



**VAL-D'OR MINING CORPORATION**

**Condensed Interim Financial Statements**

**For the three and six months ended June 30, 2020 and 2019**

**(unaudited)**

**(Expressed in Canadian Dollars)**

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

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**VAL-D'OR MINING CORPORATION**  
**Condensed Interim Statements of Financial Position**  
(unaudited)  
(Expressed in Canadian Dollars)

	Notes	As at June 30, 2020	As at December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	\$ 351,473	\$ 30,366
Investments	7	787,653	727,653
Tax credit receivable		-	93,336
Sales taxes recoverable		16,820	10,802
Due from related parties	16	5,624	43,463
Other assets	8	24,451	45,524
		<b>1,186,021</b>	951,144
<b>Non-current assets</b>			
Exploration and evaluation assets	9	137,258	173,435
Royalty interests		8,464	8,378
Right-of-use assets		3,892	4,865
<b>TOTAL ASSETS</b>		<b>\$ 1,335,635</b>	<b>\$ 1,137,822</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 47,205	\$ 83,768
Lease liabilities		1,818	2,008
		<b>49,023</b>	85,776
<b>Non-current liabilities</b>			
Loan	10	40,000	-
Lease liabilities		1,490	2,356
<b>Total liabilities</b>		<b>90,513</b>	88,132
<b>EQUITY</b>			
Share capital	11	5,608,907	4,625,750
Shares to be issued	18	48,000	-
Contributed surplus		674,319	503,296
Warrants	12	776,696	652,874
Deficit		(5,862,800)	(4,732,230)
<b>Total equity</b>		<b>1,245,122</b>	1,049,690
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,335,635</b>	<b>\$ 1,137,822</b>

Going Concern (Note 2)

On behalf of the Board of Directors,

*"Glenn J. Mullan"*  
\_\_\_\_\_  
(signed Glenn J. Mullan)  
Director

*"Frank Mariage"*  
\_\_\_\_\_  
(signed Frank Mariage)  
Director

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

**VAL-D'OR MINING CORPORATION**
**Condensed Interim Statements of Net loss and Comprehensive loss**

(unaudited)

(Expressed in Canadian Dollars)

	Notes	For the three months ended		For the six months ended	
		June 30,	2019	June 30,	2019
		2020		2020	
<b>Operating expenses</b>					
Mining option payment	11	\$ 750,000	-	\$ 750,000	-
Share-based payments	13	171,023	\$ 28,763	171,023	\$ 28,763
Consulting fees	16	24,000	19,125	55,000	39,675
Salaries and other employee benefits		35,196	20,561	49,192	30,615
Exploration and evaluation expenses		7,750	(2,410)	44,963	-
Office expenses		16,830	25,118	33,467	36,123
Impairment of exploration and evaluation assets	9	-	-	24,212	23,072
Audit and accounting fees		19,046	9,774	22,791	41,518
Legal fees		17,264	10,568	19,497	25,441
Regulatory and transfer agent fees		11,689	348	17,843	8,363
Travel and entertainment		-	5,645	1,189	24,016
Amortization of rights of use assets		487	973	973	973
<b>Operating loss</b>		<b>1,053,285</b>	<b>118,465</b>	<b>1,190,150</b>	<b>258,559</b>
<b>Other expenses (income)</b>					
Unrealized gain on investment		(35,000)	-	(35,000)	-
Gain on sale of mineral properties	7	-	-	(24,881)	-
Interest income		-	-	(904)	(282)
Interest expense		596	585	1,205	1,252
		(34,404)	585	(59,580)	970
<b>Net loss and total comprehensive loss for the period</b>		<b>\$ 1,018,881</b>	<b>\$ 119,050</b>	<b>\$ 1,130,570</b>	<b>\$ 259,529</b>
<b>Basic and diluted net loss per common share</b>	14	<b>\$ 0.020</b>	<b>\$ 0.003</b>	<b>\$ 0.023</b>	<b>\$ 0.006</b>
<b>Weighted average number of common shares outstanding</b>		<b>50,422,756</b>	<b>42,434,700</b>	<b>48,565,613</b>	<b>40,989,773</b>

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

## VAL-D'OR MINING CORPORATION

### Condensed Interim Statements of Changes in Equity

(unaudited)

(Expressed in Canadian Dollars)

		Share capital		Contributed Surplus		Warrants	Deficit	Total
		Number						
<b>Balance as at January 1, 2020</b>		<b>46,708,471</b>	<b>\$ 4,625,750</b>	<b>\$</b>	<b>503,296</b>	<b>\$ 652,874</b>	<b>\$ (4,732,230)</b>	<b>\$ 1,049,690</b>
Issuance of units under a private placement	11	5,333,332	290,048		-	109,952	-	400,000
Issuance of shares for grant of mining option	11	4,166,667	750,000		-	-	-	750,000
Share issue expenses		-	(56,891)		-	13,870	-	(43,021)
Share-based payments	13	-	-		171,023	-	-	171,023
Net loss and comprehensive loss for the period		-	-		-	-	(1,130,570)	(1,130,570)
<b>Balance as at June 30, 2020</b>		<b>56,208,470</b>	<b>\$ 5,608,907</b>	<b>\$</b>	<b>674,319</b>	<b>\$ 776,696</b>	<b>\$ (5,862,800)</b>	<b>\$ 1,197,122</b>

	Notes	Share capital		Contributed Surplus		Warrants	Deficit	Total
		Number						
<b>Balance as at January 1, 2019</b>		<b>36,340,977</b>	<b>\$ 3,733,656</b>	<b>\$</b>	<b>462,772</b>	<b>\$ 701,336</b>	<b>\$ (3,564,614)</b>	<b>\$ 1,333,150</b>
Issuance of shares for grant of mining option	9	4,166,667	416,667		-	-	-	416,667
Issuance of shares on exercise of stock options	11	52,500	6,161		(2,636)	-	-	3,525
Issuance of shares on exercise of share purchase warrants	12	1,938,461	213,231		-	(48,462)	-	164,769
Share-based payments	13	-	-		45,739	-	-	45,739
Net loss and comprehensive loss for the period		-	-		-	-	(259,529)	(259,529)
<b>Balance as at June 30, 2019</b>		<b>42,498,605</b>	<b>\$ 4,369,715</b>	<b>\$</b>	<b>505,875</b>	<b>\$ 652,874</b>	<b>\$ (3,824,143)</b>	<b>\$ 1,704,321</b>

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

**VAL-D'OR MINING CORPORATION**  
**Condensed Interim Statements of Cash Flows**  
(unaudited)  
(Expressed in Canadian Dollars)

		For the six months ended June 30,	
	Notes	2020	2019
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (1,130,570)	\$ (259,529)
Adjustments:			
Mining option payment	11	750,000	-
Share-based payment	13	171,023	45,739
Unrealized gain on investment		(35,000)	-
Gain on sale of mineral properties	7	(24,881)	-
Impairment of exploration and evaluation assets		24,212	23,072
Finance costs		328	98
Amortization of rights-of-use asset		973	973
		<b>(243,915)</b>	<b>(189,647)</b>
Change in non-cash working capital items			
Sales taxes recoverable		(6,018)	29,022
Due from related parties, net		37,839	(26,052)
Other assets		21,073	(49,035)
Accounts payable and accrued liabilities		(36,563)	14,676
		<b>16,331</b>	<b>(31,389)</b>
<b>Cashflows used by operating activities</b>		<b>(227,584)</b>	<b>(221,036)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to exploration and evaluation assets	9	(9,403)	(267,515)
Tax credits received	9	114,499	11,740
<b>Cashflows from (used by) investing activities</b>		<b>105,096</b>	<b>(255,775)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of units under a private placement	11	400,000	-
Proceeds from exercise of stock options		-	3,525
Proceeds from exercise of warrants	18	48,000	164,769
Proceeds from long-term debt		40,000	-
Repayment of lease liabilities		(1,384)	(1,384)
Share issue expenses		(43,021)	-
<b>Cashflows from financing activities</b>		<b>443,595</b>	<b>166,910</b>
<b>Increase (decrease) in cash</b>		<b>321,107</b>	<b>(309,901)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>30,366</b>	<b>627,208</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 351,473</b>	<b>\$ 317,307</b>

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

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 1) STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

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 trades on the TSX Venture Exchange ("TSX-V") under its trading symbol "VZZ".

As at June 30, 2020, Golden Valley Mines Ltd. ("Golden Valley"), a significant shareholder, held a 38.29% (December 31, 2019 - 37.15%) interest in the Company.

### 2) GOING CONCERN

These condensed interim financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 3) BASIS OF PRESENTATION

These condensed interim financial statements, approved by the Board of Directors on August 21, 2020, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, “Interim Financial Reporting”. These condensed interim financial statements as well as the related notes should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

### 4) SIGNIFICANT ACCOUNTING POLICIES

#### a) Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 4 - Significant Accounting Policies, of the Company's annual audited financial statements for the year ended December 31, 2019.

#### b) Accounting standards issued and in effect during the period

##### *IAS 1 "Presentation of Financial Statements" ("IAS 1")*

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. IAS 1 has been revised to incorporate a new definition of “material” and IAS 8 has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. As of January 1, 2020, the Company has adopted IAS 1 and has concluded that, based on its current operations, the adoption of IAS 1 had no significant impact on the Company's financial statements.

##### *IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8")*

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IAS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. As of January 1, 2020, the Company has adopted IAS 8 and has concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on the Company's financial statements.



# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the condensed interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the condensed interim financial statements are reasonable; however, actual results may differ materially from these estimates. The areas involving significant judgments, estimates and assumptions have been detailed in note 5 to the Company's audited financial statements for the year ended December 31, 2019.

#### *Uncertainty due to COVID-19*

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

In the current environment, the assumptions and judgements made by the Company are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 and could lead to a material adjustment to the carrying value of the assets or liabilities affected.

The impact of current uncertainty on judgments, estimates and assumptions extends, but is not limited to, the Company's valuation of its Exploration and evaluation assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

### 6) CASH AND CASH EQUIVALENTS

	<b>As at June 30, 2020</b>	As at December 31, 2019
Cash	\$ 321,473	\$ 366
Demand deposits	30,000	30,000
	<b>\$ 351,473</b>	<b>\$ 30,366</b>

The deposit is due on demand and bears interest at 1.65% per annum and maturing on February 5, 2021.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 7) INVESTMENTS

	Number of shares	As at June 30, 2020	As at December 31, 2019
Progenitor Metals Corp. <sup>(a)</sup>	4,276,526	\$ 427,653	\$ 427,653
Juno Corp. <sup>(b)</sup>	1,500,000	300,000	300,000
Sparton Resources Inc. <sup>(c)</sup>	1,000,000	60,000	-
		\$ 787,653	\$ 727,653

#### a) Sale of Horne North Prospects

On December 23, 2019, the Company entered into a mineral claim sale agreement for ten exploration properties, which are located in the Abitibi Greenstone Belt of NW Québec. The ten properties, collectively referred to as “Horne North Prospects”, were acquired by privately-owned Progenitor Metals Corp. (“Progenitor Metals”).

In consideration for 100% of the Horne North Prospects, the Company received 5,345,657 shares in the share capital of Progenitor Metals at a deemed value of \$0.20 per share, for an aggregate deemed consideration of \$1,069,131. The payment shares were allocated between the Company and Golden Valley, whereby Val-d’Or Mining retained 80% of the aggregate consideration (4,276,526 shares) and Golden Valley received 20% of the consideration (1,069,131 shares) pursuant to the terms of the recently amended Mining Option Agreement with Golden Valley.

Progenitor Metals has covenanted to enter into a “going public” transaction within 21 months from the closing date of the transaction, which closed on March 31, 2020. In the event that the purchaser does not enter into such a transaction within the specified time period, the properties will revert back to the Company and the Company will return to the purchaser 50% of the consideration received under the purchase agreement.

As at June 30, 2020, the Company determined that the net carrying value of \$427,653, representing \$855,305 (or \$0.20 per share) of the 4,276,526 shares in Progenitor Metals less the provision of \$427,652 relating to the potential 50% return of the consideration as discussed above, approximates its fair value.

#### b) Sale of Luc Bourdon Prospect

On December 12, 2019, the Company entered into an agreement with respect to the sale of its Luc Bourdon property, which is located in the McFaulds Lake Area in the James Bay region of northern Ontario. The purchaser of the property is privately-owned Juno Corp. (“Juno”).

In consideration for a 100% interest in the property, the Company received 1,500,000 shares in the share capital of Juno, and the Company was granted a royalty of 1.5%, assigned with a value of \$8,377, of the net smelter returns from the property.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 7) INVESTMENTS (continued)

#### c) Sale of Powell Prospect

On February 6, 2020, the Company entered into an agreement with respect to 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. ("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 was granted a royalty of 2%, assigned with a value of \$86, from the property. One percent of the net smelter return (or 50% of the 2% net smelter royalty) may be purchased by Sparton at any time after the acquisition of the claims for US\$2.5 million. The Company recognized a gain of \$24,881 on sale of this prospect.

### 8) OTHER ASSETS

	As at June 30, 2020	As at December 31, 2019
Deposits <sup>(a)</sup>	\$ 6,829	\$ 17,500
Advances <sup>(b)</sup>	11,604	14,709
Prepaid expenses	4,796	11,624
Other	1,222	1,691
	\$ 24,451	\$ 45,524

a) Deposits of \$6,829 (December 31, 2019 - \$17,500) are held with Ministère de l'Énergie et des Ressources Naturelles for claims staking and management on corporate owned properties.

b) Advances include an amount of \$11,604 (December 31, 2019 - \$11,604) which is held with one of the Company's suppliers for geophysics services.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 9) EXPLORATION AND EVALUATION ASSETS

The following table presents a summary of exploration and evaluation assets by principal area of interest as at June 30, 2020 and December 31, 2019:

	As at January 1, 2020	Net Additions	Impairment	Credits	Disposals	Government Assistance	As at June 30, 2020
<i>Exploration expenditures</i>							
Québec	\$ 221,285	5,415	3,393	-	-	-	\$ 230,093
Ontario	37,776	3,988	(24,879)	-	(205)	-	16,680
Québec North	7,710	-	(2,726)	-	-	-	4,984
	266,771	9,403	(24,212)	-	(205)	-	\$ 251,757
<i>Government assistance</i>	(93,336)	-	-	(942)		(20,221)	(114,499)
	\$ 173,435	9,403	(24,212)	(942)	(205)	(20,221)	\$ 137,258

	As at January 1, 2019	Net Additions	Impairment	Credits	Disposals	Government Assistance	As at December 31, 2019
<i>Exploration expenditures</i>							
Québec	\$ 628,388	219,200	(545,894)	(11,740)	(68,669)	-	\$ 221,285
Ontario	15,282	152,340	(109,972)	-	(19,874)	-	37,776
Québec North	23,198	3,608	(19,096)	-	-	-	7,710
	666,868	375,148	(674,962)	(11,740)	(88,543)	-	\$ 266,771
<i>Shares issued to Golden Valley</i>	416,667	250,000	(666,667)	-	-		-
<i>Government assistance</i>	-	-	-	-	-	(93,336)	(93,336)
	\$ 1,083,535	625,148	(1,341,629)	(11,740)	(88,543)	(93,336)	\$ 173,435

#### a) Amended Mining Option Agreement and Exercise of Option with Golden Valley

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.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 9) EXPLORATION AND EVALUATION ASSETS (continued)

#### a) *Amended Mining Option Agreement and Exercise of Option with Golden Valley (continued)*

The Company has still an obligation to issue 4,166,667 shares 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) *Boston Bulldog Prospect - Kirkland Lake, Ontario*

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 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*

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.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 9) EXPLORATION AND EVALUATION ASSETS (continued)

The following table presents a summary of exploration and evaluation assets by expenditures:

	As at December 31,					As at June 30,
	2019	Additions	Impairment	Credits	Disposal	2020
Geophysical surveys	\$ 128,613	-	-	-	-	\$ 128,613
Line cutting	53,235	-	-	-	-	53,235
Claims staking	34,127	7,963	(5,136)	-	-	36,954
Reporting	24,125	1,440	(1,440)	-	-	24,125
Mobilization/demobilization	3,970	-	-	-	-	3,970
Transportation, travel and camp	3,860	-	-	-	-	3,860
Prospecting	1,000	-	-	-	-	1,000
Share-based payment	16,976	-	(16,976)	-	-	-
Other	865	-	(660)	-	(205)	-
	266,771	9,403	(24,212)	-	(205)	251,757
Government assistance	(93,336)	-	-	(21,163)	-	(114,499)
	\$ 173,435	9,403	(24,212)	(21,163)	(205)	\$ 137,258

### 10) LONG-TERM DEBT

The Company applied and received the \$40,000 Canada Emergency Business Account which is an interest-free loan to cover operating costs. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of \$10,000.

### 11) EQUITY

#### a) Share Capital

#### Authorized

Unlimited number of voting common shares without par value.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 11) EQUITY (continued)

#### 2020 transaction on share capital

##### *Issuance of Units under a private placement*

On May 7, 2020, the Company closed a non-brokered private placement offering, pursuant to which it 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 fair value of the 2,666,666 warrants was estimated at \$109,952 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 149.98%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price of \$0.10 at date of grant. The fair value of these warrants was deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the financing, finders' fees in the aggregate amount of \$9,800 in cash and warrants to acquire an aggregate 130,666 shares at a per share price of \$0.10 until May 7, 2022 were paid to arm's-length's finders who introduced the Company to investors. The related fair value method, using the Black Scholes options pricing model was retained to estimate the fair value of the 130,666 non-transferable finders warrants with the following assumptions: an expected volatility of 149.98%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.10. As a result, the warrants were valued at \$13,870 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees and regulatory fees in relation with the private placement for a total of \$33,221.

##### *Issuance of shares for grant of mining option*

On June 18, 2020, the Company issued 4,166,667 of its common shares valued at \$750,000 as required under the Amended Mining Option Agreement with Golden Valley (note 9).

#### 2019 transaction on share capital

##### *Issuance of shares for grant of mining option*

On January 22, 2019, the Company issued 4,166,667 of its common shares valued at \$416,667 as required under the Amended Mining Option Agreement with Golden Valley (note 9).

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 11) EQUITY (continued)

#### *Incentive stock option*

On January 22, 2019, the Company issued 52,500 of its common shares for a total consideration of \$3,525 from the exercise of stock options at prices of \$0.065 per share (45,000 shares) and \$0.08 per share (7,500 shares).

#### *Share capital to be issued from exercise of share purchase warrants*

On March 28, 2019, the Company issued 1,938,461 of its common shares pursuant to the exercise of 1,938,461 warrants share purchase warrants for a total consideration of \$164,769.

### 12) WARRANTS

The following table shows the changes in warrants:

	For the six months ended June 30, 2020		For the year ended December 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	9,939,090	\$ 0.140	14,517,751	\$ 0.120
Issued under a private placement (note 11)	2,666,666	0.100	-	-
Issued under finders' fee payment (note 11)	130,666	0.100	-	-
Exercised	-	-	(1,938,461)	0.085
Expired	-	-	(2,640,200)	(0.085)
Outstanding, end of period	12,736,422	\$ 0.13	9,939,090	\$ 0.140

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	As at June 30, 2020		As at December 31, 2019	
	Number of outstanding warrants	Exercise price	Number of outstanding warrants	Exercise price
November 30, 2020	1,380,000	\$ 0.10	1,380,000	0.10
November 30, 2020	7,400,000	0.15	7,400,000	0.15
October 18, 2021	1,159,090	0.15	1,159,090	0.15
May 7, 2022	2,797,332	0.10	-	-
	12,736,422	\$ 0.13	9,939,090	\$ 0.14



# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

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### 13) SHARE-BASED PAYMENTS

#### Stock option plan

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange. All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

A summary of changes in the number of incentive stock options is presented as follows:

	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	4,156,661	\$ 0.096	3,630,097	\$ 0.104
Granted	1,311,350	0.150	722,263	0.075
Exercised	-	-	(52,500)	0.070
Forfeited	(175,000)	0.100	(100,000)	0.105
Outstanding, end of period	5,293,011	\$ 0.110	4,199,860	\$ 0.104

#### *Incentive Stock Options granted in 2020*

On June 26, 2020, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 1,311,350 common shares at an exercise price of \$0.15 per share. The options are exercisable for a period of 5 years until June 26, 2025 and are exercisable immediately.

The fair value of the 1,311,350 stock options has been estimated on the date of issue at \$171,023, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.15; expected dividend yield: nil; expected volatility: 141.49%; risk-free interest rate: 0.31%; expected life: 5 years and exercise price at the date of grant: \$0.15 per share.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 13) SHARE-BASED PAYMENTS (continued)

#### *Incentive Stock Options granted in 2020 (continued)*

The number of outstanding stock options that could be exercised for an equal number of common shares is as follow:

Expiration date	Number of options	Exercise price
May 16, 2021	424,301	0.065
February 5, 2023	2,375,000	0.105
October 24, 2023	510,097	0.110
June 17, 2024	672,263	0.075
June 26, 2025	1,311,350	0.150
	5,293,011	\$ 0.110

#### **Restricted Share Unit Plan**

At the annual general and special meeting of shareholders held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan was adopted and implemented by the Company's Board upon receipt of acceptance by the TSX Venture Exchange.

The RSU Plan provides that restricted share units ("Share Units") may be granted by the Company's Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be decided at the grant date. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 1,288,199 common shares.

No restricted shares units were issued for the three and six months ended June 30, 2020.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

### 14) LOSS PER SHARE

Loss per share has been calculated using the weighted average number of common shares outstanding for the three and six months ended June 30, 2020 and 2019 as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net loss for the period	\$ 1,018,881	\$ 119,050	\$ 1,130,570	\$ 259,529
Weighted average number of common shares - Basic	50,422,756	42,434,700	48,565,613	40,989,773
Dilutive effect of stock options and warrants	-	-	-	-
Weighted average number of common shares - Diluted	50,422,756	42,434,700	48,565,613	40,989,773
Basic loss per share	\$ 0.020	\$ 0.003	\$ 0.023	\$ 0.006
Diluted loss per share	0.020	0.003	0.023	0.006

For the three and six months ended June 30, 2020 and 2019, potential dilutive common shares from incentive stock options and warrants have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

### 15) ADDITIONAL CASH FLOW INFORMATION

Significant non-cash transactions included in the Statements of Cash Flows for the six months ended June 30, 2020 and 2019 are as follows:

	2020	2019
Accounts payable and accrued liabilities included in exploration and evaluation assets	\$ -	\$ 3,017
Tax credits deducted from exploration and evaluation assets	21,163	11,740

### 16) RELATED PARTY TRANSACTIONS

#### a) Transactions with a shareholder

For the three and six months ended June 30, 2020, Golden Valley recharged general and administrative expenses to the Company for a total amount of \$nil. For the three months ended June 30, 2019, Golden Valley recharged general and administrative expenses to the Company for a total amount of \$17,057, of which \$5,322 was capitalized as Exploration and Evaluation assets and the remaining \$11,735 was recorded in the statement of net loss.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 16) RELATED PARTY TRANSACTIONS (continued)

#### a) Transactions with a shareholder (continued)

For the six months ended June 30, 2019, Golden Valley recharged general and administrative expenses to the Company for a total amount of \$33,151, of which \$8,340 was capitalized as Exploration and Evaluation assets and the remaining \$24,811 was recorded in the statement of net loss.

For the three and six months ended June 30, 2020, no consultant fees (for the three and six months ended June 30, 2019 - \$6,000 and \$12,000, respectively) were incurred from Golden Valley relating to the services of the Company's CFO.

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 June 30, 2020, the Company had a net receivable of \$3,739 (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 and six months ended June 30, 2020, the Company incurred fees of \$24,000 and \$48,000 respectively with the COO which were recorded under consulting fees in the statement of net loss (for the three and six months ended June 30, 2019 - \$24,000 and \$48,000, of which \$18,000 and \$36,000 was capitalized as Exploration and Evaluation asset and of which \$6,000 and \$12,000 was recorded under consulting fees in the statement of net loss, respectively). As at June 30, 2020, no amount (December 31, 2019 - \$14,400, included in accounts payable and accrued liabilities) was due to the COO.

For the three and six months ended June 30, 2020, the Company incurred fees of \$16,738 and \$46,865, respectively with the VP Exploration which fees were recorded under consulting fees in the statement of net loss (for the three and six months ended June 30, 2019 - \$28,827 and \$54,915, respectively, which were recorded under Exploration and Evaluation asset. As at June 30, 2020, the amount of \$6,415 (December 31, 2019 - \$18,969) is due to the VP Exploration and is included in accounts payable and accrued liabilities.

For the three and six months ended June 30, 2020, the Company granted stock options to key management personnel to purchase an aggregate 1,220,000 common shares of the Company. The Company recorded a stock-based compensation of \$159,110 as part of this transaction.

For the three and six months ended June 30, 2019, the Company granted stock options to key management personnel to purchase an aggregate 547,263 common shares of the Company. The Company recorded a stock-based compensation of \$34,657 as part of this transaction.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 16) RELATED PARTY TRANSACTIONS (continued)

#### *c) Transactions with related parties*

For the three and six months ended June 30, 2020, the Company incurred fees of \$nil and \$7,000 (for the three and six months ended June 30, 2019 - \$10,500 and \$21,000) 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 statement of net loss.

For the three and six months ended June 30, 2020, the Company incurred rent and occupancy fees of \$3,000 and \$3,000 respectively with a company controlled by the President which fees were recorded under office expenses in the statement of net loss (for the three and six months ended June 30, 2019 - \$5,877 and \$8,877, of which \$2,250 and \$4,500 was recorded under Exploration and Evaluation asset and \$750 and \$1,500 was recorded under office expenses in the statement of net 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 June 30, 2020, the Company had a net receivable balance of \$5,624 (December 31, 2019 – net receivable of \$43,463) due from related parties of which \$3,739 (December 31, 2019 – net receivable of \$8,400) was due from Golden Valley, \$nil (December 31, 2019 – net payable of \$1,348) was due to a company controlled by the President, and of \$1,885 (December 31, 2019 – net receivable of \$36,411) due from companies related by common management.

### 17) 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 December 31, 2020 (note 9).
- 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.

# VAL-D'OR MINING CORPORATION

## Notes to Financial Statements

As at June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 18) SUBSEQUENT EVENTS

*Non-brokered private placement offering for gross proceeds of \$360,000.*

As announced on July 3, 2020, the Company completed a non-brokered private placement offering (the "Offering") for gross proceeds of \$360,000. The Company issued 1,500,000 Flow-Through Common Shares (the "FT Shares") under the Offering at a price of \$0.24 per FT Share. The FT Shares will be "flow-through shares" as defined in the Income Tax Act (Canada). Finder's fees in the aggregate amount of \$21,700 in cash and finder's warrants to acquire an aggregate 90,416 shares at a per share price of \$0.24 until July 3, 2022 (the "Finder's Warrants") were paid to arm's-length's finders who introduced the Company to investors. The proceeds raised from the Offering will be used by the Company to conduct further exploration work on its properties in the Abitibi Greenstone Belt, Québec. All securities issued under the Offering, including common shares underlying the Finder's Warrants, are subject to a hold period until November 4, 2020, in accordance with applicable securities legislation.

*Share capital to be issued from exercise of share purchase warrants*

On July 3, 2020, the Company issued 480,000 of its common shares pursuant to the exercise of 480,000 warrants share purchase warrants for a total consideration of \$48,000.