



(formerly "Chantrell Ventures Corp.")

Condensed Interim Consolidated Financial Statements
For the three-month periods ended March 31, 2020 and 2019
Presented in Canadian dollars
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF PRIOR PERIOD INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The prior period information and amounts in the accompanying unaudited interim consolidated financial statements of the Corporation have been prepared by, and are the responsibility of, the Corporation's management. The Corporation's independent auditor has not performed a review of the prior period information and amounts in these financial statements.

O3 Mining

(formerly "Chantrell Ventures Corp.")

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Condensed Interim Consolidated Statements of Financial Position (Tabular amounts express in thousands of Canadian dollars) (Unaudited)

As at	March 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 10,945	\$ 16,702
Other receivables	490	734
Advances and prepaid expenses	236	213
Tax recoverable	2,501	2,867
Marketable securities (note 4)	9,819	10,172
Total current assets	23,991	30,688
Non-current assets		
Reclamation deposit	412	412
Property, plant and equipment (note 6)	302	254
Exploration and evaluation assets (note 7)	141,008	136,690
Total non-current assets	141,722	137,356
Total assets	\$ 165,713	\$ 168,044
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,898	\$ 3,207
Current lease liabilities	106	104
Total current liabilities	4,004	3,311
Non-current liabilities		
Flow-through premium liability (note 9(a))	1,440	2,781
Share-based payment liability (note 10)	164	143
Asset retirement obligation (note 8)	600	570
Non-current lease liabilities	50	77
Deferred tax liability (note 12)	1,937	1,515
Total non-current liabilities	4,191	5,086
Total liabilities	8,195	8,397
Equity		
Share capital (note 9(a))	158,448	158,325
Contributed surplus (note 9(d))	5,028	4,483
Warrants (note 9(e))	5,910	5,911
Accumulated deficit	(11,868)	(9,072)
Total equity attributed to equity holders of the Corporation	157,518	159,647
Total liabilities and equity	\$ 165,713	\$ 168,044

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

Commitments (note 13) Subsequent events (note 14)

On behalf of the Board:

(Signed) "Keith McKay"

Keith McKay, Director

(Signed) "John Burzynski"

John Burzynski, Chairman

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Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts) (Unaudited)

<i>For the period ended</i>	Three months ended	
	March 31, 2020	March 31, 2019
Expenses/(income)		
Compensation expenses (note 5)	\$ 1,098	\$ 15
General and administration expenses (note 5)	666	11
General exploration expenses	23	-
Flow-through premium income (note 9(a))	(1,341)	-
Loss from marketable securities (note 4)	1,985	-
Other income	(4)	-
Operating loss	2,427	26
Finance income	(78)	-
Finance costs	25	-
Net finance income	(53)	-
Loss for before tax	2,374	26
Deferred income tax expense (note 12)	422	-
Loss and comprehensive loss	\$ 2,796	\$ 26
Basic and diluted loss per share (note 9(b) and (c))	\$ 0.06	\$ 0.04
Weighted average number of shares (note 9(b) and (c))⁽¹⁾	46,946,949	600,249

⁽¹⁾ All periods are adjusted for 40:1 share consolidation completed on July 5, 2019.

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

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Condensed Interim Consolidated Statements of Changes in Equity (Tabular amounts express in thousands of Canadian dollars) (Unaudited)

Attributable equity to owners of the Corporation

	Number of Shares ⁽¹⁾	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Total
Balance January 1, 2019	600,249	\$ 2,827	\$ -	\$ 2,163	\$ (4,932)	58
Loss for the period	-	-	-	-	(26)	(26)
Balance March 31, 2019	600,249	\$ 2,827	\$ -	\$ 2,163	\$ (4,958)	32

Attributable equity to owners of the Corporation

	Number of Shares ⁽¹⁾	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Total
Balance January 1, 2020	46,927,215	\$ 158,325	\$ 5,911	\$ 4,483	\$ (9,072)	159,647
Loss for the year	-	-	-	-	(2,796)	(2,796)
Stock-based compensation	-	-	-	545	-	545
Transaction costs on prior year private placements	-	(11)	-	-	-	(11)
Issuance of shares upon exercise of warrants (note 9(a))	100	1	(1)	-	-	-
Issuance of shares on acquisition of Regcourt Property (note 3)	113,637	128	-	-	-	128
Issuance of shares on acquisition of Louvem Property (note 3)	4,546	5	-	-	-	5
Balance March 31, 2020	47,045,498	\$ 158,448	\$ 5,910	\$ 5,028	\$ (11,868)	157,518

⁽¹⁾ All periods are adjusted for 40:1 share consolidation completed on July 5, 2019.

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

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Condensed Interim Consolidated Statements of Cash Flows (Tabular amounts express in thousands of Canadian dollars) (Unaudited)

<i>For the period ended</i>	March 31, 2020	March 31, 2019
Cash flows provided by/(used in) operating activities		
Loss for the period	\$ (2,796)	\$ (26)
Adjustments for:		
Marketable securities loss (note 4)	1,985	-
Depreciation	3	-
Accretion on asset retirement obligation (note 8)	1	-
Flow-through premium income (note 9(a))	(1,341)	-
Stock-based compensation (note 9(d))	626	-
Deferred income tax expense (note 12)	422	-
Interest income	(78)	-
	(1,178)	(26)
Change in items of working capital:		
Change in other receivables	244	-
Change in advances and prepaid expenses	(23)	2
Change in accounts payable and accrued liabilities	(449)	3
Change in taxes recoverable	366	-
Net cash used in operating activities	(1,040)	(21)
Cash flows provided by/(used in) investing activities		
Interest received	78	-
Acquisition of marketable securities (note 4)	(1,632)	-
Acquisition of property, plant and equipment (note 6)	(73)	-
Addition to exploration and evaluation assets (note 7)	(3,036)	-
Net cash and cash equivalents paid on asset acquisitions	(18)	-
Net cash used in investing activities	(4,681)	-
Cash flows used in financing activities		
Repayment of lease liabilities	(25)	-
Net cash used in private placements	(11)	-
Net cash used in financing activities	(36)	-
Decrease in cash and cash equivalents	(5,757)	(21)
Cash and cash equivalents, beginning of period	16,702	93
Cash and cash equivalents, end of period	\$ 10,945	\$ 72

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

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Notes to Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2020 and 2019

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

1) Reporting entity

O3 Mining Inc. ("O3 Mining" or the "Corporation"), formerly Chantrell Ventures Corp. is a Canadian corporation domiciled in Canada and was incorporated on July 29, 2004 under the Ontario Business Corporations Act. The address of the Corporation's registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The condensed interim consolidated financial statements of the Corporation at March 31, 2020 include the Corporation and its subsidiaries, Northern Gold Mining Inc., Niogold Mining Corporation, O3 Markets Inc., Chalice Gold Mines (Québec) Inc. ("Chalice"), Alexandria Minerals Corporation ("Alexandria"), 9401-3513 Québec Inc. and Murgor Resources Inc. (together the "Group" and individually as "Group entities"). The Corporation is primarily in the business of acquiring, exploring and developing precious mineral deposits in Canada.

The business of acquiring, exploring and developing precious mineral deposits involves a high degree of risk. O3 Mining is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively O3 Mining's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that O3 Mining's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material impairment of the carrying value of mineral properties and deferred exploration.

2) Basis of preparation

a) Statement of compliance

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

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Corporation's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2019.

These condensed interim consolidated financial statements were authorized for issuance by the Corporation's board of directors (the "Board of Directors") on May 6, 2020.

b) Significant accounting policies

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019.

Notes to Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2020 and 2019

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

2) Basis of preparation (continued)

c) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

IFRS 3, Business Combinations ("IFRS 3")

In October 2018, the IASB issued amendments to the guidance in IFRS 3, that revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. The corporation applied the revised definition of a business to determine accounting for all asset acquisitions during the period ended March 31, 2020 (note 3).

d) Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2019.

The outbreak of the novel coronavirus ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Corporation suspended its operations in Québec due to COVID-19 on March 23, 2020 and the sites have been put on care and maintenance. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Corporation in future periods. It is management's assumption that the Corporation will continue to operate as a going concern.

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(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

2) Basis of preparation (continued)

d) Use of critical estimates and judgements (continued)

The Corporation is working with both the Federal and Provincial Governments to help lobby an extension of the flow-through spending during this crisis. Based on current legislation, as of March 31, 2020, the Corporation is required to spend \$4.2 million of flow through funds by December 31, 2020.

3) Asset acquisitions

The following table summarizes the asset acquisitions during the period ended March 31, 2020:

Consideration paid	Regcourt Property	Louvem Property	Total
Share consideration	\$ 128	\$ 5	\$ 133
Cash consideration	-	10	10
Transaction costs	8	-	8
	\$ 136	\$ 15	\$ 151

Net assets acquired	Regcourt Property	Louvem Property	Total
Exploration and evaluation assets	\$ 136	\$ 15	\$ 151
Total net assets acquired	\$ 136	\$ 15	\$ 151

a) Acquisition of Regcourt Property

On March 16, 2020, O3 Mining completed the acquisition of the Regcourt Property from Monarch Gold Corporation ("Monarch"). The Regcourt Property is located at the eastern end of the Val-d'Or gold mining camp, approximately 30 kilometres east of Val-d'Or, Québec, and consists of 88 mining claims near the centre of the western border of Vauquelin Township of Québec. O3 Mining acquired the property from Monarch in exchange for 113,637 common shares of O3 Mining.

The acquisition has been accounted for as an acquisition of assets as the Regcourt Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of \$136,000 as detailed in the table above.

b) Acquisition of Louvem Property

On March 16, 2020, O3 Mining completed the acquisition of the Louvem Property from Monarch. The Louvem Property consists of 12 mining claims and is located five kilometres east of Malartic, Québec. O3 Mining acquired 50% of the property from Monarch in exchange for 4,546 common shares of O3 Mining, subject to a 1% net smelter return ("NSR") royalty granted to Monarch on the Louvem Property with a 0.5% NSR royalty buy-back for CDN \$300,000. O3 Mining will acquire the remaining 50% interest in the Louvem Property for cash consideration of CDN \$10,000 within two days of the receipt by Monarch of a declaratory judgment in respect of the Louvem Property.

The acquisition has been accounted for as an acquisition of assets as the Louvem Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of \$15,000 as detailed in the table above.

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4) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the period ended March 31, 2020, these shares and warrants were fair valued, and this resulted in an unrealized loss of \$1,985,000 (2019 – \$nil).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at March 31, 2020 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in the various public companies are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

The following table summarizes information regarding the Corporation's marketable securities as at March 31, 2020 and December 31, 2019:

<i>As at</i>	March 31, 2020	December 31, 2019
Balance, beginning of period	\$ 10,172	\$ -
Additions	1,632	3,034
Acquisitions	-	10,724
Disposals	-	(2,582)
Realized loss	-	(510)
Unrealized loss	(1,985)	(494)
Balance, end of period	\$ 9,819	\$ 10,172

5) Expenses

The following table summarizes information regarding the Corporation's expenses from continuing operations for the period ended March 31, 2020 and 2019:

<i>For the period ended</i>	Three months ended	
	March 31, 2020	March 31, 2019
Compensation expenses		
Stock-based compensation (note 9(d) and note 10)	\$ 626	\$ -
Salaries and benefits	472	15
Total compensation expenses	\$ 1,098	\$ 15
General and administration expenses		
Shareholder and regulatory expense	\$ 65	\$ 4
Travel expense	46	-
Professional fees	421	4
Office expense	134	3
Total general and administration expenses	\$ 666	\$ 11
Marketable securities		
Unrealized loss from marketable securities (note 4)	\$ 1,985	\$ -
Total marketable securities loss	\$ 1,985	\$ -

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Notes to Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2020 and 2019

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

6) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at March 31, 2020:

Class	March 31, 2020							
	Cost			Accumulated depreciation				
	Opening balance	Additions/transfers	Closing balance	Opening balance	Depreciation	Closing balance	Net book value	
Computer Equipment	\$ 87	\$ 26	\$ 113	\$ 11	\$ 7	\$ 18	\$ 95	
Office Equipment	9	-	9	1	-	1	8	
Office Buildings	84	-	84	18	11	29	55	
Exploration Equipment	102	47	149	10	6	16	133	
Automobiles	13	-	13	1	1	2	11	
Total	\$ 295	\$ 73	\$ 368	\$ 41	\$ 25	\$ 66	\$ 302	

7) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at March 31, 2020:

	December 31, 2019	Acquisitions (note 3)	Additions	March 31, 2020
Kan - James Bay	\$ 203	\$ -	\$ 12	\$ 215
Éléonore - James Bay	212	-	2	214
Éléonore JV - James Bay	200	-	-	200
Other - James Bay	324	-	63	387
FCI - Corvette Lithium	(57)	-	(33)	(90)
Éléonore Opinaca	1,013	-	-	1,013
Tortigny	793	-	125	918
Launay	1,000	-	1	1,001
Malartic Block	61,623	15	58	61,696
Garrison Block	23,628	-	148	23,776
Hemlo	255	-	(2)	253
Alpha	35,822	-	2,240	38,062
Harricana	1,649	-	-	1,649
East Cadillac	10,025	136	1,553	11,714
Total exploration and evaluation assets	\$ 136,690	\$ 151	\$ 4,167	\$ 141,008

8) Asset retirement obligation

The Corporation's asset retirement obligation is estimated based on the Corporation's site remediation and restoration plan and the estimated timing of the costs to be paid in future years. The total undiscounted amount of cash flows required to settle the Corporation's asset retirement obligation is approximately \$617,000.

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Notes to Condensed Interim Consolidated Financial Statements For the periods ended March 31, 2020 and 2019 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts) (Unaudited)

8) Asset retirement obligation (continued)

The following table summarizes the Corporation's asset retirement obligation:

As at	March 31, 2020	December 31, 2019
Balance, beginning of period	\$ 570	\$ -
Acquisitions	-	246
Accretion	1	4
Change in estimate	29	320
Balance, end of period	\$ 600	\$ 570

The following are the assumptions used to estimate the provision for asset retirement obligation:

For the period ended March 31,	2020
Total undiscounted value of payments	\$ 617
Weighted average discount rate	0.60%
Weighted average expected life	5 years
Inflation rate	2.00%

9) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares ⁽¹⁾	Amount
Balance, January 1, 2019	600,249	\$ 2,827
Issuance of shares on acquisition of assets from Osisko	24,977,898	96,914
Issuance of shares on acquisition of Chalice	3,092,784	9,278
Issuance of shares on acquisition of Alexandria	9,557,956	27,909
Issuance of shares on acquisition of Harricana Mining	773,193	2,003
Issuance of shares on acquisition of option to acquire Garrison claims	64,433	158
Issuance of shares on acquisition of Simkar Property	435,000	1,122
Issuance of shares on acquisition of Bourlamaque claims	42,017	109
Private placement (net of transaction costs (\$1,489,000))	4,772,042	11,609
Private placement (net of transaction costs (\$733,000))	2,400,000	5,867
Issuance of shares on settlement of debt	211,643	529
Balance December 31, 2019	46,927,215	\$ 158,325
Transaction costs on prior year private placements	-	(11)
Issuance of shares upon exercise of warrants (note 9(e))	100	1
Issuance of shares on acquisition of Regcourt Property (note 3)	113,637	128
Issuance of shares on acquisition of Louvem Property (note 3)	4,546	5
Balance March 31, 2020	47,045,498	\$ 158,448

⁽¹⁾ All years are adjusted for 40:1 share consolidation completed on July 5, 2019.

The authorized capital of O3 Mining consists of an unlimited number of common shares having no par value. The holders of common shares of the Corporation are entitled to one vote per share at shareholder meetings of the Corporation. All shares rank equally with regards to the Corporation's residual assets.

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(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

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9) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

During the period ended March 31, 2020, flow-through premium income of \$1,341,000, relating to the private placements of flow-through shares in 2019, was recognized.

On March 16, 2020, the Corporation acquired the Regcourt property. In consideration for the acquisition of the Regcourt property, the Corporation issued an aggregate of 113,637 common shares of the Corporation at \$1.13 per share for total share consideration of \$128,000 (note 3(a)).

On March 16, 2020, the Corporation acquired the Louvem property. In consideration for the acquisition of the Louvem property, the Corporation issued an aggregate of 4,546 common shares of the Corporation at \$1.13 per share for total share consideration of \$5,000 (note 3(b)).

During the period ended March 31, 2020, a total of 100 warrants were exercised for gross proceeds of \$1,000 in exchange for the issuance of 100 common shares of the Corporation.

b) Basic loss per share

The calculation of basic loss per share for the period ended March 31, 2020 and 2019 was based on the loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

<i>For the period ended</i>	Three months ended	
	March 31, 2020	March 31, 2019
Common shares outstanding, at beginning of the period ⁽¹⁾	46,927,215	600,249
Common shares issued during the period ⁽¹⁾	19,734	-
Basic weighted average number of common shares⁽¹⁾	46,946,949	600,249
Loss	\$ 2,796	\$ 26
Basic loss per share	\$ 0.06	\$ 0.04

⁽¹⁾ All periods are adjusted for 40:1 share consolidation completed on July 5, 2019.

c) Diluted loss per share

The Corporation incurred losses for the period ended March 31, 2020 and 2019, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. These options, warrants, deferred share units, and restricted share units could potentially dilute basic earnings per share in the future.

d) Contributed surplus

On August 13, 2019, the Board of Directors issued an incentive stock-option plan to provide additional incentive to its directors, officers, employees and consultants. The maximum number of shares reserved for issuance under the incentive stock option plan and all other security-based compensation arrangement of the Corporation is 10% of the issued and outstanding common shares of the Corporation. The options issued under the plan may vest at the discretion of the Board of Directors and are exercisable for up to 5 years from the date of grant.

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(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes the stock option transactions for the period ended March 31, 2020 and the year ended December 31, 2019:

	Number of stock options ⁽¹⁾		Weighted-average exercise price
Outstanding at January 1, 2019	44,500	\$	2.29
Granted	2,852,009		3.02
Cancelled	(44,500)		2.29
Expired	(4,510)		5.54
Outstanding at December 31, 2019	2,847,499	\$	3.01
Granted	1,370,000		2.50
Forfeited	(133,332)		3.07
Outstanding at March 31, 2020	4,084,167	\$	2.84

⁽¹⁾ All periods are adjusted for 40:1 share consolidation completed on July 5, 2019.

On February 14, 2020, 1,370,000 stock options were issued to directors, management and employees, at an exercise price of \$2.50 for a period of 5 years. The options have been fair valued at \$1.40 per option using the Black-Scholes option-pricing model.

The total recognized expense for stock options for the period ended March 31, 2020 was \$545,000 (2019 - \$nil). A net amount of \$48,000, which was previously capitalized to exploration and evaluation assets, was reversed in the period as a result of forfeiture of stock options (2019 - \$nil).

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the period ended March 31, 2020 and the year ended December 31, 2019:

<i>For the period ended</i>		March 31, 2020		December 31, 2019
Fair value at grant date	\$	1.40	\$	1.55
Forfeiture rate		3.9%		3.4%
Share price at grant date	\$	2.50	\$	3.00
Exercise price	\$	2.50	\$	3.02
Expected volatility		77%		80%
Dividend yield		0.0%		0.0%
Option life (weighted average life)		3.8 years		3 years
Risk-free interest rate (based on government bonds)		1.41%		1.35%

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(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at March 31, 2020:

Range of exercise prices per share (\$)	Options outstanding			Options exercisable			
	Weighted-average remaining years of contractual life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)	
2.44 to 2.92	4.5	1,831,701	\$2.53	2.6	236,701	\$2.77	
2.93 to 3.20	4.4	2,121,668	\$3.07	4.4	751,676	\$3.07	
3.21 to 3.47	1.8	109,149	\$3.33	1.8	109,149	\$3.33	
3.48 to 4.57	2.0	18,041	\$3.60	2.0	18,041	\$3.60	
4.58 to 5.54	0.3	3,608	\$5.54	0.3	3,608	\$5.54	
2.44 to 5.54	4.4	4,084,167	\$2.84	3.7	1,119,175	\$3.05	

e) Warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the period ended March 31, 2020 and the year ended December 31, 2019. These warrants are exercisable at one warrant for one common share of the Corporation:

	Number of warrants	Weighted-average exercise price
Outstanding at January 1, 2019	-	\$ -
Issuance of warrants on private placement	5,010,644	4.43
Issuance of warrants on acquisition of Alexandria	477,174	4.15
Issuance of warrants on acquisition of Simkar Property	435,000	4.20
Expired	(477,174)	4.15
Outstanding at December 31, 2019	5,445,644	\$ 4.41
Exercised	(100)	4.46
Outstanding at March 31, 2020	5,445,544	\$ 4.41

10) Restricted share unit and deferred share unit plans

In August 2019, O3 Mining established a restricted share unit ("RSU") plan and a deferred share unit ("DSU") plan. Under these plans, RSUs can be granted to executive officers and key employees and DSU's can be granted to non-executive directors, as part of their long-term compensation package, entitling them to receive payout in cash or shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of RSUs and DSUs vested at the payout date by the five-day volume weighted average price from closing price of the Corporation's shares on the day prior to the payout date. Should the payout be in shares, each RSU and DSU represents an entitlement to one common share of the Corporation.

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(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

10) Restricted share unit and deferred share unit plans (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable RSUs and DSUs for the period ended March 31, 2020 and the year ended December 31, 2019:

	Number of DSUs	Number of RSUs
Outstanding at January 1, 2019	-	-
Granted	-	390,000
Outstanding at December 31, 2019	-	390,000
Granted	19,031	150,000
Forfeited	-	(50,000)
Outstanding at March 31, 2020	19,031	490,000

On February 14, 2020, 150,000 RSUs were issued to management. Each RSU has been fair valued at \$2.50 initially at the Corporation's closing share price on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On March 31, 2020, 19,031 DSUs were issued to directors. Each DSU has been fair valued at \$1.68 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

As at March 31, 2020 the share-based payment liability related to each RSU and DSU was re-measured to fair value at the Corporation's closing share price of \$1.68.

The total recognized expense for RSUs and DSUs of the Corporation for the period ended March 31, 2020 was \$21,000 (2019 - \$nil). A net amount of \$12,000, which was previously capitalized to exploration and evaluation assets, was reversed in the period as the result of forfeiture of RSUs (2019 - \$nil).

11) Related party transactions

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

During the period ended March 31, 2020, management fees, geological services, rent and administration fees of \$482,000 (2019 - \$nil) were incurred with Osisko, a related company of the Corporation by virtue of Osisko having control over the Corporation. Also, Mr. John Burzynski, Chairman of the Board of Directors of the Corporation, serves as President and Chief Executive Officer of Osisko and Jose Vizquerra, President and CEO of O3 Mining, serves as a Director of Osisko. Accounts payable and accrued liabilities to Osisko as at March 31, 2020 were \$75,000 (2019 - \$nil).

The following table summarizes remuneration attributable to key management personnel for the period ended March 31, 2020 and 2019:

For the period ended	Three months ended	
	March 31, 2020	March 31, 2019
Directors' fees	\$ 120	\$ -
Stock-based compensation	336	-
Total	\$ 456	\$ -

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(Unaudited)

12) Income taxes

The following table outlines the composition of the deferred income tax expense between income and mining tax for the period ended March 31, 2020:

<i>For the period ended</i>	March 31, 2020	March 31, 2019
Deferred income tax recovery	\$ (206)	\$ -
Deferred mining tax expense	628	-
Total deferred income tax expense	\$ 422	\$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Deferred tax assets are recognized when the Company concludes that sufficient positive evidence exists to demonstrate that it is probable that a deferred tax asset will be realized.

The following table provides the components of the deferred income and mining tax liabilities:

<i>As at</i>	March 31, 2020	December 31, 2019
Deferred tax liability		
Deferred income tax liability on net taxable temporary differences	\$ (300)	\$ (506)
Deferred mining tax liability on net taxable temporary differences	(1,637)	(1,009)
Total deferred tax liability	\$ (1,937)	\$ (1,515)
Net deferred tax liability	\$ (1,937)	\$ (1,515)

13) Commitments

As of March 31, 2020, the Corporation has the following flow-through funds to be spent by December 31, 2020:

Closing Date of Financing	Province	Remaining Flow-through Funds
September 26, 2019	Québec	\$ 4,171
Total		\$ 4,171

The Corporation is subject to Part XII.6 taxes on any unspent flow-through expenditures after February 1, 2020.

The Corporation is also committed to an annual \$25,000 advanced royalty payment on the Gold Pike Project.

14) Subsequent events

On April 20, 2020, O3 Mining announced that it had entered into an asset purchase agreement with Blue Thunder Mining Inc. ("Blue Thunder") to sell its Fancamp and Embry properties located in the Chibougamau mining district of Québec to Blue Thunder in exchange for (i) 4,514,436 common shares of Blue Thunder, and (ii) a 2% NSR royalty over the Fancamp and Embry properties (subject to a 1% buy-back in favour of Blue Thunder for CDN \$750,000). The transaction closed on May 1, 2020.

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(Unaudited)

14) Subsequent events (continued)

On April 28, 2020, O3 Mining announced that it had sold a package of 627 claims forming part of the Tortigny Property to Troilus Gold Corp. ("Troilus") in exchange for (i) 1,700,000 common shares of Troilus, and (ii) a 2% NSR royalty over the 627 claims sold to Troilus (subject to a 1% buy-back in favour of Troilus Gold Corp. for \$1 million).

On April 29, 2020, O3 Mining announced that it had sold a package of 24 claims forming part of the Tortigny Property to Kenorland Minerals Ltd. ("Kenorland") in exchange for cash consideration of \$900,000, and (ii) a 2% NSR royalty over the 24 claims sold to Kenorland (subject to a 1% buy-back in favour of Kenorland for \$1 million).