



**ABCOURT MINES INC.
INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019 (unaudited)**

INTERIM FINANCIAL STATEMENTS

- Interim statements of Financial Position
- Interim statements of Comprehensive Income
- Interim statements of Changes in Equity
- Interim statements of Cash Flows
- Interim notes to Financial Statements

ABCOURT MINES INC.

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the three and six months ended December 31

(in Canadian dollars)

(unaudited)

		December, 31	June, 30
		2019	2019
		\$	\$
	Notes	(unaudited)	(audited)
ASSETS			
Current assets			
Cash		3,660,844	2,796,149
Receivables	6	1,166,564	1,035,631
Prepaid expenses		81,737	70,259
Inventory	7	2,290,138	3,025,962
Tax credit relating to resources receivable		15,627	15,627
Total current assets		<u>7,214,910</u>	<u>6,943,628</u>
Non current assets			
Deposits for restoration	12	4,525,389	4,525,389
Property, plant and equipment	8	20,186,940	19,437,661
Exploration and evaluation assets	9	9,689,872	8,912,534
Deferred income and mining tax assets		2,357,185	2,357,185
Total non current assets		<u>36,759,386</u>	<u>35,232,769</u>
Total assets		<u>43,974,296</u>	<u>42,176,397</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	5,676,798	4,653,998
Income taxes payable		769,491	769,491
Other liability	11	167,000	51,000
Total current liabilities		6,613,289	5,474,489
Provisions for restoration of mining sites	12	4,348,399	4,247,751
Deferred income and mining tax liabilities		1,680,000	1,680,000
Total liabilities		<u>12,641,688</u>	<u>11,402,240</u>
EQUITY			
Capital stock	13	44,242,519	43,696,519
Contributed surplus	14	7,105,835	7,086,035
Warrants	14	27,000	31,500
Deficit		(20,042,746)	(20,039,897)
Total Equity		<u>31,332,608</u>	<u>30,774,157</u>
Total liabilities and equity		<u>43,974,296</u>	<u>42,176,397</u>

ON BEHALF OF THE BOARD,

(s) Renaud Hinse _____, Director

(s) Christine Lefebvre _____, Chief Financial Officer

ABCOURT MINES INC.

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the three and six months ended December 31

(in Canadian dollars)

(unaudited)

	Notes	2019		2018	
		3 months \$	6 months \$	3 months \$	6 months \$
Revenues	16	6,866,514	14,034,400	6,988,852	12,335,734
Operating mining cost		5,506,556	11,389,209	5,875,072	9,511,942
Royalties		128,943	318,697	124,132	214,617
Amortization and depletion		926,672	1,862,003	579,477	968,065
Costs of sales		6,562,171	13,569,909	6,578,681	10,694,624
GROSS PROFIT		304,343	464,491	410,171	1,641,110
ADMINISTRATIVE CHARGES					
Part XII.6 & III.14 taxes		-	10,125	-	-
Professional fees		71,655	162,398	75,703	103,169
Interest and penalties on taxes		15,812	30,567	3,776	4,191
Bank charges		1,087	1,639	842	1,536
Salaries and payroll charges		78,626	134,590	70,746	122,234
Insurance costs		4,951	8,386	3,054	5,883
Office expenses and other charges		40,577	57,756	29,878	44,196
Shareholders and investor relations		41,014	68,298	31,067	38,808
Share-based compensation		-	-	32,000	32,000
Depreciation of property, plant and equipment		2,160	4,474	2,017	4,034
Total administrative charges		255,882	478,233	249,083	356,051
OPERATING EARNINGS (LOSS)		48,461	(13,742)	161,088	1,285,059
REVENUES AND FINANCE COSTS					
Interest income		(2,518)	(3,430)	(3,590)	(4,426)
Accretion expense		15,349	30,576	2,814	20,389
		12,831	27,146	(776)	15,963
EARNINGS (LOSS) BEFORE TAXES		35,630	(40,888)	161,864	1,269,096
Income taxes and deferred taxes recovery		(51,000)	(65,850)	(74,750)	61,500
NET EARNINGS AND TOTAL COMPREHENSIVE INCOME		86,630	24,962	236,614	1,207,596
NET EARNINGS PER SHARE					
Basic		0.00	0.00	0.00	0.00
Diluted		0.00	0.00	0.00	0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING					
Basic		303,414,356		288,703,071	
Diluted		303,414,356		300,967,171	

ABCOURT MINES INC.

INTERIM STATEMENTS OF CHANGES IN EQUITY

(in Canadian dollars)

(unaudited)

		Capital Stock	Warrants	Contributed Surplus	Déficit	Total Equity
	Notes	\$	\$	\$	\$	\$
Balance as at June 30, 2019		43,696,519	31,500	7,086,035	(20,039,897)	30,774,157
Net earnings and comprehensive income		-	-	-	24,962	24,962
Units issued	13 - 14	250,000	9,000	-	-	259,000
Flow-through units issued	13 - 14	296,000	6,000	-	-	302,000
Warrants expired	13 - 14	-	(19,500)	19,500	-	-
Share and unit issuance costs		-	-	300	(27,811)	(27,511)
Balance as at December 31, 2019		44,242,519	27,000	7,105,835	(20,042,746)	31,332,608
Balance as at June 30, 2018		42,921,032	19,500	7,049,135	(20,155,600)	29,834,067
Net earnings and comprehensive income		-	-	-	161,561	161,561
Options granted in relation with the plan	14	-	-	32,000	-	32,000
Units issued	13 - 14	108,000	12,000	-	-	120,000
Flow-through shares	13	667,487	-	-	-	667,487
Share and unit issuance costs		-	-	4,900	(45,858)	(40,958)
Balance as at June 30, 2019		43,696,519	31,500	7,086,035	(20,039,897)	30,774,157

ABCOURT MINES INC.

INTERIM STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019 AND 2018

(in Canadian dollars)

(unaudited)

		<u>2019</u>	<u>2018</u>
		\$	\$
	Note		
OPERATING ACTIVITIES			
Net earnings and comprehensive income		24,962	1,207,596
Non-cash items:			
Accretion expense		30,576	20,389
Share-based compensation		-	32,000
Depreciation, Amortization and depletion		1,866,477	972,099
Deferred taxes		<u>(51,000)</u>	<u>(145,500)</u>
		1,871,015	2,086,584
Net change in non-cash operating working capital items	5	<u>1,616,213</u>	<u>488,660</u>
		<u>3,487,228</u>	<u>2,575,244</u>
FINANCING ACTIVITIES			
Units issuance		259,000	120,000
Flow-through units issuance		469,000	-
Flow-through shares issuance		-	718,487
Units and shares issuance costs		<u>(27,511)</u>	<u>(31,458)</u>
		700,489	807,029
INVESTING ACTIVITIES			
Deposit for restoration of Elder mine		-	(16,900)
Acquisition of property, plant and equipment		(2,545,684)	(1,973,003)
Acquisition of exploration and evaluation assets		<u>(777,338)</u>	<u>(838,158)</u>
		<u>(3,323,022)</u>	<u>(2,828,061)</u>
NET CHANGE IN CASH		864,695	554,212
CASH BEGINNING OF YEAR		<u>2,796,149</u>	<u>2,531,099</u>
CASH END OF YEAR		<u>3,660,844</u>	<u>3,085,311</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2019
(in Canadian dollars)
(unaudited)

1- STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Abcourt Mines Inc. (the « Company ») was constituted by letters patent of amalgamation in January 1971 and continued its existence under Part 1A of the Quebec Companies Act in March 1981. On February 14, 2011, the Company was automatically continued under Business Companies Act (Quebec) following the entry into force of this law. The Company is engaged in the acquisition, exploration, evaluation and exploitation of mining properties in Canada, principally gold. Its shares are trading on TSX Venture Exchange under the symbol ABI, on Berlin Stock Exchange under the symbol AML-BE and on Frankfurt Exchange under the symbol AML-FF. The address of the Company's head office is 475 de l'Eglise Avenue, Rouyn-Noranda, (Quebec) J0Z 1Y0.

These interim financial statements were approved for publication by the Board of Directors on February 17, 2020.

2- GENERAL INFORMATION AND BASIS OF PREPARATION

These interim financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards (« IFRS »), as established by the International Accounting Standards Board and in accordance with IAS 34 «Interim Financial Reporting». These interim financial statements were prepared using the same basis of presentation and accounting policies outlined in the annual financial statements on June 30, 2019. They do not include all the information required in annual financial statements in accordance with IFRS and must be read in conjunction with the financial statements for the year ended June 30, 2019.

The Company's independent auditor has not performed a review of these unaudited interim financial statements for the period ended December 31, 2019 in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the Company's auditor.

3- SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended June 30, 2019, except for the new accounting policies adopted as of July 1, 2019:

IFRIC 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation addressed specifically the following items:

- a) Whether an entity should consider uncertain tax treatments separately;
- b) Assumptions made by an entity about the review of tax treatments by tax authorities;
- c) How an entity determines taxable income, tax bases, unused tax losses, unused tax credits and tax rates; and
- d) How an entity considers changes in facts and circumstances

The adoption of the standard had no impact on the interim financial statements.

4- JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumption applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended June 30, 2019.

5- COMPLEMENTARY INFORMATIONS RELATED TO CASH FLOWS

Net change in non-cash operating working capital items:

	December 31, 2019	December 31, 2018
	\$	\$
Receivables	(130,933)	(473,201)
Prepaid expenses	(11,478)	(17,269)
Inventory	735,824	(269,497)
Accounts payable and accrued liabilities	1,022,800	1,041,627
Income taxes payable	-	207,000
	<u>1,616,213</u>	<u>488,660</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2019
(in Canadian dollars)
(unaudited)

5- COMPLEMENTARY INFORMATIONS RELATED TO CASH FLOWS (continued)

Items not affecting cash :

	December 31, 2019	December 31, 2018
	\$	\$
Warrants issued to Intermediaries	300	4,900
Adjustments of provisions for restoration of mining sites accounted for as property, Plant and Equipment	70,072	(1,774,747)
Warrants issued to Investors	15,000	12,000

6- RECEIVABLES

	December 31, 2019	June 30, 2019 (audited)
	\$	\$
Account receivable	25,244	70,838
Taxes receivable	1,123,045	943,637
Others	18,275	21,156
	<u>1,166,564</u>	<u>1,035,631</u>

7- INVENTORY

	December 31, 2019	June 30, 2019 (audited)
	\$	\$
Gold and silver inventory	1,125,600	1,299,456
Ore stock piles	255,376	817,344
Mine supplies	909,162	909,162
	<u>2,290,138</u>	<u>3,025,962</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2019

(in Canadian dollars)

(unaudited)

8- PROPERTY, PLANT AND EQUIPMENT

	Cost			Accumulated Amortization			December 31, 2019	Net book value
	June 30, 2019	Addition	Provisions for restoration of mining sites adjustment	December 31, 2019	June 30, 2019	Amortization	December 31, 2019	
	\$	\$		\$	\$	\$	\$	\$
Abcourt-Barvue Site								
Equipment for mill	2,702,476	-	-	2,702,476	-	-	-	2,702,476
Water treatment plant	76,628	-	-	76,628	-	-	-	76,628
Expenses incurred for the tailings pond	40,728	-	-	40,728	-	-	-	40,728
	<u>2,819,832</u>	<u>-</u>	<u>-</u>	<u>2,819,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,819,832</u>
Elder Mine Site								
Lands	37,263	-	-	37,263	-	-	-	37,263
Mobile equipment	89,920	-	-	89,920	67,185	3,204	70,389	19,531
Furniture and equipment	2,083,659	72,347	-	2,156,006	1,190,685	89,781	1,280,466	875,540
Elder mine	15,129,394	1,381,153	10,550	16,521,097	4,848,457	1,491,764	6,340,221	10,180,876
Computer equipment	6,921	268	-	7,189	1,052	1,183	2,235	4,954
	<u>17,347,157</u>	<u>1,453,768</u>	<u>10,550</u>	<u>18,811,475</u>	<u>6,107,379</u>	<u>1,585,932</u>	<u>7,693,311</u>	<u>11,118,164</u>
Sleeping Giant Mine Site								
Sleeping Giant Mine	1,636,304	783,155	59,522	2,478,981	-	-	-	2,478,981
Mill facility and production equipment	4,078,211	265,909	-	4,344,120	962,195	215,501	1,177,696	3,166,424
Building	491,054	-	-	491,054	124,036	24,197	148,233	342,821
Lands	19,000	-	-	19,000	-	-	-	19,000
Mobile equipment	361,242	40,383	-	401,625	185,977	37,793	223,770	177,855
Computer equipment	17,149	2,469	-	19,618	7,701	3,054	10,755	8,863
	<u>6,602,960</u>	<u>1,091,916</u>	<u>59,522</u>	<u>7,754,398</u>	<u>1,279,909</u>	<u>280,545</u>	<u>1,560,454</u>	<u>6,193,944</u>
	<u>26,769,949</u>	<u>2,545,684</u>	<u>70,072</u>	<u>29,385,705</u>	<u>7,387,288</u>	<u>1,866,477</u>	<u>9,253,765</u>	<u>20,131,940</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2019

(in Canadian dollars)

(unaudited)

8- PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost			Accumulated Amortization			December 31, 2019	
	June 30, 2019	Addition	Provisions for restoration of mining sites adjustment	December 31, 2019	June 30, 2019	Amortization	December 31, 2019	Net book value
	\$	\$	\$	\$	\$	\$	\$	\$
Exploration								
Lands	55,000	-	-	55,000	-	-	-	55,000
	55,000	-	-	55,000	-	-	-	55,000
	26,824,949	2,545,684	70,072	29,440,705	7,387,288	1,866,477	9,253,765	20,186,940

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2019
(in Canadian dollars)
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9- EXPLORATION AND EVALUATION ASSETS

	December 31, 2019	June 30, 2019 (audited)
	\$	\$
Mining properties	1,964,524	1,959,160
Exploration and evaluation expenses	7,725,348	6,953,374
	<u>9,689,872</u>	<u>8,912,534</u>

Mining properties

	Balance as at June 30, 2019	Addition	Balance as at December 31, 2019
	\$	\$	\$
Properties in Quebec			
Abcourt-Barvue (100 %)	234,359	2,750	237,109
Vendôme (100 %)	102,246	-	102,246
Royalty on Beauchastel property	100	-	100
Aldermac (100 %)	1,566,573	394	1,566,967
Jonpol (100 %)	2,559	-	2,559
Discovery - Flordin	14,679	-	14,679
Dormex - Harricana	7,941	1,501	9,442
Laflamme	4,364	-	4,364
Others (Variable %)	26,339	719	27,058
	<u>1,959,160</u>	<u>5,364</u>	<u>1,964,524</u>

Exploration and evaluation expenses

	Balance as at June 30, 2019	Addition	Balance as at December 31, 2019
	\$	\$	\$
Abcourt-Barvue,	5,239,172	689,043	5,928,215
Vendôme	205,932	79	206,011
Aldermac	842,152	72,367	914,519
Discovery - Flordin	481,535	10,485	492,020
Dormex - Harricana	178,681	-	178,681
Others (Variable %)	5,902	-	5,902
	<u>6,953,374</u>	<u>771,974</u>	<u>7,725,348</u>

The following Royalties are payable on the production of the Company's properties:

<u>Property</u>	<u>Royalty</u>
Elder	2 to 3% NSR
Barvue	-
Vendome	2% NSR on Xstrata claims
Abcourt	-
Tagami	1 to 2% NSR
Jonpol	2.5% NSR
Aldermac	\$2.00/t for 1.5 M tonnes
Aldermac West	2% NSR
Sleeping Giant	\$5.00 / tonne for 350,000 tonnes

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2019
(in Canadian dollars)
(unaudited)

10- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	June 30, 2019 (audited)
	\$	\$
Accounts payable	2,607,335	1,580,408
Royalties payable	771,193	877,183
Salaries and holidays payable	840,792	821,940
Payable to governments	1,457,478	1,374,467
	<u>5,676,798</u>	<u>4,653,998</u>

11- OTHER LIABILITY

	December 31, 2019	June 30, 2019 (audited)
	\$	\$
Balance, beginning of year	51,000	154,900
Increase of the period	167,000	51,000
Decrease related to expenses incurred	(51,000)	(154,900)
Balance, end of period	<u>167,000</u>	<u>51,000</u>

12- PROVISIONS FOR RESTORATION OF MINING SITES

The following table sets forth the variation in the provisions for restoration of mining sites

	December 31, 2019	June 30, 2019 (audited)
	\$	\$
Balance, beginning of period	4,247,751	5,851,259
Changes to estimates	70,072	(1,660,720)
Accretion expense	30,576	57,212
Balance, end of period	<u>4,348,399</u>	<u>4,247,751</u>

The rate used to determine the future value is 2.20% (2.20% as at June 30, 2019), while the rate reflecting the current market assessments used to determine the present value of the provisions is 1.33% (1.41% as at June 30, 2019). The payments schedule was determined by taking into account the measured and indicated resources, the estimated annual production level and the estimated mine life. The changes to estimates was accounted for as property, plant and equipment.

In relation with the Sleeping Giant mine rehabilitation and restoration plan of 2013 (« the 2013 plan »), the Company was required to make guarantee payments to the Ministry of Energy and Natural Resources (« the Ministry ») according to the following schedule: \$671,121 by August 17, 2016 and two other payments of \$335,638 were required for August 17, 2017 and 2018. The 2013 plan estimated the restoration costs at \$5,370,214. To date an amount of \$4,027,817 has been paid to the Ministry. A new rehabilitation and restoration plan (“the new plan”) was prepared by a consultant and submitted to the Ministry in October 2018. The new plan is presently under review. The restoration costs of the new plan are estimated at \$3,625,865. The Elder mine tailings are basic and will be used to cover the Sleeping Giant mine tailings this will reduce considerably the future restoration costs of the mine site. If the new plan is accepted, the Company won't have to disburse any additional amount.

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2019
(in Canadian dollars)
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12- PROVISIONS FOR RESTORATION OF MINING SITES (continued)

The following table sets forth the estimated undiscounted cash flows of future retirement costs used in the calculation of the asset retirement obligations as at December 31, 2019 and 2018.

	Anticipated cash flows payment schedule for 2026
	\$
Elder Mine	497,570
Sleeping Giant Mine	3,625,865
	<u>4,123,435</u>

The following table sets forth the distribution of Provisions for restoration of mining sites:

	December 31, 2019	June 30, 2019 (audited)
	\$	\$
Elder Mine	524,716	510,476
Sleeping Giant Mine	3,823,683	3,737,275
	<u>4,348,399</u>	<u>4,247,751</u>

13- CAPITAL STOCK

Authorized

Unlimited number of preferred shares without par value which may be issued in one or more series; the privileges, rights, conditions and restrictions will be determined by the Board of Directors (none outstanding).

Unlimited number of subordinate class « A » shares, without par value, non-voting (none outstanding).

Unlimited number of class « B » shares, without par value, voting.

Changes in Company class « B » capital stock were as follows:

	December 31, 2019		June 30, 2019 (audited)	
	Number	Amount \$	Number	Amount \$
Balance, beginning of period	300,967,171	43,696,519	288,703,071	42,921,032
Units issued	2,590,000	250,000	2,000,000	108,000
Flow-through shares issued	3,752,000	296,000	10,264,100	667,487
Balance, end of period	<u>307 309 171</u>	<u>44,242,519</u>	<u>300,967,171</u>	<u>43,696,519</u>

As at December 31, 2019 and June 30, 2019, shares issued were fully paid.

In October 2019, the Company closed a non-brokered private placement constituted of 259 units. Each unit consisted of 10,000 class « B » shares and 5,000 warrants, each warrant entitling its holder to purchase one share at a price of \$0.13 over a 12-month period. The total gross proceeds of \$259,000 was presented net of the fair value of warrants amounting to \$9,000.

The Company closed a non-brokered flow-through private placement of 469 flow-through units. Each unit consisted of 8,000 class « B » shares and 4,000 warrants, each warrant entitling its holder to purchase one share at a price of \$0.16 over a 12-month period. The total gross proceeds of \$469,000 was presented net of the fair value of warrants amounting to \$6,000 and net of a premium on flow-through shares of \$167,000.

In connection with the private placement, 40,960 warrants were issued to an intermediary. Each warrant entitling its holder to purchase one share at a price of \$0.13 for a 12-month period.

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2019
(in Canadian dollars)
(unaudited)

13- CAPITAL STOCK (continued)

Year ended June 30, 2019

For the year ended June 30, 2019, the Company closed a private placement constituted of 200 units. Each unit consisted of 10,000 class « B » shares and 5,000 warrants, each warrant entitling its holder to purchase one share at a price of \$0.10 over a 24-month period. The total gross proceeds of \$120,000 was presented net of the fair value of warrants amounting to \$12,000.

For the year ended June 30, 2019, the Company closed a flow-through private placement of 10,264,100 flow-through shares. The total gross proceeds of \$718,487 was presented net of a premium on flow-through shares of \$51,000.

In connection with the private placement, 380,768 warrants were issued to an intermediary. Each warrant entitling its holder to purchase one share at a price of \$0.10 for a 12-month period.

14- SHARE PURCHASE OPTIONS AND WARRANTS

The shareholders of the Company approved a stock option plan (the « plan ») whereby the Board of Directors may grant to employees, officers, directors and suppliers of the Company, share purchase options to acquire shares in such numbers, for such terms and at such exercise price as may be determined by the Board of Directors. It was originally adopted in October 1996 and approved by shareholders of the Company on December 1st, 1997, and has subsequently been modified several times with the approval of shareholders in December 2001 and December 2012. The exercise price cannot be lower than the market price of the shares at the time of grant.

The plan provides that the maximum number of shares in the capital of the Company that can be reserved for issuance under the plan shall be equal to 14,500,000 shares. The maximum number of shares that can be reserved for issuance of option to any one person may not exceed 5% of the outstanding shares at the time of grant and the maximum number of shares which may be reserved for issuance to an investor relations representative, a consultant or a supplier may not exceed 2% of the outstanding shares at the time of grant.

The acquisition conditions of share purchase options are without restriction. However, the options granted to investor relations representatives will be acquired at a rate of 25% per quarter. These options will expire no later than five years after being granted.

Share Purchase Options

Changes in Company share purchase options were as follows:

	December 31, 2019		June 30, 2019 (audited)	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance, beginning of period	7,200,000	0.12	7,800,000	0.12
Granted	-	-	800,000	0.07
Cancelled and expired	<u>(150,000)</u>	0.13	<u>(1,400,000)</u>	0.12
Outstanding and exercisable, end of period	<u>7,050,000</u>	0.12	<u>7,200,000</u>	0.12

For the year ended June 30, 2019, the Company issued share purchase options to directors of the Company. The weighted average fair value of the share purchase options of \$0.04 was determined using the Black-Scholes options pricing model and based on the following weighted average assumptions:

	June 30, 2019
Average share price at date of grant	\$0.065
Expected dividends yield	-
Expected weighted volatility	84%
Average risk-free interest rate	1.9%
Expected average life	5 years
Average exercise price	\$0.07

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14- SHARE PURCHASE OPTIONS AND WARRANTS (continued)

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

For the year ended June 30, 2019, \$32,000 of share-based payments (all of which related to equity-settled share-based payment transactions) were accounted for in profit or loss and credited to contributed surplus.

The following tables summarize the information related to the share purchase options granted under the plan

Outstanding as at December 31, 2019	Weighted average remaining contractual life	Exercise price
		\$
6,250,000	1.5 years	0.125
<u>800,000</u>	4 years	0.07
<u>7,050,000</u>		

Outstanding as at June 30, 2019	Weighted average remaining contractual life	Exercise price
		\$
150,000	0.3 year	0.125
6,250,000	2.0 years	0.125
<u>800,000</u>	4.5 years	0.07
<u>7,200,000</u>		

Warrants

Changes in Company warrants were as follows:

	December 31, 2019		June 30, 2019 (audited)	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, beginning of period	2,345,000	0.10	1,345,000	0.10
Granted	3,171,000	0.15	1,000,000	0.10
Expired	<u>(1,345,000)</u>	0.10	<u>-</u>	-
Outstanding and exercisable, end of period	<u>4,171,000</u>	0.14	<u>2,345,000</u>	0.10

For the period ended December 31, 2019, the Company granted warrants to investors through private placements completed in October 2019. The weighted average fair value of the warrants of \$0.0047 (\$0.012 as at June 30, 2019) was determined using the Black-Scholes options pricing model and based on the following weighted average assumptions:

	December 31, 2019	June 30, 2019
Average share price at date of grant	\$0.08	\$0.065
Expected dividends yield	-	-
Expected weighted volatility	55%	66%
Average risk-free interest rate	1.65%	1.81%
Expected average life	1 year	2 years
Average exercise price	\$0.15	\$0.10

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

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14- SHARE PURCHASE OPTIONS AND WARRANTS (continued)

The following tables summarize the information related to the warrants:

Outstanding as at December 31, 2019	Exercise price	Expiry Date
	\$	
1,000,000	0.10	December 2020
1,295,000	0.13	October 2020
<u>1,876,000</u>	0.16	October 2020
<u>4,171,000</u>		

Outstanding as at June 30, 2019	Exercise price	Expiry Date
	\$	
1,345,000	0.10	December 2019
<u>1,000,000</u>	0.10	December 2020
<u>2,345,000</u>		

Warrants to intermediaries

Changes in Company intermediaries' warrants were as follows:

	December 31,		June 30,	
	2019		2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, beginning of period	642,462	0.10	261,694	0.10
Granted	40,960	0.13	380,768	0.10
Expired	<u>(642,462)</u>	0.10	<u>-</u>	-
Outstanding and exercisable, end of period	<u>40,960</u>	0.13	<u>642,462</u>	0.10

For the period ended December 31, 2019, the Company issued warrants to intermediaries through private placements. The weighted average fair value of the warrants of \$0.006 (\$0.0129, s at June 30, 2019) was determined using the Black-Scholes options pricing model and based on the following weighted average assumptions:

	December 31,	June 30,
	2019	2019
Average share price at date of grant	\$0.08	\$0.07
Expected dividends yield	-	-
Expected weighted volatility	56%	76%
Average risk-free interest rate	1.49%	1.91%
Expected average life	1 year	1 year
Average exercise price	\$0.13	\$0.10

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

As at December 31, 2019, the total fair value of the units issued to intermediaries of \$300 (\$4,900 as at June 30, 2019) was accounted for as share issued expenses in deficit and credited to contributed surplus.

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14- SHARE PURCHASE OPTIONS AND WARRANTS (continued)

The following table summarizes the information related to intermediaries' warrants.

Outstanding as at December 31, 2019	Exercise price	Expiry Date
	\$	
<u>40,960</u>	0.13	December 2020
Outstanding as at June 30, 2019	Exercise price	Expiry Date
	\$	
<u>642,462</u>	0.10	December 2019

15- CONTINGENT LIABILITIES

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company is committed to take all the necessary measures for this purpose. Refusal of certain expenses by tax authorities would have negative tax consequences for the Company or for the investors. In the past, the Company has respected all its obligations under the flow-through share agreements signed. During the reporting period ended December 31, 2019, the Company received \$469,000 (718,487\$ for the period ended 31, 2018) following flow-through placements for which the Company renounced tax deductions to investors as at December 31, 2019 (as at December 31, 2018). Management is required to fulfil its commitments within the stipulated deadline of one year from this date.

As at December 31, 2019 the product of unspent funding related to flow-through financings totals \$469,000 to be spend before December 31, 2020.

16- REVENUES

	2019		2018	
	3 months	6 months	3 months	6 months
			\$	\$
Sales of gold and silver	6,866,514	13,996,504	6,045,910	11,064,560
Milling revenue	-	-	789,008	1,031,000
Other revenue	-	37,896	153,934	240,174
	<u>6,866,514</u>	<u>14,034,400</u>	<u>6,988,852</u>	<u>12,335,734</u>

17- RELATED PARTY TRANSACTIONS

Key Management

Key management personnel of the Company are members of the Board, as well as the President and the Chief Financial Officer.

Key management remuneration is as follows:

	31 décembre 2019		31 décembre 2018	
	3 months	6 months	3 months	6 months
	\$	\$	\$	\$
Salaries and payroll charges	34,041	63,760	27,845	53,411
Share-based compensation	-	-	32,000	32,000
Total remuneration	<u>34,041</u>	<u>63,760</u>	<u>59,845</u>	<u>85,400</u>

Other related party transactions

In addition to the amounts listed above in the remuneration to key management, following are the related party transactions for the period ended December 31, 2019 and 2018:

Transactions with a company controlled by the Chief Executive Officer and President of the Company

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17- RELATED PARTY TRANSACTIONS (continued)

- Consulting fees amounting to \$164,866 (\$293,260 in 2018) of which \$19,810 (\$49,510 in 2018) was capitalised to exploration and evaluation expenses and \$19,253 to property, plant and equipment (\$30,881 in 2018) and \$92,285 (\$205,425 in 2018) was expensed to operating mining costs and \$27,437 (\$7,444 in 2018) to charges and \$6,081 in units issuance costs (\$nil in 2018).

- Payments of a royalty of \$278,931 (2% NSR on the Elder property which was acquired from « Canuc Resources Company » in 2001) (\$220,782 in 2018).

As at December 31, 2019, the balance due to related parties amounted to \$95,912 (\$232 516 as at December 31, 2018). These transactions are measured at the value of the consideration paid or received, which was established and agreed by the related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash.

18- SEGMENT INFORMATION

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

There was no difference in December 31, 2019 compared to annual financial statements of December 31, 2018 in the basis of segmentation or the basis of evaluation of segment result.

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS

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18- SEGMENT INFORMATION (continued)

Three and six months ended December 31, 2019

Segmented information concerning the statement of comprehensive income

	Mining site in production		Prospection & Development		Corporates		Total	
	\$		\$		\$		\$	
	3 months	6 months	3 months	6 months	3 months	6 months	3 months	6 months
Revenues	6,866,514	14,034,400	-	-	-	-	6,866,514	14,034,400
Operating mining cost	5,506,556	11,389,209	-	-	-	-	5,506,556	11,389,209
Royalties	128,943	318,697	-	-	-	-	128,943	318,697
Amortization and depletion	926,672	1,862,003	-	-	-	-	926,672	1,862,003
Costs of sales	6,562,171	13,569,909	-	-	-	-	6,562,171	13,569,909
GROSS PROFIT	304,343	464,491	-	-	-	-	304,343	464,491
Expenses	-	-	-	-	253,722	473,759	253,722	473,759
Amortization of property, plant and equipment	-	-	-	-	2,160	4,474	2,160	4,474
	-	-	-	-	255,882	478,233	255,882	478,233
OPERATING EARNINGS	304,343	464,491	-	-	(255,882)	(478,233)	48,461	(13,742)
REVENUES AND FINANCE COSTS	1,852	3,690	13,497	26,886	(2,518)	(3,430)	12,831	27,146
EARNINGS (LOSS) BEFORE TAXES	302,491	460,801	(13,497)	(26,886)	(253,364)	(474,803)	35,630	(40,888)
Addition of property, plant and equipment	926,613	1,762,529	472,153	783,155	-	-	1,398,766	2,545,684
Addition of exploration and evaluation expenses	-	-	731,688	777,338	-	-	731,688	777,338
Current assets		7,046,649		15,627		152,634		7,214,910
Deposits for restoration		497,572		4,027,817		-		4,525,389
Property, plant and equipment		14,833,127		5,353,813		-		20,186,940
Exploration and evaluation assets		-		9,689,872		-		9,689,872
Total assets		2,357,185		-		-		2,357,185
		<u>24,734,533</u>		<u>19,087,129</u>		<u>152,634</u>		<u>43,974,296</u>

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18- INFORMATION SECTORIELLE (suite)

Three and six months ended December 31, 2018

Segmented information concerning the statement of comprehensive income

	Mining site in production		Prospection & Development		Corporates		Total	
	\$		\$		\$		\$	
	3 months	6 months	3 months	6 months	3 months	6 months	3 months	6 months
Revenues	6,988,852	12,335,734	-	-	-	-	6,988,852	12,335,734
Operating mining cost	5,875,072	9,511,942	-	-	-	-	5,875,072	9,511,942
Royalties	124,132	214,617	-	-	-	-	124,132	214,617
Amortization and depletion	579,477	968,065	-	-	-	-	579,477	968,065
Costs of sales	6,578,681	10,694,624	-	-	-	-	6,578,681	10,694,624
GROSS PROFIT	410,171	1,641,110	-	-	-	-	410,171	1,641,110
Expenses	-	-	-	-	247,066	352,017	247,066	352,017
Amortization of property, plant and equipment	-	-	-	-	2,017	4,034	2,017	4,034
	-	-	-	-	249,083	356,051	249,083	356,051
OPERATING EARNINGS	410,171	1,641,110	-	-	(249,083)	(356,051)	161,088	1,285,059
REVENUES AND FINANCE COSTS	2,814	5,283	-	15,106	(3,590)	(4,426)	(776)	15,963
EARNINGS (LOSS) BEFORE TAXES	407,357	1,635,827	-	(15,106)	(245,493)	(351,625)	161,864	1,269,096
Addition of property, plant and equipment	926,613	1,762,529	472,153	783,155	-	-	1,398,766	2545,684
Addition of exploration and evaluation expenses	-	-	731,688	777,338	-	-	731,688	777,338
Current assets		9,248,583		15,627		200,223		9,464,433
Deposits for restoration		497,572		4,027,817		-		4,525,389
Property, plant and equipment		16,401,679		3,748,468		-		20,150,147
Exploration and evaluation assets		-		8,779,357		-		8,779,357
		26,147,834		16,571,269		200,223		42,919,326