



Golden Valley Mines Ltd.

Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

(UNAUDITED)

GOLDEN VALLEY MINES LTD.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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 consolidated 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 consolidated 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 consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GOLDEN VALLEY MINES LTD.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(unaudited)

	Notes		As at March 31, 2020		As at December 31, 2019
ASSETS					
Current					
Cash and cash equivalents	5	\$	8,520,291	\$	3,003,083
Accounts receivable			-		268,195
Short-term financial assets	6		355,411		534,774
Royalty receivable	10		74,285		999,252
Other assets	7		187,644		167,886
			9,137,631		4,973,190
Non-current					
Investments	8		34,342,110		50,636,738
Exploration and evaluation assets	9		1,497,170		1,497,170
Investments in associates	11		1,294,914		1,343,033
Property and equipment			-		1,027
TOTAL ASSETS		\$	46,271,825	\$	58,451,158
LIABILITIES					
Current					
Accounts payable and accrued liabilities	19	\$	319,581	\$	750,515
Income taxes payable			2,337,614		-
Derivative financial instruments	12		2,930,431		8,979,047
			5,587,626		9,729,562
Non-Current					
Deferred taxes	16		536,794		3,245,785
Total liabilities			6,124,420		12,975,347
EQUITY					
Capital stock	13		28,547,884		28,420,603
Contributed surplus			6,203,135		6,033,488
Deficit			(14,738,609)		(11,945,215)
Total equity attributable to owners of the parent company			20,012,410		22,508,876
Non-controlling interest			20,134,995		22,966,935
Total equity			40,147,405		45,475,811
TOTAL LIABILITIES AND EQUITY		\$	46,271,825	\$	58,451,158

Approved by the Board of Directors on May 26, 2020.

"Glenn J. Mullan"
(signed Glenn J. Mullan)
Director

"William D. McCartney"
(signed William D. McCartney)
Director

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

GOLDEN VALLEY MINES LTD.
Condensed Consolidated Interim Statements of Net Income (loss) and Statement of Comprehensive Income (loss)

(Expressed in Canadian Dollars)

(unaudited)

	Notes	For the three months ended	
		March 31,	
		2020	2019
Revenues			
Royalties		\$ 74,285	\$ 389,129
Dividends		63,165	92,191
		137,450	481,320
Operating Expenses			
Salaries and other employee benefits		410,507	276,542
Professional fees		201,821	194,074
General and administrative expenses	15	166,829	61,875
Share-based compensation	14	97,965	119,200
Management fees	19	41,550	41,550
Exploration and evaluation		32,466	22,840
Depreciation of property and equipment		1,028	888
Impairment of exploration and evaluation assets	9	-	170,698
		952,166	887,667
Operating loss		(814,716)	(406,347)
Other income (loss)			
Change in fair value of investments		(7,374,132)	3,314,505
Foreign exchange gain (loss)		2,806,145	(17,220)
Share of loss of associates	11	(48,119)	(56,205)
Finance income		67,519	4,593
Finance cost		(140,177)	(22,189)
		(4,688,764)	3,223,484
Net income (loss) before income taxes		(5,503,480)	2,817,137
Income tax expense (recovery)			
Current income tax expense		2,337,614	-
Deferred tax expense (recovery)	16	(2,708,991)	376,650
		(371,377)	376,650
Net income (loss) and total comprehensive income (loss) for the period		\$ (5,132,103)	\$ 2,440,487
Net income (loss) and total comprehensive income (loss) attributable to:			
Shareholders of Golden Valley Mines Ltd.		\$ (2,689,316)	\$ 1,007,073
Non-controlling interest		(2,442,787)	1,433,414
		\$ (5,132,103)	\$ 2,440,487
Earnings (loss) per share attributable to shareholders of Golden Valley Mines Ltd.:			
Basic earnings (loss) per share	18	\$ (0.020)	\$ 0.008
Diluted earnings (loss) per share	18	\$ (0.020)	\$ 0.007

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

GOLDEN VALLEY MINES LTD.

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(unaudited)

	Notes	Number	Capital Stock	Contributed Surplus	Deficit	Total attributable to owners of the parent company	Non-controlling interest	Total Equity
Balance at January 1, 2020		134,347,602	\$ 28,420,603	\$ 6,033,488	\$ (11,945,215)	\$ 22,508,876	\$ 22,966,935	\$ 45,475,811
Share-based payments		-	-	223,178	-	223,178	-	223,178
Shares issued by exercise of stock options	13	380,000	127,281	(53,531)	-	73,750	-	73,750
Change in interest of subsidiaries		-	-	-	(104,078)	(104,078)	(389,153)	(493,231)
		134,727,602	28,547,884	6,203,135	(12,049,293)	22,701,726	22,577,782	45,279,508
Net loss and total comprehensive loss for the period					(2,689,316)	(2,689,316)	(2,442,787)	(5,132,103)
Balance at March 31, 2020		134,727,602	\$ 28,547,884	\$ 6,203,135	\$ (14,738,609)	\$ 20,012,410	\$ 20,134,995	\$ 40,147,405
Balance at January 1, 2019		133,918,577	\$ 28,289,902	\$ 5,683,266	\$ (15,150,387)	\$ 18,822,781	\$ 17,639,604	\$ 36,462,385
Share-based payments		-	-	119,200	-	119,200	-	119,200
Shares issued by exercise of stock options	13	75,000	21,604	(8,854)	-	12,750	-	12,750
Change in interest of subsidiaries		-	-	-	(24,985)	(24,985)	(384,039)	(409,024)
		133,993,577	28,311,506	5,793,612	(15,175,372)	18,929,746	17,255,565	36,185,311
Net income and total comprehensive income for the period					1,007,073	1,007,073	1,433,414	2,440,487
Balance at March 31, 2019		133,993,577	\$ 28,311,506	\$ 5,793,612	\$ (14,168,299)	\$ 19,936,819	\$ 18,688,979	\$ 38,625,798

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

GOLDEN VALLEY MINES LTD.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(unaudited)

	Note	2020	2019
OPERATING ACTIVITIES			
Net income (loss) for the period		\$ (5,132,103)	\$ 2,440,487
Adjustments:			
Share-based payments	14	97,965	119,200
Depreciation of property and equipment		1,028	888
Foreign exchange loss (gain)		(359,433)	17,220
Share of loss in associates	11	48,119	56,205
Impairment of exploration and evaluation assets	9	-	170,698
Income tax expense (recovery)		(371,377)	376,650
Change in fair value of short-term financial assets		179,361	(358,005)
Change in fair value of investments		7,194,771	(2,956,500)
		1,658,331	(133,157)
Changes in working capital items	21	867,684	(463,951)
Cash flows from (used by) operating activities		2,526,015	(597,108)
INVESTING ACTIVITIES			
Proceeds from settlement of derivative financial instruments		26,056,311	-
Payment on settlement of derivative financial instruments		(23,566,715)	-
Repurchase of derivative financial instruments		(29,117)	(25,994)
Proceeds from sale of derivative financial instruments		596,216	530,524
Acquisition of investments		(5,454)	(67,901)
Disposal of investments		-	50,418
Disposal of short-term financial assets		-	48,214
Tax credits received		-	2,091
Additions to exploration and evaluation assets		-	(33,988)
Cash flows from investing activities		3,051,241	503,364
FINANCING ACTIVITIES			
Proceeds from exercise of stock options		73,750	12,750
Change in interest of subsidiaries		(493,231)	(409,024)
Cash flows used by financing activities		(419,481)	(396,274)
Effect of foreign exchange rate changes on cash and cash equivalents		359,433	(17,220)
Net change in cash and cash equivalents	\$	5,517,208	\$ (507,238)
Cash and cash equivalents, beginning of period		3,003,083	2,240,996
Cash and cash equivalents, end of period	\$	8,520,291	\$ 1,733,758

See Note 21 for additional information on cash flows.

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

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

March 31, 2020 and 2019

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

1) NATURE OF OPERATIONS

Golden Valley Mines Ltd. (hereinafter "Golden Valley" or the "Company") and its subsidiaries specialize in identifying, acquiring and developing exploration and evaluation of mineral properties in Canada as well as acquiring royalties.

Golden Valley was incorporated on August 15, 2000 under the Canada *Business Corporations Act*. The address of Golden Valley's registered office is 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6. The address of Golden Valley's principal place of business is 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9. The Company's common shares are trading on the TSX Venture Exchange under the trading symbol "GZZ".

Golden Valley is the parent company of the following subsidiaries: Abitibi Royalties Inc. ("Abitibi Royalties") and Calone Mining Ltd ("Calone Mining"). The subsidiaries have all been incorporated under the British Columbia *Business Corporations Act*.

Abitibi Royalties and Calone Mining were incorporated on February 18, 2010 and on February 23, 2010, respectively, pursuant to the British Columbia Business Corporations Act. Both subsidiaries have its head office located at 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6, registered and records office located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8 and principal place of business located 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9.

The Company's investments in associates include International Prospect Ventures Ltd. ("International Prospect") and Val-d'Or Mining Corporation ("Val-d'Or Mining"), which are involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

2) BASIS OF PRESENTATION

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 – "Interim Financial Reporting". These condensed consolidated interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2019, except for the changes in accounting policies resulting from the adoption of IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as described below. The interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

GOLDEN VALLEY MINES LTD.
Notes to the condensed consolidated interim financial statements
March 31, 2020 and 2019
(unaudited)
(Expressed in Canadian dollars unless otherwise noted)

2) BASIS OF PRESENTATION (continued)

b) Approval of Financial Statements

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on May 26, 2020.

c) Basis of consolidation

The Company's financial statements consolidate the accounts of Golden Valley and all of its subsidiaries until March 31, 2020.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation. When the Company ceases to have control; any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

For Abitibi Royalties, the Company has control through its own percentage holdings in Abitibi Royalties combined with interest of certain members of Golden Valley's Board of Directors in Abitibi Royalties as well as its ability to appoint members of the Board of Directors and key management who have the ability to direct its activities.

Associates

Associates are entities, including unincorporated entities such as partnerships, over which the Company has significant influence and that are neither subsidiaries nor interests in joint arrangements. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel, or the provision of essential technical information. Associates are equity accounted for from the effective date of commencement of significant influence to the date that the Company ceases to have significant influence.

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

March 31, 2020 and 2019

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

2) BASIS OF PRESENTATION (continued)

Associates (continued)

Results of associates are equity accounted for using the results of their most recent annual financial statements or interim financial statements, as applicable. Losses from associates are recognized in the consolidated financial statements until the interest in the associate is written down to nil. Thereafter, losses are recognized only to the extent that the Company is committed to providing financial support to such associates.

The carrying value of the investment in an associate represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, accumulated other comprehensive income (“AOCI”) and any impairment losses. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired. No impairment was required for the three months ended March 31, 2020 and 2019.

The significant subsidiaries and investments in associates of the Company are listed below. Principal activities of these entities, which are all incorporated in Canada, are mineral exploration and acquisition of royalties and have a reporting date of March 31:

Percentage of ownership	As at March 31, 2020	As at December 31, 2019
Subsidiaries (consolidated)		
Abitibi Royalties Inc.	44.82%	44.76%
Calone Mining Ltd.	100.00%	100.00%
Investment in associates (equity method)		
International Prospect Ventures Ltd.	16.50%	16.50%
Val-d'Or Mining Corporation	37.15%	37.15%

3) NEW AND REVISED IFRS

New accounting standards

At the date of authorization of these condensed consolidated interim 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.

GOLDEN VALLEY MINES LTD.
Notes to the condensed consolidated interim financial statements
March 31, 2020 and 2019
(unaudited)
(Expressed in Canadian dollars unless otherwise noted)

3) NEW AND REVISED IFRS (continued)

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.

On January 1, 2020, the Company adopted IAS 1 and 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.

On January 1, 2020, the Company adopted IAS 8 and concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on the Company’s financial statements.

4) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the condensed consolidated 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 annual audited financial statements for the year ended December 31, 2019.

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****March 31, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

5) CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at December 31, 2019
Cash	\$ 8,240,915	\$ 2,573,894
Demand deposits, redeemable at any time	279,376	429,189
	\$ 8,520,291	\$ 3,003,083

Demand deposits represent money market mutual funds earning income at an annual rate of 0.15% that is cashable at any time.

6) SHORT-TERM FINANCIAL ASSETS

	As at March 31, 2020	As at December 31, 2019
Marketable securities ^(a)	\$ 248,498	\$ 427,861
Other investments ^(b)	106,913	106,913
	\$ 355,411	\$ 534,774

a) Marketable securities represent shares of publicly traded mining exploration companies and are recorded at fair value using quoted market prices.

b) Other investments represent shares of a private company received from a mining option agreement with Val-d'Or Mining as further described in note 9. As these securities do not have a quoted market price in an active market, the Company has assessed a fair value on these shares based on techniques and assumptions that emphasize both qualitative and quantitative information.

7) OTHER ASSETS

	As at March 31, 2020	As at December 31, 2019
Dividend receivable	\$ 47,744	\$ 44,729
Due from related party (note 19)	68,520	68,520
Prepaid expenses	7,933	22,299
Sales taxes recoverable	43,447	21,570
Advances for claim management	20,000	10,768
	\$ 187,644	\$ 167,886

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****March 31, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

8) INVESTMENTS

	As at March 31, 2020		As at December 31, 2019	
	Number of shares	Fair value	Number of shares	Fair value
Yamana Gold Inc.	2,692,295	\$ 10,526,873	3,443,895	\$ 17,701,620
Agnico Eagle Mines Limited	419,197	23,550,487	408,597	32,679,588
		\$ 34,077,360		\$ 50,381,208
Other investments		264,750	-	255,530
		\$ 34,342,110		\$ 50,636,738

Sale and Purchase of Agnico Eagle and Yamana shares

In January 2020, Abitibi Royalties was called to deliver 350,800 common shares of Agnico Eagle at share prices ranging from US\$43.00 to US\$55.00 per share and received, net of commissions, \$22,887,329 (or US\$17,449,931) from covered call options it had sold. The Company was also called to deliver 751,600 common shares of Yamana at share prices ranging from US\$2.50 to US\$3.50 per share and received, net of commissions, \$3,150,046 (or US\$2,401,682) from covered call options it had sold.

In March 2020, Abitibi Royalties was called to purchase 361,400 common shares of Agnico Eagle at a share price of US\$45.00 per share and paid, including commissions, \$23,649,915 (or US\$16,320,416) from put options it had sold.

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****March 31, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

9) EXPLORATION AND EVALUATION ASSETS

The following table summarizes the carrying values of Exploration and Evaluations Assets by properties as at March 31, 2020:

	Properties optioned to Val- d'Or Mining	Properties optioned to Eldorado Gold	Properties optioned to BonTerra Resources	Balance at March 31, 2020	Balance at December 31, 2019
<i>Abitibi Greenstone Belt ("AGB")</i>					
Chibougamau (Québec)	\$ 65,671	-	-	\$ 65,671	65,671
Matachewan, Kirkland Lake (Ontario)	843,108	-	-	843,108	843,108
Matagami (Québec)	13,129	-	-	13,129	13,129
Rouyn-Noranda-Cadillac (Québec)	45,544	-	-	45,544	45,544
Val d'Or - Malartic (Québec)	210,835	143,182	-	354,017	354,017
Lebel-sur-Quevillon (Québec)	6,521	-	359,496	366,017	366,017
Rouyn-Noranda-Cadillac (Québec)	-	168,405	-	168,405	168,405
Kirkland Lake / Matachewan (Ontario)	-	818,188	-	818,188	818,188
Total AGB	1,184,808	1,129,775	359,496	2,674,079	2,674,079
Total other				22,069	22,069
Investment tax credit	-	-	-	(1,198,978)	(1,198,978)
Balance, end of the year				\$ 1,497,170	1,497,170

Amended Mining Option Agreement and Exercise of Option with Val-d'Or Mining

On April 18, 2017, the Company signed a Mining Option Agreement (the "Option Agreement") pursuant to which Golden Valley granted to Val-d'Or Mining an option to acquire a 100% interest in 61 of its grassroots properties. Pursuant to the terms of the Option Agreement, Val-d'Or Mining was to incur \$4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021; and, as consideration for the option, Val-d'Or Mining was to issue 16,666,668 common shares to Golden Valley at a deemed price of \$0.12 per share for an aggregate deemed value of \$2,000,000 (issuable as to 25% on or before each of December 31, 2018 (received), 2019 (received), 2020 and 2021) and to grant Golden Valley a royalty equal to 1.25% of the net smelter returns from the properties on the terms set out in the Option Agreement. One (1) percent of the royalty was to be bought back by Val-d'Or Mining by paying Golden Valley \$5,000,000 at Val-d'Or Mining's option, in cash or shares at a deemed price per share equal to the market price of Val-d'Or Mining's shares at the time of such election.

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

March 31, 2020 and 2019

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

9) EXPLORATION AND EVALUATION ASSETS (continued)

Amended Mining Option Agreement and Exercise of Option with Val-d'Or Mining (continued)

On November 28, 2019, the Option agreement was amended to document, among other things, a waiver of expenditure requirements required in order to maintain the option, acceleration of vesting of the option as well as changes to the buyback provisions of the royalty on Net Smelter Returns granted to the Company. In accordance with the terms of the Amended Mining Option Agreement, Val-d'Or Mining agreed to accelerate the issuance to Golden Valley of the remaining share payment consideration of 8,333,334 shares as follows: 4,166,667 shares on or before June 30, 2020 and 4,166,667 on or before December 31, 2020.

In addition, Golden Valley will be eligible to receive 20% of the proceeds of all third-party transactions pertaining to the properties that Val-d'Or Mining enters into and announces on or before December 31, 2022. Furthermore, the buy-back provision on the royalty, equalling to 1.25% of the net smelter returns in favour of Golden Valley, was amended whereby 1.0% 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%.

On December 5, 2019, Val-d'Or Mining exercised its option to acquire a 100% interest in the properties in accordance with the terms of the amended and restated mining option agreement between Val-d'Or Mining and Golden Valley dated November 28, 2019.

Sale of Horne North Prospects by Val-d'Or Mining

On December 23, 2019, Val-d'Or Mining entered into a mineral claim sale agreement with Progenitor Metals Corp. ("Progenitor Metals"), a privately-owned company, for ten (10) exploration properties located in the Abitibi Greenstone Belt of NW Québec. The ten properties, collectively referred to as "Horne North Prospects", were recently acquired by Val-d'Or Mining from Golden Valley.

In consideration for 100% of the Horne North Prospects Val-d'Or Mining 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 allocated between Val-d'Or Mining and Golden Valley, whereby Val-d'Or Mining retained 80% (4,276,526 shares) and Golden Valley received 20% (1,069,131 shares) pursuant to the terms of the recently Amended Mining Option Agreement.

Progenitor Metals 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 Progenitor Metals does not enter into such a transaction within the specified time period, the properties will revert back to Val-d'Or Mining and the Company will return to the purchaser 50% of the consideration received under the purchase agreement.

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

March 31, 2020 and 2019

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

9) EXPLORATION AND EVALUATION ASSETS (continued)

Sale of Horne North Prospects by Val-d'Or Mining (continued)

As at March 31, 2020 and December 31, 2019, the proceeds of 1,069,131 shares in Progenitor Metals have been recorded at \$106,913, representing the assigned and fair value of \$213,826 (or \$0.20 per share) less a provision of \$106,913 to reflect the Company potentially returning to the purchaser 50% of the share consideration received as discussed above.

Lac Barry Prospect - BonTerra Resources Inc. – Level-sur-Quevillon, Québec

On March 16, 2016, the Company entered into an option agreement with BonTerra Resources Inc. (“BonTerra”) on the Lac Barry Prospect located in the Abitibi Greenstone Belt, northeast of Val-d'Or, Québec. In accordance with the option agreement, BonTerra is to issue to the Company 519,480 common shares (received) in the capital of BonTerra having an aggregate value of \$200,000 and must incur expenditures in an aggregate amount of \$2,000,000 over a three-year period. Upon exercising the option, BonTerra will obtain an 85% interest in the property and, the Company will retain a 15% free carried interest and a 3% NSR, with 1% of the NSR being subject to a buyback in favour of BonTerra for \$1.0 million.

BonTerra met the option agreement expenditure requirements of \$2,000,000 before the third anniversary date of the option agreement. Having fulfilled its obligations under the option agreement, on June 4, 2019, BonTerra confirmed its intent to acquire its 85% interest in the property.

Centremaque Prospect – Alexandria Minerals Corporation - Val-d'Or Québec

On April 13, 2017, the Company entered into a mining option agreement with Alexandria Minerals Corporation (“Alexandria”) on the Centremaque Prospect located in the AGB, northeast of Val-d'Or, Québec. In accordance with the option agreement, in order to acquire an 80% interest in the property, Alexandria must: (i) issue, over a four -year period from the date of signing, to Golden Valley such number of common shares in its capital having an aggregate value of \$250,000 based on the closing price of Alexandria's shares on the Exchange the day prior to the date of issuance of each tranche of payment shares:

- \$25,000 on the Approval Date (received 357,143 common shares in 2017);
- \$25,000 on or before the first anniversary (received 294,118 common shares in 2018);
- \$50,000 on or before the second anniversary (received 1,000,000 common shares in 2019);
- \$50,000 on or before the third anniversary; and, \$100,000 on or before the fourth anniversary.

and (ii) incur exploration expenditures in an aggregate amount of \$4,000,000 over the same four-year period. Once the option is exercised, the Company will retain a 20% free carried interest and a 1.5% NSR, with 0.5% of the NSR being subject to a buyback in favour of Alexandria for \$1.0 million payable to Golden Valley.

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9) EXPLORATION AND EVALUATION ASSETS (continued)

Sharks and Cheechoo Joint Venture - Sirios Resources Ltd. - - James Bay Northern Quebec

On October 23, 2013, Golden Valley granted Sirios Resources Ltd. (“Sirios”) an option to acquire Golden Valley’s remaining 55% interest in the Cheechoo prospect. On May 11, 2016, Sirios provided notice to Golden Valley that it had completed all its obligations under the agreement to earn a 100% interest in the Cheechoo prospect, including the issuance of 1,250,000 common shares to the Company at a deemed price of \$0.40 per share for a total value of \$500,000. As a result, Sirios now holds 100% of the Cheechoo prospect, subject to the royalty described below.

As additional consideration for the grant of the option, Sirios granted to Golden Valley a royalty equal to 4% of the net returns from all mineral products mined or removed from the Cheechoo gold project. Notwithstanding the foregoing, the royalty relevant to gold mineral products mined or removed from the Cheechoo gold prospect may vary between 2.5% and 3.5% depending on the market price of gold at the time of the payment. For accounting purposes, no cost has been assigned to the royalty, as the project is still at an early stage of exploration and future cash flow cannot be reliably estimated.

AGB Properties – Eldorado Gold Corporation – Québec and Ontario

On February 21, 2005, the Company was granted an option by Integra Gold Corporation (“Integra”) to acquire up to an 85% interest in nine mineral properties provided that, amongst other things, it incurs an aggregate \$1,000,000 in exploration expenditures on any one of or a combination of the nine properties (\$500,000 for 70%, completed). The Company provided Integra with notice of its intent to vest as to a 70% interest in the properties and, a joint venture agreement was concluded on December 8, 2008 (the “GZZ-I JV”).

The GZZ-I JV is subject to underlying royalties ranging between 3.0% and 3.5% in favour of the original vendors, one of which is a director and an officer of the Company. A group of nine (9) prospects are held under a 70:30 Joint Venture agreement between Golden Valley and Eldorado Gold Corporation, with the latter having acquired their interest through the acquisition of Integra.

Island 27 property - Battery Mineral Resources - Matachewan, Kirkland Lake, Ontario

On May 8, 2019, the Company received notice from Battery Mineral Resources Limited (“Battery Minerals”) terminating their participation on the Island 27 property. A statement of claim in the amount of \$268,195 was filed against Battery Minerals in 2019, which claim was settled fully on January 30, 2020. The settlement was recorded against the carrying value of exploration and evaluation assets of the Island 27 property in 2019.

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9) EXPLORATION AND EVALUATION ASSETS (continued)

The Company holds exploration and evaluation properties located in: (i) the Abitibi Greenstone Belt; (ii) the James Bay, Mistassini and Otish regions of northern Quebec; (iii) the Nunavik (Ungava) region of northern Quebec; (iv) the Athabasca Basin of Saskatchewan, and (v) James Bay Lowlands of Ontario.

	Balance at December 31, 2018	Additions	Recoveries	Credits	Impairment Write-off	Balance at December 31, 2019	Balance at March 31, 2020
Golden Valley Mines Ltd.							
Acquisition and claims maintenance	\$ 3,298,296	\$ 14,514	\$ (200)	\$ -	\$ -	\$ 3,312,610	\$ 3,312,610
Property option payments	312,500	-	-	-	-	312,500	312,500
Drilling, excavation and related costs	3,241,938	16,023	-	-	-	3,257,961	3,257,961
Technical and field staff	4,615,618	8,777	-	-	-	4,624,395	4,624,395
Airborne geophysics	791,822	-	-	-	-	791,822	791,822
Geophysics	2,319,401	-	-	-	-	2,319,401	2,319,401
Line cutting	1,108,235	-	-	-	-	1,108,235	1,108,235
Sampling and testing	823,818	-	(79,045)	-	-	744,773	744,773
Travel and transport	1,689,127	104	(6,090)	-	-	1,683,141	1,683,141
Program management and consultants	501,621	6,156	(66,217)	-	-	441,560	441,560
Professional Fees	5,215	-	-	-	-	5,215	5,215
Depreciation, insurance and office expenses	582,713	-	(1,125)	-	-	581,588	581,588
Communications	45,897	-	-	-	-	45,897	45,897
Option payments received	(1,963,650)	-	-	(7,495)	-	(1,971,145)	(1,971,145)
Write-off of exploration and evaluation assets	(4,213,235)	-	-	-	-	(4,213,235)	(4,213,235)
Impairment of exploration and evaluation assets	(7,265,328)	-	(89,038)	0	(170,698)	(7,525,064)	(7,525,064)
Shares for mining rights	(416,666)	-	-	(250,000)	-	(666,666)	(666,666)
Government assistance	(1,639,157)	-	-	(2,821)	-	(1,641,978)	(1,641,978)
Net expenditures incurred during the period	3,838,165	45,574	(241,715)	(260,316)	(170,698)	3,211,010	3,211,010
Exploration and evaluation assets sold to third parties	(1,606,927)	-	-	(106,913)	-	(1,713,840)	(1,713,840)
Balance, end of the year	2,231,238	45,574	(241,715)	(367,229)	(170,698)	\$ 1,497,170	\$ 1,497,170

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10) ROYALTY INTERESTS OF ABITIBI ROYALTIES

Main royalty interests

Malartic CHL 3% Royalty - Malartic, Québec

The area covered by the 3% NSR includes the eastern portion of the Canadian Malartic Mine open pit operated by Canadian Malartic GP (50% owned by Agnico Eagle Mines Limited (“Agnico Eagle”) and Yamana Gold Inc. (“Yamana”). The 3% NSR covers a number of known mineralized zones.

For the three months ended March 31, 2020, Abitibi Royalties earned royalties in the amount of \$74,285 (or US\$52,361) (for the three months ended March 31, 2019 - \$389,129 (or US\$291,198) from this royalty interest.

Canadian Malartic 2% Royalty - Malartic, Québec

The area covered by the 2% NSR is on a single claim located just to the south of the Canadian Malartic open pit, and covers the eastern portion of the Gouldie Zone and the historic Charlie Zone.

Other royalty interests

- Revillard Property 2% Royalty - Malartic, Québec
- 15% NPI in the vicinity of Canadian Malartic Mine – Malartic, Québec
- 1.5% NSR on the Midway Project – Malartic, Québec
- 1.5% NSR in the Abitibi region, Québec
- 1.0% NSR on the New Alger Project in the Abitibi region, Québec

Abitibi Royalty Search Program

In 2015, Abitibi Royalties launched the “Abitibi Royalty Search Program”, by which it would reimburse renewal fees on existing claims or staking fees on new claims in exchange for a net smelter return royalty. The program offers mining companies and prospectors an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization through previous exploration.

For the three months ended March 31, 2020 and 2019, no NSR royalties were acquired from the royalty search program.

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11) INVESTMENTS IN ASSOCIATES

The investments in associates relate to the Company's investments in International Prospect and Val-d'Or Mining.

As at March 31, 2020, the Company has 4,470,910 common shares or 16.50% (December 31, 2019 - 16.50%) interest in International Prospect. The shares of International Prospect were trading at \$0.075 per share on that date.

As at March 31, 2020, the Company has 17,354,110 or 37.15% (December 31, 2019 – 37.15%) interest in Val-d'Or Mining. The shares of Val-d'Or Mining were trading at \$0.06 per share on that date.

The Company has no contingent liabilities relating to its interest in the associates.

The following table summarizes the changes to investments in associates for the three months ended March 31, 2020 and for the year ended December 31, 2019:

	International Prospect	Val-d'Or Mining	Total
As at January 1, 2020	\$ 356,655	\$ 986,378	\$ 1,343,033
Share of net loss from associates	(6,595)	(41,524)	(48,119)
As at March 31, 2020	\$ 350,060	\$ 944,854	\$ 1,294,914

	International Prospect	Val-d'Or Mining	Total
As at January 1, 2019	\$ 405,748	\$ 1,152,662	\$ 1,558,410
Share for mining rights	-	250,000	250,000
Share of net loss from associates	(49,093)	(416,284)	(465,377)
As at December 31, 2019	\$ 356,655	\$ 986,378	\$ 1,343,033

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12) DERIVATIVE FINANCIAL INSTRUMENTS

Abitibi Royalties' call and put option contracts outstanding as at March 31, 2020 and December 31, 2019 are as follows:

Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at March 31, 2020
<i>Calls</i>			
Yamana January 15, 2021	1,765,800	\$ 3.00 to 5.00	\$ 1,819,867
Yamana January 21, 2022	147,700	4.50 to 5.50	304,785
Agnico January 15, 2021	75,000	42.00 to 70.00	408,259
	1,988,500		\$ 2,532,911
<i>Puts</i>			
Agnico April 17, 2020	25,000	\$ 45.00	212,805
Agnico May 15, 2020	31,000	40.00	184,715
			\$ 2,930,431

Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at December 31, 2019
<i>Calls</i>			
Yamana January 17, 2020	2,220,300	\$ 2.50 to 4.50	\$ 1,048,113
Yamana January 15, 2021	1,165,800	3.00 to 5.00	1,135,729
Yamana January 17, 2022	57,700	4.50	71,194
Agnico January 17, 2020	350,800	43.00 to 55.00	5,528,316
Agnico January 15, 2021	57,700	42.00 to 50.00	1,195,695
	3,852,300		\$ 8,979,047

For the three months ended March 31, 2020, Abitibi Royalties sold 7,073 call contracts (173 calls on Agnico Eagle shares and 6,900 calls on Yamana Gold shares) and sold 4,174 put contracts on Agnico Eagle shares for total cash proceeds of \$596,216 (or US\$449,664). In addition, 11,087 call option contracts on Yamana shares expired and 3,600 call contracts on Yamana shares were repurchased before expiration for \$29,117 (or US\$24,075).

For the three months ended March 31, 2019, Abitibi Royalties sold 10,255 call contracts (826 calls on Agnico Eagle shares and 9,429 calls on Yamana Gold shares) for total cash proceeds of \$530,524 (or US\$399,051). In addition, 1,887 call option contracts expired (460 on Agnico Eagle and 1,427 on Yamana) and 4,761 contracts were repurchased before expiration (115 calls on Agnico Eagle and 4,646 calls on Yamana) for \$25,994 (or US\$19,447).

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13) CAPITAL STOCK**Capital Stock**

The capital stock of the Company consists of fully paid common shares.

Authorized

Unlimited number of common shares without par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote each at the shareholders' meeting of the Company.

Unlimited number of preferred shares, issuable in series with rights and restrictions to be determined by the directors.

Issued share capital

The change in issued share capital for the three months ended March 31, 2020 and 2019 was as follows:

	2020		2019	
	Number of shares	Stated Value	Number of shares	Stated Value
Balance, as at January 1,	134,347,602	\$ 28,420,603	133,918,577	\$ 28,289,902
Shares issued by exercise of stock options	380,000	73,750	75,000	12,750
Value allocation on options exercised	-	53,531	-	8,854
Balance, as at March 31,	134,727,602	\$ 28,547,884	133,993,577	\$ 28,311,506

For the three months ended March 31, 2020, the Company issued 380,000 of its common shares from the exercise of incentive stock options at prices ranging from \$0.11 to \$0.35 per share for a total consideration of \$73,750.

For the three months ended March 31, 2019, the Company issued 75,000 of its common shares from the exercise of incentive stock options at a price of \$0.17 per share for a total consideration of \$12,750.

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14) SHARE-BASED PAYMENTS

The summary of changes in the number of incentive stock options issued by the Company for the three months ended March 31, 2020 and 2019 is presented as follows:

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	14,059,164	\$ 0.31	14,098,189	\$ 0.31
Granted	764,750	0.50	-	-
Exercised	(380,000)	0.19	(75,000)	0.17
Outstanding, end of period	14,443,914	\$ 0.33	14,023,189	\$ 0.32
Exercisable, end of period	13,570,581	\$ 0.33	8,975,134	\$ 0.32

The table below summarizes the information related to outstanding share options as at March 31, 2020:

Expiry date	Outstanding options			
	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Exercisable options
July 24, 2020	450,000	\$ 0.11	0.32	450,000
January 1, 2021	100,000	0.10	0.76	100,000
June 30, 2021	2,250,000	0.30	1.25	2,250,000
February 3, 2022	100,000	0.47	1.85	100,000
June 18, 2024	340,000	0.34	4.22	206,667
March 3, 2025	764,750	0.50	4.93	764,750
September 30, 2026	8,219,164	0.35	6.50	8,219,164
June 21, 2023	2,220,000	0.28	3.22	1,480,000
	14,443,914	\$ 0.33		13,570,581

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14) SHARE-BASED PAYMENTS (continued)*Share-based compensation expense*

The table below summarizes share-based compensation expense for the three months ended March 31, 2020 and 2019:

	2020	2019
Golden Valley		
March 2020 option grant ^(a)	\$ 60,203	\$ -
June 2018 option grant ^(b)	31,195	68,628
June 2019 option grant ^(c)	6,567	-
September 2016 option grant ^(d)	-	50,572
Share-based compensation expense	\$ 97,965	\$ 119,200

- a) On March 3, 2020, the Company granted to its officers and directors incentive stock options entitling the purchase of an aggregate 764,750 common shares (225,000 to directors and 539,750 to officers, at an exercise price of \$0.50 per share. The options are exercisable for a period of 5 years until March 3, 2025, subject to earlier termination in accordance with the terms of the Company's stock option plan. The options vest immediately on date of grant.

The fair value of the 225,000 stock options granted has been estimated using the Black-Scholes option-pricing model at \$60,203. For the three months ended March 31, 2020, an amount of \$60,203 has been expensed relating to this incentive stock options. The fair value of the 539,750 stock options granted has been determined to be \$125,213, representing share-based payment equating to the cash portion of the 2018 and 2019 performance bonus to officers.

- b) On June 21, 2018, the Company granted to its directors, officers, and consultants incentive stock options entitling the purchase of an aggregate 2,300,000 common shares at an exercise price of \$0.275 per share. The options are exercisable for a period of 5 years until June 21, 2023, subject to earlier termination in accordance with the terms of the Company's Stock Option Plan. All of the options vest equally over a period of 3 years unless there is a change of control event, in which case the options will vest immediately on occurrence of the change of control.

The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at \$455,441 of which to date \$376,415 has been expensed. 80,000 incentive stock options have been exercised relating to this grant. For the three months ended March 31, 2020, an amount of \$31,195 (2019 - \$68,628) has been expensed.

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14) SHARE-BASED PAYMENTS (continued)

Share-based compensation expense (continued)

- c) On June 18, 2019, the Company granted to its officers, and consultants incentive stock options entitling the purchase of an aggregate 390,000 common shares at an exercise price of \$0.34 per share. The options are exercisable for a period of 5 years until June 18, 2024, subject to earlier termination in accordance with the terms of the Company's stock option plan. With the exception of 200,000 options which vest over a period of 3 years unless there is a change of control event, in which case the options will vest immediately on occurrence of the change of control, all of the other options vest immediately on grant.

The fair value of the 390,000 stock options granted has been estimated using the Black-Scholes option-pricing model at \$84,980 of which to date \$62,268 has been expensed. 50,000 incentive stock options have been exercised relating to this grant. For the three months ended March 31, 2020, an amount of \$6,567 (2019 - \$nil) has been expensed.

- d) On September 30, 2016, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 9,305,934 common shares at an exercise price of \$0.35 per share. The options are exercisable for a period of 10 years until September 30, 2026, subject to earlier termination in accordance with the terms of the Company's Stock Option Plan. All of the options vest equally over a period of 3 years unless there is a change of control event, in which case the options will vest immediately on occurrence of the change of control.

The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at \$2,427,448 of which to date \$2,393,622 has been expensed and \$33,826 has been capitalized to exploration and evaluation assets. 1,061,770 incentive stock options have been cancelled and 25,000 incentive stock options have been exercised relating to this grant. For the three months ended March 31, 2020, no amount (2019 - \$50,572) has been expensed as incentive stock options under this grant have fully vested in 2019.

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14) SHARE-BASED PAYMENTS (continued)*Fair value of options granted*

The fair value of the granted options was determined using the Black-Scholes option pricing model and based on the following assumptions:

Date of Grant	March 3, 2020	June 18, 2019	June 21, 2018	September 30, 2016
Share price at date of grant	\$ 0.500	\$ 0.340	\$ 0.275	\$ 0.350
Expected dividends yield	0%	0%	0%	0%
Expected weighted volatility	69.59%	79.95%	105.67%	125.00%
Risk-free interest average rate	1.10%	1.33%	2.00%	1.00%
Expected average life	5 years	5 years	5 years	10 years
Exercise price at date of grant	\$ 0.500	\$ 0.340	\$ 0.275	\$ 0.35

15) GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes general and administrative expenses for the three months ended March 31, 2020 and 2019.

	2020	2019
Office expenses	\$ 27,190	\$ 22,045
Advertising and exhibitions	89,111	33,042
Travelling	50,528	6,788
	\$ 166,829	\$ 61,875

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16) DEFERRED TAXES PAYABLE*Deferred tax assets and liabilities and variation of recognized amounts*

	As at January 1, 2020	Recognized in profit or loss	As at March 31, 2020
Exploration and evaluation assets	\$ 687,841	\$ (350,799)	\$ 337,042
Investments	(6,047,641)	4,779,238	(1,268,403)
Share issuance costs	8,389	(2,103)	6,286
Non-capital losses	915,903	(915,903)	-
Derivative financial instruments	1,189,723	(801,442)	388,281
	\$ (3,245,785)	\$ 2,708,991	\$ (536,794)

	As at January 1, 2019	Recognized in profit or loss	As at December 31, 2019
Exploration and evaluation assets	\$ 687,695	\$ 146	\$ 687,841
Investments	(3,898,056)	(2,149,585)	(6,047,641)
Share issuance costs	-	8,389	8,389
Non-capital losses	1,433,943	(518,040)	915,903
Derivative financial instruments	343,953	845,770	1,189,723
	\$ (1,432,465)	\$ (1,813,320)	\$ (3,245,785)

17) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES*Normal Course Issuer Bid ("NCIB")*

On September 23, 2019, Abitibi Royalties announced it received conditional acceptance to renew its NCIB for another year until October 5, 2020. This new approval allows the Company to purchase up to 626,695 (representing 5% of the Company's total issued and outstanding common shares) of its common shares.

For the three months ended March 31, 2020, Abitibi Royalties repurchased and cancelled 15,700 common shares at prices varying from \$15.42 to \$19.50 per share for a total of \$285,945.

For the three months ended March 31, 2019, Abitibi Royalties repurchased and cancelled 34,200 common shares at prices varying from \$9.49 to \$12.83 per share for a total of \$409,024.

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17) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES (continued)*Incentive stock option*

Abitibi Royalties has adopted a 20% fixed option plan (the "New Plan") in 2013. Pursuant to the New Plan, options, for an aggregate total of 1,740,200 common shares, may be granted to its directors, officers, employees, consultants or management companies employees from time to time. Abitibi Royalties has not renewed its stock option plan and has not granted stock options under the current plan since September 2014. There are no stock options available under the plan.

A summary of changes in the number of incentive stock option for the three months ended March 31, 2020 and 2019 is presented as follows:

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	-	\$ -	81,171	\$ 2.79
Exercised	-	-	-	-
Outstanding, end of period	-	\$ -	81,171	\$ 2.79
Exercisable, end of period	-	\$ -	81,171	\$ 2.79

The table below summarizes the information related to outstanding share options as at March 31, 2020 and 2019:

Range of Exercise price	2020		Number of options	2019	
	Number of options	Weighted average remaining contractual life (year)		Number of options	Weighted average remaining contractual life (year)
\$ 2.18	-	-	47,733	0.17	
\$ 3.62	-	-	13,438	0.46	
\$ 3.70	-	-	20,000	0.47	
	-	-	81,171		

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18) EARNINGS (LOSS) PER SHARE

Both the basic and diluted earnings (loss) per share have been calculated using the net income (loss) attributable to owners of the Company as the numerator, i.e. no adjustment to the net income (loss) were necessary in either three months ended March 31, 2020 and 2019.

For the three months ended March 31, 2020, potential dilutive common shares of 4,955,228 from incentive stock options have not been included in the earnings (loss) per share calculation as they would result in a reduction of the loss per share.

For the three months ended March 31, 2019, 8,344,164 incentive stock options were excluded from the calculation of diluted earnings per share as their exercise price was higher than the Company's average share price for the three months ended March 31, 2019.

	For the three months ended March 31,	
	2020	2019
Net income (loss) attributable to shareholders of Golden Valley Mines Ltd.	(2,689,316)	\$ 1,007,073
Weighted average number of shares in circulation - basic	134,605,789	133,932,744
Dilutive effect of stock options and warrants	-	1,071,546
Weighted average number of shares	134,605,789	135,004,290
Basic earnings (loss) per share	(0.020)	\$ 0.008
Diluted earnings (loss) per share	(0.020)	\$ 0.007

19) RELATED PARTY TRANSACTIONS

The Company's related parties include its joint key management and related companies, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Other than the related party transactions disclosed below, there were no other direct transactions with related parties other than routine payments for management and exploration services and grants of stock options. Key management includes directors and senior executives.

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19) RELATED PARTY TRANSACTIONS (continued)

For the three months ended March 31, 2020 and 2019, the compensation paid to key management for employee and consulting services for Golden Valley and its subsidiaries is presented below:

	2020	2019
Short-term employee benefits		
Salaries including bonuses	\$ 234,030	\$ 182,750
Directors' fees	70,000	70,000
Benefits	46,804	36,781
Total short-term employee benefits	350,834	289,531
Other transactions with key management		
Rent ⁽¹⁾	1,660	1,632
Management fees ⁽²⁾	41,550	41,550
Fees relating to exploration and evaluation activities ⁽³⁾	18,048	18,048
Total other transactions with key management	61,258	61,230
Share-based payments ⁽⁴⁾	97,965	117,512
Total remuneration	\$ 510,057	\$ 468,273

- 1) Rent of \$1,660 (2019 - \$1,632) paid by Abitibi Royalties to its President for use of Toronto Property as an office for Abitibi Royalties.
- 2) Management fees of \$41,550 (2019 - \$41,550) paid to 2973090 Canada Inc. a company controlled by an officer and a director of the Company.
- 3) Fees relating to exploration and evaluation activities of \$14,700 (2019 - \$14,700) paid to 2973090 Canada Inc and of \$3,348 (2019 - \$3,348) paid to Rosatelli Exploration Services, a company controlled by an officer of the Company.
- 4) Share-based compensation relating to the incentive stock option program for officers and directors of the Company.

GOLDEN VALLEY MINES LTD.

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(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

19) RELATED PARTY TRANSACTIONS (continued)

Transactions with related companies

For efficiency reasons, where Golden Valley and related companies are dealing with the same suppliers one may pay for both and be reimbursed by the other.

Val-d'Or Mining

For the three months ended March 31, 2020, Golden Valley was recharged exploration and evaluation expenses from Val-d'Or Mining for \$2,062 (for the three months ended March 31, 2019 - \$14,391).

For the three months ended March 31, 2020, no consultant fees were recharged to Val-d'Or Mining relating to the services of the Company's CFO compared to \$6,000 for the same period in 2019.

As at March 31, 2020, Golden Valley has an advance payable of \$3,105 (December 31, 2019 - \$3,105), which is included in accounts payable and accrued liabilities, to Val-d'Or Mining for claims renewal and maintenance fees on optioned properties under the mining option agreement with Val-d'Or Mining

For efficiency reasons, where the Company and Val-d'Or Mining are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at March 31, 2020, the Company had a net receivable of \$18,520 (December 31, 2019 – net payable of \$18,582) due from Val-d'Or Mining, which is netted against accounts payable and accrued liabilities.

International Prospect

As at March 31, 2020, Golden Valley has a receivable of \$68,520 (December 31, 2019 - \$68,520) with International Prospect relating to consulting fees recharged to International Prospect for the services provided by the Company's President and CFO in 2019.

20) COMMITMENTS AND CONTINGENCIES

The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee. As at March 31, 2020, the total annual base fee of the officers and consultants under the agreements is \$765,000. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****March 31, 2020 and 2019**

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(Expressed in Canadian dollars unless otherwise noted)

21) ADDITIONAL INFORMATION - CASH FLOWS*Changes in non-cash working capital items*

	2020	2019
Accounts receivable	\$ 268,195	\$ (375,024)
Royalty receivable	924,968	(34,779)
Other assets	(19,759)	(3,548)
Accounts payable and accrued liabilities	(305,720)	(50,600)
	\$ 867,684	\$ (463,951)

Non-cash transactions

	2020	2019
Accounts payable and accrued liabilities included in exploration and evaluation assets	\$ -	\$ 22,280

22) SUBSEQUENT EVENT*Update on COVID-19*

Pursuant to the order, as announced by the Government of Québec on March 23, 2020, to close all non-essential businesses to address the COVID-19 pandemic, mining operations were directed to minimize their activities until April 13, 2020. Similarly, the Government of Ontario ordered mandatory closure of all non-essential workplaces, starting March 25, 2020. On April 5, 2020, the Government of Québec announced a decision to extend the closure of all non-essential businesses from April 13, 2020 to May 4, 2020. Recently, the Government of Québec announced and authorized the resumption of mineral exploration activities effective May 11, 2020.

Following these orders from the Governments of Québec and Ontario in response to the COVID-19 pandemic, from the period March 23, 2020 to May 11, 2020, the Company suspended its exploration activities and field operations in both provinces for the health and safety of the Company's workforce and its exploration partners. Corporate activity was limited to the Company continuing work on other commitments under existing third-party agreements and seeking partners to fund projects by way of option and joint venture agreements.

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

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Notes to the condensed consolidated interim financial statements

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22) SUBSEQUENT EVENT (continued)

Update on COVID-19 (continued)

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.

23) COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.