Harfang Exploration Inc.

(formerly RedQuest Capital Corp.)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the year ended January 31, 2018 and the initial 320-day period ended January 31, 2017

May 23, 2018

Independent Auditor's Report

To the Shareholders of
Harfang Exploration Inc.

We have audited the accompanying consolidated financial statements of Harfang Exploration Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at January 31, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended January 31, 2018 and the initial 320-day period ended January 31, 2017, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Harfang Exploration Inc. and its subsidiaries as at January 31, 2018 and 2017 and their financial performance and their cash flows for the year ended January 31, 2018 and for the initial 320-day period ended January 31, 2017 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No. A122718

Harfang Exploration Inc.

Consolidated Statements of Financial Position
As at January 31, 2018 and January 31, 2017
(In Canadian Dollars)

	Note	As at January 31, 2018	As at January 31, 2017
		$	**$**
Assets			
Current assets			
Cash	7	2,489,632	863,652
Accounts receivable		4,232	-
Sales tax receivable		12,434	24,212
Tax credits receivable		42,778	67,760
Prepaid expenses and others		12,406	2,943
Current assets		2,561,482	958,567
Non-current assets			
Exploration and evaluation assets	8	680,362	618,463
Equipment	9	1,751	2,334
Non-current assets		682,113	620,797
Total assets		**3,243,595**	**1,579,364**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		55,056	33,201
Liability related to the premium on flow-through shares	10	106,353	-
Total Liabilities		**161,409**	**33,201**
Equity			
Share capital	11	4,451,487	1,806,686
Warrants	12	295,499	-
Stock options	14	131,610	-
Deficit		(1,796,410)	(260,523)
Total equity		**3,082,186**	**1,546,163**
Total liabilities and equity		**3,243,595**	**1,579,364**

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

Approved on behalf of the Board:

(s) François Goulet
François Goulet
Director

(s) Jean-Pierre Janson
Jean-Pierre Janson
Director

Harfang Exploration Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the year ended January 31, 2018 and the initial 320-day period ended January 31, 2017
(In Canadian Dollars)

	Note	Fiscal 2018	Fiscal 2017
		$	**$**
Operating Expenses			
Exploration and evaluation expenditures, net of tax credits	13	529,968	91,887
Salaries and benefits	14	101,632	-
Stock-based compensation	14	123,200	99,000
Consulting and professional fees		124,005	52,953
Office and administrative		38,494	12,574
Travel, conference and investor relations		35,556	7,859
Filing fees		38,321	-
Listing expense	6	811,927	-
Depreciation of equipment	9	583	584
Gain on disposal of exploration and evaluation assets	8	(63,000)	-
Operating loss		(1,740,686)	(264,857)
Other income			
Interest income		23,714	4,334
Loss before income taxes		(1,716,972)	(260,523)
Deferred income taxes recovery	10	181,085	-
Net loss and comprehensive loss		**(1,535,887)**	**(260,523)**
Net loss per common share - basic and diluted	16	(0.09)	(0.03)
Weighted average number of common shares outstanding - basic and diluted	16	17,893,859	9,253,539

Net loss and comprehensive loss is entirely attributable to Harfang Exploration Inc.'s shareholders.

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

Harfang Exploration Inc.

Consolidated Statements of Changes in Equity

For the year ended January 31, 2018 and the initial 320-day period ended January 31, 2017

(In Canadian Dollars)

	Note	Number of shares outstanding	Share Capital	Deficit	Total equity
			$	$	$
Balance at March 17, 2016		-	-	-	-
Private placements	11	11,217,333	1,322,200	-	1,322,200
Share issue costs	11	-	(15,514)	-	(15,514)
Exploration and evaluation asset paid in shares	8	5,000,000	500,000	-	500,000
Net loss and comprehensive loss		-	-	(260,523)	(260,523)
Balance at January 31, 2017		**16,217,333**	**1,806,686**	**(260,523)**	**1,546,163**

	Note	Number of shares outstanding	Share Capital	Warrants	Stock Options	Deficit	Total equity
			$	$	$	$	$
Balance at February 1, 2017		16,217,333	1,806,686	-	-	(260,523)	1,546,163
Loss and comprehensive loss for the period		-	-	-	-	(1,535,887)	(1,535,887)
Deemed issuances to investors of RedQuest Capital Corp. as part of the Reverse Takeover							
• Common Shares	6,11	1,947,354	486,839	-	-	-	486,839
• Stock options	6,11	-	-	-	8,410	-	8,410
Issuance of shares as settlement of the due to related parties	6,11	325,198	81,299	-	-	-	81,299
Issuance of shares under a concurrent private placement	6,11	7,642,000	1,612,285	298,215	-	-	1,910,500
Issuance of shares under a concurrent flow-through private placement	6,11	1,916,250	766,500	-	-	-	766,500
• Less: premium	6,10	-	(287,438)	-	-	-	(287,438)
Stock-based compensation	14	-	-	-	123,200	-	123,200
Share issuance costs	6,11	-	(14,684)	(2,716)	-	-	(17,400)
Balance at January 31, 2018		**28,048,135**	**4,451,487**	**295,499**	**131,610**	**(1,796,410)**	**3,082,186**

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

Harfang Exploration Inc.

Consolidated Statements of Cash Flows
For the year ended January 31, 2018 and the initial 320-day period ended January 31, 2017
(In Canadian Dollars)

	Note	Fiscal 2018	Fiscal 2017
		$	$
Operating activities			
Net loss		(1,535,887)	(260,523)
Adjustments for:			
Non-cash components of listing expense	6	576,334	-
Stock-based compensation	14	123,200	99,000
Depreciation of property and equipment	9	583	584
Flow through premium	10	(181,085)	-
Gain on disposal of exploration and evaluation assets	8	(63,000)	-
Changes in non-cash working capital items			
Sales tax receivable		11,778	(24,212)
Tax credits receivable		24,982	(67,760)
Prepaid expenses and others		(9,463)	(2,943)
Accounts payable and accrued liabilities		29,764	18,989
Cash flows used in operating activities		**(1,022,794)**	**(236,865)**
Investing activities			
Cash acquired through the acquisition of RedQuest	6	214	-
Investment in exploration and evaluation assets		(77,040)	(104,251)
Disposal of exploration and evaluation assets	8	66,000	-
Equipment		-	(2,918)
Cash flows used in investing activities		**(10,826)**	**(107,169)**
Financing activities			
Private placements	11	1,910,500	1,223,200
Flow-through private placements	11	766,500	-
Share issuance costs	11	(17,400)	(15,514)
Cash flows from in financing activities		**2,659,600**	**1,207,686**
Net change in cash		1,625,980	863,652
Cash – beginning		863,652	-
Cash – ending		**2,489,632**	**863,652**
Additional information			
Interest received		23,714	4,334
Exploration and evaluation assets included in accounts payable and accrued liabilities		6,303	14,212
Share issued for settlement of due to related parties	6	81,299	-

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Harfang Exploration Inc. (formerly RedQuest Capital Corp.) (the “Corporation”) was incorporated on March 30, 2010 and, on June 22, 2017, in conjunction with a reverse takeover, continued under the *Business Corporations Act* (Québec) (the “QBCA”) and changed its name from “RedQuest Capital Corp.” to “Harfang Exploration Inc.”. 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 consolidated 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 Fiscal 2018, the Corporation reported a net loss of $1,535,887 and has accumulated a deficit of $1,796,410 up to that date. As at January 31, 2018, the Corporation had working capital of $2,400,073 ($925,366 as at January 31, 2017). From this working capital, the Corporation has to dedicate $285,297 to Canadian mining properties exploration, pursuant to the restrictions imposed by the June 22, 2017 flow-through financings completed by Harfang Exploration Inc., a private corporation with which the Corporation amalgamated as of June 22, 2017 as part of its qualifying transaction (“Harfang”).

Management of the Corporation 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. 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.

2. BASIS OF PRESENTATION

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Board of Directors has approved the Financial Statements on May 23, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these Financial Statements are as follows.

3.1 Basis of measurement

The Financial Statements have been prepared on the historical cost basis.

3.2 Consolidation

The Financial Statements include the accounts of the Corporation since June 22, 2017 and those of its wholly-owned subsidiary Ménarik Exploration Inc. ("Ménarik" and formerly Harfang) since the incorporation on March 17, 2016. On November 1, 2017, Ménarik was merged into the Corporation. All intra-group transactions, balances, income and expenses are eliminated during consolidation.

3.3 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is Corporation's functional currency.

3.4 Financial instruments

The measurement of financial assets and liabilities is based on three possible classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the Corporation's business model for holding the instrument and its contractual cash flow characteristics. Equity instruments are classified as financial instruments carried at fair value, with changes in fair value recorded in the consolidated statement of income unless such financial instruments are not held for trading, in which case, the financial instrument may be irrevocably designated as fair value through other comprehensive income on initial recognition without subsequent reclassification to net income or loss of realized gains and losses on sale.

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques.

Measurement in subsequent periods depends on the classification of the financial instrument. At initial recognition, the Corporation has classified its financial instruments in the two categories as follows:

Category	Financial instrument
Financial assets at amortized cost	Cash
	Accounts receivable
Financial liabilities at amortized cost	Accounts payable and accrued liabilities

3.5 Refundable tax credits for mining exploration and evaluation expenditures

The Corporation is entitled to refundable tax credits on qualified mining exploration and evaluation expenditures incurred in the province of Québec. The credits is accounted for against the exploration and evaluation expenditures incurred.

3.6 Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Depreciation is calculated to amortize the cost of the equipment less their residual values over their estimated useful lives using the linear balance method and is depreciated as follows:

Computer equipment	3 to 5 years

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

3.7 Exploration and evaluation assets and expenditures

Expenditures incurred on activities that precede exploration and evaluation activities, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed as incurred on the statement of loss and comprehensive loss.

Rights in mining properties and costs associated with acquiring an exploration and evaluation asset, paid or acquired through a business combination or an acquisition of assets, are capitalized. They are subsequently measured at cost less accumulated impairment. Exploration and evaluation assets acquired in a business combination are initially recognized at fair value.

Exploration expenditures include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Evaluation expenditures include the cost of establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body, determining the optimal methods of extraction and metallurgical and treatment processes, studies related to surveying, transportation and infrastructure requirements, permitting activities and economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and feasibility studies.

In addition, exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

Exploration and evaluation expenditures are expensed as incurred on the statement of loss and comprehensive loss until a prefeasibility or a feasibility study has been completed and development is sanctioned. Capitalized exploration and evaluation expenditures are transferred to property, plant and equipment upon a decision to develop the property and will be subject to depreciation only when the properties are put into commercial production.

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the statement of cash flows under the headings investments in exploration and evaluation assets.

3.8 Impairment of non-financial assets

The carrying value of non-financial assets is reviewed regularly and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Corporation evaluates impairment losses at each reporting date for potential reversals when events or circumstances warrant such consideration.

3.9 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax charge is the expected tax payable on the taxable income for the year, using the tax laws enacted or substantively enacted at the statement of financial position date in the jurisdictions where the Corporation operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates (and laws) that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.10 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

Flow-through shares

The Corporation finances some exploration and evaluation expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference ("premium") between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the statement of loss and comprehensive loss as a recovery of deferred income taxes when the eligible expenditures are incurred. The amount recognized as a flow-through share liability represents the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares, net of allocated issue costs.

Issuance of units

Proceeds from unit placements are allocated between shares and warrants issued using the Black-Scholes valuation model used to determine the value of warrants issued.

3.11 Warrants

Warrants are classified as equity. Incremental costs directly attributable to the issuance of warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

3.12 Interest income

Interest income from financial assets is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Equity-settled share-based compensation

The Corporation offers an equity settled share-based compensation plan for its eligible directors, officers, employees and consultants. Each award is considered a separate award with its own vesting periods and fair value. Fair value is measured at the date of grant using the Black-Scholes option pricing model.

Any consideration paid on exercise of share options is credited to share capital. None of the Corporation's plans feature any options for a cash settlement. The accumulated expenses resulting from stock options are transferred to share capital when the options are exercised.

All equity settled share-based compensation are ultimately recognized as an expense in the statement of loss and comprehensive loss with a corresponding credit to stock options, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options or warrants expected to vest. Non-market vesting conditions are included in assumptions about the instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of instruments expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period.

3.14 Earnings (loss) per share

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of common shares outstanding for each period. The basic EPS is calculated by dividing the profit or loss attributable to the equity owners of the Corporation by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. It also includes shares issued and held in escrow. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Corporation reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

3.15 Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the President who fulfills the role of the chief operating decision-maker. The President is responsible for allocating resources and assessing performance of the Corporation's operating segments. The Corporation manages its business under a single operating segment, consisting of acquiring and exploring mineral properties in Canada.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than February 1, 2018. Many of these updates are not relevant to the Corporation and are therefore not discussed herein.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

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. 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 new standard is effective for the Corporation' annual period beginning on February 1, 2019 with early adoption permitted. Management has not evaluated the impact that this standard will have on its Financial Statements.

5. 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.

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.

The more significant areas requiring the use of management estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, relate to the going concern assumption, the impairment of assets and income taxes.

5.1 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgement. 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.

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

5.2 Impairment of non-financial assets

Asset groups are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecast commodity prices.

Assessment of impairment of non-financial assets requires the use of judgements when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test on the Corporation's non-financial assets.

5.3 Income taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

The Corporation is also subject to usual tax audits. Where the final tax outcome of tax audits is different from the amounts that were initially recorded, such differences could impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6. REVERSE TAKEOVER AND RELATED TRANSACTIONS

On June 22, 2017, in connection with a merger agreement dated June 13, 2017, between the Corporation, Harfang and 9361-5029 Québec Inc., a wholly-owned subsidiary of the Corporation ("Subco"):

- The Corporation completed a consolidation of its common shares on a 1:4 basis with related adjustments to its outstanding share purchase options, following which 1,947,354 post-consolidation shares of the Corporation were outstanding;
- The Corporation settled $81,299 of debts via the issuance of 325,198 post-consolidation common shares of the Corporation;
- Harfang completed a private placement for aggregate gross proceeds of $2,677,000[a]. Under this private placement, Harfang issued 7,642,000 units at a price of $0.25 per unit and 1,916,250 flow-through common shares at a price of $0.40 per flow-through common share. Each unit was comprised of one common share and one half of one common share purchase warrant, with each warrant being exercisable into one additional common share for 24 months from the closing date of the private placement at an exercise price of $0.40 per common share. Harfang paid a finder's fee for an aggregate amount of $2,900 in connection with this private placement;
- Harfang and Subco amalgamated and continued as one corporation under the QBCA under the name "Ménarik Exploration Inc.";

6. REVERSE TAKEOVER RELATED TRANSACTIONS (CONT'D)

- The shareholders of Harfang received one post-consolidation common share of the Corporation in exchange for each one common share of Harfang held, and the holders of common share purchase warrants of Harfang received one common share purchase warrant of the Corporation in exchange for each common share warrant of Harfang held, with each such warrant entitling to subscribe for one (1) post-consolidation common share of the Corporation at a price of $0.40 for a period of 24 months; and
- The Corporation continued under the QBCA and changed its name to "Harfang Exploration Inc.".

(a) From the total proceeds received from the units of $1,910,500, $298,215 has been allocated to warrants and $1,612,285 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk free interest rate of 0.69% and an expected life of the warrants of 2 years. The expected volatility was estimated using benchmarking comparable situations for companies that are similar to the Corporation.

Concerning the flow-through private placement, Harfang's share value at closing is $0.25 based on the pricing of the concurrent private placement and debt conversion at $0.25 per common shares, therefore the residual value attributed to the benefit related to flow-through shares renunciation is $0.15 for a total value of $287,438 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees, totalled $17,400 of which $14,684 was allocated to capital stock and $2,716 to warrants.

For accounting purposes, this transaction is considered to be a reverse takeover of the Corporation by Harfang whereby Harfang acquired control of the Corporation through the deemed issuance of 1,947,354 common shares (on a post consolidation basis) to the Corporation's shareholders based on the Corporation's net liabilities as at June 22, 2017. Consequently, these financial statements reflect only the assets, liabilities, operations and cash flows of Harfang for dates and periods prior to June 22, 2017 and include the Corporation's assets and liabilities since June 22, 2017.

The merger and the financing described above together constitute the Corporation's Qualifying Transaction within the meaning of the policies of the TSX Venture Exchange.

This transaction constitutes a reverse takeover of the Corporation but does not meet the definition of a business combination under IFRS 3 *Business Combinations*. Accordingly, the reverse takeover transaction is accounted for in accordance with IFRS 2 *Share-based Payment*.

In accordance with IFRS 2, equity instruments issued were recognized at fair value of net assets acquired and services received. Services received by the Corporation consist in the listing of the Corporation on the Exchange and are measured at the amount of the excess of the fair value of equity instruments issued to the Corporation' shares and stock options holders at the time of the merger over the Corporation' net assets acquired. The transaction with the Corporation is thus recognized in substance as if Harfang had proceeded to the issuance of shares and stock options to acquire the Corporation' net assets.

(In Canadian Dollars)

6. REVERSE TAKEOVER RELATED TRANSACTIONS (CONT'D)

The acquisition of the Corporation has been accounted for as follows:

	$
Consideration paid	
1,947,354 common shares deemed issued to the Corporation's existing shareholders(1)	486,839
325,198 common shares issued for settlement of the due to related parties(2)	81,299
135,625 options for common share deemed issued to the Corporation's existing optionholders(3)	8,410
Transaction costs paid in cash	188,357
	764,905
Net liabilities assumed	
Net liabilities of the Corporation as at June 22, 2017	(128,321)
Less: Settlement of due to related parties by issuance of shares	81,299
Corporation's net liabilities as at June 22, 2017	(47,022)
Listing expense	**811,927**

(1) Based on the 1,947,354 post-consolidation Corporation common shares outstanding as at June 22, 2017. The price of the Harfang shares was based on the pricing of the concurrent private placement and debt conversion.

(2) Settlement of the due to related parties of $116,459 prior to the closing of the transaction. An amount of $81,299 was settled through the issuance of shares at a price per share of $0.25 per share. Accrued interest amounting to $35,160 was paid in cash.

(3) Based on the 135,625 post-consolidation Corporation common share options outstanding as at June 22, 2017. The fair value of $8,410 for the 135,625 common share options expiring on June 29, 2018 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: risk-free interest rate of 0.66%, average projected volatility of 100%, dividend yield of 0%, average expected life of common share options of 1 year and fair value of Harfang's share of $0.25. The expected volatility was estimated by benchmarking comparable situations for companies that are similar to the Corporation.

7. CASH

The balance on flow-through financing not spent according to the restrictions imposed by the June 22, 2017 financing completed by Harfang represents $285,297 as at January 31, 2018 and is included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration.

(In Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Feb. 1, 2017	Property acquisition	Net claims acquisitions / renewals	Disposal	As at January 31, 2018
	$	$	$	$	$
Lake Ménarik	520,463	-	6,089	-	526,552
Ménarik East	95,000	-	-	-	95,000
Vauquelin West(4)	3,000	-	-	(3,000)	-
Serpent(5)	-	-	38,456	-	38,456
Muskeg(6)	-	-	5,642	-	5,642
Lake Fagnant(7)	-	-	4,893	-	4,893
Generation	-	-	9,819	-	9,819
	618,463	**-**	**64,899**	**(3,000)**	**680,362**

Mineral properties acquisition costs	As at March 17, 2016	Property acquisition	Claims acquisitions / renewals	As at January 31, 2017
	$	$	$	$
Lake Ménarik(1)	-	500,000	20,463	520,463
Ménarik East(2)	-	95,000	-	95,000
Vauquelin West(3)	-	3,000	-	3,000
	-	**598,000**	**20,463**	**618,463**

(1) On June 23, 2016, Harfang acquired the Lake Ménarik Property, a gold exploration property located in the James Bay area, from Osisko Gold Royalties Ltd ("Osisko") in exchange for 5,000,000 common shares valued at $0.10 per common share for an acquisition cost of $500,000. Osisko retained a 2% net smelter return royalty on the property.

(2) On October 14, 2016, Harfang acquired a property located east of the Lake Ménarik Property (named Ménarik East) for $95,000 paid in cash.

(3) On October 18, 2016, Harfang acquired the Vauquelin West Property, located in the James Bay area, for $3,000 paid in cash.

(4) On September 29, 2017, the Corporation sold the Vauquelin West Property to Chalice Gold Mines (Quebec) Inc. ("Chalice Gold") for a cash consideration of $66,000. The Corporation retains a 2% net smelter return royalty (the "NSR Royalty") on the property. Chalice Gold shall have the option to buy back half of the NSR Royalty (i.e. 1%) for $1,000,000.

(5) The Corporation staked by map designation 255 mining claims (100% owned by the Corporation) and comprising the Serpent property. The property is located in the James Bay area.

(6) The Corporation staked by map designation 21 mining claims (100% owned by the Corporation) and comprising the Muskeg property. The property is located in the James Bay area.

(7) On January 16, 2018, a joint venture agreement (50%-50%) was executed by the Corporation and Kenorland Minerals Ltd. ("Kenorland") regarding the Lake Fagnant Property consisting of an aggregate of 74 mining claims lies in the Nunavik territory, 55 km east of Kuujjuarapik on the east coast of Hudson Bay, Québec. The operator of the joint venture will be Harfang for as long as its participating interest is equal to or greater than Kenorland's. If a participating interest is diluted to less than 10%, it will be converted into a 1% NSR royalty (the "Royalty"). The remaining participant will have the right to buy-back half of the Royalty (0.5% NSR) for $500,000 or, under certain circumstances, the aggregate Royalty (1% NSR) for $1,000,000.

(In Canadian Dollars)

9. EQUIPMENT

	Computer equipment
	$
FISCAL 2017	
Opening net book value	-
Additions	2,918
Depreciation	(584)
Closing net book value	2,334
As at January 31, 2017	
Cost	**2,918**
Accumulated depreciation	**(584)**
Closing net book value	**2,334**
FISCAL 2018	
Opening net book value	2,334
Additions	-
Depreciation	(583)
Closing net book value	1,751
As at January 31, 2018	
Cost	**2,918**
Accumulated depreciation	**(1,167)**
Closing net book value	**1,751**

10. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	As at January 31, 2018
	$
Balance, beginning of period	-
Addition, net of issue costs	287,438
Reduction related to qualifying exploration expenditures	(181,085)
Liability related to the premium on flow through shares	**106,353**

11. SHARE CAPITAL

11.1 Share Capital

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

a) Private placement (March 2016)

On March 17, 2016, the President of Harfang acquired one common share for $100 paid in cash.

11. SHARE CAPITAL (CONT'D)

b) Acquisition of a mining property (June 2016)

On June 23, 2016, Harfang acquired the Lake Ménarik Property from Osisko in exchange for 5,000,000 common shares valued at $0.10 per common share for an acquisition cost of $500,000. The fair value of the transaction was based on the fair value of the shares issued, which were based on the fair value of the private placement completed on June 27, 2016.

c) Private placement (June 2016)

On June 23, 2016, Harfang closed a non-brokered private placement of 6,210,000 common shares at a price of $0.10 per common share for gross proceeds of $621,000. Share issue costs amounted to $8,222.

On June 23, 2016, the President of Harfang acquired 1,000,000 common shares for $1,000 paid in cash. An amount of $99,000, which represents the difference between the fair value of the concurrent private placement and the amount paid by the President of Harfang, was recorded as stock-based compensation in the statement of loss and comprehensive loss.

d) Private placement (November and December 2016)

From November 10, 2016 to December 14, 2016, Harfang closed a non-brokered private placement of 4,007,332 common shares at a price of $0.15 per common share for gross proceeds of $601,100. Share issue costs amounted to $7,292.

e) Reverse takeover and related transactions, June 22, 2017 (note 6)

Deemed issuances to investors of RedQuest Capital Corp. as part of the Reverse Takeover

For accounting purposes, the June 22, 2017 transaction is considered to be a reverse takeover of the Corporation by Harfang whereby Harfang has acquired control of the Corporation through the deemed issuance of 1,947,354 common shares to the Corporation's shareholders. The price of the Harfang shares was based on the pricing of the concurrent private placement and debt conversion at $0.25 per common shares for a total of $486,839.

Issuance of shares as settlement of the due to related parties

The Corporation settled $81,299 of debts via the issuance of 325,198 common shares of the Corporation.

Issuance of shares under a concurrent private placement

Harfang completed a private placement and issued 7,642,000 units at a price of $0.25 per unit. Each unit was comprised one common share and one half of one common share purchase warrant, with each warrant being exercisable into one additional common share for 24 months from the closing date of the private placement at an exercise price of $0.40 per common share.

From the total proceeds received from the units of $1,910,500, $298,215 has been allocated to warrants and $1,612,285 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 100%, a risk free interest rate of 0.69% and an expected life of the warrants of 2 years. The expected volatility was estimated using benchmarking comparable situations for companies that are similar to the Corporation.

(In Canadian Dollars)

11. SHARE CAPITAL (CONT'D)

Issuance of shares under a concurrent flow-through private placement

Harfang completed a flow-through private placement and issued 1,916,250 flow-through common shares at a price of $0.40 per flow-through common share.

Concerning the flow-through private placement, Harfang's share value at closing is deemed to be $0.25, therefore the residual value attributed to the benefit related to flow-through shares renunciation is $0.15 for a total value of $287,438 credited to the liability related to the premium on flow-through shares.

Share issue expenses, including the finder's fees of $2,900, totalled $17,400 of which $14,684 was allocated to capital stock and $2,716 to warrants.

11.2 Capital Management

The Corporation's primary objectives when managing capital are to maintain a sufficient capital base in order to meet its short-term obligations and to fund its exploration and evaluation activities. The Corporation defines capital as its total equity. Changes in capital are depicted on the statement of changes in equity. Refer to consolidated statements of changes in equity for explanations regarding changes to capital between January 31, 2018 and 2017. The Corporation is not subject to material externally imposed capital requirements.

12. WARRANTS

Changes in the Corporation's warrants are as follow:

	Fiscal 2018	
	Carrying Value	**Weighted average exercise price**
	$	**$**
Balance, beginning	-	-
Issued (Note 6 and 11)	298,215	0.40
Issuance Costs (Note 6 and 11)	(2,716)	-
Balance, end	**295,499**	**0.40**

Warrants outstanding as at January 31, 2018 are as follows:

Number of warrants	**Exercise price**	**Expiry date**
	$	
3,821,000	0.40	June 22, 2019

(In Canadian Dollars)

13. EXPLORATION AND EVALUATION EXPENDITURES

	Fiscal 2018	Fiscal 2017
	$	$
Geology	390,713	110,863
Analysis	15,063	8,706
Transportation	11,571	23,551
Geophysics	139,576	-
Lodging and food	2,712	16,527
Supplies and equipment	5,505	-
Exploration and evaluation expenditures before tax credits	565,140	159,647
Tax credits	(35,172)	(67,760)
Exploration and evaluation expenditures	**529,968**	**91,887**

14. EMPLOYEE REMUNERATION

14.1 Salaries

	Fiscal 2018	Fiscal 2017
	$	$
Salaries	90,173	-
Benefits	16,343	-
	106,516	-
Less: salaries and benefits presented in exploration and evaluation expenditures	(4,884)	-
Salaries disclosed on the statement of loss and comprehensive loss	**101,632**	**-**

14.2 Stock-based compensation

	Fiscal 2018	Fiscal 2017
	$	$
Stock-based compensation	123,200	99,000
Stock-based compensation disclosed on the statement of comprehensive loss	**123,200**	**99,000**

The Corporation has a stock option plan (the “Plan”). The number of options granted is determined by the Board of Directors. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options vest period is determined by the Board of Directors. The maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the common shares outstanding.

On June 23, 2016, the President of Harfang acquired 1,000,000 common shares for $1,000 paid in cash. An amount of $99,000, which represents the difference between the fair value of the concurrent private placement and the amount paid by the President of Harfang, was recorded as stock-based compensation in the statement of loss and comprehensive loss.

(In Canadian Dollars)

14. EMPLOYEE REMUNERATION (CONT'D)

On June 22, 2017, the Corporation granted to its directors, officers, employees and consultants 550,000 options exercisable at an exercise price of $0.25, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price equal to the shares issued as part of Reverse Takeover concurring private placement. Total stock-based compensation costs amount to $123,200 for an estimated fair value of $0.224 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.47% risk-free interest rate and 10 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

On March 15, 2018, the Corporation granted to an employee 120,000 options exercisable at $0.25, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. The options vested 1/3 on March 15, 2018 and after 1/3 per year.

A summary of changes in stock options are as follow:

	Fiscal 2018	
	Number of options	**Weighted Average Exercise Price**
		$
Balance, beginning	-	-
Options deemed issued upon the Reverse Takeover (Note 6)	135,625	0.40
Granted	550,000	0.25
Expired	(13,125)	0.40
Balance, end exercisable	**672,500**	**0.28**

Stock options outstanding as at January 31, 2018 are as follows:

Number of options outstanding	**Number of options exercisable**	**Exercise price**	**Expiry date**
		$	
122,500	122,500	0.40	June 29, 2018
550,000	550,000	0.25	June 22, 2027
672,500	**672,500**		

(In Canadian Dollars)

15. INCOME TAXES

A reconciliation of income taxes at the combined Canadian statutory rate 26.7% (26.8% fiscal 2017) with the reported taxes is as follows:

	Fiscal 2018	Fiscal 2017
	$	$
Net loss before income taxes	(1,716,972)	(260,523)
Expected income tax recovery	(458,432)	(69,820)
Increase (decrease) attributable to:		
Tax effect of renounced flow-through share expenditures	128,481	-
Amortization of flow-through share premiums	(181,085)	-
Stock-based compensation	32,894	-
Non deductible expenses	166,441	25,169
Change in unrecognized deductible temporary differences	133,312	44,872
Change in statutory tax rates and other	(2,696)	(221)
Total	(181,085)	-

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the statement of financial position as at January 31, 2018 are as follows:

	As at January 31, 2018	Expiry date range
	$	
Exploration and evaluation	81,435	N/A
Share issue costs	23,602	N/A
Non-capital losses	73,721	2035
Non-capital losses	104,686	2036
Non-capital losses	302,580	2037
Non-capital losses	100,029	2038

16. NET LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as stock options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

17. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

17.1 Key management compensation

Key management includes directors (executive and non-executive) and officers of the Corporation. The compensation paid or payable to key management for employee services is presented below:

(In Canadian Dollars)

17. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS (CONT'D)

	Fiscal 2018	Fiscal 2017
	$	$
Short-term benefits		
Salaries and benefits	95,190	-
Consulting and professional fees	100,218	32,890
Consulting and professional fees presented in the listing expenses	34,831	-
Long-term benefits		
Stock-based compensation	119,840	99,000
Total compensation	**350,079**	**131,890**

The President of the Corporation's employment agreement, which came into force on June 22, 2017, provides for payments, on termination of employment without cause or following a change of control, of $140,000 to $210,000 representing 12 to 18 months of base salary, depending on circumstances.

17.2 Related party transactions

In addition to the amounts listed above in the key management compensation, following are the related party transactions:

In the normal course of operations:

- A company controlled by an officer charged exploration and evaluation expenditures of $10,000 (nil in Fiscal 2017) which relate to his staff;
- Osisko, a shareholder with significant influence over the Corporation, charged an amount of $22,153 ($4,000 in Fiscal 2017) of which $12,000 ($4,000 in Fiscal 2017) was recorded for rental of office space, $376 (nil in Fiscal 2017) as office and administrative expenses, $6,032 (nil in Fiscal 2017) as travel, conference and investor relations and $3,745 (nil in Fiscal 2017) as professional fees; and
- As at January 31, 2018, the balance due to those related parties listed above and in the key management compensation amounted to $14,573 ($6,250 as at January 31, 2017).

Out of the normal course of operations:

- A director of Osisko acquired 250,000 common shares of Harfang at a price of $0.10 per common share on June 27, 2016 and 100,000 common shares of Harfang at a price of $0.15 per common share on December 14, 2016. The transactions were completed under the same terms and conditions offered to the other participants;
- As disclosed in note 11 and 14, the President of Harfang acquired 1,000,001 common shares for total proceed of $1,100; and
- Directors and officers of the Corporation participated in the concurrent flow-through private placement (note 6) for $91,500 and in the concurrent unit private placement (note 6) for $95,000. The directors and officers subscribed to the unit private placement and the flow-through private placement under the same terms and conditions set forth all subscribers.

18. FAIR VALUE OF FINANCIAL INSTRUMENT

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

19. FINANCIAL RISKS

The Corporation's activities expose it to certain financial risks including the credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's performance.

Risk management is carried out under policies approved by the Board of Directors. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment in excess liquidities.

19.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The financial instrument that potentially subjects the Corporation to credit risk consists of cash and accounts receivable (bank balances and accounts receivable are classified as amortized cost). The balance of cash is $2,489,632 as of January 31, 2018 ($863,652 as of January 31, 2017) and accounts receivable is $4,232 as of January 31, 2018 (nil as of January 31, 2017). The Company reduces its credit risk by holding its cash with Canadian chartered banks. The Corporation aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable.

19.2 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation manages the liquidity risk by continuously monitoring actual and projected cash flows, taking into account the requirements related to its investment commitments and exploration and evaluation properties and matching the maturity profile of financial assets and liabilities. The Board of Directors reviews and approves any material transaction out of the ordinary course of business. Financial liabilities as at January 31, 2018 are comprised of accounts payable and accrued liabilities that are payable within 90 days. As described in Note 1, the Corporation estimates that with its liquidity position as at January 31, 2018, it has enough funds available to meet its financial liabilities for the next year.

(In Canadian Dollars)

20. COMMITMENTS

The Corporation is committed to minimum amounts under a lease agreement with Osisko for office space which expires at the latest in June 2019. As at January 31, 2018, minimum commitments remaining under the lease were approximately $16,000 over the following years:

Years ending January 31,	**$**
2019	12,000
2020	4,000
	16,000