



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

**DATED: November 26, 2021**

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

This management's discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of November 26, 2021, and complements the unaudited condensed interim financial statements of Val-d'Or Mining Corporation ("Val-d'Or" or the "Company"), for the three and nine months ended September 30, 2021 and 2020.

The condensed interim financial statements and related notes have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited financial statements of the Company and the notes thereto for the year ended December 31, 2020. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The unaudited condensed interim financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on November 26, 2021. These documents and more information about the Company are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

## **FORWARD LOOKING STATEMENTS**

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

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation

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

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

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

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

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

## **CORPORATE DEVELOPMENTS**

On November 12, 2021, subsequent to the third quarter-end, the Company announced that Mr. Louis Doyle has been appointed to the Board of Directors of the Company and that Mr. Frank Mariage has resigned as a director of the Company. The Company also announced that with the closing of the plan of arrangement involving Golden Valley Mines and Royalties Ltd. ("Golden Valley") and Gold Royalty Corp. ("Gold Royalty"), Gold Royalty has indirectly become the Company's largest shareholder, owning 25,687,444 common shares, representing 37.96% of the Company's issued and outstanding shares.

## **BUSINESS OVERVIEW**

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Val-d'Or Mining strives to ensure that exploration activities on its properties in Ontario and Québec support environmental sustainability and that it makes efforts to contribute to the socio-economic advancement of communities where its properties are located. Val-d'Or Mining also makes every effort to ensure that it meets all required standards of corporate governance, following industry best practices and satisfying legal and regulatory requirements.

### PROPERTY PORTFOLIO AS OF SEPTEMBER 30, 2021

As of September 30, 2021, Val-d'Or Mining's assets included 100% ownership interests in a total of 47 actively operated properties covering an area of 33,818 hectares. Divided by its principal areas of interest, the property ownership was as follows:

Ontario	13 properties	13,710 hectares
Québec	30 properties	11,337 hectares
Québec North	4 properties	8,771 hectares

In addition to the actively operated property holdings, the Company has NSR's in three groups of properties, which are operated by different companies, covering an area of 18,447 hectares. Divided by its principal areas of interest, the property ownership was as follows:

Ontario	2 groups of properties	5,628 hectares
Québec	1 group of properties	12,819 hectares

### MANAGEMENT OF PROPERTY PORTFOLIO

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

In the third quarter of 2021, the Company made no changes to its portfolio of mineral properties. However, the Company started the work on three (3) distinct exploration programs covering a total of eleven (11) properties:

- 1) A geochemical program on nine (9) 100% owned Québec properties (see news release dated July 15, 2021);
- 2) A ground geophysical program on the Rivière Lois Prospect (see news release dated August 24, 2021);
- 3) A ground geophysical program on the Dionne Prospect (see news release dated September 21, 2021).

Additional programs in Québec and Ontario are scheduled for completion during the fourth quarter of 2021.

## **PROPERTY TRANSACTIONS**

On October 7, 2021, subsequent to the third quarter-end, the Company announced that it has entered into an agreement with Snowy Owl Gold Corporation ("Snowy") for the sale of the Rivière Lois Prospect.

In consideration for a 100% interest in the Rivière Lois Prospect (the "Property"), and upon receipt of Exchange approval, Snowy will issue 3,200,000 common shares to the Company (of which Golden Valley will receive 640,000 common shares in accordance with the terms of an amended and restated option agreement between the Company and Golden Valley dated November 28, 2019).

The Company will also be granted a royalty of 2.5% of the net smelter returns from the Property, whereby 1% of the net smelter return may be purchased by Snowy for \$500,000. In addition, the Company will receive \$80,000 in cash and the Company will complete a geophysical exploration program, which is currently underway on the Property (see news release dated August 24, 2021).

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

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

### *Amended Mining Option Agreement and Exercise of Option with Golden Valley*

In 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.

In fiscal 2020, the Company issued 8,333,334 shares to Golden Valley, as partial and final satisfaction of consideration for the acquisition by the Company from Golden Valley of the 100% interest in the group of properties in accordance with the terms of the amended agreement between the Company and Golden Valley dated November 28, 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 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%.

## UPDATE ON COVID-19

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. 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 assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

## SELECTED FINANCIAL INFORMATION

### FINANCIAL CONDITION REVIEW

	As at September 30, 2021	As at December 31, 2020
Cash and cash equivalents	\$ 703,198	\$ 639,255
Investments	2,204,768	1,535,534
Other assets	81,288	54,440
Exploration and evaluation assets	303,556	154,728
Right-of-use asset	1,459	2,919
<b>Total Assets</b>	<b>3,294,269</b>	<b>\$ 2,386,876</b>
Accounts payable and accrued liabilities	\$ 133,721	\$ 55,195
Flow-through premium liability	64,497	147,010
Due to related parties	-	6,027
Lease liabilities	1,089	2,354
Loan	60,000	40,000
Deferred tax liabilities	56,289	-
<b>Total Liabilities</b>	<b>\$ 315,596</b>	<b>\$ 250,586</b>
<b>Total Equity</b>	<b>\$ 2,978,673</b>	<b>\$ 2,136,290</b>

## **ASSETS**

### *Cash and cash equivalents*

The Company ended the third quarter of 2021 with cash and cash equivalents of \$703,198 compared to \$639,255 as at December 31, 2020.

Refer to *Cash Flow Review* section below for further discussion on the Company's cash position and its changes thereof for the nine months ended September 30, 2021 and 2020.

### *Investments*

The short-term portion of investments of \$877,115 as at September 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 September 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.

### *Other assets*

Other assets mainly relate to sales taxes recoverable of \$44,442 (December 31, 2020 - \$10,258), deposits of \$19,221 (December 31, 2020 - \$24,185) held with Ministère de l'Énergie et des Ressources Naturelles for claims staking and management of corporate owned properties, and prepaid expenses of \$11,445 (December 31, 2020 - \$5,724).

### *Exploration and evaluation assets*

Exploration and evaluation assets increased to \$303,556 as at September 30, 2021 from \$154,728 as at December 31, 2020 as a result of additions of \$184,505 from geophysical and prospecting programs initiated on several prospects in Québec, net of mining tax credits of \$35,677. At each reporting period, the Company performs a comprehensive review of the recoverability of its properties in light of the objective of advancing and enhancing a limited number of key properties.

## **LIABILITIES**

Total liabilities of \$315,596 as at September 30, 2021 (compared to \$250,586 as at December 31, 2020) consisted of trade payables of \$133,721 (December 31, 2020 - \$55,195), loan of \$60,000 (December 31, 2020 - \$40,000) relating to the Canada Emergency Business Account interest-free loan to cover operating costs, which repayment on or before December 31, 2022 will result in a loan forgiveness of \$20,000, due to related parties of \$nil (December 31, 2020 - \$6,027), lease liabilities of \$1,089 (December 31, 2020 - \$2,354), and flow-through premium

liability of \$64,497 (December 31, 2020 - \$147,010), including related deferred taxes liabilities of \$56,289, as discussed below.

#### *Flow-through premium liability*

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 are “flow-through shares” as defined in the Income Tax Act (Canada). 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 \$64,497 as at September 30, 2021 as flow-through share premium of \$82,513 was reallocated to “other income from flow-through funding” in the statement of net income and comprehensive income as a result of the Company incurring qualifying exploration expenditures during the nine months ended September 30, 2021. Consequently, the Company recognized deferred tax liabilities of \$56,289 relating to the qualifying exploration expenditures.

#### ***EQUITY***

Total equity as at September 30, 2021 were \$2,978,673 compared to \$2,136,290 as at December 31, 2020, an increase of \$842,383, mainly from proceeds of \$303,790 received from the issuance of 2,336,846 common shares under a recently completed non-brokered private placement, share-based payment of \$223,109 from the granting to the Company’s directors, officers, employees and consultants of incentive stock options entitling the purchase of 1,615,233 common shares at an exercise price of \$0.13 per share and of 600,000 common shares at an exercise price of \$0.11 per share, and net income of \$290,326 for the nine months ended September 31, 2021 .

#### **DISCUSSION AND RESULTS OF OPERATIONS**

This table presents selected information for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Operating expenses	\$ 106,411	\$ 100,415	\$ 527,674	\$ 1,249,579
Other income	(452,786)	(72,216)	(874,289)	(153,164)
Net income (loss) before income tax	346,375	(28,199)	346,615	(1,096,415)
Deferred tax expense	56,289	-	56,289	-
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 290,086</b>	<b>\$ (28,199)</b>	<b>\$ 290,326</b>	<b>\$ (1,096,415)</b>



### *Operating expenses*

Operating expenses for the three months ended September 30, 2021 of \$106,411 were slightly higher compared to the same period in 2020.

Operating expenses for the nine months ended September 30, 2021 were significantly lower compared to the same period in 2020 as 2020 included a payment of \$750,000, representing the issuance of 4,166,667 common shares of the Company pursuant to the mining option agreement with Golden Valley.

### *Other income*

Other income for the three and nine months ended September 30, 2021 totaled \$452,786 and \$874,289 compared to \$72,216 and \$153,164 for the same periods in 2020, respectively.

Other income for the three and nine months ended September 30, 2021 significantly relates to unrealized gains on short-term investments of \$377,080 and \$793,010 compared to \$10,000 and \$45,000 for the same periods in 2020 and other income from flow-through funding of \$77,240 and \$82,513, compared to the \$nil and \$nil for the same periods in 2020, respectively.

## **CASH FLOW REVIEW**

	For the nine months ended September 30,	
	2021	2020
Operating activities	\$ (383,940)	\$ (392,489)
Investing activities	100,319	90,948
Financing activities	347,564	789,621
<b>Increase in cash and cash equivalents</b>	<b>\$ 63,943</b>	<b>\$ 488,080</b>

Cashflows from operating activities for the nine months ended September 30, 2021 resulted in cash outflows of \$383,940, comparable with the cash outflows of \$392,489 for the same period in 2020.

Cashflows from investing activities for the nine months ended September 30, 2021 resulted in cash inflows of \$100,319 compared to \$90,948 in 2020. Cash inflows from investing activities relate to the proceed on sale of short-term investments of \$123,776 and receipt of mining tax credits of \$37,124, net of additions of \$60,581 to exploration and evaluation assets.

Cashflows from financing activities for the nine months ended September 30, 2021 resulted in cash inflows of \$347,564 compared to cash inflows of \$789,621 in 2020. Cash inflows from investing activities in 2021 relate to proceeds of \$303,790 from the issuance of 2,336,846 Units under the non-brokered private placement completed on May 6, 2021, proceeds of \$27,463 from the share issuance of 422,500 common shares from the exercise of incentive stock options and proceeds of \$20,000 from the Canada Emergency Business Account loan.

## Summary of Quarterly Results

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

	Sept 2021	June 2021	Mar 2021	Dec 2020	Sept 2020	Jun 2020	Mar 2020	Dec 2019
Operating expenses	\$ 106,411	\$ 166,058	\$ 255,205	\$ 735,056	\$ 100,415	\$ 1,053,285	\$ 136,865	\$ 1,467,273
Other income	(452,786)	(375,858)	(45,645)	(641,262)	(72,216)	(34,404)	(25,176)	(619,339)
Net income (loss) before income tax	346,375	209,800	(209,560)	(93,794)	(28,199)	(1,018,881)	(111,689)	(847,934)
Deferred tax expense	56,289	-	-	-	-	-	-	-
Net income (loss) and comprehensive income (loss)	\$ 290,086	\$ 209,800	\$ (209,560)	\$ (93,794)	\$ (28,199)	\$ (1,018,881)	\$ (111,689)	\$ (847,934)

## LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

As of September 30, 2021, the Company had cash and cash equivalents of \$703,198. Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months.

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

## INFORMATION ON OUTSTANDING SECURITIES

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

<b>Common shares outstanding:</b>	67,671,284
<b>Stock options exercisable:</b>	6,588,943
Average exercise price of:	\$ 0.12
<b>Warrants outstanding:</b>	4,056,171
Average exercise price of:	\$ 0.13

<b>Stock options outstanding:</b>		
<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of stock options outstanding</b>
February 5, 2023	\$ 0.105	2,025,000
October 24, 2023	\$ 0.110	470,097
June 17, 2024	\$ 0.075	567,263
June 26, 2025	\$ 0.150	1,311,350
February 22, 2026	\$ 0.130	1,615,233
June 28, 2026	\$ 0.110	600,000
		<b>6,588,943</b>

<b>Warrants outstanding:</b>		
<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of warrants outstanding</b>
May 7, 2022	\$ 0.100	2,797,332
July 3, 2022	\$ 0.240	90,416
May 6, 2023	\$ 0.190	1,168,423
		<b>4,056,171</b>

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

The Company has no off-balance sheet arrangements as at September 30, 2021 or as at the date of this MD&A.

#### **CRITICAL ACCOUNTING ESTIMATES**

The critical judgements and estimates are disclosed in note 5 of the audited financial statements as and for the year ended December 31, 2020.

#### **RELATED PARTY TRANSACTIONS**

##### *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 nine months ended September 30, 2021, the Company reimbursed Golden Valley the amount of \$3,477 and \$7,105, respectively (for the three and nine months ended September 30, 2020 - \$3,477 and \$5,291, respectively) relating to this arrangement.

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 September 30, 2021, the Company

had a net receivable of \$897 (December 31, 2020 – net receivable of \$1,753) due from Golden Valley.

#### *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 nine months ended September 30, 2021, the Company incurred consulting fees of \$3,000 and \$9,000, respectively (nine months ended September 30, 2020 - \$3,000 and \$3,000) with the CEO which was recorded under exploration and evaluation expenses in the statements of net income (loss) and comprehensive income (loss). As at September 30, 2021, no amount (December 31, 2020 - \$1,150) was due to the CEO.

For the three and nine months ended September 30, 2021, the Company incurred fees of \$24,000 and \$72,000, respectively (for the three and nine months ended September 30, 2020 - \$24,000 and \$72,000) with the COO of which \$18,000 and \$54,000 were recorded under exploration and evaluation expenses (2020 - \$18,000 and \$54,000 capitalized as Exploration and Evaluation asset) and \$6,000 (2020- \$6,000) and \$18,000 (2020- \$18,000) were recorded under consulting fees in the statements of net income (loss) and comprehensive income (loss). As at September 30, 2021 and December 31, 2020, no amount was due to the COO.

For the three and nine months ended September 30, 2021, the Company incurred fees of \$10,043 and \$16,738 (for the three and nine months ended September 30, 2020 - \$6,193 and \$53,058) 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 September 30, 2021, no amount (December 31, 2020 - \$6,735, included in due to related parties) was due to the VP Exploration.

For the three months ended September 30, 2021 and 2020, no incentive stock options were granted. For the nine months ended September 30, 2021, the Company granted incentive stock options to key management personnel to purchase an aggregate 2,215,233 common shares of the Company and recorded a stock-based compensation of \$223,109 relating to the grants. For the nine months ended September 30, 2020, the Company granted stock options to key management personnel to purchase an aggregate 1,311,350 common shares of the Company and recorded a stock-based compensation of \$171,023 as part of this transaction.

#### *Transactions with related parties*

For the three and nine months ended September 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 nine months ended September 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 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 September 30, 2021, the Company had a net receivable balance of \$1,002 (December 31, 2020 – net payable balance of \$6,027) due to related parties, of which \$897 (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, \$nil (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.

## **COMMITMENTS**

- 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.
- 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.
- 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.
- As at September 30, 2021, the Company has still to incur exploration expenditures in an amount of \$147,587 (December 31, 2020 - \$336,402) from its flow-through funds.
- 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.

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

The changes in accounting policies including those that have not been adopted are explained in note 3 of the unaudited interim financial statements as at September 30, 2021.

## **RISKS RELATED TO FINANCIAL INSTRUMENTS**

Please refer to Note 20 of the unaudited interim financial statements for the three and nine months ended September 30, 2021, for a full description of these risks.

## **RISKS AND UNCERTAINTIES**

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

### *COVID-19*

At this time, the extent of the impact the COVID-19 pandemic may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place. Adverse effects of coronavirus developments on consumer confidence, market stability and public health creates uncertainties on macroeconomic conditions and may also result in closures, cancellations of, or reductions in operations or production on properties where the Company holds interests.

### *Climate Change*

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

### *Investment of Speculative Nature*

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

### *Nature of Mineral Exploration and Mining*

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

### Exploration and Development Risks

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

### Additional Financing

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

### Stress in the Global Economy and Financial Condition

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

### Permits and Licenses

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

### Competition

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

### No Assurance of Title to Property

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

### Dependence on Key Individuals

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

### Political Regulatory Risks

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

### Conflicts of Interest

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal

obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

### Insurance

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

### Influence of Third-Party Stakeholders

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

### Fluctuation in Market Value of Shares

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