



CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2019 and 2018

In Canadian dollars

Independent Auditor's Report

**Raymond Chabot
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To the Shareholders of
Reunion Gold Corporation

Opinion

We have audited the consolidated financial statements of Reunion Gold Corporation (hereafter "the Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Karine Desrochers.

Raymond Chabot Grant Thornton LLP¹

Montréal
June 20, 2019

¹ CPA auditor, CA public accountancy permit no. A127023

Reunion Gold Corporation

Consolidated Statements of Financial Position

<i>(audited, in Canadian dollars)</i>	March 31, 2019	March 31, 2018
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 6)	9,072,011	16,444,794
Receivable from Barrick (Note 5)	1,545,341	-
Receivable from related parties (Note 22)	132,277	102,538
Sales taxes receivable	168,502	60,731
Other receivables	92,837	159,131
Prepaid expenses and deposits	231,157	133,203
	11,242,125	16,900,397
Non-current		
Property and equipment (Note 7)	1,329,504	457,780
Exploration and evaluation assets (Note 8)	3,032,389	1,515,970
TOTAL ASSETS	15,604,018	18,874,147
LIABILITIES		
Current		
Accounts payable and accrued liabilities	1,691,340	731,711
Current portion of note payable (Note 9)	361,773	-
Income taxes payable (Note 10)	-	370,200
	2,053,113	1,101,911
Non-current		
Note payable (Note 9)	32,143	-
TOTAL LIABILITIES	2,085,256	1,101,911
EQUITY		
Share capital (Note 11)	132,916,284	119,687,485
Contributed surplus (Notes 11 and 12)	18,678,140	18,071,912
Deficit	(137,036,606)	(118,877,634)
Cumulative translation adjustment	(1,039,056)	(1,109,527)
TOTAL EQUITY	13,518,762	17,772,236
TOTAL LIABILITIES AND EQUITY	15,604,018	18,874,147

Going concern (Note 2), Commitments (Notes 8 and 16) and Event after the reporting date (Note 23).

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

On behalf of the Board,

/s/ Réjean Gourde
Réjean Gourde, Director

/s/ Elaine Bennett
Elaine Bennett, Director

Reunion Gold Corporation

Consolidated Statements of Comprehensive Loss

<i>(audited, in Canadian dollars)</i>	Years ended March 31,	
	2019	2018
	\$	\$
Expenses and other items		
Exploration and evaluation (Note 13)	14,429,432	3,022,067
Management and administration (Note 14)	2,048,321	2,205,802
Share-based compensation (Note 12)	623,544	641,975
Depreciation and amortization	431,487	15,507
Expected credit loss	39,365	43,321
Finance expense on loans from related parties	-	34,639
Finance income	(111,633)	(123,379)
Gain on foreign exchange	(39,138)	(990,384)
Net loss for the year	(17,421,378)	(4,849,548)
Other comprehensive loss		
Item that will be subsequently reclassified to income		
Foreign currency translation adjustment	70,471	(1,003,571)
Comprehensive loss for the year	(17,350,907)	(5,853,119)
Basic and diluted loss per common share (Note 15)	(0.05)	(0.02)
Weighted average number of common shares - basic and diluted	331,488,861	249,611,050

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

Reunion Gold Corporation

Consolidated Statements of Changes in Equity

<i>(audited, in Canadian dollars)</i>	Number of issued and outstanding common shares	Share capital	Equity component of convertible loans	Contributed surplus	Deficit	Cumulative translation adjustment	Total equity
		\$	\$	\$	\$	\$	\$
Balance at March 31, 2018	319,916,587	119,687,485	-	18,071,912	(118,877,634)	(1,109,527)	17,772,236
Private placements (Note 11)	87,290,000	13,093,500	-	-	-	-	13,093,500
Share issue expenses and broker warrants (Note 11)	-	-	-	36,733	(737,594)	-	(700,861)
Exercise of stock options (Note 11)	625,000	135,299	-	(54,049)	-	-	81,250
Share-based compensation (Note 12)	-	-	-	623,544	-	-	623,544
Net loss for the year	-	-	-	-	(17,421,378)	-	(17,421,378)
Other comprehensive loss							
Foreign currency translation adjustment	-	-	-	-	-	70,471	70,471
Balance at March 31, 2019	407,831,587	132,916,284	-	18,678,140	(137,036,606)	(1,039,056)	13,518,762
Balance at March 31, 2017	187,451,596	102,190,531	17,935	14,602,442	(113,282,060)	(105,956)	3,422,892
Private placements (Note 11)	132,464,991	17,496,954	-	2,603,495	-	-	20,100,449
Share issue expenses and broker warrants (Note 11)	-	-	-	224,000	(746,026)	-	(522,026)
Reimbursement of loans from a related party	-	-	(17,935)	-	-	-	(17,935)
Share-based compensation (Note 12)	-	-	-	641,975	-	-	641,975
Net loss for the year	-	-	-	-	(4,849,548)	-	(4,849,548)
Other comprehensive loss							
Foreign currency translation adjustment	-	-	-	-	-	(1,003,571)	(1,003,571)
Balance at March 31, 2018	319,916,587	119,687,485	-	18,071,912	(118,877,634)	(1,109,527)	17,772,236

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

Reunion Gold Corporation

Consolidated Statements of Cash Flows

	Years ended March 31,	
<i>(audited, in Canadian dollars)</i>	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(17,421,378)	(4,849,548)
Adjustments		
Share-based compensation	623,544	641,975
Depreciation and amortization	431,487	15,507
Expected credit loss	39,365	43,321
Finance expense on loans from related parties	-	34,639
Gain on foreign exchange	(39,138)	(990,384)
Changes in working capital items (Note 17)	(1,184,181)	164,160
	(17,550,301)	(4,940,330)
INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 7)	(581,084)	(462,161)
Additions to exploration and evaluation assets (Note 8)	(1,513,561)	(1,445,424)
	(2,094,645)	(1,907,585)
FINANCING ACTIVITIES		
Reimbursement of note payable (Note 9)	(318,782)	-
Reimbursement of loans from related parties	-	(452,863)
Issue of share capital (Note 11)	13,174,750	19,350,449
Share issue expenses (Note 11)	(700,861)	(522,026)
	12,155,107	18,375,560
Effect of exchange rate changes on cash held in foreign currency	117,056	(75,142)
Net change in cash and cash equivalents	(7,372,783)	11,452,503
Cash, beginning of year	16,444,794	4,992,291
Cash and cash equivalents, end of year	9,072,011	16,444,794
Supplemental cash flow information		
Finance income received, included in operating activities	111,633	123,379
Fair value of warrants granted	36,733	2,827,495
Cash on reimbursement of loans from related parties used to subscribe to capital	-	750,000
Additions to property and equipment financed through note payable	652,096	-
Additions to exploration and evaluation assets included in accounts payable and accrued liabilities	33,407	-
Accretion included in property and equipment	53,596	-

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

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 *(audited, in Canadian dollars)*

1. GENERAL INFORMATION

Reunion Gold Corporation ("Reunion Gold" or the "Company") is a Canadian-based company. Reunion Gold is primarily engaged in the acquisition, exploration and development of gold mineral properties in the Guiana Shield region in South America. To date, the Company has not earned significant revenue. The Company's principal assets are option agreements to acquire the Dorlin and Boulanger gold projects in French Guiana and an option agreement to acquire the Waiamu gold project in Guyana. The Company also holds option agreements to acquire other early-stage exploration properties, namely Haute Mana in French Guiana and Arawini, Aremu and Oko in Guyana.

In accordance with a strategic alliance agreement with Barrick Gold Corporation ("Barrick") dated February 3, 2019 (Note 5), each of Reunion Gold and Barrick now hold a beneficial interest of 50% in the assets related to the gold projects in Guyana, namely the Waiamu, Arawini, Aremu and Oko gold properties.

All financial results in these consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. The address of the Company's registered office is 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. Reunion Gold's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol RGD.

The Board of Directors approved and authorized for issuance these consolidated financial statements on June 20, 2019.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 *(audited, in Canadian dollars)*

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

At March 31, 2019, the Company had a working capital of \$9,189,012 (\$15,798,486 at March 31, 2018), had an accumulated deficit of \$137,036,606 (\$118,877,634 at March 31, 2018) and incurred a net loss of \$17,421,378 during the year ended March 31, 2019 (a net loss of \$4,849,548 in 2018). Working capital at March 31, 2019 included cash and cash equivalents of \$9,072,011 (cash of \$16,444,794 at March 31, 2018).

At March 31, 2019, management believes that it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next 12 months. However, the Company will need to raise additional funds through the issuance of equity instruments or other arrangement to cover its planned exploration and evaluation budget for the next twelve months. 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 or that these sources of funding will be available to the Company or that they will be available on terms which are acceptable to the Company (Note 23).

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements. These circumstances indicate the existence of material uncertainties that cast 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. These consolidated financial statements do not reflect the adjustments to the carrying value of the assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

3. CHANGE IN ACCOUNTING POLICY

Adoption of IFRS 9, Financial instruments ("IFRS 9")

On April 1, 2018, the Company has adopted IFRS 9 on a retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out the requirements for recognizing financial assets and liabilities and replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The adoption of IFRS 9 resulted in a change in classification of the financial assets to the financial assets at amortized cost category while they were classified as loans and receivables under the classification prescribed by IAS 39. There was no change in the classification of financial liabilities. There was no impact on carrying values as a result of the adoption on IFRS 9, therefore, comparative amounts have not been restated.

4. SUMMARY OF ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. The Company has elected to present the statement of income and comprehensive income in a single statement.

c) Basis of consolidation

These consolidated financial statements include the accounts of Reunion Gold and its subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Reunion Gold and its subsidiaries have an annual reporting date of March 31. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by Reunion Gold. Details of the Company's subsidiaries are as follows:

- Ressources Reunion SAS, incorporated in November 2017 in French Guiana;
- Reunion Gold Inc., Guyana (previously Reunion Manganese Inc.);
- Northwest Utilities Inc., Guyana (inactive);
- New Sleeper Gold (USA) Ltd., USA (inactive).

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

d) *Foreign currency translation*

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of Reunion Gold. The functional currency of Ressources Reunion SAS is the Euro and the functional currency of Reunion Gold Inc. is the US dollar. The functional currencies of Reunion Gold and its subsidiaries have remained unchanged during the reporting years. Monetary assets and liabilities denominated in a foreign currency other than the functional currency of each entity are translated at the exchange rate in effect at the reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in a foreign currency are translated at the average rate in effect during the year with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in profit or loss. On consolidation, assets and liabilities of Reunion Gold's subsidiaries are translated into Canadian dollars at the closing rate in effect at the reporting date. Income and expenses are translated into Canadian dollars at the average rate over the reporting years. Exchange differences are presented as other comprehensive income and recognized in the currency translation adjustment reserve in equity.

e) *Financial instruments*

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, FVPL or fair value through other comprehensive income ("FVOCI"), as appropriate. The Company considers whether a contract (other than a financial asset) contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. The Company has no financial assets at FVPL and at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and cash equivalents, including accrued interest, receivable from Barrick, receivable from related parties, other receivables and deposits, are classified as and measured at amortized cost.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

e) *Financial instruments* (continued)

Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Accounts payable and accrued liabilities and note payable are classified as and measured at amortized cost.

Fair values

Financial instruments that are measured at fair value subsequent to initial recognition, if any, are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1: Quoted prices in active markets for identical items (unadjusted).

Level 2: Observable direct or indirect inputs other than Level 1 inputs.

Level 3: Unobservable inputs (not derived from market data).

Impairment of financial assets

A loss allowance for expected credit losses is recognized in net loss for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and, if any, FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has deteriorated significantly since initial recognition and whose credit risk is low.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

e) *Financial instruments* (continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

f) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held with banks and short-term investments with original maturities of three months or less.

g) *Property and equipment*

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, the finance expense attributable to the acquisition of the asset, and all other costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where parts of an item of property and equipment have a different useful life, they are accounted for as separate items of property and equipment. Depreciation is recognized on a straight-line basis using the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life. Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. Mobile equipment is depreciated over 5 years, service vehicles and other mining equipment are depreciated over 3 years, furniture is depreciated over 3 years, computer equipment is depreciated over 2 years and leasehold improvements are depreciated over the lease period. The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognized.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

h) Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities has been obtained are recognized in profit or loss as incurred. The cost of acquiring licenses and other expenditures associated with the acquisition of exploration and evaluation assets (including option payments) are capitalized on a property-by-property basis and are carried at cost less accumulated impairment losses, if any. No amortization expense is recognized on these assets during the exploration and evaluation period. Other exploration and evaluation expenditures are expensed as incurred. Once a project has been established as commercially viable and technically feasible, the related accumulated capitalized costs are reclassified as tangible assets and subsequent development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in profit or loss. Whenever a mining property is no longer viable or is abandoned, the capitalized amounts are written-down to their net recoverable amounts with the related charge recognized in profit or loss.

i) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Long lived assets that are not amortized are subject to an annual impairment assessment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Value in use takes into account estimated future cash flows associated with the asset, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each property representing a potential cash-generating unit. A previous impairment is reversed if the asset's recoverable amount exceeds its carrying amount.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 *(audited, in Canadian dollars)*

4. SUMMARY OF ACCOUNTING POLICIES (continued)

j) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset, as soon as the obligation to incur such costs arises and to the extent that such cost can be reasonably estimated.

The Company had no material provisions at March 31, 2019 and March 31, 2018.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

k) Income taxes

When applicable, income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination which affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the underlying tax losses on deductible temporary differences can be utilized. Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set-off current tax assets and liabilities from the same taxation authority.

l) Equity

Share capital represents the amount received on the issue of shares. Contributed surplus includes charges related to stock options, restricted share units and warrants until such equity instruments are exercised. Deficit includes all current and prior year losses and share issuance costs. Cumulative translation adjustment includes the impact of converting the accounts of the Company's foreign operations into Canadian dollars. All transactions with owners of the parent company are recorded separately within equity.

m) Allocation of proceeds on equity financing

The Company allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the TSXV share price on the date of the issuance and is accounted for in share capital and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model or a binomial regression method, as appropriate, and is accounted for in contributed surplus.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

n) Share-based payments

Equity-settled share-based payments are made in exchange for services received and are measured at their fair value. The fair value of the services rendered is determined indirectly by reference to the fair value of the equity instruments granted when the fair value of services received cannot be reliably estimated. The fair value of share-based payments to directors, officers, employees and consultants is recognized as an expense over the vesting period with a corresponding increase to contributed surplus. Financing warrants and warrants to brokers, in respect of an equity financing, are recognized as a share issue expense with a corresponding increase to contributed surplus. The fair value of stock options granted is measured at the grant date and recognized over the period during which the options vest using the Black-Scholes option pricing model and taking into account an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. Upon the exercise of share-based payments, the proceeds received, net of any direct expenses, as well as the related compensation expense previously recorded as contributed surplus are credited to share capital.

Restricted share units ("RSU") may be granted to directors, officers, employees and consultants as part of their compensation package entitling them to receive a payment in the form of common shares. Each RSU represents an entitlement to one common share of the Company, upon vesting. The fair value of the RSU is measured on the grant date and is recognized as an expense over the vesting period with a corresponding increase to contributed surplus.

o) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive potential common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. For the purpose of calculating diluted loss per share, the Company assumes the exercise of its dilutive options and convertible notes. The assumed proceeds from these instruments are regarded as having been received from the issue of common shares at the average market price of its shares during the period.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

p) Joint arrangement

The Company conducts a portion of its business through a joint arrangement where the parties are bound by a contractual arrangement establishing joint control and requiring unanimous consent of each of the parties regarding the conduct of operations. The Company's interest in a joint arrangement is classified as either a joint operation or a joint venture depending on its rights and obligations in the arrangement. In a joint operation, the Company has rights to its share of the assets, and obligations for its share of the liabilities, while in a joint venture, the Company has rights to its share of the net assets of the joint arrangement. For a joint operation, the Company recognizes in its consolidated financial statements, only its share of the assets, liabilities, revenue, and expenses of the joint arrangement, while for a joint venture, the Company recognizes its investment in the joint arrangement using the equity method of accounting. The Included Projects in the Strategic Alliance Agreement ("SAA") with Barrick described in Note 5 have been classified as a joint operation.

q) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting periods. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, judgments and assumptions are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates, judgments and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

Title to mineral properties

Although the Company has taken steps to verify title to mineral properties in which it has an option to earn an interest, these procedures are subject to certain assumptions and do not guarantee such title ownership. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

q) Significant accounting judgments and estimates (continued)

Property and equipment

Management reviews annually the carrying amounts of its property and equipment to determine whether any impairment loss has occurred and its estimate of the useful life of property and equipment, and accounts for any changes in estimates prospectively.

Exploration and evaluation assets

The application of the accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation activities have been conducted, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test in the year the new information becomes available.

Note payable

The determination of the interest rate used in the calculation of the note payable's discounted value requires judgment. The interest rate is management's best estimate of the cost of borrowing based on comparable entities and historical data.

Share-based compensation and warrants

Management assesses the fair value of stock options and warrants using the Black-Scholes valuation model or a binomial regression method, as appropriate. The Black-Scholes model and the binomial regression method require management to make estimates and assumptions with respect to inputs including the risk-free interest rate, volatility and expected stock option life. As well, management must make assumptions about anticipated forfeitures based on the historical actions of stock options plan participants.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

q) Significant accounting judgments and estimates (continued)

The following items reflect judgments made by management of the Company in applying its accounting policies:

Provision and contingent liabilities

Due to the nature of the Company's activities and countries in which it operates, various tax matters are outstanding from time to time. Contingencies can be possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within the Company's control occurs. The assessment of such contingencies involves the use of significant judgment and estimates. In the event that management's estimate of the future resolution of these matters change, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

Uncertain tax positions

The Company's management has determined that the sale in 2017 of the Matthews Ridge project has resulted in a capital gains tax, based on the interpretation of the tax rules in effect in Guyana. The amount of taxes paid has been established based on the Company's best estimate and according to its best judgement. If, after assessment, the amount of taxes payable is different than the amount initially recorded and paid, such difference could impact profit or loss in the period in which such determination is made.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 2).

Classification of joint arrangements

The Company makes judgments as to whether the Company's investments provide it with rights to the assets and obligations for the liabilities, relating to the arrangement or the net assets of the arrangement.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

r) Accounting standards issued but not yet applied

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these consolidated financial statements that are expected to be relevant to the Company are listed below. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17, *Leases*, and related interpretations. Accordingly, IFRS 16 will eliminate the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company will adopt IFRS 16 effective April 1, 2019.

During the year ended March 31, 2019, the Company progressed in its assessment and implementation of IFRS 16. This work consisted in reviewing contracts, aggregating data to support the evaluation of the financial impact and performing a preliminary calculation of the impact of the adoption of IFRS 16 on the Company's consolidated financial statements.

The Company is using the modified retrospective approach for transition. As a result, comparative information will not be restated. Accordingly, the Company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease and the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before April 1, 2019.

The Company will apply recognition exemptions across its complete portfolio of leased assets for short-term leases and leases of low value items.

The Company expects that the main impact of IFRS 16 will relate to office space and camp facilities leases and estimates that it will record an increase in right-of-use assets included in property and equipment of \$416,000 with an increase to lease liabilities in the same amount.

On implementation of IFRS 16, the Company expects i) an increase in right-of-use assets and liabilities as some leases currently classified as operating leases will be recognized on the consolidated statement of financial position; ii) a reduction in exploration or administration expenses and an increase in amortization expense of the right-of-use asset and an increase in finance expense on the related lease liabilities; and iii) an increase in cash flows from investing activities and a decrease in cash flows from operating activities as operating lease payments will be reclassified to financing cash flows as components of interest and lease liabilities.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

r) Accounting standards issued but not yet applied (continued)

IFRIC 23, Uncertainty Over Income Tax Treatments

In June 2017, the IFRS Interpretations Committee issued IFRIC 23 which clarifies how the recognition and measurement requirements of IAS12, Income Taxes, are applied where there is uncertainty over income tax treatments. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company will adopt IFRIC 23 effective April 1, 2019.

5. STRATEGIC ALLIANCE WITH BARRICK GOLD CORPORATION

On February 3, 2019, the Company entered into a Strategic Alliance Agreement ("SAA") with Barrick Gold Corporation ("Barrick" or the "partner") to form a 50:50 alliance to jointly explore for, develop and mine certain mineral projects in the Guiana Shield (the "Alliance"), including Guyana, Suriname, French Guiana and the North and Northeast Regions of Brazil (the "Subject Area"). Reunion will initially contribute to the Alliance the Waiamu Project, the Aremu Project, the Arawini Project and the Oko Project (the "Initial Included Projects"), all located in Guyana. Barrick will initially fund an amount equal to US\$4.2 million on the Initial Included Projects, as credit for historical exploration expenditures spent by the Company, with subsequent funding to be on a 50:50 basis between the Company and Barrick. Reunion Gold is the Manager of the Initial Included Projects. The Manager manages, directs and controls all undertakings, activities and operations, in accordance with unanimously approved Programs and Budgets by the partners.

Subsequently, and as long as the Alliance will be in effect, if the Company acquires an interest or an option to acquire an interest in any mineral property in the Subject Area, it will present the new project to Barrick and Barrick will have 90 days to elect to include the new project (an "Additional Included Project and, together with the Initial Included Projects, the "Included Projects") in the Alliance. If included, Barrick will fund the initial costs and expenditures for the project in an amount equal to the Company's incurred costs on the project up to a maximum of US\$250,000.

Barrick can at any time designate an Included Project as a "Designated Project". Following such designation, Barrick will sole fund the Designated Project until the completion of a feasibility study in respect of the project. Barrick will become the Manager of the Designated Project and the project will be transferred into a separate entity to be held by each party in the same proportion as their ownership in the Included Project. Upon completion of a feasibility study, Barrick's interest in the Designated Project will increase to 70% and the Company will retain a 30% interest. If Barrick does not deliver a feasibility study on the Designated Project, the project returns to the Alliance as an Included Project.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

5. STRATEGIC ALLIANCE WITH BARRICK GOLD CORPORATION (continued)

The Company's interest in the Dorlin, Haute Mana and Boulanger Projects are initially not included in the Alliance. However, Barrick retains a right of first refusal on these projects, and can in the future define any project, based on certain criterias, as a Designated Project and would then, at that time, pay to the Company 50% of all costs incurred by the Company on such Designated Project to that date.

Following delivery of a feasibility study for a Designated Project, at the Company's request, Barrick will fund or arrange capital for the Company's share of any debt financing required to develop and construct a mine and related facilities on the Designated Project that Barrick has chosen to develop. Barrick will receive an additional 5% interest in the Designated Project for funding or arranging such capital.

The Company has agreed to spend at least 25% of the proceeds of the private placement completed in February 2019 (Note 11) or an amount of \$3,273,375, on the Included Projects within a period of two years (Note 6).

The Included Projects in the SAA have been classified as a joint operation. The Company recognizes in its consolidated financial statements, only its share of the assets, liabilities, revenue, and expenses of the joint operation. The Company has used the carrying amount of the Included Assets before the effective date of the SAA as the carrying amount of the portion of the interest retained by the Company in those Included Assets. Subsequently, the Company recognizes only its share of the assets, liabilities, revenue, and expenses of the joint arrangement.

6. CASH AND CASH EQUIVALENTS

	March 31, 2019	March 31, 2018
	\$	\$
Cash	4,061,731	16,444,794
Cash equivalents	5,010,280	-
	9,072,011	16,444,794

Cash equivalents is comprised of guaranteed investment certificates in the amount of \$5,000,000, bearing interest at a weighted-average rate of 2.27%, and maturing until May 27, 2019.

Cash and cash equivalents at March 31, 2019 includes an amount of \$2,534,290 to be spent on the Included Projects as part of the SAA with Barrick described in Note 5.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

7. PROPERTY AND EQUIPMENT

Assets subject to depreciation and amortization are as follows:

	Mobile equipment and service vehicles	Other mining equipment	Computer equipment, leasehold improvements and furniture	Total
	\$	\$	\$	\$
Cost				
Balance at March 31, 2017	118,124	160,676	4,322	283,122
Additions	111,392	279,475	71,294	462,161
Write-down	-	-	(4,111)	(4,111)
Net exchange differences	(1,421)	2,919	1,192	2,690
Balance at March 31, 2018	228,095	443,070	72,697	743,862
Additions (i)	1,047,091	109,955	76,134	1,233,180
Accretion expense (Note 9)	53,596	-	-	53,596
Net exchange differences	32,759	15,678	1,322	49,759
Balance at March 31, 2019	1,361,541	568,703	150,153	2,080,397
Accumulated depreciation and amortization				
Balance at March 31, 2017	118,124	160,676	4,322	283,122
Depreciation and amortization	12,335	1,866	1,306	15,507
Write-down	-	-	(4,111)	(4,111)
Net exchange differences	(3,396)	(4,856)	(184)	(8,436)
Balance at March 31, 2018	127,063	157,686	1,333	286,082
Depreciation and amortization	221,002	160,105	50,380	431,487
Net exchange differences	25,403	7,501	420	33,324
Balance at March 31, 2019	373,468	325,292	52,133	750,893
Carrying amounts				
At March 31, 2018	101,032	285,384	71,364	457,780
At March 31, 2019 (ii)	988,073	243,411	98,020	1,329,504

- i) Including mobile equipment consisting of two loaders and two excavators acquired for use in Guyana (Note 9).
- ii) In accordance with the SAA with Barrick described in Note 5, each of Reunion Gold and Barrick hold a beneficial interest of 50% in the assets related to the Waiamu, Arawini, Aremu and Oko gold projects in Guyana. The amounts in the table above represent Reunion Gold's interest in these assets.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

Amounts invested in exploration and evaluation assets not subject to depreciation and amortization are as follows:

	Dorlin, French Guiana	Boulanger, French Guiana	Waiamu, Guyana	Others	Total
	\$	\$	\$	\$	\$
Cost					
Balance at March 31, 2017	-	-	-	-	-
Additions	-	945,450	82,097	417,877	1,445,424
Net exchange differences	-	70,038	1,156	(648)	70,546
Balance at March 31, 2018	-	1,015,488	83,253	417,229	1,515,970
Additions	-	760,217	326,978	459,773	1,546,968
Net exchange differences	-	(65,477)	12,034	22,894	(30,549)
Balance at March 31, 2019 (1)	-	1,710,228	422,265	899,896	3,032,389

(1) In accordance with the SAA with Barrick described in Note 5, each of Reunion Gold and Barrick hold a beneficial interest of 50% in the assets related to the Waiamu, Arawini, Aremu and Oko gold projects in Guyana. The amounts in the table above represent Reunion Gold's interest in these assets.

Dorlin gold project, French Guiana

In February 2017, the Company entered into an option agreement to acquire a 75% interest in the Dorlin project in French Guiana from Société Minière Yaou-Dorlin ("SMYD"), a subsidiary of Auplata S.A., a French company listed on Alternext. The option is subject to certain conditions precedent including the renewal of the Dorlin project mining permit ("PEX"). The option is valid for a period of five years from the date of issuance of the Dorlin PEX. The Dorlin PEX expired in July 2015. SMYD has applied for a renewal of the PEX and the Dorlin PEX continues to be valid until the renewal application has been processed by the French authorities responsible for mining permits.

To exercise the option, the Company will have to complete and deliver a feasibility study to SMYD within a period of four years and six months of the beginning of the option period. To maintain the option, the Company is required to spend at least US\$3 million in the first three years. Once the option is exercised, SMYD can maintain a 25% participating interest ("PI") or can elect to receive a 5% net profit interest ("NPI"). If SMYD chooses a 25% PI, the Company will have the option to acquire an additional 5% PI from SMYD for a consideration based on the net present value as established in the feasibility study. The Dorlin project is subject to a 1.0% royalty payable to previous owners. At March 31, 2019, the Company has spent US\$5,497,110 at the Dorlin project.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Boulanger gold project, French Guiana

On July 26, 2017, the Company entered into a three-year option agreement to acquire from Compagnie Minière de Boulanger ("CMB"), an arm's length private company, a 100% interest in certain mineral properties located in French Guiana. The CMB properties include the Boulanger, Central Bief, Devez North and Devez South mining concessions and the Carapa exploration permit (formerly known as Ste Marie). On closing, the Company made an initial payment of \$738,633 (EUR500,000) and on July 27, 2018, the Company paid the first anniversary option amount of \$760,217 (EUR500,000). As a condition to exercise the option, the Company is required to spend at least US\$4,000,000 on exploration and development on the properties and pay an additional amount of EUR1,000,000 to CMB. The Company will have to pay a final amount of EUR1,000,000 to CMB following approval of the transfer to the Company of the concessions and exploration permit by the French regulatory authorities. Upon exercise of the option by the Company, CMB will retain a 2% net smelter returns royalty on the properties. The option can be exercised any time between January 1, 2019 and July 25, 2020. The Company can terminate the option agreement at any time upon a 30-day notice to CMB. The mining concessions expired on December 31, 2018 but continue to be valid until the renewal applications have been processed by the French authorities. CMB filed the renewal applications for all mining concessions for an additional period of 15 years. At March 31, 2019, the Company has spent US\$1,873,308 at the Boulanger project.

In November 2017, the Company entered into an agreement with a privately-held French Guyanese company, whereby rights to an occupation permit, which permit provides access rights to a camp located on the Boulanger Project, and various equipment and service vehicles were transferred to the Company for a total amount of \$226,214 (EUR150,000). An amount of \$15,081 was accounted for as capital assets and \$211,133 was accounted for as mineral property.

Haute Mana gold project, French Guiana

In December 2016, the Company entered into an option agreement with Union Minière de Saül ("UMS"), an arm's length private company to acquire an 80% interest in eight contiguous mining concessions in central French Guiana (referred to as the Haute Mana gold project) by completing a preliminary economic assessment on the project. Upon exercise of the option, the Company will be deemed to have acquired an 80% interest in the concessions. UMS will then have the option to retain its 20% participating interest or convert its interest in a 5% net profit interest or sell its 20% interest to the Company at a price to be agreed to at that time. On March 26, 2018, the parties entered into an amendment to the option agreement providing that (1) the option will be valid until January 1, 2024 (was previously a 5-year option) and (2) the Company will now oversee and pay for the environmental reclamation work described in a plan approved by the French mining authorities (replacing a loan of up to 250,000 euros to UMS). The eight mining concessions expired on December 31, 2018 but continue to be valid until the renewal applications have been processed by the French authorities. UMS filed the application renewal for an additional period of 25 years for seven of the eight mining concession with the Company agreeing to let the other concession expire.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Waiamu gold project, Guyana

On April 16, 2018, the Company and the titleholders of the Waiamu gold project entered into a definitive agreement (amended on October 22, 2018 to include additional mineral rights), outlining all terms and conditions entitling the Company to conduct exploration activities and acquire all the rights, title and interest in the Waiamu gold project. In accordance with this agreement, the Company paid an amount of \$174,308 (US\$135,000) to the titleholders as initial payment, in addition to the amount of \$82,097 (US\$65,000) paid in the year ended March 31, 2018. In order to maintain its rights to conduct exploration activities and acquire the Waiamu project during a period of five years, the parties to the SAA (as long as the Waiamu gold project remains an Included Project) will have to pay US\$200,000 on each of the first, second, third and fourth anniversary of the execution of the definitive agreement, for a total initial consideration of US\$1,000,000. The parties to the SAA will be entitled to acquire the Waiamu project at any time during the term of the agreement provided that an amount of at least US\$5,000,000 has been spent in exploration and development expenditures and that the total cumulative option payments of at least US\$1,000,000 has been made. An additional consideration may be payable if a feasibility study has been produced for the project (the "Contingent Consideration"). The Contingent Consideration will be equal to US\$5.00 per ounce of gold to be produced from the project as reported in a feasibility study. The definitive agreement can be terminated at any time without further financial obligations. At March 31, 2019, a total amount of US\$5,852,325 has been spent at the Waiamu project.

On August 14, 2018, the Company and the titleholder of additional mineral rights located in the Waiamu gold project area entered into a definitive agreement outlining all terms and conditions entitling the Company to conduct exploration activities and acquire all the rights, title and interest in these additional mineral rights. The Company paid an amount of \$78,416 (US\$60,000) related to this agreement and the parties to the SAA (as long as the Waiamu gold project remains an Included Project) will have to pay US\$60,000 on each of the first, second, third, fourth and fifth anniversary of the definitive agreement, for a total consideration of US\$360,000 and also pay a contingent consideration of US\$3.50 per ounce of gold to be produced from the project.

During the year ended March 31, 2019, the Company paid a finder's fee of \$46,249 (US\$35,000) related to the Waiamu gold project. The Company agreed to pay to the finder a contingent consideration of US\$1.00 per ounce of gold for the first one million ounces to be produced from the project and US\$0.75 per ounce of gold for the following two million ounces of production.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Arawini gold project, Guyana

On March 14, 2018, the Company entered into a definitive agreement with an arm's length local miner setting out the main terms and conditions under which the Company is entitled to conduct exploration activities and acquire all the rights, title and interest in the Arawini gold project. In accordance with this agreement, the Company paid \$129,726 (US\$100,000) to the title holders as the initial payment and \$199,375 (US\$150,000) on the first anniversary of the agreement. The first anniversary payment was funded by Barrick, representing a portion of the credit for historical expenditures spent by the Company on the Arawini gold project. In order to maintain its rights to conduct exploration activities and acquire the Arawini project during a period of four years, the parties to the SAA (as long as the Arawini gold project remains an Included Project) will have to pay US\$150,000 on each of the second, third and fourth anniversary of the execution of the definitive agreement, for a total consideration of US\$700,000. The parties to the SAA will be entitled to acquire the Arawini project at any time during the term of the agreement upon payment of the balance of the initial consideration (if any) and the grant of a 0.1% net smelter return royalty to the title holder. The definitive agreement can be terminated at any time without further financial obligations.

During the year ended March 31, 2019, the Company made the first anniversary payment of \$33,229 (US\$25,000) related to other early-stage exploration properties located in close proximity to the Arawini project (\$162,157 or US\$125,000 in 2018).

During the year ended March 31, 2018, the Company paid a finder's fee of \$32,432 (US\$25,000) related to the Arawini gold project and \$32,229 (US\$25,000) on the first anniversary of the agreement. The Company will have to pay US\$25,000 on each of the second and third anniversary and US\$100,000 on the fourth anniversary of the execution of this finder's fee agreement, for a total consideration of US\$200,000. The Company has also agreed to pay a contingent consideration of US\$2.00 per ounce of gold to be produced from the project.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Aremu gold project, Guyana

On December 11, 2017, the Company entered into a definitive agreement (the "Aremu Agreement") with an arm's length local miner entitling the Company to conduct exploration activities and acquire all the rights, title and interest in the Aremu gold project. The Company paid \$93,562 (US\$75,000) on closing of the transaction and paid \$98,894 (US\$75,000) on the first anniversary of the agreement. To maintain its rights to conduct exploration activities and acquire the Aremu project during a period of five years, the parties to the SAA (as long as the Aremu gold project remains an Included Project) will have to pay US\$150,000, US\$400,000 and US\$50,000 during the second, third and fourth year, respectively, for total payments of US\$750,000. The parties to the SAA will be entitled to acquire the Aremu project at any time during the term of the agreement upon payment of the balance of the initial payments (if any) and will also need to pay an amount equal to US\$5.00 per ounce of gold to be produced from the project as reported in an approved and permitted mine plan. The Aremu project is also subject to a 2% net smelter royalty. The Aremu Agreement can be terminated at any time during the term of the agreement without further financial obligations.

On October 31, 2018, the Company entered into a definitive agreement with an arm's length local miner entitling the Company to conduct exploration activities and acquire all the rights, title and interest in the Aremu Extension gold project. The Company has agreed to pay an initial amount of \$33,035 (US\$25,000) and the parties to the SAA (as long as the Aremu gold project remains an Included Project) will have to pay US\$25,000 on each of the first, second, third and fourth anniversary of the agreement, for a total consideration of US\$125,000 and a contingent consideration of US\$5.00 per ounce of gold to be produced from the project.

Oko gold project, Guyana

On August 14, 2018, the Company entered into a definitive agreement with an arm's length local miner entitling the Company to conduct exploration activities and acquire all the rights, title and interest in the Oko gold project. The Company paid \$261,387 (US\$200,000) on closing of the transaction. To maintain its rights to conduct exploration activities and acquire the Oko project during a period of five years, the parties to the SAA (as long as the Oko gold project remains an Included Project) will have to pay US\$100,000 on the first and second anniversary, US\$125,000 on the third anniversary and US\$150,000 on the fourth and fifth anniversary of the definitive agreement, for a total consideration of US\$825,000. The parties to the SAA will be entitled to acquire the Oko project at any time during the term of the agreement upon payment of the balance of the initial payments (if any). The Oko Agreement can be terminated at any time during the term of the agreement without further financial obligations. The Company has also agreed to pay a contingent consideration of US\$3.50 per ounce of gold to be produced from the project.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

9. NOTE PAYABLE

On May 30, 2018, the Company entered into a non-interest bearing note payable related to the purchase of mobile equipment to conduct exploration activities at the Waiamu Project in Guyana. The equipment was acquired for a total consideration of \$874,020 (US\$676,896). A cash payment of \$152,535 (US\$118,134) was made at the acquisition date and the Company agreed to make 23 consecutive monthly payments of \$31,369 (US\$24,294) from June 30, 2018 to April 30, 2020. Given that the note payable is non-interest bearing, the Company accounted for its estimated fair value using a discount rate of 12%. The balance of the note payable was determined as follows:

	March 31, 2019
	\$
Balance at March 31, 2018	-
Note payable, discounted at the rate of 12%	652,096
Accretion included in property and equipment	53,596
Reimbursement	(318,782)
Effect of foreign exchange	7,006
Balance at March 31, 2019	393,916
Current liability	361,773
Non-current liability	32,143
	393,916

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

10. INCOME TAXES

The income tax provision differs from the amount resulting from the application of the combined Canadian statutory income tax rate as follows:

	Years ended March 31,	
	2019	2018
	\$	\$
Net loss before income taxes	(17,421,378)	(4,849,548)
Tax using the Company's domestic tax rate (26.68% in 2019 and 26.88% in 2018)	(4,648,024)	(1,303,559)
Effect of tax rate in foreign jurisdictions	(598,382)	(113,486)
Effect of foreign exchange due to consolidation	74,139	3,501
Effect of tax rate on deferred income tax balance	7,487	8,488
Non-deductible expenses	(17,017)	(225,764)
Unrecognized tax assets	5,066,740	1,631,653
Loss on foreign exchange recorded in other comprehensive loss	40,829	-
Others	74,228	(833)
Income tax expense	-	-

Unrecognized deductible temporary differences for which no deferred tax assets have been recognized are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

	March 31, 2019				
	Guyana	French Guiana	United States	Canada	Total
	\$	\$	\$	\$	\$
Non-capital loss carry-forwards	74,345,827	10,127,396	17,264,228	20,077,939	121,815,390
Capital loss carry-forwards	327,267	-	15,346,577	8,336,274	24,010,118
Property and equipment	573	-	-	393,329	393,902
Exploration and evaluation assets	-	-	-	16,701,207	16,701,207
Other	-	-	-	1,016,182	1,016,182
	74,673,667	10,127,396	32,610,805	46,524,931	163,936,799

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

10. INCOME TAXES (continued)

	March 31, 2018				
	Guyana	French Guiana	United States	Canada	Total
	\$	\$	\$	\$	\$
Non-capital loss carry-forwards	66,569,728	1,802,303	16,658,307	18,253,654	103,283,992
Capital loss carry-forwards	319,639	-	14,807,960	8,311,516	23,439,115
Property and equipment	3,197	-	-	392,358	395,555
Exploration and evaluation assets	-	-	-	16,701,207	16,701,207
Other	-	-	-	892,021	892,021
	66,892,564	1,802,303	31,466,267	44,550,756	144,711,890

Losses carried forward as at March 31, 2019 will expire as follows:

	Canada
	\$
2026	1,460,212
2027	1,458,642
2028	1,088,068
2029	1,262,881
2030	338,915
2031	833,035
2032	1,930,034
2033	1,746,086
2034	2,167,680
2035	1,718,455
2036	686,632
2037	1,488,686
2038	1,781,954
2039	2,116,659
	20,077,939

The Company's wholly-owned subsidiary in Guyana also has a loss carry-forward of \$74,345,827 at March 31, 2019, available indefinitely to reduce taxable income in future years. The Company's wholly-owned subsidiary in French Guiana has a loss carry-forward of \$10,127,396 at March 31, 2019, available indefinitely to reduce taxable income in future years. The Company's wholly-owned subsidiary in the United States has a loss carry-forward of \$17,264,228 at March 31, 2019, available until 2027.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

11. SHARE CAPITAL

Authorized and issued

Unlimited number of common shares and unlimited number of preferred shares, issuable in series.

At March 31, 2019, the Company had 407,831,587 issued and outstanding common shares (319,916,587 at March 31, 2018).

Issuance of securities

On February 12, 2019, the Company completed a non-brokered private placement through the issuance of 87,290,000 common shares at a price of \$0.15 per share for gross proceeds of \$13,093,500. As part of the private placement, Barrick acquired 33,150,000 shares to increase its interest in the Company from 15% to 19.9% and Dundee Resources Limited acquired 14,350,000 shares to maintain its 16.5% interest in the Company. Share issue expenses related to this private placement amounted to \$700,861.

On September 18, 2018, the Company issued a total of 625,000 common shares following the exercise of an equivalent number of stock options at a price of \$0.13 per share for total proceeds of \$81,250.

On December 1, 2017, the Company completed a non-brokered private placement with Barrick and issued 48,000,000 common shares to Barrick at a price of \$0.19 per share for total proceeds of \$9,120,000. Following this private placement, Barrick owned approximately 15% of the Company's issued and outstanding common shares on a non-diluted basis. Share issue expenses related to this private placement amounted to \$52,491.

In September 2017, the Company completed in two tranches a non-brokered private placement and issued 84,464,991 units at a price of \$0.13 per unit for gross proceeds of \$10,980,449. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant may be exercised for one common share at a price of \$0.20 per common share for a period of 36 months, subject to the Company's right to accelerate the expiry date in the event that the Company's shares trade on the TSXV at a closing price of \$0.40 or greater for 20 consecutive trading days at any time after June 18, 2018. The fair value of the common shares was calculated by using the TSXV share price on the date of the issuance and the fair value of the warrants was estimated at \$0.07 per warrant by applying the binomial regression method, using an expected time-period of 3 years, a weighted average risk-free interest of 1.60%, a weighted average volatility rate of 177% and a 0% dividend factor. An amount of \$2,603,495 was allocated to the share purchase warrants and presented as part of contributed surplus. Share issue expenses amounted to \$469,535. As part of the private placement, the Company's executive Chairman subscribed to 5,769,230 units for total proceeds of \$750,000.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

11. SHARE CAPITAL (continued)

Share purchase warrants

On March 12, 2019, the Company issued to Paradigm Capital inc. ("Paradigm") a total of 1,000,000 non-transferrable warrants, exercisable for 2 years at \$0.20 per share. The warrants were issued to Paradigm as consideration for the financial advisory services provided to the Company. The fair value of each warrant was estimated at \$0.04 per warrant by applying the Black-Scholes option pricing model, using an expected time-period of 2 years, a risk-free interest of 1.65%, a volatility rate of 50% and a 0% dividend factor. The estimated fair value of the warrants in the amount of \$36,733 was presented as share issue expenses.

On October 30, 2017, the Company issued to Paradigm a total of 2,800,000 non-transferrable warrants, exercisable for 3 years at \$0.20 per share, subject to the Company's right to accelerate the expiry date in the event that the Company's shares trade on the TSXV at a closing price of \$0.40 or greater for 20 consecutive trading days at any time after July 30, 2018. The warrants were issued to Paradigm as consideration for the financial advisory services provided to the Company. The fair value of each warrant was estimated at \$0.10 per warrant by applying the binomial regression method option pricing model, using an expected time-period of 3 years, a risk-free interest of 1.50%, a volatility rate of 177% and a 0% dividend factor. The estimated fair value of the warrants in the amount of \$224,000 was presented as share issue expenses.

The underlying expected volatility described above was determined by reference to historical data of the Company's share price over the expected life of the warrants.

The following reflects the activity related to share purchase warrants:

Grant date	Number of warrants March 31, 2018	Granted	Number of warrants March 31, 2019	Price per share	Expiry date
		\$		\$	\$
September 8, 2017	39,153,595	-	39,153,595	0.20	Sept 8, 2020
September 19, 2017	3,078,900	-	3,078,900	0.20	Sept 18, 2020
October 30, 2017	2,800,000	-	2,800,000	0.20	Oct 30, 2020
March 12, 2019	-	1,000,000	1,000,000	0.20	Mar 12, 2021
	45,032,495	1,000,000	46,032,495	0.20	

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

12. SHARE-BASED PAYMENTS

The Company has two share-based compensation plans: a stock option plan (the "2004 SOP") and a performance and restricted share unit plan ("PRSU Plan").

The shareholders of the Company adopted and approved the 2004 SOP for employees, officers, directors and consultants to the Company and its affiliates. The Board of Directors has delegated the authority to oversee the 2004 SOP to the Compensation and Corporate Governance Committee of the Company (the "Compensation Committee"). The Compensation Committee may determine the time during which any options may vest. The exercise price of an option shall not be lower than the closing price of the common shares on the TSXV on the last trading day prior to the date of the grant. The options shall be for such periods as the Compensation Committee determines up to a maximum of five years.

The PRSU Plan, adopted in September 2018, sets forth the terms and conditions under which restricted share units ("RSUs") and performance share units ("PSUs") may be granted to officers, directors, key employees and consultants. The number of common shares that may be reserved for issuance under the PRSU Plan may not exceed 3,000,000.

The maximum number of common shares issuable pursuant to the 2004 SOP combined with the aggregate number of common shares issuable under the PRSU Plan shall not exceed 10% of the total number of common shares outstanding from time to time.

Stock options

The following sets out the activity in stock options:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Weighted average exercise		Weighted average exercise	
	Number	price (\$)	Number	price (\$)
Stock options, beginning of the year	17,020,000	0.11	11,357,500	0.13
Granted	1,000,000	0.16	6,600,000	0.16
Exercised	(625,000)	(0.13)	-	-
Expired	-	-	(937,500)	0.73
Stock options, end of the year	17,395,000	0.11	17,020,000	0.11

On March 21, 2019, the Company granted 200,000 stock options to an employee. The stock options have a five-year term and are exercisable at a price of \$0.17 per share. The stock options granted will vest over a two-year period.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

12. SHARE-BASED PAYMENTS (continued)

Stock options (continued)

On November 14, 2018, the Company granted 300,000 stock options to a director. The stock options have a five-year term and are exercisable at a price of \$0.19 per share. The stock options granted will vest over a two-year period.

On September 18, 2018, 625,000 stock options were exercised at a price of \$0.13 per share. The market price at the date of the exercise was \$0.16 per share.

On May 15, 2018, the Company granted 500,000 stock options to a consultant. The stock options have a five-year term and are exercisable at a price of \$0.14 per share. The stock options granted will vest over a two-year period.

On January 22, 2018, the Company granted 600,000 stock options to two directors. The stock options have a five-year term and are exercisable at a price of \$0.16 per share. The stock options granted will vest over a two-year period.

On January 4, 2018, the Company granted 5,500,000 stock options to two senior executive officers. The stock options have a five-year term and are exercisable at a price of \$0.16 per share. The stock options granted will vest over a two-year period.

On December 4, 2017, the Company granted 500,000 stock options to a consultant. The stock options have a five-year term and are exercisable at a price of \$0.16 per share. The stock options granted will vest over a two-year period.

The following provides a summary of stock options granted and related weighted average Black-Scholes option pricing model input factors used:

	Years ended March 31,	
	2019	2018
Number of stock options granted during the period	1,000,000	6,600,000
Weighted-average exercise price (\$)	0.16	0.16
Weighted average grant date market price (\$)	0.16	0.16
Expected stock option life (years)	5.0	5.0
Vesting period (years)	2.0	2.0
Expected volatility (%)	98	142
Risk-free interest rate (%)	2.1	1.9
Dividend yield (%)	-	-
Weighted-average grant date fair value (Black-Scholes value) (\$)	0.12	0.14

The underlying expected volatility of all option grants was determined by reference to historical data of the Company's share price over the expected stock option life. No special features inherent to the stock options granted were incorporated into the measurement of fair value.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

12. SHARE-BASED PAYMENTS (continued)

Stock options (continued)

During the year ended March 31, 2019, the Company recorded compensation costs related to stock options in the amount of \$534,939 (\$641,975 in 2018), presented as share-based compensation on the consolidated statements of comprehensive loss.

The following reflects the stock options issued and outstanding at March 31, 2019:

Issue date	Number of stock options	Exercise price	Remaining contractual life (years)	Number of exercisable options	Exercise price of exercisable options
		\$			\$
February 9, 2017	9,045,000	0.07	2.9	9,045,000	0.07
February 14, 2017	750,000	0.10	2.9	750,000	0.10
December 4, 2017	500,000	0.16	3.7	333,333	0.16
January 4, 2018	5,500,000	0.16	3.8	3,666,667	0.16
January 22, 2018	600,000	0.16	3.8	400,000	0.16
May 15, 2018	500,000	0.14	4.1	166,667	0.14
November 14, 2018	300,000	0.19	4.6	100,000	0.19
March 21, 2019	200,000	0.17	5.0	66,667	0.17
	17,395,000	0.11	3.3	14,528,334	0.10

Restricted share units ("RSUs")

On October 17, 2018, the Company granted a total of 1,272,500 RSUs to officers, directors, key employees and consultants, with vesting occurring in two stages, 50% on October 16, 2019 and 50% on October 16, 2020. Each RSU entitles the holder to receive one common share of the Company. The fair value of RSUs is determined on the grant date, using the prior day's closing price. The fair value of the RSUs granted is \$0.21 per RSU. The fair value is recognized as share-based compensation expense with a corresponding increase in contributed surplus. The total amount expensed is recognized over the vesting period.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

12. SHARE-BASED PAYMENTS (continued)

Restricted share units ("RSUs") (continued)

The following sets out the activity in RSUs:

	Year ended March 31, 2019
	Number
RSUs, beginning of the year	-
Granted	1,272,500
RSUs, end of the year	1,272,500

During the year ended March 31, 2019, the Company recorded compensation costs related to RSUs in the amount of \$88,605 (nil in 2018) presented as share-based compensation on the consolidated statements of comprehensive loss.

13. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration expenses:

	Years ended March 31,	
	2019	2018
	\$	\$
Wages and fees	5,337,008	1,512,799
Drilling and assaying	3,540,118	251,796
Studies and geophysics	1,297,068	81,159
Camp costs	1,615,059	183,440
Field supplies	355,286	82,719
Transportation and travel	1,584,723	637,709
Property lease payments	177,400	-
Others	522,770	272,445
Total	14,429,432	3,022,067

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

14. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Years ended March 31,	
	2019	2018
	\$	\$
Wages and fees	1,476,357	1,698,628
Professional fees	67,271	108,144
Office and others	146,623	120,090
Investor relations and travel	313,999	255,218
Reporting issuer costs	44,071	23,722
	2,048,321	2,205,802

15. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended March 31, 2019 was based on the net loss attributable to common shareholders of \$17,421,378 (net loss of \$4,849,548 in 2018) and the weighted average number of common shares outstanding of 331,488,861 (249,611,050 in 2018).

Excluded from the calculation of the diluted loss per share for the year ended March 31, 2019 are 46,032,495 share purchase warrants, 17,395,000 stock options and 1,272,500 restricted share units because to include them would be anti-dilutive as they would have the effect of decreasing the loss per share.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

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16. OTHER COMMITMENT AND CONTINGENCIES

In addition to the commitments described in Note 8, the Company has entered into long-term lease agreements expiring between December 2019 and June 2020 which call for minimum lease payments of \$438,852 for the rental of office space and camp facilities. Minimum lease payments are \$363,683 for the year ending March 31, 2020 and \$75,169 for the year ending March 31, 2021.

The agreements between the Company and its officers contain termination without cause and change of control provisions. Assuming that the Company's officers had all been terminated without cause or that a change in control had occurred on March 31, 2019, the total amount payable to the Company's officers would have totaled \$999,965.

The Company operates in a number of countries and accordingly is subject to and pays taxes under the various regimes in countries in which it operates. The Company has historically filed, and continues to file, all required tax returns and other tax forms and paid the taxes reasonably determined to be due. The tax rules and regulations are generally complex and subject to interpretation. The Company's tax records, transactions and filing positions are subject to examination by the tax authorities in the countries in which the Company operates. The tax authorities may review the Company's transactions in respect of the year, or multiple years, which they have chosen for examination. The tax authorities may interpret the tax implications of a transaction differently from the interpretation reached by the Company. Uncertainty in the interpretation and application of applicable tax laws and regulations by the tax authorities could adversely affect the Company. As at March 31, 2019, the amount and timing of payments related to a potential tax assessment is impractical to determine and as such, no provision was accounted for.

17. CASH FLOW INFORMATION

Changes in working capital items are as follows:

	Years ended March 31,	
	2019	2018
	\$	\$
Receivable from Barrick	(1,545,341)	-
Receivable from related parties	(29,739)	(28,228)
Sales taxes receivable	(107,771)	(31,889)
Other receivables	30,786	132,260
Prepaid expenses and deposits	(97,142)	(124,012)
Accounts payable and accrued liabilities	941,762	216,029
Income taxes payable	(376,736)	-
	(1,184,181)	164,160

Reunion Gold Corporation

Notes to Consolidated Financial Statements

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18. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties in the Guyana Shield, South America. Assets are located as follows:

	March 31, 2019			
	Canada	French Guiana	Guyana	Total
	\$	\$	\$	\$
Current assets	10,509,232	407,513	325,380	11,242,125
Property and equipment	842	189,681	1,138,981	1,329,504
Exploration and evaluation assets	-	1,710,228	1,322,161	3,032,389
Total assets	10,510,074	2,307,422	2,786,522	15,604,018

	March 31, 2018			
	Canada	French Guiana	Guyana	Total
	\$	\$	\$	\$
Current assets	16,286,092	295,776	318,529	16,900,397
Property and equipment	-	119,524	338,256	457,780
Exploration and evaluation assets	-	1,015,488	500,482	1,515,970
Total assets	16,286,092	1,430,788	1,157,267	18,874,147

19. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. At March 31, 2019, managed capital totaled \$13,518,762 (\$17,772,236 at March 31, 2018).

The Company's properties are currently in the exploration stage. As such, the Company is dependent on external financing to fund its activities. The amount and timing of additional funding will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There were no changes in the Company's approach to capital management during the year ended March 31, 2019. As described in Notes 5 and 6, the Company has agreed to spend \$2,534,290 within a period of 2 years on the Included Projects as part of the SAA with Barrick. The Company is not subject to any other externally imposed capital requirements at March 31, 2019.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

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20. FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. There were no changes to the Company's financial objectives, policies and processes during the year ended March 31, 2019.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required for its continued operations as the Company generates cash flow from its financing activities (Note 2).

The following summarizes the contractual maturities of the Company's financial liabilities at March 31, 2019:

	Carrying amount	Settlement amount	Within 1 year	Between 1-2 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,535,811	1,535,811	1,535,811	-
Note payable	393,916	422,040	389,574	32,466
	1,929,727	1,957,851	1,925,385	32,466

Interest rate risk

The Company's interest rate risk relates to cash and cash equivalents. The Company's policy as it relates to its cash balances is to invest excess cash in guaranteed investment certificates or interest-bearing accounts with a major Canadian-based chartered bank. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates. Based on cash on hand at March 31, 2019, sensitivity to a plus or minus 1% change in interest rates would affect profit or loss and equity by approximately \$91,000 (approximately \$164,000 at March 31, 2018). Cash equivalents bear interest at fixed rates.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

March 31, 2019 and 2018 (audited, in Canadian dollars)

20. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

In the normal course of operations, the Company is exposed to currency risk due to business transactions conducted in a currency other than the respective functional currencies of each of the entities within the consolidated group. The Company has not entered into any derivative contracts to manage this risk. Transactions related to the Company's activities in Guyana are mainly denominated in Guyanese dollars and in United States dollars and in French Guiana in Euros. The consolidated entity seeks to minimise its exposure to currency risk by monitoring exchange rates and entering into foreign currency transactions that maximize the consolidated entity's position. The board considers this policy appropriate, taking into account the consolidated entity's size, current stage of operations, financial position and the board's approach to risk management. At March 31, 2019, assets and liabilities denominated in a foreign currency consisted of cash of \$141,889 (\$1,370,291 at March 31, 2018), other receivables of \$1,544,763 (\$4,403 at March 31, 2018), prepaid expenses of nil (\$106,560 at March 31, 2018), accounts payable and accrued liabilities of \$395,513 (\$65,756 at March 31, 2018), note payable of \$393,916 (nil at March 31, 2018) and income taxes payable of nil (\$370,200 at March 31, 2018). The impact on comprehensive loss and equity of a 10% increase or decrease in foreign currencies to the Canadian dollar exchange rate on the Company's financial instruments balances at March 31, 2019 would be approximately \$90,000 (\$94,000 at March 31, 2018).

Credit risk

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets held. At March 31, 2019, the Company's financial assets exposed to credit risk are primarily composed of cash and cash equivalents, receivable from Barrick, receivable from related parties, other receivables and deposits. To mitigate exposure to the credit risk deemed low, the Company has established a policy to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash is held with large Canadian and French-based financial institutions.

Political risk

The Company carries on its exploration activities in South America. These activities may be subject to political, economical or other risks that could influence the Company's exploration and development activities and future financial situation.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, receivable from Barrick, receivable from related parties, other receivables, deposits and accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair value given the short-term maturity of these instruments. The fair value of the note payable was determined, at inception and as at March 31, 2019, based on discounted cash flows using a rate of 12%, a rate similar to other debt instruments at the date of the consolidated statements of financial position.

Reunion Gold Corporation

Notes to Consolidated Financial Statements

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22. RELATED PARTY TRANSACTIONS

The detail of transactions between the Company and its related parties, other than subsidiaries which are fully consolidated, are described below. Related party transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Unless otherwise stated, none of these transactions included special terms or conditions. No guarantees were given.

Companies under common management

During the years ended March 31, 2019 and 2018, the Company was a party to separate agreements to provide administrative services to other TSXV-listed companies, related by virtue of common management, including Highland Copper Company Inc. ("Highland") and Odyssey Resources Limited. The services are provided at cost for all direct expenses plus a fixed monthly charge to cover overhead expenses. Such amounts recovered for administrative services during the year ended March 31, 2019 totaled \$154,658 (\$171,136 during the year ended March 31, 2018) and were presented against office and other expenses on the consolidated statements of comprehensive loss. During the year ended March 31, 2019, the Company paid or accrued an amount of \$294,069 (\$157,637 in 2018) to Highland for administrative and legal services, under a management services agreement dated January 1, 2016.

At March 31, 2019, the Company had an amount receivable from companies under common management of \$132,277 (\$102,538 at March 31, 2018). Amounts due are non-interest bearing and are due within 30 days of invoice date.

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the president and Chief Executive Officer and the Chief Financial Officer, is as follows:

	Years ended March 31,	
	2019	2018
	\$	\$
Wages and fees	999,998	1,374,965
Share-based compensation	508,769	545,068
	1,508,767	1,920,033

23. EVENT AFTER THE REPORTING DATE

Private Placement

On May 31, 2019, the Company closed a first tranche of a non-brokered private placement through the issuance of 9,473,684 common shares at a price of \$0.19 per share for gross proceeds of \$1,800,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2019

The following management's discussion and analysis ("**MD&A**") of operations, results, and financial position of Reunion Gold Corporation ("**Reunion Gold**") and its subsidiaries (together the "**Company**"), dated June 20, 2019, covers the years ended March 31, 2019 and 2018 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended March 31, 2019 and 2018 (the "**March 31, 2019 and 2018 consolidated financial statements**"). The March 31, 2019 and 2018 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

Reunion Gold is a Canadian-based company focused on the acquisition, exploration and development of mineral projects located in the Guiana Shield region of South America. Reunion Gold's financial year-end is March 31 and its common shares trade on the TSX Venture Exchange ("**TSXV**") under the symbol RGD. At March 31, 2019, the Company had a working capital of \$9.2 million.

The Company has entered into several option agreements entitling it to acquire, under certain terms and conditions, an interest in various high-potential gold exploration projects located in French Guiana and Guyana. In French Guiana, the Company can acquire up to 80% of the Dorlin and Haute Mana gold projects and 100% of the Boulanger gold project. In Guyana, the Company can acquire 100% of the Waiamu, Arawini, Aremu and Oko gold projects (the "**Guyana Projects**"). Following the execution of a strategic alliance agreement with Barrick Gold Corporation ("**Barrick**"), each of the Company and Barrick now hold a beneficial interest of 50% in the Guyana Projects.

At June 20, 2019, the Company has 417.3 million issued and outstanding common shares and 46.0 million warrants with an exercise price of \$0.20 per share expiring by March 2021.

Strategic Alliance with Barrick Gold Corporation

On February 3, 2019, the Company entered into a Strategic Alliance Agreement ("**SAA**") with Barrick to form a 50:50 alliance to jointly explore for, develop and mine mineral projects in the Guiana Shield (the "**Alliance**"), including Guyana, Suriname, French Guiana and the north and northeast regions of Brazil (the "**Subject Area**"). Reunion has initially contributed to the Alliance the Guyana Projects (the "**Initial Included Projects**"). Barrick will initially fund an amount equal to US\$4.2 million on the Initial Included Projects, as credit for historical

exploration expenditures spent by the Company, with subsequent funding to be on a 50:50 basis between the Company and Barrick.

Subsequently, and as long as the Alliance will be in effect, if the Company acquires an interest or an option to acquire an interest in any mineral property in the Subject Area, it will present the new project to Barrick and Barrick will have 90 days to elect to include the new project (an “**Additional Included Project**” and, together with the Initial Included Projects, the “**Included Projects**”) in the Alliance. If included, Barrick will fund the initial costs and expenditures for the project in an amount equal to the Company’s incurred costs on the project up to a maximum of US\$250,000.

Barrick can at any time designate an Included Project as a “**Designated Project**”. Following such designation, Barrick will sole fund the Designated Project until the completion of a feasibility study in respect of the project. Upon completion of a feasibility study, Barrick’s interest in the Designated Project will increase to 70% and the Company will retain a 30% interest. If Barrick does not deliver a feasibility study on the Designated Project, the project returns to the Alliance as an Included Project.

The Company will manage all exploration projects within the Alliance until such projects are defined as Designated Projects, at which time Barrick becomes the manager.

The Company’s interest in the Dorlin, Haute Mana and Boulanger projects (the “**Excluded Initial Projects**”) are initially not included in the Alliance. However, if the Company identifies a potential economic mineral resource on an Excluded Initial Project of at least three million ounces of gold of contained measured and indicated resource within a whittle pit or series of whittle pits or an underground mine with optimized scope design using a gold price of US\$1,000 per ounce, Barrick is entitled to designate such project as a Designated Project. In consideration for reimbursing the Company 50% of all costs incurred by the Company on such Designated Project, the Company will transfer 50% of its interest in that project after which Barrick will sole fund that newly Designated Project until the completion of a feasibility study in respect of such project.

Following delivery of a feasibility study for a Designated Project, at the Company’s request, Barrick will fund or arrange capital for the Company’s share of any debt financing required to develop and construct a mine and related facilities on the Designated Project that Barrick has chosen to develop. Barrick will receive an additional 5% interest in the Designated Project for funding or arranging such capital.

Concurrently with the signing of the SAA, Barrick agreed to subscribe to such number of shares in the private placement offering described below to increase its interest in the Company from 15% to 19.9%.

In connection with the entering into of the Alliance, Barrick has exercised its right under the Investor Rights Agreement between Barrick and Reunion Gold dated December 1, 2017 (the “**Investor Rights Agreement**”)

to nominate one director to Reunion Gold's board of directors (see *Board of directors appointments* section). Barrick has the right to nominate one person to the board of directors of the Company for so long as Barrick holds an interest of not less than 10% of the Company's common shares.

Barrick and Reunion Gold have also amended the terms of the Investor Rights Agreement so that Barrick's right of first refusal in connection with the sale of any interest in any of the Company's mineral projects is now limited to a right of first refusal in connection with the sale by the Company of any interest in the Included Projects and the Excluded Initial Projects.

Private Placements

On May 31, 2019, the Company closed a first tranche of a non-brokered private placement offering. The Company issued 9,473,684 common shares at a price of \$0.19 per share for proceeds of \$1,800,000.

On February 12, 2019, the Company completed a non-brokered private placement offering through the issuance of 87,290,000 common shares at a price of \$0.15 per share for gross proceeds of \$13,093,500. As part of the private placement, Barrick acquired 33,150,000 shares to increase its interest in the Company from 15% to 19.9% and Dundee Resources Limited acquired 14,350,000 shares to maintain its 16.5% interest in the Company.

Proceeds from both private placement offerings are intended to be used for exploration and development of the Company's gold projects in French Guiana and Guyana and for general working capital. Under the SAA, the Company has agreed to spend at least 25% of the proceeds of the February 2019 private placement on the Included Projects within a period of two years.

Board of directors appointments

Ms. Marian Moroney, Barrick's nominee

On March 14, 2019, the Company appointed Ms. Marian Moroney to its board of directors. Ms. Moroney is currently Vice-President, New Exploration Opportunities at Barrick, where she is responsible for pipeline growth. She has worked in Barrick's exploration department since 2002. She is a graduate of the University of Melbourne, Australia (Bachelor of Science in Geology). Ms. Moroney brings more than 25 years of experience in gold and copper exploration, having worked on projects at all stages and across most continents. Ms. Moroney served on the Prospectors & Developers Association of Canada (PDAC) board of directors from 2014-2017 and was named in the list of "100 Global Inspirational Women in Mining" by Women in Mining in 2015.

Ms. Chantal Gosselin

On November 19, 2018, the board of directors appointed Ms. Chantal Gosselin as a director of the Company. Ms. Gosselin brings over 25 years of experience in the financial services and mining industry. Ms. Gosselin has an MBA in Business Administration (Concordia University) and a BSc. in mining engineering (Laval University). She has held the position of Vice President and Portfolio Manager at Goodman Investment Counsel and was a senior mining analyst at Sun Valley Gold LLP. Her career has also included positions in brokerage firms and management positions in the mining industry in Canada, Peru and Nicaragua. Ms. Gosselin serves on the board of directors of two companies listed on the Toronto Stock Exchange.

As at the date of this MD&A, the board of directors of Company is composed of ten directors, eight of whom are considered to be independent.

Performance and restricted share unit plan

In September 2018, the Company's shareholders approved a performance and restricted share unit plan (the "**PRSU Plan**"). The purpose of the PRSU Plan is to encourage equity participation in the Company by its directors and certain key officers, employees and consultants through the acquisition of common shares of the Company. The PRSU Plan provides for the issuance of "restricted share units" ("**RSUs**") and "performance share units" ("**PSUs**"). The RSUs and PSUs to be issued under the PRSU Plan, as well as stock options to be issued under the stock option plan are part of the Company's overall executive compensation plan and assist the Company in attracting and retaining talented individuals. The number of common shares that may be reserved for issuance under the PRSU Plan may not exceed 3,000,000 and the maximum number of common shares issuable pursuant to the Company's stock option plan combined with the aggregate number of common shares issuable under the PRSU Plan can not exceed 10% of the total number of common shares outstanding from time to time.

Grant of share-based compensation

During the year ended March 31, 2019, the Company granted a total of 1,000,000 incentive stock options to a director, an employee and a consultant. These stock options are exercisable at an average price of \$0.16 per common share for a period of five years and will vest over a period of two years.

In October 2018, the Company granted an aggregate of 1,272,500 RSUs. The RSUs were granted to directors, officers, key employees and consultants and, subject to the terms and conditions of the PRSU Plan, will vest in two stages, with one half on October 16, 2019 and one half on October 16, 2020. Each vested RSU entitles the holder to receive one common share of the Company by delivering an exercise notice in accordance with the PRSU Plan.

Exploration Activities

Dorlin Project, French Guiana

The Dorlin Project consists of an 84 km² mining permit (“**PEX**”) for gold located in the central west region of French Guiana, approximately 190 km south-west of the capital Cayenne. The PEX is held by Société Minière Yaou-Dorlin (“**SMYD**”), a subsidiary of Auplata S.A., a French company listed on Alternext. In February 2017, the Company entered into an option agreement to acquire a 75% interest in the Dorlin Project from SMYD. The option is valid for a period of five years from the date of issuance of the renewal of the Dorlin PEX. The Dorlin PEX expired in July 2015. SMYD has applied for a renewal and the Dorlin PEX continues to be valid until the renewal application is processed by the French authorities responsible for mining permits.

To exercise its option, the Company will have to complete and deliver a feasibility study to SMYD within a period of four years and six months of the beginning of the option period. To maintain the option, the Company is required to spend at least US\$3 million in the first three years. Once the option is exercised, SMYD can maintain a 25% participating interest or can elect to receive a 5% net profit interest. The Dorlin Project is subject to a 1.0% royalty payable to previous owners of the Project. At March 31, 2019, the Company had spent US\$5,497,110 at the Dorlin project.

The Dorlin Project is underlain by rocks typical of the “greenstone belts” of the Guiana Shield, which hosts numerous gold deposits. In the 1990’s, substantial exploration work was conducted in the area by Guyanor Ressources S.A. (now Euro Ressources S.A.) and Cambior Inc. (now Iamgold Corporation).

On March 14, 2019, the Company announced a mineral resource estimate for the Nivré deposit at the Dorlin Gold Project, in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). A technical report in support of the Dorlin mineral resource estimate was filed on SEDAR on April 26, 2019. The mineral resource estimate and the technical report were prepared by G Mining Services Inc. (“**G Mining**”), an independent Canadian mining consulting firm.

Table 1 – Open-pit constrained Total Mineral Resources for the Nivré deposit

Weathering	Lower Cut-off (g/t Au)	Mineral Resource Classification					
		March 2, 2019					
		Indicated Resources			Inferred Resources		
		Tonnage (Mt)	Grade (g/t Au)	Ounces gold (000s)	Tonnage (Mt)	Grade (g/t Au)	Ounces gold (000s)
Laterite/Colluvium	0.40	3.0	1.02	99	5.6	0.99	179
Saprolite	0.40	3.2	0.89	91	9.7	0.91	282
Transition	0.53	3.3	1.17	124	33.8	1.10	134
Fresh	0.63	9.4	1.16	351	6.9	1.30	288
Total and average		18.9	1.09	665	26.0	1.06	883

Notes on the Mineral Resource Estimate:

- (1) Mineral Resources are reported using a gold price of US\$1,250/ounce
- (2) The metallurgical testing was set as 93% for all types of weathering based on historical metallurgy testing.
- (3) US\$/€ exchange rate was set at 0.86.
- (4) Cut-off grade of 0.40 g/t gold was used for colluvium/laterite and for saprolite, 0.53 g/t gold was used for transition and 0.63 g/t gold for fresh rock.
- (5) Only Indicated and Inferred blocks were considered during the optimization.
- (6) Mining dilution was included (5% in saprolite, 10% in fresh rock) when producing the Whittle shells but the Mineral Resources are reported undiluted.
- (7) A royalty was estimated at 2.27%.
- (8) Resource classification was determined from estimation pass and distance from the 50 m x 50 m drilling pattern at Nivré East zone: Indicated Resources – Blocks estimated in pass 1 or 2 within the vicinity of the 50 m x 50 m drilling pattern at Nivré East. Inferred Resources – Blocks estimated in pass 1 or 2 outside of the 50 m x 50 m drilling pattern, and all blocks estimated in pass 3.
- (9) Rock bulk densities were assigned by weathering type (colluvium/laterite, saprolite, transition, fresh rock), and values were derived from the average of drill core measurements.
- (10) Classification of Mineral Resources conforms to CIM definitions.
- (11) The qualified person for the estimate is Mr. Réjean Sirois, P. Eng, Vice President Geology and Resources for G Mining Services Inc. The estimate has an effective date of March 2, 2019.
- (12) Mineral Resources do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- (13) The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as Indicated or Measured Mineral Resources.

The Company had completed in late 2018 the first phase of an expansion drilling program of the Nivré gold deposit, with 49 drill holes generating 5,709 meters of core. Results of all drill holes of the expansion drilling program that are included in the resource estimate are posted on the Company's website with a location map and an estimation of true thicknesses of the mineralized composites.

On December 6, 2018, the Company had reported the results of an induced polarization ("IP") geophysical survey conducted at the Dorlin project. This survey successfully demonstrated that i) the Nivré deposit responds well to IP surveys, as would be expected from gold-bearing silica-tourmaline-pyrite rocks and

produces strong chargeability and resistivity anomalies - gold mineralization reported by drilling results shows direct correlation to these anomalies; ii) the IP anomalies, coincident with the Nivré mineralization, continue for four kilometers from the northernmost drill intersection at the Nivré deposit; the surface mapping and outcrop sampling program along this trend has identified a series of mineralized outcrops further confirming the effectiveness of the geophysical IP survey in identifying new areas of gold mineralization; the four-kilometer trend is further delineated by historical gold and boron anomalies and remains open; iii) the IP survey has identified a new and significant IP anomaly, called d'Artagnan, which extends for 2,000 meters; extensive artisanal mining are found at the south end of this anomaly; and iv) the IP survey defined a further strong anomaly between the Nivré deposit East and West Zones; this new anomaly is 500 meters wide and links the two zones.

Following the 2018 exploration program, the Company has a greater understanding of the controls of the mineralization and of the best exploration approach at the Dorlin gold project.

The Company intends to run additional IP surveys for a total of 60 kilometer-lines to test all remaining gold-in-soil targets in early 2019, followed by a drill program of 4,000 meters to test these targets later in 2019, using both diamond and reverse circulation drilling methods.

Boulanger Project, French Guiana

On July 26, 2017, the Company entered into a three-year option agreement to acquire from Compagnie Minière de Boulanger (“**CMB**”), an arm’s length private company, a 100% interest in certain mineral titles located in French Guiana which include the Boulanger, Central Bief, Devez North and Devez South mineral concessions and the Carapa exploration permit (the “**Boulanger Project**”). On closing, the Company made an initial payment of EUR500,000 and an additional payment of EUR500,000 was made on July 26, 2018. As a condition to exercise the option, the Company is required to spend at least US\$4,000,000 on exploration and development expenses and pay an additional amount of EUR1,000,000 to CMB. The Company will have to pay a final amount of EUR1,000,000 to CMB following approval of the transfer to the Company of the concessions and exploration permit by the French regulatory authorities. Upon exercise of the option by the Company, CMB will retain a 2% net smelter returns royalty on the project. The option can be exercised at any time between January 1, 2019 and July 25, 2020. The Company can terminate the option agreement at any time upon a 30-day notice to CMB. The mining concessions expired on December 31, 2018 but continue to be valid until the renewal applications have been processed by the French authorities. CMB filed renewal applications for all mining concessions for an additional period of 15 years. At March 31, 2019, the Company had spent US\$1,873,308 at the Boulanger project.

During the year, the Company continued the comprehensive exploration of the Boulanger Project area by completing IP surveys over gold prospects in the southern part of the project, namely Doyle, Devez and STM

1, 2 and 5, where there is a known association of gold mineralization and sulphides. The IP survey was carried out using a gradient-array method covering 38 line-kilometers on 200 meter-spaced lines. Three follow-up lines using pole-dipole arrays were also done. The IP chargeability highs coincide with tight folding of a tuff unit with disseminated pyrite within weakly chargeable andesite flows of the Paramaca Group.

Review of outcrop and core geology, together with previous and new structural data, enabled the Company to comprehend the structural context of the southern half of the project. The IP survey results, combined with the new structural interpretation, have allowed the Company geologists to create an exploration working model, contextualizing the known gold mineralization with the local structural geology.

A helicopter-borne magnetometer and radiometer survey was carried out with flight lines flown at N25°, spacing of 100 meters at an altitude of 40 meters above the ground surface. The survey covered 106 square kilometers and totaled 1,262 line-kilometers. Results are being interpreted to improve the understanding of the geological context of the entire Boulanger Project area.

On June 20, 2018, the Company reported on the assay results from a drilling program, consisting in twelve diamond drill holes for a total of 1,025 meters. The objective of this initial drilling program was to define the geometry and extent of known gold mineralization and the program was focused on a two square kilometers area in the northeastern corner of the Central Bief concession. Five of the nine drill holes testing the Doyle 1, 2 and 3 prospects intersected gold mineralization hosted by quartz veins with pyrite and tourmaline in shear zones hosted by mafic volcanic rocks; visible gold was identified in one of these holes. Two drill holes tested the Crique Filon prospect, located five hundred meters east of the Doyle prospect, with visible gold identified in one of these two holes.

The objective of the planned exploration program at Boulanger in 2019 is to integrate and expand the enhanced geological understanding of the gold mineralization over the entire project and to drill test the targets generated, defining the geometry of mineralized zones.

Haute Mana Project, French Guiana

In December 2016, the Company entered into an option agreement with Union Minière de Saül (“**UMS**”) to acquire an 80% interest in eight contiguous mining concessions in central French Guiana (referred to as the Haute Mana gold project) by completing a preliminary economic assessment on the project. Upon exercise of the option, the Company will be deemed to have acquired an 80% interest in the concessions. UMS will then have the option to retain its 20% participating interest or convert its interest in a 5% net profit interest or sell its 20% interest to the Company at a price to be agreed to at that time. On March 26, 2018, the parties entered into an amendment to the option agreement providing that (1) the option will be valid until January 1, 2024 (was previously a 5-year option) and (2) the Company will now oversee and pay for the environmental

reclamation work described in a plan approved by the French mining authorities (replacing a loan of up to 250,000 euros to UMS), with such work having been initiated during the year.

The eight mining concessions expired on December 31, 2018 but continue to be valid until the renewal applications have been processed by the French authorities. UMS filed renewal applications for an additional period of 25 years for seven of the eight mining concessions with the Company agreeing to let the other concession expire.

During the year, the Company carried out two reconnaissance programs to the southeastern part of the project, which included geological mapping coupled with the inventory and sampling of artisanal prospects. This work revealed intense and recent artisanal work, most of which had remained unrecorded, demonstrating the potential of the area for new gold discoveries. Follow-up exploration programs are being prepared from the findings of this work. These programs also included the inventory of environmental rehabilitation to be done in the area, mostly related to historical artisanal activity.

Waiamu Project, Guyana

During the year ended March 31, 2019, the Company and the titleholders of the Waiamu gold project entered into definitive agreements, outlining all terms and conditions entitling the Company to conduct exploration activities and acquire all the rights, title and interest in the Waiamu gold project. The Company's interest in the Waiamu project has been contributed by the Company to the SAA with Barrick as an Initial Included Project. The parties to the SAA (as long as the Waiamu gold project remains an Included Project) will be required to pay US\$260,000 annually for the next four years and \$60,000 in the fifth year, for a total consideration of US\$1,360,000. The parties to the SAA will be entitled to acquire the Waiamu project at any time during the term of the agreement provided that an amount of at least US\$5,000,000 has been spent in exploration and development expenditures and that option payments of at least US\$1,360,000 has been made. The parties to the SAA will also be liable for a contingent consideration of up to US\$5.00 per ounce of gold to be produced from the project as reported in a feasibility study. The definitive agreements can be terminated at any time without further financial obligations. At March 31, 2019, a total amount of US\$5,852,325 has been spent at the Waiamu project.

The Waiamu project is comprised of various mineral titles covering approximately 57,000 acres in the Cuyuni River valley in northwest Guyana. A NE-trending clastic sedimentary sequence with interspersed mafic volcanics units, typical of the Guiana Shield "greenstone belts" of Proterozoic age, underlies the project area. This sequence has been strongly deformed and little metamorphosed. In the Waiamu area, this sequence hosts numerous artisanal gold workings, exposing gold-bearing quartz veins often forming dense "swarms" with significant volumes.

The Company has been executing a comprehensive exploration program at the Waiamu gold project, including regolith geochemistry, geological mapping, prospecting and trenching. Initial results are very encouraging. A helicopter-borne magnetometry-radiometry survey over the entire project was completed in September 2018, which covered 2,300 kilometers of lines spaced both at 100 and 200 meters. Regolith geochemistry on 260 km of cut lines and 71 km of ridge-and-spur traverses generated over 5,650 auger samples and 4,850 channel and grab samples during the year, which were assayed for gold at the Actlabs laboratory in Georgetown. The 400 m by 50 m grid of regolith sampling defined at least fifteen anomalies (W1-W15), some independent from known artisanal prospects. These anomalies appear to be related to geological structures hosted preferentially by sediments and discrete intrusions, subparallel to the local NE trend.

Extensive artisanal alluvial mining in the area indicates that there are multiple primary sources of gold. Most of the historical artisanal hard-rock mining was focused on two prospects: Ceguinho and Saint John.

The Ceguinho prospect includes two open-pit artisanal mines, the most recent pit being over 100 meters across. Forty-two tailings samples collected downstream from an artisanal plant over a period of four months averaged 3.3 g/t gold, indicating good dispersion of gold mineralization in quartz vein “swarms” hosted by an intrusive rock. The Company completed 17 trenches at the prospect, with a total length of 1,140 meters. Channel samples from these trenches across quartz vein swarms show several multi-gram values over several meters with 13% of all samples reporting gold grades above 0.5 g/t gold. Trenching also allowed detailed structural mapping of the vein systems, essential for the orientation of drill holes. The prospect has been initially drill tested by four drill holes for a total of 869 meters of core, identifying broad zones of alteration and quartz veining within the intrusion, and gold assay results are being compiled.

The Saint John prospect, located approximately eight kilometers west of Ceguinho, consists of an excavation by artisanal miners of the entire side of a small hill down to saprock level. The pit exposes both clastic sediments and a fine-grained intrusive, which appears to be preferentially mineralized by gold-bearing quartz veining. Ten trenches with 869 meters of extent have been dug, exposing quartz veining at least 200 meters beyond the pit walls. Initial drill testing comprising 1,237 meters of core drilling in seven holes were completed at the prospect. Drilling intersected stacked quartz vein arrays hosted within a strongly altered mafic intrusion and drill assays are being compiled.

The W14 target lies approximately 1km southwest of the Saint John prospect. It is the strongest gold in regolith anomaly identified to date at the Waiamu gold project and is independent from known artisanal prospects. Seventeen trenches with 1,804 meters of extent were completed at W14 over 1,500 meters of strike length over the regolith anomaly. Trenching exposed gold bearing structures associated with east-west oriented shearing and with quartz veining hosted within mafic intrusions analogous to those at the Saint John prospect. Eight trenches in 957 meters were completed as an initial test of the W12 regolith anomaly, which is located

some 2.5 kilometers west Ceguinho. Trenching results to date indicate the presence of discrete and narrow gold bearing structures underlying the regolith anomaly.

The objective of the 2019 exploration program is to generate and test as many gold targets as possible over the entire property area and in particular the western half. The prioritizing of the anomalies will be based on a comprehensive review of the property, currently underway. This review and interpretation will look to refine the understanding of the geological setting of the gold anomalies by using the information available from regolith mapping, geochemistry, magnetic and radiometric data. Once drill targets have been identified, the expectation is that the Company will commence trench and drill testing (with an estimated drill program of 5,000 meters) in the second half of 2019.

Other projects in Guyana

Since December 2017, the Company entered into various option agreements under which the Company is entitled to conduct exploration activities and acquire all the rights, title and interest in the Arawini, Aremu and Oko gold projects. All of these projects have been contributed by the Company to the SAA with Barrick as Initial Included Projects. These projects are subject to payments of US\$425,000 in 2020, US\$675,000 in 2021, US\$350,000 in 2022, US\$175,000 in 2023 and US\$150,000 in 2024 and can be acquired at any time during the term of the agreements upon payment of the balance of the initial payments (if any). Any of the option agreements can be terminated at any time without further financial obligations. Some of the projects are subject to an NSR of up to 2% or a contingent consideration of up to \$5.00 per ounce of gold to be produced from a project.

No field work was conducted during the year at the Arawini, Aremu and Oko projects in Guyana. Compilation of available data continues for these projects, in preparation for exploration to be done in the second half of 2019, which will include airborne geophysical surveys, regolith geochemistry and geological mapping and prospecting.

Qualified Person

Carlos H. Bertoni, P. Geo., a consultant to Reunion Gold and a qualified person pursuant to NI 43-101, has reviewed and approved the scientific and technical data contained in this MD&A.

CONSOLIDATED FINANCIAL INFORMATION ^{(1) (2)}

Financial Position	March 31, 2019	March 31, 2018
	\$	\$
Cash	9,072,011	16,444,794
Receivable from Barrick (3)	1,545,341	-
Exploration and evaluation assets	3,032,389	1,515,970
Total assets	15,604,018	18,874,147
Non-current liabilities	32,143	-
Shareholders' equity	13,518,762	17,772,236

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017
	\$	\$	\$
Comprehensive Income (loss)			
Net income (loss) for the year	(17,421,378)	(4,849,548)	4,958,909
Basic and diluted earnings (loss) per share	(0.05)	(0.02)	0.03

Cash Flows			
Operating activities	(17,550,301)	(4,940,330)	(2,486,520)
Investing activities	(2,094,645)	(1,907,585)	7,374,527
Financing activities	12,155,107	18,375,560	113,831

- (1) The Consolidated Financial Information was derived from the Company's March 31, 2019 and 2018 consolidated financial statements, prepared in accordance with IFRS.
- (2) The Company's consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. At March 31, 2019, management believes that it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next 12 months. However, the Company will need to raise additional funds through the issuance of equity instruments or other arrangement to cover its planned exploration and evaluation budget for the next twelve months. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that sources of funding or initiatives will be available to the Company or that they will be available when such funds are required.
- (3) The amount receivable represents Barrick's portion of the February and March 2019 exploration and evaluation expenses and non-current asset additions.

Since its incorporation, the Company has not paid any cash dividend on its outstanding common shares and it is highly unlikely that any dividend will be paid in the foreseeable future.

Financial Review

The Company is in the exploration and development phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and evaluation activities undertaken on its projects and the management and administrative expenses required to operate and carry out its activities.

The Included Projects in the SAA with Barrick were classified as a joint operation, for purposes of preparing the Company's consolidated financial statements, resulting in the Company recognizing only its share of the assets, liabilities and expenses of the joint operation. The Company has also used the carrying amount of the Included Assets before the effective date of the SAA as the carrying amount of the portion of the interest retained by the Company in those Included Assets. Subsequently, the Company recognizes only its share of the assets, liabilities and expenses of the joint operation.

Below is a discussion of the major items impacting the Company's financial results for the years ended March 31, 2019 and 2018.

Exploration and evaluation expenses

During the year ended March 31, 2019, property payments capitalized in accordance with the Company's accounting policy on exploration and evaluation expenses totaled \$1,546,968 (\$1,445,424 in 2018). On July 27, 2018, the Company paid the first anniversary option amount of \$760,217 (EUR500,000) due to the titleholder of the Boulanger project. During the year, the Company entered into definitive option agreements to acquire all rights, title and interest in the Waiamu and Oko gold projects, and made initial payments of \$326,978 (US\$251,430) to the Waiamu titleholders and \$261,387 (US\$200,000) to the Oko titleholder. The Company also paid option amounts of \$131,928 (US\$100,000) to the titleholders of the Aremu project and \$66,458 (US\$50,000) to the titleholders of the Arawini project.

At March 31, 2019, the Company has in place option agreements to acquire seven mineral projects and is actively exploring three of these projects, namely the Dorlin and Boulanger projects in French Guiana and jointly with Barrick, the Waiamu project in Guyana. Activities are described in the *Exploration Activities* section. During the year ended March 31, 2019, the Company's share in exploration expenses amounted to \$14,429,432 (\$3,022,067 in 2018). Since February 3, 2019, Barrick has also spent an amount of \$1,278,998 in exploration expenses mostly at Waiamu.

The detail of the Company's share of exploration expenses is as follows:

		Drilling	Studies		Transport	Property		Years ended March 31,	
		And	and	Camp	and	Lease		2019	2018
	Labour	assaying	geophysics	costs	travel	payment	Others	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Dorlin	2,144,467	2,611,886	347,086	352,452	610,696	-	271,306	6,337,893	818,334
Boulanger	870,591	177,324	398,030	108,573	75,789	-	144,515	1,774,822	683,270
Waiamu	2,207,116	750,908	312,074	1,150,934	878,626	71,906	457,932	5,829,496	643,432
Other projects	114,834	-	239,878	3,100	19,612	105,494	4,303	487,221	877,031
	5,337,008	3,540,118	1,297,068	1,615,059	1,584,723	177,400	878,056	14,429,432	3,022,067

Also, during the year ended March 31, 2019, the Company acquired property and equipment for a total amount of \$1,233,180, including two loaders and excavators (\$794,211) for use at the Waiamu project in Guyana (see *Liquidity and Capital Resources* section), service vehicles in Guyana and French Guiana (\$252,880) and other equipment (\$186,089).

Results for the year 2019 compared to 2018

During the year ended March 31, 2019, the Company incurred a net loss of \$17,421,378 (\$0.05 per share) compared to a net loss of \$4,849,548 (\$0.02 per share) in 2018.

The net loss for the year ended March 31, 2019 consisted mostly of exploration and evaluation expenditures of \$14,429,432 (\$3,022,067 in 2018) as detailed above, management and administration expenses of \$2,048,321 described below (\$2,205,802 in 2018), share-based compensation of \$623,544 (\$641,975 in 2018), depreciation and amortization of \$431,487 of the Company's property and equipment (\$15,507 in 2018), a bad debt of \$39,365 (\$43,321 in 2018) related to uncollectible receivables on the sale of mobile equipment in prior years, partially offset by finance income of \$111,633 (\$123,379 in 2018) on liquidities held.

Management and administration expenses presented a net decrease of \$157,481 during the year ended March 31, 2019 compared to 2018. Wages and fees totaled \$1,476,357 in 2019 compared to \$1,698,628 in 2018. Wages and fees in 2018 included a bonus of \$568,372 (US\$450,000) paid to the Company's executive chairman, while no bonuses were paid during the year ended March 31, 2019. This reduction was partially offset by an increase in the annual compensation of the Company's executive chairman to US\$300,000 from US\$200,000 effective January 1, 2018 and the hiring during the year of a corporate controller and additional support staff, reflecting the increased overall activities.

Other management and administration expenses included audit, tax and legal fees of \$67,271 (\$108,144 in 2018), filing fees of \$44,071 (\$23,722 in 2018), investor relations and travel expenses of \$313,999 (\$255,218)

for attending key mining conferences, meeting with investors and visits to the Company's projects in Guyana and French Guiana, and office and other expenses of \$146,623 (\$120,090).

Share-based compensation totaled \$623,544 in 2019 (\$641,975 in 2018) based on the grant of 1,000,000 stock options and 1,272,500 RSUs during the year ended March 31, 2019, the grant of 6,600,000 stock options in 2018 and the grant of 9,795,000 stock options in February 2017.

In 2018, the Company recorded a finance expense of \$34,639 on loans from the Company's executive chairman and reimbursed the balance of the loans and accrued interest in the amount of \$1,202,863. An amount of \$750,000 reimbursed to the Company's executive chairman was subsequently re-invested in the September 2017 private placement.

During the year ended March 31, 2019, the Company realized \$111,633 in finance income on liquidities held (\$123,379 in 2018) following the completion of a private placement in February 2019 in the amount of \$13,093,500 and two private placements in 2018 for total gross proceeds of \$20,100,449.

Results of the 4th quarter ended March 31, 2019 compared to the 4th quarter ended March 31, 2018

During the 4th quarter period ended March 31, 2019, the Company incurred a loss of \$2,607,889 (\$0.01 per share) compared to a loss of \$2,143,377 (\$0.01 per share) during the 4th quarter period ended March 31, 2018, due mostly to increased overall activities.

During the current period, the Company incurred \$1,999,643 in exploration expenses mostly on the Dorlin and Boulanger projects in French Guiana and the Waiamu Project in Guyana (\$1,640,920 in 2018), \$546,161 in management and administration expenses (management and administration expenses of \$1,161,553 in 2018, including a bonus of \$568,372 paid to the Company's executive chairman), \$120,748 in share-based compensation (\$437,851 in 2018), depreciation and amortization of \$103,499 (\$14,608 in 2018), a bad debt expense of \$39,365 (\$43,321 in 2018), partially offset by finance income of \$17,532 (\$58,200 in 2018) and a non-cash gain on foreign exchange of \$183,995 (a non-cash gain on foreign exchange of \$1,096,676 in 2018 mostly due to the settlement of an amount due to the Company's wholly-owned subsidiary in Guyana).

Selected Quarterly Financial Information

The table below presents revenues, net loss and loss per share for the last eight quarters:

Period ended	Revenues	Net loss	Loss per share
	\$ 000	\$ 000	\$
March 31, 2019 (1)	0.0	(2,607.9)	(0.01)
December 31, 2018 (2)	0.0	(5,680.7)	(0.02)
September 30, 2018 (3)	0.0	(5,355.3)	(0.02)
June 30, 2018 (4)	0.0	(3,777.5)	(0.01)
March 31, 2018 (5)	0.0	(2,143.4)	(0.01)
December 31, 2017 (6)	0.0	(1,248.7)	(0.01)
September 30, 2017	0.0	(836.5)	(0.00)
June 30, 2017	0.0	(620.9)	(0.00)

1) Includes exploration and evaluation expenses of \$1,999,643.

2) Includes exploration and evaluation expenses of \$4,644,835.

3) Includes exploration and evaluation expenses of \$4,664,140.

4) Includes exploration and evaluation expenses of \$3,120,813.

5) Includes exploration and evaluation expenses of \$1,640,920, a bonus of \$568,372 paid to the Company's chairman, stock-based compensation of \$437,851 and a non-cash gain on foreign exchange of \$1,096,676 resulting mostly from the settlement of an amount due to the Company's wholly-owned subsidiary in Guyana.

6) Includes exploration and evaluation expenses of \$887,600.

Liquidities and Capital Resources

At March 31, 2019, the Company had a working capital of \$9,189,012 compared to a working capital of \$15,798,486 at March 31, 2018. The decrease in the working capital during the year ended March 31, 2019 is mainly attributable to the acquisition of property and equipment related to the Company's exploration activities in French Guiana and Guyana for an amount of \$1,233,180, the additions to the exploration and evaluation assets for a total amount of \$1,546,968, exploration and evaluation expenses of \$14,429,432, management and administration expenses of \$2,048,321 and the reimbursement of \$318,782 from a note payable related to the purchase of property and equipment in Guyana, partially offset by the net proceeds of \$12,392,639 from the private placement completed in February 2019, proceeds of \$81,250 from the exercise of 625,000 stock options and finance income of \$111,633.

On February 12, 2019, the Company completed a non-brokered private placement through the issuance of 87,290,000 common shares at a price of \$0.15 per share for gross proceeds of \$13,093,500. Share issue expenses related to this private placement amounted to \$737,594, including the estimated fair value of \$36,733 related to the grant of 1,000,000 broker warrants.

On September 18, 2018, the Company issued a total of 625,000 common shares following the exercise of an equivalent number of stock options at a price of \$0.13 per share for total proceeds of \$81,250.

In May 2018, the Company acquired two loaders and two excavators to support the work being conducted at the Waiamu Project, including site preparation, trenching and road work, for a total consideration of \$874,020. A cash payment of \$152,535 was made at the acquisition date and the Company agreed to make 23 consecutive monthly payments of \$31,369 from June 30, 2018 to April 30, 2020. At March 31, 2019, an amount of \$393,916 remains due under the non-interest bearing note payable. Given that the note payable is non-interest bearing, the Company estimated its fair value using a discount rate of 12%.

Taking into account the proceeds of the private placement completed on February 12, 2019, management of the Company believes that, as of the date of this MD&A, it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the next twelve months. The Strategic Alliance with Barrick described in this MD&A will result in the sharing of exploration expenses to be incurred on the projects included in the Alliance. However, the Company will need to continue to raise funds to cover its share of future exploration expenditures on those Included Projects, exploration expenses related to work programs on these projects that are not included in the Alliance as well as general and administrative expenses. Such funds may be raised in the future through the issuance of equity instruments or other means. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that sources of funding or initiatives will be available to the Company or that they will be available when such funds are required.

Capital Management

The Company defines capital that it manages as shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. At March 31, 2019, managed capital totaled \$13,518,762 (\$17,772,236 at March 31, 2018).

The mineral projects in which the Company has an interest are currently in the exploration stage. As such, the Company is dependent on external financing to fund its activities. The amount and timing of additional funding will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There were no changes in the Company's approach to capital management during the year ended March 31, 2019. The Company has agreed to spend 25% of the February 12, 2019 private placement, or an amount of \$3,273,375 within a period of 2 years, of which an amount of \$2,534,290 remains to be spent at March 31, 2019. The Company is not subject to any other externally imposed capital requirements at March 31, 2019.

Other Commitments and Contingencies

The Company has entered into a long-term lease agreement for the rental of office space and camp facilities expiring in June 2020 which calls for minimum lease payments of \$438,852, including \$363,683 in 2020 and \$75,169 in 2021.

The agreements between the Company and its officers contain termination without cause and change in control provisions. Assuming that the Company's officers had all been terminated without cause or that a change in control had occurred on March 31, 2019, the total amount payable to the Company's officers would have totaled \$999,965.

The Company operates in a number of countries and accordingly is subject to and pays taxes under the various regimes in countries in which it operates. The Company has historically filed, and continues to file, all required tax returns and other tax forms and paid the taxes reasonably determined to be due. The tax rules and regulations are generally complex and subject to interpretation. The Company's tax records, transactions and filing positions are subject to examination by the tax authorities in the countries in which the Company operates. The tax authorities may review the Company's transactions in respect of the year, or multiple years, which they have chosen for examination. The tax authorities may interpret the tax implications of a transaction differently from the interpretation reached by the Company. Uncertainty in the interpretation and application of applicable tax laws and regulations by the tax authorities could adversely affect the Company. As at March 31, 2019, the amount and timing of payments related to a potential tax assessment is impractical to determine and as such, no provision was accounted for.

Off-Balance Sheet Arrangements

As of March 31, 2019, the Company has no off-balance sheet arrangements.

Other Related Party Transactions

During the year ended March 31, 2019, the Company was a party to separate agreements to provide administrative services to other TSXV-listed companies, related by virtue of common management, including Highland Copper Company Inc. and Odyssey Resources Limited. The services, which consist mainly of the provision of administrative services, office space and telecommunication, are provided at cost for all direct expenses plus a fixed monthly charge to cover overhead expenses. Such amounts recovered for administrative services during the year ended March 31, 2019 totaled \$154,658 (\$171,136 in 2018). During the year ended March 31, 2019, the Company paid or accrued an amount of \$294,069 (\$157,637 in 2018) to Highland Copper Company Inc. for administrative and legal services, under a management services agreement dated January 1, 2016.

The remuneration awarded to directors and to senior key management, including the president and CEO and the CFO totalled \$1,508,767 during the year ended March 31, 2019 (\$1,920,033 in 2018).

Basis of Presentation of Financial Statements

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies, methods of computation and presentation applied in the Company's consolidated financial statements are consistent with those of the previous year, except for the adoption of IFRS 9, Financial Instruments, described below. The significant accounting policies of Reunion Gold are presented in Note 4 to the March 31, 2019 and 2018 consolidated financial statements filed on SEDAR.

Change in accounting policy – adoption of IFRS 9, Financial instruments

On April 1, 2018, the Company adopted IFRS 9 on a retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out the requirements for recognizing financial assets and liabilities and replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The adoption of IFRS 9 resulted in a change in classification of the financial assets to the financial assets at amortized cost category while they were classified as loans and receivables under the classification prescribed by IAS 39. There was no change in the classification of financial liabilities. There was no impact on carrying values as a result of the adoption on IFRS 9, therefore, comparative amounts presented in the Company's consolidated financial statements were not restated.

Accounting standards issued but not yet applied

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the Company's consolidated financial statements that are expected to be relevant to the Company are presented in Note 4 to the March 31, 2019 and 2018 consolidated financial statements filed on SEDAR.

Outstanding Share Data

The Company can issue an unlimited number of common shares, without par value. As at June 20, 2019, a total of 417,305,271 common shares are issued and outstanding, 46,032,495 share purchase warrants are exercisable at a price of \$0.20 per share until March 2021, 17,395,000 stock options are outstanding with exercise prices ranging between \$0.07 and \$0.19 and expiring until March 2024 and 1,272,500 RSUs are outstanding with vesting until October 2020.

FINANCIAL RISK FACTORS

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, interest rate risk, currency risk and credit risk. Where material, these risks are reviewed and monitored by the board of directors. There were no changes to the Company's financial objectives, policies and processes during the year ended March 31, 2019. The financial risks are described and presented in Note 20 to the March 31, 2019 and 2018 consolidated financial statements filed on SEDAR.

OTHER RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature and current stage of its business, which is the exploration and development of mineral properties. The risks and uncertainties described below are not necessarily the only ones that the Company could be facing. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified, actually occur, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

Requirement for additional financing

The Company has no history of earnings and does not expect to receive revenues from its core business in the foreseeable future, if ever. Historically, the Company has been dependent on the equity markets as its source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets, and its ability to compete for investor support. The further development of the Company's projects and the Company's ability to meet the conditions to acquire an interest in its mineral projects depends upon the Company's ability to obtain financing through equity financing, debt financing, strategic partnership or other means. The junior exploration market is volatile and is sensitive to economic and political events as well as underlying commodity prices. There is no assurance that the Company will be able to obtain additional financing in the appropriate amount when required, and, if obtained, on terms favorable to the Company, to pursue the exploration and development of its projects.

Gold price volatility

Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as worldwide economic and political events. The exploration and development of the Company's projects and future financial results of the Company is dependent to a large extent on the market price of gold.

Exploration and mining risks

The Company's projects are in the exploration stage. Few properties that are explored are ultimately developed into producing mines. Substantial expenditures are required to identify mineral resources and mineral reserves, to develop metallurgical processes to extract the metal from mineral resources, and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; metallurgical recoveries; the proximity and capacity of milling facilities; capital costs; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may adversely affect the development of a project and result in the Company not receiving an adequate return on invested capital.

Regulatory Requirements

Exploration, development and mining operations are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations. Failure to comply with the conditions set out in any permit or failure to comply with the applicable statutes and regulations may result in orders to cease or curtail operations or to install additional equipment.

Mineral rights

The Company has entered into agreements with various titleholders entitling the Company to conduct exploration activities and to acquire an interest in mineral rights under terms and conditions described in this MD&A. The Company does not currently own mineral rights to its projects in French Guiana and in Guyana.

In French Guiana, the mineral rights with respect to the Boulanger and Haute Mana are concessions (except for the Carapa permit) which have expired on December 31, 2018. Renewal applications have been filed and are pending. The Dorlin exploitation permit expired on July 30, 2015. A renewal application was filed in 2015 and is still pending. Renewal of mineral rights in French Guiana is a very detailed and long process. Under French mining law, the period of validity of mineral rights is extended until the French government makes a decision on the renewal application. Although applications for renewal have been filed, there is no guarantee that such concessions and permit will be renewed.

In Guyana, the mineral rights with respect to the Waiamu, Arawini, Aremu and Oko projects are medium-scale prospecting or mining permits intended exclusively for Guyanese. These mineral rights will need to be converted to large scale permits or the Company will have to apply for large scale permits before they can be acquired by the Company.

Environmental risk

The Company may be subject to potential risks and liabilities associated with various environmental incidents including pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company.

Foreign Operations and Political Risk

The Company's mineral assets are located in French Guiana, an overseas department of France, and in Guyana, and, as such, are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties may include, but are not limited to: fluctuations in currency exchange rates; high rates of inflation; labour unrest; renewal of or securing all of concessions, licenses, permits and authorization required to conduct exploration and development of mineral projects; illegal mining; corruption; changes in taxation policies; restrictions on foreign exchange and repatriation; and social unrest. Changes, if any, in mining or investment policies or shifts in political attitude in French Guiana and / or Guyana may adversely affect the operations or future profitability of the Company.

French Guiana has no history or tradition of large-scale commercial mining. Regulatory risk may increase as projects become more advanced and applications are made for all of the various permits required to develop a modern mining operation. This risk includes regulatory-related delays and/or failures to receive required permits.

Currency Exposure

The Company's operations are subject to foreign currency fluctuations including Euros and US dollars. Such fluctuations may materially affect the Company's financial position and results of operations.

Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares and this would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Competition

The Company's business is intensely competitive and the Company will compete with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for mineral rich properties which can be developed and can produce economically; the technical expertise required to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Conflicts of Interest

A majority of the Company's directors and officers serve as directors or officers of other natural resource companies. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program or transaction and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

CAUTIONARY NOTE REGARDING FORWARD INFORMATION

This MD&A contains "forward-looking information", within the meaning of Canadian securities laws. Generally, forward-looking information or statements can be identified by the use of forward-looking terminology such as "plans", "expects", "budget", "scheduled", "estimates", "intends", "anticipates" or "believes", or variations of such words or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is not historical facts. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking information for various reasons discussed throughout this MD&A, and particularly in the sections entitled "*Financial Risk Factors*" and "*Other Risks and Uncertainties*". The

Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information or future events or otherwise, except as may be required by law. Accordingly, readers should not place undue reliance on forward-looking information.

Additional Information and Continuous Disclosure

This MD&A has been prepared as at June 20, 2019. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com) and on the Company's website (www.reuniongold.com).