Condensed Interim Consolidated Financial Statements (unaudited)

Second quarter ended June 30, 2019

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

	As at June 30, 2019	As at December 31, 2018
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**6,380,809**	7,422,458
Inventories - note 9	**10,645,826**	8,148,634
Accounts receivable - note 10	**669,208**	1,898,859
Prepaid expenses	**429,302**	156,161
Deposits paid	**2,567,581**	1,461,893
	20,692,726	19,088,005
MINING PROPERTIES - note 11	**8,271,547**	6,692,821
PROPERTY, PLANT AND EQUIPMENT - note 12	**72,351,114**	83,832,524
INTANGIBLE ASSETS	**69,036**	79,562
	101,384,423	109,692,912
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - note 13	**12,818,830**	12,635,531
Current portion of long-term debt - note 14	**9,456,532**	10,205,387
Line of credit - note 14	**555,434**	130,587
Current portion of lease obligations	**75,557**	---
	22,906,353	22,971,505
LONG-TERM DEBT - note 14	**9,207,277**	14,084,914
ENVIRONMENTAL LIABILITIES - note 15	**427,114**	468,854
LEASE OBLIGATIONS	**205,630**	---
NON-CONVERTIBLE DEBENTURES	**11,640,000**	11,640,000
DEFERRED INCOME TAX LIABILITIES	**1,760,065**	3,610,886
	46,146,439	52,776,159
EQUITY		
Share capital	**66,734,172**	66,734,172
Reserve - stock options	**3,352,295**	3,352,295
Deficit	**(18,069,408)**	(19,931,484)
Accumulated other comprehensive income - note 16	**2,825,013**	6,066,553
	54,842,072	56,221,536
Non-controlling interest	**395,912**	695,217
	55,237,984	56,916,753
	101,384,423	109,692,912

Going concern (note 1)

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

	Second quarters ended June 30,		First halves ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
CASH FLOWS FROM THE FOLLOWING ACTIVITIES				
Operating				
Net income for the period	**918,283**	5,242,289	**1,588,246**	11,647,494
Adjustments for				
Financial expenses	**716,013**	1,528,612	**1,514,133**	2,895,796
Depreciation of property, plant and equipment and amortization of intangible assets	**7,481,806**	2,919,575	**15,846,320**	5,827,040
Deferred income tax recovery	**(20,113)**	---	**(1,695,762)**	---
Change in fair value of financial liabilities	**---**	(961,923)	**---**	(1,729,655)
Unrealized foreign exchange loss	**---**	(56,686)	**---**	36,009
Net changes in non-cash working capital items - note 17	**4,291,358**	(1,424,429)	**(1,689,870)**	275,247
Paid interest	**(455,496)**	(362,114)	**(913,162)**	(763,264)
	12,931,851	6,885,324	**14,649,905**	18,188,667
Investing				
Variation in deposits paid	**(784,863)**	(90,027)	**(1,454,340)**	(17,987)
Acquisition of mining properties	**(311,499)**	(118,852)	**(1,891,317)**	(259,824)
Acquisition of property, plant and equipment	**(4,189,824)**	(3,543,474)	**(7,987,457)**	(10,378,705)
Acquisition of intangible assets	**---**	---	**(1,818)**	(1,731)
	(5,286,186)	(3,752,353)	**(11,334,932)**	(10,658,247)
Financing				
Repayment of long-term debt	**(2,295,115)**	(1,401,216)	**(4,571,375)**	(4,785,332)
Variation in lines of credit	**76,033**	(157,001)	**433,661**	(264,889)
Payments of lease obligations	**(17,657)**	---	**(38,984)**	---
	(2,236,739)	(1,558,217)	**(4,176,698)**	(5,050,221)
Effect of exchange rate changes on cash	**54,323**	194,076	**(179,924)**	(224,770)
Increase (decrease) in cash	**5,463,249**	1,768,830	**(1,041,649)**	2,255,429
Cash at the beginning of the period	**917,560**	2,624,354	**7,422,458**	2,137,755
Cash at the end of the period	**6,380,809**	4,393,184	**6,380,809**	4,393,184
Tax paid	**325,754**	326,871	**429,379**	443,132

Additional information (note 17)

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

1 - NATURE OF OPERATIONS AND GOING CONCERN

Nature of activities

Robex Resources Inc. (the "Company") is a junior Canadian operations and exploration mining company. The Company has entered into commercial operation on its Nampala deposit, located on the Mininko permit, on January 1st, 2017. In addition to its operational mining activities, the Company currently holds four exploration permits, all located in Mali, West Africa. These permits all demonstrate a favourable geology with a potential for the discovery of gold deposits. The head office's address is 437 Grande Allée Est, Québec (Quebec) G1R 2J5, Canada.

Going concern

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards published by the International Accounting Standards Board (IFRS) based on the going concern assumption, which contemplates the realization of assets and the 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. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These condensed interim consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

As at June 30, 2019, the Company has an accumulated deficit of $18,069,408 ($19,931,484 as at December 31, 2018). In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs, for mining operations, and for pay general and administration costs. As at June 30, 2019, the Company had a working capital deficiency of $2,213,627 ($3,883,500 as at December 31, 2018), including cash of $6,380,809 ($7,422,458 as at December 31, 2018).

Until the Company's mining operations have confirmed an adequate improvement in financial condition, the continuation of its activities will depend on its ability to secure necessary financing by way of borrowing. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding or initiatives will be available to the Company or that they will be available on terms acceptable to the Company. If management is unable to renew necessary funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these condensed interim consolidated financial statements.

Although the Company has taken steps to verify the title to mining properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and may not be in compliance with regulatory requirements.

2 - BASIS OF PRESENTATION

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

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company's annual financial statements for the year ended December 31, 2018, except for the adoption of new accounting standards as described in note 3. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

The Board of Directors approved these condensed interim consolidated financial statements on August 26, 2019.

3 - SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies complement those described in our annual audited consolidated financial statements for the period ending December 31, 2018.

Leases

The Company is a party to lease contracts for office space.

Lease terms are negotiated on case-by-case basis and include a wide range of terms and conditions. The lease agreements do not impose any covenants.

Leases are recognized as a right-of-use asset and a corresponding liability to the date when the leased asset is available for use by the Company. Each lease payment is allocated between liability and financial expenses. Financial expenses are charged to net income over term of the lease for a constant periodic interest rate on the remaining balance of the liability for each period. The right-of-use asset is amortized over the lease term on a straight-line basis.

Right-of-use assets

Right-of-use assets are initially measured at cost and include:

- the amount of the initial measurement of the lease liability
- lease payments made on or before the start date, less any lease incentives
- all initial costs incurred directly by the Company
- restoration costs.

After the start date, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses and are adjusted for any revaluation of the lease obligation.

Lease obligations

Lease obligations are initially measured at the present value of the lease payments that have not been paid as of that date. This includes:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or rate
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Leases - (continued)

Lease payments are discounted using the Company's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable in which case the latter is used.

Exemptions

The Company elected to apply exemptions for leases with low underlying asset values or for which, the lease term does not exceed 12 months. Payments associated with such leases are recognized on a straight-line basis as an expense in net income.

4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Valuation of lease obligations and right-of-use assets

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease obligations and the valuation of right-of-use assets. These include: determining contracts covered by the scope of IFRS 16, determining the contract term and determining the interest rate used for discounting future cash flows.

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

5 - SEGMENTED INFORMATION

The Company conducts its operating and exploration activities in Mali. The operational sectors presented reflect the Company's management structure and how the Company's principal operational decision-maker assesses business performance. The Company evaluates the performance of its operating sectors primarily based on operating income (loss), as shown in the following tables.

				Quarter ended June 30, 2019
				$
	Operations (Nampala, Mali)	**Explorations (Mali)**	**Corporate Management**	**Total**
REVENUE - GOLD SALES	**20,441,304**	**---**	**---**	**20,441,304**
Mining operation expenses - note 6	**7,407,061**	**---**	**---**	**7,407,061**
Mining royalties - note 6	**621,914**	**---**	**---**	**621,914**
Administrative expenses - note 7	**1,569,001**	**1,983**	**1,751,460**	**3,322,444**
Depreciation of property, plant and equipment and amortization of intangible assets	**7,379,215**	**101,438**	**1,153**	**7,481,806**
OPERATING INCOME (LOSS)	**3,464,113**	**(103,421)**	**(1,752,613)**	**1,608,079**

				Quarter ended June 30, 2018
				$
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate Management	Total
REVENUE - GOLD SALES	19,376,033	---	---	19,376,033
Mining operation expenses - note 6	6,408,919	---	---	6,408,919
Mining royalties - note 6	630,033	---	---	630,033
Administrative expenses - note 7	1,385,613	2,582	2,012,856	3,401,051
Depreciation of property, plant and equipment and amortization of intangible assets	2,918,100	---	1,475	2,919,575
OPERATING INCOME (LOSS)	8,033,368	(2,582)	(2,014,331)	6,016,455

(all amounts are in Canadian dollars unless otherwise indicated)

5 - SEGMENTED INFORMATION - (continued)

	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Halve ended June 30, 2019 $ Total
REVENUE - GOLD SALES	**39,311,071**	**---**	**---**	**39,311,071**
Mining operation expenses - note 6	**14,538,232**	**---**	**---**	**14,538,232**
Mining royalties - note 6	**1,210,059**	**---**	**---**	**1,210,059**
Administrative expenses - note 7	**3,341,824**	**4,700**	**2,804,503**	**6,151,027**
Depreciation of property, plant and equipment and amortization of intangible assets	**15,535,195**	**308,819**	**2,306**	**15,846,320**
OPERATING INCOME (LOSS)	**4,685,761**	**(313,519)**	**(2,806,809)**	**1,565,433**
TOTAL ASSETS AS AT JUNE 30, 2019	**85,970,291**	**13,816,434**	**1,597,698**	**101,384,423**

	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Halve ended June 30, 2018 $ Total
REVENUE - GOLD SALES	**39,948,674**	**---**	**---**	**39,948,674**
Mining operation expenses - note 6	**13,592,962**	**---**	**---**	**13,592,962**
Mining royalties - note 6	**1,302,065**	**---**	**---**	**1,302,065**
Administrative expenses - note 7	**2,722,961**	**3,951**	**3,575,570**	**6,302,482**
Depreciation of property, plant and equipment and amortization of intangible assets	**5,824,090**	**---**	**2,950**	**5,827,040**
OPERATING INCOME (LOSS)	**16,506,596**	**(3,951)**	**(3,578,520)**	**12,924,125**
TOTAL ASSETS AS AT DECEMBER 31, 2018	**92,247,397**	**10,299,350**	**7,146,165**	**109,692,912**

The Company's proceeds come from one client. The Company does not economically depend on a limited number of buyers for the sale of gold, as gold can be sold through many commodity traders around the world.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

6 - MINING OPERATION EXPENSES

	Second quarters ended June 30,		First halves ended June 30,	
	2019 **$**	2018 $	**2019** **$**	2018 $
Operating and maintenance supplies and service	**4,430,616**	4,034,243	**8,613,606**	8,485,247
Fuel	**2,576,091**	1,847,175	**5,113,992**	3,817,010
Reagents	**1,404,661**	1,300,396	**2,903,647**	2,485,406
Employee benefit expenses	**940,070**	801,791	**1,779,074**	1,699,641
Inventory change	**(194,731)**	55,138	**(613,503)**	757,901
Less: Production expenses capitalized as stripping cost	**(1,927,058)**	(1,807,713)	**(3,580,129)**	(4,034,874)
Delivery costs	**177,412**	177,889	**321,545**	382,631
Total production costs	**7,407,061**	6,408,919	**14,538,232**	13,592,962
Mining royalties	**621,914**	630,033	**1,210,059**	1,302,065
	8,028,975	7,038,952	**15,748,291**	14,895,027

7 - ADMINISTRATIVE EXPENSES

	Second quarters ended June 30,		First halves ended June 30,	
	2019 **$**	2018 $	**2019** **$**	2018 $
Operations and explorations	**1,570,984**	1,388,195	**3,346,524**	2,726,912
Corporation management	**1,751,460**	2,012,856	**2,804,503**	3,575,570
	3,322,444	3,401,051	**6,151,027**	6,302,482

8 - FINANCIAL EXPENSES

	Second quarters ended June 30,		First halves ended June 30,	
	2019 **$**	2018 $	**2019** **$**	2018 $
Interest on non-convertible debentures	**290,203**	---	**577,216**	---
Interest on long-term debt	**364,283**	228,278	**774,509**	342,253
Effective interest on long-term debt	**27,577**	---	**57,157**	---
Interest on lines of credit	**12,035**	22,116	**22,616**	34,426
Interest on lease obligations	**2,409**	---	**4,037**	---
Bank charges	**51,851**	41,348	**98,440**	85,540
Change in environmental liabilities	**(32,345)**	7,404	**(19,842)**	14,846
Real interest on debt components at amortized cost of convertible debentures	**---**	568,375	**---**	1,130,504
Effective interest on debt components at amortized cost of convertible debentures	**---**	661,091	**---**	1,288,227
	716,013	1,528,612	**1,514,133**	2,895,796

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

9 - INVENTORIES

	As at June 30, 2019	As at December 31, 2018
	$	$
Work in progress (*doré* bars)	**3,039,379**	2,767,272
Parts and supplies	**7,168,643**	5,139,607
Ore stockpiles	**431,906**	233,244
Silver (metals)	**5,898**	8,511
	10,645,826	8,148,634

10 - ACCOUNTS RECEIVABLE

	As at June 30, 2019	As at December 31, 2018
	$	$
Gold sales receivable	**---**	675,939
Taxes receivable	**619,280**	1,159,982
Other receivables	**49,928**	62,938
	669,208	1,898,859

11 - MINING PROPERTIES

	Mininko	Kolomba	Sanoula	Kamasso	
Undivided interest	100%	100%	100%	100%	**Total**
Mining rights and titles					**$**
Balance as at December 31, 2018	**123,557**	**79,493**	**217,151**	**23,952**	**444,153**
Acquisition costs	22,695	---	22,695	---	**45,390**
Exchange rate changes	(5,966)	(3,696)	(10,317)	(1,114)	**(21,093)**
Balance as at June 30, 2019	**140,286**	**75,797**	**229,529**	**22,838**	**468,450**
Exploration costs					
Balance as at December 31, 2018	**3,363,163**	**1,256,101**	**1,296,841**	**332,563**	**6,248,668**
Expenses incurred	1,437,709	---	---	415,286	**1,852,995**
Amortization	10,134	---	---	6,755	**16,889**
Exchange rate changes	(176,125)	(58,409)	(60,304)	(20,617)	**(315,455)**
Balance as at June 30, 2019	**4,634,881**	**1,197,692**	**1,236,537**	**733,987**	**7,803,097**
Total as at December 31, 2018	3,486,720	1,335,594	1,513,992	356,515	6,692,821
Total as at June 30, 2019	**4,775,167**	**1,273,489**	**1,466,066**	**756,825**	**8,271,547**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

12 - PROPERTY, PLANT AND EQUIPMENT

	Mining development costs	Buildings and office development	Equipment related to mining explorations	Tools, equipment and vehicles	Exploration equipment	**Total**
Cost						**$**
Balance as at December 31, 2018	**16,045,061**	**7,263,337**	**85,532,394**	**2,182,396**	**762,600**	**111,785,788**
Acquisition costs	1,457,574	1,055,577	5,074,464	655,805	---	**8,243,420**
Exchange rate changes	(754,092)	(344,405)	(3,996,139)	(102,079)	(35,460)	**(5,232,175)**
Balance as at June 30, 2019	**16,748,543**	**7,974,509**	**86,610,719**	**2,736,122**	**727,140**	**114,797,033**
Accumulated depreciation						
Balance as at December 31, 2018	**2,801,133**	**2,501,997**	**20,668,333**	**1,325,931**	**655,870**	**27,953,264**
Depreciation for the period	1,350,582	594,652	13,828,856	74,597	11,739	**15,860,426**
Exchange rate changes	(136,336)	(118,760)	(1,020,126)	(61,920)	(30,629)	**(1,367,771)**
Balance as at June 30, 2019	**4,015,379**	**2,977,889**	**33,477,063**	**1,338,608**	**636,980**	**42,445,919**
Net amounts:						
As at December 31, 2018	13,243,928	4,761,340	64,864,061	856,465	106,730	83,832,524
As at June 30, 2019	**12,733,164**	**4,996,620**	**53,133,656**	**1,397,514**	**90,160**	**72,351,114**
Not depreciated as at June 30, 2019 [1]	3,706,096	442,095	2,667,698	---	---	6,815,889

[1] Property, plant and equipment with a book value of $6,815,889 are not depreciated because they are either under development or construction, or not installed as at June 30, 2019 ($7,396,180 as at December 31, 2018).

13 - ACCOUNTS PAYABLE

	As at June 30, 2019	As at December 31, 2018
	$	$
Suppliers	**7,707,841**	8,494,439
Accrued interest	**845,696**	290,373
Due to the state	**1,631,939**	2,119,864
Payables to related parties	**1,890,523**	979,634
Other payables	**742,831**	751,221
	12,818,830	12,635,531

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

14 - LONG-TERM DEBT AND LINE OF CREDIT

	As at June 30, 2019	As at December 31, 2018
	$	$
Bank loan in the amount of $4,515,998 (2,000,000,000 CFA francs), annual interest of 7%, secured by a second mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of $116,385 (51,282,051 CFA francs) plus interest, until February 2020 inclusively.	**1,047,466**	1,708,852
Bank loan in the amount of $7,239,033 (3,000,000,000 CFA francs), annual interest of 7.75%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of $167,071 (73,615,402 CFA francs) including capital and interest, until April 2020 inclusively.	**1,612,864**	2,655,380
Bank loan in the amount of $4,403,996 (2,000,000,000 CFA francs), annual interest of 7.75%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of $111,043 (48,928,202 CFA francs) including capital and interest, until October 2020 inclusively.	**1,682,821**	2,381,242
Bank loan in the amount of $4,603,143 (1,997,000,000 CFA francs), annual interest of 7.75%, secured by a pledge of $5,762,573 (2,500,000,000 CFA francs) on equipment and material located at the Nampala mine. This loan is repayable in monthly instalments of $150,621 (66,367,288 CFA francs) including capital and interest, until November 2020 inclusively.	**2,421,020**	3,185,672
Bank loan in the amount of $11,549,531 (5,000,000,000 CFA francs), annual interest of 7%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of $271,852 (119,784,353 CFA francs) including capital and interest, until August 2022 inclusively. [1]	**9,241,471**	11,036,015
Bank loan in the amount of $3,451,370 (1,500,000,000 CFA francs), annual interest of 7%, secured by a third mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in quarterly instalments of $283,689 (125,000,000 CFA francs) plus interest, until October 2021 inclusively.[1]	**2,836,886**	3,570,281
	18,842,528	24,537,442
Less: Capitalized financing fees in the amount of $291,011 (122,263,500 CFA francs)	**(178,719)**	(247,141)
	18,663,809	24,290,301
Less: Current portion of long-term debt	**(9,456,532)**	(10,205,387)
	9,207,277	14,084,914

[1] Under these obligations, the Company is commited to complying annually with certain conditions and financial ratios.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

14 - LONG-TERM DEBT AND LINE OF CREDIT - (continued)

	As at June 30, 2019	As at December 31, 2018
Line of credit	**$**	$
Authorized line of credit from a Malian bank, for a maximum amount of $701,067 (300,000,000 CFA francs), annual interest of 8%, due on May 31, 2019 and reimbursed on August 9, 2019.	**555,434**	130,587

15 - ENVIRONMENTAL LIABILITIES

	As at June 30, 2019	As at December 31, 2018
	$	$
Provision related to the subsequent dismantling of the facilities being built on the Nampala site	**427,114**	468,854

The Company's activities are subject to various laws and regulations regarding environmental restoration and closure provisions, for which the Company estimates future costs. These provisions may be revised on the basis of amendments to such laws and regulations and the availability of new information, such as changes in reserves corresponding to a change in the mine life and discount rates, changes in estimated costs of reclamation activities and acquisition or construction of a new mine. The Company makes a provision based on a best estimate of the future cost of rehabilitating mine sites and related production facilities on a discounted basis.

16 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	As at June 30, 2019 (6 months)	As at December 31, 2018 (12 months)
	$	$
Exchange difference		
Balance at the beginning of the period	**6,041,257**	3,933,689
Exchange difference changes during the period	**(3,267,015)**	2,107,568
Balance at the end of the period	**2,774,242**	6,041,257
Attributable to		
Common shareholders	**2,825,013**	6,066,553
Non-controlling interest	**(50,771)**	(25,296)
	2,774,242	6,041,257

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

17 - ADDITIONAL INFORMATION ON THE INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Second quarters ended June 30,		First halves ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
a) Net changes in non-cash working capital items				
Decrease (increase) in current assets				
Accounts receivable	**6,082,935**	2,954	**1,159,059**	123,072
Inventories	**(1,627,585)**	37,492	**(2,885,749)**	388,459
Prepaid expenses	**(142,217)**	(216,980)	**(281,331)**	(401,533)
Deposits paid	**329,291**	(465,364)	**276,276**	(697,591)
	4,642,424	(641,898)	**(1,731,745)**	(587,593)
Increase (decrease) in current liabilities				
Accounts payable	**(351,066)**	(782,531)	**41,875**	862,840
	4,291,358	(1,424,429)	**(1,689,870)**	275,247
b) Items not affecting cash related to investing activities				
Change in accounts payable related to property, plant and equipment	**54,063**	63,004	**62,416**	2,216,344

18 - EARNINGS PER SHARE

	Second quarters ended June 30,		First halves ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Net earnings and diluted attributable to common shareholders	**1,037,051**	4,795,681	**1,862,076**	10,678,516
Basic weighted average number of shares outstanding	**579,509,566**	579,509,566	**579,509,566**	579,509,566
Stock options (1)	**---**	12,350,000	**---**	12,350,000
Diluted weighted average number of shares outstanding (1)	**579,509,566**	591,859,566	**579,509,566**	591,859,566
Basic net earnings per share	**0.002**	0.008	**0.003**	0.018
Diluted net earnings per share	**0.002**	0.008	**0.003**	0.018

(1) The calculation of the hypothetical conversions excludes options whose effect is anti-dilutive. Some stock options and conversion rights are anti-dilutive either because their price is higher than the average price of the Company's common shares for each of the periods presented or because the impact of the conversion of these elements on net income would result in diluted earnings per share exceeding the basic earnings per share for each of these periods. For the quarter ended June 30, 2019, 13,050,000 stock options are not included in the calculation of diluted earnings per share (149,650,000 conversion rights and 1,000,000 stock options for the quarter ended June 30,2018). For the halve ended June 30, 2019, 13,050,000 stock options are not included in the diluted net earning per share calculation (149,650,000 conversion rights and 1,000,000 stock options for the halve ended June 30, 2018).

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

19 - CONTINGENCY

Environmental protection

The Company's activities are subject to governmental laws concerning the protection of the environment. The environmental consequences are difficult to identify, whether it is at the level of the results, of the term or of its impact. To the best knowledge of management, the Company is operating in compliance with the laws and regulations currently in effect. Costs resulting from the restructuring of sites are recorded in the results or included in the cost of the fixed assets concerned in the period in which it will be possible to make a reasonable estimate.

20 - FINANCIAL INSTRUMENTS

Measurement categories

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of income or in the consolidated statement of comprehensive income. These categories are: assets and liabilities at FVTPL and financial assets and liabilities at amortized cost. The following table shows the carrying amounts of assets and liabilities for each of these categories:

	As at June 30, 2019	As at December 31, 2018
	$	$
Financial assets at amortized cost		
Cash	**6,380,809**	7,422,458
Accounts receivable	**49,928**	738,877
Deposits paid	**2,567,581**	1,461,893
	8,998,318	9,623,228
Financial liabilities at amortized cost		
Accounts payable	**11,186,891**	10,515,667
Line of credit	**555,434**	130,587
Long-term debt	**18,663,809**	24,290,301
Lease obligations	**281,187**	---
Non-convertible debentures	**11,640,000**	11,640,000
	42,327,321	46,576,555

Financial risk factors

a) Market risk

Fair value

The carrying amounts of financial assets at amortized cost approximate their fair value due to their short-term maturity and the prevailing interest rates of these instruments, which are comparable to those of the market.

The Company considers that the carrying amount of all its financial liabilities at amortized cost in its condensed interim consolidated financial statements approximates their fair value. Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities. The fair value of long-term debt has not been determined due to the related specific conditions negotiated between the Company and the third parties concerned.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

20 - FINANCIAL INSTRUMENTS (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The following table shows the contractual maturities of financial liabilities as at June 30, 2019:

	Carrying amount	**Less than a year**	**From 1 to 3 years**	**More than 3 years**
Accounts payable	**12,818,830**	**12,818,830**	**---**	**---**
Long-term debt [1]	**18,663,809**	**10,570,376**	**9,528,104**	**543,703**
Line of credit	**555,434**	**555,434**	**---**	**---**
Non-convertible debentures [1]	**11,640,000**	**1,164,000**	**12,804,000**	**---**
	43,678,073	**25,108,640**	**22,332,104**	**543,703**

The following table shows the contractual maturities of financial liabilities as at December 31, 2018:

	Carrying amount	Less than a year	From 1 to 3 years	More than 3 years
Accounts payable	12,635,531	12,635,531	---	---
Long-term debt [1]	24,290,301	11,720,016	13,238,658	2,280,874
Line of credit	130,587	130,587	---	---
Non-convertible debentures [1]	11,640,000	1,164,000	12,804,000	---
	48,696,419	25,650,134	26,042,658	2,280,874

[1] Future maturities relating to these liabilities exceed their carrying amount because they include both capital and interest payments.

21 - RELATED PARTY TRANSACTIONS

Results for the halve ended June 30, 2019 include expenses of $2,667,592 that were incurred with the directors and officers of companies controlled by them ($3,421,561 for the halve ended June 30, 2018), including a total interest amount of $508,536 on debentures ($999,436 for the halve ended June 30, 2018). These transactions occurred in the normal course of operations and are measured at the exchange amount which is the amount of consideration established by the related parties.