehensive loss		-	-	-	-	(185,131)	(185,131)
Issuance of shares under a private placement	7	2,017,476	423,670	-	-	-	423,670
Issuance of shares under flow-through private placements	7	3,228,320	1,029,210	-	-	-	1,029,210
• Less: premium	7	-	(302,838)	-	-	-	(302,838)
Share issuance costs	7	-	(41,683)	-	-	-	(41,683)
Stock-based compensation		-	-	-	3,875	-	3,875
Balance at April 30, 2019		37,065,181	6,409,276	370,593	216,467	(3,149,306)	3,847,030

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

Harfang Exploration Inc.

Statements of Cash Flows (Unaudited, in Canadian Dollars)

		Three months ended April 30,	
	Note	2019	2018
		\$	\$
Operating activities			
Net loss for the period		(185,131)	(164,987)
Adjustments for:			
Stock-based compensation		3,875	12,375
Depreciation of property and equipment		146	146
Flow through premium		(45,293)	(20,100)
Changes in non-cash working capital items			
Accounts receivable		-	3,162
Sales tax receivable		(26,648)	126
Tax credits receivable		-	7,606
Prepaid expenses and others		(13,381)	7,994
Accounts payable and accrued liabilities		(92,618)	19,002
Advance received for exploration work		(1,188)	-
Cash flows used in operating activities		(360,238)	(134,676)
Investing activities			
Investment in exploration and evaluation assets		(6,346)	(12,521)
Cash flows used in investing activities		(6,346)	(12,521)
Financing activities			
Private placement	7	423,670	-
Flow-through private placements	7	1,029,210	-
Share issuance costs	7	(50,179)	-
Cash flows from financing activities		1,402,701	-
Net change in cash		1,036,117	(147,197)
Cash – beginning		2,287,057	2,489,632
Cash – ending		3,323,174	2,342,435
Additional information			
Interest received		15,943	10,910
Exploration and evaluation assets included in accounts payable and accrued liabilities		-	5,117

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

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2019

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Harfang Exploration Inc. (the "Corporation") was incorporated on March 30, 2010 under the *Business Corporations Act* (British Columbia) and on June 22, 2017, in conjunction with a reverse takeover, continued under the *Business Corporations Act* (Québec). The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under symbol HAR. The Corporation's head office is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Corporation, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Canada. Its focus is currently on the exploration and evaluation of its mineral properties in the James Bay area in the Province of Québec for precious metals.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration and evaluation expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the exploration and evaluation assets. Although the Corporation has taken steps to verify title to its mining properties on which it is currently conducting exploration and evaluation work, in accordance with industry standards for the current stage of exploration and evaluation of such property, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These unaudited condensed interim financial statements (the "Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For the three months ended April 30, 2019, the Corporation reported a net loss of \$185,131 and has accumulated a deficit of \$3,149,306 up to that date. As at April 30, 2019, the Corporation had working capital of \$3,095,660 (\$2,174,416 as at January 31, 2019). From this working capital, the Corporation has to dedicate \$998,355 to Canadian mining properties exploration, pursuant to the terms of the flow-through financings completed on March 20, 2019 by the Corporation.

Management of the Company believes that it has sufficient funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. The Corporation's ability to continue future operations beyond twelve months and fund its exploration and evaluation expenditures is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. The completion of the non-brokered private placements on March 20, 2019 (note 7), contributed to such financing. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the last 12 months, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation.

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2019

(Unaudited, in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These Financial Statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. Accordingly, the Financial Statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The Financial Statements were approved by the Corporation's Board of Directors on June 19, 2019.

2.2 Basis of Presentation

The Financial Statements should be read in conjunction with the annual financial statements for the year ended January 31, 2019 of the Corporation, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the Corporation' previous financial year ended January 31, 2019 except for the adoption of a new accounting standard (Note 3).

3. NEW ACCOUNTING STANDARD ADOPTED

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17 *Leases* ("IAS 17"), and related interpretations. Save for short term leases and leases of low value assets, all leases result in the lessee obtaining the right to use an asset at the commencement of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- i) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- ii) depreciation of lease assets separately from interest on lease liabilities in the statement of income (loss).

The Corporation has adopted IFRS 16 on February 1, 2019. Management has determined that the adoption of IFRS 16 had no significant impact on its Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

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Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2019

(Unaudited, in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

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

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation's audited annual financial statements for the year ended January 31, 2019.

5. CASH

The balance on flow-through financing not spent according to the terms of the financing completed on March 20, 2019 by the Corporation represents \$998,355 as at April 30, 2019 and is included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration.

6. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Feb. 1, 2019	Property acquisition	Net claims acquisitions / renewals	Disposal	As at April 30, 2019
	\$	\$	\$	\$	\$
Lake Ménarik	534,570	-	1,812	-	536,382
Ménarik East	104,503	-	-	-	104,503
Serpent	44,395	-	906	-	45,301
Muskeg	8,730	-	-	-	8,730
Lake Fagnant	5,620	-	-	-	5,620
Lake Aulneau	17,401	-	-	-	17,401
Generation	29,125	-	3,287	-	32,412
	744,344	-	6,005	-	750,349

Mineral properties acquisition costs	As at Feb. 1, 2018	Property acquisition	Net claims acquisitions / renewals	Disposal	As at April 30, 2018
	\$	\$	\$	\$	\$
Lake Ménarik	526,552	-	8,018	-	534,570
Ménarik East	95,000	-	9,503	-	104,503
Serpent	38,456	-	5,939	-	44,395
Muskeg	5,642	-	3,088	-	8,730
Lake Fagnant	4,893	-	727	-	5,620
Lake Aulneau	-	-	17,401	-	17,401
Generation	9,819	-	19,306	-	29,125
	680,362	-	63,982	-	744,344

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2019

(Unaudited, in Canadian Dollars)

7. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of common voting shares without par value.

a) Private placements (March 2019)

On March 20, 2019, the Corporation completed non-brokered private placements for aggregate gross proceeds of \$1,452,880. Under such private placements, the Corporation issued 2,017,476 common shares at a price of \$0.21 per common share for gross proceeds of \$423,670, 2,014,034 flow-through common shares at a price of \$0.30 per flow-through common share (“\$0.30 FT Shares”) for gross proceeds of \$604,210 and 1,214,286 flow-through common shares at a price of \$0.35 per flow-through common share (“\$0.35 FT Shares”) for gross proceeds of \$425,000. The \$0.35 FT Shares were part of an arrangement through which Osisko Gold Royalties Ltd. became the ultimate owner of all the \$0.35 FT Shares.

Regarding the \$0.30 FT Shares and \$0.35 FT Shares private placements, the Corporation’s share market value at closing was \$0.225, therefore the residual value attributed to the benefit related to flow-through shares renunciations was \$0.075 and \$0.125 respectively, for a total value of \$302,838 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder’s fees of \$14,235, totaled \$50,179 of which \$41,683 was allocated to capital stock and \$8,496 to flow-through premium.

Certain directors of the Corporation purchased an aggregate of 95,000 \$0.30 FT Shares for \$28,500. The directors of the Corporation subscribed to the flow-through private placement under the same terms and conditions as set forth for all subscribers.

8. WARRANTS

Changes in the Corporation’s warrants are as follows:

	Three months ended April 30, 2019			Fiscal 2019		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
Balance, beginning	5,103,500	\$ 370,593	\$ 0.40	3,821,000	\$ 295,499	\$ 0.40
Issued	-	-	-	1,282,500	75,094	0.40
Balance, end	5,103,500	370,593	0.40	5,103,500	370,593	0.40

Warrants outstanding and exercisable as at April 30, 2019 are as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
3,821,000	\$ 0.40	June 22, 2021 (extended, note 11)
1,282,500	0.40	July 12, 2020
5,103,500		

Harfang Exploration Inc.

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(Unaudited, in Canadian Dollars)

9. STOCK OPTIONS

A summary of changes in stock options are as follows:

	Three months ended April 30, 2019		Fiscal 2019	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	950,000	0.25	672,500	0.28
Granted	-	-	415,000	0.25
Expired	-	-	(137,500)	0.38
Balance, end	950,000	0.25	950,000	0.25

Stock options outstanding and exercisable as at April 30, 2019 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
535,000	535,000	0.25	June 22, 2027
120,000	80,000	0.25	March 15, 2028
295,000	228,333	0.25	July 18, 2028
950,000	843,333		

10. EXPLORATION AND EVALUATION EXPENSES

	Three months ended April 30,	
	2019	2018
	\$	\$
Salaries and benefits	45,827	35,781
Geology	12,257	14,842
Analysis	63	-
Transportation	860	276
Geophysics	85,000	-
Lodging and food	162	1,422
Supplies and equipment	878	1,755
Recharge to partners	(1,131)	(327)
Exploration and evaluation expenditures before tax credits	143,916	53,749
Tax credits	-	-
Exploration and evaluation expenditures	143,916	53,749

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2019

(Unaudited, in Canadian Dollars)

11. SUBSEQUENT EVENTS

On May 21, 2019, the Board of Directors of the Corporation has decided to extend until June 22, 2021 the expiry date of the 3,821,000 warrants issued in connection with a private placement closed on June 22, 2017. On June 7, 2019, the Exchange has approved such extension and on June 18, 2019, a supplemental warrant indenture was executed by the Corporation with Computershare Trust Company of Canada.

On May 27, 2019, the Corporation granted to its directors, officers, employees and consultants 225,000 options exercisable at an exercise price of \$0.27, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price over to the closing market value of the shares the previous day of the grant.