



**VAL-D'OR MINING CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

**DATED: May 27, 2020**

## **SCOPE OF THIS MANAGEMENT'S DISCUSSION AND ANALYSIS AND NOTICE TO INVESTORS**

This management's discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of May 27, 2020, and complements the unaudited condensed interim financial statements of Val-d'Or Mining Corporation ("Val-d'Or" or the "Company"), for the three months ended March 31, 2020 and 2019.

The condensed interim financial statements and related notes have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited financial statements of the Company and the notes thereto for the year ended December 31, 2019. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The unaudited condensed interim financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on May 27, 2020. These documents and more information about the Company are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Mr. Glenn J. Mullan P. Geo., the President and Chief Executive Officer of Val-d'Or Mining, and Mr. Michael P. Rosatelli M.Sc., P.Geo., the Vice-President Exploration of Val-d'Or Mining are the Qualified Persons (as that term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects) who approved the technical disclosure included in this MD&A.

## **FORWARD LOOKING STATEMENTS**

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results are summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is

made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

## **ABOUT VAL-D'OR MINING CORPORATION**

The Company, incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9.

The Company's shares trade on the TSX Venture Exchange ("TSX-V") under its trading symbol "VZZ".

As at March 31, 2020, Golden Valley Mines Ltd. ("Golden Valley"), a significant shareholder, held a 37.15% (December 31, 2019 – 37.15%) interest in the Company.

## **NON-BROKERED PRIVATE PLACEMENT**

On March 9, 2020, the Company announced that it conducted a non-brokered private placement offering, which offering was completed on May 7, 2020. The Company issued 5,333,332 Units at a per Unit price of \$0.075 for gross proceeds of \$400,000. Each Unit consisted of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of \$0.10 until May 7, 2022. The proceeds raised from this offering will be used by the Company to conduct further exploration work on its properties in the Abitibi Greenstone Belt, Québec, and for general corporate purposes. All securities issued are subject to a hold period of four months and one day from the date of closing of the offering in accordance with applicable securities legislation and the policies of the TSX Venture Exchange.

## **UPDATE ON COVID-19**

Pursuant to the order, as announced by the Government of Québec on March 23, 2020, to close all non-essential businesses to address the COVID-19 pandemic, mining operations have been directed to minimize their activities until April 13, 2020. Similarly, the Government of Ontario has ordered mandatory closure of all non-essential workplaces, starting March 25, 2020. On April 5, 2020, the Government of Québec announced a decision to extend the closure of all non-essential businesses to address the COVID-19 pandemic from April 13, 2020 to May 4, 2020. Following these orders from the Governments of Québec and Ontario in response to the COVID-19 pandemic, the Company suspended its exploration activities and field operations in both provinces for the health and safety of the Company's workforce and its exploration partners. Corporate activity was limited to the Company continuing work on other commitments under existing third-party agreements and seeking partners to fund projects by way of option and joint venture agreements.

Moreover, in Québec, due to the exceptional circumstances surrounding the COVID-19 pandemic, the Minister of Energy and Natural Resources announced the term suspension of all claims currently in force for a 12-month period effective April 9, 2020. In Ontario, although the Ministry of Energy, Northern Development and Mines has not provided blanket relief to holders of mining claims, relief is available to claim holders by either making an application for an extension of time or the exclusion of time to perform assessment work.

Recently, the Government of Québec announced and authorized the resumption of mineral exploration activities effective May 11, 2020.

At this time, it is unknown the extent of the impact the COVID-19 pandemic may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place.

## **MINERAL PROPERTIES**

Val-d’Or Mining is a junior natural resource issuer involved in the process of acquiring and exploring its diverse mineral property assets, most of which are situated in the Abitibi Greenstone Belt of NE Ontario and NW Québec. To complement its current property interests, the Company regularly evaluates new opportunities for staking and/or acquisitions. Outside of its principal regional focus in the Abitibi Greenstone Belt, the Company holds several other properties in Northern Québec (Nunavik) covering different geological environments and commodities.

The Company has expertise in the identification and generation of new projects, and in early-stage exploration. The mineral commodities of interest are broad, and range from gold, copper-zinc-silver, nickel-copper-PGE to industrial and energy minerals. After the initial value creation in the 100%-owned, or majority-owned properties, the Company seeks option/joint venture partners with the technical expertise and financial capacity to conduct more advanced exploration projects.

## **PROPERTY PORTFOLIO AS OF MARCH 31, 2020**

As of March 31, 2020, Val-d’Or Mining’s assets included 100% ownership interests in a total of 58 actively operated properties covering an area of 33,812 hectares. Divided by its principal areas of interest, the property ownership was as follows:

Ontario	19 properties	13,478 hectares
Québec	34 properties	15,350 hectares
Québec North	5 properties	4,984 hectares

As of March 31, 2020, the Company had no active joint ventures.

In addition to the actively operated property holdings, the Company has passive property holdings. The ownership in those properties is in the form of net smelter returns (“NSR”).

As of March 31, 2020, Val-d'Or Mining's ownership interests included passive holdings in 2 properties covering an area of 5,628 hectares. Divided by its principal areas of interest, the property ownership was as follows:

Ontario	2 properties	5,628 hectares
Québec	n/a	n/a
Québec North	n/a	n/a

## **MANAGEMENT OF THE PROPERTY PORTFOLIO**

As part of its ordinary business activities, the Company drops claims that are no longer considered to be material to the Company and/or stakes new claims to enhance existing properties or to pursue new geological ideas.

In the first quarter of 2020, the Company made several changes to its portfolio of mineral properties, which include but are not limited to the following:

### *Sale of Powell Prospect*

On February 18, 2020, the Company announced the sale of its Powell Prospect, which is located in the Matachewan gold camp of the Abitibi Greenstone Belt region of Ontario. The purchaser of the property is Sparton Resources Inc. (TSX-V: SRI; "Sparton"). In consideration for a 100% interest in the property the Company received 1,000,000 shares in the share capital of Sparton, and the Company retained a 2.0% NSR from the property. 50% of the 2% NSR (or 1%) may be purchased by Sparton at any time after the acquisition of the claims for US\$2.5 million.

The Powell Prospect consists of two (2) mining claim cells (43 ha). The claims were staked to cover the interpreted north extension of the historical gold zone explored by a shallow shaft with lateral workings and several short drill holes, completed by Sir Harry Oakes between 1934 and 1936. Gold mineralization was reported to be hosted in quartz veins in sheared and altered syenite porphyry similar to the mineralization and host rocks described at the currently producing Alamos Gold's Young Davidson Mine located 4 kilometres to the south.

### *Other Claim Acquisitions and Dispositions*

During the first quarter of 2020, the Company acquired by way of staking several claims prospective for gold mineralization near Kirkland Lake, Ontario. The newly acquired claims expand and enhance the potential of our existing properties.

During the first quarter of 2020, the Company decided to drop several claims located in the Company's Québec North area of interest. The claims were part of the property known as Marymac. The property had been impaired previously as the Company did not plan any further exploration.

## **OBJECTIVES FOR 2020**

The objective for the remainder of 2020 continues to be to advance exploration field work and enhance the quality of the Company's portfolio of mineral properties. This may include limited active exploration on existing properties and may include further property transactions.

## **DETAILS ABOUT OTHER CONTRACTUAL OBLIGATIONS REGARDING CERTAIN MINERAL PROPERTIES**

The Company acquires and disposes of its properties as part of its ordinary business. In the case of property acquisitions from third parties, there may be contractual obligations. A description of significant contracts and certain specific obligations follows:

### *a) Abitibi Greenstone Belt Properties Acquired from Golden Valley Mines Agreement dated December 5, 2019)*

On April 18, 2017, the Company signed an Option Agreement with Golden Valley to acquire a 100% interest in the Abitibi Greenstone Belt Prospect consisting of 61 grassroots properties. This Agreement was subsequently amended on November 28, 2019, and the Company exercised its option on December 5, 2019. The Company has still an obligation to issue 4,166,667 shares on or before June 30, 2020 and 4,166,667 on or before December 31, 2020.

In addition, Golden Valley will be eligible to receive 20% of the proceeds of all third-party transactions pertaining to the properties that Val-d'Or Mining enters into and announces on or before December 31, 2022. Further, the properties are subject to a royalty in favour of Golden Valley Mines equal to 1.25% of the net smelter returns, whereby Val-d'Or Mining has a partial buyback right. The partial buyback right pertains to each individual property, whereby 1% may be bought for \$500,000 on a property by property basis with a maximum total consideration of \$5,000,000 at which point in time the NSR royalty on all the properties would be reduced by 1.0%.

### *b) Mining Option Agreement Regarding the Boston Bulldog Prospect (Agreement dated February 16, 2015)*

On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, March 24, 2017, January 19, 2018, March 5, 2019, and subsequent to the end of the first quarter 2020 on April 7, 2020, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by the President and Director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty.

In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of \$5,000 in cash to cover the cost of staking the property and issued 300,000 common shares (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur exploration expenditures of \$50,000 by April 7, 2021.

In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. \$1,000,000 at any time on or before February 16, 2022.

c) *Shoot-Out Prospect (Agreement announced on December 16, 2002)*

The Shoot-Out Prospect is the combination of several properties, which are located in the Raglan Belt of northern Québec. The Company has a 100% ownership interest in these properties whereby several claims are subject to a 3% NSR in favour of the original vendors, one of which is a director and President of the Company.

d) *Fortin Prospect (Agreement announced on November 8, 2004)*

The Fortin Prospect is located in the central part of Ducros Township, approximately 80 kilometres northeast of the City of Val-d'Or, Québec, and consists of 5 contiguous mining claims covering 200 ha. The Company holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at any time with a 0.5% buyback for \$500,000 and 1% buyback for \$1,000,000.

## SELECTED FINANCIAL INFORMATION

### FINANCIAL CONDITION REVIEW

	As at March 31,		As at December 31,	
		2020		2019
Cash and cash equivalents	\$	36,509	\$	30,366
Investments		752,653		727,653
Tax credit receivable		113,557		93,336
Due from related parties		-		43,463
Other current assets		45,350		56,326
Exploration and evaluation assets		135,058		173,435
Other long-term assets		12,842		13,243
<b>Total Assets</b>		<b>1,095,969</b>	\$	<b>1,137,822</b>
Accounts payable and accrued liabilities		133,471		83,768
Due to related parties		20,675		-
Other liabilities		3,822		4,364
<b>Total Liabilities</b>	\$	<b>157,968</b>	\$	<b>88,132</b>
<b>Total Equity</b>	\$	<b>938,001</b>	\$	<b>1,049,690</b>

### ASSETS

The Company ended the first quarter of 2020 with cash and cash equivalents of \$36,509 compared to \$30,366 as at December 31, 2019. As previously discussed, the Company has recently completed a non-brokered private placement for gross proceeds of \$400,000 which will be used to conduct further

exploration work on its properties in the Abitibi Greenstone Belt, Québec, and for general corporate purposes.

Investments of \$752,653 relates to (a) 1,500,000 shares (or \$300,000) received as consideration from the sale of the Luc Bourdon Prospects to Juno Corp in December 12, 2019, (b) 4,276,526 shares (or \$427,653) received as consideration from the sale of the Horne North Prospects to Progenitor Metals Corp in December 23, 2019 and (c) 1,000,000 shares (or \$25,000) received as consideration from the sale of the Powell Prospects to Spartron in February 18, 2020. The proceeds of 4,276,526 shares in Progenitor Metals have been recorded at \$427,653, representing the assigned and fair value of \$855,305 (or \$0.20 per share), net of a provision of \$427,652 to reflect the Company potentially returning to the purchaser 50% of the share consideration received in the event Progenitor Metals does not enter into a “going public” transaction within 21 months from the closing date of the purchase agreement.

Tax credit receivable of \$113,557 as at March 31, 2020 (December 31, 2019 - \$93,336) relate to government tax mining credits, which have since been received by the Company.

Other current assets mainly relate to sales taxes recoverable of \$14,886 (2019 - \$10,802), deposits of \$8,252 (2019 - \$17,500) held with Ministère de l'Énergie et des Ressources Naturelles for claims staking and management of corporate owned properties and an advance of \$11,604 (2019 - \$11,604) held with one of the Company's suppliers for geophysics services.

Exploration and evaluation assets decreased from \$173,435 as at December 31, 2019 to \$135,058 as at March 31, 2020 as a result of mining tax credits of \$20,221 and impairment charge of \$24,212. At each reporting period, the Company performs a comprehensive review of the recoverability of its properties in light of the objective of advancing and enhancing a limited number of key properties. Additions of \$6,261 to Exploration and evaluation assets for the first quarter of 2020 were for claims staking and management of properties in the Abitibi Greenstone Belt of Québec and Ontario.

### ***LIABILITIES AND EQUITY***

Total liabilities of \$157,968 as at March 31, 2020 (compared to \$88,132 as at December 31, 2019) mainly consisted of trade payables of \$133,471 (December 31 - \$83,768) and amounts of \$20,675 (December 31, 2019 - \$nil) due to related parties. Increase in trade payables relate to delay in payments of consulting fees owed to management of the Company, which as at March 31, 2020, totalled \$71,214. Amounts due to related parties is mainly from Golden Valley, a significant shareholder of the Company.

Total equity as at March 31, 2020 were \$938,001 compared to \$1,049,690 as at December 31, 2019, a decrease of \$111,689, representing the net loss for the period.



## DISCUSSION AND RESULTS OF OPERATIONS

This table presents selected information for the three months ended March 31, 2020 and 2019:

	For the three months ended March 31,	
	2020	2019
Operating expenses	\$ 136,865	\$ 140,094
Other expenses (income)	(25,176)	385
<b>Net loss and comprehensive loss</b>	<b>\$ 111,689</b>	<b>\$ 140,479</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.002</b>	<b>\$ 0.004</b>

The net loss for the three months ended was \$111,689 (or \$0.002 loss per share) compared to \$140,479 (or \$0.004 loss per share) for the same period in 2019.

Operating expenses for 2020 decreased compared to the same period in 2019 due to decreases in travel expenses from costs containment measures and effects of COVID-19 imposed travel restrictions, offset by higher exploration and evaluation expenses and consulting fees in 2020 due to lower capitalization of these expenses to Exploration and evaluation assets resulting from the Company's review of the recoverability of its properties at each reporting period as discussed above.

Other income of \$25,176 for the three months ended March 31, 2020 included a gain of \$24,881 resulting from the mineral claim sale transaction with Sparton as discussed above.

## CASH FLOW REVIEW

	For the three months ended March 31,	
	2020	2019
Operating activities	\$ 13,096	\$ (97,057)
Investing activities	(6,261)	(119,354)
Financing activities	(692)	168,294
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ 6,143</b>	<b>\$ (48,117)</b>

Operating activities for the three months ended March 31, 2020 resulted in cash inflows of \$13,096 compared to cash outflows of \$97,057 for the same period of 2019. The improvements in cash flows for 2020 mainly relates to timing of working capital.

Investing activities for the three months ended March 31, 2020 resulted in cash outflows of \$6,261 compared to \$119,354 in 2019. Cash outflows of \$6,261 from investing activities for 2020 relate to claim staking and management expenditures.

Financing activities for the three months ended March 31, 2020 resulted in cash outflows of \$692 compared to cash inflows of \$168,294 in 2019. Financing activities for the three months ended March 31, 2019 was related to the share issuance of 52,500 common shares from the exercise of incentive stock

options for proceeds of \$3,525 and to the exercise of 1,938,461 share purchase warrants for proceeds of \$164,769. No incentive stock options nor share purchase warrants were exercised for the three months ended March 31, 2020.

## SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the 8 most recently completed quarters as derived from the Company's respective financial statements and notes thereto. The following information should be read in conjunction with the referenced financial statements, the notes to those statements.

	Mar 2020	Dec 2019	Sept 2019	Jun 2019	Mar 2019	Dec 2018	Sept 2018	Jun 2018
Operating expenses	\$ 136,865	\$ 1,467,273	\$ 83,235	\$ 118,465	\$ 140,094	\$ 158,448	\$ 65,946	\$ 124,329
Other expenses (income)	(25,176)	(619,339)	(23,082)	585	385	2,967	(1,280)	572
<b>Net loss and comprehensive loss</b>	<b>\$ 111,689</b>	<b>\$ 847,934</b>	<b>\$ 60,153</b>	<b>\$ 119,050</b>	<b>\$ 140,479</b>	<b>\$ 161,415</b>	<b>\$ 64,666</b>	<b>\$ 124,901</b>
Basic and diluted net loss per common share	\$ (0.002)	\$ (0.020)	\$ (0.001)	\$ (0.003)	\$ (0.004)	\$ (0.005)	\$ (0.003)	\$ (0.005)

## LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

As of March 31, 2020, the Company had cash and cash equivalents of \$36,509. Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months. As previously discussed, the Company has recently completed a non-brokered private placement for gross proceeds of \$400,000 which will be used to conduct further exploration work on its properties in the Abitibi Greenstone Belt, Québec, and for general corporate purposes.

Please refer to the Risk and Uncertainties section for more information.

## INFORMATION ON OUTSTANDING SECURITIES

The following table sets out the number of common shares, warrants and options outstanding as of the date hereof:

<b>Common shares outstanding:</b>	52,041,803
<b>Stock options exercisable:</b>	3,981,661
Average exercise price of:	\$ 0.10
<b>Warrants outstanding:</b>	9,939,090
Average exercise price of:	\$ 0.14

<b>Stock options outstanding:</b>		
<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of stock options outstanding</b>
May 16, 2021	\$ 0.065	424,301
February 5, 2023	\$ 0.105	2,375,000
October 24, 2023	\$ 0.110	510,097
June 17, 2024	\$ 0.075	672,263
		<b>3,981,661</b>

<b>Warrants outstanding:</b>		
<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of warrants outstanding</b>
November 30, 2020	\$ 0.100	1,380,000
November 30, 2020	\$ 0.150	7,400,000
October 18, 2021	\$ 0.150	1,159,090
		<b>9,939,090</b>

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as at March 31, 2020 or as at the date of this MD&A.

#### **CRITICAL ACCOUNTING ESTIMATES**

The critical judgements and estimates are disclosed in note 5 of the audited financial statements.

#### **RELATED PARTY TRANSACTIONS**

##### *a) Transactions with a shareholder*

For the three months ended March 31, 2020, no general and administrative expenses were recharged by Golden Valley to the Company compared to \$8,905 for the same period in 2019.

For the three months ended March 31, 2020, no consultant fees were incurred from Golden Valley relating to the services of the Company's CFO compared to \$6,000 for the same period in 2019.

For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at March 31, 2020, the Company had net payable of \$23,854 (December 31, 2019 – net receivable of \$8,400) due from Golden Valley.

##### *b) Transactions with key management*

Key management personnel of the Company comprise of the members of the Board of Directors, as well as the President, the Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO") and the Vice-President Exploration ("VP Exploration").

For the three months ended March 31, 2020, the Company incurred fees of \$24,000 (2019 - \$24,000) with the COO of which \$nil was capitalized as Exploration and Evaluation asset and \$24,000 was recorded under consulting fees in the statements of net loss and comprehensive loss. As at March 31, 2020, the amount of \$27,594 (December 31, 2019 - \$14,400) is due to the COO and is included in accounts payable and accrued liabilities.

For the three months ended March 31, 2020, the Company incurred fees of \$30,127 (2019 - \$26,088) with the VP Exploration, of which \$nil (2019 - \$26,088) was capitalized as Exploration and Evaluation asset and \$30,127 (2019 - \$nil) was recorded under Exploration and Evaluation expenses in the statements of net loss and comprehensive loss. As at March 31, 2020, the amount of \$43,620 (December 31, 2019 - \$18,969) is due to the VP Exploration and is included in accounts payable and accrued liabilities.

*c) Transactions with related parties*

For the three months ended March 31, 2020, the Company incurred fees of \$7,000 (2019 – \$10,500) with an individual, the spouse of the President, as part of a consulting agreement for corporate finance and advisory services, which expired in February 2020. These fees were recorded under consulting fees in the statements of net loss and comprehensive loss.

For the three months ended March 31, 2020, the Company incurred rent and occupancy fees of \$3,000 (2019 – \$3,000) with a company controlled by the President of which \$nil (2019 – \$2,250) was recorded under Exploration and Evaluation asset and \$3,000 (2019 – \$750) was recorded under office expenses in the statements of net loss and comprehensive loss.

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at March 31, 2020, the Company had a net payable balance of \$20,675 (December 31, 2019 – net receivable of \$43,463) due to related parties of which \$23,854 (December 31, 2019 – net receivable of \$8,400) was due to Golden Valley, \$3,449 (December 31, 2019 – net payable of \$1,348) was due to a company controlled by the President, net of \$6,628 (December 31, 2019 – net receivable of \$36,411) due from companies related by common management.

## **COMMITMENTS**

- a) The Company has entered into a long-term agreement for the lease of an equipment expiring on July 25, 2022, which will require total lease payments of \$11,768. The minimum lease payments for the next years are \$2,769 in 2020 and 2021 and \$1,384 in 2022.
- b) On April 7, 2020, the Company amended its Option Agreement on the Boston Bulldog Prospect to extend the deadline to incur minimum exploration and evaluation expenditures of \$50,000 to April 7, 2021.
- c) The Company has the following share payment commitments in connection with its Option Agreement with Golden Valley: 4,166,667 common shares on June 30, 2020 and 4,166,667 common shares on December 31, 2020.
- d) The Company has also entered into a consulting agreement with the VP Exploration for an annual payment of \$66,950. This consulting agreement contains change of control provisions. If a change of

control would occur, the total amount payable in respect of severance, would amount to \$200,000 if the consulting agreement is terminated by the Company, and \$100,000 if the consulting agreement is terminated by the VP Exploration within six months from the date of change of control.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The changes in accounting policies including those that have not been adopted are explained in note 4 of the unaudited interim financial statements as at March 31, 2020.

## **RISKS RELATED TO FINANCIAL INSTRUMENTS**

Please refer to Note 20 of the audited financial statements for the year ended December 31, 2019, for a full description of these risks.

## **RISKS AND UNCERTAINTIES**

An investment in the common shares of the Company involves a high degree of risk and must be considered highly speculative due to the financial and operational risks inherent to the nature of the Company's business and the present stage of exploration and development of its mineral resource properties. These risks may affect the Company's eventual profitability and level of operating cash flow. Prospective buyers of the common shares of the Company should consider the following risk factors:

### *Climate Change*

The Company has its own properties and properties under option agreements in various regions and jurisdictions where environmental laws are evolving and are not consistent. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased costs directly or indirectly affecting the Company. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could have an adverse financial impact on operations located in the regions where these conditions occur, directly or indirectly impacting the business of the Company.

### *Investment of Speculative Nature*

Investing in the Company, at this early stage of its development, is of a highly speculative nature.

### *Nature of Mineral Exploration and Mining*

There is no known mineral resource on the Company's properties. Mineral exploration and development involve a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

### *Exploration and Development Risks*

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

### Additional Financing

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

### Stress in the Global Economy and Financial Condition

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing.

### Permits and Licenses

There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

### Competition

The mineral exploration and mining business is competitive in all of its phases. There is no assurance that the Company will be able to compete successfully with the competition in acquiring suitable properties or prospects for mineral exploration.

### No Assurance of Title to Property

The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects.

### Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

### Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

### Conflicts of Interest

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

### Insurance

The Company will remain at risk and will be potentially subject to liability for hazards associated with mineral exploration which it cannot insure against or which it has elected not to insure against because of premium costs or other reasons.

### *Influence of Third-Party Stakeholders*

Claims by third parties on the lands in which the Company holds interests, or the exploration equipment and road or other means of access which the Company intend to utilize in carrying out work programs or general exploration mandates, even if not meritorious, may create delays resulting in significant financial loss and loss of opportunity for the Company.

### *Fluctuation in Market Value of Shares*

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity. The future effect of these and other factors on the market price of Company's shares on the Exchange cannot be predicted.