



Golden Valley Mines Ltd.

Condensed Consolidated Interim Financial Statements For the three months and six ended June 30, 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 June 30, 2020	As at December 31, 2019
ASSETS			
Current			
Cash and cash equivalents	5	\$ 8,239,266	\$ 3,003,083
Accounts receivable		-	268,195
Financial assets	6	438,204	534,774
Royalty receivable		93,633	999,252
Other assets	7	188,600	167,886
		8,959,703	4,973,190
Non-current			
Investments	8	56,762,301	50,636,738
Exploration and evaluation assets	9	818,420	1,497,170
Investments in associates	10	1,641,685	1,343,033
Financial assets	6	106,913	-
Property and equipment		-	1,027
TOTAL ASSETS		\$ 68,289,022	\$ 58,451,158
LIABILITIES			
Current			
Accounts payable and accrued liabilities	20	\$ 247,844	\$ 750,515
Income taxes payable		1,965,913	-
Derivative financial instruments	11	7,161,965	8,979,047
		9,375,722	9,729,562
Non-Current			
Deferred taxes	12	2,945,827	3,245,785
Loan	13	40,000	-
Total liabilities		12,361,549	12,975,347
EQUITY			
Capital stock	14	28,636,185	28,420,603
Contributed surplus		6,293,040	6,033,488
Deficit		(9,065,174)	(11,945,215)
Total equity attributable to owners of the parent company		25,864,051	22,508,876
Non-controlling interest		30,063,422	22,966,935
Total equity		55,927,473	45,475,811
TOTAL LIABILITIES AND EQUITY		\$ 68,289,022	\$ 58,451,158

Approved by the Board of Directors on August 21, 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)

(unaudited)

	Notes	For the three months ended		For the six months ended	
		June 30,		June 30,	
		2020	2019	2020	2019
Revenues					
Royalties		\$ 93,633	\$ 814,621	\$ 167,918	\$ 1,203,750
Dividends		169,400	91,923	232,565	184,114
Option revenue		50,000	67,505	50,000	67,505
Geological fees		-	504	-	504
		313,033	974,553	450,483	1,455,873
Operating Expenses					
Salaries and other employee benefits		354,064	279,113	764,571	555,655
Professional and legal fees		230,463	235,149	432,284	429,223
Share-based compensation	15	126,326	158,494	224,291	277,694
General and administrative expenses	16	55,445	75,619	222,274	137,494
Management fees	20	41,550	41,550	83,100	83,100
Exploration and evaluation		18,114	14,751	50,580	37,591
Royalties	9	37,701	-	37,701	-
Depreciation of property and equipment		-	889	1,028	1,777
Impairment of exploration and evaluation assets	9	-	-	-	170,698
		863,663	805,565	1,815,829	1,693,232
Operating income (loss)		(550,630)	168,988	(1,365,346)	(237,359)
Other income (loss)					
Change in fair value of investments		19,202,568	1,197,418	11,828,436	4,511,923
Finance income		2,115	4,754	69,634	9,347
Foreign exchange gain (loss)		(221,240)	(630)	2,584,905	(17,850)
Finance cost		63,734	(21,216)	(76,443)	(43,405)
Share of loss of associates	10	(403,229)	(58,967)	(451,348)	(115,172)
		18,643,948	1,121,359	13,955,184	4,344,843
Net income before income taxes		18,093,318	1,290,347	12,589,838	4,107,484
Income tax expense (recovery)					
Current income tax expense (recovery)		(371,701)	-	1,965,913	-
Deferred tax expense (recovery)	12	2,409,033	283,425	(299,958)	660,075
Income tax expense		2,037,332	283,425	1,665,955	660,075
Net income and total comprehensive income for the period		\$ 16,055,986	\$ 1,006,922	\$ 10,923,883	\$ 3,447,409
Net income (loss) and total comprehensive income (loss) attributable to:					
Shareholders of Golden Valley Mines		\$ 5,748,019	\$ (215,758)	3,058,703	791,315
Non-controlling interest		10,307,967	1,222,680	7,865,180	2,656,094
		\$ 16,055,986	\$ 1,006,922	\$ 10,923,883	\$ 3,447,409
Earnings (loss) per share attributable to Golden Valley Mines' shareholders:					
Basic earnings (loss) per share	18	\$ 0.043	\$ (0.002)	\$ 0.023	\$ 0.006
Diluted earnings (loss) per share	18	\$ 0.041	\$ (0.002)	\$ 0.022	\$ 0.006

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 six months ended June 30, 2020 and 2019

(unaudited)

	Notes	Capital Stock		Contributed Surplus		Deficit		Total attributable to owners of the parent company		Non-controlling interest		Total Equity
		Number										
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		-	-	349,504	-	349,504	-	349,504				349,504
Shares issued by exercise of stock options	14	837,000	215,582	(89,952)	-	125,630	-	125,630				125,630
Change in interest of subsidiaries		-	-	-	(178,662)	(178,662)	(768,693)	(947,355)				(947,355)
		135,184,602	28,636,185	6,293,040	(12,123,877)	22,805,348	22,198,242	45,003,590				
Net income and total comprehensive income for the period					3,058,703	3,058,703	7,865,180	10,923,883				
Balance at June 30, 2020		135,184,602	\$ 28,636,185	\$ 6,293,040	\$ (9,065,174)	\$ 25,864,051	\$ 30,063,422	\$ 55,927,473				
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		-	-	277,694	-	277,694	-	277,694				277,694
Shares issued by exercise of stock options	14	95,000	27,365	(11,215)	-	16,150	-	16,150				16,150
Change in interest of subsidiary		-	-	-	6,003	6,003	(308,082)	(302,079)				(302,079)
		134,013,577	28,317,267	5,949,745	(15,144,384)	19,122,628	17,331,522	36,454,150				
Net income and total comprehensive income for the period					791,315	791,315	2,656,094	3,447,409				
Balance at June 30, 2019		134,013,577	\$ 28,317,267	\$ 5,949,745	\$ (14,353,069)	\$ 19,913,943	\$ 19,987,616	\$ 39,901,559				

See Note 22 "Subsequent Events" on share consolidation.

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 six months ended June 30, 2020 and 2019

(unaudited)

	Note	2020	2019
<i>OPERATING ACTIVITIES</i>			
Net income for the period		\$ 10,923,883	\$ 3,447,409
Adjustments:			
Share-based payments	15	224,291	277,694
Depreciation of property and equipment		1,028	1,777
Option revenue		-	(67,505)
Foreign exchange loss (gain)		(93,199)	17,850
Share of loss in associates	10	451,348	115,172
Impairment of exploration and evaluation assets	9	-	170,698
Income tax expense		1,665,955	660,075
Realized loss on sale of short-term financial assets		-	9,870
Change in fair value of short-term financial assets		(10,344)	(191,788)
Change in fair value of investments		(11,818,092)	(4,330,005)
		1,344,870	111,247
Changes in working capital items	21	775,642	(975,950)
Cash flows from (used by) operating activities		2,120,512	(864,703)
<i>INVESTING ACTIVITIES</i>			
Proceeds from settlement of derivative financial instruments	11	26,057,132	-
Payment from settlement of derivative financial instruments	11	(23,566,713)	-
Proceeds from sale of derivative financial instruments		1,426,901	852,647
Repurchase of derivative financial instruments		(29,119)	(81,231)
Acquisition of investments		(12,754)	(202,671)
Disposal of investments		-	50,418
Disposal of short-term financial assets		-	138,473
Tax credits received		-	2,821
Additions to exploration and evaluation assets		(71,250)	(37,452)
Cash flows from investing activities		3,804,197	723,005
<i>FINANCING ACTIVITIES</i>			
Proceeds from exercise of stock options		125,630	65,434
Proceeds from loan		40,000	-
Change in interest of subsidiary		(947,355)	(302,079)
Cash flows used by financing activities		(781,725)	(236,645)
Effect of foreign exchange rate changes on cash and cash equivalents		93,199	(17,850)
Net change in cash and cash equivalents		5,236,183	(396,193)
Cash and cash equivalents, beginning of period		3,003,083	2,240,996
Cash and cash equivalents, end of period		8,239,266	1,844,803

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

For the three and six months ended June 30, 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" and on the OTCQX under the symbol "GLVMF."

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 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 at 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

For the three and six months ended June 30, 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 August 21, 2020.

c) Basis of consolidation

The Company's financial statements consolidate the accounts of Golden Valley and all its subsidiaries until June 30, 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 on the date that the Company ceases to have significant influence.

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****For the three and six months ended June 30, 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 and six months ended June 30, 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 June 30:

Percentage of ownership	As at June 30, 2020	As at December 31, 2019
Subsidiaries (consolidated)		
Abitibi Royalties Inc.	44.85%	44.76%
Calone Mining Ltd.	100.00%	100.00%
Investment in associates (equity method)		
International Prospect Ventures Ltd.	13.44%	16.50%
Val-d'Or Mining Corporation	38.29%	37.15%

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

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

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

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 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.

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.

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

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

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

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.

Uncertainty due to COVID-19

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

In properties where the Company holds royalty interests, there has been temporary operational restrictions due to the ongoing COVID-19 pandemic, including operations being previously placed under care and maintenance and thereafter the resumption of mining activities. In the current environment, the assumptions and judgements made by the Company are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 and could lead to a material adjustment to the carrying value of the assets or liabilities affected.

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

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****For the three and six months ended June 30, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

5) CASH AND CASH EQUIVALENTS

	As at June 30, 2020	As at December 31, 2019
Cash	\$ 7,959,746	\$ 2,573,894
Demand deposits, redeemable at any time	279,520	429,189
	\$ 8,239,266	\$ 3,003,083

6) FINANCIAL ASSETS

	As at June 30, 2020	As at December 31, 2019
Marketable securities ^(a)	\$ 438,204	\$ 427,861
Other investments ^(b)	-	106,913
	\$ 438,204	\$ 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. As at June 30, 2020, the other investments of \$106,913 are classified as long-term financial assets.

7) OTHER ASSETS

	As at June 30, 2020	As at December 31, 2019
Due from related party (note 20)	\$ 63,696	\$ 68,520
Dividend receivable	57,325	44,729
Sales taxes recoverable	45,098	21,570
Advances for claim management	19,934	10,768
Prepaid expenses	2,547	22,299
	\$ 188,600	\$ 167,886

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****For the three and six months ended June 30, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

8) INVESTMENTS

	As at June 30, 2020		As at December 31, 2019	
	Number of shares	Fair value	Number of shares	Fair value
Yamana Gold Inc.	2,692,095	\$ 19,867,661	3,443,895	\$ 17,701,620
Agnico Eagle Mines Limited	419,197	36,440,795	408,597	32,679,588
		\$ 56,308,456		\$ 50,381,208
Other investments		453,845		255,530
		\$ 56,762,301		\$ 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.

In June 2020, Abitibi Royalties was called to deliver 200 common shares of Yamana at a share price of US\$3.00 per share and received, net of commissions, \$780 (or US\$570) from covered call options it had sold.

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****For the three and six months ended June 30, 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 June 30, 2020 and December 31, 2019:

	Properties optioned to Val- d'Or Mining	Properties optioned to Eldorado Gold	Properties optioned to BonTerra Resources	Balance as at June 30, 2020	Balance as at December 31, 2019
Golden Valley Mines Properties					
<i>Abitibi Greenstone Belt ("AGB")</i>					
Kirkland Lake / Matachewan (Ontario)	\$ -	\$ 818,188	\$ -	\$ 818,188	\$ 818,188
Lebel-sur-Quevillon (Québec)	-	-	359,496	359,496	366,017
Matachewan, Kirkland Lake (Ontario)	323,157	-	-	323,157	843,108
Val d'Or - Malartic (Québec)	77,504	143,181	-	220,685	354,017
Rouyn-Noranda-Cadillac (Québec)	-	168,405	-	168,405	168,405
Rouyn-Noranda-Cadillac (Québec)	34,148	-	-	34,148	45,544
Chibougamau (Québec)	-	-	-	-	65,671
Matagami (Québec)	-	-	-	-	13,129
Total AGB	434,809	1,129,774	359,496	1,924,079	2,674,079
Total other				22,069	22,069
Investment tax credit				(1,198,978)	(1,198,978)
Balance, end of the period				\$ 747,170	\$ 1,497,170
Abitibi Royalties Properties					
Hammond Reef (Ontario) (note 22)				71,250	-
Balance, end of the period				\$ 818,420	\$ 1,497,170

Golden Valley Mines Properties*Amended Mining Option Agreement and Exercise of Option with Val-d'Or Mining*

On April 18, 2017, the Company granted to Val-d'Or Mining an option to acquire a 100% interest in 61 of its grassroots properties, which option was exercised on December 5, 2019.

Pursuant to the option, Val-d'Or Mining is to issue 4,166,667 shares on or before June 30, 2020 (issued) and 4,166,667 on or before December 31, 2020. In addition, Golden Valley is eligible to receive 20% of the proceeds of all third-party transactions pertaining to the properties that Val-d'Or Mining enters into and announces on or before December 31, 2022.

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

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

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

9) EXPLORATION AND EVALUATION ASSETS (continued)

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

Further, the properties are subject to a royalty in favour of Golden Valley equal to 1.25% of the net smelter returns, whereby Val-d'Or Mining has a partial buyback right. The partial buyback right pertains to each individual property, whereby 1% may be bought for \$500,000 on a property by property basis with a maximum total consideration of \$5,000,000 at which point in time the NSR royalty on all the properties would be reduced by 1.0%

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 acquired in December 2019 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 as discussed above.

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 to Val-d'Or Mining and the Company will return to the purchaser 50% of the consideration received under the purchase agreement.

As at June 30, 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 granted an option to BonTerra Resources Inc. ("BonTerra") on the Lac Barry Prospect located in the Abitibi Greenstone Belt, northeast of Val-d'Or, Québec. BonTerra issued to Golden Valley 519,480 common shares in the capital of BonTerra having an aggregate value of \$200,000, and incurred expenditures in an aggregate amount of \$2,000,000 over a three-year period. Upon BonTerra exercising the option on June 4, 2019, it earned an 85% interest in the property and, the Company retained 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.

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9) EXPLORATION AND EVALUATION ASSETS (continued)

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

On April 13, 2017, the Company granted an option to Alexandria Minerals Corporation (“Alexandria”) on the Centremaque Prospect located in the AGB, northeast of Val-d'Or, Québec. 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, of which shares and/or cash in the amount of \$150,000 have been received to date; 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.

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. Sirios completed all its obligations under the agreement to earn a 100% interest in the Cheechoo prospect and therefore holds 100% of the Cheechoo prospect. 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.

AGB Properties – Eldorado Gold Corporation – Québec and Ontario

The Company earned a 70% interest in the group of 9 properties (8 gold and 1 copper-zinc-silver) located in the AGB (Québec and Ontario) and a 70:30 joint venture (the “GZZ-I JV”) was formed between Golden Valley and Eldorado Gold Corporation, with the latter having acquired its interest through the acquisition of Integra Gold Corporation. Golden Valley is the operator for the joint venture. The GZZ-I JV is subject to underlying royalties ranging between 3.0% and 3.5% in favour of the original vendors, one of whom is a director and an officer of the Company.

Abitibi Royalties Property

On June 2, 2020, Abitibi Royalties entered into an agreement with two arm’s length parties to acquire the Hammond Reef property, a property consisting of 49 claims located in Ontario, for the purchase price of \$70,000. Pursuant to the agreement, Abitibi Royalties also granted to one of the parties a 0.5% NSR royalty on the property. Abitibi Royalties incurred claim fees of \$1,250 on completion of the transaction (see note 22 relating to Subsequent Event).

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9) EXPLORATION AND EVALUATION ASSETS (continued)

The following table summarizes the carrying values of Exploration and Evaluations Assets by expenditures as at June 30, 2020 and December 31, 2019:

	Balance at December 31, 2019	Additions	Credits	Balance at June 30, 2020
Golden Valley Mines Ltd.				
Acquisition and claims maintenance	\$ 3,312,610	-	-	\$ 3,312,610
Property option payments	312,500	-	-	312,500
Drilling, excavation and related costs	3,257,961	-	-	3,257,961
Technical and field staff	4,624,395	-	-	4,624,395
Airborne geophysics	791,822	-	-	791,822
Geophysics	2,319,401	-	-	2,319,401
Line cutting	1,108,235	-	-	1,108,235
Sampling and testing	744,773	-	-	744,773
Travel and transport	1,683,141	-	-	1,683,141
Program management and consultants	441,560	-	-	441,560
Professional Fees	5,215	-	-	5,215
Depreciation, insurance and office expenses	581,588	-	-	581,588
Communications	45,897	-	-	45,897
Option payments received	(1,971,145)	-	-	(1,971,145)
Write-off of exploration and evaluation assets	(4,213,235)	-	-	(4,213,235)
Impairment of exploration and evaluation assets	(7,525,064)	-	-	(7,525,064)
Shares for mining rights	(666,666)	-	(750,000)	(1,416,666)
Government assistance	(1,641,978)	-	-	(1,641,978)
Net expenditures incurred during the period	3,211,010	-	(750,000)	2,461,010
Exploration and evaluation assets sold to third parties	(1,713,840)	-	-	(1,713,840)
Balance, end of the year	\$ 1,497,170	-	(750,000)	\$ 747,170

	Balance at December 31, 2019	Additions	Credits	Balance at June 30, 2020
Abitibi Royalties Inc				
Acquisition and claims maintenance	\$ -	71,250	-	\$ 71,250
	-	71,250	-	71,250
TOTAL	\$ 1,497,170	71,250	(750,000)	\$ 818,420

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10) INVESTMENTS IN ASSOCIATES

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

As at June 30, 2020, the Company has 4,470,910 common shares or 13.44% (December 31, 2019 - 16.50%) interest in International Prospect. The shares of International Prospect were trading at \$0.15 per share on that date.

As at June 30, 2020, the Company has 21,520,777 or 38.29% (December 31, 2019 – 37.15%) interest in Val-d'Or Mining. The shares of Val-d'Or Mining were trading at \$0.14 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 six months ended June 30, 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
Shares from mining option agreement (note 9)	-	750,000	750,000
Share of net loss from associates	(19,726)	(431,622)	(451,348)
As at June 30, 2020	\$ 336,929	\$ 1,304,756	\$ 1,641,685

	International Prospect	Val-d'Or Mining	Total
As at January 1, 2019	\$ 405,748	\$ 1,152,662	\$ 1,558,410
Shares for mining option agreement	-	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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11) DERIVATIVE FINANCIAL INSTRUMENTS

Abitibi Royalties' total call and put options outstanding as at June 30, 2020 and December 31, 2019 are as follows:

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at June 30, 2020
<i>Calls</i>				
Yamana	January 15, 2021	1,975,200	\$ 3.00 to 8.00	\$ 3,958,550
Yamana	January 21, 2022	187,700	4.50 to 10.00	484,905
Agnico	January 15, 2021	150,800	42.00 to 85.00	2,169,902
Agnico	January 21, 2022	37,600	60.00 to 85.00	537,228
		2,351,300		\$ 7,150,585
<i>Puts</i>				
Agnico	August 21, 2020	25,000	\$ 45.00	7,155
Agnico	August 21, 2020	31,000	40.00	4,225
				\$ 7,161,965

	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 4.00	\$ 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 June 30, 2020, Abitibi Royalties sold 3,630 call contracts (1,134 calls on Agnico Eagle shares and 2,496 calls on Yamana Gold shares) and sold 810 put contracts on Agnico Eagle shares for total cash proceeds of \$830,685 (or US\$601,440). In addition, 810 put option contracts on Agnico Eagle shares expired and 2 call contracts on Yamana shares were exercised before expiration.

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11) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

For the six months ended June 30, 2020, Abitibi Royalties sold 10,703 call contracts (1,307 calls on Agnico Eagle shares and 9,396 calls on Yamana Gold shares) and sold 4,984 put contracts on Agnico Eagle shares for total cash proceeds of \$1,426,901 (or US\$1,051,105). In addition, 11,087 call option contracts on Yamana shares expired, 2 call contracts on Yamana shares were exercised before expiration and 3,600 call contracts on Yamana shares were repurchased before expiration for \$29,119 (or US\$22,250).

For the three months ended June 30, 2019, Abitibi Royalties sold 8,044 call contracts (747 calls on Agnico Eagle shares and 7,297 calls on Yamana Gold shares) for total cash proceeds of \$322,124 (or US\$240,739). In addition, 7,915 contracts were repurchased before expiration (663 calls on Agnico Eagle and 7,252 calls on Yamana) for \$55,237 (or US\$41,270).

For the six months ended June 30, 2019, Abitibi Royalties sold 18,299 call contracts (1,573 calls on Agnico Eagle shares and 16,726 calls on Yamana Gold shares) for total cash proceeds of \$852,647 (or US\$639,790). In addition, 1,887 call option contracts expired (460 on Agnico Eagle and 1,427 on Yamana) and 12,676 contracts were repurchased before expiration (778 calls on Agnico Eagle and 11,898 calls on Yamana) for \$81,231 (or US\$60,717).

The liability associated with derivative financial instruments can be settled, if required, through the Company's investments in the common shares of Agnico Eagle and Yamana.

12) 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 June 30, 2020
Exploration and evaluation assets	\$ 687,841	\$ (350,799)	\$ 337,042
Investments	(6,047,641)	1,809,527	(4,238,114)
Share issuance costs	8,389	(2,103)	6,286
Non-capital losses	915,903	(915,903)	-
Derivative financial instruments	1,189,723	(240,764)	948,959
	\$ (3,245,785)	\$ 299,958	\$ (2,945,827)

	As at January 1, 2019	Recognized in profit or loss	As at December 31, 2,019
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)

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13) LONG-TERM LOAN

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

14) 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 six months ended June 30, 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	837,000	125,630	95,000	16,150
Share issue expenses	-	-	-	-
Value allocation on options exercised	-	89,952	-	11,215
Balance, as at June 30,	135,184,602	\$ 28,636,185	134,013,577	\$ 28,317,267

See Note 22 "Subsequent Events" on share consolidation.

Share capital issued from exercise of incentive stock options

For the six months ended June 30, 2020, the Company issued 837,000 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 \$125,630.

For the six months ended June 30, 2019, the Company issued 95,000 of its common shares from the exercise of incentive stock options at a price of \$0.17 per share for a total consideration of \$16,150.

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15) SHARE-BASED PAYMENTS

The summary of changes in the number of incentive stock options issued by the Company for the six months ended June 30, 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	1,014,750	0.54	390,000	0.34
Exercised	(837,000)	0.15	(429,025)	0.17
Outstanding, end of period	14,236,914	\$ 0.33	14,059,164	\$ 0.33
Exercisable, end of period	14,170,247	\$ 0.34	9,677,776	\$ 0.31

The table below summarizes the information related to outstanding share options as at June 30, 2020:

Expiry date	Outstanding options			
	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Exercisable options
January 1, 2021	100,000	0.10	0.51	100,000
June 30, 2021	2,250,000	0.30	1.00	2,250,000
February 3, 2022	100,000	0.47	1.60	100,000
June 18, 2024	333,000	0.34	3.97	266,333
March 3, 2025	764,750	0.50	4.68	764,750
September 30, 2026	8,219,164	0.35	6.25	8,219,164
June 21, 2023	2,220,000	0.28	2.98	2,220,000
June 26, 2025	250,000	0.68	4.99	250,000
	14,236,914	\$ 0.34		14,170,247

See Note 22 “Subsequent Events” on share consolidation.

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

The table below summarizes share-based compensation expense for the three and six months ended June 30, 2020 and 2019:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Golden Valley				
June 2020 option grant ^(a)	\$ 90,495	\$ -	\$ 90,495	\$ -
March 2020 option grant ^(b)	-	-	60,203	-
June 2019 option grant ^(c)	6,161	42,276	12,728	42,276
June 2018 option grant ^(d)	29,670	65,647	60,865	134,275
September 2016 option grant ^(e)	-	50,571	-	101,143
Share-based compensation expense	\$ 126,326	\$ 158,494	\$ 224,291	\$ 277,694

- a) On June 26, 2020, the Company granted to its officers, directors and consultants incentive stock options entitling the purchase of an aggregate 250,000 common shares at an exercise price of \$0.68 per share. The options are exercisable for a period of 5 years until June 26, 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 250,000 stock options granted has been estimated using the Black-Scholes option pricing model at \$90,495. For the three and six months ended June 30, 2020, an amount of \$90,495 has been expensed relating to this incentive stock options.

- b) 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 six months ended June 30, 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.

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15) 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 \$68,430 has been expensed. 57,000 incentive stock options have been exercised relating to this grant. For the three and six months ended June 30, 2020, an amount of \$6,161 (2019 - \$42,276) and \$12,728 (2019 - \$42,276) has been expensed, respectively.

- d) 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 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 \$406,084 has been expensed. 80,000 incentive stock options have been exercised relating to this grant. For the three and six months ended June 30, 2020, an amount of \$29,670 (2019 - \$65,647) and \$60,865 (2019 - \$134,275) has been expensed, respectively.

- e) 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 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 and six months ended June 30, 2020, no amount has been expensed as incentive stock options under this grant have fully vested in 2019.

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15) 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	June 26, 2020	March 3, 2020	June 18, 2019	June 21, 2018	September 30, 2016
Share price at date of grant	\$ 0.680	\$ 0.500	\$ 0.340	\$ 0.275	\$ 0.350
Expected dividends yield	0%	0%	0%	0%	0%
Expected weighted volatility	70.44%	69.59%	79.95%	105.67%	125.00%
Risk-free interest average rate	0.31%	1.10%	1.33%	2.00%	1.00%
Expected average life	5 years	5 years	5 years	5 years	10 years
Exercise price at date of grant	\$ 0.680	\$ 0.500	\$ 0.340	\$ 0.275	\$ 0.350

16) GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes general and administrative expenses for the three and six months ended June 30, 2020 and 2019.

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Office expenses	\$ 42,606	\$ 38,519	\$ 69,796	\$ 60,564
Advertising and exhibitions	8,297	17,154	97,408	50,196
Travelling	4,542	19,946	55,070	26,734
	\$ 55,445	\$ 75,619	\$ 222,274	\$ 137,494

17) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES

Normal Course Issuer Bid

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 June 30, 2020, Abitibi Royalties repurchased and cancelled 10,000 common shares at prices varying from \$15.14 to \$22.25 per share for a total of \$195,471.

For the six months ended June 30, 2020, Abitibi Royalties repurchased and cancelled 25,700 common shares at prices varying from \$15.14 to \$22.25 per share for a total of \$481,415.

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

For the three months ended June 30, 2019, Abitibi Royalties repurchased and cancelled 4,900 common shares at prices varying from \$11.05 to \$12.90 per share for a total of \$60,032.

For the six months ended June 30, 2019, the Company repurchased and cancelled 39,100 common shares at prices varying from \$9.49 to \$12.90 per share for a total of \$469,056.

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 six months ended June 30, 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	-	-	(64,971)	2.57
Outstanding, end of period	-	\$ -	16,200	\$ 3.69
Exercisable, end of period	-	\$ -	16,200	\$ 3.69

The table below summarizes the information related to outstanding share options as at June 30, 2020 and 2019:

Range of Exercise price	Number of options	2020		2019	
		Weighted average remaining contractual life (year)	Number of options	Weighted average remaining contractual life (year)	Number of options
\$ 3.62	-	-	2,649	0.21	
\$ 3.70	-	-	13,551	0.22	
	-	-	16,200		

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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 period ended June 30, 2020 and 2019.

250,000 stock options (2019 - 8,344,164 stock options) and 250,000 stock options (2019 – 8,734,164) were excluded from the calculation of diluted earnings per share attributable to shareholders of the Company as their exercise price was higher than the Company's average share price for the three and six months ended June 30, 2020, respectively.

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Net income (loss) attributable to shareholders of Golden Valley Mines Ltd.	5,748,019	\$ (215,758)	3,058,703	\$ 791,315
Weighted average number of shares in circulation - basic	134,787,866	134,002,021	134,696,827	133,967,527
Dilutive effect of stock options and warrants	5,373,195	1,140,647	5,007,291	1,146,036
Weighted average number of shares	140,161,061	135,142,668	139,704,118	135,113,563
Basic earnings (loss) per share	0.043	\$ (0.002)	0.023	\$ 0.006
Diluted earnings (loss) per share	0.041	\$ (0.002)	0.022	\$ 0.006

See Note 22 “Subsequent Events” on share consolidation.

19) 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 June 30, 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.

20) RELATED PARTY TRANSACTIONS

The Company's related parties comprise of 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.

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****For the three and six months ended June 30, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

20) RELATED PARTY TRANSACTIONS (continued)

For the three and six months ended June 30, 2020 and 2019, the compensation paid to key management for employee and consulting services for Golden Valley and its subsidiaries is presented below:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Short-term employee benefits				
Salaries including bonuses	\$ 233,962	\$ 190,578	\$ 467,992	\$ 373,328
Directors' fees	70,000	70,000	140,000	140,000
Benefits	69,382	38,872	116,186	75,653
Total short-term employee benefits	373,344	299,450	724,178	588,981
Other transactions with key management				
Rent ⁽¹⁾	4,660	2,409	6,320	4,041
Management fees ⁽²⁾	41,550	41,550	83,100	83,100
Fees relating to exploration and evaluation activities ⁽³⁾	18,048	18,281	36,096	36,329
Total other transactions with key management	64,258	62,240	125,516	123,470
Share-based payments ⁽⁴⁾	35,830	75,239	133,795	192,751
Total remuneration	\$ 473,432	\$ 436,929	\$ 983,489	\$ 905,202

- 1) For the three and six months ended June 30, 2020, rent of \$1,660 (2019 - \$2,409) and \$3,320 (2019 - \$4,041) was paid by Abitibi Royalties to its President for use of Toronto Property as an office for Abitibi Royalties and rent of \$3,000 (2019 - \$nil) and \$3,000 (2019 - \$nil) was paid to 2973090 Canada Inc., a company controlled by an officer and a director of the Company, respectively.
- 2) For the three and six months ended June 30, 2020, management fees of \$41,550 (2019 - \$41,550) and \$83,100 (2019 - \$83,100) paid to 2973090 Canada Inc. a company controlled by an officer and a director of the Company, respectively.
- 3) For the three and six months ended June 30, 2020, fees relating to exploration and evaluation activities include \$14,700 (2019 - \$14,700) and \$29,400 (2019 - \$29,400) paid to 2973090 Canada Inc and of \$3,348 (2019 - \$3,581) and \$6,696 (2019 - \$6,929) paid to Rosatelli Exploration Services, a company controlled by an officer of the Company, respectively.
- 4) Share-based compensation relating to the incentive stock option program for officers and directors of the Company.

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

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

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

20) RELATED PARTY TRANSACTIONS (continued)

a) 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 and six months ended June 30, 2020, Golden Valley recharged general and exploration and evaluation expenses to Val-d'Or Mining, a company related by common management, for a total amount of \$500 and \$2,562, respectively.

For the three and six months ended June 30, 2019, Golden Valley recharged general and administrative expenses to Val-d'Or Mining, a company related by common management, for a total amount of \$17,057 and \$33,151, respectively.

As at June 30, 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 June 30, 2020, the Company had a net payable of \$9,616 (December 31, 2019 - \$18,582) due from Val-d'Or Mining, which is included in accounts payable and accrued liabilities.

International Prospect

For the three and six months ended June 30, 2020, no amounts for general and administrative expenses was recharged between the Company and to International Prospect, a company related by common management.

For the three and six months ended June 30, 2019, Golden Valley recharged general and administrative expenses to International Prospect, a company related by common management, for a total amount of \$3,000 and \$6,793, respectively.

As at June 30, 2020, Golden Valley has a receivable of \$63,696 (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 in 2019.

GOLDEN VALLEY MINES LTD.**Notes to the condensed consolidated interim financial statements****For the three and six months ended June 30, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

21) ADDITIONAL INFORMATION - CASH FLOWS*Cash transactions*

	For the six months ended June 30,	
	2020	2019
Interest received	\$ 68,449	\$ 5,152
Dividends received	219,969	161,041

Changes in non-cash working capital items

	For the six months ended June 30,	
	2020	2019
Royalty receivable	\$ 905,619	\$ (800,516)
Accounts receivable	268,195	-
Other assets	(20,714)	(27,543)
Accounts payable and accrued liabilities	(377,458)	(147,891)
	\$ 775,642	\$ (975,950)

Non-cash transactions

Non-cash transactions included in the statement of financial position are as follows:

	For the six months ended June 30,	
	2020	2019
Accounts payable and accrued liabilities included in exploration and evaluation assets	\$ -	\$ 22,620
Options on exploration and evaluation assets received as shares of quoted mining exploration companies included in short-term financial assets	-	50,000

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

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

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

22) SUBSEQUENT EVENTS

Share consolidation

On July 27, 2020, the Company announced that it received conditional approval from the TSX Venture Exchange regarding a security consolidation on the basis of ten old shares for one new share. The common shares of Golden Valley have commenced trading on a consolidated basis at open of market on July 31, 2020. The consolidation was approved by the shareholders of Golden Valley at the annual and special meeting of shareholders held on June 26, 2020.

Following the consolidation, a total of approximately 13,518,459 common shares of Golden Valley are issued and outstanding, and incentive stock options to acquire an aggregate of approximately 1,423,691 common shares will be outstanding. The number of common shares entitled to be purchased pursuant to the terms of the outstanding options and the per share exercise price for such shares were adjusted accordingly, in accordance with the terms of the respective options. All fractional common shares remaining as a result of the proposed consolidation have been cancelled. Basic and diluted earnings per share, on share consolidation, would have been \$0.43 and \$0.41 per share for the three months ended June 30, 2020 and would have been \$0.23 and \$0.22 per share for the six months ended June 30, 2020.

Mining Option Agreement

On August 10, 2020 Abitibi Royalties announced that it had entered into a mining option agreement with Victory Resources Corporation (“Victory”) on the Hammond Reef South property. In accordance with the option agreement, in order to acquire a 100% interest in the property, Victory must: (i) issue to Abitibi Royalties, over a two year period from the Approval date, the date that Canadian Securities Exchange issues its written acceptance of this agreement, cash consideration of \$250,000 and share consideration of 2,750,000 common shares in its capital and (ii) incur exploration expenditures in an aggregate amount of \$550,000 over a three-year period, of which a minimum of \$25,000 is to be spent in the first year of the option agreement. Once the option is exercised, Abitibi Royalties will retain a 2.0% NSR on the property.