



**VAL-D'OR MINING CORPORATION**

**Condensed Interim Financial Statements**

**For the three and six months ended June 30, 2021 and 2020**

**(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 CPA 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, 2021	As at December 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	\$ 786,775	\$ 639,255
Short-term investments	7	623,811	50,000
Other assets	8	40,304	54,440
		<b>1,450,890</b>	<b>743,695</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	9	131,267	154,728
Long-term investments	7	1,327,653	1,485,534
Right-of-use asset		1,945	2,919
<b>TOTAL ASSETS</b>		<b>\$ 2,911,755</b>	<b>\$ 2,386,876</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 19,941	\$ 55,195
Flow-through premium liability	12	141,737	147,010
Due to related parties	17	-	6,027
Lease liabilities		1,490	1,646
		<b>163,168</b>	<b>209,878</b>
<b>Non-current liabilities</b>			
Loan	11	60,000	40,000
Lease liabilities		-	708
<b>Total liabilities</b>		<b>223,168</b>	<b>250,586</b>
<b>EQUITY</b>			
Share capital	12	6,813,458	6,545,615
Contributed surplus		864,322	660,870
Warrants	13	933,006	852,244
Deficit		(5,922,199)	(5,922,439)
<b>Total equity</b>		<b>2,688,587</b>	<b>2,136,290</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 2,911,755</b>	<b>\$ 2,386,876</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 Income (loss) and Comprehensive Income (loss)**

(unaudited)

(Expressed in Canadian Dollars)

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2021	2020	2021	2020
<b>Operating expenses</b>					
Share-based compensation	14	\$ 52,274	\$ 171,023	\$ 223,109	\$ 171,023
Professional fees		40,634	36,310	61,833	42,288
Exploration and evaluation expenses	17	24,724	7,750	51,660	44,963
Salaries and other employee benefits		21,940	35,196	33,838	49,192
Consulting fees	17	9,000	24,000	18,000	55,000
Regulatory and transfer agent fees		9,107	11,689	17,774	17,843
Office expenses		7,892	16,830	13,518	33,467
Amortization of right-of-use asset		487	487	973	973
Travel and entertainment		-	-	558	1,189
Mining option payment	12	-	750,000	-	750,000
Impairment of exploration and evaluation assets		-	-	-	24,212
<b>Operating loss</b>		<b>166,058</b>	<b>1,053,285</b>	<b>421,263</b>	<b>1,190,150</b>
<b>Other expenses (income)</b>					
Unrealized gain on investments	7	(375,930)	(35,000)	(415,930)	(35,000)
Other income from flow-through funding	12	-	-	(5,273)	-
Gain on sale of mineral properties		-	-	-	(24,881)
Interest income		(437)	-	(1,329)	(904)
Interest expense		509	596	1,029	1,205
		(375,858)	(34,404)	(421,503)	(59,580)
<b>Net income (loss) and total comprehensive income (loss) for the period</b>		<b>\$ 209,800</b>	<b>\$ (1,018,881)</b>	<b>\$ 240</b>	<b>\$ (1,130,570)</b>
<b>Basic and diluted earnings (loss) per common share</b>	15	<b>\$ 0.003</b>	<b>\$ (0.020)</b>	<b>\$ 0.000</b>	<b>\$ (0.023)</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)

	Notes	Share capital	Contributed Surplus	Warrants	Deficit	Total	
		Number					
<b>Balance as at January 1, 2021</b>		64,911,938	\$ 6,545,615	\$ 660,870	\$ 852,244	\$ (5,922,439)	\$ 2,136,290
Issuance of units under a private placement	12	2,336,846	223,028	-	80,762	-	303,790
Issuance of shares on exercise of incentive stock options	14	422,500	47,120	(19,657)	-	-	27,463
Share issue expenses		-	(2,305)	-	-	-	(2,305)
Share-based payments	14	-	-	223,109	-	-	223,109
Net income and comprehensive income for the period		-	-	-	-	240	240
<b>Balance as at June 30, 2021</b>		67,671,284	\$ 6,813,458	\$ 864,322	\$ 933,006	\$ (5,922,199)	\$ 2,688,587

	Notes	Share capital	Contributed Surplus	Warrants	Deficit	Total	
		Number					
<b>Balance as at January 1, 2020</b>		46,708,471	\$ 4,625,750	\$ 503,296	\$ 652,874	\$ (4,732,230)	\$ 1,049,690
Issuance of units under a private placement		5,333,332	116,951	-	283,049	-	400,000
Issuance of shares under mining option agreement		4,166,667	750,000	-	-	-	750,000
Share issue expenses		-	(56,891)	-	13,870	-	(43,021)
Share-based payment		-	-	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>		56,208,470	\$ 5,435,810	\$ 674,319	\$ 949,793	\$ (5,862,800)	\$ 1,197,122

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	<b>2021</b>	2020
<b>OPERATING ACTIVITIES</b>			
Net income (loss) for the period		\$ 240	\$ (1,130,570)
Adjustments:			
Share-based payment	14	223,109	171,023
Unrealized gain on investments	7	(415,930)	(35,000)
Other income from flow-through funding		(5,273)	-
Amortization of right-of-use asset		973	973
Finance expense		521	328
Mining option payment		-	750,000
Gain on sale of mineral properties		-	(24,881)
Impairment of exploration and evaluation assets		-	24,212
		<b>(196,360)</b>	<b>(243,915)</b>
Change in non-cash working capital items			
Other assets		6,662	52,894
Accounts payable and accrued liabilities		(35,254)	(36,563)
		<b>(28,592)</b>	<b>16,331</b>
<b>Cashflows used by operating activities</b>		<b>(224,952)</b>	<b>(227,584)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to exploration and evaluation assets		(5,867)	(9,403)
Tax credits received		30,775	114,499
<b>Cashflows from investing activities</b>		<b>24,908</b>	<b>105,096</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of units under a private placement	12	303,790	400,000
Proceeds from exercise of warrants		-	48,000
Proceeds from long-term debt	11	20,000	40,000
Proceeds from exercise of stock options	12	27,463	-
Share issue expenses		(2,305)	(43,021)
Repayment of lease liabilities		(1,384)	(1,384)
<b>Cashflows from financing activities</b>		<b>347,564</b>	<b>443,595</b>
<b>Increase in cash and cash equivalents</b>		<b>147,520</b>	<b>321,107</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>639,255</b>	<b>30,366</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 786,775</b>	<b>\$ 351,473</b>

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

**VAL-D'OR MINING CORPORATION**  
**Notes to Condensed Interim Financial Statements**  
**As at June 30, 2021 and 2020**  
(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 trade on the TSX Venture Exchange ("TSX-V") under its trading symbol "VZZ".

As at June 30, 2021, Golden Valley Mines and Royalties Ltd. ("Golden Valley"), a significant shareholder, held a 37.96% (December 31, 2020 - 39.57%) interest in the Company.

**2) GOING CONCERN**

These condensed interim financial statements have been prepared in accordance with International Financial 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.

**3) BASIS OF PRESENTATION**

These condensed interim financial statements, approved by the Board of Directors on August 23, 2021, 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, 2020.

**VAL-D'OR MINING CORPORATION**  
**Notes to Condensed Interim Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)

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**4) RECENT ACCOUNTING PRONOUNCEMENTS**

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company is assessing the potential impact of these narrow-scope amendments.

**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, 2020.

*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 Long-term investments and Exploration and evaluation assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.



**VAL-D'OR MINING CORPORATION**  
**Notes to Condensed Interim Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)

**6) CASH AND CASH EQUIVALENTS**

	<b>As at June 30, 2021</b>	As at December 31, 2020
Cash	\$ 432,468	\$ 272,853
Cash from flow-through funding (note 12)	324,307	336,402
Demand deposits	30,000	30,000
	<b>\$ 786,775</b>	<b>\$ 639,255</b>

The deposit is due on demand, bears interest at 0.15% per annum and is maturing on February 5, 2022.

**7) INVESTMENTS**

The short-term portion of investments of \$623,811 as at June 30, 2021 (December 31, 2020 - \$50,000) is comprised of marketable securities, representing shares of publicly traded mining exploration companies, that are recorded at fair value using quoted market prices.

The long-term portion of investments of \$1,327,653 as at June 30, 2021 (December 31, 2020 - \$1,485,534) is comprised of common shares, with a fair value of \$1,327,653 (December 31, 2020 - \$1,327,653) of private mining exploration companies that do not have a quoted market price in an active market. The Company assessed the fair value of these shares based on techniques and assumptions that emphasized both qualitative and quantitative information.

**8) OTHER ASSETS**

	<b>As at June 30, 2021</b>	As at December 31, 2020
Deposits	\$ 18,718	\$ 24,185
Advance to supplier	11,604	11,604
Sales taxes recoverable	9,097	10,258
Due from related parties (note 17)	885	-
Prepaid expenses	-	5,724
Tax credit receivable	-	1,447
Other	-	1,222
	<b>\$ 40,304</b>	<b>\$ 54,440</b>

Deposits of \$18,718 (December 31, 2020 -\$24,185) are held with Ministère de l'Énergie et des Ressources Naturelles for claims staking and management on corporate owned properties.

Advance to supplier of \$11,604 as at June 30, 2021 and December 31, 2020 represents an amount held with one of the Company's suppliers for geophysics services.

**VAL-D'OR MINING CORPORATION**  
**Notes to Condensed Interim Financial Statements**  
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**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, 2021 and December 31, 2020:

	As at January 1, 2021	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at June 30, 2021
<i>Exploration expenditures</i>							
Québec	\$ 149,728	5,968	-	1,447	-	(30,775)	\$ 126,368
Ontario	5,000	-	-	(101)	-	-	4,899
Québec North	-	-	-	-	-	-	-
	\$ 154,728	5,968	-	1,346	-	(30,775)	\$ 131,267

	As at January 1, 2020	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at December 31 2020
<i>Exploration expenditures</i>							
Québec	\$ 127,949	152,883	(96,792)	(948)	(24,880)	(8,484)	\$ 149,728
Ontario	37,776	232	(33,912)	904	-	-	5,000
Québec North	7,710	-	(7,710)	-	-	-	-
	173,435	153,115	(138,414)	(44)	(24,880)	(8,484)	154,728
Mining option payments	-	1,309,667	(1,309,667)	-	-	-	-
Mining tax credit	-	(84,531)	84,531	-	-	-	-
	\$ 173,435	1,378,251	(1,363,550)	(44)	(24,880)	(8,484)	\$ 154,728

*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 a group of properties located in the Abitibi Greenstone Belt consisting of 61 grassroots properties. This Agreement was subsequently amended on November 28, 2019, and the Company exercised its option on December 5, 2019.

Golden Valley is 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. Furthermore, the properties are subject to a royalty in favour of Golden Valley 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%.

**VAL-D'OR MINING CORPORATION**  
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(Expressed in Canadian dollars unless otherwise noted)

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

*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 2973090 Canada Inc. (“2973090”), a Canadian private company wholly-owned and controlled by the President and Director of the Company, granted an option to the Company to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty

On December 9, 2020, the Company entered into an Amendment Agreement with 2973090 to further amend a Mining Option Agreement relating to the Boston Bulldog Prospect to remove the requirement to incur exploration expenditures on the property in the aggregate amount of the \$50,000 by April 7, 2021, and to remove the 3% NSR commitment. As consideration for the amendments, the Company issued 200,000 common shares, with a fair value of \$18,000, to 2973090, following which the Company have fully exercised the option and acquired 100% ownership of the Boston Bulldog Prospect.

*Exploration and evaluation assets by expenditures:*

	As at January 1, 2021	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at June 30, 2021
Geophysical surveys	\$ 116,093	-	-	1,034	-	(30,775)	\$ 86,352
Claims staking	35,252	5,968	-	(101)	-	-	41,119
Prospecting	3,383	-	-	-	-	-	3,383
Technical assessment	-	-	-	413	-	-	413
	154,728	5,968	-	1,346	-	(30,775)	131,267
Mining tax credit	-	-	-	-	-	-	-
	\$ 154,728	5,968	-	1,346	-	(30,775)	\$ 131,267

**VAL-D'OR MINING CORPORATION**  
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(Expressed in Canadian dollars unless otherwise noted)

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

*Exploration and evaluation assets by expenditures (continued):*

	As at January 1, 2020	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at December 31, 2020
Geophysical surveys	\$ 125,390	-	21,659	-	(24,879)	(6,077)	\$ 116,093
Resource property costs	-	117,000	(117,000)	-	-	-	-
Claims staking	37,916	480	(38,352)	(44)	-	-	-
Prospecting	3,000	32,252	-	-	-	-	35,252
Striping and excavation	-	3,383	-	-	-	-	3,383
Technical assessment	7,129	-	(4,721)	-	-	(2,408)	-
	173,435	153,115	(138,414)	(44)	(24,879)	(8,485)	154,728
Mining option payments	-	1,309,667	(1,309,667)	-	-	-	-
Mining tax credit	-	(84,531)	84,531	-	-	-	-
	\$ 173,435	1,378,251	(1,363,550)	(44)	(24,879)	(8,485)	\$ 154,728

**10) ROYALTY INTERESTS**

*a) Ducros Group of Properties*

In October 6, 2020, Val-d'Or Mining entered into an agreement with respect to the sale of several properties referred to as the Ducros Group of Properties. The properties are located in the Ducros Township northeast of Val-d'Or, Québec. The purchaser of the property is Québec Nickel Corp. ("QNC").

In consideration for a 100% interest in the properties, QNC issued 3,589,341 special warrants, with a fair value of \$179,467 to the Company (of which Golden Valley received 80,880 special warrants in accordance with the terms of an amended and restated option agreement between the Company and Golden Valley dated November 28, 2019). One business day prior to the date that QNC's shares are listed on a Canadian exchange, each special warrant will, for no additional consideration, be automatically converted into one common share of QNC. In addition, the Company was granted a royalty of 1.5% of the net smelter returns from the properties which were sold under the agreement, as well as those properties which were staked or will be otherwise acquired by QNC within an area of influence.

In a news release issued on July 2, 2021, QNC announced that it received final approval to list its common shares on the Canadian Securities Exchange (the "CSE"). Trading of the QNC common shares on the CSE commenced at the opening of the market on July 2, 2021. Consequently, on June 30, 2021, the Company's 3,508,461 special warrants were converted into common shares of QNC and were reclassified from long-term to short-term investments.

**VAL-D'OR MINING CORPORATION**  
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(Expressed in Canadian dollars unless otherwise noted)

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**10) ROYALTY INTERESTS**

*b) 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% 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.

*c) 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 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% of the net smelter returns from the property.

*d) Horne North Prospects*

On December 16, 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 purchaser is 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 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 split between Val-d'Or Mining and Golden Valley, whereby Val-d'Or Mining retained 80% of the aggregate consideration (4,276,526 shares (or \$855,305)) and Golden Valley received 20% of the consideration (1,069,131 shares (or \$213,826)) pursuant to the terms of the recently amended Mining Option Agreement. The proceeds of 4,276,526 shares in Progenitor Metals were 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.

**VAL-D'OR MINING CORPORATION**  
**Notes to Condensed Interim Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)

**11) LONG-TERM DEBT**

The Company applied and received the \$60,000 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 \$20,000.

**12) EQUITY**

*a) Share Capital*

**Authorized**

Unlimited number of voting common shares without par value.

**Movements in share capital**

	For the six months ended June 30,		For the six months ended June 30,	
	2021		2020	
	Number		Number	
Balance, beginning of period	64,911,938	\$ 6,545,615	46,708,471	\$ 4,625,750
Issuance of units under a private placement	2,336,846	223,028	5,333,332	116,951
Issuance of shares on exercise of incentive stock options	422,500	47,120	-	-
Issuance of shares under mining option agreement	-	-	4,166,667	750,000
Share issuance costs	-	(2,305)	-	(56,891)
<b>Balance, end of period</b>	<b>67,671,284</b>	<b>\$ 6,813,458</b>	<b>56,208,470</b>	<b>\$ 5,435,810</b>

2021 transactions on share capital

*a) Issuance of Units under a private placement*

On May 6, 2021, the Company completed a non-brokered private placement offering, pursuant to which it issued 2,336,846 Units at a per Unit price of \$0.13, for gross proceeds of \$303,790. Each Unit comprised of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant, each whole warrant exercisable for the purchase of one common share of the Company at a per share price of \$0.19 until May 6, 2023.

The fair value of the 1,168,423 warrants was estimated at \$80,762. The related fair value method, using the Black-Scholes pricing model was retained to estimate fair value with the following assumptions: an expected volatility of 169.61%, a risk-free interest rate of 0.30%, an expected unit life of 2 years, no expected dividend yield and a share price of \$0.13 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.

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**12) EQUITY (continued)**

2021 transactions on share capital (continued)

*b) Issuance of shares on exercise of incentive stock options*

For the three and six months ended June 30, 2021, the Company issued 245,000 and 422,500 of its common shares for at total consideration of \$15,925 and \$27,463, respectively from the exercise of stock options at prices of \$0.065 per share.

2020 transactions on share capital

*a) Issuance of Units under a private placement*

On May 7, 2020, the Company completed 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 \$283,049. The related fair value method, using the Black-Scholes pricing model was retained to estimate fair value 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 pricing model was retained to estimate the fair value of the 130,666 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 statements 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

*b) Issuance of shares for grant of mining option*

On June 18, 2020, the Company issued 4,166,667 of its common shares with a value of \$750,000 under the Option Agreement with Golden Valley described in note 9(a).

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**12) EQUITY (continued)**

*c) Issuance of Flow-Through Common Shares*

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 flow-through shares were issued at a premium of \$0.11 per share to the current market price of the Company’s shares at the day of issue.

As at December 31, 2020, the flow-through premium liability amounted to \$147,010, decreasing to \$141,737 as at June 30, 2021 as flow-through share premium of \$nil and \$5,273 was reallocated to “other income from flow-through funding” in the statement of net loss and comprehensive loss as a result of the Company incurring qualifying exploration expenditures during the three and six months ended June 30, 2021, respectively.

**13) WARRANTS**

The following table shows the changes in warrants:

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
Outstanding, beginning of period	4,046,838	\$ 0.12	9,939,090	\$ 0.14
Issued under a private placement (note 12)	1,168,423	0.19	2,666,666	0.10
Issued under finders' fee payment	-	-	130,666	0.10
Outstanding, end of period	5,215,261	\$ 0.13	12,736,422	\$ 0.13

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, 2021		As at December 31, 2020	
	Number of outstanding warrants	Exercise price	Number of outstanding warrants	Exercise price
October 18, 2021	1,159,090	\$ 0.15	1,159,090	\$ 0.15
May 7, 2022	2,797,332	0.10	2,797,332	0.10
July 3, 2022	90,416	0.24	90,416	0.24
May 6, 2023	1,168,423	0.19	-	-
	5,215,261	\$ 0.13	4,046,838	\$ 0.12



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**14) 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, 2021		For the six months ended June 30, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	<b>4,796,210</b>	<b>\$ 0.110</b>	4,156,661	\$ 0.096
Granted	<b>2,215,233</b>	<b>0.120</b>	1,311,350	0.150
Exercised	<b>(422,500)</b>	<b>0.065</b>	-	-
Forfeited	-	-	(175,000)	0.100
Outstanding, end of period	<b>6,588,943</b>	<b>\$ 0.118</b>	5,293,011	\$ 0.110

On February 22, 2021, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 1,615,233 common shares at an exercise price of \$0.13 per share. The options are exercisable for a period of 5 years until February 22, 2026 and are exercisable on vesting. The fair value of the 1,615,233 stock options was estimated on the date of issue at \$170,835, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.13; expected dividend yield: nil; expected volatility: 144.01%; risk-free interest rate: 0.53%; expected life: 5 years and exercise price at the date of grant: \$0.13 per share.

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**14) SHARE-BASED PAYMENTS (continued)**

On June 28, 2021, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 600,000 common shares at an exercise price of \$0.11 per share. The options are exercisable for a period of 5 years until June 28, 2026 and are exercisable on vesting. The fair value of the 600,000 stock options was estimated on the date of issue at \$52,274, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.11; expected dividend yield: nil; expected volatility: 134.55%; risk-free interest rate: 0.87%; expected life: 5 years and exercise price at the date of grant: \$0.11 per share.

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

Expiration date	Number of options	Exercise price
February 5, 2023	2,025,000	\$ 0.105
October 24, 2023	470,097	0.110
June 17, 2024	567,263	0.075
June 26, 2025	1,311,350	0.150
February 22, 2026	1,615,233	0.130
June 28, 2026	600,000	0.110
	6,588,943	\$ 0.118

**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 will be 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. The Company's RSU Plan was approved by the TSX Venture Exchange.

No restricted shares units were issued for the three and six months ended June 30, 2021 and 2020.

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**15) EARNINGS (LOSS) PER SHARE**

Earnings (loss) per share has been calculated using the weighted average number of common shares outstanding for the three and six months ended June 30, 2021 and 2020 as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Net income (loss) for the period	\$ 209,800	\$ (1,018,881)	\$ 240	\$ (1,130,570)
Weighted average number of common shares - Basic	66,631,048	50,522,756	65,842,927	48,565,613
Dilutive effect of stock options and warrants	593,207	-	791,422	-
Weighted average number of common shares - Diluted	67,224,256	50,522,756	66,634,350	48,565,613
Basic earnings (loss) per share	\$ 0.003	\$ (0.020)	\$ 0.000	\$ (0.023)
Diluted earnings (loss) per share	0.003	(0.020)	0.000	(0.023)

For the three and six months ended June 30, 2020, 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.

**16) ADDITIONAL CASH FLOW INFORMATION**

Significant non-cash transactions included in the Statements of Cash Flows for the six months ended June 30, 2021 and 2020 are as follows:

	2021	2020
Tax credits deducted from exploration and evaluation assets	\$ 30,775	\$ 21,163

**17) RELATED PARTY TRANSACTIONS**

*a) Transactions with a shareholder*

Effective July 1, 2020, the Company entered into a Cost Sharing Arrangement (the "Sharing Arrangement") with Golden Valley, pursuant to which Golden Valley will provide certain management and financial services such as office space and administrative support relating to the exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9., in consideration of \$8,919 per year (the "reimbursement"), payable on a monthly basis. The Sharing Arrangement provides for the reimbursement to be reviewed on an annual basis. For the three and six months ended June 30, 2021, the Company reimbursed Golden Valley the amount of \$1,814 and \$3,628, respectively (for the three and six months ended June 30, 2020 - \$nil) relating to this arrangement.

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**17) RELATED PARTY TRANSACTIONS (continued)**

*a) Transactions with a shareholder (continued)*

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, 2021, the Company had a net receivable of \$2,062 (December 31, 2020 – net receivable of \$1,753) 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, 2021, the Company incurred consulting fees of \$3,000 and \$6,000, respectively (for the three and six months ended June 30, 2020 - \$nil) with the CEO which was recorded under exploration and evaluation expenses in the statements of net income (loss) and comprehensive income (loss). As at June 30, 2021, no amount (December 31, 2020 - \$1,150) was due to the CEO.
- For the three and six months ended June 30, 2021, the Company incurred fees of \$24,000 and \$48,000, respectively (for the three and six months ended June 30, 2020 - \$24,000 and \$48,000) with the COO of which \$18,000 and \$36,000 were recorded under exploration and evaluation expenses (2020 - \$18,000 and \$36,000 capitalized as Exploration and Evaluation asset) and \$6,000 (2020- \$6,000) and \$12,000 (2020- \$12,000) were recorded under consulting fees in the statements of net income (loss) and comprehensive income (loss). As at June 30, 2021 and December 31, 2020, no amount was due to the COO.
- For the three and six months ended June 30, 2021, the Company incurred fees of \$3,348 and \$6,696 (for the three and six months ended June 30, 2020 - \$16,738 and \$46,865) with the VP Exploration, which were recorded under exploration and evaluation expenses in the statements of net income (loss) and comprehensive income (loss). As at June 30, 2021, the amount of \$1,282 (December 31, 2020 - \$6,735) was due to the VP Exploration and is included in due to related parties.
- For the three and six months ended June 30, 2021, the Company granted incentive stock options to key management personnel to purchase an aggregate 1,261,233 and 1,661,233 common shares of the Company and recorded a stock-based compensation of \$133,394 and \$168,444 relating to these grants, respectively. 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 and recorded a stock-based compensation of \$159,110 as part of this transaction.

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**17) RELATED PARTY TRANSACTIONS (continued)**

*c) Transactions with related parties*

- For the three and six months ended June 30, 2021, the Company incurred no fees 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. For the three and six months ended June 30, 2020, the Company incurred fees of \$nil and \$7,000, which were recorded under consulting fees in the statement of net loss and comprehensive loss.
- For the three and six months ended June 30, 2021, the Company incurred no rent and occupancy fees of \$nil (for the three and six months ended June 30, 2020 – \$3,000 and \$3,000, respectively which were recorded under office expenses in the statements of net loss and comprehensive loss) with a company controlled by the President.

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, 2021, the Company had a net receivable balance of \$885 (December 31, 2020 – net payable balance of \$6,027) due to related parties, of which \$2,062 (December 31, 2020 –\$1,753 due from Golden Valley) was due from Golden Valley, \$nil (December 31, 2020 –\$1,150) was due to a company controlled by the President, \$1,282 (December 31, 2020 –\$6,735) was due to the VP Exploration and of \$105 (December 31, 2020 – \$105) due from companies related by common management.

**18) COMMITMENTS**

- a) The Company entered into a consulting agreement with the CEO for an annual payment of \$12,000. 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 CEO within six months from the date of change of control.
- b) The Company entered into a consulting agreement with the COO for an annual payment of \$96,000. 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 COO within six months from the date of change of control.
- c) The Company entered into a consulting agreement with the VP Exploration for an annual payment of \$13,390. 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.

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**18) COMMITMENTS (continued)**

- d) As at June 30, 2021, the Company has still to incur exploration expenditures in an amount of \$324,307 (December 31, 2020 - \$336,402) from its flow-through funds.
- e) 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 are \$2,769 in 2021 and \$1,384 in 2022.

**19) FINANCIAL ASSETS AND LIABILITIES**

*Categories of financial assets and liabilities*

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the statement of financial position are presented in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers between Levels 1, 2 and 3 in the reporting periods. The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

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**19) FINANCIAL ASSETS AND LIABILITIES (continued)**

*Categories of financial assets and liabilities (continued)*

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

	As at June 30 2021		As At December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	\$ 786,775	786,775	\$ 639,255	639,255
Investments	1,951,464	1,951,464	1,535,534	1,535,534
	<b>\$ 2,738,239</b>	<b>\$ 2,738,239</b>	<b>\$ 2,174,789</b>	<b>\$ 2,174,789</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ 19,941	\$ 19,941	\$ 55,195	\$ 55,195
Due to related parties	-	-	6,027	6,027
Lease liabilities	1,490	1,490	2,354	2,354
Loans	60,000	60,000	40,000	40,000
	<b>\$ 81,431</b>	<b>\$ 81,431</b>	<b>\$ 103,576</b>	<b>\$ 103,576</b>

The carrying value of cash and cash equivalents, due to related parties, accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments. As at June 30, 2021, the Company classified cash and cash equivalents and short-term investments as Level 1, and amounts due from/to related parties and other payables as Level 3.

The Company's long-term investments, consisting of investments in the common shares of private companies, do not have a quoted market price in an active market and the Company has assessed a fair value of the investment based on their unobservable net assets. As a result, the fair value is classified within Level 3 of the fair value hierarchy. The process of estimating the fair value of these investments is based on inherent measurement uncertainties and is based on techniques and assumptions that emphasize both qualitative and quantitative information. There is no reasonable quantitative basis to estimate the potential effect of changing the assumptions to reasonably possible alternative assumptions on the estimated fair value of these long-term investments.

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**20) FINANCIAL RISKS**

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk, market risk and liquidity risk. The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes. The Company's main financial risk exposure and its financial risk management policies are as follows:

*Credit risk*

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash and cash equivalents of \$786,775 as at June 30, 2021 (December 31, 2020 -\$639,255). The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent. The risk related to amounts due from related parties is mitigated by having common management.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to fluctuations in the market prices of its investments in private and public companies. The fair value of those instruments represents the maximum exposure to price risk

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations. Accounts payable and accrued liabilities are due within less than 90 days. The loan of \$60,000 (note 11) is expected to be paid in fiscal year 2022.



## **21) CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Company's objectives in managing capital are to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production either with partners or by the Company's own means or sale. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in note 12 and in the statements of changes in equity. The Company is not subject to any externally imposed capital requirements.