GOLDEN VALLEY MINES LTD.

Management's Discussion and Analysis
For the three months ended March 31, 2020
Dated: May 26, 2020

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Golden Valley Mines Ltd. (the "**Company**" or "**Golden Valley**") for the three months ended March 31, 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. This discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020 and the audited consolidated financial statements of the Company for the year ended December 31, 2019, and the related notes thereto. All figures are in Canadian dollars unless otherwise specified.

The technical content in this Management's Discussion & Analysis has been prepared under the supervision of Glenn J. Mullan P. Geo., the President and Chief Executive Officer of Golden Valley, and Michael P. Rosatelli P.Geo., the Vice-President Exploration of Golden Valley, who are the Qualified Persons as such term is defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. All technical disclosure regarding the Company's joint venture properties has been derived solely from the public disclosure of the Company's various joint venture partners, without independent verification.

This MD&A has been reviewed by the audit committee and approved by the Company's Board of Directors on May 26, 2020.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", "be achieved" or "continue", have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

COMPANY OVERVIEW

Golden Valley is a mineral exploration company whose assets include 16 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (Ontario and Québec); (ii) the James Bay region of mid-north Québec; and (iii) the Nunavik (Ungava) region of northern Québec. Refer below to "Properties and Interests", "Option and Joint Venture Properties" and "Property Interests Assigned to the Reporting Subsidiaries" for further details.

Golden Valley has the following subsidiaries: Abitibi Royalties Inc. ("Abitibi Royalties") and Calone Mining Ltd ("Calone Mining"). The subsidiaries have all been incorporated under the *Business Corporations Act* (British Columbia). As at March 31, 2020, Golden Valley owns 5,605,246 common shares of Abitibi Royalties, representing an equity interest of approximately 44.82% and owns 100% equity interest in Calone Mining.

As Golden Valley holds the single largest equity interest in Abitibi Royalties and additional equity interest is being held by Golden Valley's management and board of directors, Golden Valley is considered to control Abitibi Royalties. Accordingly, the financial and operating results of Abitibi Royalties are consolidated 100% within Golden Valley and a non-controlling interest is recognized on the net assets and net income of Abitibi Royalties. Refer to the MD&A section "S*upplementary Information on Operating Results*" and "*Financial Condition Review*" which provides detailed financial and operational information with respect to the separate legal entities.

The Company's investments in associates include International Prospect Ventures Ltd. ("International Prospect") and Val-d'Or Mining Corporation ("Val-d'Or Mining").

Golden Valley's shares trade on the TSX Venture Exchange (the "Exchange") under the symbol "GZZ".

The Company's other significant assets are the shares that it holds in other mining or exploration companies, the fair market value of which has a continuing impact on the Company's financial condition:

a) Abitibi Royalties Inc. ("Abitibi Royalties")

As at March 31, 2020, Golden Valley holds a 44.82% (December 31, 2019 – 44.76%) equity interest in Abitibi Royalties, a company listed on the Exchange under symbol "RZZ", that has the objective to build a premium quality royalty company by acquiring first class royalties and by exploring, evaluating and promoting its mineral properties and other projects. Abitibi Royalties owns various 1.5% to 3% Net Smelter Returns ("NSR") and 15% Net Profit Interests ("NPI") in areas located at or near the Canadian Malartic Mine, a partnership jointly operated by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana").

As announced on January 20, 2020, Abitibi Royalties' Board of Directors approved a 25% dividend increase from $0.12 to $0.15 per common share on an annualized basis. The payment of dividends also changed from quarterly to monthly. The increased dividend amount and the payment of dividends from quarterly to monthly began in April 2020. For the three months ended March 31, 2020, Golden Valley received dividends of $168,157 from its equity interest in Abitibi Royalties.

Refer below to "*Property Interests Assigned to Abitibi Royalties*" for further details.

b) Val-d'Or Mining Corporation ("Val-d'Or Mining")

As at March 31, 2020, Golden Valley holds a 37.15% (December 31, 2019 – 37.15%) equity interest in Val-d'Or Mining, a company listed on the Exchange under symbol "VZZ", that is involved in the process of exploring, evaluating and promoting its mineral properties and whose 100%-owned assets include 14 exploration properties located in the Abitibi Greenstone Belt (Québec), the Nunavik Region (Ungava Belt) in northern Québec, and in north-central (James Bay) Québec.

In 2019, Val-d'Or Mining exercised its option with Golden Valley to acquire a 100% interest in the Abitibi Greenstone Belt Prospect consisting of 61 grassroots properties. Refer below to "*Mining Option Agreement with Val-d'Or Mining Corporation*" for further details.

c) International Prospect Ventures Ltd. ("International Prospect"),

As at March 31, 2020, Golden Valley holds a 16.50% (December 31, 2019 -16.50%) equity interest in International Prospect, a company listed on the Exchange under symbol "IZZ", that is also in the process of exploring, evaluating and promoting its mineral properties and whose assets include a 100% interest on eight tenements in the Pilbara region in Western Australia, Porcupine Miracle Prospect (Ontario), and a 40% interest in the Beartooth Island Prospect (Saskatchewan).

International Prospect was granted eight exploration licences in the Pilbara region in Western Australia. The eight licenses cover more than 1,026 square kilometres and are proximal to and/or cover target lithologies for gold-bearing conglomerate/sedimentary rocks at the base of the Mt. Roe Basalt (2 tenements), gold-bearing Mosquito Creek and Hardey formations (4 tenements), and other prospective rocks of the Fortescue Group (2 tenements).

Refer below to "*Investment in Associates*" for further details.

The information detailed in this report pertaining to Abitibi Royalties, Val-d'Or Mining and International Prospect has been extracted from publicly available documents prepared by each of these companies and electronically filed with regulators, which are publicly available on SEDAR website (www.sedar.com) under their respective issuer profile.

CORPORATE STRATEGY

Golden Valley is focused on project generation and evaluates opportunities to enhance its mining exploration property portfolio. The Company typically seeks partners to fund projects by way of option and joint venture agreements. Most of the agreements allow the partner to earn into a property by incurring exploration expenditures typically over periods of three to five years. In some instances, Golden Valley acts as the operator and continues exploration on these same properties funded in advance by or recovered from the partner. Furthermore, in addition to third party disbursements for exploration funding, the Company's option agreements typically provide for receipt by Golden Valley of either cash, shares, or both from its partners as well as the retention of a free-carried interest and a net smelter royalty.

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.

At the Canadian Malartic Mine, where Abitibi Royalties owns various NSR and NPI, Agnico Eagle and Yamana reported on April 15, 2020 that the Canadian Malartic Mine had resumed operations following the Government of Québec's decision to authorize the resumption of mining activities. Canadian Malartic entered care and maintenance on March 24, 2020, in response to government restrictions related to COVID-19 that required mining companies to minimize operational activities.

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.

PROPERTIES AND INTERESTS

The Company's exploration activities for the first quarter of 2020 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs, and project generation activities directed to identifying and evaluating new opportunities and business development purposes.

Abitibi Greenstone Belt ("AGB") Grassroots Exploration Project

The sixteen (16) AGB properties are comprised of gold (14), copper-zinc-silver (1), and nickel-copper-PGE (1) prospects located in Québec (8) and Ontario (8).

Golden Valley's exploration strategy consists of a systematic approach designed to reduce grassroots exploration risk, and increase the possibility of exploration success, through the sequential exploration of a large number of grassroots properties. Preliminary fieldwork conducted over the Company's properties typically includes grid establishment, geophysical and/or geochemical surveys, prospecting, reconnaissance and grid mapping and sampling, with the objective of upgrading and advancing each property to the group of "drill-ready" prospects.

OPTION AND JOINT VENTURE PROPERTIES

a) Mining Option Agreement with Val-d'Or Mining Corporation

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 and 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.

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 NSRs 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.

For additional details with respect to the exploration and field work completed to date at Val-d'Or Mining, please refer to Val-d'Or Mining's continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing Val-d'Or Mining's issuer profile).

b) Mining Option Agreement with BonTerra Resources Inc. – Lac Barry, 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. The Lac Barry Prospect is comprised of 35 mining cells covering an area of 1,431.65 hectares.

In accordance with the option agreement, BonTerra issued to Golden Valley 519,480 common shares in the capital of BonTerra having an aggregate value of $200,000, and BonTerra was to incur expenditures in an aggregate amount of $2,000,000 over a three (3) year period. Upon BonTerra exercising the option, it will obtain an 85% interest in the property and, Golden Valley 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 payable by BonTerra to Golden Valley.

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.

For additional details with respect to the exploration and fieldwork programs completed to date on the Lac Barry Prospect, as well as for the details on the expenditures made to date by BonTerra on the project, please refer to BonTerra's continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing BonTerra's issuer profile.

c) Mining Option Agreement with Alexandria Minerals Corporation - Centremaque Property, 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. The Centremaque Prospect is now comprised of 6 mining cells covering an area of 90.85 hectares following the claim to cell conversion process.

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 May 2017);
- $25,000 on or before the first anniversary (received 294,118 common shares in April 2018);
- $50,000 on or before the second anniversary (received 1,000,000 common shares in April 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, of which $250,000 was to be spent in the first year of the option agreement. 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.

In accordance with the terms of the option agreement, Alexandria agreed to a $2,000,000 work commitment on or before April 20, 2020. On April 3, 2020, Alexandria provided a notice of force majeure and extension of delay as a result of the government of Québec's decision, relating to COVID-19, to close all non-essential businesses. The time for the performance of Alexandria's obligations under the option agreement was extended for a period equivalent to the total length of the force majeure, which ended on May 11, 2020.

For additional details with respect to the exploration and fieldwork programs completed to date on the Centremaque Prospect, as well as for the details on the expenditures made to date on the project by O3 Mining Inc ("O3 Mining"), which acquired Alexandria on August 1, 2019, please refer to O3 Mining's continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing O3 Mining's issuer profile.

d) Mining Option Agreement with Battery Mineral Resources - Island 27 Property, Ontario

The Island 27 Prospect is located at the northern margin of the Cobalt Embayment and is underlain by early Proterozoic rocks which rest unconformable on Archean intrusive and metavolcanic rocks of the Superior Province. In addition, Golden Valley and Battery Minerals Resources Limited ("Battery Minerals") ground staked 12 new claims in 2017 and 73 mining cells in 2018. The Island 27 Prospect is now comprised of 229 mining cells covering an area of 4,635 hectares.

A 12-hole, 2,119.5 metre diamond drilling program was completed on the property. The primary objective of the drill program was to test the geometry and grade distribution of the mineralization discovered by Golden Valley Mines in 2008 (DDH GIS-08-04) grading 4.18% Co, 0.38% Ni and 12.1 g/t Ag over 4.0 from 110.0-114.0 m.

On May 8, 2019, the Company received notice from 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 Company intends to pursue a business development process to identify a new partner, or subject to market conditions, continue as operator on the Island 27 property.

e) Eldorado Gold Corporation (“Eldorado”) – Abitibi Greenstone Belt Joint Venture – Bogside Gold Prospect – Cadillac, Québec

The Company earned a 70% interest in the group of nine (9) properties (8 gold and 1 copper-zinc-silver) located in the AGB (Québec and Ontario) and a joint venture (“JV”) was formed with Integra Gold Corporation (“Integra”). Golden Valley is the operator for the joint venture. The Bogside, Perestroika, Recession Larder, Murdoch Creek, Munro, Denovo, Cook Lake, Claw lake and Matachewan prospects are held under a 70:30 JV agreement between Golden Valley and Eldorado Gold Corporation, with the latter having acquired their interest through the acquisition of Integra.

No exploration work was completed on the joint venture properties for the three months ended March 31, 2020.

f) Sirios Resources Ltd. – Cheechoo Prospect

On October 23, 2013, Golden Valley granted Sirios Resources Inc. (“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 of 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 (145 mining cells covering an area of 7579.08 hectares), subject to the royalty described below.

As additional consideration, 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.

During the current quarter, Sirios reported on their initial metallurgical testing and announced it has retained engineering firm BBA to complete a maiden mineral resource estimate.

For additional details with respect to the exploration and field work completed to date on the Cheechoo gold project, as well as for the details on the expenditures made to date by Sirios on the project, please refer to Sirios’ continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Sirios’ issuer profile.

PROPERTY INTERESTS ASSIGNED TO THE REPORTING SUBSIDIARIES

Abitibi Royalties Inc.

Abitibi Royalties’ objective is to build a premium quality royalty company by acquiring first class royalties and by exploring, evaluating and promoting its mineral properties and other projects.

Golden Valley holds approximately 44.82% equity interest in Abitibi Royalties as at March 31, 2020.

As of the date of this Management’s Discussion and Analysis, Abitibi Royalties holds interests amongst others, in the following assets:

The Canadian Malartic Mine, where Abitibi Royalties owns various Net Smelter Returns ("NSR") and Net Profit Interests ("NPI"), is jointly operated by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana") (the "Partnership"). Abitibi Royalties' NSRs and NPIs cover portions of the Odyssey (3% NSR), East Malartic (3% NSR), Sladen (3% NSR), Sheehan (3% NSR), Jeffrey (3% NSR), Barnat Extension (3% NSR), Gouldie (2% NSR) and all of the Charlie Zone (2% NSR). In 2018, Abitibi Royalties acquired a 1.5% NSR on the Midway Project and a 15% NPI on the Radium Property, all operated and located at the Canadian Malartic Mine.

Abitibi Royalties also owns the following early stage exploration royalties near producing mines throughout the Abitibi region in Québec: 2% NSR on the Revillard property, 1.0% NSR on the New Alger Project, and various 1.5% NSR on projects owned by Agnico Eagle and additional royalties in Canada and Turkey.

At the time of the sale of the Malartic CHL Prospect (the "Prospect') in 2015 to Canadian Malartic GP whereby Abitibi Royalties received as consideration a 3% NSR on the Prospect, no cost for accounting purposes has been assigned to the 3% NSR as the Prospect was still at its early stage of exploration and future cash flows could not be reliably estimated.

Similarly, at the time of the purchase of Abitibi Royalties' other royalty interests, the properties associated with the royalty interest were either: (a) in the early stages, (b) considered to be speculative, (c) expected to require more than two years to generate revenues, if ever, and/or (d) were currently not active. As such, acquisition costs of the royalty interest were recorded in the consolidated profit or loss and thus royalty interests of Abitibi Royalties do not appear on the Company's consolidated Statement of Financial Position.

Main royalty interests

Malartic CHL 3% NSR Royalty - Malartic, Québec

The area covered by the 3% NSR is located immediately east of the current Canadian Malartic Mine open pit. The 3% NSR covers a number of known mineralized zones; the eastern part of the Barnat Extension, the Jeffrey Zone and portions of the East Malartic Odyssey, Sladen and Sheehan.

Production in the area covered by the royalty commenced at the end of fourth quarter of 2018.

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% NSR 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% NSR – Malartic, Québec

The area covered by the 2.0% NSR is located approximately ten kilometres northwest of the Canadian Malartic Mine and forms part of a larger set of claims known as the Malartic Project.

Radium 15% NPI – Malartic, Québec

The area covered by the 15% NPI is located immediately west of the Canadian Malartic Mine open pit. The 15% NPI covers the historic Radium Zone.

Midway Project 1.5% NSR

The area covered by the 1.5% NSR is located east and south of the Canadian Malartic Mine open pit. The 1.5% NSR covers a number of known mineralized zones; Piche-Harvey, Briar and Chabela. A total of 1.0% of the NSR can be repurchased by the Canadian Malartic Mine by paying US$1.0 million to Abitibi Royalties.

1.5% NSR in the Abitibi region, Québec

The areas covered by the various 1.5% NSRs are on projects owned by Agnico Eagle throughout the Abitibi region in Québec. These projects include 1) Callahan (6.5 km northeast and northwest of the Canadian Malartic Mine and Agnico Eagle's Goldex Mine and 1.5 km north of the Wesdome Gold Mines' Kiena Deep discovery), 2) Cadillac (part of the LaRonde Mine), 3) Thompson River (part of the Goldex Mine) and 4) Malartic Break (6 km northwest of the Canadian Malartic Mine). A total of 1.0% of the NSR royalties can be repurchased by Agnico Eagle by paying US$1.0 million to Abitibi Royalties.

1.0% NSR on the New Alger Project

The area covered by the 1.0% NSR is located in the Abitibi region of northwest Québec. The New Alger project contains the historic Thompson-Cadillac Mine and adjoins Agnico Eagle's LaRonde mine. The property is 100% owned by Renforth Resources Inc.

Abitibi Royalty Search

In 2015, Abitibi Royalties launched the "Abitibi Royalty Search", by which it would reimburse renewal fees on existing claims or staking fees on new claims and will receive in exchange 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 close to an existing mine, having good geology and showing signs of mineralization through previous exploration.

Since launching the program, Abitibi Royalties invested a total of $194,376 in 13 projects located in Canada, in the provinces of Ontario, Québec and Saskatchewan, and in the Republic of Turkey. These amounts were expensed in the corresponding years because Abitibi Royalties does not expect to receive royalty income in the foreseeable future.

INVESTMENTS IN ASSOCIATES

International Prospect Ventures

International Prospect is involved in the process of exploring, evaluating and promoting its mineral property interests in Australia and in Canada.

In Australia, International Prospect owns 100% interest in eight tenements in the Marble Bar and Nullagine areas of the Pilbara Region, Western Australia (Fortescue Basin), covering a total area of approximately 1,026.10 square kilometres. In Canada, International Prospect owns a 100% interest in the Porcupine Miracle Prospect located in Langmuir Township in Ontario; a 40% interest in the Beartooth Island Prospect located in the Athabasca Basin in Saskatchewan, which is the subject of an agreement with Ditem Explorations Inc. (“Ditem”) and of which Ditem is the operator; and a 100% interest in the Otish and Mistassini Prospects located in the North central region of Québec.

Projects in the Pilbara Craton, Western Australia

International Prospect owns eight tenements in the Marble Bar and Nullagine areas of the Pilbara Region, Western Australia. The strategic locations of the claims were determined on the basis of a review of known geology and historical exploration results, and a focus on coarse-grained conglomerate host rocks at, or in proximity to, a prominent and well-documented geological unconformity.

In 2019, the Company received 11 Prospecting Permit notices (Section 40E Permits) and executed seven Prospecting Agreements with local prospectors interested in exploring the properties. The prospectors used metal detecting methods to search for gold nuggets at or near the surface.

Results from 2019 third party prospecting include 108 gold nuggets (total weight 22.1 g) and 2 gold nuggets (0.8 and 1.2 g) from Licence E46/1197 and 22 g of gold nuggets (ranging from 0.1 to 5.2 g) from five areas on Licence E46/1198. In addition, a single approximately 7.5 troy ounce (233.28 g) gold nugget was reported from Licence E46/1198.

Site visits were completed in early November 2019 and included visiting some of the sites from which the nuggets were reportedly collected and other reconnaissance field activity.

International Prospect is currently undertaking extensive data compilation of all publicly available information and data from the eight tenements. Following the completion of the compilation work, the Company will complete planning of its first exploration program on the properties which will focus on prospecting, geological mapping and surface sampling.

For additional details with respect to the exploration and field work completed to date at International Prospect, please refer to International Prospect’s continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing International Prospect’s issuer profile.

The Porcupine Miracle Prospect

International Prospect owns a 100% interest in the Porcupine Miracle Prospect, located in Langmuir Township, northern-eastern Ontario Timmins-Porcupine district. The property now consists of 9 claim cells (1 single cell and 8 boundary cell claims), covering an area of 64 hectares. The property is subject to a royalty in favour of 2973090 Canada Inc., a company controlled by the president, equal to 3% of net smelter returns. In addition, advance royalty payments of $10,000 per annum is payable by International Prospect; the advance royalty payments will be deducted from the amounts payable under the royalty.

The Company has completed a Phase I property-scale ground magnetic, induced polarization (IP) and Horizontal Loop Electromagnetic (HLEM) geophysical surveying. A follow-up Phase II program of prospecting, mapping, bedrock stripping, sampling and diamond drilling is recommended.

The property is available for option and International Prospect is actively seeking joint venture partners.

Val-d’Or Mining Corporation

In addition to the 61 properties recently acquired from Golden Valley, Val-d’Or Mining also owns the following assets and subject to market condition, is in the process of exploring, evaluating and promoting its mineral property interest and holds interests:

a) The Boston Bulldog Prospect is comprised of 14 claim cells (14 single cell covering an area of 302 ha), located in Kirkland Lake, Ontario. Val-d’Or Mining was granted an option to acquire a 100% interest in the property. An exploration program for the property is currently at the planning stage.

b) The Shoot-Out Prospect is the combination of three former properties (East Shoot-Out, West Shoot-Out and Donnybrook prospects), located southwest of Glencore’s Raglan Mine, in northern Québec. Val-d’Or Mining has a 100% ownership interest in 182 contiguous mining cells covering 7,405 hectares, and is subject to a 3% NSR. Presently no immediate exploration fieldwork is planned on the property; and,

c) The Fortin Prospect is located in the central part of Ducros Township, located approximately 80 kilometres northeast of the City of Val-d'Or, Québec. The property consists of 5 contiguous mining claims 200 hectares, which Val-d’Or Mining holds a 100% interest in this property that is subject to a 1.5% NSR. Presently no immediate exploration fieldwork is planned on the property.

For additional details with respect to the exploration and field work completed to date at Val-d’Or Mining, please refer to Val-d’Or Mining’s continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing Val-d’Or Mining’s issuer profile.

SELECTED INFORMATION

This table represents selected consolidated information for the Company for the three months ended March 31, 2020, 2019 and 2018:

	For the three months ended March 31,		
	2020	**2019**	**2018**
Total Revenue	**$ 137,450**	$ 481,320	$ 79,324
Net income (loss) and total comprehensive income (loss)	**(5,132,103)**	2,440,487	(2,773,304)
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley Mines Ltd.	**(2,689,316)**	1,007,073	(1,789,777)
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest	**(2,442,787)**	1,433,414	(983,527)
Basic earnings (loss) per share ($)	**$ (0.020)**	$ 0.008	$ (0.014)
Diluted earnings (loss) per share	**(0.020)**	0.007	(0.014)

	As at March 31, 2020	As at December 31, 2019
Cash and cash equivalents	**$ 8,520,291**	$ 3,003,083
Accounts receivable	**-**	268,195
Short-term financial assets	**355,411**	534,774
Royalty receivable	**74,285**	999,252
Other current assets	**187,644**	167,886
Exploration and Evaluation assets	**1,497,170**	1,497,170
Investment in associates	**1,294,914**	1,343,033
Investments	**34,342,110**	50,636,738
Property and equipment	**-**	1,027
Total assets	**$ 46,271,825**	$ 58,451,158
Accounts payable and accrued liabilities	**$ 319,581**	$ 750,515
Income taxes payable	**2,337,614**	-
Derivative financial instruments	**2,930,431**	8,979,047
Deferred tax liabilities	**536,794**	3,245,785
Total liabilities	**6,124,420**	12,975,347
Total equity	**$ 40,147,405**	$ 45,475,811

DISCUSSION AND RESULTS OF OPERATIONS

Revenues

For the three months ended March 31, 2020, the Company recognized consolidated revenues of $137,450 compared to $481,320 for the same period in 2019.

Consolidated revenues for the first quarter of 2020 mainly consisted of royalty contribution of $74,285 (2019 - $389,129) from Abitibi Royalties' Malartic CHL 3% NSR royalty interest at the Canadian Malartic Mine near Val-d'Or Québec and dividends of $63,165 (2019 -$92,191) from Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana.

Operating Expenses

For the three months ended March 31, 2020, the Company recognized consolidated operating expenses of $952,166 compared to $887,667 for the same period in 2019. Significant variances in operating expenses are as follows:

- Salaries and other employee benefits have increased to $410,507 for 2020 compared to $276,542 for 2019 due to higher salaries and employee benefits primarily from increases in management's base salary compensation and payroll benefits at Abitibi Royalties, and from government payroll levies on taxable benefits of incentive stock options exercised at Golden Valley.

- General and Administrative expenses, which consist of office expenses, advertising, exhibitions and travelling have increased to $166,829 for 2020 compared to $61,875 for 2019. The increase relates to higher advertising, exhibition and travel expenses as the Company has either attended or hosted events to generate new business opportunities and create ways to enhance shareholder value while assisting its subsidiaries and associates in enhancing their own corporate development in Canada and internationally.

- No impairment on exploration and evaluation assets was recognized for 2020 compared to $170,698 for 2019. The impairment charge for 2019 relates to the Company's Island 27 property whereby, as discussed above, on May 8, 2019, the Company received notice from Battery Minerals terminating their participation on the Island 27 property.

Other income (expenses)

For the three months ended March 31, 2020, the Company recognized consolidated other expenses of $4,688,764 compared to consolidated other income of $3,223,484 for the same period in 2019. The significant components of Other expenses for 2020 is the unfavourable change in the fair value of investments amounting to $7,374,132 (compared to favourable change of $3,314,505 for 2019) and foreign exchange gains of $2,806,145 (compared to foreign exchange losses of $17,220 for 2019).

Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana and the outstanding derivative financial instruments associated with the covered call and put options are fair valued at each reporting period, which fair value changes are presented in the statement of net income (loss) and comprehensive income (loss).

The unfavourable change in fair value of investments primarily relates to unrealized losses of $8,033,554 (compared to unrealized gain of $2,202,209 in 2019) in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of $459,015 (compared to $249,651 in 2019) from the derecognition of the liability associated with expired derivative financial instruments and the favourable change of $339,673 (compared to $474,048 in 2019) to the fair value of investments and related derivative financial instrument of the 350,800 Agnico Eagle and 751,600 Yamana common shares that Abitibi Royalties was called to deliver from the covered call options it had sold. In addition, the Company has unrealized losses of $179,363, compared to unrealized gains of $358,005 on its marketable securities representing shares of publicly traded mining exploration companies.

Other expenses in 2020 is also net of foreign exchange gains of $2,806,145 compared to foreign exchange losses of $17,220 in 2019. Abitibi Royalties is subject to fluctuation in the exchange rate with the US dollar as its derivative financial instruments are in US dollars. In January 2020, Abitibi Royalties received net proceeds of US$19,851,613 from being called to deliver 350,800 common shares of Agnico Eagle and 751,600 common shares of Yamana as discussed above. Due to the strengthening of the US dollar relative to the Canadian dollar during the quarter, Abitibi Royalties was recognizing unrealized gains on foreign exchange on its US dollar denominated cash balances, which foreign exchange gains becoming realized, in March 2020, when the Company was called to purchase 361,400 common shares of Agnico Eagle and paid, including commissions, US$16,320,416 from put options it had sold.

As at March 31, 2020, Abitibi Royalties' cash on hand included US$3,915,784 (December 31, 2019 - US$1,737,268), representing $5,555,322 (December 31, 2019 - $2,256,363) of the total cash on hand of $7,956,377 (December 31, 2019 - $2,457,178) at Abitibi Royalties. As at March 31, 2020, a fluctuation of 1% in the U.S dollar value relative to the Canadian dollar has an impact of $55,553 (December 31, 2019 - $22,564) on the Company's cash on hand.

Income tax expense

For the three months ended March 31, 2020, the Company recognized income tax recovery of $371,377 compared to income tax expense of $376,650 for the same period in 2019. Income tax recovery for 2020 includes current income tax expense of $2,337,614 (compared to $nil for 2019) and deferred tax recovery of $2,708,991 (compared to deferred tax expense of $376,650 for 2019).

The income tax expense for 2020 relates to the taxable gain from the net proceeds of $26,037,375 (or US$19,851,613) received by Abitibi Royalties from being called to deliver 350,800 common shares of Agnico Eagle and 751,600 common shares of Yamana as discussed above, net of utilization of non-capital losses and resource expense deductions available to Abitibi Royalties to offset the taxable gain.

Deferred income tax is impacted by the change in the fair value of the common shares in Agnico Eagle and Yamana, whereby an increase in the market value of these investments has a corresponding increase in the deferred tax liability as the tax cost on these investments is insignificant compared to the market value of those common shares. The deferred tax recovery of $2,708,991 for 2020 mainly relates to the decrease in the market value in Abitibi Royalties' investments in the common shares of Agnico Eagle and

Yamana, which amounted to $4,779,238 for the three months ended March 31, 2020, net of deferred tax expense associated with the utilization of non-capital losses of $915,903 and resource expense deductions of $350,799.

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS

For the three months ended March 31, 2020	Golden Valley	Abitibi Royalties	Calone Mining	Total
Revenues				
Royalties	$ -	$ 74,285	$ -	**$ 74,285**
Dividends	-	63,165	-	**63,165**
	-	137,450	-	**137,450**
Operating Expenses				
Salaries and other employee benefits	101,164	309,343	-	**410,507**
Professional fees	72,698	129,123		**201,821**
General and administrative expenses	152,371	14,458	-	**166,829**
Share-based compensation	97,965	-	-	**97,965**
Management fees	41,550	-	-	**41,550**
Exploration and evaluation	32,466	-	-	**32,466**
Depreciation of property and equipment	1,028	-	-	**1,028**
	499,242	452,924	-	**952,166**
Operating loss	(499,242)	(315,474)	-	**(814,716)**
Other income (loss)				
Change in fair value of investments	(179,361)	(7,194,771)	-	**(7,374,132)**
Foreign exchange gains	-	2,806,145	-	**2,806,145**
Finance income	1,041	66,478	-	**67,519**
Finance cost	(1,202)	(138,827)	(148)	**(140,177)**
Share of loss of associates	(48,119)	-	-	**(48,119)**
	(227,641)	(4,460,975)	(148)	**(4,688,764)**
Net loss before income taxes	(726,883)	(4,776,449)	(148)	**(5,503,480)**
Income tax recovery	-	(371,377)	-	**(371,377)**
Net loss and total comprehensive loss for the period	$ (726,883)	$ (4,405,072)	$ (148)	**$ (5,132,103)**

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS (CONTINUED)

For the three months ended March 31, 2019	Golden Valley	Abitibi Royalties	Calone Mining	Total
Revenues				
Royalties	$ -	$ 389,129	$ -	**$ 389,129**
Dividends	-	92,191	-	**92,191**
	-	481,320	-	**481,320**
Operating Expenses				
Salaries and other employee benefits	47,959	228,583	-	**276,542**
Professional fees	46,945	146,779	350	**194,074**
Impairment of exploration and evaluation assets	170,698	-	-	**170,698**
Share-based compensation	119,200	-	-	**119,200**
General and administrative expenses	15,403	46,472	-	**61,875**
Management fees	41,550	-	-	**41,550**
Exploration and evaluation	22,840	-	-	**22,840**
Depreciation of property and equipment	888	-	-	**888**
	465,483	421,834	350	**887,667**
Operating loss	(465,483)	59,486	(350)	**(406,347)**
Other income (loss)				
Change in fair value of investments	358,005	2,956,500	-	**3,314,505**
Finance income	1,294	3,299	-	**4,593**
Foreign exchange loss	-	(17,220)	-	**(17,220)**
Finance cost	(866)	(21,265)	(58)	**(22,189)**
Share of loss of associates	(56,205)	-	-	**(56,205)**
	302,228	2,921,314	(58)	**3,223,484**
Net income (loss) before income taxes	(163,255)	2,980,800	(408)	**2,817,137**
Deferred tax expense	-	(376,650)	-	**(376,650)**
Net income (loss)and total comprehensive income (loss) for the period	$ (163,255)	$ 2,604,150	$ (408)	**$ 2,440,487**

FINANCIAL CONDITION REVIEW

	Golden Valley (1)	Abitibi Royalties	Calone Mining	As at March 31, 2020	As at December 31, 2019
Current Assets					
Cash and cash equivalents	$ 562,047	$ 7,956,377	$ 1,867	$ **8,520,291**	$ 3,003,083
Accounts receivable	-	-	-	**-**	268,195
Short-term financial assets	355,411	-	-	**355,411**	534,774
Royalty receivable	-	74,285	-	**74,285**	999,252
Other assets	115,924	71,720	-	**187,644**	167,886
Non-current assets					
Property and equipment	-	-	-	**-**	1,027
Investments in associates	1,294,914	-	-	**1,294,914**	1,343,033
Exploration and evaluation assets	1,497,170	-	-	**1,497,170**	1,497,170
Investments	-	34,342,110	-	**34,342,110**	50,636,738
Total Assets	3,825,466	42,444,492	1,867	**46,271,825**	58,451,158
Current liabilities					
Accounts payable and accrued liabilities	189,810	129,771	-	**319,581**	750,515
Income taxes payable	-	2,337,614	-	**2,337,614**	-
Derivative financial instruments	-	2,930,431	-	**2,930,431**	8,979,047
Non-current liabilities					
Deferred taxes	-	536,794	-	**536,794**	3,245,785
Total Liabilities	189,810	5,934,610	-	**6,124,420**	12,975,347

Note (1): Golden Valley's equity interest in Abitibi Royalties, a subsidiary of the Company, is eliminated for financial reporting

Cash and cash equivalents

The Company ended the first quarter of 2020 with consolidated cash and cash equivalents of $8,520,291 compared to $3,003,083 as at December 31, 2019. The Company holds cash balances in both Canadian and U.S. dollars.

Short-term financial assets

The Company holds publicly traded securities comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements having a market value of $248,498 as at March 31, 2020 (December 31, 2019 - $427,861) and common shares of a private company with a fair value of $106,913 (December 31, 2019 - $106,913).

Royalty receivable

Royalty receivable as at March 31, 2020 represents the royalty contribution of $74,285 (or US$52,361) earned from Abitibi Royalties’ Malartic CHL 3% NSR royalty for the three months ended March 31,2020.

Other assets

Other assets of $187,644 is mainly comprised of amounts due from International Prospect of $68,520 (December 31, 2019 - $68,520), dividends receivable of $47,744 (December 31, 2019 – $44,729) from Abitibi Royalties' investments in Agnico Eagle and Yamana shares and sales taxes recoverable of $43,447 (December 31, 2019 - $21,570).

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 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.

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.

Sale of Yamana Gold shares

In January 2020, Abitibi Royalties was 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.

As of the date of this report, Abitibi Royalties is holding 2,692,295 shares of Yamana and 419,197 shares of Agnico Eagle.

Exploration and evaluation assets

Exploration and evaluation assets totaled $1,497,170 as at March 31, 2020 and December 31, 2019.

As at March 31, 2020, the Company's exploration and evaluation assets consist of projects and interest as follows:

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

Golden Valley's Abitibi Greenstone Belt Grassroots exploration projects comprising of gold, copper-zinc-silver, nickel-copper-PGE, molybdenum and cobalt-silver-nickel prospects are located in Québec and Ontario. The Company has optioned exploration projects to Val-d'Or Mining and Alexandria in 2017, BonTerra in 2016, Sirios in 2013 and Integra in 2005.

Investment 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%) equity 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 common shares or 37.15% (December 31, 2019 – 37.15%) equity 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 accounted for its investments in International Prospect and Val-d'Or Mining using the equity method. For the three months ended March 31, 2020, the Company recognized a loss of $48,119 from its share in associates, compared to $56,205 for the same period in 2019. The Company has no contingent liabilities relating to its interest in the associates.

Accounts payable and accrued liabilities

Consolidated accounts payable and accrued liabilities of $319,581 (December 31, 2019 -$750,515) mainly consist of trade payables of $166,776 (December 31, 2019 - $106,676), director fees of $70,000 (December 31, 2019 -$102,500), payroll accruals of $39,546 (December 31, 2019 - $25,335), cash and share performance bonus payable of $58,275 (December 31, 2019 - $491,951), net of amounts due from a related party of $15,016 (December 31, 2019 – payable of $24,053).

Income taxes payable

As described above, the income tax payable of $2,337,614 for 2020 mainly relates to the income tax impact from the net proceeds of $26,037,375 (or US$19,851,613) received by Abitibi Royalties from being called to deliver 350,800 common shares of Agnico Eagle and 751,600 common shares of Yamana, net of utilization of non-capital losses and resource expenses deductions available to Abitibi Royalties.

Derivative Financial Instruments

The status of call and put option contracts as of April 30, 2020, from Abitibi Royalties' Management's Discussion and Analysis for the three months ended March 31, 2020, is presented in the table below:

Yamana Gold	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Calls	$ 3.00	156,500	January 15, 2021	5.81%
	$ 4.00	558,100	January 15, 2021	20.73%
	$ 4.50	245,000	January 15, 2021	9.10%
	$ 5.00	736,200	January 15, 2021	27.34%
	$ 5.50	109,600	January 15, 2021	4.07%
	$ 4.50	67,700	January 21, 2022	2.51%
	$ 5.00	71,000	January 21, 2022	2.64%
	$ 5.50	9,000	January 21, 2022	0.33%
	$ 7.00	10,000	January 21, 2022	0.37%
		1,963,100		**72.92%**

Agnico Eagle	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Calls	$ 42	7,600	January 15, 2021	1.81%
	$ 47	200	January 15, 2021	0.05%
	$ 50	49,900	January 15, 2021	11.90%
	$ 55	2,000	January 15, 2021	0.48%
	$ 60	13,100	January 15, 2021	3.13%
	$ 65	8,200	January 15, 2021	1.96%
	$ 70	16,000	January 15, 2021	3.82%
	$ 60	4,000	January 21, 2022	0.95%
	$ 65	4,000	January 21, 2022	0.95%
	$ 70	10,000	January 21, 2022	2.39%
	$ 80	5,000	January 21, 2022	1.19%
		120,000		**28.63%**
Puts	$ 40	31,000	May 15, 2020	7.40%
	$ 45	25,000	May 15, 2020	5.96%
		56,000		**13.36%**

Subsequent to April 30, 2020, the put option contracts expired on May 15, 2020 and were renewed with expiry dates of August 21, 2020.

Abitibi Royalties only sells call options when it owns the underlying shares. Should covered calls be sold, it is Abitibi Royalties' objective to use strike prices that are anticipated to be well above the share price of Agnico Eagle and Yamana at the time the contract is written, with contracts generally expiring between 1 month and 2 years. Abitibi Royalties only writes put contracts when it has the required funds (in the currency which the contract was written) to purchase the underlying shares should the put contract be exercised.

Deferred tax liability

The deferred tax liability totaled $536,794 as at March 31, 2020 compared to $3,245,785 as at December 31, 2019. The deferred tax liability consists of the potential tax liability of $1,268,403 on the capital gain to be realized on the eventual sale of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of the tax deferred tax asset of $388,281 and $337,042 in respect of temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes of the Company's derivative financial instruments and Exploration and evaluation assets, respectively.

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 and "Results of Operations" herein.

	Mar 2020	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
Total revenues ($)	137,450	1,138,221	949,836	974,553	481,320	100,307	78,552	105,450
Net income (loss) and total comprehensive income (loss) for the period ($)	(5,132,103)	2,522,854	3,529,570	1,006,922	2,440,487	2,070,974	(9,173,837)	2,419,475
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley ($)	(2,689,316)	1,070,434	1,420,903	(215,758)	1,007,073	654,757	(4,587,186)	700,530
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest ($)	(2,442,787)	1,452,480	2,108,607	1,222,680	1,433,414	1,416,217	(4,586,651)	1,718,945
Net earnings (loss) per share ($)								
Basic	(0.020)	0.019	0.011	(0.002)	0.008	0.015	(0.034)	0.005
Diluted	(0.020)	0.018	0.010	(0.002)	0.007	0.015	(0.034)	0.005

- For the three months ended March 31, 2020, the Company reported consolidated net loss of $5,132,103 resulting from the unfavourable change in the fair value of investments amounting to $7,374,132 and foreign exchange gains of $2,806,145.

- For the three months ended December 31, 2019, the Company reported consolidated net income of $2,522,854 mainly from a royalty contribution of $999,252 (or US$769,366) received from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and favourable change in the fair value of investments and derivative instruments in the amount of $3,414,025, offset by salaries through performance bonuses and employee benefits, and professional and legal fees.

- For the three months ended September 30, 2019, the Company reported consolidated net income of $3,529,570 mainly from a royalty contribution of $834,258 (or US$630,056) received from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and favourable change in the fair value of investments and derivative instruments in the amount of $3,936,780, offset by salaries and employee benefits, and professional and legal fees.

- For the three months ended June 30, 2019, the Company reported consolidated net income of $1,006,922 mainly from a royalty contribution of $814,621 (or US$624,470) received from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and favourable change in the fair value of investments and derivative instruments in the amount of $1,189,918, offset by salaries and employee benefits, share-based compensation expense and professional and legal fees.

- For the three months ended March 31, 2019, the Company reported consolidated net income of $2,440,487, resulting mainly from a royalty contribution of $389,129 (2018-$nil) received from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and from the increase of $2,202,209 (2018-decrease of $2,733,239) in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana since the beginning of the year.

- For the three months ended December 31, 2018, the Company reported consolidated net income of $2,070,974 compared to a net income of $1,506,461 for the same period in 2017. The net income for the three months ended December 31, 2018 is mainly from the increase of $4,400,722 in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, and royalty expense of $192,500 relating to the NSR acquired by Abitibi Royalties in November 2018, net of unrealized losses of $991,499 in the fair value of the liability associated with its derivative instruments.

- For the three months ended September 30, 2018, the Company reported consolidated net loss of $9,173,837 compared to a net loss of $1,854,520 for the same period in 2017. The net loss for the three months ended September 30, 2018 is mainly from the unfavourable change in the fair value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana in the amount of $8,286,116 and royalty expense of $1,972,750 relating to the NSR and NPI interests acquired by Abitibi Royalties in July 2018, net of deferred tax recovery of $1,681,377.

- For the three months ended June 30, 2018, the Company reported a consolidated net income of $2,419,475 compared to a net loss of $1,653,527 for the same period in 2017, respectively. The improved results for the three months ended June 30, 2018 is due to the favourable change in fair value of investments of $3,654,659, which substantially relates to the change in fair value of Abitibi Royalties' investments and derivative instruments in the common shares of Agnico Eagle Mines and Yamana, offset by higher salaries and employee benefits expense from payroll levies associated with the exercise of stock options and conversion of the RSUs into common shares on the transaction with CDPQ and by higher share-based compensation from the Company's September 2016 incentive stock option grant, which fair value is allocated over the vesting period of three years.

EXPLORATION ACTIVITIES

The Company's and the reporting subsidiaries' property interests in Québec, Ontario and Saskatchewan are considered to be prospective for precious metals (i.e. gold, silver and platinum group metals), base-metals (i.e. nickel, copper, zinc, and cobalt), and energy minerals (i.e. uranium).

The Company's exploration activities for the first quarter of 2020 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated total assets of the Company as at March 31, 2020 totaled $46,271,825 (December 31, 2019- $58,451,158), which included cash and cash equivalents of $8,520,291 (December 31, 2019- $3,003,083), short-term financial assets consisting of marketable securities totaling $248,498 (December 31, 2019- $427,861), royalty receivable of $74,285 (December 31, 2019 - $999,252) and long-term investments mainly consisting of common shares in Agnico Eagle and Yamana totaling $34,342,110 (December 31, 2019- $50,636,738).

Cash inflows from operating activities for the three months ended March 31, 2020 totaled $2,526,015 compared to cash outflows of $597,108 for the same period in 2019. The improvement in cash inflows for the three months ended March 31, 2020 relate to royalty contributions of $999,252 received on January 15, 2020 from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and foreign exchange gains realized during the quarter as discussed above.

Investing activities resulted in net cash inflows of $3,051,241 for the three months ended March 31, 2020, compared with cash inflows of $503,364 for the same period in 2019. The cash inflows for the three months ended March 31, 2020 include cash proceeds of $26,056,311 from Abitibi Royalties being 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, before commissions, $22,892,404 (or US$17,453,800) and being 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, before commissions, $3,163,907 (or US$2,412,250) from covered call options it had sold. These proceeds were offset by the Abitibi Royalties being called to purchase 361,400 common shares of Agnico Eagle at US$45.00 per share and paid, before commissions, $23,566,715 (or US$16,263,000) from put options it had sold.

Financing activities resulted in net cash outflows of $419,481 for the three months ended March 31, 2020 compared with cash outflows of $396,274 for the same period in 2019. Cash flows from financing activities were related primarily to the change in the Company's interest in Abitibi Royalties, which consist of repurchase and cancellation of its 15,700 common shares amounting to $285,945 and net payment of dividends of $207,826.

OUTLOOK

The Company is evaluating certain strategic business opportunities in the exploration/mining industry. A number of internal reviews and assessments have been completed, or are in progress, for distressed companies and assets, both in Canada and abroad. Additionally, various property submittals are routinely considered for acquisitions.

CAPITAL STOCK INFORMATION

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Company's Board of Directors. The holders of the common shares of the Company are entitled to vote at all shareholder meetings and to receive such dividends as the Board of Directors of the Company in their discretion shall declare.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at May 26, 2020:

	Total Outstanding	Escrowed
Common shares	134,727,602	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	14,443,914	Nil

Incentive Stock Options:

Expiry Date	Number of Options	Weighted Average Exercise Price	
July 24, 2020	450,000	$	0.11
January 1, 2021	100,000	$	0.10
June 30, 2021	2,250,000	$	0.30
February 3, 2022	100,000	$	0.47
June 18, 2024	340,000	$	0.34
March 3, 2025	764,750	$	0.50
September 30, 2026	8,219,164	$	0.35
June 21, 2023	2,220,000	$	0.28
	14,443,914	$	0.33

CAPITAL STOCK INFORMATION OF REPORTING SUBSIDIARIES

Abitibi Royalties Inc.

Issued and Outstanding

The following details the issued and outstanding securities of Abitibi Royalties as of April 30, 2020, from Abitibi Royalties' Management's Discussion and Analysis for the three months ended March 31, 2020:

	Total Outstanding	Escrowed
Common shares	12,505,311	Nil
Incentive stock options	Nil	Nil
Restricted share units	Nil	Nil

RELATED PARTY TRANSACTIONS

The information pertaining to related party transactions are disclosed in Note 20 of the unaudited condensed consolidated interim financial statements as at March 31, 2020.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance-sheet arrangements.

CONTRACTUAL COMMITMENTS AND OBLIGATIONS

a) 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. 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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Any changes in accounting policies including those that have not been adopted are explained in note 3 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020.

JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The judgements, estimates and assumptions used by management are described in note 5 of the audited consolidated financial statements for the year ended December 31, 2019.

RISK AND UNCERTAINTIES

Climate Change

The Company has properties, joint venture agreements and/or royalties 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 is of a highly speculative nature.

Nature of Mineral Exploration and Mining

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

Mineral Deposits and Production Costs; Metal Prices

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, the cost of operations, and fluctuations in the sales price of products. The value of the Company's mineral property interests is heavily influenced by metal prices. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's properties can be mined profitably.

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 operators of properties where Abitibi Royalties royalty and other interests are dependent upon the capital markets to raise financing. Adverse effects of coronavirus developments (COVID-19) 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 Abitibi Royalties holds royalty interests.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental and non-governmental authorities. 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. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company's, in the search for and the acquisition of attractive mineral properties. There is no assurance that the Company will continue to be able to compete successfully with the competition in acquiring such properties or prospects.

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. The Company does not maintain key-person insurance on the lives of any of its key personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of their exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Environmental and other Regulatory Requirements

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

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.

Currency Risk

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in U.S. dollars. The Company's costs are incurred primarily in Canadian dollars.

Conflicts of Interest

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. Some of the directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as Golden Valley. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Insurance

The Company does not have insurance to adequately protect itself against certain risks associated with mineral exploration. Even if they were to obtain insurance, the Company will remain at risk and will be potentially subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs or other reasons.

Influence of Third-Party Stakeholders

The lands in which the Company holds interests, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out work programs or general exploration mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the work programs of the Company may be delayed even if such claims are not meritorious. Such delays may result 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, including the market in which it is traded, the strength of the economy in general, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The future effect of these and other factors on the market price of the Company's shares on the Exchange cannot be predicted.

Derivatives instruments

Due to the complex nature and market volatility that may influence the market value of the shares, selling of call and put options is subject to risk including limiting the potential upside gains and being obligated to purchase the underlying shares above the current market value. Although all risks cannot be eliminated, the Company is mitigating these risks by owning the underlying shares or having the cash requirement to meet its obligations.

ADDITIONAL INFORMATION

Additional information about Golden Valley Mines Ltd. may be obtained from the Company's website (www.goldenvalleymines.com) or through the SEDAR website (www.sedar.com) by accessing the Company's issuer profile.