



Golden Valley Mines Ltd.

Condensed Consolidated Interim Financial Statements For the three months and nine ended September 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 September 30, 2020	As at December 31, 2019
ASSETS			
Current			
Cash and cash equivalents	5	\$ 8,710,312	\$ 3,003,083
Accounts receivable		-	268,195
Financial assets	6	310,046	427,861
Royalty receivable		92,600	999,252
Other assets	7	318,103	167,886
		9,431,061	4,866,277
Non-current			
Investments	8	65,373,923	50,636,738
Exploration and evaluation assets	9	747,170	1,497,170
Investments in associates	10	1,638,828	1,343,033
Financial assets	6	106,913	106,913
Property and equipment		-	1,027
TOTAL ASSETS		\$ 77,297,895	\$ 58,451,158
LIABILITIES			
Current			
Accounts payable and accrued liabilities	20	\$ 67,611	\$ 750,515
Income taxes payable		2,100,049	-
Derivative financial instruments	11	10,643,459	8,979,047
		12,811,119	9,729,562
Non-Current			
Deferred taxes	12	3,618,919	3,245,785
Loan	13	40,000	-
Total liabilities		16,470,038	12,975,347
EQUITY			
Capital stock	14	28,636,185	28,420,603
Contributed surplus		6,308,846	6,033,488
Deficit		(6,150,355)	(11,945,215)
Total equity attributable to owners of the parent company		28,794,676	22,508,876
Non-controlling interest		32,033,181	22,966,935
Total equity		60,827,857	45,475,811
TOTAL LIABILITIES AND EQUITY		\$ 77,297,895	\$ 58,451,158

Approved by the Board of Directors on November 23, 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 September 30,		For the nine months ended September 30,	
		2020	2019	2020	2019
Revenues					
Royalties		\$ 92,600	\$ 834,258	\$ 260,518	\$ 2,038,008
Dividends		171,361	114,835	403,926	298,949
Option revenue		60,184	-	110,184	67,505
Geological fees		-	743	-	1,247
		324,145	949,836	774,628	2,405,709
Operating Expenses					
Salaries and other employee benefits		295,651	347,797	1,060,222	903,452
Professional fees		164,596	138,269	596,880	567,492
Share-based compensation	15	15,807	89,174	240,098	366,868
General and administrative expenses	16	84,419	66,669	306,693	204,163
Management fees	20	41,550	41,550	124,650	124,650
Exploration and evaluation		17,461	1,866	68,041	39,457
Royalties	9	-	550	37,701	550
Depreciation of property and equipment		-	888	1,028	2,665
Impairment of exploration and evaluation assets	9	-	-	-	170,698
		619,484	686,763	2,435,313	2,379,995
Operating income (loss)		(295,339)	263,073	(1,660,685)	25,714
Other income (loss)					
Change in fair value of investments		6,665,518	3,936,780	18,493,954	8,448,703
Finance income		2,660	3,215	72,294	12,562
Foreign exchange gain (loss)		(102,395)	(7,095)	2,482,510	(24,945)
Finance cost		(17,242)	(5,969)	(93,685)	(49,374)
Share of loss of associates	10	(2,857)	(19,215)	(454,205)	(134,387)
		6,545,684	3,907,716	20,500,868	8,252,559
Net income before income taxes		6,250,345	4,170,789	18,840,183	8,278,273
Income tax expense					
Current income tax expense		134,136	-	2,100,049	-
Deferred tax expense	12	673,092	641,219	373,134	1,301,294
Income tax expense		807,228	641,219	2,473,183	1,301,294
Net income and total comprehensive income for the period		\$ 5,443,117	\$ 3,529,570	\$ 16,367,000	\$ 6,976,979
Net income and total comprehensive income attributable to:					
Shareholders of Golden Valley Mines		\$ 3,022,675	\$ 1,420,903	6,081,378	2,576,968
Non-controlling interest		2,420,442	2,108,667	10,285,622	4,400,011
		\$ 5,443,117	\$ 3,529,570	\$ 16,367,000	\$ 6,976,979
Earnings per share attributable to Golden Valley Mines' shareholders:					
Basic earnings per share	18	\$ 0.224	\$ 0.106	\$ 0.451	\$ 0.192
Diluted earnings per share	18	\$ 0.214	\$ 0.106	\$ 0.427	\$ 0.192

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 nine months ended September 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		13,434,760	\$ 28,420,603	\$ 6,033,488	\$ (11,945,215)	\$ 22,508,876	\$ 22,966,935	\$ 45,475,811		
Share-based payments		-	-	365,310	-	365,310	-	365,310		
Shares issued by exercise of stock options	14	83,700	215,582	(89,952)	-	125,630	-	125,630		
Change in interest of subsidiaries		-	-	-	(286,518)	(286,518)	(1,219,376)	(1,505,894)		
		13,518,460	28,636,185	6,308,846	(12,231,733)	22,713,298	21,747,559	44,460,857		
Net income and total comprehensive income for the period					6,081,378	6,081,378	10,285,622	16,367,000		
Balance at September 30, 2020		13,518,460	\$ 28,636,185	\$ 6,308,846	\$ (6,150,355)	\$ 28,794,676	\$ 32,033,181	\$ 60,827,857		
Balance at January 1, 2019		13,391,858	\$ 28,289,902	\$ 5,683,266	\$ (15,150,387)	\$ 18,822,781	\$ 17,639,604	\$ 36,462,385		
Share-based payments		-	-	366,868	-	366,868	-	366,868		
Shares issued by exercise of stock options	14	42,903	133,429	(55,245)	-	78,184	-	78,184		
Share issue expenses		-	(2,728)	-	-	(2,728)	-	(2,728)		
Change in interest of subsidiary		-	-	-	-	-	(513,434)	(513,434)		
		13,434,760	28,420,603	5,994,889	(15,150,387)	19,265,105	17,126,170	36,391,275		
Net income and total comprehensive income for the period					2,576,968	2,576,968	4,400,011	6,976,979		
Balance at September 30, 2019		13,434,760	\$ 28,420,603	\$ 5,994,889	\$ (12,573,419)	\$ 21,842,073	\$ 21,526,181	\$ 43,368,254		

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 nine months ended September 30, 2020 and 2019

(unaudited)

	Note	2020	2019
OPERATING ACTIVITIES			
Net income for the period		\$ 16,367,000	\$ 6,976,979
Adjustments:			
Share-based payments	15	240,098	366,868
Depreciation of property and equipment		1,028	2,665
Option revenue		(110,184)	(67,505)
Foreign exchange loss		5,995	24,945
Share of loss in associates	10	454,205	134,387
Impairment of exploration and evaluation assets	9	-	170,698
Income tax expense		2,473,183	1,301,294
Realized loss (gain) on sale of short-term financial assets		(32,055)	12,129
Change in fair value of short-term financial assets		(70,410)	(179,196)
Change in fair value of investments		(18,391,489)	(8,281,636)
		937,371	461,628
Changes in working capital items	21	466,937	(1,061,255)
Cash flows from (used by) operating activities		1,404,308	(599,627)
INVESTING ACTIVITIES			
Proceeds from settlement of derivative financial instruments	11	26,162,425	-
Payment from settlement of derivative financial instruments	11	(23,566,713)	-
Proceeds from sale of derivative financial instruments		2,820,389	956,253
Repurchase of derivative financial instruments		(29,119)	(103,667)
Acquisition of investments		(25,286)	(202,671)
Proceeds on sale of other investments		41,019	50,418
Disposal of short-term financial assets		220,281	301,269
Proceeds from mining option agreement		100,000	-
Tax credits received		-	2,821
Additions to exploration and evaluation assets		(73,816)	(41,864)
Cash flows from investing activities		5,649,180	962,559
FINANCING ACTIVITIES			
Proceeds from exercise of stock options		125,630	78,184
Share issue expenses		-	(2,728)
Proceeds from loan		40,000	-
Change in interest of subsidiary		(1,505,894)	(513,434)
Cash flows used by financing activities		(1,340,264)	(437,978)
Effect of foreign exchange rate changes on cash and cash equivalents		(5,995)	(24,945)
Net change in cash and cash equivalents		\$ 5,707,229	\$ (99,991)
Cash and cash equivalents, beginning of period		3,003,083	2,241,850
Cash and cash equivalents, end of period		\$ 8,710,312	\$ 2,141,859

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 nine months ended September 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") both 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 nine months ended September 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 November 23, 2020.

c) Basis of consolidation

The Company's financial statements consolidate the accounts of Golden Valley and all its subsidiaries until September 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 nine months ended September 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 nine months ended September 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 September 30:

Percentage of ownership	As at September 30, 2020	As at December 31, 2019
Subsidiaries (consolidated)		
Abitibi Royalties Inc.	44.90%	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	36.86%	37.15%

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 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 nine months ended September 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 nine months ended September 30, 2020 and 2019**

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

5) CASH AND CASH EQUIVALENTS

	As at September 30, 2020	As at December 31, 2019
Cash	\$ 8,310,372	\$ 2,573,894
Demand deposits, redeemable at any time	399,940	429,189
	\$ 8,710,312	\$ 3,003,083

6) FINANCIAL ASSETS

- Marketable securities of \$310,046 (December 31, 2019 - \$427,861) represent shares of publicly traded mining exploration companies and are recorded at fair value using quoted market prices.
- Other investments of \$106,913 (December 31, 2019 - \$106,913) 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 September 30, 2020, the other investments of \$106,913 are classified as long-term financial assets.

7) OTHER ASSETS

	As at September 30, 2020	As at December 31, 2019
Due from related party (note 20)	\$ 68,959	\$ 68,520
Dividend receivable	62,217	44,729
Sales taxes recoverable	67,510	21,570
Advances for claim management	20,521	10,768
Prepaid expenses	98,896	22,299
	\$ 318,103	\$ 167,886

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

(unaudited)

(Expressed in Canadian dollars unless otherwise noted)

8) INVESTMENTS

	As at September 30, 2020		As at December 31, 2019	
	Number of shares	Fair value	Number of shares	Fair value
Yamana Gold Inc.	2,665,285	\$ 20,176,283	3,443,895	\$ 17,701,620
Agnico Eagle Mines Limited	419,197	44,472,610	408,597	32,679,588
		\$ 64,648,893		\$ 50,381,208
Other investments		725,030		255,530
		\$ 65,373,923		\$ 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.

In September 2020, Abitibi Royalties was also called to deliver 26,800 common shares of Yamana at a share price of US\$3.00 per share and received, net of commissions, \$105,294 (or US\$79,599).

Refer to Note 9 “Derivative Financial Instruments”

GOLDEN VALLEY MINES LTD.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 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 September 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 September 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)	-	-	-	-	-
Balance, end of the period				\$ 747,170	\$ 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 nine months ended September 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 September 30, 2020 and December 31, 2019, the proceeds of 1,069,131 shares in Progenitor Metals have been recorded at \$106,913, representing the 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

In 2008, 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.

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9) EXPLORATION AND EVALUATION ASSETS (continued)

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.

On August 10, 2020 Abitibi Royalties 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.

For the three months ended September 30, 2020, Abitibi Royalties received the cash consideration of \$50,000 and share consideration of 500,000, with a fair value of \$84,000, in the common shares of Victory relating to this mining option agreement. Both cash and share considerations have been recorded against the carrying value of the exploration and evaluation assets relating to the Hammond Reef South property, with the remaining difference of \$60,184 being recognized as revenue.

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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 September 30, 2020 and December 31, 2019:

	Balance at December 31, 2019	Additions	Credits	Balance at September 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 period	\$ 1,497,170	-	(750,000)	\$ 747,170
Abitibi Royalties Inc				
Acquisition and claims maintenance	\$ -	71,250	(71,250)	\$ -
	-	71,250	(71,250)	
TOTAL	\$ 1,497,170	71,250	(821,250)	\$ 747,170

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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 September 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 \$0.12 per share on that date.

As at September 30, 2020, the Company has 21,520,777 or 36.86% (December 31, 2019 – 37.15%) interest in Val-d'Or Mining. The shares of Val-d'Or Mining were trading at \$0.11 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 nine months ended September 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	(36,065)	(418,140)	(454,205)
As at September 30, 2020	\$ 320,590	\$ 1,318,238	\$ 1,638,828

	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 September 30, 2020 and December 31, 2019 are as follows:

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at September 30, 2020
<i>Calls</i>				
Yamana	January 15, 2021	2,128,400	\$ 3.00 to 10.00	\$ 3,635,571
Yamana	April 16, 2021	80,000	9.00 to 10.00	25,878
Yamana	January 21, 2022	337,700	4.50 to 10.00	678,079
Agnico	January 15, 2021	161,600	42.00 to 85.00	4,122,831
Agnico	February 19, 2021	97,200	85.00 to 100.00	516,940
Agnico	May 21, 2021	21,600	100.00	144,061
Agnico	January 21, 2022	70,000	60.00 to 100.00	1,478,215
		2,896,500		\$ 10,601,575
<i>Puts</i>				
Agnico	February 19, 2021	31,000	\$ 40.00	26,878
Agnico	February 19, 2021	25,000	45.00	15,006
		56,000		\$ 10,643,459

	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

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11) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

For the three months ended September 30, 2020, the Company sold 5,720 call contracts (4,100 calls on Agnico Eagle shares and 1,620 calls on Yamana Gold shares) and sold 560 put contracts on Agnico Eagle shares for total cash proceeds of \$1,393,488 (or US\$1,045,529). In addition, 560 put option contracts on Agnico Eagle shares expired and 268 call contracts on Yamana shares were exercised before expiration.

For the nine months ended September 30, 2020, the Company sold 16,423 call contracts (2,927 calls on Agnico Eagle shares and 13,496 calls on Yamana Gold shares) and sold 5,544 put contracts on Agnico Eagle shares for total cash proceeds of \$2,820,389 (or US\$2,096,633). In addition, 7,786 call contracts on Yamana shares were exercised before expiration, 3,508 call contracts and 3,614 put options on Agnico Eagle shares were exercised before expiration, 560 put options on Agnico Eagle shares expired and 3,600 call contracts on Yamana shares were repurchased before expiration.

For the three months ended September 30, 2019, the Company sold 1,933 call contracts (all on Yamana Gold shares) for total cash proceeds of \$85,346 (or US\$64,400). In addition, 2,033 contracts were repurchased before expiration (all calls on Yamana) for \$22,435 (or US\$16,932).

For the nine months ended September 30, 2019, the Company sold 20,232 call contracts (1,573 calls on Agnico Eagle shares and 18,659 calls on Yamana Gold shares) for total cash proceeds of \$956,253 (or US\$704,190). In addition, 1,887 call option contracts expired (460 on Agnico Eagle and 1,427 on Yamana) and 14,709 contracts were repurchased before expiration (778 calls on Agnico Eagle and 13,931 calls on Yamana) for \$103,667 (or US\$77,649).

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.

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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 September 30, 2020
Exploration and evaluation assets	\$ 687,841	\$ (354,415)	\$ 333,426
Investments	(6,047,641)	678,752	(5,368,889)
Share issuance costs	8,389	(2,103)	6,286
Non-capital losses	915,903	(915,903)	-
Derivative financial instruments	1,189,723	220,535	1,410,258
	\$ (3,245,785)	\$ (373,134)	\$ (3,618,919)

	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)

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.

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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.

Share consolidation

On July 27, 2020, the Company 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. 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 are 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. All historical information presented in the financial statements has been adjusted to reflect the share consolidation.

Issued share capital

The change in issued share capital for the nine months ended September 30, 2020 and 2019 was as follows:

	2020		2019	
	Number of shares	Stated Value	Number of shares	Stated Value
Balance, as at January 1,	13,434,760	\$ 28,420,603	13,391,858	\$ 28,289,902
Shares issued by exercise of stock options	83,700	125,630	42,903	78,184
Share issue expenses	-	-	-	(2,728)
Value allocation on options exercised	-	89,952	-	55,245
Balance, as at September 30,	13,518,460	\$ 28,636,185	13,434,760	\$ 28,420,603

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14) CAPITAL STOCK (continued)*Share capital issued from exercise of incentive stock options*

For the nine months ended September 30, 2020, the Company issued 83,700 of its common shares from the exercise of incentive stock options at prices ranging from \$1.10 to \$3.50 per share for a total consideration of \$125,630.

For the nine months ended September 30, 2019, the Company issued 42,903 of its common shares from the exercise of incentive stock options of 37,903 at a price of \$1.70 per share and of 5,000 at a price of \$2.75 per share for a total consideration of \$78,184.

15) SHARE-BASED PAYMENTS

The summary of changes in the number of incentive stock options issued by the Company for the nine months ended September 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	1,405,916	\$ 3.10	1,409,819	\$ 3.10
Granted	101,475	5.44	39,000	3.40
Exercised	(83,700)	1.50	(42,903)	1.70
Outstanding, end of period	1,423,691	\$ 3.43	1,405,916	\$ 3.20
Exercisable, end of period	1,417,025	\$ 3.43	1,242,583	\$ 3.20

Refer to “Share Consolidation” section of Note 14 “Capital Stock”.

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15) SHARE-BASED PAYMENTS (continued)

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

Expiry date	Number of options	Outstanding options		
		Weighted average exercise price	Weighted average remaining contractual life (years)	Exercisable options
January 1, 2021	10,000	1.00	0.25	10,000
June 27, 2021	225,000	3.00	0.74	225,000
February 3, 2022	10,000	4.65	1.35	10,000
June 21, 2023	222,000	2.75	2.72	222,000
June 18, 2024	33,300	3.40	3.72	26,633
March 3, 2025	76,475	5.00	4.42	76,475
June 26, 2025	25,000	6.80	4.74	25,000
September 30, 2026	821,916	3.50	6.00	821,916
	1,423,691	\$ 3.43		1,417,025

Share-based compensation expense

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Golden Valley				
June 2020 option grant ^(a)	\$ -	\$ -	\$ 90,495	\$ -
March 2020 option grant ^(b)	-	-	60,203	-
June 2019 option grant ^(c)	3,052	6,713	15,780	48,990
June 2018 option grant ^(d)	12,755	31,889	73,620	166,163
September 2016 option grant ^(e)	-	50,572	-	151,715
Share-based compensation expense	\$ 15,807	\$ 89,174	\$ 240,098	\$ 366,868

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15) SHARE-BASED PAYMENTS (continued)

Share-based compensation expense (continued)

Refer to “Share Consolidation” section of Note 14 “Capital Stock”.

- a) On June 26, 2020, the Company granted to its officers, directors and consultants incentive stock options entitling the purchase of an aggregate 25,000 common shares at an exercise price of \$6.80 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 25,000 stock options granted has been estimated using the Black-Scholes option pricing model at \$90,495. For the three and nine months ended September 30, 2020, an amount of \$nil and \$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 76,475 common shares (22,500 to directors and 53,975 to officers, at an exercise price of \$5.00 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 22,500 stock options granted has been estimated using the Black-Scholes option pricing model at \$60,203. For the three and nine months ended September 30, 2020, an amount of \$nil and \$60,203 has been expensed relating to this incentive stock options. The fair value of the 53,975 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.

- c) On June 18, 2019, the Company granted to its officers, and consultants incentive stock options entitling the purchase of an aggregate 39,000 common shares at an exercise price of \$3.40 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 20,000 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 39,000 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. 5,700 incentive stock options have been exercised relating to this grant. For the three and nine months ended September 30, 2020, an amount of \$3,052 (2019 - \$6,713) and \$15,780 (2019 - \$48,990) has been expensed, respectively.

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

- d) On June 21, 2018, the Company granted to its directors, officers, and consultants incentive stock options entitling the purchase of an aggregate 230,000 common shares at an exercise price of \$2.75 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 \$418,839 has been expensed. 8,000 incentive stock options have been exercised relating to this grant. For the three and nine months ended September 30, 2020, an amount of \$12,755 (2019 - \$31,889) and \$73,620 (2019 - \$166,163) 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 930,593 common shares at an exercise price of \$3.50 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. 106,177 incentive stock options have been cancelled and 2,500 incentive stock options have been exercised relating to this grant. For the three and nine months ended September 30, 2020, no amount has been expensed as incentive stock options under this grant have fully vested in 2019.

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	\$ 6.80	\$ 5.00	\$ 3.40	\$ 2.75	\$ 3.50
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	\$ 6.80	\$ 5.00	\$ 3.40	\$ 2.75	\$ 3.50

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16) GENERAL AND ADMINISTRATIVE EXPENSES

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Office expenses	\$ 44,188	\$ 7,728	\$ 113,984	\$ 68,292
Advertising and exhibitions	30,194	24,637	127,602	74,833
Travelling	10,037	34,304	65,107	61,038
	\$ 84,419	\$ 66,669	\$ 306,693	\$ 204,163

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

On September 24, 2020, Abitibi Royalties announced it received conditional acceptance to renew its NCIB for another year until October 5, 2021. This new approval allowed the Company to purchase up to 624,145 (representing 5% of the Company's total issued and outstanding common shares) of its common shares.

For the three months ended September 30 2020, Abitibi Royalties repurchased and cancelled common 13,800 shares at prices varying from \$20.48 to \$22.75 per share for a total of \$300,537. For the nine months ended September 30, 2020, the Company repurchased and cancelled 39,500 shares at prices varying from \$15.14 to \$22.75 per share for a total of \$781,815.

For the three months ended September 30, 2019, Abitibi Royalties repurchased and cancelled 4,900 common shares at prices varying from \$12.06 to \$14.50 per share for a total of \$63,221. For the nine months ended September 30, 2019, Abitibi Royalties repurchased and cancelled 44,000 common shares at prices varying from \$9.40 to \$14.50 per share for a total of \$532,285.

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.

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17) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES

A summary of changes in the number of incentive stock option for the nine months ended September 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	-	-	(81,171)	2.79
Outstanding, end of period	-	\$ -	\$ -	-
Exercisable, end of period	-	\$ -	\$ -	-

18) EARNINGS PER SHARE

Both the basic and diluted earnings 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 September 30, 2020 and 2019.

25,000 stock options (2019 – 10,000 stock options) and nil stock options (2019 – 834,416) 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 nine months ended September 30, 2020, respectively.

Refer to “Share Consolidation” section of Note 14 “Capital Stock”.

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Net income attributable to shareholders of Golden Valley Mines Ltd.	3,022,675	\$ 1,420,903	6,081,378	\$ 2,576,968
Weighted average number of shares in circulation - basic	13,518,460	13,432,945	13,486,061	13,408,949
Dilutive effect of stock options and warrants	617,427	171,278	743,067	120,403
Weighted average number of shares	14,135,887	13,604,223	14,229,128	13,529,352
Basic earnings per share	0.224	\$ 0.106	0.451	\$ 0.192
Diluted earnings per share	0.214	\$ 0.106	0.427	\$ 0.192

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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 September 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.

For the three and nine months ended September 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 nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Short-term employee benefits				
Salaries including bonuses	\$ 209,042	\$ 198,279	\$ 677,034	\$ 571,607
Directors' fees	70,000	70,000	210,000	210,000
Benefits	30,955	69,356	147,141	145,009
Total short-term employee benefits	309,997	337,635	1,034,175	926,616
Other transactions with key management				
Rent ⁽¹⁾	4,902	1,633	11,222	5,674
Management fees ⁽²⁾	41,550	41,550	124,650	124,650
Fees relating to exploration and evaluation activities ⁽³⁾	18,048	18,165	54,144	54,494
Total other transactions with key management	64,500	61,348	190,016	184,818
Share-based payments ⁽⁴⁾	68,776	87,024	202,571	279,775
Total remuneration	\$ 443,273	\$ 486,007	\$ 1,426,762	\$ 1,391,209

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20) RELATED PARTY TRANSACTIONS (continued)

- 1) For the three and nine months ended September 30, 2020, rent of \$1,902 (2019 - \$1,632) and \$5,222 (2019 - \$5,674) 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 \$6,000 (2019 - \$nil) was paid to 2973090 Canada Inc., a company controlled by an officer and a director of the Company, respectively.
- 2) Management fees paid by Golden Valley to 2973090 Canada Inc. a company controlled by an officer and a director of the Company, respectively.
- 3) For the three and nine months ended September 30, 2020, fees relating to exploration and evaluation activities include \$14,700 (2019 - \$14,700) and \$44,100 (2019 - \$44,100) paid to 2973090 Canada Inc and of \$3,348 (2019 - \$3,465) and \$10,044 (2019 - \$10,394) 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.

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 nine months ended September 30, 2020, Golden Valley recharged general and administrative expenses to Val-d'Or Mining, a company related by common management, for a total amount of \$8,444 and \$8,444, respectively. For the three and nine months ended September 30, 2019, Golden Valley was recharged exploration and evaluation expenses from Val-d'Or Mining, a company related by common management, for a total amount of \$7,842 and \$32,017, respectively.

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 September 30, 2020, the Company had a net payable of \$2,763 (December 31, 2019 - \$18,582) due from Val-d'Or Mining, which is included in accounts payable and accrued liabilities.

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

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20) RELATED PARTY TRANSACTIONS (continued)*International Prospect*

For the three and nine months ended September 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 nine months ended September 30, 2019, consulting fees of \$19,600, recorded in the statement of net loss, was recharged to International Prospect for the services provided by the Company's President.

As at September 30, 2020, Golden Valley has a receivable of \$67,444 (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.

21) ADDITIONAL INFORMATION - CASH FLOWS*Cash transactions*

	For the nine months ended September 30,	
	2020	2019
Interest received	\$ 70,077	\$ 8,186
Dividends received	386,438	252,359

Changes in non-cash working capital items

	For the nine months ended September 30,	
	2020	2019
Royalty receivable	\$ 906,652	\$ (820,153)
Accounts receivable	268,195	-
Other assets	(150,219)	(51,570)
Accounts payable and accrued liabilities	(557,691)	(189,532)
	\$ 466,937	\$ (1,061,255)

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

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21) ADDITIONAL INFORMATION - CASH FLOWS (continued)*Non-cash transactions*

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

	For the nine months ended September 30,	
	2020	2019
Accounts payable and accrued liabilities included in exploration and evaluation assets	\$ -	\$ -
Options on exploration and evaluation assets received as shares of quoted mining exploration companies included in short-term financial assets	84,000	50,000

22) SUBSEQUENT EVENTS

On October 27, 2020, Val-d'Or Mining announced that it entered into an agreement with respect to the sale of several properties referred to as the Ducros Group of Properties. The properties are located in the Ducros Township northeast of Val-d'Or, Québec. The purchaser of the property is privately-owned Québec Nickel Corp. ("QNC").

In consideration for a 100% interest in the properties, QNC will issue 3,589,341 special warrants to the Val-d'Or Mining (of which Golden Valley will receive 80,880 special warrants in accordance with the terms of an amended and restated option agreement between Val-d'Or Mining and Golden Valley dated November 28, 2019). One business day prior to the date that QNC's shares are listed on a Canadian exchange, each special warrant will, for no additional consideration, be automatically converted into one common share of QNC. Upon conversion of the special warrants, the aggregate number of shares held by Val-d'Or Mining and Golden Valley will amount to approximately 9.99% of the then issued and outstanding shares of QNC.